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Views from the Trading Floor 1st February

Saints & Sinners Oil & Gas

Aurelian Oil & Gas (LON:AUL) pushed 3% better to 17p before lunch, on almost 3 times the average daily volume, after the company gave an update on its Siekierki project and strategic review. The RNS made for interesting reading to be fair, with the main highlight being, the Board believes that the value of the company is not fully reflected in the current share price and has therefore commenced a review strategic options. Another very interesting point to add, is the review will assess a wide range of options for the company including the sale of assets, or the merger or sale of the Company. Funded exploration portfolio offers significant upside. The company has a strong cash position at the year-end 2011 of €63 million which allows the company to carry out its planned exploration and appraisal activities for the next 18 months. Resistance at 18p looks to be the first area of interest here, any break and close above that point could see a test of resistance at 20p.

Borders & Southern (LON:BOR) slipped 5% easier to 62p in early trading, as investors decided to take profit from the recent run in the Falkland oil explorer. The stock was easier even though the company had said its exploration well 61/17-1 was spudded on Jan. 31, and anticipated that operations would take about 45 days. Possibly holders were pondering on two points, firstly that to date, no oil or gas has been found in the southern part of the disputed waters, and questions are still unanswered about how mature the basin is. The geology looks to show that conditions are right (seal, trap & reservoir), but there are still huge questions over source maturity. Secondly that no news should be due for approximately 45 days, and in these turbulent markets, anything can happen in that short space of time. So to minimise risk, holders could be taking profits here, with a view to look at the stock again closer to the end of the estimated 45 days operations timeframe.

Xcite Energy (LON:XEL) was trading 2p easier on the day to 93p, on almost 3 times the average daily volume, after the company gave an update on the DECC approval process. The statement said it believes all the broad operational and planning questions from the Department of Energy and Climate Change, or DECC, with respect to Phase 1A and Phase 1B of the Bentley First Phase Development have been addressed, adding that the DECC has issued a letter of comfort to Xcite. A number of detailed questions on technical matters are currently being resolved and Xcite's expects this to be completed as a matter of due process. DECC has issued a letter of comfort to Xcite to confirm its support for the field development plan, or FDP, for the Bentley field and is broadly satisfied with the phased development approach from a resource recovery perspective. Xcite expects to re-submit the FDP in the latter half of 2012. Major support sits at 90p, with first line resistance sitting between 100p to 104p.

Tower Resources (LON:TRP) started to get active again this morning, pushing 7% better to 4p on steadily increasing volume. Holders are still waiting for the spudding of the Mvule-1 well, and that could have been the driver behind the run from 3p to 4.4p in the middle of January. Major resistance sits between 4.4p and 4.6p, and any positive news could see a retest of that level.

Mediterranean Oil & Gas (LON:MOG) moves 5% better to 5.25p, after the company said an independent valuation of gas reserves at the Guendalina gas field carried out by RPS Energy Limited shows 42% increase in 2P recoverable reserves compared to the previous pre-development valuation. The stock has been back on the retail investors radar ever since a large long standing seller was taken out a few weeks ago, and this sort of positive news flow from the company can only add weight to the bullish retail view.

Nostra Terra Oil & Gas (LON:NTOG) announced it has commenced foreclosure proceedings against Richfield Oil & Gas Company, formerly Hewitt Petroleum, Inc. ("Richfield"). Under the terms of the agreement announced on 14 April

2011 (the "Agreement") Richfield and Hewitt Energy Group, Inc., issued to the Company a US\$1.3 million secured loan note (the "Loan Note") which has been accruing interest at 10% per annum from the date of issue and which matured on 31 December 2011. As announced on 6 January 2012, the Company granted Richfield an extension on the repayment date to 31 January 2012. To date, no funds have been received from Richfield in respect of the Loan Note. Richfield has been notified that it is in default, and Nostra Terra has begun the process of recovering against the collateral. The Loan Note is secured against producing leases located in Kansas and non-producing leases located in Utah. Nostra Terra is in the process of assuming temporary control to operate the producing leases in Kansas during the foreclosure process. Bale Creek update Following 3D seismic interpretation at Bale Creek, locations of the initial wells have been adjusted. Site construction is now underway, and spudding is expected to follow. Further updates on both the foreclosure process and Bale Creek will be made in due course. Investors only seem to have focused on the foreclosure proceedings against Richfield Oil & Gas, and not the imminent spudding of Bale Creek. The announcement clearly says "spudding is expected to follow" and "We will continue to build a diverse portfolio of assets in various stages from leasing to production and plan to add significant production and reserves in 2012."

Another stock that holders are waiting on an update from is Caza Oil & Gas (LON:CAZA). Investors here have been watching the news wires for news on two wells that were planned in San Jacinto. The stock has really been struggling to break major resistance at 10.5p, and any positive news flow could give investors the green light to test it once again. Volumes have not been setting the world alight recently, but I am watching closely for any signs of the elusive update.

Urals Energy (LON:UEN) jumped another 5% to 8.5p in trading, on just over two times the average daily volume before lunch. Now the shares have broken major resistance at 8p, they could be on course for a retest of 9.5p. The company have been very quiet recently regarding operations, so it would not be a surprise to see an update hit the wires soon. Big brother is watching.

Mining

Hambledon Mining (LON:HMB) slipped 15% to 3.3p after the company announced that it proposes to raise up to \$9.06 million through the issue of 177,507,699 new shares in a placing priced at 3.25 pence a share to fund its acquisition of Akmola Gold and for other expenses. The company has also agreed heads of terms with the European Bank for Reconstruction and Development, or EBRD, for the provision by EBRD of a debt facility of \$15.0 million and for EBRD to make an equity investment in the company by subscribing for approximately 58.8 million new Ordinary Shares at a price of 3.25 pence per new Ordinary Share, raising a further \$3.0 million. If approved in February, it is anticipated that \$10 million of the EBRD debt facility will become available to the company in May 2012 with the remaining \$5.0 million becoming available when the company meets certain operational benchmarks, which are expected to occur in late 2012. Clearly this is a medium term positive, as the funds have already been earmarked for further growth, just in the short term the market has focused on the issue price of 3.25p and sold the stock down to the fund raising level. Major support just so happens to be at 3.25p and the next major resistance level looks to be 4p to 4.25p.

Angel Mining (LON:ANGM) announced it has poured a further 539.9 ounces of gold dore at the Nalunaq mine, its largest amount to date, and is making continued progress toward its production target of between 1,500 and 2,000 ounces of gold a month, which it hopes to achieve early this year. The company believes that gold recovery from the plant has now improved to around 84%, a significant improvement over the last few months. The market seems to be focusing more on the fact it has now fully drawn down on its \$3,654,000 debt facility with YA Global Master SPV Ltd. It said the balance will be repaid in a series of payments starting on March 8 and finishing Sept. 30. Unless I have missed something here, money made from selling the gold dore will be used to pay this debt facility down, and the next pour is scheduled for 2 weeks' time. Major support looks to be around 2.4p and major resistance look to be around 3.25p

Alba Minerals (LON:ALBA) started to move once again, with the shares trading as much as 10% better to 0.94p before lunch. Although the spread is rather large on this one, it continues to grab the attention. If these can break and close above the 1p level, the recent high of 1.2p would look to be the next major level of interest. ECR Minerals (LON:ECR) jumped another 5% to 1.2p today on decent volume, after the company announced Copper Flat Project Exceeds 1 Billion lbs Copper in Measured & Indicated Resources. The market liked the sound of the numbers mentioned and jumped aboard. Resistance at 1.25p looks to be the first line of major resistance, with 1p being the major support line.

Thor Mining (LON:THR) used the recent rally in the shares price to raise £570,000, or A\$840,000, by way of a placing of 57 million new ordinary shares to U.K. clients at a price of 1.00 pence per share. Additional funds will help finance the necessary development work to continue at Molyhil Tungsten/Molybdenum Project along with aggressive exploration and evaluation programs at the Dundas and Spring Hill gold projects. Support looks to be around 1.2p and resistance at 1.4p, however, with the fund raise at 1p, it would not be a shock to see that level turn into the major support line now.

Ormonde Mining (LON:ORM) a mineral development and exploration company focused on Spain, has started to catch the eye recently, as volumes have been slowly increasing and the shares testing major resistance at 9p. Reading through the recent update on the 8th of December last year, I found this little snippet from Managing Director Kerr Anderson "We are very pleased with progress at La Zarza and the surrounding permit area with both the submission of the relevant documentation to the provincial mining authorities in Huelva for the future re-activation of mining activities, and with an aggressive drilling programme to test targets identified by the extensive geophysical survey programmes. I look forward to reporting results on our endeavours in this very important Spanish copper mining district." So on that basis, I will be looking a little closer at this one over the next few sessions, as an update on progress is clearly what holders are waiting for. If the stock can break and close above 9p, a test of resistance at 10p and then 12p look to be on the cards. Jubilee Platinum (LON:JLP) started to get active again this afternoon, trading 4% better at 16.25p. The company has been rather quiet recently with regards to operations, and holders here will be looking for that update to come sooner rather than later. Platinum has rallied almost 20% since the turn of the year, so it would not be a surprise to see this rally continue in-line with the underlying Platinum price. Support looks to be around the 15.5p area, with resistance looking to be 17p.

From the trading floor

As one of the traders over here said today "the market is Fuego" which basically means the market is blazing ahead, as I type the FTSE 100 is trading 84 points better at 5764 (+1.45%) on volume of nearly 600 million shares by the US open. The major resistance at 5820 is still the main focal point for the chartists among us, and any break and close above that would be seen as a very bullish indicator. The FTSE AIM All-Share Index was 0.54% better on volume of 1.32 billion shares by the time the US had begun trading.

UK PMI Manufacturing data was on the menu for the UK markets today, with expectations of a reading of 50. The actual number was a little better than expected at 52.1.

The US ADP report hit the wires today, which many believe acts as a good barometer for the non-farm payroll data due out on Friday. Expectations were for an increase of 182k and the actual number came in a little lighter than that at 170k. The ISM Manufacturing data was on the agenda for the 3pm hour, with expectations for a reading of 54.4 and the number was pretty much in line at 54.1.

Commodities Corner Gold – ?Trading at \$1742, up \$6 (+0.33%) Silver – ?Trading at \$33.72, up 58c (+1.71%) Copper – ?Trading at \$8360, up \$29 (+0.35%) Zinc – ? Trading at \$2101, up \$1 (+0.09%) WTI Crude – ?Trading at \$99.02, up 55c (+0.56%) Brent Crude – ?Trading at \$112.28, up \$1.28 (+1.15%) Natural Gas (HH) – ? Trading at \$2.42, down 7c (-3.03%) **FX** GBP vs USD = 1.5837 GBP vs EUR = 1.2024

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