

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

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Coral Gold Resources Ltd. (TSXV: CLH) – Revised Resource Estimate; Valuation Increases

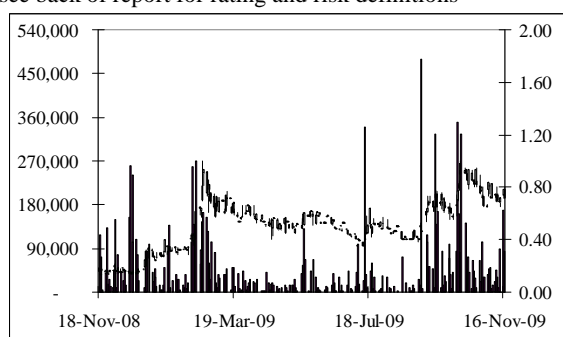
Sector/Industry: Mining/Junior Exploration

www.coralgold.com

Market Data (as of November 18, 2009)

Current Price	C\$0.72
Fair Value	C\$2.66 (↑)
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	\$0.13 - \$1.00
Shares O/S	25.09 mm
Market Cap	C\$18.07 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	1.42
YoY Return	380.0%
YoY TSXV	76.4%

*see back of report for rating and risk definitions



Investment Highlights

- 100% of Coral Gold's properties are located within the prolific Battle Mountain-Eureka Trend. Their Robertson property is adjacent to the Barrick Gold/Kennecott Pipeline Mine.
- A revision of the 2008 resource estimate using a US\$850/oz Au gold price (up from US\$600/oz), and reduced cut-off grade, estimates the company's Robertson Claims host a resource of 3.38 million ounces of gold. (up from 2.31 million ounces).
- Barrick Gold (“Barrick” NYSE: ABX) has completed one of two rotary drill holes slated for the company’s 67% owned Norma Sass property.
- At the end of July 2009, the company had \$0.84 million in cash, and \$0.60 million in working capital.
- Our revised valuation on the company increased from \$1.04, to \$2.66 per share, due to the increase in resource estimates, and our long-term gold price forecasts.

Key Financial Data (FYE - January 31)

(C \$)	2009	2010 (6 mo)
Cash	1,332,316	844,336
Working Capital	959,419	598,742
Mineral Assets	15,704,913	15,856,661
Total Assets	17,633,626	17,354,361
Net Income	(3,746,165)	(368,610)
EPS	(0.15)	(0.01)

Coral Gold Resources holds a large land position in the prolific Battle Mountain-Eureka Gold Trend, Nevada. Nevada is the world's third largest gold producer and the potential is still great for exploration on this trend. Coral Gold's Robertson Claims host a 3.38 million ounce resource (at US\$850/oz Au).

**Robertson
Claims**

Subsequent to our last update, the company has completed a reverse circulation drill program and updated their inferred mineral resource. Results of the drill program have yet to be incorporated in the updated resource.

Resource Estimate: On October 9, 2009, the company released an updated resource estimate based on applying revised inputs to the 2008 NI 43-101 resource estimate. The updated calculation was completed by Beacon Hill Consultants Ltd., who also completed the 2008 resource estimate. The new estimate states an inferred resource of 3.38 million ounces of gold contained (Figure 1):

Zone	Tons	Ounces per Ton	Ounces of Au
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
TOTAL	178,924,188	0.0189	3,381,667

Figure 1: Revised resource estimate for the Robertson Claims (Source: Coral Gold Corp.)

We are cautiously optimistic regarding the updated resource as it is based strictly on revised cut-off, and gold price estimates, rather than additional geological information. The cut-off grade in the updated resource was decreased to 0.0106 oz/t, from 0.015 oz/t in the previous estimate (see Figure 2 on the following page). Additionally, the estimated long term gold price was increased from US\$600 to US\$850/oz - versus our long term gold price forecast of US\$750/oz.

We feel the 0.0106 oz/t cut-off grade may not be appropriate for deeper deposits such as the 39A, however, it is viable for the surface mineable deposits, and we are pleased to see the positive impact on both tonnage and contained ounces of the oxide areas.

The resource increase from 2.31 million ounces to 3.38 million ounces, represents a 46% increase in total contained ounces. Figure 3 below lists resources for the Robertson claims based on varying cut-off grades and corresponding gold prices.

Zone	Tons	Oz/tAu	Ounces
Distal	10,335,041	0.0335	346,224
39A	25,010,247	0.0287	717,794
South Zone	5,904,713	0.0269	158,837
Outside	2,187,500	0.0208	45,500
Gold Pan Oxide	7,049,181	0.0262	184,689
Altenburg Hill Oxide	4,558,402	0.0208	94,815
Porphyry Oxide	19,121,927	0.0213	407,297
Gold Pan Sulphide	12,053,279	0.0208	250,708
Altenburg Hill Sulphide	584,016	0.0176	10,279
Porphyry Sulphide	4,480,533	0.0223	99,916
TOTAL	91,284,840	0.0253	2,309,506

Figure 2: Original 2008 resource estimate completed by Beacon Hill
(Source: Coral Gold Corp.)

All Zones	Au Cut-off	Au Price	Tons	Ounces per Ton	Ounces of Au
	0.009	1000	259,786,897	0.016	4,156,590
	0.0095	950	215,146,526	0.0174	3,743,550
	0.0106	850	178,924,188	0.0189	3,381,667
	0.012	750	149,133,203	0.0205	3,057,231
	0.0129	700	125,174,186	0.0221	2,766,350
	0.015	600	91,284,840	0.0253	2,309,506

Figure 3: Resource sensitivity table for varying cut-off grades and associated gold prices
(Source: Coral Gold Corp.)

As our long-term gold price forecast is US\$750/oz, we have used the resource estimate calculated (as shown in the table above) based on a gold price of US\$750/oz in our revised valuation models (presented later in the report).

2008 Drill Program: Here is a summary of the 2008 drill program completed on the Robertson Claims:

- 22,835 ft (6,960 m) of drilling in 33 vertical reverse circulation drill holes. The holes ranged in depth from 500 to 1200 feet.
- Tested Altenburg Hill, South Porphyry, 39A and Distal zones.
- Highlight drill hole #CR08-13, which tested the 39A zone, intersected 100 feet grading 0.075 oz Au/t.

The goal of the 2008 program, which to some extent was achieved, was to expand the known zones of gold mineralization. Through discussion with management, we have learned that many of the zones remain open along strike and at depth, part of the reason why the 2008 drill results have yet to be incorporated into the revised resource estimate.

Current Status/Development Timeline: The company is currently in the planning stage for a 20 to 30 hole drill program estimated to cost \$1 million. The near term goal for the company is to continue expanding the resource by drilling the target areas that remain open.

We still believe the Robertson claims are a good target that Barrick Gold Corp may eventually be interested in acquiring. The likelihood of this scenario, we believe, will keep increasing as Coral continues to expand its resource estimates. Barrick is currently shipping high grade ore via conveyor belt from their Cortez Hills deposit to the Pipeline mill, 16 km away. The ore from the core of the Robertson claims lie approximately 5 km from Barrick's Pipeline mill. Additionally, Barrick CEO Aaron Regent recently said that Barrick could sell off nickel projects in Tanzania, as well as other non-core assets, to fund other projects or acquisitions - this, we believe, is a positive sign for companies such as Coral Gold.

Norma Sass

On October 21, 2008, the company, and its joint venture partner, Levon Resources Ltd. ("Levon" TSXV: LVN), entered into an exploration option agreement with Barrick, wherein Barrick has the option to acquire up to a 75% interest in the Norma Sass property.

Barrick has since completed one of two planned rotary drill holes, NS 09-01, and a HQ sized diamond drill hole (wedged off of NS 09-01) on the Norma Sass property located immediately west of Barrick's Pipeline property. Assay results have yet to be released. However, discussion with management has indicated that the hole shows appropriate host rocks for gold mineralization.

Management/ Director Changes

The company has seen three changes to management. Vic Chevillon, formerly a director of the company has resigned, Dorothy Chin replaced Mimy Fernandez-Maldonado as corporate secretary, and Lisa Sharp was appointed as CFO. Lisa Sharp's biography as provided by the company is found below.

Lisa Sharp, CGA – Chief Financial Officer

Lisa Sharp is a Certified General Accountant with over 15 years of senior management experience working with both private and public companies in a variety of industries. Ms. Sharp's experience encompasses financial and regulatory compliance, private placement financings and U.S. filings. Most recently Ms. Sharp has been the Chief Financial Officer of a technology company listed on the TSX Venture Exchange.

Outlook on Gold

We have maintained our positive near-term outlook on gold prices, and believe prices will stay strong primarily because we expect investment demand to continue to stay strong. We believe investment demand will stay strong because we expect the US\$ to depreciate with respect to major global currencies due to negative real interest rates in the U.S., and as we believe inflationary pressures in the U.S. will be instigated by large stimulus packages, and low interest rates. Our short-term forecasts are US\$925/oz for 2010, and US\$850/oz for 2011. We expect prices to converge to our long-term (2012+) forecast of US\$750/oz (up from our previous forecast of US\$600/oz), as the US economy recovers and investor confidence improves. Both these factors will result in a drop in the investment demand for gold in the long term as investors move from 'capital preservation' assets to investments with higher expected returns.

Financials

At the end of July 2009, the company had \$0.84 million in cash, and \$0.60 million in working capital. During the six month period ended July 2009, we estimate the company had a burn rate of \$0.08 million per month versus \$0.18 million per month in FY2009 (12 month period). The table below shows the company's cash position and liquidity ratios.

(in C\$)	2009	2010 (6 mo)
Working Capital	959,419	598,742
Current Ratio	3.4	3.2
LT Debt / Assets	-	-
Cash from financing activities	59,920	59,920
Burn Rate (per month)	(181,196)	(81,330)

We believe the company has sufficient cash on hand to fund its operations for the next six months.

Stock Options and Warrants: At the end of July 2009, the company had 4.23 million warrants outstanding with a weighted average exercise price of \$1.17. The company also had 2.56 million stock options outstanding, with a weighted average exercise price of \$1.01, and expiry dates between December 2009, and May 2013. All the stock options and warrants, except 0.55 million stock options, are currently out of the money.

Valuation

Our revised valuation on CLH increased from \$1.04, to \$2.66 per share, due to the increase in resource estimates (as mentioned earlier, our revised valuation models are based on the resource estimate calculated based on a gold price of US\$750/oz), and our long-term gold price forecasts. A summary of our valuation is shown below:

Valuation	Value	VPS
Robertson Property		
DCF	\$55,828,441	\$2.214
Real Options	\$76,570,261	\$3.037
Average	\$66,199,351	\$2.625
Working Capital + Investments - LT Debt	\$942,444	\$0.037
Net Fair Value	\$67,141,795	\$2.663

The following tables show our revised Discounted Cash Flow (DCF) and real options valuation models on the Robertson property.

DCF Valuation Summary	
Mineral Resources (in tonnes) - 50% of Inferred	74,566,602
Wt. Avg. Gold Grade (opt)	0.021
Recovery - heap leach	70%
Recovery - conventional	90%
Recovered Gold (in troy oz)	1,192,320
Avg Production - heap leach (tpd)	7,750
Avg Production - conventional (tpd)	5,000
Mine Life (years)	19
Capital Costs	\$90,000,000
Operating Costs (\$/tonne)	\$6.0
Discount rate	11.5%
Net Present Value	\$55,828,441
No. of Shares	25,214,771
Fair Value per Share	\$2.21

Real Options Valuation			
Inputs relating to the underlying asset			
Estd. Value of Minerals if extracted today (C\$)			\$119,187,520
Annualized Standard Deviation of Mineral prices			19%
Capital Investment (C\$)			\$90,000,000
Estd. Mine Life (years)			19
Riskfree Rate			3.5%
Output			
Stock Price	\$119,187,520	T. Bond rate	3.50%
Strike Price	\$90,000,000	Variance	0.04
Expiration (in years)	19	Annualized div yield	0%
d1 =	1.556		
N(d1) =	0.940	Value of Option (\$)	\$76,570,261
d2 =	0.728	No of shares (Dil.)	25,214,771
N(d2) =	0.767	Value per share	\$3.04

The sensitivity of our DCF valuation to changes in gold prices and discount rate assumptions is shown below:

		Discount Rate		
		8%	11.5%	15%
Gold Price (US\$/oz)	\$450	-\$0.69	-\$1.02	-\$1.19
	\$600	\$1.54	\$0.60	\$0.02
	\$750	\$3.77	\$2.21	\$1.23
	\$900	\$6.00	\$3.83	\$2.44
	\$1,050	\$8.23	\$5.45	\$3.64

Rating

Based on our revised valuation models, we reiterate our BUY rating on CLH, and raise our fair value estimate from \$1.04 to \$2.66 per share. We have maintained our risk rating at 5 (Highly Speculative).

Risks The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- The value of the company is dependent on commodity prices.
- The company has does not currently have any operating mines.
- The success of drilling, project development, and resource expansion are important long-term success factors for these early projects.
- Metallurgical testing is important for the Robertson project due to the varying mineralization.
- Access to capital and share dilution.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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