

Quarterly Investment Report for the period ended 31st January 2007



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Sources: Bloomberg L.P. LME. Comex/Nymex, Kitco, UXC

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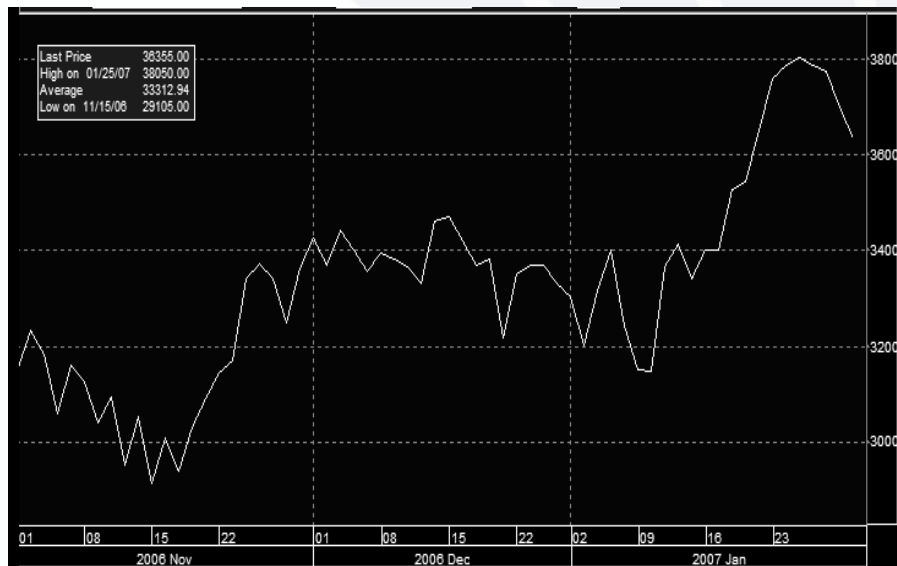
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MARKET REVIEW

Commodity prices continued to remain volatile throughout the quarter with some falling through price support levels while others were making record highs. Re-weightings of the 19 futures contracts in the Dow Jones-AIG Commodity Index added to the choppiness seen in early January. The Australian S&P/ASX300 Resources Index closed down, losing 3.2 per cent for the quarter ending January 31, 2007.

Nickel – LME stocks of nickel remain critically low, at less than 5,000 tonnes which is less than two days of global consumption. Nickel prices have reacted, reaching US\$38,000 per tonne recently. The main demand driver has been the continued spectacular growth in China's stainless steel production capacity expansion with production forecasted to triple out to 2010. On the supply side, the continued news of delays and cost blowouts at major nickel supply projects such as Goro, Voisey's Bay and Ravensthorpe as well as threatened strike action at CVRD's ex-Inco Sudbury operations also adds support to the favourable fundamental outlook for nickel.

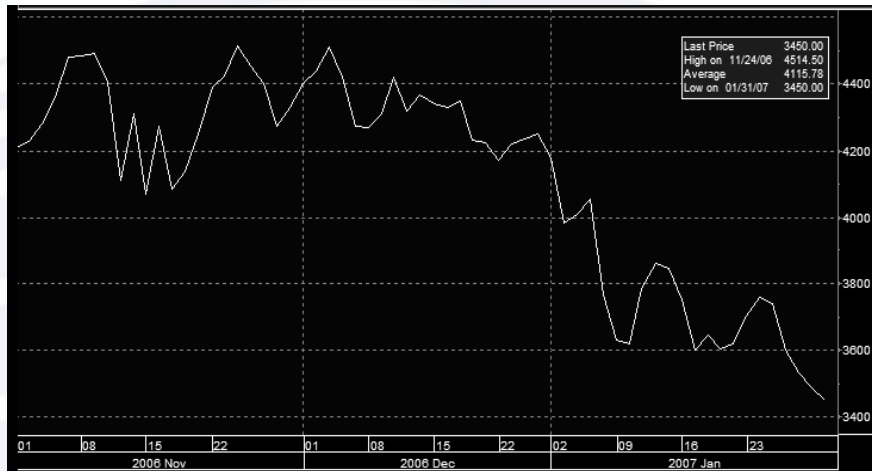
Three Month Nickel Chart: November 1st 2006–January 31st 2007



Source: Bloomberg

Zinc – The total of global zinc producer, consumer and exchange stocks are at historically low levels, but are not critically low at this stage. Recent data from China showing it was a net exporter has cooled the zinc market with prices falling some 20 per cent from December highs to the end of the quarter. We continue to see zinc concentrate shortages with galvanizers finding difficulty in sourcing material which supports the equity positions we hold.

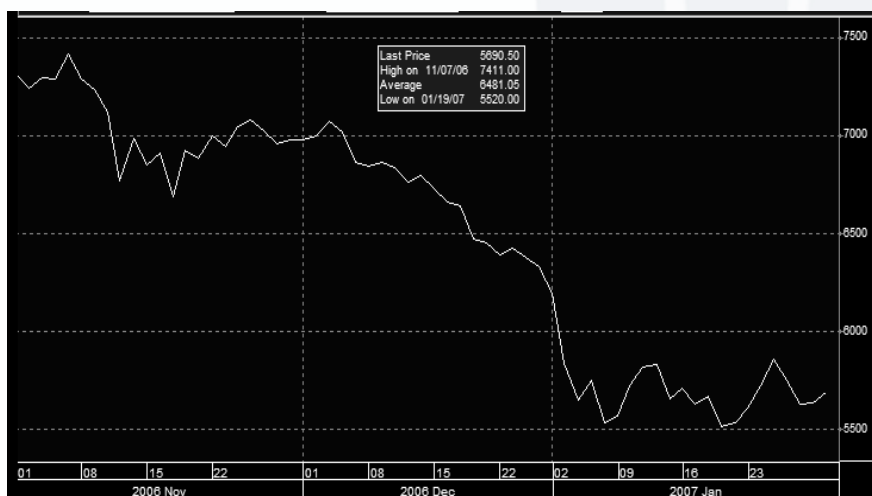
Three Month Zinc Chart: November 1st 2006—January 31st 2007



Source: Bloomberg

Copper – Fell through the psychological US\$6,000 per tonne mark on the LME in early January to its lowest level in ten months, a substantial pullback from the highs of US\$8591 per tonne made in May 2006, predominantly on news of Chinese de-stocking inventories to take advantage of recent higher prices. Copper prices reversed in recent weeks as it became apparent that the Chinese were net importers again and on a major squeeze on the record number of short positions in the copper market.

Three Month Copper Chart: November 1st 2006—January 31st 2007



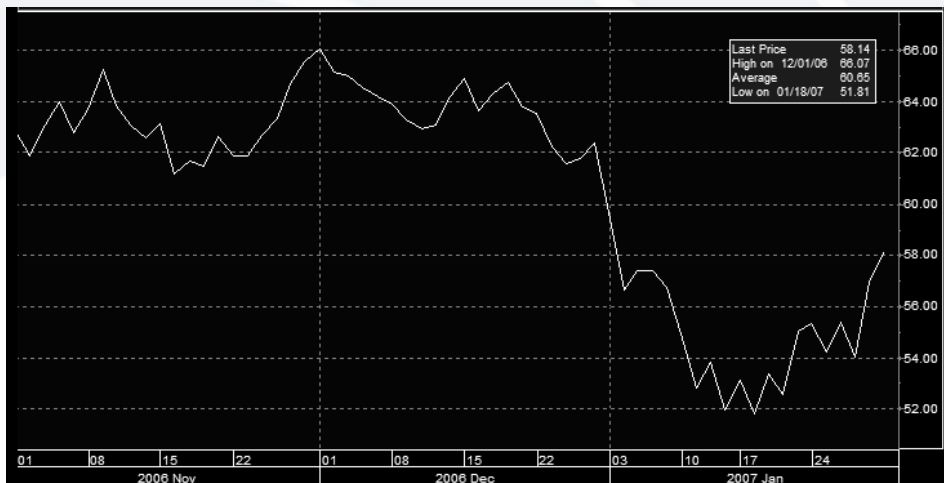
Source: Bloomberg

Iron Ore – Prices negotiated with Japanese and Chinese Steel mills were set at a 9.5 per cent increase on the previous year, at the top end of expectations and substantially faster than anticipated, signaling the continued strength in the iron ore market.

Uranium – continued to surge throughout the quarter supporting the uranium positions that the fund holds. The market is witnessing a world-wide structural change to how we generate electricity, driven by fears of global warming.

Oil & Gas – Oil prices fell as a US-centric market focused on the unseasonable warmer weather in North America and associated build-up of US inventories and decreased heating oil demand despite OPEC pledging to cut oil production.

Three Month Crude Oil Chart: November 1st 2006–January 31st 2007



Source: Bloomberg

FUND PERFORMANCE

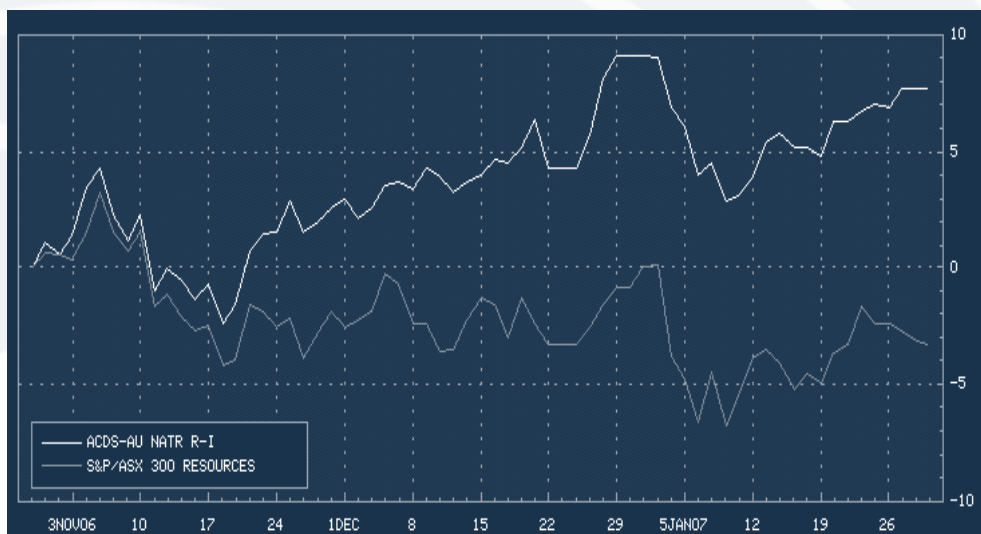
As at 31 January 2007

Movement %

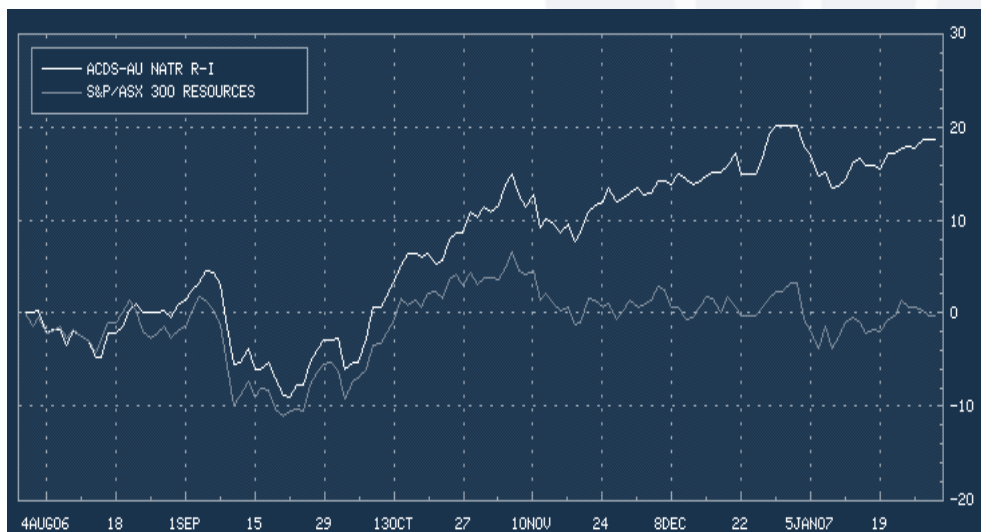
	3 months	6 months	1 year	Launch
ACDS Australian Natural Resources Fund	7.7	17.8	17.2	46.6
AS 48 All Resources Index	(3.2)	(2.5)	(2.7)	26.6

The Oceanic Asset Management – ACDS Australian Natural Resources Fund closed up 7.7% for the quarterly period ending January 31, 2007 again significantly outperforming the benchmark Australian S&P/ASX300 Resources Index.

Comparative Returns: November 1st 2006–January 31st 2007



Comparative Returns: August 1st 2006–January 31st 2007



Sources: Bloomberg, Sinclair Henderson Fund Administration

Particular positive highlights for the fund were:

Sphere Investments (SPH +58.7% for the quarter) –

Bankable feasibility study milestones progressing well. Resource statement for Guelb el Aouj East iron ore deposit in Mauritania confirming a total resource of 701 million tonnes. Establishment of Sphere Petroleum in Qatar provides additional positive focus to unlock further value from this investment.

Jabiru Metals (JML +36.4% for the quarter) –

Australia's next zinc producer. Decline expected to hit the ore body in next one to two months. Plant design capacity has increased by 20 per cent to 420 thousand tones per annum and is over 75 per cent complete. Recent capital raising to be used for additional exploration at Teutonic Bore.

Paladin (PDN +50.3% for the quarter) –

Boosted by spot U3O8 prices reaching US\$72/lb, Langer Heinrich mine commissioned and yellowcake produced within planned schedule and CAPEX budget, and stock entering S&P/ASX 100 index. We have recently taken profits on our Paladin position and are looking to move these funds into some new uranium plays currently being assessed.

Summit Resources (SMM +52.3% for the quarter) –

Exciting uranium story developing near Mount Isa in Queensland. SMM has recently increased its uranium resource drilling and substantial widths and high grade U3O8 and vanadium pentoxide intersections reported at the Valhalla, Andersons, Skal, Mirrioola, Bikini and Watter deposits driving the market.

Sally Malay (SMY+61.5% for the quarter) –

Previous relative to peer underperformer re-rates significantly during the quarter. High nickel prices, record production, encouraging high grade exploration results at Deacon deposit plus Copernicus resource upgrade vindicated our decision to move overweight SMY.

Omega Corp (OMC +51.4% for the quarter) –

Major TSX-listed Canadian uranium group, Denison Mines Corp. made a conditional cash takeover offer of \$1.10 in early December.

ABM Resources (ABU +160% for the quarter) –

Junior base metal play with main focus on the Erayinia project located 150km east south east of Kalgoorlie which has been confirmed as a volcanic massive sulphide (VMS) system with potential strike length of 40km. Nearby uranium/gold anomalies and a second project in the Gascoyne - a Broken Hill style SEDEX deposit -make this an interesting exploration play.

Lynas Corporation (LYC +88.6% for the quarter) –

Rare earths focus with Mt Weld deposit in Western Australia. There has been an average quarterly price rise of 67 per cent to US\$8.27 per kilogram over the year due to the introduction of a ten per cent export tariff for all Chinese producers (China is the main source of global rare earths). Production due early 2009 from Malaysian processing plant currently being developed.

The following holdings were disappointing for the quarter:

Tanami Gold (TAM -32.4% for the quarter) –

Commissioning delays at Coyote gold project continue with decision to convert treatment plant to conventional CIP to overcome gold recovery issues.

Herald Resources (HER -20% for the quarter) –

Indonesian-based Dairi zinc/lead project still awaiting final approval from Ministry of Forestry. We expect approval in the next few weeks leading to a significant re-rating as this will become a high quality base metal producer.

Odyssey Energy (ODY -22% for the quarter) –

Market is focused on current lack of production numbers. Recent acquisition of acreage, producing wells and pipeline infrastructure in Oklahoma largely being ignored.

Beach Petroleum (BPT -14.9% for the quarter) –

Record quarterly revenues and oil production from Basker & Mantra Fields. Stock being affected by the market's negative sentiment towards the oilers due to recent pull-back in oil prices.

ROC Oil (ROC -7.8% for the quarter) –

Record quarterly revenues with sales volume hitting 1million barrels for the first time. We look forward to exciting exploration and development in coming quarters.

FUND ACTIVITY

Placements, Rights Issues and Initial Public Offerings

During the quarter the fund participated in the following new issues and capital raising initiatives:

Petsec Energy – Raised \$39.6 million through placement and share purchase plan for 2007 exploration and development programme in the Gulf of Mexico, USA and China.

Jabiru Metals – Raised \$28.7 million in a 1 for 10 non-renounceable rights issue for development of the Jaguar base metals project and working capital.

KFM Diversified Infrastructure and Logistics Fund – \$200 million Initial Public Offering. Fund invests in infrastructure, utilities and logistics sectors.

Golden State Resources – Raised \$5.4 million for the production completion and development infrastructure of Paradox Bas #1 gas well in Grand County, Utah.

Transit Holdings – \$3m Initial Public Offering. Transit is focused on exploring for prospective gold, iron ore and base metal mineralization 100kilometres north of Southern Cross, Western Australia.

OUTLOOK & STRATEGY

We believe that the outlook for commodities remains strong. Even though some commodities have corrected over the last quarter, the fundamentals have not changed meaningfully. Demand, while entering a cyclically soft period, remains strong overall given Asian secular growth trends and supply challenges remain widespread. As China and India continue to urbanise, it is estimated that more than 150 million surplus workers from rural areas will move to cities by 2020. Monetary-inflation continues worldwide.

We do not anticipate a return to long-term average prices over the medium term.

We continue to favour zinc and nickel within the base metals complex. The Nickel market remains white hot—with one and a half days supply of nickel in LME stocks the nickel market is in an extremely tight position. Any supply side shocks (and there are genuine risks of this) are likely to see nickel breach another record high and move above US\$40,000 per tonne. News of labour contracts are yet to be resolved at heavily unionised Sudbury (ex-Falconbridge, now Xstrata), creating further speculative buying in the nickel market shows with high prices showing few signs of easing. Zinc is anticipated to remain at the mercy of global supply shortages. Despite volatility, we will see tightness in these metal markets for some years to come, with resultant stronger for longer prices which should bode well for our Australian base metal positions, many of which are trading at a discount to global peers.

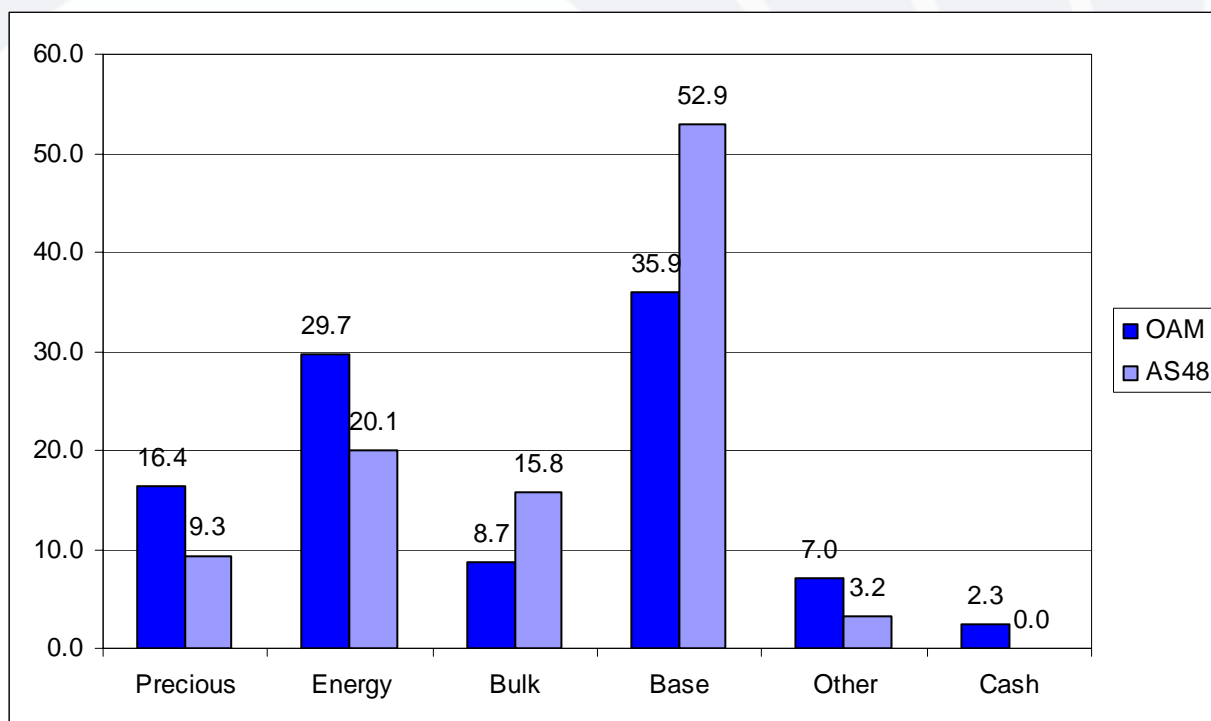
Copper - Recent news of declining visible stocks and a further pickup in Chinese copper net imports is positive as it shows genuine evidence of robust domestic demand, with the potential for de-stocking to come to an end in China. This accompanied by continual global supply disruptions supports our expectations of copper price strength for the medium to long term. Consequently, copper prices are expected to recover from current levels due to increasing Chinese demand and declining visible stocks; evidence of base building at current prices after recent heavy sell-off offers support for this view. Our analysis suggests that the copper market is likely to remain tight in 2007 with prices, while volatile, averaging about US\$3 per pound. Supply growth for copper remains problematic as the resource quality of existing operations declines and operational risks and costs grow. There are growing indications that the copper concentrate market is very tight and likely to get tighter in 2007.

Our oil and gas positions all have extensive and fully funded drilling programs, both exploration and development, which should provide favourable trading opportunities. On the flip-side to hydrocarbon investments, plays on global warming reduction and carbon credit trading is an investment theme that we are beginning to explore. We are extensively researching new uranium producer and explorer companies and making our initial investment in a geo-thermal “hot rocks” energy company.

Sector Breakdown By Primary Commodity

As at 31 January 2007

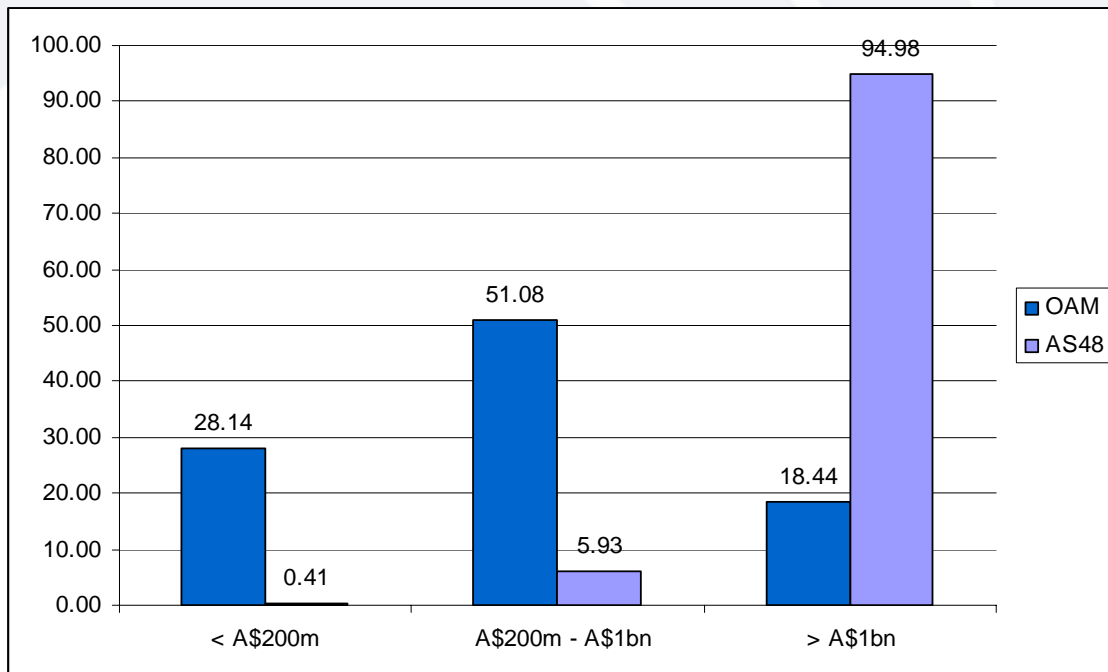
	Oceanic	AS48—All Resources Benchmark	Difference – Over / (Under) Weight
Precious	16.4	9.3	7.1
Energy	29.7	20.4	9.3
Bulk	8.7	16.3	(7.6)
Base	35.9	52.0	(16.1)
Other	7.0	3.3	3.7
Cash	2.3	0	2.3



Market Capitalisation Breakdown

As at 31 January 2007

	Oceanic	AS48—All Resources Benchmark	Difference – Over / (Under) Weight
\$0– \$200 Million	28.1	0.4	27.7
\$200m –\$1 Billion	51.1	5.9	45.2
\$1 Billion +	18.44	95.0	(76.6)
Cash	2.3	0	2.3



Portfolio Stock Holdings by Sub Sector (Diversifieds by Primary Commodity)

As At 31 January 2007

Sub Sector	Weighting (%)
Zinc	25.8
Oil & Gas	22.2
Iron Ore	9.0
Nickel	8.2
Uranium	7.5
Gold	7.3
Logistics	5.3
Copper	4.4
Silver	4.1
Platinum	2.0
Mineral Sands	1.8
Diamonds	0.1
Cash	2.3

Top Ten Holdings

Company	Sector	Primary Sub Sector	Weighting (%)
Sphere Investments	Bulk Commodities	Iron Ore	8.7
Sally Malay Mining	Base Metals	Nickel	8.2
Jabiru Metals	Base Metals	Zinc	7.2
Perilya Mining	Base Metals	Zinc	6.8
Golden State Resources	Energy	Oil & Gas	4.7
Petsec Energy	Energy	Oil & Gas	4.7
KFM Diversified	Other	Logistics	4.6
Bolnisi Gold	Precious Metals	Silver / Gold	4.1
Beach Petroleum	Energy	Oil & Gas	4.0
ABM Resources	Base Metals	Zinc	3.5

Concentration Breakdown

	%
Cash	2
Top 5 Holdings	36
Top 10 Holdings	56
Top 20 Holdings	80
Top 30 Holdings	92
Top 40 Holdings	97
Total Holdings (49)	98