

This Week

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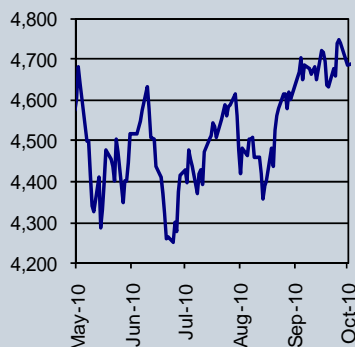
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Indices & Prices

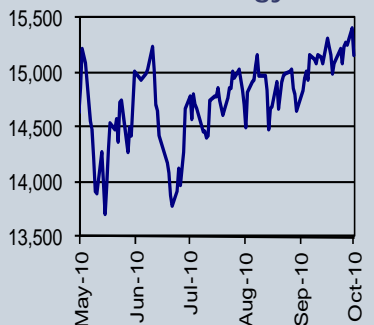
All Ordinaries	4,686.30
Energy Index	15,162.90
Brent AU\$/bbl	84.72
AUS\$/US\$	0.9863

As at Close October 12th

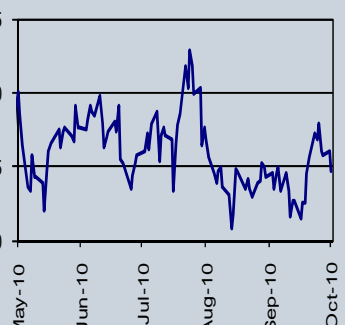
All Ordinaries



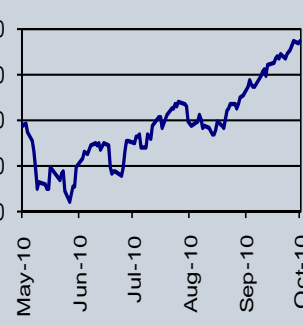
S&P ASX 200 Energy Index



Brent Crude Oil \$A/barrel



A\$/US\$



In this Issue

- Tap:** Opens the batting with some oil in Brunei, worth 19 cps ?
- Antares:** Looks set to end the year with 65 cps net cash
- Havilah:** Blast from the past. Hidden value revealed!
- FAR Ltd:** Cracker West African deal holds plenty of upside in risky region
- Venture Minerals:** Tin, like most metals, is getting rare because China uses it!
- Water & Food:** Wadaya know! If you don't got water, you don't got food so much, so cheap!

Market Moves

Tap's discovery of a 29 metre oil column at the 39% owned Markisa-1 well in Brunei has the potential to add 19 cps to the assessed value for the company, if it contains 5 mmbbls of recoverable oil. This would not be a bad start for the company's move into Asia. Since its lows in June through to August, Tap has already lifted about 10 cents, so a further 10 cents in appreciation could be in the wings should further testing of this well prove that the oil can be commercially produced.

Next up for Tap will be drilling at the Zola prospect, where 1 Tcf of gas has been estimated, should hydrocarbons be present. A discovery of this size would be worth 58 cps to Tap's 10% equity and even a 300 Bcf find would boost assessed value by 20 cps, based on sales of gas to the hungry WA market.

Recommendation: *Despite overhanging threats from litigation surrounding gas sales contracts with Burrup Fertilisers and the Varanus Island incident, Tap remains a speculative buy, supported by a net cash position, operating cash flow and upcoming exploration activity.*

Antares AZZ EAGLE FORD SHALE PRICES CONFIRMED

AZZ Price History



CNOOC's purchase of EFS acreage from Chesapeake for \$10,800 an acre comes one day after Statoil ASA of Norway agreed to pay \$843 million or \$10,900 an acre for a parcel of acres in a similar location. These purchases confirm the going rate for EFS acres.

In the case of Antares, the company is offering for sale 100% WI and operatorship of 24,026 acres. Antares has a net working interest of 18,739 acres, plus a term assignment interest in 8,558 acres. Theoretically, the ability to purchase 100% WI with operatorship over acres where development is underway and rig contracts are in place should be worth more than the minority interest deals done by Chesapeake.

Value for Antares' EFS Interests

EFS Permits	Acres	WI %	Net Acres	Value KUS\$/acre	Total Value A\$m.
Yellow Rose	18,272	75%	13,704	11	157
Blue Bonnet	5,754	87.5%	5,035	11	56
Petrohawk	8,558	-	-	5	11
					<u>224</u>
				per share, less CN	\$ 0.67

Source: Strachan Corporate Pty Ltd

StockAnalysis has previously stated that by Christmas, Antares will sit with about 65 cents per share of net cash, after allowing for its \$15 million of convertible note debt, while retaining minor gas production assets along the US Gulf Coast as well as high equity in some exciting exploration interests.

Given the huge number of excellent farm-in and acquisition opportunities currently available on the global oil and gas market, Antares would appear to be in an ideal situation. It should have \$220 million of cash in the bank and an open slate, with the only brief of making money for shareholders in the oil & gas game.

Assuming that AZZ's EFS acres are sold as predicted, investment in the stock now comes down to backing management. Given the track record of the current management over the past two years, where the company was turned around from technical insolvency to having a market capitalisation of \$160 million and likely to have over \$200 million in the bank, backing the AZZ team to continue this performance might appear to be a wise bet!

Foot Note:

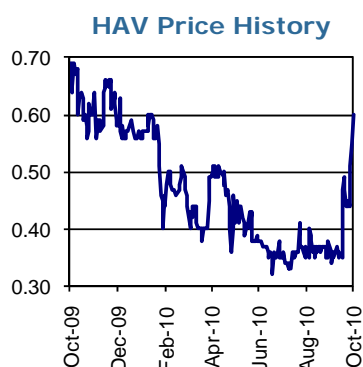
Texon and Aurora Oil & Gas are also permit holders along the EFS. Valuing their acres on the same basis as the recent transactions, Texon's 4,504 net WI acres would be worth 27 cps, which along with its Olmos oil, other gas production and cash places a value of about 55 cps on Texon, prior to any value for exploration. On this basis, Texon now looks fairly priced at 63 cents, ahead of results from its current EFS well. Meanwhile, Aurora Oil & Gas currently looks expensive on a similar metric, with its 10,190 acres worth about \$114 million or 41 cents per share. These deals also make **AWE's** takeover of **Adelphi** look expensive, since that deal reflected a price per acre which is more than twice the price being paid in current open market deals.

Havilah HAV

Recommendation: *Despite low gold and copper grades at its Kalkaroo project and an uncertain funding position for Mutooroo, Havilah remains undervalued. Havilah holds value to over \$2 per share, based on assessment of its JORC Resources plus the exploration appeal for base metals, uranium, gold and iron ore.*

Captial Structure - HAV

Shares	82.0 m.
Options	20.5 m. Listed
Options	4.2 m. out of the money
Total	106.7 m.
Price	\$ 0.69
Market Cap	\$ 61 m.
Cash (est)	\$ 6.0 m.



The stock has entered a new bull phase, but faces immediate resistance at 70 cents per share and then at 90 cents.

Havilah has recently bounced back into the investment frame. The stock's poor trading liquidity, combined with a general lack of market information and updated progress reports issued by the company has resulted in other copper, gold development stocks such as Exco attracting earlier market attention. Management at Havilah have recently moved to update shareholders on progress on several fronts, while also issuing 1:4 free, bonus options with an exercise price of 50 cents. These acts have once again brought Havilah's undervalued assets to the market's attention, lifting the stock from around 35 cents to 68 cents per share.

Havilah lays claim to JORC status Resources containing just over 500,000 tonnes of copper, 820,000 ounces of gold plus cobalt, molybdenum and magnetite mineralisation, as well as interests in uranium via its 48% controlled Curnamona Energy.

Project	Cu Kt	Au moz	Co mlb	Mo mlb	Acid mt
North Portia	60	0.07			
Mutooroo	150		31		8.0
Kalkaroo	341	0.88		6	
Total	551	0.95	31	6	8.0
HAV %	503	0.82	31	5	8.0

Kalkaroo In-Pit Resource		Cu%	Au g/t	Mo %
62	mt @	0.55%	0.44	0.010%
Containing Kt/Moz		341	0.88	6.10
Current Price	US\$	\$ 3.60	\$ 1,350	20
Insitu value	\$ 66	per tonne		
3% of ISV	\$Am.	\$ 83	\$ 36	
Recovered Value	\$ 52.8	per tonne		

At Kalkaroo, Glencore is assessing a feasibility study undertaken by Havilah, to determine if it will exercise an option to carry Havilah through development of the project. StockAnalysis suspects that Glencore may find that the deal which was originally agreed, may be unacceptable and if it does wish to proceed, some renegotiation of terms may be required for the development to be a true win-win.

Havilah is also part-way through a pre-feasibility study at its copper, cobalt, acid project at Mutooroo. This project has evolved as conditions changed. Acid is looming as a key commodity in South Australia, where new projects such as an expanded Olympic Dam, other new uranium projects and Arafura Resources' proposed rare earth processing plant, will consume large quantities of sulphuric acid, well in excess of that currently produced at Port Pirie.

Mutooroo In-Pit Resource (est)		Cu%	Co%	Acid	Iron
10	t @	1.50%	0.14%	35%	44%
Containing Kt		150	14	8000	5000
Current Price	US\$ per lb	\$ 3.60	\$ 22	\$ 120	\$ 100
AUDUSD		0.98			
Insitu Value	A\$m.	\$ 1,215	\$ 693	980	510
Total Insitu value	\$ 340	per tonne			

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HAV - Value Matrix	\$m.	\$/share	Comments
Cash	6	0.06	
Investments	10	0.09	CUY, MOX & GHT
Mutooroo	94	0.88	DCF * 50%
Kalkaroo 86%	106	0.99	3% of ISV
Sub Total	216	2.02	
Portia	6	0.06	A\$200/oz for 30Koz
Nth Portia	7	0.06	5 cts/lb
Exploration (Fe etc)	15	0.14	Nominal
Options	18	0.17	
Corporate	(8)	(0.07)	
Total	253	2.37	

Mutooroo's processing route now envisages preliminary concentrating at site to remove quartz, leaving a sulphide concentrate which can be transported to the coast for roasting, to liberate sulphur for acid production as well as heat for power production. The resulting calcine is then leached to dissolve copper and cobalt, which can be concentrated by solvent extraction, with cobalt then precipitated as a saleable product and copper extracted by electrowinning to produce a 99.95% pure copper product. The iron rich residue product could be sold locally or to a smelter in Asia.

Mutooroo and Kalkaroo, along with investments, have a value in excess of \$200 million to Havilah. Assuming either farm-out to fund or dilution via additional equity, the assets should be worth at least \$1 per share, to which we add value for the Portia and North Portia gold and copper, plus value for iron exploration to reach a risked target of ~\$1.20 per share.

FAR's West African Deal

Recommendation: Speculative Buy.

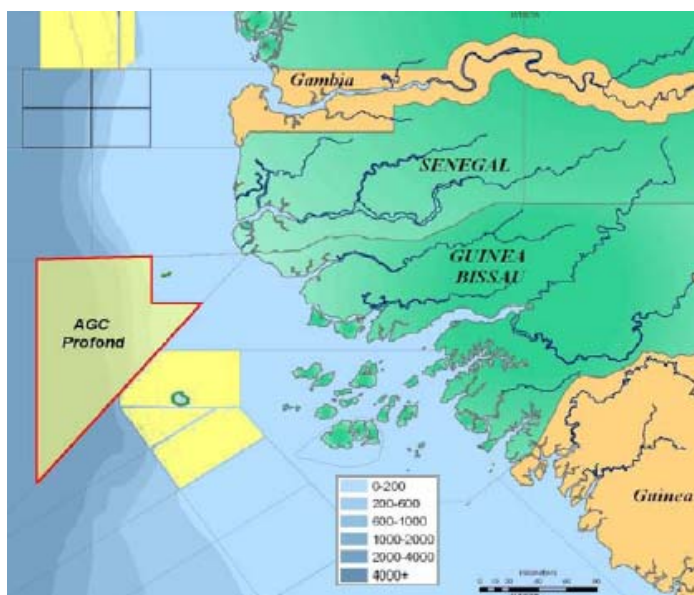
FAR must now attract +A\$6.2 million of funding to support a farm-in to earn 10% interest in a planned offshore well in Senegal, to be drilled in Q1 '11. Discovery of targeted +400 mmbbls of oil at the Kora prospect would notionally be worth at least 46 cps, but say 23 cps to FAR after dilution for capital costs.

FAR - Capital Structure

No of shares	658.2 m.
New Issue (?)	138.7 m.
Con Note	66.0 m. (on conversion)
Options	34.8 m. Av. 10.8 cts
Total	898
Cash (est)	\$ 8 m.
Share price	\$ 0.072
Market Cap (nom)	\$ 57 m.

FAR has agreed to farm-in for a 10% interest in Ophir Energy's AGC Profond exploration permit, offshore Senegal and adjacent to its 15% held Guinea Bissau permits. FAR is paying 15% of estimated dry-hole drilling costs of US\$32 million to test the Kora prospect. FAR would then pay 10% of any additional costs over its US\$4.8 m commitment. While the Kora prospect, with an estimate of over 400 mmbbls of recoverable oil, is the largest prospect within the AGC permit, Ophir has mapped a total of 16 prospects with a combined potential to yield 1,700 million barrels of oil.

Southern Senegal & Guinea Bissau Permit Locations



Source: FAR

At the completion of all obligations, ownership of the AGC permit would be Ophir Energy 53%, Norwegian company Rocksource with 25%, the Senegalese Government with 12% and FAR with 10%.

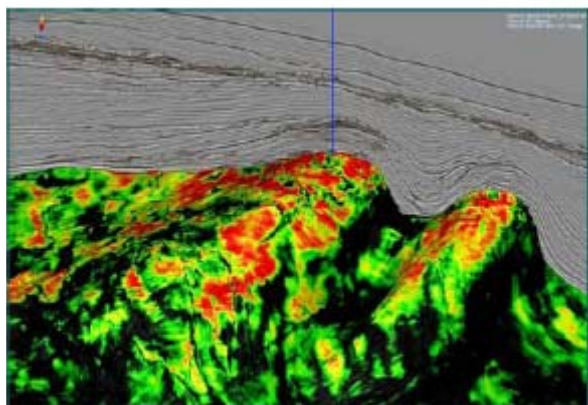
As part of this package, Ophir has the option to earn an interest in FAR's main Senegal permit. Within 60 days of completing drilling at the Kora prospect, Ophir has the right to exercise an option to earn a 25% interest in FAR's 90% held northern Senegal permit, where it would become operator. Following the drilling of a well, if Ophir elects to continue exploration on this permit, it must then pay FAR an amount equal to 12.5% of the dry hole cost of the well just completed.

This is a simple, low risk and cheap option for Ophir, but exposes FAR to Ophir's low cost drilling management, which sees it drill wells in deepwater for about half the cost estimated by the oil majors.

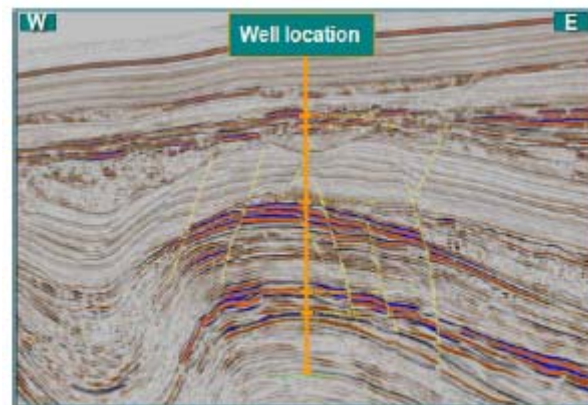
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Recent exploration success in the region by Anadarko Petroleum offshore Sierra Leone, is pushing up entrance prices, with Chevron reportedly paying sign-on bonuses of US\$100 million per block, offshore Liberia.

Kora Seismic Data



Seismic amplitude extraction from the Albian section over the Kora Prospect



Seismic traverse approximately through the proposed Kora -1 location

Source: Rocksource

3D seismic data combined with positive CSEM survey anomalism, has considerably de-risked the Kora prospect, which Rocksource claims now has a 50% POS. Ophir is well backed by the Mittal family and is likely to seek an IPO for additional funding, should its current programme of work in Tanzania and at Kora prove to be successful. It is also likely that success at Kora would trigger a follow-up well, either to appraise Kora or to test a look-a-like prospect in the permit.

While FAR could draw on existing funds to support one further well, if the market is sufficiently impressed with its prospects, it may choose to raise sufficient cash to fund a likely follow-up well. StockAnalysis assumes that A\$8.6 million will be raised in the current equity programme.

Risked Exploration Valuation

Well	Equity	Risk	NPV	Discovery Value	Risked NPV	Drill Cost	Risked NPV
	_____	_____	_____	_____	_____	_____	_____
	mmbbl	%	\$m	\$/share	\$m	\$m	\$m
Senegal *	20%	300	11%	3000	0.67	333	67
Kora AGC Block	10%	400	25%	4000	0.45	1,000	94

* assumes farmout

Source: Strachan Corporate Pty Ltd

The risked value of FAR's Senegal portfolio is assessed at 8.6 cps and the company has a risked target value of 10.7 cents per share, which coincides with a chart based target.

Assessed Valuation

Asset	Value \$m	\$ per Share
Production	\$ 6	0.01
Cash	\$ 8	0.01
Unissued equity	\$ 0.1	0.00
Other	\$ (6.7)	-0.01
Sub-total	\$ 7.8	0.01
Senegal	\$ 78	0.09
Other Risked Exploration	\$ 10	0.01
Total Risk adj Target	0.11	

Source: Strachan Corporate Pty Ltd



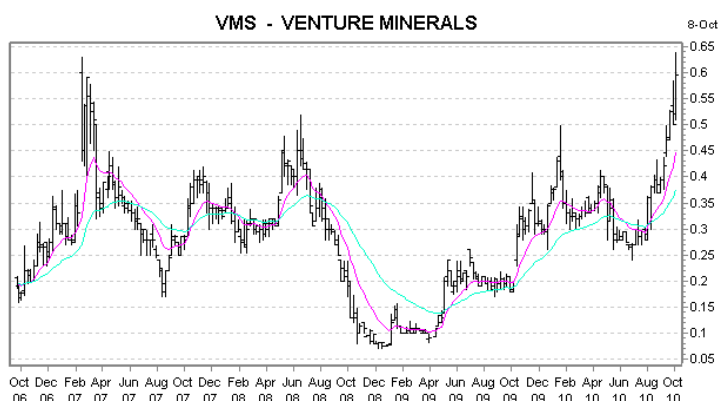
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Venture Minerals VMS CASHING UP FOR FEASIBILITY WORK

Recommendation: *Venture Minerals looks over-extended, having run strongly on rising tin, tungsten and iron ore prices. The stock is likely to consolidate at around 50-55 cents, ahead of results from drilling. A longer term value target of \$0.85 per share is consistent with diluted value of \$260 million.*

VMS - Capital Structure

VMS	
Code	VMS
Shares	213.6 m.
Options	21.1 Av 39 cts
Total	234.7
Share price	\$ 0.64
Cash (est)	\$ 25 m.
Market Cap	\$ 137 m.



StockAnalysis began to review Venture Minerals in early 2008, recommending the stock at 32 cents with a target NPV of \$150 million. After falling back below 10 cents during the GFC, the stock recovered to 24 cents and by late 2009 following ongoing exploration success, StockAnalysis maintained a value target of \$1 per share, lifting the NPV estimate to \$260 million.

The company is now raising \$20 million, which should support feasibility work until the end of 2011, when at least \$55 million of additional equity will be required.

Tin and tungsten mineralisation on its Tasmanian permits occurs in separate, but associated shoots of mineralisation, mostly hosted in a magnetic skarn deposit. The company's recent focus has moved away from commercialising coarse magnetite host-rock and towards improved opportunities for production of both tin and tungsten concentrates. Ultimately, production of a high value, coarse grained magnetite concentrate using wet magnetic separation will leave a tailings stream which with further size reduction could produce gravity concentrates of tin and tungsten.

Resources Estimates

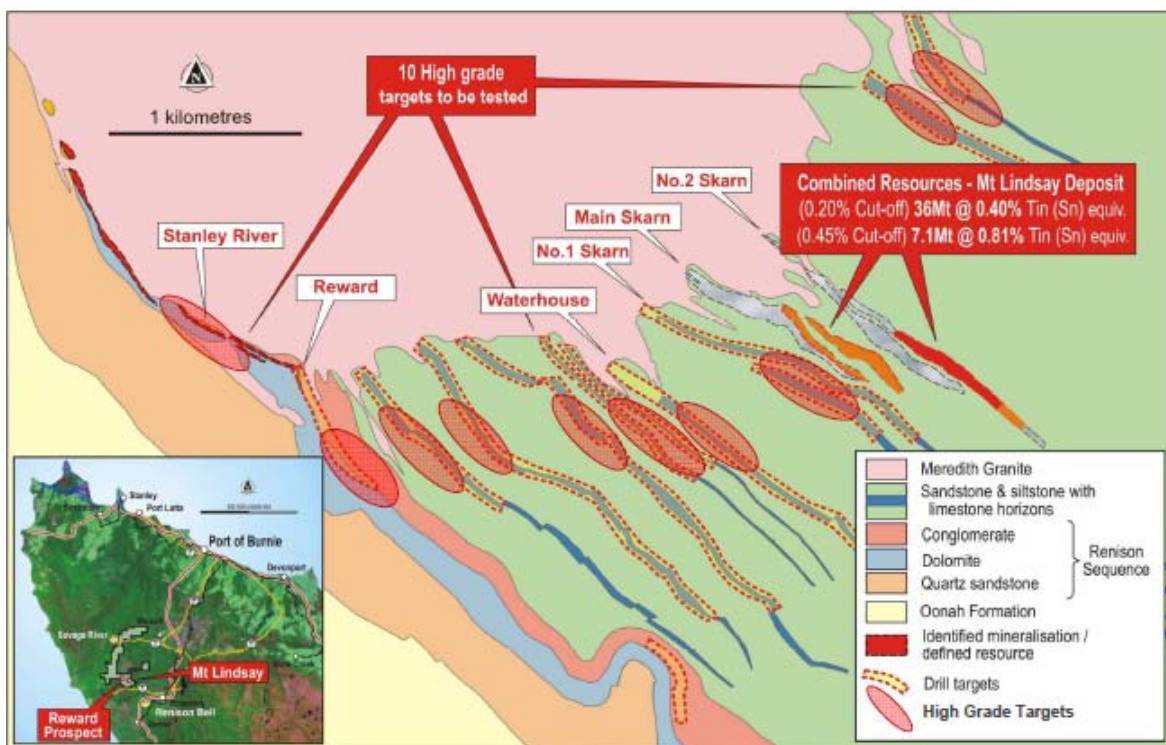
Mt Lindsay Resources	mt.	Grade	Containing	
			Iron Con	
Iron Resource	30	33%	Fe	10.2
Tin Resource	36	0.20%	Sn	34,000
			WO ₃	72,000
Containing				
Tungsten Resource	7.1	0.29%	WO ₃	20,590
				30,000

Source: Venture Minerals, Strachan Corporate

The company is examining an initial seven year open pit operation at a mining rate of 1 million tonnes pa of ore, to produce a combined 6-7,000 tpa of tin and tungsten oxide, contained in separate concentrate products. In addition, a potential 300,000 tonnes of high grade magnetite concentrate could be delivered to markets via road or rail and barge loading off the north Tasmanian coast. Total sales revenue in the region of \$125 million pa is estimated and a pre-tax operating cash flow of around \$80 million pa could be achieved after modest capital spending of \$130 million, which StockAnalysis feels is sure to rise as the feasibility study matures.

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Project Location

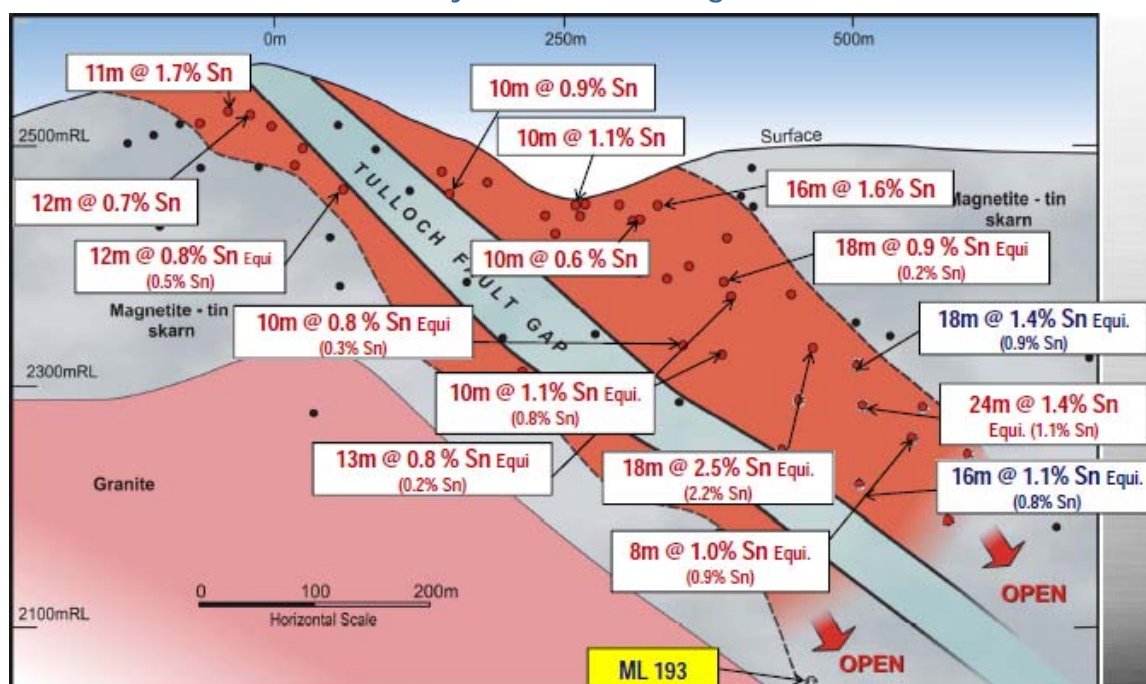


Source: Venture Minerals

The company's Mt Lindsay project is well located with respect to road and rail transport to ports along Tasmania's north-western coast, though access to larger shipping and loading facilities is restricted by current port logistics. Only Port Latta, owned by Grange Resources, has capacity for larger ship loading. Low cost hydro-power and water are also readily available at the project location.

The company is presently drilling with multiple rigs to provide data for its feasibility study, which is sure to provide a constant stream of interesting intersections. This work will lead to updated resource estimates, which will feed into a Preliminary Feasibility Study by year's end and ultimately a Bankable Feasibility Study by Q4, 2011. Ultimately, financing and construction is scheduled through 2012 with production likely to commence in 2013.

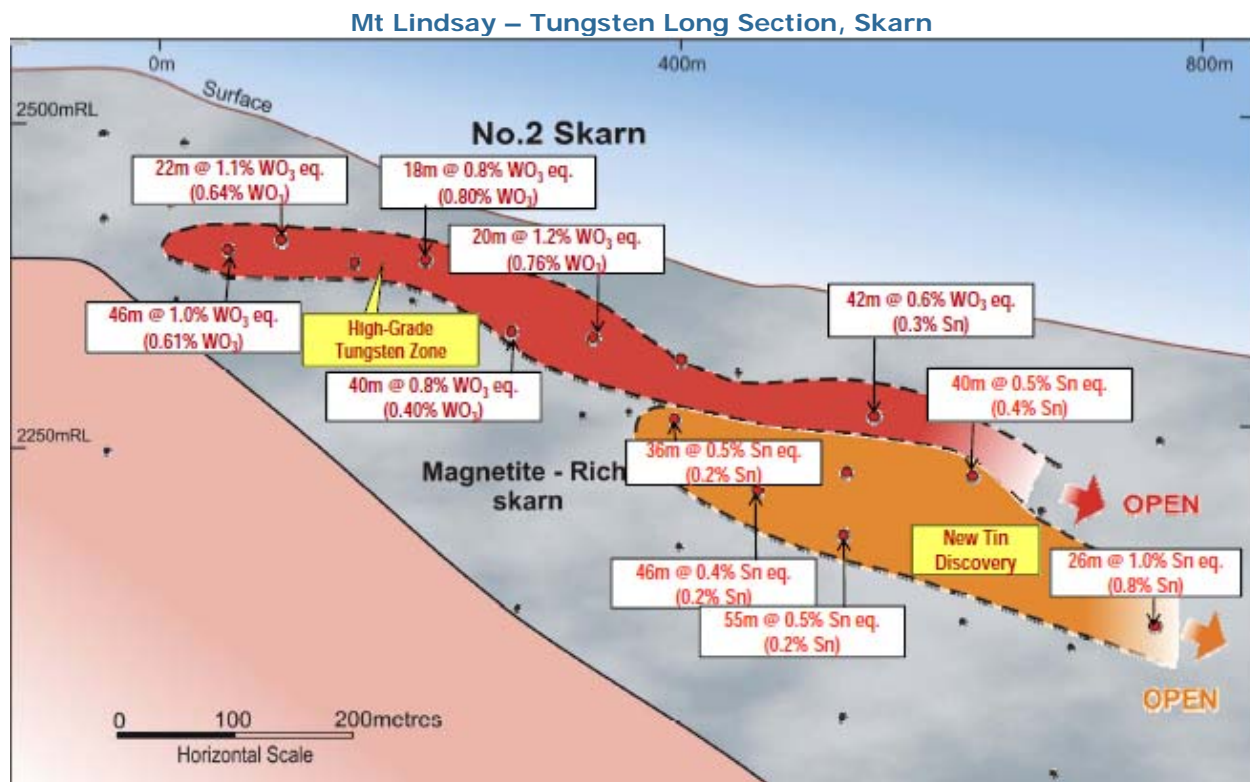
Mt Lindsay – Main Skarn Long Section



Source: Venture Minerals

(Continued on page 8)

Long sections show clear open pit mining potential, while deeper intersections show that mineralisation could support mining by underground methods, if commodity prices prevail.



Source: Venture Minerals

The often steep topography and sometimes dense forest cover, presents some challenges to the project but StockAnalysis believes that they can be overcome with minimal impact on the environment.

Ore at Mt Lindsay has an insitu value of about \$120 per tonne, with approximately half that value due to iron content, and the remainder to the tin and tungsten content. Venture Minerals estimates that its operating costs will be about \$47 per tonne, leaving a comfortable operating margin to service capital costs over an initial 7 year project.

Venture holds impressive exploration potential at its Tasmanian permits. Outside of Mt Lindsay, the company's geophysical mapping has identified an estimated 34 line kilometres of largely untested, magnetic skarn formation, which is prospective for tin, iron ore and possibly tungsten.

The Stanley River project in the western portion holds potential of small tonnages of direct shipping grade iron mineralisation with rich pockets of tin.

Australia's Water & Food Equation

So the truth is out! Over the past 25 years or so, Australians have been sucking more water out of the Murray-Darling Basin than was going in. This is what is called unsustainable.

For decades, Australians have prided themselves on the bounty apparent from their Murray-Darling food bowl. It seemed like a limitless bounty of fruit, vegetables, grain, cotton, beef, wine and more, could be taken from the banks of these once mighty rivers.

Well, over the past 50 years, Australia's population has tripled. Yes, it has risen from about 7.5 million to over 22.5 million in just fifty years. The toll of environmental degradation and over use of productive farmland has now begun to have an impact, exposing the unsustainable practices of past and present. Despite huge improvements in irrigation management and water conservation, along with crop management and improved plant genetics, Australia's vast food bowl has reached and passed its sustainable limit.

Recent studies indicate that about 30% of the water currently being consumed within the Murray-Darling region must be returned to the rivers of the Basin, to ensure that it remains a viable, long term agricultural region, supporting communities and industry along its riverbanks.

New irrigation regions are planned for agriculture, such as the relatively dry central and eastern parts of Tasmania and the Ord River region. No doubt these regions will be developed over time, but they too will reach a sustainable limit. Added to the problems of finding new regions from which to feed Australia's growing population is the impact of food miles. The Kimberley region does receive a lot of summer rain, but this water will need to be dammed if it is to be useful for agriculture. The climate of the Kimberley is very hot and unpleasant, the issue of pests needs to be resolved and the environmental impact of so much dammed water storage also needs to be considered. Then there is the fact that the Kimberley is closer to Jakarta and Singapore than it is to Australia's population centres in the Sydney Basin and the Port Phillip Bay regions, as well as accessing land which is bound to be tied up in green, red and black tape for many years. Just ask Don Voelte how easy it is to get a plot of land in the Kimberleys!

While the ink is barely dry on the Murray-Darling water plan, there can be no doubt that the region will produce less food in the future and that food prices in Australia will have to rise to support the development of new farms and to support imports of food. The question is, from where is Australia to source this replacement food supply? If Australians can not feed themselves, who can and what is the solution?

Despite an active food export industry, Australia is already a net importer of fruit, vegetables, seafood and oilseeds. If we cannot support a population of 22.5 million, why do we continue to expand it? This is the question that few are prepared to ask, instead hoping for good old advances in technology, 'the initiative of humankind' or prayer. Well I think the time for hope and prayer has past and the time for action has arrived.

Investment Implications:

Rising global demand for food and fibre favours Australia's established producers. Soft commodity prices look set to rise to fully reflect the cost of water and land access. Farmers in the Murray Darling Basin will not be forced to sell their water rights. The Federal Government will buy back water rights at the market rate, which following a drenching from a couple of cyclones and wet winter, are currently trading at relatively low prices.

PrimeAg has excellent access to water. It's 107 gigalitres of irrigation water services about 11,800 ha of land from a total of 41,440 acres of prime farmland, stretching from Emerald in the north to Gunnedah in NSW. The company has the flexibility to match cropping with weather patterns, but generates about 78% of its income from cotton, with wheat, sorghum other crops and beef cattle making up the remainder.

(Continued on page 10)

StockAnalysis continues to recommend PAG below \$1.45 per share, expecting earnings to rise to 11-13 cps this year, enabling the company's inaugural dividend payment, which could be as much as 5 cps.

AACo is an almost pure cattle producer, with a less flexible business model. It will be subject to rising costs for transport and feed. The company has a poor record of profitability since listing and is not StockAnalysis' favoured entry.

Fertiliser producers will also see rising demand as soft commodity prices rise. Minemakers is well placed to develop a business, supplying rock phosphate to regional fertiliser manufacturers and ultimately making value-added products such as phosphoric acid or even fertilisers, utilising its large phosphate deposit in the Central Northern Territory. Minemakers remains a speculative buy.

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<http://www.populationparty.com/Home/Join>

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