



Mediaportal Report

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► **HOT STOCKS**

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► **Jacka explores new territory**

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HOT STOCKS

Paul Adams
D J Carmichael



BUY

Mako Hydrocarbons (MKE) \$0.14

ExxonMobil (XOM) recently announced its acquisition of TSX-listed Celtic Exploration for \$2.9 billion. As a result, XOM has secured 42,000ha in the Duvernay shale, which we believe provides a compelling endorsement of the play and MKE's assets. We maintain our Speculative Buy recommendation with a price target of \$0.41 a share.

BUY

Jacka Resources (JKA) \$0.18

Recent discussions with JKA management have highlighted the increasing industry activity in Somaliland, with both Genel Energy and the highly successful LSE-listed Ophir Energy acquiring permits in-country. JKA remains one of our top-three High Conviction plays for 2012 and we maintain our Speculative Buy recommendation and price target of \$0.48 a share.

BUY

Strickland Resources (STK) \$0.29

STK is rapidly advancing its high-grade gold project in central Brazil. Having reported bonanza grade gold results from channel sampling of old underground Portuguese workings, STK has recently confirmed extensions of its target zone with its diamond drilling. Further drill results, grade estimates from a one-tonne underground bulk sample and exploration results from STK's existing tenement package are expected next month.

Heather Zampatti
Bell Potter Securities



BUY

National Australia Bank (NAB) \$25.90

NAB is due to report on Wednesday after last week flagging to the market its British division remains difficult. NAB appears to have sufficient domestic opportunities to boost earnings in the medium term. Softness in the UK may take time, but the underlying fundamentals continue to be sound. NAB appears undervalued and the dividend is attractive at about 7 per cent

BUY

BHP Billiton (BHP) \$33.86

Guidance has been left unchanged for WA iron ore with 5 per cent growth for the financial year. Petroleum production was at record levels. Additionally seasonally high gas demand at Bass Strait and strong operational performance at North-West Shelf underpinned a quarterly production record for natural gas. Guidance expectations are for a 15 per cent increase in valuable liquids production largely from onshore US and Gulf of Mexico.

HOLD

Adelaide Brighton (ABC) \$3.16

Cement volumes in ABC's core states continue to demonstrate resilience. The group's exposure to WA and Queensland make up 42 per cent of volume. ABC states continue to outperform the national average up 11 per cent, however, this is slowing with a pick-up in New South Wales volume growth. The growth profile is largely driven by a capital investment program in lime and cement as well as any recovery in residential construction.

Ian Clarke
Macquarie Wealth



NEUTRAL

Sydney Airport (SYD) \$3.30

SYD reported another strong month of traffic in September. International passenger traffic continued the positive growth of September, up 7.2 per cent. Domestic traffic passenger growth was 5.9 per cent. Where other sectors had softer traffic during the September quarter, Sydney and the other key Australian airports saw improvement in passenger numbers across international and domestic, driven by Australian and New Zealand volumes.

OUTPERFORM

Bank of Queensland (BOQ) \$7.50

This has been a rebasing year for BOQ, on bad debts and one-off costs. This is now behind it. Investors can be certain that the BOQ-specific bad and doubtful debt issues have been resolved. BOQ is the only turnaround story in the sector and, while a higher risk proposition, it also offers potential high returns.

UNDERPERFORM

Ten Network (TEN) \$0.27

TEN recently reported 2012 earnings of \$94 million, down 45.5 per cent on the previous year. TEN is trying to run a strategy that sees it invest in new content, production capabilities and programming to rejuvenate its line-up, while also pushing for lower costs more broadly in its business. We do not believe TEN offers sufficient upside to compensate for earnings risks from cyclical headwinds, near term-risks to ratings and revenue share, cost pressures, and high operational leverage.



Jacka explores new territory



Jacka Resources Limited (JKA) Recommendation: Speculative buy

JACKA Resources Limited (JKA) provides an opportunity to get in on the ground floor of an emerging oil and gas company backed by management which has a proven track record in developing emerging plays in Africa.

JKA management is in the early stages of developing an emerging E&P company with near-term production and attractive exploration targets in relatively unexplored territory via recent farm acquisitions in Somaliland and Tanzania.

Recent activity in Somaliland in acre-

age adjacent JKA provides a compelling endorsement of the company's acquisition in April 2012 of a 50% interest in the Ode-wayne block covering an area of 22,000 square kilometres.

Whilst still early days, the recent entry of Genel Energy and Ophir Energy in the region are clearly an endorsement of this frontier acreage JKA has secured.

In Tunisia the Hammamet West well is now on target for drilling in January 2013.

The rig has been secured and the

well is targeting 111-213mmbbl oil with JKA holding a 15% interest in the field.

JKA's early oil program in Nigeria is on track with the Aje 5 well scheduled to be drilled in February 2013.

First oil is targeted for mid-2013. Resource estimate is 143mmbbl oil and 850bcf gas.

JKA has a 5% interest in the field.

Developments at JKA's block WA-399P offshore Carnarvon Basin have been continuing with the processing and review of



the 3D seismic where they are targeting the Gazelle prospect. JKA has a 15% stake in the project with Apache the operator holding 60%.

Initial resource estimate is 42mmboe.

In Tanzania delays in final government approval have hampered the commencement of early stage exploration. However, final approval is now expected in 4Q 2012.

JKA will hold 100% equity of this acreage and the strategy will be to farm down this asset to fund early exploration.

We have attributed no value for this asset, so further developments will represent upside to our current valuation.

We re-iterate our "speculative buy" rating on JKA with a 12-month price target of \$0.35 per share.

- Caf Pietropaolo, Director, Patersons Securities Ltd.