

HOT STOCKS

Ian Parker
Hartleys

**BUY****YTC Resources (YTC) \$0.225**

YTC is an Australian mineral exploration and development company, focused on the flagship Hera and Nymagee projects in NSW. Recently, YTC agreed to a funding deal with private equity group Pacific Road Capital for up to \$25 million. The deal provides funding to unlock exploration potential within the Cobar Basin, adding "exploration sizzle" to the Hera development which is progressing very well.

HOLD**Santos (STO) \$14.12**

Australian oil and gas major STO boasts some of the biggest and highest-quality coal seam gas reserves in Australia. With gas-hungry Asian markets attracting prices at triple the level of those received domestically, we see a positive future for STO, primarily via improving margins and earnings driven by Gladstone and PNG LNG. We believe STO is a quality stock.

HOLD**Bendigo and Adelaide Bank (BEN) \$10.80**

As one of Australia's two remaining regional banks, BEN's strengths are customer loyalty, its unique community branch distribution model and niche business. All major operating segments have been profitable over several years, however, slowing credit growth and debt serviceability will be tested during an economic downturn. BEN's high dividend yield is also an attractive investment proposition for those chasing additional income.

Peter Kopetz
State One

**BUY****WOODSIDE Petroleum (WPL) \$37.25**

With seemingly little near-term growth on the horizon, WPL is more of a yield play. With capex down and free cash flows strong, chances are that it will increase shareholder value through a buyback, or return excess capital to shareholders. We are confident that the high-yield status quo is sustainable for the time being.

BUY**Sonic Healthcare (SHL) \$15.82**

Friday's market update was reassuring, with SHL's US business experiencing substantial earnings growth for the five months to November 30. It expects the growth to continue in the next couple of years. After a largely subdued period in the US and recent commentary suggesting more of the same, we are pleasantly surprised by the evident growth pick-up.

SPECULATIVE BUY**Kina Petroleum (KPL) \$0.40**

With activity heating up in the Papua New Guinea oil and gas sector, KPL is poised to benefit from current deal-making and development. KPL has one of the largest acreage positions in PNG and recent gas discoveries point to development and substantial growth ahead. Further to its excellent land package, KPL has also managed to attract OSH as a joint venture partner on various licences close to the Antelope/Elk gas discoveries, which underlines its attractiveness.

Paul Cooper
Blackswan Equities

**BUY****BHP Billiton (BHP) \$35.85**

BHP was sold off 10 per cent in the past month driven by weakness in the broader ASX index. This sell-off is unjustified given the strength in the iron ore, copper, and oil markets as well as a depreciating dollar, all of which are a positive for BHP. We see current levels as an excellent entry point to this top-tier resource company which provides exposure to world-class producing assets as well as a sound financial position.

BUY**Mamba Minerals (MAB) \$0.66**

MAB has just announced a strategic merger with Canadian-based Champion Iron Mines. The combined entity will own an iron ore resource in excess of 5 billion tonnes and most importantly will be run by a highly experience management team capable of bringing the project into production. Chairman Michael O'Keefe previously ran Riversdale Mining which was taken over by Rio Tinto for \$3.9 billion in 2011.

BUY**AMP Capital China Growth Fund (AGF) \$0.865**

AGF is an ASX-listed fund which invests in the top stocks of the Chinese stock index, thus will provide Australian investors exposure to rising Chinese stocks. We view this as a worthwhile investment exposure given the strengthening Chinese economic growth and profit outlook. This stock is currently holds a net asset backing of \$1.03 per share.

Each of the companies and analysts depicted may have long or short positions on these stocks. These share tips are considered options and readers should seek personal financial advice before investing.