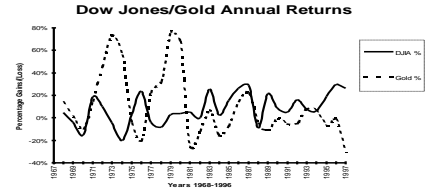




Gold



Energy & Tech Stocks

Weekly Hotline Message

(Now in our 29th Year)

November 26, 2010

Coral Gold Resources Ltd.



Business: Exploration and development of gold mining projects in Nevada

Traded TSX Venture:	CLH
OTCBB:	CLHRF
Shares Outstanding:	32,513,391
Fully Diluted:	42,503,438
Recommended 9/4/09:	\$0.42
Price 11/24/10:	\$0.59
Market Cap:	\$19.2 million
43-101 Gold Resource oz.	3.4 million*
Market Value/Ounce:	
Progress Rating:	"C"
Telephone Number:	604-682-3701
Web Site:	www.coralgold.com

* The resource was calculated based on \$850 gold and a 0.01 oz. per-ton cut off. At \$1,350 gold and with the "real" price of gold much higher than when gold was at \$850, a lower cutoff grade may be justified that would increase this resource. In addition, additional drilling has taken place that is likely to increase and/or upgrade the quality of the gold resource



Battle Mountain and Carlin Mountain Trends Nevada
Coral Gold Resources Ltd. is exploring and developing its Robertson Gold Property in the Battle Mountain Trend in Nevada. For those of you who may be new to the gold mining business, the first major trend established in Nevada was the Carlin Trend, shown along with the Battle Mountain Trend in the illustration to your left.

I believe this company is perhaps one of the most undervalued junior gold stocks on our list or any other list for that matter. I say that because the company's 3.4-million-ounce gold resource is located smack dab in the middle of one of the most prolific gold producing regions where Barrick Gold has paid hundreds of dollars to acquire ounces of gold from other owners. To be more precise, Barrick paid \$370 per ounce to Rio Tinto/Kennecott for its 40% share of the Cortez Project. That was in 2008 when gold prices were a lot lower than they are now.

Canaccord Adams, an investment bank that funds the gold mining sector, recently opined that gold in the ground is worth about \$124 these days when the price of gold is over \$1,300 per ounce. Keep in mind that not all ounces in the ground are created equal, because the cost of getting those ounces out of the ground plays a role just as important as the price they are sold for. While Coral Gold still needs to do some economic work before we can definitely put a number on the cost of mining those three million-plus ounces, with all the serious infrastructure issues nonexistent for the company's Robertson Project and with Barrick having existing milling facilities to the east and to the west of the Robertson Property that could be used to produce gold, it is entirely possible that a price far above \$124 per ounce could eventually be paid for Coral's Robertson Property.

But let's not get carried away until Coral does its own preliminary economic assessment (PEA) scheduled for 2011. If we multiply 3.4 million ounces by \$124, the Robertson Property would be worth \$421.6 million, or \$13 per share, based on the current number of outstanding shares.

But when will the most logical acquirer of the Robertson Property pay up for Coral's property? Barrick's operations there, which completely surround Coral's Robertson Property, are so major, compared to the 3.4 million ounces held by Coral, that I have feared in the past that shareholders of Coral may be forced to wait a very long time to see their shares be fairly priced. While gold was in a bear market, there was no rational reason to be in a hurry to get it out of the ground. But now that we are in what I think is the bull market of a lifetime for gold mining companies, sitting pat with ounces in the ground is not a winning strategy, which may explain in part why Coral's shares are so inexpensive, relative to their value.

But Coral is now on the move. Now that several roadblocks are out of the way, Coral Gold is becoming very proactive in seeking to unlock value. Not only is it doing more drilling to upgrade the quality of its resource ounces, but it is also planning to carry out a preliminary economic assessment (PEA) in 2011.

Coral's resource ounces appear to be amenable to open-pit heap leaching, which means capital costs for a 100,000-ounce-per-year or so production facility may not be beyond its reach. In fact the property once had a favorable feasibility study completed on it when Amax Gold held the property in the 1980s. Amax subsequently ran into financial difficulties and was taken out by Cyprus in what became known as Cyprus Amax. In the midst of the 20-year bear market for gold, Coral re-acquired a 100% interest in this property. But the point is, most of the technical unknowns for most other evolving mining projects are solved for the Robertson Property and as such, in my view, the risks associated with putting the Robertson into production are less than with many other projects, especially given the absence of infrastructure concerns and, most of all, the fact that the real price of gold (what an ounce of gold will buy) is very strong and profit margins for producing gold mining companies (including Barrick Gold) are on the rise.

Zone	Tons	Oz Per Ton	Oz of Gold
Distal	13,310,451	0.0287	382,010
39A	38,945,698	0.0228	887,962
South Zone	9,993,853	0.0209	208,872
Outside	5,422,131	0.0156	84,585
Gold Pan Oxide	12,566,599	0.02	251,332
Altenburg Hill Oxide	12,873,976	0.0152	195,684
Porphyry Oxide	39,049,182	0.0167	652,121
Gold Pan Sulphide	32,524,592	0.0154	500,879
Altenburg Hill Sulphide	1,701,844	0.014	23,826
Porphyry Sulphide	12,535,861	0.0158	198,067
Totals	178,924,188	0.0189*	3,381,667

* g Au/tonne: 0.53

- ▶ Gold Price: \$850
- ▶ Cutoff Grade: The 0.0106 oz Au/ton
- ▶ Drilling: 1,160 drill holes, 533,453 feet (162,638m)

Coral Gold's Gold Resource Is Low but . . . Low-Grade Mines Are Profitable These Days

As you can see from the chart on your left, the average grade of Coral's resource is 0.0189 ounces per ton, which equates to a grade of 0.53 grams per tonne. Although there have been some mining operations that have been very profitable with these grades in the past, with higher gold prices now and more importantly with the "real" price of gold on the rise, there are a growing number of profitable gold mining operations with low grades.

Open-pit heap leach mines with grades below one gram per tonne have not been

unheard of in the past. But with gold prices where they are now and most importantly with the real price of gold rising so dramatically, many projects with grades of 1 gram per tonne or even lower are highly profitable. Following is a list of gold mining operations with an average grade of 1 gram per tonne or lower that have been success stories. One in particular that is familiar to readers of this letter is operated by one of our favorite gold producers, namely, Allied Nevada. Its Hycroft Mine grades 0.46 grams/tonne gold. While it does have silver in the ground that is more or less equal to the gold value, at present, using its heap leaching operation, it is capturing only

Mine	Owner	Grade Au (g/t)	Tonnage (t)
Round Mountain	Kinross	0.64	71 million
Hycroft	Allied Nevada	0.46	177 million
Florida Canyon	Jipangu	0.63	69 million
Trenton Canyon	Lone Tree Nevada	1.00	20 million
Mesquite California	Western Goldfields	0.41	225 million
Paracutu Brazil	Kinross	0.41	1321 million
Robertson Project	Coral Gold	0.53	178 million

about 10% or 15% of the silver content. In fact, there are four successful projects listed below with grades slightly lower than Coral's Robertson Property.

Risks & Rewards

I would be lying to you if I left you with the idea there are no risks associated with buying Coral's shares even at their current level, which appears to be much undervalued. But

mining projects are all so different and complex that only when projects are through the feasibility study and have some production in their history can you begin to become totally comfortable with price and production risks.

Given some very rough value parameters noted above, I have the sense that Coral is greatly undervalued. We will have a better sense of that, once the company completes its PEM in 2011. As noted above, technical work carried out in the past should further reduce uncertainties. If anything, technologies have improved since the last economic work was carried out on this property. However, regulations change too and seldom are they more favorable for mining companies. Assuming Coral's economic studies show a project that can produce 100,000 or so ounces per year at a cost of under \$500 or \$600, and assuming capital costs are under \$70 or \$80 million, the Robertson Property should be very economical. My hunch is that cash operating costs should come in under \$600 and perhaps even under \$500. But there could be something out there, such as rising materials costs (if Bernanke's inflation play continues to succeed) that could raise materials costs substantially. You just don't know about the economics of any project until you are operating and even then the future can be uncertain.

All of that said, with this company's shares selling at such a low discount price to gold in the ground and with all of the logistical positives seemingly in place in what I believe is the bull market of a lifetime, I firmly believe the risk/reward tradeoff for Coral Gold is highly positive for those who buy these shares at their current price. And now that the company is becoming proactive in building wealth and promoting its story, it is my view that a significant rise in these shares could be close at hand. As such, I believe these shares are highly appropriate for more aggressive gold share investors. Of course we say that with our usual suggestion that, for the sake of diversification, you cap your allocation at time of purchase to no more than 5% of your overall portfolio.

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