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Gains for oil and gas groups

SMALL CAPS

**By Bryce Elder
and Neil Hume**

Desire Petroleum rose 11.7 per cent to 119½p after Goldman Sachs started coverage with a "buy" rating and 197p target price.

Desire's large acreage in the North Falklands basin gives it "substantial running room to drill a significant number of potentially transformational wells over the next few years", it argued.

Goldman also put "buy" ratings on **Falkland Oil & Gas**, up 5.8 per cent to 109½p, and **Borders & Southern**, 3.4 per cent higher at 68½p.

Its top pick in the UK was **Rockhopper Exploration**,

up 1.8 per cent to 318½p.

Petroneft Resources edged up 0.9 per cent to 55p amid hopes of an update from its Arbuzovskaya exploration well in Siberia.

Caledon Resources rose 16.7 per cent to 98p after confirming bid rumours.

Chinese state investment group Guangdong Rising Assets Management agreed to pay 122p a share for Caledon, valuing the Queensland-based coalminer at £252m.

Polo Resources, Caledon's 27.6 per cent shareholder, added 10.3 per cent to 4.6p.

Hutchison China Meditech was marked up by 6.7 per cent to 552½p after Japanese conglomerate Mitsui invested \$12.5m in its drug development subsidiary.

The investment valued

the unit at 122p per Meditech share, said Panmure Gordon, which raised its target on the stock to 600p.

Findel, the debt-burdened catalogue retailer, dropped 18.5 per cent to 11p following reports that it was considering a £40m emergency share issue or the sale of its education division.

An interview in the weekend press with Tom Cross, founder of Dana Petroleum, helped stir interest in his new acquisition vehicle

Parkmead Group, which rose 38.9 per cent to 9½p.

Public sector outsourcer **Tribal Group**, which last week said potential bidders had walked away, lost a further 8.3 per cent to 20½p on news that Peter Martin, chief executive, would be leaving the company.