

HD MARKET DOWN A FEW AT MIDDAY ON LIGHT VOLUME

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The S&P/ASX200 is down 8.6 points to 5303.8 at midday on light volume worth \$1.1 **billion**. There are 397 issues higher and 420 down. The SPI Futures is down 17 points to 5273 on very light volume of 6849 contracts. Aussie 10 year bond yields are down 6 points to 4.26%. The \$A is at 90.26US c, up about 30 points on Saturday levels.

*The banks have contributed 10 negative points to the index, resources have contributed 3 positive points, **property** trusts have contributed 0.2 positive points, retailers have contributed 1.8 negative points and Telstra has contributed 0.2 negative points.

*The Nikkei Dow futures is down 139 points to 176,790 points, Shanghai CSI physical is up 3.11 points to 20165.41, Hang Seng futures is up 247 points to 23,106 points, S&P futures is down 1c to 1837 points, Nasdaq futures is down 3 points to 3659 points, Dow futures is down 11 points to 16,370 points.

Trade on our market continue to be very light, on par with early January trade in other years - although trade in Europe and the UK was said to have risen 37% in the last two days of last week. Asian markets were mixed at midday on expectations that US tapering would be slow following the unexpectedly low jobs number for December.

Metal stocks are higher led by nickel after Indonesia's ban on the export of unrefined nickel. The golds were higher across the **board**.

"High 5333. Low 5280. Close at 5294, down 18 points"

Daniel Goulding, the author of "The Sextant Market Report" said, "Our market looks set to open slightly lower with our local futures contract down 4 points.

"My technical work suggests a new rally high is likely with late January a likely timeframe. My work also suggests it is part of a topping process on an intermediate term basis. At this stage I am agnostic as to whether it is the penultimate or final top. "The weakness in precious metals over the past two years is signalling a liquidity event in the pipeline. This event is impacting the bond market at present. **Equity** investors are always last to receive the memo.

"Watch the Japanese yen, it is the canary in the **coal** mine.

"The high today will be 5333. The low will be 5280. When the dust has settled the market will have closed at 5294, down 18 points".

The S&P/ASX200 closed down 12 points to 5312.4 on Friday evening.

ECO NEWS

Housing Finance, Australia, Nov 2013

VALUE OF DWELLING COMMITMENTS

November 2013 compared with October 2013:

The trend estimate for the total value of dwelling finance commitments excluding alterations and additions rose 2.0%. Investment housing commitments rose 3.0% and owner occupied housing commitments rose 1.4%.

In seasonally adjusted terms, the total value of dwelling finance commitments excluding alterations and additions rose 1.7%.

NUMBER OF DWELLING COMMITMENTS

November 2013 compared with October 2013:

In trend terms, the number of commitments for owner occupied housing finance rose 0.6%.

In trend terms, the number of commitments for the construction of dwellings rose 1.1% and the number of commitments for the **purchase** of established dwellings rose 0.7%, while the number of commitments for the **purchase** of new dwellings fell 0.6%.

In original terms, the number of first home buyer commitments as a percentage of total owner occupied housing finance commitments fell to 12.3% in November 2013 from 12.6% in October 2013.

TOP STOCKS

*Telstra is down .5c to \$5.25.5 on 6.3m shares after Sensis' majority **stake** of 70% was **sold** for \$454 **million** (meaning Sensis is valued at \$648.6 **million**) - with the market disappointed at the low price. The Fin Review this morning reported analysts have valued Sensis at \$3 **billion**.

*Sirtex rose another 31c to \$14.42 on 72.584 shares.

Among the financials, AMP is up 2.5c to \$4.45.5 on 3.79m shares, ANZ is down 14c to \$31.42 on 831,653 shares, CBA is down 54c to \$77.06 on 565,965 shares, NAB is down 22.5c to \$34.34.5 on 924,878 shares and Westpac is down 13.5c to \$32.08.5 on 1.3m shares.

Among the TMT's Telecom NBZ is down 1.5c to \$2.13.5 on 148,848 shares, SingTel is down 2c to \$3.14 on 1156,432 shares.

Among the resources BHP is up 17c to \$36.61 on 1.7m shares, RIO is up 32c to 463.97 on 639,038 shares, Fortescue is up 2c to \$5.22 on 6.4m shares, Western Areas shot up 27c to \$2.62 on 844,227 shares on the higher nickel price. **Alumina** rose 4.7c to \$1.16.2 on 9.15m shares.

CuDeco rose 6c to \$1.55 on 6.99m shares. PanAust rose 6.2c to \$1.83.2 on 1m shares. Among the oils, Woodside is down 30.5c to \$37.59.5 on 461,137 shares. Santos fell 12.5c to \$14.24.5 on 658,604 shares, **Oil** Search fell 16.5c to \$13.82.5 on 1.2m shares.

Among the golds, stocks were higher across the **board**. Newcrest rose 52c to \$8.88 on 2.15m shares, Perseus rose 4.7c to 34.2c on 8.4m shares. Medusa gained 9c to \$2.29 on 813,843 shares, Resolute rose 4.2c to 62.2c on 2.15m shares, St Barbara gained 2.2c to 35.2c on 3.4m shares, Silver Lake rose 6.5c to 64c on 4m shares and Regis gained 20c to \$3.09 on 2m shares. Alacer was up 1c to \$2.29 on 497,041 shares.

AT THE SMALLER END

*Buxton rose 15c to 36c on 2m shares on the report below.

*Alexium is up 1c to 18c on 465,322 shares on the report below.

NEWS OF THE DAY

Changes in substantials reported January 8, 9 and 10 inc posted separately.

LARGE CAP INDUSTRIALS

*TCL: Proportional toll revenue up 12.6% for Dec qtr

Transurban **Group** announced for the December quarter on a statutory basis toll revenue increased by 12.6% to \$228.1 **million** when compared to the prior corresponding period (pcp). Proportional toll revenue which Transurban believes is the most accurate reflection of the portfolio's performance increased by 12.6% from the prior corresponding period to \$281.3 **million**.

For the half year ended December 31 on a statutory basis toll revenue increased by 13.3% to \$450.6 **million** vs the pc. Proportional toll revenue increased by 13.1% to \$556.2 **million** vs the pc.

*TLS: Sells 70% of Sensis for \$A454 mln, will book \$A100m loss in int

Telstra Corporation announced it has entered into an agreement to sell a 70% interest in its directories **business**, Sensis to US based private **equity firm**, Platinum **Equity** for \$A454 **million**. The **sale** excludes the voice services **business** and includes economic benefits to Telstra from services it will continue to provide to Sensis. Telstra will retain a 30% **stake** with Sensis, now valued at \$649 **million**.

Telstra said in the report Platinum **Equity** specialises on **business operations** and has had 18 years of success. 2013 **transactions** included carve outs from AP Moeller Maersk, CBS, CheckPoint Systems, Emerson and Deutsche Post DHL.

The **transaction** price is equal to a multiple of 2.4x Sensis' full year 2014 forecast EBITDA after adjusting for the voice directories **business** which is being retained by Telstra and stand alone costs of operating the **business**, consistent with valuations for recent directories **transactions** globally.

The **sale** proceeds of \$A454 **million** are incremental to Telstra's full year 2014 free cashflow guidance of \$A4.6 **billion** to \$A5.1 **billion**. Telstra expects to book an accounting loss on Sensis of approximately \$A150 **million**, subject to completion timing and adjustments. Approximately \$A100 **million** is expected to be included in the December 2013 half year results, to be announced in the second half of 2014.

LARGE CAP RESOURCES

*WHC/AIO: New 12 year rail haulage agreement with Whitehaven **Coal**

Asciano Ltd division Pacific National **Coal** announced it has entered a new Rail Haulage Agreement with Whitehaven **Coal Mining** Ltd effective January 2014 and expiring in June 2026. The new agreement (which replaces the previous agreement between Pacific National **Coal** and Whitehaven provides for a more efficient train fleet configuration in readiness for full 30 tonne axle load operations, planend to commence during 2015. The agreeemnt volume is unchanged at 9.5mt p.a. under the current 25 tonne asxle load conditons and increases to 11.5mt p.a. following the introducton of 30 tonne axle load conditions.

Whitehaven will benefit through an ovreall reduction in per tonne haulage costs. Asciano said in the report the new agreement reflects Pacific National **Coal** and Whitehaven's shared confidence in the long term outlook for Australian **coal mining**.

MID TO SMALL INDUSTRIALS

*AJX: New, cheaper and more advantageous fire retardant for polyesters

Alexium International **Group** Ltd announced it has developed a new fire retardant chemical package for 100% polyester fabric under the trademark Hometex that offers a lower cost solution and key technical advantages over existing "Inherent" fire retardant polyester fibers for non apparels applications such as Trevira. Without diluting or shifting the current focus on sales of its Ascalon, Nycolon and Nuvalon products, the new fire retardant chemical package will be rolled out under the **brand** name Hometex, available for immediate **sale**.

*ANG: New 3yr service contract awarded by Codelco's El Tesoro in Chile

Austin Engineering Ltd announced it has been awarded a further and to date largest Chilean maintenance contract by Codelco's El Tesoro mine in the Calama district of Chile for the onsite supply of 30/40 people for the maintenance of mobile equipment and the major repair of all mobile equipment offsite. The contract is due to commence in February 2014 and will be for a period of three years.

*CLQ: Buys back Nippon's 50% **stake** in tech to turn CSG water to agri grade

Clean TeQ Holdings Ltd announced the **company** has signed two significant deals in Japan that will return sole ownership and control of its **coal** seam gas water treatment and scandium recovery technologies, after agreeing to **buy** back Nippon Gas's 50% **stake** for \$2 **million** in two tranches, with the first \$1 **million** payable in 9 months with a further \$1 **million** payable after 18 months.

This follows a successful **commercial** demonstration of CLQ's desalination technology at the WAMBO feedlot in Queensland, proving the viability of converting CSG gas produced water to agricultural grade water.

*ERJ: Secures \$300,000 against CN, planning funding of op costs to Jan 2015

Enerji Ltd announced it has secured new cash funding commitments totalling \$300,000 which have been received and will be applied to project development costs and working capital. The new funding via a CN facility has been secured without any commission or fees from long standing investors in ERJ.

ERJ is planning a range of measures to pursue funding its operating costs through to January 2015, although its target for securing **commercial** projects is much sooner.

Our Week's Special dated November 1 2013. ERJ was trading at .03c.

*FFF: IZN confirms funds for recap will be paid to FFF on or before Jan 20

Firstfolio Ltd advised it has received confirmation from IZN Investments ACE Management Pty Ltd as trustee of the IZN Australian Capital Enterprise Trust that the admin issues causing the delays in IZN providing funds to the **company** have been resolved and the funds required for the Recapitalisation Proposal will be transferred to an account nominated by the **company** on or before January 20.

The amount transferred will cover IZN's obligations for each of the initial placement and the final placement, IZN's entitlement under the proposed Rights issue and IZN's maximum potential underwriting liability of the entitlement offer.

*MIR: Op profit up 3.1% to \$4.4m, 3.5c ff div, DRP at 10% disc/focus on value

Mirrabooka Investments Ltd for the half year ended December 31 2013 announced a profit for the half year of \$4.4 **million**, down 29.8% from the previous corresponding period that had included after tax gains of \$2 **million** on the **company's** investment in Hastings Diversified Utilities Fund which was **sold** during the year ended June 30 2013.

Net operating profit for the half year was up 3.1% to \$4.4 **million** vs the previous corresponding period (pcp).

On revenue down 3.5% to \$4.8 **million**.

A 3.5c fully franked interim dividend was announced, record date January 28.

The DRP is available at a 10% discount.

NTA backing per share as at December 31 was \$2.34 before deferred tax on the unrealised gains on the long term investment portfolio, up from \$2.02 at the end of the pcp.

Mirrabooka said in the report the portfolio return for the six months was 17%, vs the small and mid cap sector benchmark index which was up 14.5% over the period.

For the 12 months to December 31 2013 MIR's portfolio return was 24.1% vs the combined index which was up 8%.

The portfolio performance was driven by continued gains in long standing larger positions including James Hardie, REA **Group**, IRESS and **Equity** Trustees, supplemented by very strong share price appreciation in more recent additions to the portfolio including Bega **Cheese**, iProperty **Group** and Freedom Foods.

Directors said the ongoing demand for quality small and mid cap industrials has in its opinion lifted some valuations to inflated levels given domestic economic conditions remaining subdued. The **company** **sold** REA **Group**, Austbrokers, Trust **Company**, IRESS, Mermaid Marine and Warrnambool **Cheese & Butter** Factory, Invocare, Tox Free, Pacific **Energy**, Senex, Perpetual and iSelect while major acquisitions include SOL, TWE, Caltex and Lifestyle Communities.

Managing director Ross Barker said in the report, "We are not seeing many outstanding opportunities given current conditions. .. our focus will remain on looking for attractive fundamental value even if this means running with a high level of cash".

MID TO SMALL RESOURCES

*BUX: Intersects up to 32.6% graphite at Yalbra graphite project, WA

Buxton Resources Ltd announced very high grade graphite has been intersected in the majority of the 15 RC drillholes recently completed at its Yalbra Graphite Project located east of Gascoyne Junction in Western Australia including 32m at 23.4% TGC inc 7m at 32.6% TGC in YBRC001 and 14m at 22.3% TGC inc 6m at 26.8% TGC in TYBRC002.

Buxton believes these to be the highest grade graphite drill intercepts reported in Australia.

*CLA: Lab results confirm good coking **coal** potential for Uzgen Basin project

Celsius **Coal** Ltd announced at its Uzgen Basin Coking **Coal** project located in the Central Kyrgyz-republic, laboratory results confirm that all drill holes tested from the Kargasha area have returned intercepts with good coking **coal** potential. Results were also used to validate thickness of **coal** intersected in drilling from priorvisual inspection.

*DTE: Farmout agreement with Total E&P UK for Bowland Shale projects

Dart **Energy** Ltd announced it has entered into a farm out agreement with Total E&P UK Ltd in respect of UK Onshore Petroleum Exploration and Development Licences PEL139 and PEDL140 along with other existing licence participants Egdon Resources UK Ltd, **Island** Gas Ltd and eCorp **Oil** & Gas UK Ltd. The licences contain the Bowland Shale located in the Gainsborough Trough geological basin in Lincolnshire and cover approximately 240 sq km.

Total E&P UK Ltd is one of the largest operators in the UK sector of the North Sea. It is a wholly owned subsidiary of Total SA.

Reuters said on Sunday, " Three companies are leading the charge to develop Britain's shale gas resources: Australia's Dart **Energy** which is partnered with GDF Suez, London-listed IGas **Energy** and Cuadrilla, a privately owned **business** partnered with British utility Centrica...

"The government is pushing for further exploration despite fierce local and environmental opposition to the hydraulic fracturing process".

The central government has already announced measures aimed at encouraging companies to invest in British shale gas.

France's Total is set to become the first major **oil company** to invest in the industry in Britain when it commits 30 **million** pounds to drilling for shale gas in Lincolnshire, central England, sources told Reuters on Saturday.

Britain will launch its latest licensing round to allow companies to explore for shale gas in early summer".

*ENR: Antofagasta to continue Yeneena 51% earn in agreement for 2nd year

Encounter Resources Ltd managing director Will Robinson announced Antofagasta has advised the **company** it will be continuing the Yeneena earn-in agreement into the second year.

ENR managing director said the **company** looks forward to escalating exploration activity in 2014 with Antofagasta, that may earn a 51% interest in two tenements within the Heneena Project by incurring expenditures of \$US20 **million** over a five year period.

Antofagasta is required to spend a minimum of \$US4 **million** on the second year to maintain the earn in. The second year of the earn in commences in April 2014 with the majority of expenditure to be completed in the April to November field season.

*LMB: MOU for partnering with Hengda Graphite/other discussions

Lamboo Resources Ltd announced it has entered into a MOU with **China** Sciences Hengda Graphite Co Ltd, the only miner and supplier of flake graphite in Central **China** as the basis of a partnering arrangement between Lamboo and Hengda with the MOU to form the basis of a partnering arrangement between Lamboo and Hengda. The **company** is also in advanced discussions with other end users to achieve long term sales contracts for its products.

*MZI: Hainan Wensheng to **buy** all zircon concentrate produced at Keysbrook

MZI Resources Ltd announced it has signed a key sales agreement covering all the zircon concentrate that will be produced at its flagship Keysbrook mineral sands project in WA.

A binding offtake terms sheet has been signed with Tricoastal, part of Hainan Wensheng High-Tech Materials Co Ltd which is the largest mineral sands processor in **China**. Tricoastal is also a major MZI shareholder with a 4.6% interest.

Under the agreement Tricoastal will **buy** all the zircon concentrate produced at Keysbrook for five years with an option to extend the sales agreement for a further five years.

*RMX: Trading halt ahead of capital raising

Red Mountain **Mining** Ltd asked for a trading halt pending an announcement of a capital raising.

*RRS: **Company** agrees to further extension on \$US30mln **sale** of Texas assets

Range Resources Ltd in an update on the \$US30 **million sale** of its Texas assets, said the **company** has agreed to an ongoing extension of the settlement timeframe for the **sale** of these assets to accommodate further payment delays requested by the **purchaser**. The **company** understands the delays are largely a result of unanticipated changes required for corporate restructuring by the **purchaser**, that have taken long than expected to be resolved.

*TRF: 1st hole in wide dia DD hole at Wilcherry intersects 7m at 3.28% Tin

Trafford Resources Ltd announced at its Zealous tin prospect, Wilcherry Hill, South Australia, wide diameter diamond drill hole 13ZLD001 drilled in late December, the first hole of a 1500m drill program announced on December 9, drilled to intersect the down dip extension of the first discovery hole which returned 7m at 3.28% Tin from 52m including 1m t 6.81% tin hole 12Z4007. Trafford is confident it has discovered a significant near surface high grade tin deposit with a total of four high grade intercepts now defining a strike length of over 200m extending from surface to a vertical depth of 100m and open in all directions.

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