HD JENNY PRABHU'S HOT & SPICY CURRY SHOP

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the day's menu

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The S&P/ASX 200 as at 2:11pm: down 67 to 5345.6

Adelaide Brighton remains an "overweight" ..

A leading broker following Adelaide Brighton's announcement today of a possible loss of $15 million with a major customer (Cement Australia) planing construction facilities in Australia, retained an "overweight" on Adelaide Brighton with a price target of $4.48. The broker said it understands out of the 120,000 tonnes a year currently sold to the customer, the customer will cease to buy cement sold into the South Australian market from Adelaide instead setting up its own manufacturing facilities in SA while the WA deal will continue s before.

The broker said it understands that Adelaide Brighton currently sells 600,000 tonnes in to the South Australian market. For every $A10/tonne impact on these remaining volumes, the broker estimates a profit before tax impact of $4.8 million. Given that Adelaide Brighton has a cost advantage in the South Australia market, it would be well placed to defend market share, although pricing will likely be impacted.

The broker added the customer also buys 170,000 tonnes of cement from ABC in WA where costs around build out of capacity would likely be higher, mitigating the risk of losses for ABC in that market.

ABC down 45c to $3.89.

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Metcash remains a "neutral" ..

A leading broker ahead of Metcash's Strategy Day on March 21 retained a "neutral" on MTS with a $3.25 price target.

The broker said the key question is does the vertical margin in independent grocery need to fall, and is MTS's share of this margin too high. The broker said it believes the answer to both questions is "yes', however there is an opportunity to accelerate revenue and EBIT growth via investment in price, marketing and formats.

The broker said it believes the market is looking for a quick solution, but there is no silver bullet for MTS. "Aside from a positive trading update, we see limited near term upside risk to the share price" the broker said.

MTS down 2.5c to $3.16.5.

Diggers & Drillers

Gindalbie is downgraded to a 'sell" ..

A leading broker downgraded Gindalbie to a 'sell" from "neutral" with a price target of 2c vs 13c earlier.

The broker said GBG may lose its **stake** in Karara **Mining** Ltd, the 50/50% owned **company** along with Ansteel that manages the Karara project.

KML's current forecasts project a $308 **million** funding shortfall in 2014. Ansteel is in advanced negotiations with the **Chinese** Banking Syndicate to provide at least $300 **million** in additional funding, and to waive breaches of cover ratio requirements under the Senior Debt Facility.

"We downgrade to Sell on the basis that GBG may not be able to recover the carrying value of its investment in KML or the carrying value of other GBG assets should KML be called to repay all loans to the banking syndicate" the broker says. Its value for KML is $2.3 **billion**, ungeared. However net debt is $2.23 **billion**, implying little to no **equity** value. "In our view, a revised capital structure is needed, and GBG's final ownership is uncertain" the broker said in the report.

GBG down .2c to 6.8c.

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Peter Strachan in "StockAnalysis' dated March 12 had thumbnail comments on five junior companies presentations at the "Excellence in **Oil**" Conference in Sydney, held over March 11 and 12:

*On Strike **Energy** (STX) Peter said, the project, focused on 2,200 **m** deep thick gassy coals in South Australia in partnership with Beach, and with offtake to Orica.

Bottom line: Will need either a big brother and/or a lot more cash.

STX down a half cent to 13c.

*On Otto **Energy** (OEL) Peter said the **company** is rapidly paying off Galoc debt, and may be debt free by May. It is working to retain its Philippine permit SC55 by mid 2014 and drill with a partner by end 2014 with planned drilling on Tanzanian plays t end 2014. It has strong cash flow from 3,200 BOPD.

Bottom line: Best presentation for 3 years by the **company**.

OEL up .4c to 9.4c.

*On Norwest **Energy** (NWE) Peter said it was the worst presentation of the day - under funded, has been strategically clever to get permits cheaply and farm out, but lacks the skill base and funding to move forward. AWE hs those skills plus funding. NWE should monetise assets.

Bottom line: Switch to AWE.

NWE steady at 1.4c.

*On Petrel **Energy** (PRL) Peter said the team is ex Molopo, it is exploring virgin ground in Uruguay surrounded by majors, with project generation in southern Spain. Peter says the likely **sale** of its Canadian tight **oil** play may net around $20 **million**.

Bottom line: Big price for pure explorer. Makes OEL look very cheap.

PRL steady at 24c.

*On Azonto Petroleum (APY) Peter says it is the rebadged Vialto with Vitol as partner and totally new management, it has 24 Bcf net Contingent Resource at the Gazelle project offshore Cote d'Ivoire plus 48 Bcfe and 5 mmBOE in other structures and a market for 36 Bcf p.a. for power generation.

The six year project at Gazelle is worth $45 **million**, underpinning its current 3c share price. The risked value is 7c per share.

Bottom line: Wait for buying catalyst.

APY steady at 3c.

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Our thought only: Russia has the power to completely de-fuse the situation!

If Russia, after the vote on Sunday by Crimea expected to seek secession to Russia by the majority of the population - welcomed their proposed return, but only if the International Court of Law decides the secession is legal.

International Court of Law deliberations are likely to drag on for months, if not for years - and the outcome either way would have to be accepted by all parties at least for awhile.

(It may be legal - eg: Scotland is in the process of considering seceding from the UK - and Crimea was part of Russia until 1942).

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