



AZS			
EXT			
IPM			Takeover
PLA			

### Take up AZS Rights Issue, Hold EXT, Accept IPM takeover offer, Hold PLA

#### Azure Minerals – Take up AZS Rights Issue

The company has announced a 2-for-5 renounceable rights issue to existing shareholders at an issue price of \$0.04. Subject to the finalisation of the formal underwriting agreement, the rights issue will be partially underwritten by Paterson's Securities, although the specific amount is so far unclear.

The company is aiming to raise up to \$2.7 million from the issue, with proceeds used to provide ongoing funding for its Mexican exploration projects, in particular the Promontorio project.



The issue had been fully anticipated by the market and the discounted price of the issues is obviously designed to try and ensure maximum take-up by shareholders. Members who don't wish to take up all or part of their rights entitlement will be able to sell their allocation on-market, with the ASX Code to be AZSR. Full details of the issue, including the proposed timetable, will be provided as soon as it is finalised.

Meanwhile, the company has resumed exploration activity on its 100%-owned La Tortuga and Los Nidos properties in the state of Sonora, Mexico. AS a reminder, the company is free-carried

through exploration via a joint venture with JOGMEC (Japan Oil, Gas and Metals National Corporation), which is sole-funding the first US\$3 million of exploration expenditure.

Under the deal, JOGMEC will spend US\$3 million over the next 3 years to earn a 51% stake in the projects, with a minimum commitment of US\$400,000 to be spent by the end of March 2009.

Over the next two months JOGMEC will undertake an Induced Polarisation (IP) survey over the central part of La Tortuga, where outcrop has been shown to contain visible copper mineralisation, and where previous shallow drilling has intersected 110 metres @ 0.2% Cu from surface.

JOGMEC will also undertake a helicopter-borne aeromagnetic survey over the entire La Tortuga-Los Nidos project area. The group will also complete geological mapping and sampling programs, as well as diamond core drilling, with an initial +500 metre deep hole to target the porphyry-copper mineralisation in the central zone at La Tortuga.

**We would encourage all Members to take up their full rights issue entitlement, although we will provide further guidance closer to the acceptance closing date. AZS will remain firmly held within the Fat Prophets Mining & Resources Portfolio.**

### Extract Resources – Hold EXT

The company’s share price continues to surge as a result of speculation relating to the company’s future ownership. In our most recent coverage we commented on the enormous boardroom distractions provided by the actions of the company’s largest shareholder, Kalahari Minerals. At the time we commented that Kalahari’s actions could only be described as an opportunistic attempt to acquire effective control of the company.

We urged shareholders to vote against Kalahari’s motion to remove Extract’s independent Canadian chairman, Bob Buchan, but the motion was successful. Intriguingly, Kalahari was seemingly foiled in its attempt to appoint its own new board member following Extract’s appointment of John Main as a new independent director.



He seems like a well-credentialed appointment, being a geologist with 40 years experience in the international mineral exploration and mining industry, including four years based in Namibia. He is a former Rio Tinto employee and was recommended to the board by Rio, one of Extract's major shareholders.

But Kalahari has seen red and is now trying to requisition another Extract shareholder meeting to get rid of the newly-appointed John Main. However Kalahari is playing with fire, as evidence by the fact that there has now been a requisition made, almost certainly with the full support of Rio, for the removal of two Kalahari-aligned directors, Messrs Neil MacLachlan and Peter Meagher.

And Rio is further flexing its corporate muscle by announcing that it has purchased a further 3.45 million shares or 1.93% in Kalahari, taking its total stake to 28.3 million shares, representing a 15.8% stake. Rio is clearly not going to let Kalahari stand in its way and try and acquire effective control of EXT by stealth. In the current scenario, Rio is every Extract shareholder's best friend, with the exception of Kalahari of course!

**Our most recent recommendation was a Buy around \$1.47 for those without existing exposure; however we are comfortable with a Hold recommendation around current levels. The company remains firmly held within the Fat Prophets Mining & Resources Portfolio.**

**Incremental Petroleum – Accept revised TransAtlantic takeover offer at \$1.085 per share**

The company has advised that TransAtlantic has agreed to further increase the consideration under its unconditional takeover offer from \$1.07 to \$1.085 per Incremental share. The increase will apply to all Incremental shareholders who accept the offer, including those who accepted prior to the increase.

The directors of Incremental have unanimously recommended that, in the absence of a superior offer, Incremental shareholders should accept TransAtlantic's revised offer. Those directors of Incremental who own shares in Incremental intend to accept TransAtlantic's increased offer.



The acceptance of TransAtlantic's offer by Incremental's largest shareholder, Cooper Energy, effectively delivered control of Incremental to TransAtlantic. In light of this, the Incremental board has recommended the revised offer and we also recommend that Members accept the offer. Now that TransAtlantic have increased their Incremental shareholding to 63%, there is little prospect of a rival bid emerging.

Furthermore, TransAtlantic's previously announced acceleration of payment terms will continue to apply, meaning that Incremental shareholders who accept the Offer will receive cash for their Incremental shares within 10 business days of receipt of a valid acceptance.

Incremental Petroleum was one of the first companies included in our Portfolio way back at the end of 2005. The company enjoyed a solid, profitable history, including steady dividend payments to shareholders. Ultimately, the company needed greater funding to accelerate development of its Selmo oilfield in Turkey and a company with deeper pockets like TransAtlantic will enable this to happen.

**We recommend that shareholders accept the TransAtlantic takeover offer.**

### Platinum Australia – Hold PLA

The company has followed the lead set by many gold companies by embarking on a capital raising. The company has successfully completed a private placement of 27 million new shares at an issue price of \$0.54, which has raised \$14.6 million.

The placement was made to a range of domestic Australian and international institutional, professional and sophisticated investors. The directors were very pleased with the level of response, with the offering being significantly oversubscribed.



Proceeds from the capital raising will principally be used to fund a reduction in the overall debt of the company's new Smokey Hills project and for general working capital. The company recently announced the successful commissioning of the crushing and milling sections of its Smokey Hills the processing plant, with the first flotation concentrates produced in late

January.

This was obviously a huge milestone for the company, as it marks the successful transition to production status and hopefully an imminent re-rating of the company that we have foreshadowed for some time now.

**Accordingly, Platinum Australia will remain firmly held within the Fat Prophets Mining & Resources Portfolio.**

## Snapshot AZS

### Azure Minerals

Azure is an explorer and developer of precious and base metal projects in Mexico. The company is exploring in the richly-mineralised Sierra Madre Occidental mining province in northern Mexico, and is expanding its activities to other mining districts in northern Mexico. Azure currently holds nine 100%-owned projects and 13 projects in joint venture with TSX-V listed Geoinformatics Exploration Inc, in which Azure has earned an initial 51% interest. The entire project portfolio now covers an impressive area of 186,200 hectares (1,862 km<sup>2</sup>). Drilling has intersected promising mineralisation in copper, gold, silver, zinc, lead and molybdenum. The company has recently secured an option to purchase 100% ownership of the Promontorio Project in the state of Chihuahua, where an historical resource of 1M tonnes @ 4.0% copper, 2.4g/t gold & 63g/t silver exists. Azure recently announced an initial JORC-Code-compliant resource of around 0.5 million tonnes grading 4% copper and with significant gold and silver credits.

<b>Market Capitalisation</b>
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<b>A\$13m</b>
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## Snapshot EXT

### Extract Resources

Extract Resources is based in Perth, with an office in Windhoek, Namibia. Extract is solely focused on uranium exploration in the West African nation of Namibia, with its Husab project situated 40km east of the coastal city of Swakopmund. It lies within 50km of six notable uranium deposits, of which two are already in production – Rio's Rossing mine (which supplies 8% of the world's uranium) and Paladin's new Langer Heinrich operation. The Husab Project encompasses three prospect areas covering a total of 630 sq km, with 70% of the targets effectively concealed beneath surface cover. Extract is targeting a total uranium resource at its two main prospects, Mt Ida and Rossing South, of around 200 million lbs by the end of 2009. The company's shares are also quoted on the Toronto Stock Exchange.

<b>Market Capitalisation</b>
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<b>A\$473m</b>
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## Snapshot IPM

### Incremental Petroleum

Incremental's strategy is to acquire low-risk oil and gas assets and apply world-class technical expertise to enhance their productivity. The company's major producing asset is the Selmo oilfield in Turkey, the second-largest oilfield in Turkey by cumulative production. The field has estimated oil initially in place of approximately 500 million barrels, with a low recovery factor (about 83 million barrels produced to date). There are 47 wells at Selmo, 22 of which are still producing. The oil is sold at the field gate and sent by truck to a refinery 40km away. There is considerable scope for improved production and recovery at Selmo – an oilfield which has a long life and provides an excellent net cash flow. A second major asset in Turkey is the Edirne gas project in which Incremental has a 55% interest. Seven gas discoveries have been made in seven wells drilled in 2007 and 2008. The project is proceeding rapidly to commercialisation. In May 2008 Incremental trebled its project portfolio with the acquisition of interests in five projects, totaling more than 19,000 acres in the prolific hydrocarbon region of the San Joaquin Basin in central California, USA. The company was subject to an unsolicited takeover offer from Cooper Energy, with acceptances reaching 27%. The company has recently received a rival offer from Canadian oil company, TransAtlantic Petroleum.

<b>Market Capitalisation</b>
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<b>A\$86m</b>
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## Snapshot PLA

## Platinum Australia Limited

Platinum Australia is an emerging platinum producing opportunity. The company possesses two extremely attractive South African platinum projects. We believe the company will benefit from an aggressive development timetable, accompanied by power restrictions that will hamper rival, high-cost producers. At the company's first mine, Smokey Hills, which commenced production in January 2009, production will commence initially as an open-cut mine, before progressing to a shallow underground mine. One of the biggest advantages the company is the ability to generate its own on-site power. Anticipated annual production is around 95,000 ounces of PGMs a year, with the flotation concentrate delivered to Impala Refining Services under a life-of-mine off-take agreement. The company's shares are listed on the ASX and the AIM market of the London Stock Exchange.

<b>Market Capitalisation</b>	<b>A\$157m</b>
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