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► **HOT STOCKS GOLD ROAD RESOURCES**

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HOT STOCKS

By COLIN WHITEHEAD

THERE'S no doubt Gold Road is one of the most exciting gold-exploration plays in the Australian market.

The company is potentially sitting on an entire gold region, which could host a number of significant mining operations.

It is one of the characteristics of a market correction that negative sentiment begins to outweigh fundamentals, so many stocks are sold down excessively.

This is particularly the case for junior goldminers and exploration companies, the fundamentals of which are determined mostly by their asset base and the outlook for gold prices.

The former is unchanged by the pace of the US recovery or Europe's debt crisis and the case for the latter is arguably strengthened by such concerns.

Gold Road's tenements cover the entire Yamarna gold belt.

Yamarna is to the east of WA's existing multimillion-ounce gold belts.

The company managed to slip under the radar to secure control of the whole region because it was previously considered a low-grade area.

Gold Road has provided clear evidence that this is not the case and there's little doubt that the company has a commercial quantity of gold.

The only real question is the volume of gold contained within Yamarna and the number and size of the operations it could sustain.

There is, of course, a lot of costly drilling to be done to determine this.

However, this year's extensive, 100,000-metre drilling program has certainly returned positive early results.

Management recently announced that one of the eight holes drilled so far from a total of

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50 has hit a significant intercept of 13 metres, averaging 40.1 grams of gold a tonne.

The mineralisation is beneath the Imperial Shoot at the Central Bore deposit and is the deepest intercept to date, at about 400 metres below the surface.

Central Bore will initially be developed as an underground mine because the gold-bearing ore is at a fairly steep angle of about 85 degrees.

Although it is still early days, the drilling program has had a positive start.

It certainly has not provided us with any reason to question whether the Yamarna belt is really as significant as management believes it to be.

As such, investors looking for exposure to a gold explorer with considerable upside potential would do well to consider Gold Road.

Colin Whitehead is an analyst at Fat Prophets.