



HD (FE) Around the Traps ... with THE FERRET

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Sydney - Wednesday - March 12: (RWE Australian Business News) -

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David Wall, research equity guru with Argonaut, says SINO GAS & ENERGY HOLDINGS (ASX:SEH) is heading into a crucial appraisal/development program in 2014 and is well-positioned with eight rigs on **site** to commence drilling as soon as weather permits.

The **company** has one gas sales agreement in place with another imminent and has just upgraded Reserves and Resources.

Net 2P Reserves now stand at 291Bcf with 2C Net Contingent Resources at 850Bcf.

A busy year is planned with drilling of 50 to 60 wells with testing of about 39 wells (multiple zones in some wells) and tie-in of 45 wells to pipeline pilot production.

Submission of **Chinese** Reserve Reports at both of the key project areas will represent significant milestones in the regulatory process, building towards full field development.

Mr Wall continues to rate Sino Gas as a "**buy**" with a price target of 44c, although yesterday the shares drifted down 0.5c to 20c.

The **company** has a huge resource with favourable economics.

Sino has a blended 30pc interest in two Production Sharing Contracts (PSCs) onshore **China** in the Ordos Basin.

The PSCs are prospective for Coal Bed Methane (CBM), but also have coal-sourced gas in conventional sands adjacent to the coals.

Attributable 2P Reserves are 291Bcf with Resource Potential greater than 2Tcf (net).

Results from 35 flow tests have yielded average flow rates on 390mcf/d with an average test period of 41 days.

Given the high gas price in **China** (forecast \$US9 per mcf) and low well cost (current actual cost is \$US1.2m per well), the test rates are considered highly **commercial**.

The percentage-ation of the sharemarket continues.

The ASX yesterday queried EASTERN IRON (ASX:EFE) over a rise "of 45.67% over the past three trading days, and by up to 16.67% at the time of writing".

We haven't seen percentages in ASX queries before.

Anyway, in the old money, Eastern Iron has shot up from 4.1c on Thursday to as high as 7c yesterday before closing at 6.6c.

Which is not bad given the hiding handed out to the mega iron stocks.

Eastern could offer no explanation for the price jump, but did suggest it may be the result of recent favourable press articles and website comment.

DICKER DATA (ASX:DDR), which said on Monday it would make a share issue in September at "over \$2", continued to make progress towards that target.

It followed Monday's 10c rise with a further 5c to \$1.35 yesterday.

The **company** believes its "performance and historic multiples will support this strategy and [over \$2] price".

As we wrote yesterday, LEIGHTON HOLDINGS' (ASX:LEI) \$2.43 jump to \$23.15 on the back of a proportional offer from Hochtief for three of every eight shares at \$22.15 a share, \$1 above the offer, did not seem to make sense.

Sure enough, the shares came back 95c to \$22.14 yesterday.

Moody's and Standard & Poor's placing Leighton's credit ratings on review for possible downgrade wouldn't have helped.

Last Friday's turnover of 4.7m shares, as the buying ahead of the Hochtief bid ramped up, was a then 12-month high.

Monday's effort of 6.7m shares put that in the shade.

Trading slowed to 4.4m shares yesterday.

INNATE IMMUNOTHERAPEUTICS (ASX:IIL) has received EU patent protection for the use of MIS416 to treat or prevent radiation injury and mitigate the toxic effects of cancer-related radiotherapy treatment.

It lifted the shares 3.5c to 30c yesterday.

The application of the **company**'s immune modulating microparticle technology in the field of radiation injury is in part based on the ability of MIS416 to both prevent damage to blood cells and bone marrow, and to accelerate bone marrow restoration after exposure to radiation.

The issue of this latest patent underpins the potential for Innate's immune modulating technology to be applied in a number of therapeutic areas in addition to the **company**'s current clinical program in secondary progressive multiple sclerosis (SPMS).

In addition to the EU major markets (France, Germany, Italy, Spain and the UK), radiation injury related patents have also been granted in New Zealand and approved in Australia while an application is currently pending in the US.

The excitement is building at PAPYRUS AUSTRALIA (ASX:PPY).

It started moving on Friday after announcing an MOA with the **China** Investor **Group** to establish a banana fibre processing plant and a banana fibre product manufacturing factory in Hainan.

Hainan is an **island** Province of **China** where there are significant banana plantations.

Papyrus rose just 0.2c to 2.6c in the initial reaction on Friday and a more substantial 0.3c to 2.9c on Monday.

Papyrus yesterday rose 3.3c to 6.2c and closed at 4c.

CO sgshau : Sino Gas & Energy Holdings Limited

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