

AURORA OIL AND GAS LTD

Site Visit Confirms Quality – Price Target Increased

We recently visited the projects of Aurora Oil and Gas Limited (“Aurora”, “AUT”, “Company”), located onshore Gulf Coast Texas. The field trip confirmed and increased our confidence in both the quality of the assets and the operator, Hilcorp. Hilcorp farmed in to AUT’s acreage last year in exchange for completion of a work program over 10 wells. Aurora agreed to allow Hilcorp to recoup the costs of these wells from first revenue as part of the agreement.

We have adjusted our assumptions around productivity, timing of development and cost and have reduced our risk discount to result in an increased valuation and price target, from 102cps to 123cps.

Background – Work Completed to Date

Since the beginning of CY2010, Hilcorp has achieved exceptional flow rates from 2 recompleted wells and 4 newly drilled wells as part of the farmout agreement. Two additional wells are currently being flow tested / awaiting fracture stimulation with a final well anticipated to complete the farm-in in August 2010. Initial flow rates have averaged 4.5 million cubic feet of gas per day and 1,072 barrels of condensate per day, reducing to average 60 day rates of 3.8 million cubic feet of gas per day with 570 barrels of condensate per day.

Possible Forward Work Program Accelerated - Again

Hilcorp indicated that it may be possible that more wells are planned for the next 18 months than anticipated from a few weeks ago. The Joint Venture has 10-13 wells planned for the remainder of this calendar year and it is possible that 30-35 wells will be drilled next year on Aurora’s acreage.

Most of these wells will represent the first in which all parties will be required to contribute to the cost of drilling and, more significantly, from which each partner will receive revenue within 30 days on sale of product.

Aurora is well funded to contribute its share of the costs of the aggressive program. The acceleration of drilling has increased the net present value of the assets and shortened the timeframe to significant earnings and cashflow.

Hilcorp – The Right Operator for the Job

Hilcorp has historically specialised in redeveloping marginal oil and gas fields by utilising engineering expertise related to cost efficiencies, artificial lift and compression. The nature of shale field development lends itself strongly to this development ethos. Our site visit showed many examples of how Hilcorp is applying this methodology, such as pre-emptive installation of compression equipment to ensure no downtime or loss of production. The quality of the drill rigs and crews on site also highlighted strong industry relationships and ability to source equipment. We view this as key to the ongoing development and a significant differentiator for AUT when compared to some of its peers.

Texas Crude – Insights into Quality of AUT Acreage

We spent time with one of the geologists credited with the discovery of the Eagle Ford, who works for Texas Crude, one of AUT’s partners. The quality of the acreage was confirmed by comparative well data showing best initial production in the play and best 30 day flow rates for both oil and gas equivalent, all of which occurred within the area in which AUT has an interest.

We expect a strong maiden reserve report later this month as well as continued successful drilling results. We rate AUT as a Buy with a 6-month price target of 123cps.

9 Jul 2010

Share Price:	\$0.81
6mth Price Target:	\$1.23

Brief Business Description:

Oil and gas developer / explorer with core assets in the Eagle Ford Shale onshore USA.

Hartleys Brief Investment Conclusion

Very successful early results from Eagle Ford asset.

Chairman & CEO:

Jon Stewart (Executive Chairman)

Top Shareholders:

C A Stewart (7.8%)
ANZ Nominees Ltd (4.6%)
Haifa Pty Ltd (1.9%)

Company Address:

Level 20, 77 St Georges Tce
Perth, WA, 6000

Valuation:	\$1.64
Issued Capital:	253.6m
- fully diluted	278.5m
Market Cap:	\$204.1m
- fully diluted	\$224.2m
Cash Equiv (31 Mar '10):	\$38.0m
Debt (31 Mar '10):	\$0.0m

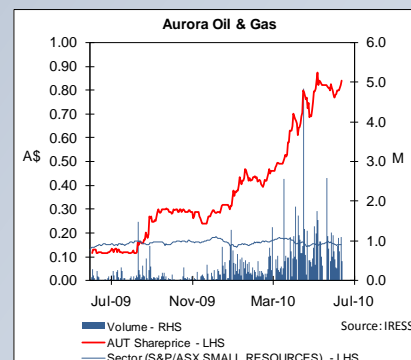
Valuation Summary

	FY09a	FY10e	FY11e
Prodn (mboe)	0.00	0.00	0.66
Op Cash Flw	\$5.2m	-\$0.6m	\$6.2m
Free Cash Flw	\$3.4m	-\$3.5m	-\$40.4m
NPAT* (A\$m)	\$1.1m	-\$2.4m	\$22.9m
EPS (\$, bas)*	0.5x	-1.0x	8.2x
P/E (basic)*	166.0x	-83.6x	9.8x
EV / EBITDA	174.1x	-62.6x	5.2x
DPS (\$)	-	-	-
Franking	100%	100%	100%
Dividend Yield	0.0%	0.0%	0.0%
N.D. / equity	na	na	na

Net Cash End	\$7.7m	\$24.5m	\$2.1m
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2C Resource (mboe)	68.7
EV / 2C Resource (\$/mboe)	\$2.71

Source: Hartleys Research



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SUMMARY MODEL

Aurora Oil & Gas						Share Price		July 2010			
AUT						\$0.81		BUY			
Key Market Information											
Share Price						\$0.81					
Market Capitalisation						\$204m					
52 Week High-Low						\$0.88 - \$0.11					
Issued Capital						253.6m					
Issued Capital (fully diluted inc. ITM options)						278.5m					
Options						3.3m@ \$A0.63					
Yearly Turnover/Volume						\$49.1m/87.6m shares					
Valuation and Price Target											
Discounted Cashflow Valuation @10% Real						\$1.64					
6 Month Price Target						\$1.23					
Financial Performance						Unit	FY2009A	FY2010E	FY2011E	FY2012E	FY2013E
Net Revenue	A\$m	5.7	0.4	38.9	136.4	196.8					
Opex	A\$m	(4.6)	(3.4)	(2.8)	(5.2)	(7.3)					
Secondary Tax Expense	A\$m	-	-	-	-	-					
Total Costs/Writeoffs	A\$m	(4.6)	(3.4)	(2.8)	(5.2)	(7.3)					
EBITDA	A\$m	1.1	(3.0)	36.1	131.2	189.5					
Depreciation/Amort	A\$m	(0.8)	(0.2)	(0.8)	(5.3)	(13.8)					
EBIT	A\$m	0.3	(3.2)	35.3	125.8	175.8					
Net Interest	A\$m	-	0.7	(0.1)	(0.2)	(0.1)					
Pre-Tax Profit	A\$m	-	(2.5)	35.2	125.7	175.7					
Tax Expense	A\$m	-	0.1	(12.3)	(44.0)	(61.5)					
NPAT	A\$m	1.1	(2.4)	22.9	81.7	114.2					
Abnormal Items	A\$m	-	-	-	-	-					
Reported Profit	A\$m	1.1	(2.4)	22.9	81.7	114.2					
Financial Position						Unit	FY2009A	FY2010E	FY2011E	FY2012E	FY2013E
Cash	A\$m	7.7	24.5	5.0	37.0	83.7					
Other Current Assets	A\$m	0.9	0.6	43.7	115.1	221.7					
Total Current Assets	A\$m	8.6	25.0	48.7	152.1	305.5					
Property, Plant & Equip.	A\$m	0.0	24.5	70.3	129.4	200.5					
Exploration & Dev.	A\$m	4.4	-	-	-	-					
Investments/other	A\$m	1.4	1.0	1.0	1.0	1.0					
Tot Non-Curr. Assets	A\$m	5.9	25.4	71.2	130.3	201.5					
Total Assets	A\$m	14.5	50.5	119.9	282.4	507.0					
Short Term Borrowings	A\$m	-	-	-	-	-					
Other	A\$m	0.4	0.2	0.2	0.2	0.2					
Total Curr. Liabilities	A\$m	0.4	0.2	0.2	0.2	0.2					
Long Term Borrowings	A\$m	-	-	2.9	2.9	-					
Other	A\$m	0.1	(0.2)	12.6	52.4	107.6					
Total Non-Curr. Liabil.	A\$m	0.1	(0.2)	15.5	55.4	107.6					
Total Liabilities	A\$m	0.5	(0.0)	15.7	55.6	107.9					
Net Assets	A\$m	14.0	50.5	104.2	226.8	399.1					
Cashflow						Unit	FY2009A	FY2010E	FY2011E	FY2012E	FY2013E
Operating Cashflow	A\$m	5.4	(1.1)	12.4	121.8	171.8					
Income Tax Paid	A\$m	-	(0.2)	(6.1)	(25.8)	(37.2)					
Interest & Other	A\$m	(0.2)	0.8	(0.1)	(0.2)	(0.1)					
Operating Activities	A\$m	5.2	(0.6)	6.2	95.9	134.5					
Property, Plant & Equip.	A\$m	(0.0)	(2.9)	(46.7)	(64.4)	(84.9)					
Exploration/Development	A\$m	(1.8)	-	-	-	-					
Investments	A\$m	-	-	-	-	-					
Proceeds From Sale	A\$m	-	-	-	-	-					
Investment Activities	A\$m	(1.8)	(2.9)	(46.7)	(64.4)	(84.9)					
Repay / Draw Debt	A\$m	-	(3.7)	2.9	-	(2.9)					
Equity	A\$m	0.2	24.8	18.0	0.4	-					
Financing Activities	A\$m	0.2	21.0	20.9	0.4	(2.9)					
Net Cashflow	A\$m	3.6	17.5	(19.6)	31.8	46.6					
Ratio Analysis						Unit	FY2009A	FY2010E	FY2011E	FY2012E	FY2013E
Cashflow Per Share	A¢	2.4	(0.3)	2.2	34.4	47.5					
Cashflow Multiple	X	34.2	(301.4)	36.0	2.3	1.7					
Earnings Per Share	A¢	0.5	(1.0)	8.2	29.3	40.3					
Price to Earnings Ratio	X	166.0	(83.6)	9.8	2.7	2.0					
Dividends Per Share	A¢	-	-	-	-	-					
Dividend Yield	%	-	-	-	-	-					
Interest Cover	X	na	na	388.5	692.9	1935.8					
Return on Equity	%	8%	-5%	22%	36%	29%					
Directors						Company Information					
Jon Stewart (Executive Chairman)						Level 20, 77 St Georges Tce					
Michael Blakiston (Non Exec Director)						Perth, WA, 6000					
Graham Dowland (Non Exec Director)						Tel: +61 8 9440 2640					
Gren Schoch (Non Exec Director)						Fax:					
Ian Lusted (Technical Director)						Web: www.auroraog.com.au					
Top 10 Shareholders (as at 30/08/08)						m shares	%				
Top 10 Shareholders						Shares (m)	%				
C A Stewart						14.8	4.8				
ANZ Nominees Ltd						14.3	4.6				
Haifa Pty Ltd						6.0	1.9				
HSBC Custody						4.9	1.6				
John Kenny						4.6	1.5				
Reef Inv PL						4.2	1.4				
Marcello Cardaci						3.4	1.1				
First Farley PL						3.0	1.0				
JK & CA Stewart						2.5	0.8				
2C Resource as at 30/09/2009						Liquids (m mbbbl)	Gas (bcf)	Total (m mboe)			
*estimated post farmout											
Sugarkane						36.00	196.00	68.67			
Total (m mboe)						36.00	32.67	68.67			
Production Summary						Unit	FY2009A	FY2010E	FY2011E	FY2012E	FY2013E
*Attributable											
Liquids	m mbbbl	-	-	0.36	1.24	1.74					
Gas	bcf	-	-	1.81	6.20	8.70					
Total	boe	-	-	0.66	2.27	3.19					
Price Assumptions						Unit	CY2009	CY2010	CY2011	CY2012	CY2013
Gas Price	US\$/mcf	3.75	4.75	6.00	6.00	6.00					
Liquids Price	US\$/bbl	61.68	78.10	85.00	85.00	85.00					
Exchange Rate	A\$/US\$	0.79	0.90	0.86	0.78	0.75					
Hedging						Unit	FY2009A	FY2010E	FY2011E	FY2012E	FY2013E
Total Forward Sales - Oil						m mbbbl					
Forward Oil Price						A\$/bbl					
Sensitivity Analysis						Valuation (\$/s)	NPAT	EPS (¢)	CFPS (¢)		
Base Case						1.64	22.9	8.2	2.2		
Oil Price +10%						1.79	24.8	8.9	2.2		
Oil Price -10%						1.48	21.0	7.6	2.2		
Gas Price +10%						1.70	23.5	8.5	2.2		
Gas Price -10%						1.57	22.2	8.0	2.3		
Exchange Rate +10%						1.50	20.7	7.5	2.1		
Exchange Rate -10%						1.81	25.5	9.2	2.4		
*N.B. NPAT, EPS, CFPS forecasts are for FY2011											
Share Price Valuation (NAV)						\$m	\$/share				
Sugarloaf @ 10%*						112.2	0.40				
Longhorn @ 10%*						258.2	0.93				
Ipanema @ 10%*						57.6	0.21				
Exploration						3.2	0.02				
Cash						38.0	0.14				
Debt						0.0	0.00				
Investment in Elixir						1.2	0.00				
Corp Admin						(16.3)	(0.06)				
Options						0.6	0.00				
Total						342.5	1.64				
10% real discount rate used for DCF (~13.3% nominal)											
*DCF Valuation further discounted by 25-50% to reflect development risk											
Analyst: David Wall						Last Updated: 09/07/2010					
Phone: +61 8 9268 2826											
Sources: IRESS, Company Information, Hartleys Research											

HIGHLIGHTS

The Joint Venture continues to achieve outstanding results highlighting the quality of the assets and the operator.

Well Results

The following table depicts well results to date, including the recently reported 30 day flow rates from the Rancho Grande well, which has showed only moderate decline, supporting the decision to produce it on a restricted choke setting.

The results are excellent so far and we expect them to improve due to optimisation of completion, fracture stimulation and production techniques. There will no doubt be some variation in well performance; however, we believe that the following factors are likely to result in improved average performance for future wells:

- Higher percentage of wells drilled to the targeted 5,000 ft lateral length
- Larger amounts of proppant being pumped into the reservoir using higher pressure and an increased number of frac stages
- The use of hybrid water / gel mix for the fracture fluid vs slick water
- Producing through optimised choke settings

Fig. 1: Well Results To Date

Well Name	Working Interest (%)	Lateral Length (ft)	Initial Production		30 Day Prodn Avg		60 Day Prodn Avg		Comment
			Gas	Oil	Gas	Oil	Gas	Oil	
Kennedy 1H	10%	2,200	4.39	1,132	3.05	661	2.47	514	Shorter lateral exhibits steeper decline. Workover well.
Weston 1H	10.64%	3,000	5.68	414	5.49	388	5.70	356	Workover well with shorter lateral.
Kowalik 1H	11.46%	N/A							Workover well, mechanical issues. Expected to be converted to disposal well.
Kowalik 1HR	11.46%								Re drill of original well, spud mid July
Morgan 1H	10%	5,000	5.16	2,046	3.65	1,283	3.35	1,087	One of the best initial production rates in Eagle Ford to date.
Easley 1H	10.64%	3,000	6.81	780	4.20	407	3.68	327	Shorter lateral, produced as per model prediction.
Rancho Grande 1H	10%	5,000	3.19	1,170	2.83	1,040			Recent result being produced through restricted choke to increase ultimate recovery.
Turnbull 1H	25%	5,000	1.53	893					Very high condensate ratio -> filed as an oil well.
Turnbull 2H	25%	>5,000							Flowing back – initial rates expected shortly.
Turnbull 3H	25%	5,000							Awaiting fracture stimulation.
Ipanema 1	30%								To be drilled
Average			4.5	1,073	3.85	756	3.80	571	

Source: Hartleys, gas reported in millions of cubic feet per day, oil / condensate reported in barrels per day

It is already clear that there is a strong correlation between lateral length, size of frac job and subsequent well performance. Well performance meaning not only quantum of flow rates but also decline and estimated ultimate recovery.

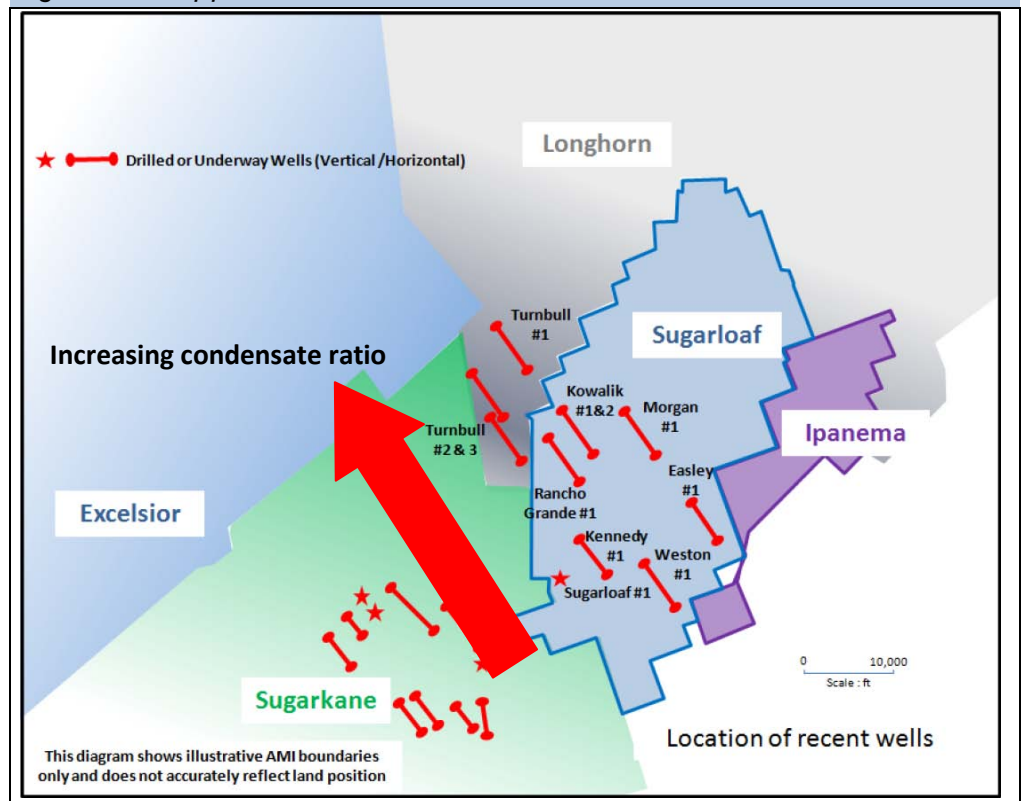
Well Performance and Project Economics

The potential of the field is highlighted by the performance of the more recent wells such as Morgan, Rancho Grande and Turnbull 1. Morgan has earned revenue (post royalty of 25%) of US\$4.4m in its first two months and should payout in less than four months. Rancho will have similar economics if its decline continues to be moderate, as indicated by its exceptional 30 day flow rates.

Recent well performance suggests our assumptions are conservative and may result in improved economics and increased valuations in the future.

The three most recent wells, completed with 5,000ft laterals: Morgan, Rancho Grande and Turnbull 1 also have exceptional condensate ratios, averaging 400 barrels of condensate per million cubic feet of gas produced. This has a significant effect on the economics of the field and is predominantly a function of location. The condensate ratio tends to increase in a north-westerly direction, as indicated in the diagram below. This means that the Longhorn acreage potentially has better economics than Sugarloaf and Ipanema. Longhorn represents ~65% of AUT's landholding.

Fig. 2: Approximate Well Locations to Date



Source: Texas Railroad Commission, Aurora, Hartleys Estimates

Our current valuation assumes initial flow rates of 4 million cubic feet of gas per day with 800 barrels of condensate per day (actual average to date is 4.5 million cubic feet of gas per day with 1,073 barrels of condensate – see Fig. 1). This gives a risked valuation of 164cps (risk is slowly being wound out as more wells are drilled). If we were to use the averages from the Morgan, Rancho Grande and Turnbull 1 of 3.3 million cubic feet of gas per day with 1,370 barrels of condensate our valuation would increase to 264cps.

Maiden Reserve Report July 2010

Maiden Reserve Report in July could surprise to the upside.

Netherland, Sewell and Associates Inc (“NSAI”) undertook an independent resource estimate over Aurora’s acreage in September 2009, as depicted in the figure below. At this time, no multi stage fracture stimulated horizontal wells had been drilled and a conservative recovery factor for the Eagle Ford Shale of 7% (Best Estimate) was used. Given well performance on the acreage and recovery factors achieved in other shale plays it is possible that an ultimate recovery factor of 22% may be more appropriate. Our time with the Texas Crude geologist also highlighted large potential upside in the development of the shale, as it may be possible to produce from multiple horizons over the interval and also decrease well spacing significantly. This all depends on assumptions around whether the current fracture stimulations are resulting in drainage of a small percentage over a large area, or a large percentage over a small area.

Whilst it is hard to predict what assumptions NSAI will use for the maiden reserve report, we believe that there is potential for an upside surprise for the market. A significant portion of the field has been proven by wells (see Fig. 2), which should contribute towards a decent 2P number, although we expect that most reserves will be categorised as 3P until more wells are drilled and there is more production history.

Fig. 3: Independent Resource Estimate*

Reservoir	Aurora Working Interest Contingent Resources (Pre Farm out)					
	Gas (Bcf)			Condensate (mmbbls)		
	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Austin Chalk	81	148	277	14	27	54
Eagle Ford Shale	129	243	475	22	45	93
Total	210	391	752	36	72	147

Source: Aurora Oil and Gas Ltd, *pre-farmout

Well Categorisation, Spacing and Timing of Development

Aggressive development likely with AUT participating in a further 10-13 wells this year and up to 35 wells next year.

It became apparent on the field trip that Hilcorp’s intention was to aggressively develop the field. This also fits with what we perceive to be the business model of private equity firm, Kohlberg Kravis Roberts (“KKR”), who recently committed US\$400m to a partnership with Hilcorp to develop the Eagle Ford. Hilcorp plans to drill 40-50 wells next year with AUT likely to participate in ~75% of these. The timing of drilling which area is largely dependent on lease expiry. This means that the majority of drilling this year will be focussed on the Sugarloaf AMI (5-7 wells), with 2-3 wells also likely on the Ipanema AMI. Next year, the majority of wells will be on the Longhorn AMI.

As previously mentioned, the Turnbull 1H well had a very high GOR. This meant that it had to be filed as an oil well. In order to hold acreage for oil fields in the area, a well must be drilled every 320 acres, as opposed to ~1,000 acres for a gas field. The implication of this is that it is likely that a significant portion of Longhorn will require 320 acre spacing of wells (we estimate 50%). This means more drilling in a short timeframe at Longhorn, which also is the area that we believe has the best economics and is Aurora’s largest exposure. If we accelerate the drilling program, there are scenarios under which AUT may require a small amount of debt funding in H2 2011; however, this is more than offset by the uplift in net present value.

Hilcorp expects to have 3 rigs operational in 2011 and one full time frac crew. Each rig will be a Flex 3 build, capable of ~22 day spud to spud performance.

Conclusion – Expect Further Upwards Revisions

Aurora is well funded to participate in up to 40 wells over the next 18 months, with a further 450+ wells possible over the following years. We have only included 330 wells in our current model and have also risked the projects by 20-35% until more wells are drilled and there is more production history. Recent well results suggest that our assumptions are conservative on flow rate, GORs and also drilling costs.

We expect that, as further results are known, adjustments to our assumptions and relaxing of discounts associated with risk will result in upwards revisions to our valuation and price target.

We continue to rate AUT as a Buy and have increased our price target from 102cps to 123cps.

HARTLEYS RESEARCH COVERAGE LIST

Hartleys Research Coverage						
Name	Ticker	Last Price*	M. CAP (\$m)	EV (\$m)	Hartleys Research Recommendation	Industry
Oil & Gas						
1. Woodside Petroleum Ltd	WPL	41.79	32,481	36,659	Buy	Major
2. Nexus Energy Ltd	NXS	0.250	240	562	Neutral	Developer / Explorer
3. Carnarvon Petroleum Ltd	CVN	0.345	237	208	Speculative Buy	Producer / Explorer
4. Aurora Oil and Gas Ltd	AUT	0.745	164	126	Buy	Producer / Developer
5. Tap Oil Ltd	TAP	0.875	137	76	Buy	Producer / Explorer
6. Cooper Energy Ltd	COE	0.375	109	13	Buy	Producer / Explorer
7. Otto Energy Ltd	OEL	0.075	80	57	Buy	Explorer / Producer
8. Strike Energy Ltd	STX	0.225	74	66	Buy	Explorer / Producer
9. Adelphi Energy Ltd	ADI	0.420	71	61	Buy	Producer / Developer
10. Red Fork Energy Ltd	RFE	0.465	64	36	Buy	Explorer / Producer
11. Amadeus Energy Ltd	AMU	0.210	64	107	Buy	Producer / Explorer
12. European Gas Ltd	EPG	0.200	40	104	Speculative Buy	Producer / Explorer
13. First Australian Resources Ltd	FAR	0.058	38	19	Speculative Buy	Explorer / Producer
14. Entek Energy Ltd	ETE	0.145	33	24	Speculative Buy	Producer / Explorer
15. Oilex Ltd	OEX	0.086	19	1	Neutral	Explorer / Producer
16. Sun Resources NL	SUR	0.046	16	11	Speculative Buy	Explorer / Producer
			Sub-Total	33,867		38,131
Resources						
1. Riversdale Mining Limited	RIV	10.48	1,975	1,707	Speculative Buy	Coal
2. Atlas Iron Limited	AGO	2.060	975	795	Buy	Iron Ore
3. Western Areas NL	WSA	3.77	675	854	No Rating	Nickel
4. Silver Lake Resources Limited	SLR	1.715	307	276	Speculative Buy	Gold
5. Dominion Mining Limited	DOM	2.740	283	302	Speculative Buy	Gold
6. Catalpa Resources Limited	CAH	1.600	258	220	Buy	Gold Producer
7. Gold One International Limited	GDO	0.275	221	292	Buy	Gold
8. Intrepid Mines Limited	IAU	0.510	218	171	Speculative Buy	Gold
9. Jabiru Metals Limited	JML	0.300	166	140	Buy	Zinc-Copper
10. Tanami Gold NL	TAM	0.040	142	184	No Rating	Gold Producer
11. Focus Minerals Ltd	FML	0.049	140	133	Speculative Buy	Gold Producer
12. Magma Metals Limited	MMB	0.420	68	48	Speculative Buy	PGM-Cu-Ni
13. Centaurus Metals Ltd	CTM	0.075	45	38	Speculative Buy	Iron Ore Developer
14. Peninsula Minerals Ltd	PEN	0.030	41	32	Buy	Uranium Developer / Explorer
15. Emmerson Resources Limited	ERM	0.170	35	22	Speculative Buy	Junior Explorer
16. Hazelwood Resources Ltd	HAZ	0.180	34	29	Speculative Buy	Junior Developer
17. YTC Resources Limited	YTC	0.200	33	24	Buy	Junior Explorer
18. Ausquest Limited	AQD	0.135	31	4	Speculative Buy	Junior Explorer
19. Shaw River Resources Limited	SRR	0.130	26	19	Speculative Buy	Junior Explorer
20. Ferrum Crescent Limited	FCR	0.155	24	22	Speculative Buy	Iron Ore
21. Geopacific Resources NL	GPR	0.600	23	16	Speculative Buy	Gold Explorer
22. Orion Gold NL	ORN	0.022	16	13	Speculative Buy	Gold
23. Southern Gold Limited	SAU	0.080	11	7	Speculative Buy	Junior Explorer
24. Impact Minerals Limited	IPT	0.095	11	7	Speculative Buy	Junior Explorer
			Sub-Total	5,616		5,267
Industrials						
1. West Australia News Hdg's Ltd	WAN	6.43	1,490	1,765	Buy	Media
2. Monadelphous Group Limited	MND	12.790	1,100	968	Buy	Mining Services
3. Clough Limited	CLO	0.745	506	567	No Rating	Oil & Gas Services
4. Fleetwood Corporation	FWD	9.14	493	487	Neutral	Consumer & Mining Services
5. Mermaid Marine Australia Ltd	MRM	2.500	465	599	Buy	Oil & Gas Services
6. Ausdrill Limited	ASL	1.64	429	528	Buy	Mining Services (Drilling & Capital Goods)
7. Austal Limited	ASB	2.20	414	425	Speculative Buy	Capital Goods
8. Macmahon Holdings Limited	MAH	0.550	404	376	Buy	Mining & Civil Construction
9. NRW Holdings Ltd	NWH	0.975	245	310	Buy	Mining & Civil Construction
10. Decmil Group Limited	DCG	1.640	203	170	Buy	Mining & Civil Construction
11. Cash Converters Limited	CCV	0.545	198	155	Buy	Retail & Consumer Finance
12. Index Ltd	IMD	0.700	136	150	Buy	Oil & Gas / Mining Drilling
13. Lycopodium Limited	LYL	3.170	123	107	Buy	Mining & Industrial Services
14. Neptune Marine Ltd	NMS	0.240	115	148	Speculative Buy	Oil & Gas Services
15. RCR Tomlinson Ltd	RCR	0.830	109	153	Buy	Mining & Industrial Services
16. Swick Mining Services Ltd	SWK	0.360	85	134	Speculative Buy	Mining Services (Drilling)
17. VDM Group Limited	VMG	0.360	76	95	Buy	Mining & Civil Construction
18. LogiCamms Limited	LCM	0.840	50	40	Buy	Resource Services
19. Pacific Energy Ltd	PEA	0.195	36	91	Buy	Mining Services / Power
			Sub-Total	6,679		7,267
			GRAND TOTAL	46,162		50,665

Source: IRESS, Hartleys Research. * 7 Jul 2010

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Hartleys Recommendation Categories

No Rating	No recommendation.
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but it is higher risk than a "Buy". For the share price to rise it may be contingent on the outcome of an uncertain or distant event.
Neutral	Take no action. Stock is already trading near the share price target and there are no foreseeable near term catalysts.
Reduce / Take profits	Stock is trading above the share price target and there is a near term negative catalyst that could cause temporary weakness.
Sell	Significant price depreciation anticipated

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