

CommSec's Four Oils

Upgrading our oil prices

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Basic Materials and Energy

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CommSec has upgraded its oil prices. The basic changes are:

- the near term projections have been raised as the oil prices have been higher than expected,
- the long-run (L-R) price has been raised from \$55/bbl to \$65/bbl, and
- the L-R AUD/USD rate has been raised from 77c to 80c.

Valuations revised, recommendations same

Higher oil prices have increased the valuation of all of CommSec's oil stocks. The revised valuations are shown in Table 1.

Table 1: CommSec's current valuations

	BPT	INP	PSA	ROC
Base case	\$ 1.78	\$ 2.42	\$ 2.57	\$ 1.76
Upside	\$ 2.14	\$ 3.53	\$ 3.32	\$ 2.59
Downside	\$ 1.44	\$ 0.81	\$ 0.74	\$ 1.40

Source: CommSec

Despite the revised oil prices, the relationship between the present share prices and valuation, and hence the recommendations remain the same.

- INP remains our number one pick due to the very large discount to CommSec's valuation, coupled with CommSec's confidence in the upside of INP.
- BPT remains CommSec's preferred pick for investors that are not prepared to invest in stocks as small as INP, or those with a lower risk appetite.
- PSA is CommSec's number three choice as we cannot be as certain of the US potential.

CommSec's upside valuations of ROC are now above the ROC share price.

Recommendation*

Beach Petroleum (BPT)

Short term call	BUY
Long term Call	OUT PERFORM
Valuation	\$ 1.78
12mth price target	\$ 1.85
52 week high	\$ 1.65
52 week low	\$ 1.08
Current price	\$ 1.25
Market Cap.	\$ 1,111m

Innamincka Petroleum (INP)

Short term call	BUY
Long term Call	OUT PERFORM
Valuation	\$ 2.42
12mth price target	\$ 2.69
52 week high	\$ 1.50
52 week low	\$ 0.21
Current price	\$ 1.02
Market Cap.	\$ 204m

Petsec Energy (PSA)

Short term call	BUY
Long term Call	OUT PERFORM
Valuation	\$ 2.78
12mth price target	\$ 2.88
52 week high	\$ 2.00
52 week low	\$ 1.03
Current price	\$ 0.84
Market Cap.	\$ 124m

Roc Oil Company (ROC)

Short term call	REDUCE
Long term Call	UNDER PERFORM
Valuation	\$ 2.97
12mth price target	\$ 2.92
52 week high	\$ 3.90
52 week low	\$ 1.80
Current price	\$ 2.37
Market Cap.	\$ 708m

All recommendations have been in place since initiation.

*SHORT TERM (over the next 6 months we expect the share price to:) Buy – Appreciate by >10%, Accumulate – Increase between 2% and 10%, Reduce – Increase by less than 2% or fall by up to 5%. Sell – Fall by >5%. Rev – Company is under review - no recommendation available. LONG TERM (over the next 24 months we expect the total return to:) Outperform (O / P) – Exceed market return by >5%, Market Perform (M / P) – Be in line with market return, +/-5%, Under Perform (U / P) – Be less than market return by >5%, Rev – Company is under review – no recommendation available.

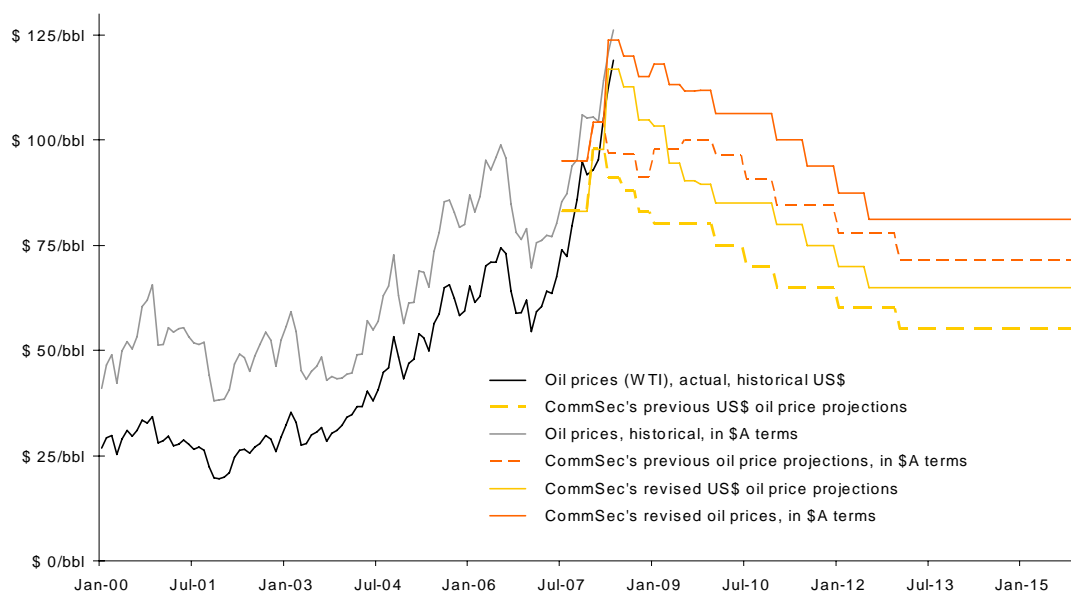
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CommSec upgrades its oil prices

Figure 1 below compares the projected oil prices previously used by CommSec for the purposes of equity valuation, with the revised oil price projections.

Figure 1: CommSec's revised oil price projections



Source: IRESS, CommSec

The basic changes are:

- The near term projections have been raised as the oil prices have been higher than expected.
- The L-R price has been raised from \$55/bbl to \$65/bbl.
- The L-R AUD / USD rate has been raised from 77c to 80c.

Appendix 1 provides more detail behind these changes.

CommSec's oil companies' valuation upgraded

Table 2 below shows CommSec's valuation of each of the oil stocks before the change in oil prices assumptions. *Note that the values for BPT are taken from CommSec's recently updated BPT valuation (see CommSec's 6 May report).*

Table 3 below shows CommSec's revised valuations following the changes to our oil price assumptions.

Table 2: CommSec's valuations, prior

WACC	\$ 55/bbl	\$ 65/bbl	\$ 75/bbl
BPT	\$ 1.60	\$ 1.69	\$ 1.83
INP	\$ 2.11	\$ 2.48	\$ 2.94
PSA *	\$ 2.32	\$ 2.53	\$ 2.83
ROC	\$ 1.53	\$ 1.58	\$ 1.70

Source: CommSec

Table 3: CommSec's valuations, current

WACC	\$ 55/bbl	\$ 65/bbl	\$ 75/bbl
BPT	\$ 1.79	\$ 1.85	\$ 1.94
INP	\$ 2.27	\$ 2.57	\$ 2.94
PSA *	\$ 2.27	\$ 2.57	\$ 2.67
ROC	\$ 1.67	\$ 1.70	\$ 1.75

Source: CommSec

Table 4 shows CommSec's comparison between the four oil stocks under present coverage. It shows that there is no change in recommendation resulting from the revised oil price projections.

Table 4: CommSec's comparison of four oil stocks

	BPT	INP	PSA	ROC
CY 2008 Production	2.3Mboe	0.1Mboe	2.6Mboe	3.8Mboe
Reserves	0Mboe	4.5Mboe	10.0Mboe	25.4Mboe
market cap	\$A 1,145m	\$A 188m	\$A 138m	\$A 711m
share price	\$ 1.30	\$ 1.02	\$ 0.93	\$ 2.38
base case valuation	\$ 1.78	\$ 2.13	\$ 2.33	\$ 1.76
	37 %	109 %	152 %	(26%)
Recommendation : short term	BUY	BUY	BUY	REDUCE
Recommendation : Long term	Out Perform	Out Perform	Out Perform	Under Perform
CommSec valuation	\$A 1,571m	\$A 393m	\$A 347m	\$A 526m
downside valuation	\$ 1.44	\$ 0.79	\$ 0.74	\$ 1.37
upside potential	\$ 2.14	\$ 3.07	\$ 2.99	\$ 2.59

Source: CommSec

Conclusions

Despite the revised oil prices, the relationship between present share prices and valuation, and hence recommendation, remains unchanged.

- INP remains our number one pick due to a very large discount to CommSec's valuation, coupled with CommSec's confidence in the upside of INP.
- BPT remains CommSec's preferred pick for investors that are not prepared to invest in stocks as small as INP, or those with a lower risk appetite.
- PSA is CommSec's number three choice as we cannot be as certain of the USA potential.

CommSec's upside valuations of ROC are now above the ROC share price.

Appendix 1: CommSec's view of oil prices

Present oil prices

Figure A1.1 below shows:

- Oil prices have risen very steeply, especially over the last 16 months, as oil prices were only just over \$50/bbl in January 2007.
- A significant part of the steep rise in oil prices has been due to the depreciation of the USD as the price in Euros has risen much less.

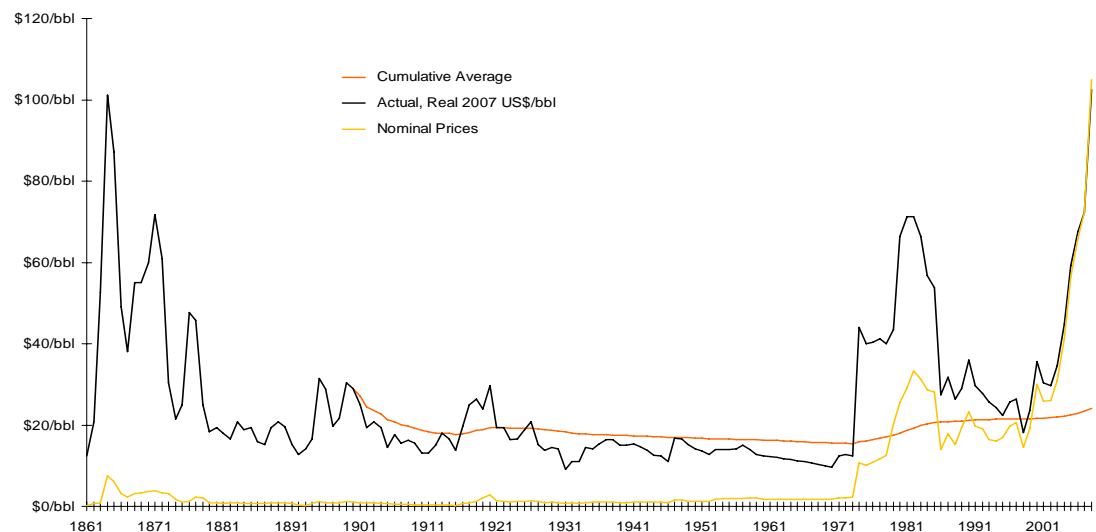
Table A1.1: Oil prices, in USD and Euros



Source: IRESS, CommSec

The recent rises have taken oil prices to record highs in real terms, as shown in Figure A1.2.

Figure A1.2: Oil prices at record highs in real terms



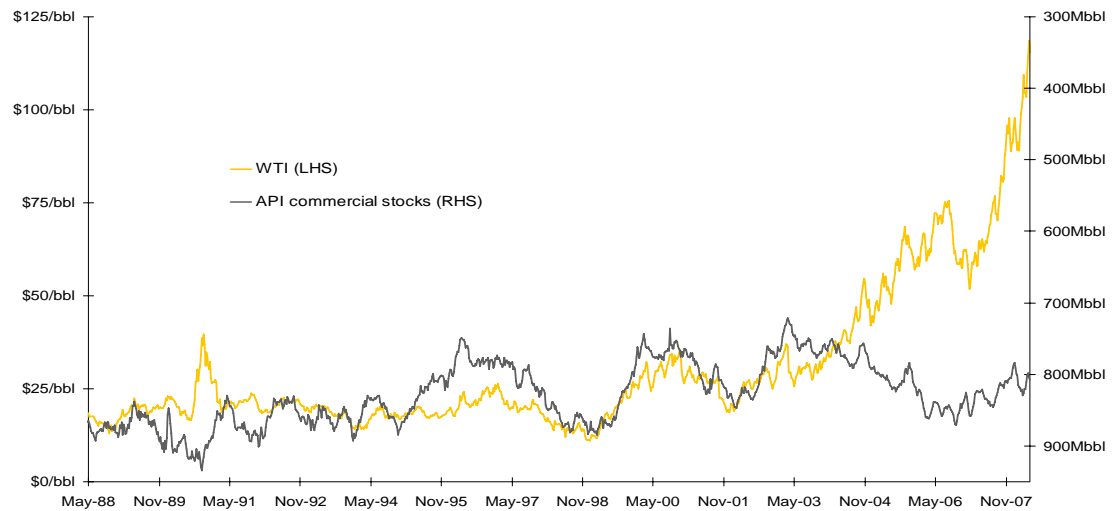
Source: United States Geological Survey, CommSec

Note that in Figure A1.2 the value for 2008 is the year to date average till the end of April, which is much lower than the current price.

Oil inventories

Changes in commodity prices are related to the actual and expected changes in inventories of the commodity. Figure A1.3 shows that total commercial oil stocks in the US were closely related to oil prices for many years.

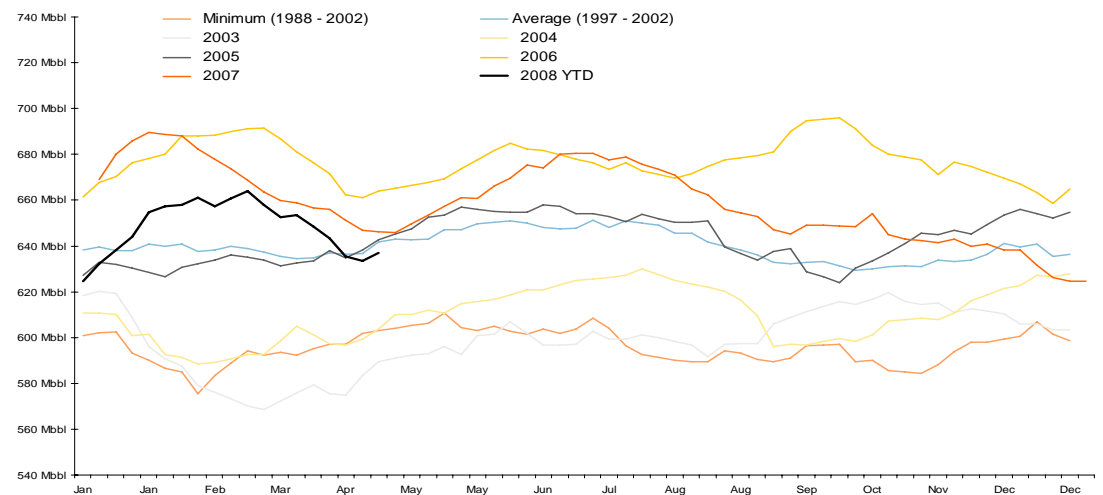
Figure A1.3: Oil prices vs. oil stocks



Source: United States Energy information Agency (EIA), IRESS, CommSec

However, Figure A1.3 also shows that this relationship broke down in late 2004. The recent price spike has been associated with tighter supplies, as shown in Figure A1.4.

Figure A1.4: Tighter oil supplies



Source: United States Energy information Agency (EIA), CommSec

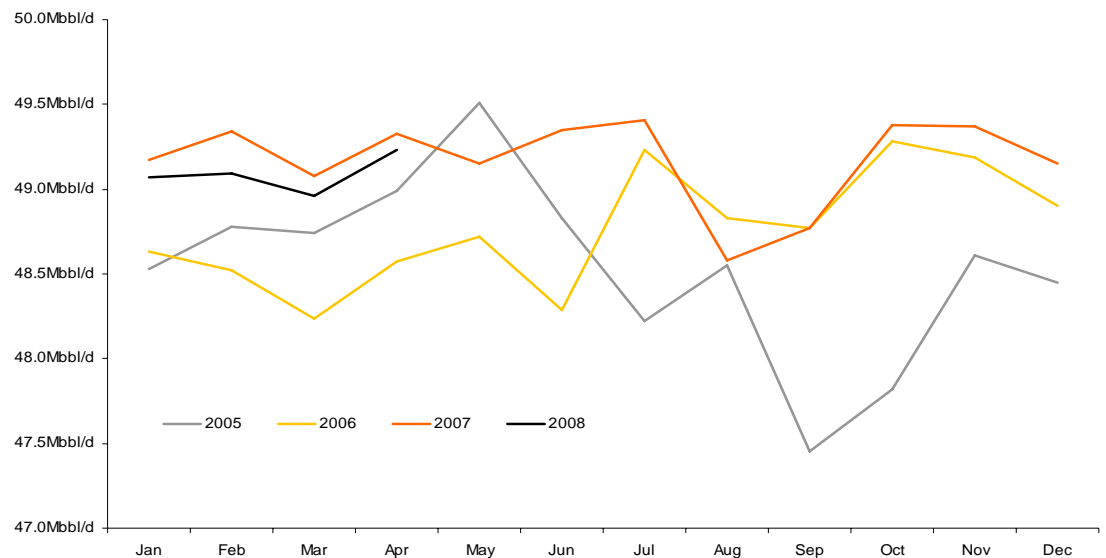
Figure A1.4 shows that US oil inventories have been lower in 2008 than in the previous four years. This supports the strengthening of oil prices over the course of 2008.

The focus on US data is a result of the fact that:

- It is the timeliest data available on inventories.
- The US is still the world's largest consumer of oil (about the only commodity where China is not yet a larger consumer) and there is a very active pricing mechanism.

Figure A1.5 shows that reported OECD inventories have also been lower in 2008 than in 2007, but nevertheless higher than in previous years.

Figure A1.5: Oil prices vs. oil stocks



Source: *international Energy Agency (IEA), CommSec*

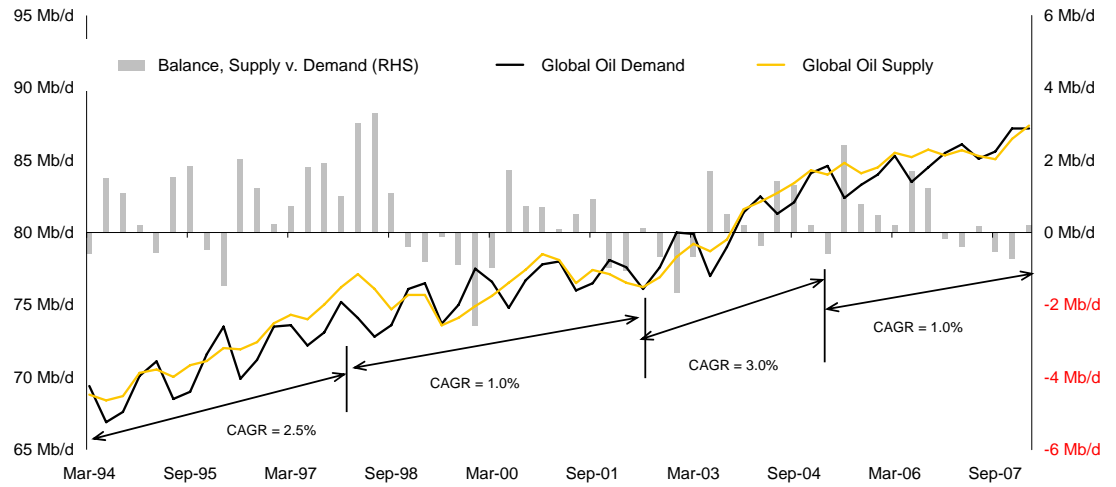
In short, present oil inventories support firmer prices but not at the present levels.

Oil demand

Figure A1.6 shows the data reported by the International Energy Agency (IEA) on global oil supply vs. demand. It shows that global oil demand growth has been subdued by slower global growth, from 1997 to 2002 and more recently from higher oil prices.

It also shows that there was a surge in demand, from the June 2007 quarter that has led to inventories being reduced.

Figure A1.6: Global oil supply v. demand v. stocks

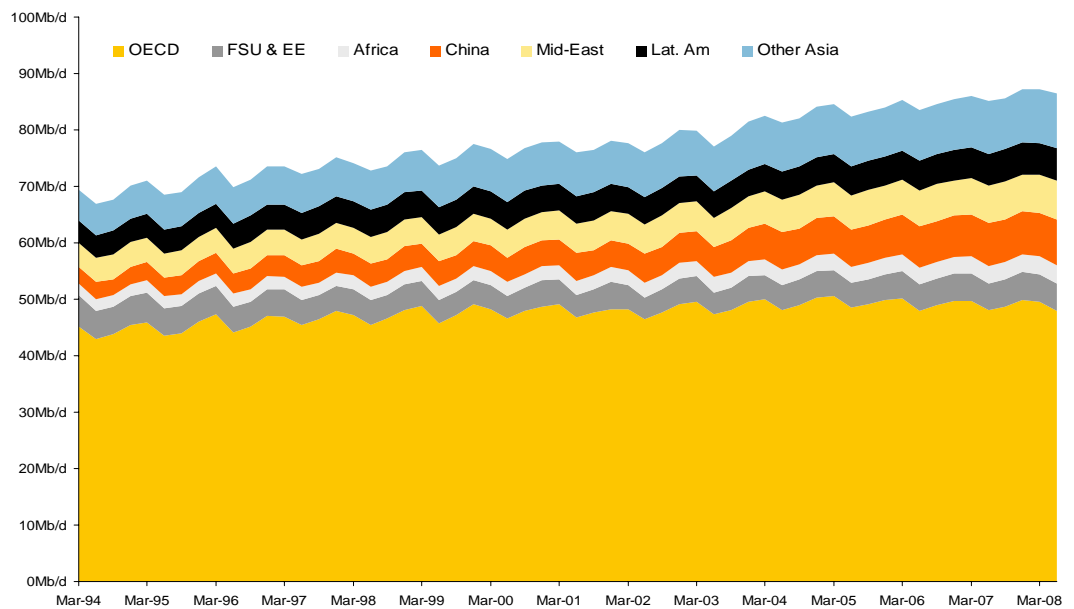


Source: international Energy Agency (IEA), CommSec

Figure A1.8 below shows that 2006 was a time of comparatively subdued oil prices, which led to the spurt in demand growth shown in Figure A1.6 above.

Figure A1.7 shows that global oil demand has been driven principally by China, but also the Middle East and to a lesser extent, Asia (excluding China and Japan).

Figure A1.7: Global oil demand



Source: international Energy Agency (IEA), CommSec

Figure A1.7 shows that total demand in the OECD plus Europe including the Former Soviet Union (FSU) has not grown for about five years.

Hence, we can conclude that high oil prices are having an impact on demand

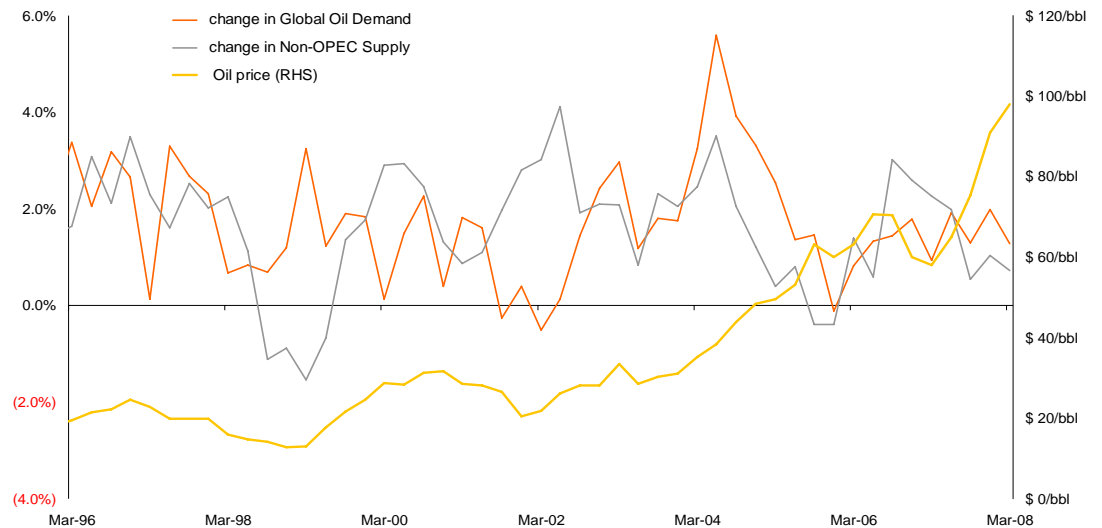
Oil supply

In Figure A1.8, “non-OPEC supply” has been adjusted for historical consistency by adding back production for Angola and Ecuador:

- Angola, which joined OPEC in January 2007, produced about 1.5Mbbbl/day at that time and over 1.8 Mbbbl/day currently.
- Ecuador which joined OPEC in December 2007 is producing about 0.5Mbbbl/day.

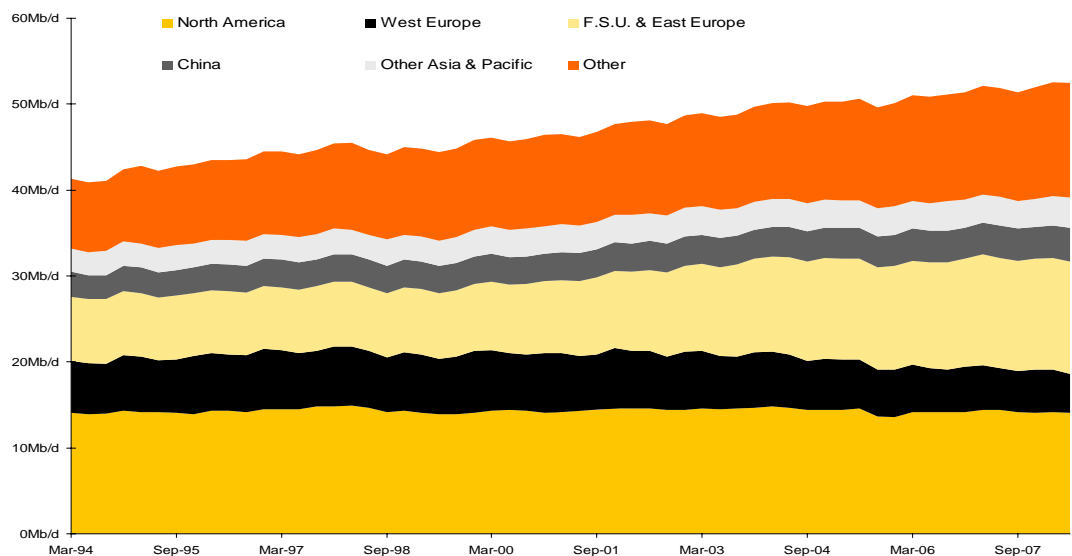
Figure A1.8 indicates that the recent surge in oil prices has been associated with an increased “non-OPEC” supply, though the rate of increase has been subdued.

Figure A1.8: Oil price vs. change in non-OPEC supply and global demand



Source: international Energy Agency (IEA), CommSec

Figure A1.8: Oil price vs. change in non-OPEC supply and global demand



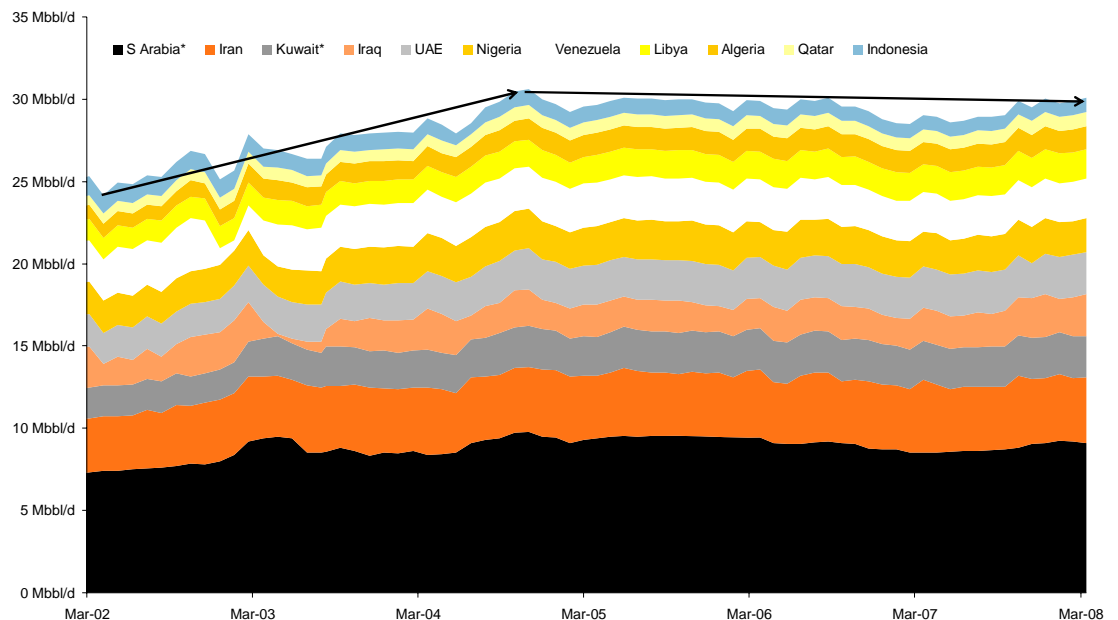
Source: international Energy Agency (IEA), CommSec

In Figure A1.8, the IEA shows non-OPEC oil supply is increasing:

- Only Western Europe is in decline, due to the North Sea.
- North America is effectively flat.
- Production from the FSU increased strongly to the end of 2006, and has increased, though at a subdued rate, since then.
- Production from China and Other Asia are both increasing, though at very subdued rates.
- Production from "Other" areas (Africa and Latin America) has also been increasing.

Figure A1.9 shows that OPEC supply has been flat for a period of four years.

Figure A1.9: OPEC oil supply



Source: *Middle East Economic Survey (MEES)*, CommSec

In CommSec's view, this is the reason behind the tightness in oil supplies.

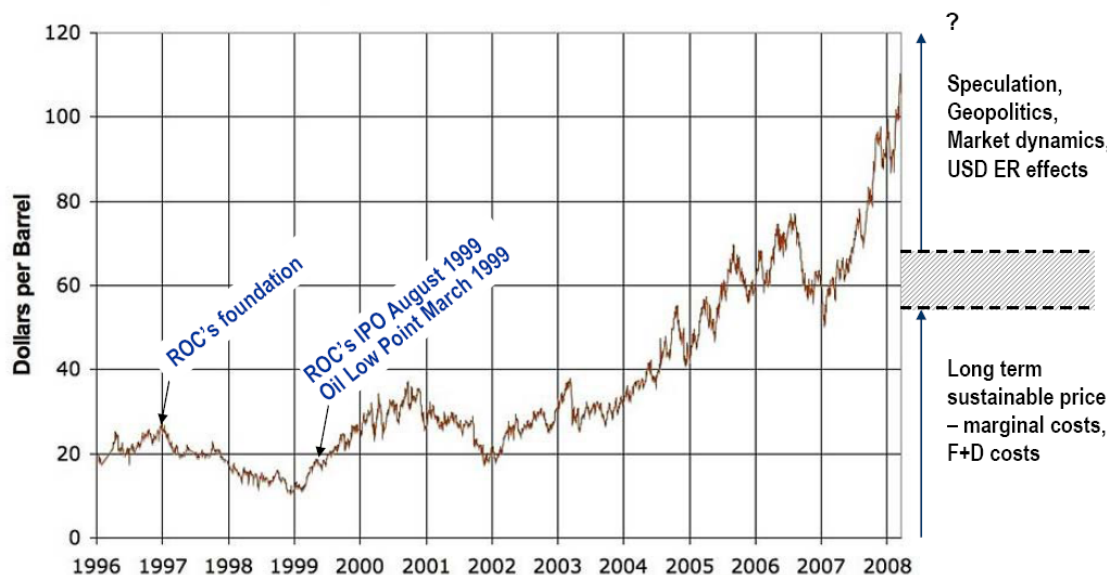
Long run

For many years, Saudi Arabia has managed its production, as a swing producer, to keep oil prices in a band that optimises the value of its long run resources. The behaviour over the last four years has not been consistent with this approach. The reason may be that OPEC has been caught unaware by the increase in oil demand from China and other developing nations as it has been focussed on the flat consumption from the OCED, Eastern Europe and the FSU.

Figure A1.10 shows a view of oil prices presented by Roc Oil Company at their recent (May 2008) Annual General Meeting.

Figure A1.10: An industry view of oil prices

INDUSTRY CLIMATE: OIL PRICE 1996 – March 2008



Source: Roc Oil Company, May 2008 AGM

In CommSec's view, the L-R oil price is determined by the cost of alternative supplies, such as:

- enhanced oil recovery;
 - ExxonMobil (XON) has estimated that total oil recovered to date from depleted fields has been about 600 billion barrels and if those depleted fields were to be re-accessed and produced with EOR techniques, then the same amount could be produced again.
- oil sands,
- gas to liquids,
- coal to liquids,
- oil shale,
- bio-fuels, and
- other possibilities, including structurally lower demand (eg. hybrid vehicles).

Consistent with Figure A1.10, CommSec's understanding is that \$65/bbl is required for these sources to make a contribution. This is the basis of CommSec's Long-Run oil price assumption.

Conclusions

Table A1.11 below shows the changes to CommSec's projections, together with updated AUD / USD projections by CommBank Economics.

The higher AUD / USD rate mitigates the impact of the higher oil prices, as shown in Table A1.11.

Table A1.11: CommSec's oil price projections

	Present			Previous		
	US\$ / bbl	\$A / US\$	\$A / bbl	US\$ / bbl	\$A / US\$	\$A / bbl
June 2008	\$ 117 /bbl	0.944	\$A 124/bbl	\$ 91 /bbl	0.939	\$A 97/bbl
Sep. 2008	\$ 113 /bbl	0.940	\$A 120/bbl	\$ 88 /bbl	0.910	\$A 97/bbl
Dec. 2008	\$ 105 /bbl	0.910	\$A 115/bbl	\$ 83 /bbl	0.910	\$A 91/bbl
March 2009	\$ 103 /bbl	0.875	\$A 118/bbl	\$ 80 /bbl	0.818	\$A 98/bbl
June 2009	\$ 95 /bbl	0.835	\$A 113/bbl	\$ 80 /bbl	0.818	\$A 98/bbl
Sep. 2009	\$ 90 /bbl	0.810	\$A 112/bbl	\$ 80 /bbl	0.800	\$A 100/bbl
Dec. 2009	\$ 90 /bbl	0.800	\$A 112/bbl	\$ 80 /bbl	0.800	\$A 100/bbl
March 2010	\$ 85 /bbl	0.800	\$A 106/bbl	\$ 75 /bbl	0.778	\$A 96/bbl
June 2010	\$ 85 /bbl	0.800	\$A 106/bbl	\$ 75 /bbl	0.778	\$A 96/bbl
Sep. 2010	\$ 85 /bbl	0.800	\$A 106/bbl	\$ 70 /bbl	0.770	\$A 91/bbl
Dec. 2010	\$ 85 /bbl	0.800	\$A 106/bbl	\$ 70 /bbl	0.770	\$A 91/bbl
March 2011	\$ 80 /bbl	0.800	\$A 100/bbl	\$ 65 /bbl	0.770	\$A 84/bbl
June 2011	\$ 80 /bbl	0.800	\$A 100/bbl	\$ 65 /bbl	0.770	\$A 84/bbl
Sep. 2011	\$ 75 /bbl	0.800	\$A 94/bbl	\$ 65 /bbl	0.770	\$A 84/bbl
Dec. 2011	\$ 75 /bbl	0.800	\$A 94/bbl	\$ 65 /bbl	0.770	\$A 84/bbl
March 2012	\$ 70 /bbl	0.800	\$A 88/bbl	\$ 60 /bbl	0.770	\$A 78/bbl
June 2012	\$ 70 /bbl	0.800	\$A 88/bbl	\$ 60 /bbl	0.770	\$A 78/bbl
Sep. 2012	\$ 65 /bbl	0.800	\$A 81/bbl	\$ 60 /bbl	0.770	\$A 78/bbl
Dec. 2012	\$ 65 /bbl	0.800	\$A 81/bbl	\$ 60 /bbl	0.770	\$A 78/bbl
March 2013	\$ 65 /bbl	0.800	\$A 81/bbl	\$ 55 /bbl	0.770	\$A 71/bbl
June 2013	\$ 65 /bbl	0.800	\$A 81/bbl	\$ 55 /bbl	0.770	\$A 71/bbl
Sep. 2013	\$ 65 /bbl	0.800	\$A 81/bbl	\$ 55 /bbl	0.770	\$A 71/bbl
Dec. 2013	\$ 65 /bbl	0.800	\$A 81/bbl	\$ 55 /bbl	0.770	\$A 71/bbl

Source: CommSec

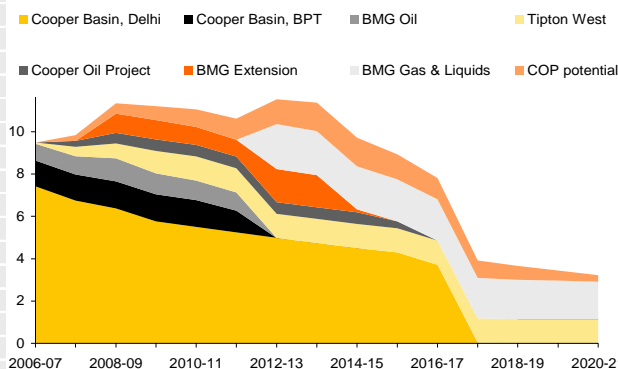
Figure A1.1 on page 5 showed the revisions to CommSec's oil price projections in graphical form. It showed that CommSec's revised projections are very similar to previous projections, but they have shifted upwards at all points.

In short, prices have been higher than expected and supply has been tighter than expected. CommSec's projections have been adjusted accordingly.

Appendix 2: BPT Financials

Beach Petroleum (BPT)						Share Price : 12 month return Recommendation					
June year end											
Income Statement						Assumptions					
	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	\$ 1.25	51 %	BUY	OUT PERFORM	L - R	
Sales	\$ 567m	\$ 657m	\$ 634m	\$ 576m	\$ 547m	Oil (WTI)	\$ 63.36/bbl	\$ 95.21/bbl	\$ 103.83/bbl	\$ 87.48/bbl	\$ 65.00/bbl
Operating Costs	\$ 257m	\$ 335m	\$ 265m	\$ 241m	\$ 254m	Domestic Gas (3 sources)	\$A 3.25/GJ	\$A 3.27/GJ	\$A 3.30/GJ	\$A 3.33/GJ	\$A 3.64/GJ
EBITDA	\$ 309.4m	\$ 322.4m	\$ 369.2m	\$ 335.2m	\$ 292.9m	\$A / US\$	0.786	0.898	0.885	0.805	0.800
Depreciation & Amortisation	\$ 116.6m	\$ 141.1m	\$ 162.7m	\$ 162.0m	\$ 174.4m	Production	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e
EBIT	\$ 192.8m	\$ 181.3m	\$ 206.5m	\$ 173.2m	\$ 118.6m	Cooper Basin	8.6 Mboe	8.5 Mboe	8.7 Mboe	8.2 Mboe	8.1 Mboe
Net Interest Expense (Revenue)	\$ 50.7m	\$ 21.5m	(\$4.2m)	(\$11.5m)	(\$12.0m)	BMG Oil	0.8 Mboe	0.9 Mboe	2.0 Mboe	1.9 Mboe	1.8 Mboe
Pre-Tax Profit	\$ 142m	\$ 160m	\$ 211m	\$ 185m	\$ 131m	Tripton West	0.1 Mboe	0.4 Mboe	0.7 Mboe	1.1 Mboe	1.1 Mboe
Tax Expense/(Benefit)	\$ 40.4m	\$ 41.3m	\$ 63.2m	\$ 55.4m	\$ 39.2m	Other	0.0 Mboe	0.0 Mboe	0.0 Mboe	0.0 Mboe	0.0 Mboe
Minorities	(\$1.3m)	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	TOTAL, BPT share	9.5 Mboe	9.8 Mboe	11.4 Mboe	11.2 Mboe	11.1 Mboe
Reported NPAT	\$ 103m	\$ 118m	\$ 147m	\$ 129m	\$ 91m	2P Reserves	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e
Significant Items (After Tax)	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	Cooper-Eromanga					
NPAT (Pre-Significant Items)	\$ 103.0m	\$ 118.3m	\$ 147.5m	\$ 129.3m	\$ 91.4m	Oil	12.3 Mbbl	15.3 Mbbl	13.0 Mbbl	10.7 Mbbl	8.5 Mbbl
						Gas Liquids	6.6 Mbbl	6.5 Mbbl	6.0 Mbbl	5.6 Mbbl	5.1 Mbbl
EBITDA Margin (%)	55%	49%	58%	58%	54%	Sales Gas	255.0 PJ	228.6 PJ	194.2 PJ	162.9 PJ	133.0 PJ
Effective tax Rate (%)	28.4%	25.9%	30.0%	30.0%	30.0%	Basker-Manta-Gummy					
EPS Reported (cps)	14.9c	13.3c	16.6c	14.5c	10.3c	Oil	15.0 Mbbl	12.5 Mbbl	8.8 Mbbl	5.6 Mbbl	2.5 Mbbl
EPS Pre Significant Items (c)	14.9c	13.3c	16.6c	14.5c	10.3c	Gas Liquids	19.0 Mbbl	19.0 Mbbl	19.0 Mbbl	19.0 Mbbl	19.0 Mbbl
DPS (c)	1.8c	1.8c	2.0c	6.0c	4.0c	Sales Gas	379 PJ	379 PJ	379 PJ	379 PJ	379 PJ
Payout Ratio (%)	12%	13%	12%	41%	39%	Tripton West (CSG)					
Franking (%)	57%	100%	100%	100%	100%	Sales Gas	69 PJ	62 PJ	52 PJ	35 PJ	18 PJ
						Sales Gas, 3P	2,191 PJ	2,191 PJ	2,191 PJ	2,191 PJ	2,191 PJ
Cash Flow Statement	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	TOTAL (2P)	170 Mboe	165 Mboe	151 Mboe	137 Mboe	123 Mboe
EBITDA	\$ 309m	\$ 322m	\$ 369m	\$ 335m	\$ 293m	Valuation	30 June 2007	13-May-08			
Change in Working Capital	\$ 0m	\$ 0m	\$ 0m	\$ 0m	\$ 0m	Real Discount Rate :	11.0%	100 %	Product	per share	
Net Interest (paid)/received	(\$50.7m)	(\$21.5m)	\$ 4.2m	\$ 11.5m	\$ 12.0m	Cooper - BPT op'rns	100 %	\$ 248m	\$ 248m	27c	23c
Tax Paid	\$ 0.0m	(\$9.6m)	(\$57.7m)	(\$60.6m)	(\$48.1m)	franking credits	75 %	\$ 48m	\$ 36m	4c	4c
Operating Cash Flow	\$ 259m	\$ 291m	\$ 316m	\$ 286m	\$ 257m	Cooper - Delhi	100 %	\$ 524m	\$ 524m	58c	54c
Exploration / Net acquisitions	(\$10.0m)	(\$10.0m)	(\$10.0m)	(\$10.0m)	(\$10.0m)	franking credits	75 %	\$ 58m	\$ 43m	5c	5c
Project + Sustaining Capex	(\$212m)	(\$153m)	(\$123m)	(\$94m)	(\$123m)	Cooper Oil Project	80 %	\$ 59m	\$ 47m	5c	8c
Other investing items	\$ 0m	\$ 246m	\$ 0.0m	\$ 0.0m	\$ 0.0m	franking credits	60 %	\$ 18m	\$ 11m	1c	1c
Investing Cash Flow	(\$222m)	\$ 83m	(\$133m)	(\$104m)	(\$133m)	C. O. P. potential	60 %	\$ 22m	\$ 13m	1c	2c
Inc/(Dec) in Equity	\$ 360m	\$ 0m	\$ 0m	\$ 0m	\$ 0m	franking credits	45 %	\$ 21m	\$ 9m	1c	1c
Dividends Paid	(\$12m)	(\$16m)	(\$18m)	(\$36m)	(\$45m)	BMG Oil	100 %	\$ 254m	\$ 254m	28c	24c
Financing Cash Flow	\$ 348m	(\$16m)	(\$18m)	(\$36m)	(\$45m)	franking credits	75 %	\$ 29m	\$ 21m	2c	2c
Net Inc/(Dec) in Cash	\$ 384m	\$ 359m	\$ 164m	\$ 147m	\$ 79m	BMG Extension	80 %	\$ 187m	\$ 150m	17c	22c
						franking credits	60 %	\$ 97m	\$ 58m	6c	7c
Balance Sheet (\$ a m)	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	BMG Gas & Liquids	50 %	\$ 48m	\$ 24m	3c	3c
Cash	\$ 75m	\$ 434m	\$ 14m	\$ 21m	\$ 22m	franking credits	37 %	\$ 28m	\$ 10m	1c	1c
Other Current Assets	\$ 264m	\$ 264m	\$ 264m	\$ 264m	\$ 264m	Surat Basin CSM	100 %	\$ 72m	\$ 72m	8c	8c
Total Current Assets	\$ 339m	\$ 698m	\$ 278m	\$ 286m	\$ 286m	franking credits	75 %	\$ 21m	\$ 15m	2c	2c
Fixed Assets	\$ 947m	\$ 958m	\$ 919m	\$ 850m	\$ 799m	CSM : Extensions	50 %	\$ 256m	\$ 128m	14c	16c
Explor'n & Evalu'n	\$ 68m	\$ 72m	\$ 76m	\$ 80m	\$ 84m	franking credits	37 %	\$ 64m	\$ 24m	3c	3c
Other	\$ 77m	\$ 468m	\$ 964m	\$ 1,150m	\$ 1,278m	Exploration, PTR JV, CO2, Oth	100 %	\$ 25m	\$ 25m	3c	3c
Total Assets	\$ 1,430m	\$ 2,196m	\$ 2,237m	\$ 2,366m	\$ 2,448m	13.4m RMS shares	0.75	\$ 18m	\$ 18m	2c	2c
Current Liabilities	\$ 178.4m	\$ 178m	\$ 178m	\$ 178m	\$ 178m	29.0m GOG shares	0.5c	\$ 4m	\$ 4m	0c	0c
Long term Debt	\$ 236m	\$ 449m	\$ 10m	\$ 10m	\$ 10m	Administration	37 %	(\$140m)	(\$140m)	(15c)	(15c)
Other Non Current Liabilities	\$ 189m	\$ 639m	\$ 989m	\$ 1,024m	\$ 1,059m	Net Debt / Cash	37 %	(\$99m)	(\$36m)	(4c)	1c
Total Liabilities	\$ 604m	\$ 1,266m	\$ 1,178m	\$ 1,213m	\$ 1,248m	TOTAL		\$ 1,860m	\$ 1,558m	172c	178c
Total Equity	\$ 827m	\$ 930m	\$ 1,059m	\$ 1,153m	\$ 1,200m	Shares on Issue	884.5m	FPO shares	21.8m	options	
Net Debt (Cash)	\$ 470m	\$ 15m	(\$4m)	(\$11m)	(\$12m)						
Leverage	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e						
Net Debt/Equity	56.8 %	1.6 %	(0.4%)	(1.0%)	(1.0%)						
Net Debt/Total Assets	32.8 %	0.7 %	(0.2%)	(0.5%)	(0.5%)						
Interest Cover (x)	3.8 x	8.4 x	(49x)	(15x)	(9.9x)						
Dividend Cover (x)	8.5 x	7.6 x	8.3 x	2.4 x	2.6 x						
Valuation Ratios (x)	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e						
P/E Multiple	8.4 x	9.4 x	7.6 x	8.6 x	12.2 x						
Price To Book Value	1.3 x	1.2 x	1.0 x	1.0 x	0.9 x						
Price To Cash Flow	5.8 x	4.3 x	3.6 x	3.8 x	4.2 x						
EBITDA Multiple	4.1 x	3.4 x	3.0 x	3.3 x	3.8 x						
EBIT Multiple	6.6 x	6.1 x	5.4 x	6.4 x	9.3 x						
Dividend Yield	1.2 %	1.4 %	1.6 %	4.8 %	3.2 %						
Major Shareholders											
Deutsche A.M.	63.5 m	7.2 %									
Reg Nelson (MD)	2.3 m	0.3 %	options	7.3 m	1.1 %						
Rob Kennedy (Chair)	1.2 m	0.1 %	options	1.7 m	0.3 %						
Hector Gordon (COO)	0.8 m	0.1 %	options	2.3 m	0.3 %						

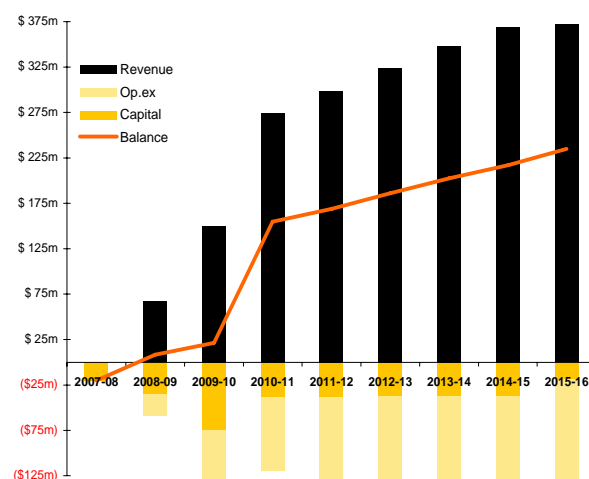
Source : IRESS, Commonwealth Securities



Appendix 3: INP Financials

Innamincka Petroleum (INP)						Share Price : 12 month return		Recommendation			
June year end						\$ 1.03	124 %	BUY OUT PERFORM			
Income Statement	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e						
Sales	\$ 3.2m	\$ 1.9m	\$ 50.5m	\$ 112m	\$ 206m						
Operating Costs	\$ 2.0m	\$ 17.7m	\$ 20.6m	\$ 44m	\$ 65m						
EBITDA	\$ 1.2m	(\$15.8m)	\$ 29.9m	\$ 69m	\$ 141m						
Depreciation & Amortisation	\$ 0.0m	\$ 0.0m	\$ 4.0m	\$ 10.0m	\$ 19.8m						
EBIT	\$ 1.2m	(\$15.8m)	\$ 25.9m	\$ 59m	\$ 121m						
Net Interest Expense (Revenue)	\$ 3.2m	\$ 0.0m	\$ 1.3m	\$ 1.6m	\$ 0.6m						
Pre-Tax Profit	(\$2.0m)	(\$15.8m)	\$ 24.6m	\$ 57m	\$ 120m						
Tax Expense/(Benefit)	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 3.0m	\$ 26.6m						
Reported NPAT	(\$2.0m)	(\$15.8m)	\$ 24.6m	\$ 54m	\$ 94m						
Significant Items (After Tax)	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m						
NPAT (Pre-Significant Items)	(\$2.0m)	(\$15.8m)	\$ 24.6m	\$ 53.9m	\$ 93.6m						
EBITDA Margin (%)	38 %	(834%)	59 %	61 %	68 %						
Effective tax Rate (%)	0.0%	0.0%	0.0%	5.2%	22.2%						
EPS Reported (cps)	(2.0c)	(8.7c)	13.4c	29c	51c						
EPS Pre Significant Items (c)	(2.0c)	(8.7c)	13.4c	29c	51c						
DPS (c)	0c	0c	0c	14c	44c						
Payout Ratio (%)	0%	0%	0%	48%	87%						
Franking (%)	0%	0%	0%	100%	100%						
Cash Flow Statement											
EBITDAX	\$ 2.5m	(\$2.8m)	\$ 29.9m	\$ 68.6m	\$ 140.6m						
Change in Working Capital	\$ 0.0m	\$ 0.0m	\$ 0.0m	(\$1.9m)	(\$1.8m)						
Net Interest (paid)/received	(\$3.2m)	\$ 0.9m	(\$1.1m)	(\$1.6m)	(\$0.6m)						
Tax Paid	\$ 0.0m	\$ 0.0m	\$ 0.0m	(\$3.0m)	(\$26.6m)						
Operating Cash Flow	(\$0.8m)	(\$1.9m)	\$ 28.7m	\$ 62m	\$ 112m						
Exploration / Net acquisitions	(\$1.2m)	(\$13.0m)	\$ 0.0m	\$ 0.0m	\$ 0.0m						
Project + Sustaining Capex	\$ 0.0m	(\$7.5m)	(\$26.3m)	(\$55.9m)	(\$28.5m)						
Other investing items	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m						
Investing Cash Flow	(\$ 1.2m)	(\$ 21m)	(\$ 26m)	(\$ 56m)	(\$ 29m)						
Inc/(Dec) in Equity	\$ 17.6m	\$ 25.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m						
Inc/(Dec) in Borrowings	(\$8.8m)	\$ 2.3m	(\$2.3m)	(\$2.6m)	(\$25.9m)						
Dividends Paid	\$ 0.0m	\$ 0.0m	\$ 0.0m	(\$5.5m)	(\$58.9m)						
Financing Cash Flow	\$ 9m	\$ 27m	(\$ 2m)	(\$ 8m)	(\$ 85m)						
Net Inc/(Dec) in Cash	\$ 9.3m	\$ 4.8m	\$ 0.1m	(\$ 1.9m)	(\$ 1.7m)						
Balance Sheet											
Cash	\$ 10.9m	\$ 15.7m	\$ 15.8m	\$ 13.9m	\$ 12.2m						
Other Current Assets	\$ 1.8m	\$ 1.8m	\$ 1.8m	\$ 1.0m	\$ 1.0m						
Total Current Assets	\$ 12.6m	\$ 17.5m	\$ 17.6m	\$ 14.9m	\$ 13.2m						
Fixed Assets	\$ 0.1m	\$ 7.6m	\$ 29.9m	\$ 75.7m	\$ 84.4m						
Explor'n & Evalu'n	\$ 13.8m	\$ 13.8m	\$ 13.8m	\$ 13.8m	\$ 13.8m						
Other	\$ 0.1m	\$ 21.3m	\$ 26.0m	\$ 33.9m	\$ 87.5m						
Total Assets	\$ 26.6m	\$ 60m	\$ 87m	\$ 138m	\$ 199m						
Current Liabilities	\$ 0.7m	\$ 0.7m	\$ 0.7m	\$ 2.6m	\$ 4.4m						
Long term Debt	\$ 0.0m	\$ 24.3m	\$ 26.8m	\$ 27.4m	\$ 51.6m						
Other Non Current Liabilities	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m						
Total Liabilities	\$ 0.7m	\$ 25.0m	\$ 27.5m	\$ 30.1m	\$ 56.0m						
Total Equity	\$ 25.9m	\$ 35.1m	\$ 59.7m	\$ 108.1m	\$ 142.8m						
Net Debt (Cash)	(\$ 10.9m)	\$ 8.6m	\$ 11.0m	\$ 13.5m	\$ 39.5m						
Leverage											
Net Debt/Equity	(41.9%)	24.5%	18.4%	12.5%	27.6%						
Net Debt/Total Assets	(40.8%)	14.3%	12.6%	9.8%	19.9%						
EBIT Margin	38 %	(834%)	51 %	52 %	59 %						
Interest Cover (x)	0.4 x	n/a	20.0 x	35.8 x	190.5 x						
Dividend Cover (x)	n / a	n / a	n / a	2.1 x	1.2 x						
Source : IRESS, Commonwealth Securities											

Assumptions	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e
Oil (WTI)	\$ 63.4/bbl	\$ 95.2/bbl	\$ 103.8/bbl	\$ 87.5/bbl	\$ 65.0/bbl
\$A / US\$	0.784	0.898	0.885	0.805	0.800
Production					
Flax Oil	0 kbbl	0 kbbl	551 kbbl	681 kbbl	1,203 kbbl
Juniper Oil	0 kbbl	0 kbbl	0 kbbl	626 kbbl	1,307 kbbl
TOTAL, INP share	0 kbbl	0 kbbl	413 kbbl	980 kbbl	1,883 kbbl
INP Resources					
Flax - Juniper	120 Mbbl	Oil In Place			
Flax	0.0 Mbbl	5.9 Mbbl	5.4 Mbbl	4.7 Mbbl	3.5 Mbbl
Juniper	0.0 Mbbl	0.0 Mbbl	30.1 Mbbl	29.4 Mbbl	28.1 Mbbl
TOTAL, INP share	0.0 Mbbl	4.5 Mbbl	26.6 Mbbl	25.6 Mbbl	23.7 Mbbl
Valuation					
Real Discount Rate :	12%				
Operations, after-tax	85 %	\$ 420m	\$ 357m	172c	193c
G, G & A	100 %	(\$34m)	(\$34m)	(17c)	(12c)
NPV, franking credits	64 %	\$ 152m	\$ 97m	47c	52c
Cash	100 %	\$ 43m	\$ 43m	21c	9c
TOTAL		\$ 581m	\$ 462m	\$ 2.23	\$ 2.42
Shares on Issue		184.1m	PO shares	22.9m	options
Valuation Ratios					
P/E Multiple	(14.3x)	(11.9x)	7.7 x	3.5 x	2.0 x
Price To Book Value	2.0 x	5.4 x	3.2 x	1.8 x	1.3 x
Price To Cash Flow	(14.6x)	(11.3x)	6.6 x	3.0 x	1.7 x
EBITDA Multiple	23.9 x	(11.3x)	6.3 x	2.8 x	1.3 x
EBIT Multiple	23.9 x	(11.3x)	7.3 x	3.2 x	1.6 x
Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Major Shareholders					
Adam Johnson (Chair)	8.5 m	4.1 %	Macquarie Bank	21.0m options	
Ross Wecker (MD)	7.3 m	3.5 %			



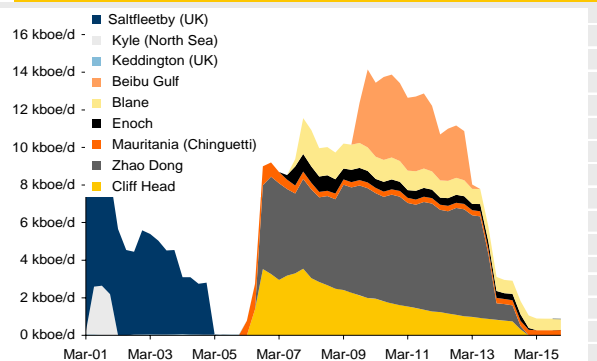
Appendix 4: PSA Financials

Petsec Energy (PSA)						Share Price : 12 month return		Recommendation				
December year end						\$ 0.84	233 %	BUY OUT PERFORM				
Income Statement	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	Assumptions	FY 07a	FY 08e	FY 09e	FY 10e	L - R	
Sales	US 64m	US 133m	US 233m	US 438m	US 440m	Oil (WTI)	\$ 72.30/bbl	#####	\$ 94.45/bbl	\$ 85.00/bbl	\$ 50.00/bbl	
Operating Costs	US 38m	US 45m	US 60m	US 88m	US 82m	Henry Hug Gas	US 7.1/mcf	US 8.2/mcf	US 8.0/mcf	US 8.0/mcf	US 8.0/mcf	
EBITDA	\$ 25.5m	\$ 87.3m	\$ 173.2m	\$ 349.7m	\$ 358.4m	\$A / US\$	0.922	0.830	0.800	0.800	0.800	
Depreciation & Amortisation	US 28m	US 70m	US 76m	US 87m	US 91m	Production	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	
EBIT	(\$ 2.2m)	\$ 17m	\$ 97m	\$ 263m	\$ 267m	USA Existing, gas	6.3 Bcfe	7.0 Bcfe	5.6 Bcfe	3.8 Bcfe	1.8 Bcfe	
Net Interest Expense (Revenue)	US 0.9m	US 5.7m	US 6.4m	(US0.2m)	(US6.9m)	USA : LLOG	1.7 Bcfe	8.5 Bcfe	7.2 Bcfe	5.3 Bcfe	3.1 Bcfe	
Pre-Tax Profit	(\$ 3.1m)	\$ 11m	\$ 91m	\$ 263m	\$ 274m	USA : Potential	0.0 Bcfe	0.1 Bcfe	8.9 Bcfe	24.8 Bcfe	31.9 Bcfe	
Tax Expense/(Benefit)	(US0.8m)	US 0.0m	US 1.8m	US 14.2m	US 11.2m	China, Oil	0 kbbl	0 kbbl	349 kbbl	946 kbbl	862 kbbl	
Reported NPAT	(US2.3m)	US 11.2m	US 89.1m	US 249.1m	US 262.8m	TOTAL, PSA share	1.3 Mboe	2.6 Mboe	4.0 Mboe	6.6 Mboe	7.0 Mboe	
Significant Items (After Tax)	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	2P Reserves	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	
NPAT (Pre-Significant Items)	(\$ 2.3m)	\$ 11.2m	\$ 89m	\$ 249m	\$ 263m	USA Existing, gas	19.1 Bcfe	12.1 Bcfe	6.4 Bcfe	2.6 Bcfe	0.8 Bcfe	
EBITDA Margin (%)	40%	66%	74.4%	79.9%	81.4%	USA : LLOG	24.1 Bcfe	16.7 Bcfe	10.3 Bcfe	5.7 Bcfe	3.0 Bcfe	
Effective tax Rate (%)	25.7%	0.0%	2.0%	5.4%	4.1%	USA : Potential	0.0 Bcfe					
EPS Reported (cps)	(A1.5c)	A 8c	A 72c	A 209c	A 221c	China	Wei 6-12	0.0 Mbbl	2.8 Mbbl	2.5 Mbbl	1.5 Mbbl	0.7 Mbbl
EPS Pre Significant Items (c)	(A1.5c)	A 8c	A 72c	A 209c	A 221c	Wei 12-8						
DPS (c)	A 0.0c	A 0.0c	A 0.0c	A 0.0c	A 0.0c	TOTAL, PSA share	7.2 Mboe	7.6 Mboe	5.3 Mboe	2.9 Mboe	1.3 Mboe	
Payout Ratio (%)	0%	0%	0%	0%	0%	Valuation	31 December 2007				13-May-08	
Franking (%)	0%	0%	0%	0%	0%	Real Discount Rate :	12%					
Cash Flow Statement	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	USA - existing assets	100 %	\$A 123m	\$ 123m	79c	70c	
EBITDA	US 25.5m	US 87m	US 173m	US 350m	US 358m	USA - LLOG	100 %	\$A 153m	\$A 153m	98c	88c	
Change in Working Capital	(US10.3m)	(US3.6m)	(US6.8m)	(US7.0m)	US 1.5m	Hedging	100 %	\$A 1m	\$A 1m	0c	1c	
Net Interest (paid)/received	(US0.9m)	(US5.7m)	(US6.4m)	US 0.2m	US 6.9m	USA - Explor'n Potential	50 %	\$A 496m	\$A 248m	160c	177c	
Tax Paid	US 0.0m	US 0.0m	US 0.0m	(US8.9m)	(US13.1m)	China, Wei 6-12	70 %	\$A 44m	\$ 31m	20c	22c	
Operating Cash Flow	\$ 14m	\$ 78m	\$ 160m	\$ 334m	\$ 354m	Wei 6-12 extensions	0 %	\$A 62m	\$ 0m	0c	0c	
Exploration / Net acquisitions	(US24.7m)	(US39.3m)	(US30.0m)	US 0.0m	US 0.0m	China, Wei 12-8	0 %	\$A 9m	\$ 0m	0c	0c	
Project + Sustaining Capex	(US245.2m)	(US33.3m)	(US124.0m)	(US124.0m)	(US47.0m)	Corporate / G, G & A	100 %	(\$A50m)	(\$A50m)	(32c)	(30c)	
Other investing items	US 0.0m	US 0.0m	US 0.0m	US 0.0m	US 0.0m	Net Debt	100 %	(\$A83m)	(\$A83m)	(54c)	(48c)	
Investing Cash Flow	(\$ 270m)	(\$ 73m)	(\$ 154m)	(\$ 124m)	(\$ 47m)	TOTAL		\$ 745m	\$ 422m	272c	278c	
Incl/(Dec) in Equity	US 9.0m	US 0.0m	US 0.0m	US 0.0m	US 0.0m	Shares on Issue		148.69m	FPO shares	6.45m	options	
Incl/(Dec) in Borrowings	US 246.6m	(US5.5m)	(US6.0m)	(US210.0m)	(US306.7m)	Valuation Ratios (x)	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	
Dividends Paid	US 0.0m	US 0.0m	US 0.0m	US 0.0m	US 0.0m	P/E Multiple	(53.9x)	10.2 x	1.2 x	0.4 x	0.4 x	
Financing Cash Flow	\$ 256m	(\$ 5m)	(\$ 6m)	(\$ 210m)	(\$ 307m)	Price To Book Value	(54.4x)	12.4 x	1.0 x	0.3 x	0.2 x	
Net Inc/(Dec) in Cash	\$ 0m	\$ 0m	\$ 0m	\$ 0m	\$ 0m	Price To Cash Flow	4.2 x	1.4 x	0.6 x	0.3 x	0.3 x	
Balance Sheet	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	EBITDA Multiple	4.2 x	1.3 x	0.6 x	0.3 x	0.3 x	
Cash	US 0.0m	US 0.0m	US 0.0m	US 25.0m	US 50.0m	EBIT Multiple	(49.8x)	6.8 x	1.1 x	0.4 x	0.4 x	
Other Current Assets	US 7.0m	US 3.4m	US 1.0m	US 1.0m	US 2.5m	Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	
Total Current Assets	\$ 7.0m	\$ 3m	\$ 1m	\$ 26m	\$ 53m							
Fixed Assets	US 0.9m	(US36.2m)	US 11.9m	US 49.2m	US 4.9m							
Explor'n & Evalu'n	US 170.6m	US 196.1m	US 215.6m	US 215.6m	US 215.6m							
Other	(US178.1m)	(US90.1m)	(US72.2m)	US 77.5m	US 356.5m							
Total Assets	\$ 0m	\$ 73m	\$ 156m	\$ 368m	\$ 630m							
Current Liabilities	US 0m	US 4m	US 11m	US 18m	US 16m							
Long term Debt	US 0m	US 58m	US 45m	US 1m	US 1m							
Other Non Current Liabilities	US 2.2m	US 2.2m	US 2.2m	US 2.2m	US 2.2m							
Total Liabilities	\$ 2m	\$ 64m	\$ 58m	\$ 21m	\$ 19m							
Total Equity	(\$ 2m)	\$ 9m	\$ 98m	\$ 347m	\$ 610m							
Net Debt (Cash)	US 0.0m	US 58m	US 45m	(US172m)	(US477m)							
Leverage	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e							
Net Debt/Equity	0.0 %	625.8 %	45.9 %	(49.5%)	(78.2%)							
Net Debt/Total Assets	0.0 %	79.1 %	28.9 %	(46.7%)	(75.8%)							
Interest Cover (x)	(2.3x)	3.0 x	15.1 x	(1,119.0x)	(39.0x)							
Dividend Cover (x)	n / a	n / a	n / a	n / a	n / a							
Major Shareholders												
Terry Fern (Exec. Chair)	24.8 m	16.7 %										
Other Directors & Executives	1.8 m	1.2 %	options	1.5 m	23.6 %							

Source : IRESS, Commonwealth Securities

Appendix 5: ROC Financials

Roc Oil Company (ROC)		December year end					Share Price : 12 month return		Recommendation								
Income Statement	FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	\$ 2.37	(36%)	REDUCE	UNDER PERFORM								
Sales	US\$ 216m	US\$ 382m	US\$ 359m	US\$ 374m	US\$ 312m	Assumptions						FY 07a	FY 08e	FY 09e	FY 10e	L - R	
Operating Costs	US\$ 34m	US\$ 68m	US\$ 69m	US\$ 73m	US\$ 70m	Oil (WTI)	\$ 72.3/bbl	\$ 108.0/bbl	\$ 94.5/bbl	\$ 85.0/bbl	\$ 65.0/bbl						
EBITDAX	US\$ 182m	US\$ 314m	US\$ 290m	US\$ 300m	US\$ 242m	\$A / US\$	0.840	0.922	0.830	0.800	0.800						
Exploration write-off	US\$ 89m	US\$ 100m	US\$ 80m	US\$ 60m	US\$ 60m	Production						FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	
mark to market	(US\$78m)	(US\$25m)				Cliff Head	1,184 kbbl	1,005 kbbl	802 kbbl	643 kbbl	513 kbbl						
Depreciation & Amortisation	US\$ 100m	US\$ 82m	US\$ 79m	US\$ 72m	US\$ 67m	Zhao Dong, C & D	1,709 kbbl	1,690 kbbl	1,690 kbbl	1,695 kbbl	1,690 kbbl						
EBIT	(US\$85m)	US\$ 107m	US\$ 131m	US\$ 169m	US\$ 115m	Zhao Dong, C4	0 kbbl	0 kbbl	399 kbbl	380 kbbl	360 kbbl						
Net Interest Expense (Revenue)	US\$ 11m	US\$ 20m	US\$ 13m	US\$ 8m	US\$ 3m	Blane Oil	212 kbbl	581 kbbl	479 kbbl	423 kbbl	371 kbbl						
Pre-Tax Profit	(US\$95m)	US\$ 88m	US\$ 118m	US\$ 161m	US\$ 112m	Enoch Oil	201 kbbl	297 kbbl	227 kbbl	182 kbbl	163 kbbl						
Tax Expense/(Benefit)	(US\$6m)	US\$ 98m	US\$ 99m	US\$ 116m	US\$ 98m	Chinguetti	176 kbbl	114 kbbl	106 kbbl	105 kbbl	104 kbbl						
Reported NPAT	(US\$89m)	(US\$10m)	US\$ 19m	US\$ 45m	US\$ 14m	Beibu Gulf	0 kbbl	0 kbbl	577 kbbl	1,541 kbbl	1,400 kbbl						
Significant Items (After Tax)	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	Sub-Total Oil	3,482 kbbl	3,687 kbbl	4,280 kbbl	4,970 kbbl	4,601 kbbl						
NPAT (Pre-Significant Items)	(US\$89m)	(US\$10m)	US\$ 19m	US\$ 45m	US\$ 14m	Gas (Blane & Enoch)	264 Mcf	398 Mcf	329 Mcf	271 Mcf	242 Mcf						
EBITDA Margin (%)	84 %	82 %	81 %	80 %	77 %	TOTAL, ROC share	3.5 Mboe	3.8 Mboe	4.3 Mboe	5.0 Mboe	4.6 Mboe						
Effective tax Rate (%)	6.1%	111.2%	83.7%	72.3%	87.5%	ROC's Resources						FY 07a	FY 08e	FY 09e	FY 10e	FY 11e	
EPS Reported (cps)	(27.9c)	(3.3c)	6.4c	14.9c	4.7c	Cliff Head	3.9 Mbbbl	2.9 Mbbbl	2.1 Mbbbl	1.4 Mbbbl	0.9 Mbbbl						
EPS Pre Significant Items (c)	(27.9c)	(3.3c)	6.4c	15c	5c	Zhao Dong, C & D	9.5 Mbbbl	7.8 Mbbbl	6.1 Mbbbl	4.4 Mbbbl	2.7 Mbbbl						
DPS (c)	0c	0c	0c	0c	0c	Zhao Dong, C4	2.0 Mbbbl	2.0 Mbbbl	1.6 Mbbbl	1.2 Mbbbl	0.8 Mbbbl						
Payout Ratio (%)	0%	0%	0%	0%	0%	Blane Oil	3.5 Mbbbl	2.9 Mbbbl	2.4 Mbbbl	2.0 Mbbbl	1.6 Mbbbl						
Franking (%)	0%	100%	100%	100%	100%	Enoch Oil	1.2 Mbbbl	1.0 Mbbbl	0.7 Mbbbl	0.5 Mbbbl	0.4 Mbbbl						
Cash Flow Statement						Valuation						31 December 2007					13-May-08
EBITDAX	US\$ 182m	US\$ 314m	US\$ 290m	US\$ 300m	US\$ 242m	Real Discount Rate :	11%	100%	Product	per share							
Change in Working Capital	US\$ 19m	US\$ 25m	(US\$3m)	US\$ 2m	(US\$3m)	Cliff Head	100 %	\$A 206m	\$A 206m	66c	55c						
Net Interest (paid)/received	(US\$19m)	(US\$20m)	(US\$13m)	(US\$8m)	(US\$3m)	franking credits	70 %	\$A 57m	\$A 40m	13c	12c						
Tax Paid	US\$ 15m	US\$ 90m	US\$ 89m	US\$ 118m	US\$ 105m	Zhao Dong, C & D	100 %	\$A 251m	\$A 251m	81c	77c						
Operating Cash Flow	US\$ 130m	US\$ 410m	US\$ 363m	US\$ 413m	US\$ 341m	Zhao Dong, C4	75 %	\$A 34m	\$A 26m	8c	9c						
Exploration / Net acquisitions	(US\$121m)	(US\$100m)	(US\$80m)	(US\$60m)	(US\$60m)	Blane	100 %	\$A 112m	\$A 112m	36c	32c						
Project + Sustaining Capex	(US\$190m)	(US\$86m)	(US\$30m)	(US\$24m)	(US\$17m)	Enoch	100 %	\$A 33m	\$A 33m	10c	9c						
Other investing items	US\$ 0m	US\$ 0m	US\$ 0m	US\$ 0m	US\$ 0m	Chinguetti	100 %	\$A 11m	\$A 11m	4c	3c						
Investing Cash Flow	(US\$311m)	(US\$186m)	(US\$110m)	(US\$84m)	(US\$77m)	Beibu Gulf	70 %	\$A 123m	\$A 86m	28c	29c						
Inc/(Dec) in Equity	US\$ 0m	US\$ 0m	US\$ 0m	US\$ 0m	US\$ 0m	Angola	0 %	\$A 186m	\$A 0m	0c	0c						
Inc/(Dec) in Borrowings	(US\$8m)	(US\$41m)	(US\$65m)	(US\$85m)	(US\$57m)	Tevet	0 %	\$A 1m	\$A 0m	0c	0c						
Dividends Paid	US\$ 0m	US\$ 0m	US\$ 0m	US\$ 0m	US\$ 0m	China, Wei 6-12 Extens	0 %	\$A 149m	\$A 0m	0c	0c						
Financing Cash Flow	(US\$8m)	(US\$41m)	(US\$65m)	(US\$85m)	(US\$57m)	China, Wei 12-8	0 %	\$A 18m	\$A 0m	0c	0c						
Net Inc/(Dec) in Cash	US\$ 432m	US\$ 182m	US\$ 187m	US\$ 243m	US\$ 207m	Exploration	100 %	(\$A372m)	\$A 0m	0c	0c						
Balance Sheet						TOTAL						\$ 594m	\$ 574m	\$ 1.84	\$ 1.76		
Cash	US\$ 290m	US\$ 290m	US\$ 477m	US\$ 720m	US\$ 927m	Shares on Issue		298.9m	FPO shares	12.1m	options						
Other Current Assets	(US\$283m)	(US\$283m)	(US\$283m)	(US\$283m)	(US\$283m)	Major Shareholders						option holders					
Total Current Assets	US\$ 7m	US\$ 7m	US\$ 194m	US\$ 437m	US\$ 645m	Merril Lynch	24.3 m	8.1 %	Executives	10.5 m	86.7 %						
Fixed Assets	US\$ 172m	US\$ 179m	US\$ 137m	US\$ 95m	US\$ 49m	J P Morgan Chase	37.3 m	12.5 %	Employees	1.6 m	13.3 %						
Explor'n & Evalu'n	US\$ 0m	US\$ 25m	US\$ 41m	US\$ 35m	US\$ 30m	John Doran (MD)	4.9 m	1.6 %									
Other	(US\$176m)	(US\$276m)	(US\$59m)	(US\$186m)	(US\$325m)	Other Board	5.2 m	1.7 %									
Total Assets	US\$ 2m	(US\$65m)	US\$ 314m	US\$ 381m	US\$ 399m	Oil Production (kboe/d)											
Current Liabilities	US\$ 60m	US\$ 35m	US\$ 38m	US\$ 36m	US\$ 39m	Legend:	Saltfleetby (UK)	Kyle (North Sea)	Keddington (UK)	Beibu Gulf	Blane	Enoch	Mauritania (Chinguetti)	Zhao Dong	Cliff Head		
Long term Debt	US\$ 108m	(US\$74m)	US\$ 252m	US\$ 252m	US\$ 252m	0 kboe/d	2 kboe/d	4 kboe/d	6 kboe/d	8 kboe/d	10 kboe/d	12 kboe/d	14 kboe/d	16 kboe/d			
Other Non Current Liabilities	(US\$106m)	US\$ 44m	US\$ 74m	US\$ 99m	US\$ 99m	Mar-01	Mar-03	Mar-05	Mar-07	Mar-09	Mar-11	Mar-13	Mar-15				
Total Liabilities	US\$ 62m	US\$ 4m	US\$ 364m	US\$ 387m	US\$ 390m												
Total Equity	(US\$59m)	(US\$69m)	(US\$50m)	(US\$6m)	US\$ 9m												
Net Debt (Cash)	US\$ 145m	(US\$38m)	(US\$225m)	(US\$468m)	(US\$675m)												
Valuation Ratios						Leverage											
P/E Multiple	(10.9x)	(71.9x)	36.8 x	15.9 x	50.5 x	Net Debt/Equity	(243.0%)	54.5 %	449.1 %	8,499.7 %	(7,920.0%)						
Price To Book Value	(15.2x)	(10.2x)	(14.1x)	(128.6x)	83.1 x	Net Debt/Total Assets	5,953.4 %	58.1 %	(71.8%)	(122.7%)	(169.4%)						
Price To Cash Flow	89.4 x	9.8 x	7.2 x	6.1 x	8.7 x	EBIT Margin	(39%)	28 %	37 %	45 %	37 %						
EBITDA Multiple	5.0 x	2.3 x	2.4 x	2.4 x	2.9 x	Interest Cover (x)	(7.9x)	5.5 x	9.8 x	22.3 x	44.9 x						
EBIT Multiple	(10.7x)	6.6 x	5.4 x	4.2 x	6.2 x	Dividend Cover (x)	n / a	n / a	n / a	n / a	n / a						
Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	Source : IRESS, Commonwealth Securities											



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