

THE LAND

SE AGRIBUSINESS
HD **Cream of the crop**
BY The Punter
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LP

MAYBE it was last week's much-talked-about free trade deal with **China**.

Maybe it was the fact that the **company** has moved quickly and has already bought a third **dairy** farm.

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Whatever the reason, shares in Australian **Dairy** Farms (ASX code AHF) are doing quite nicely, thank you.

The Punter is now sorry he didn't **buy** more.

He will get the chance to **buy** 2500 more next February, at 25 cents each, thanks to the loyalty options he has qualified for by holding 5000 AHF on Monday this week.

If and it is a big if AHF manages to hold its current price until February, when the options can be exercised, the Punter will be looking at a profit of around \$250 on the loyalty options.

That would give him a return of 18 per cent on his initial investment, which would more than make up for the fact that Australian **Dairy** Farms won't be paying dividends in a hurry.

There won't be any dividends coming from Hazelwood Resources (HAZ) in the foreseeable future either.

The Perth-based ferroalloy producer is majority owner and operator of a ferrotungsten plant in Vietnam.

It is the largest, most up-to-date plant of its kind outside **China**.

Hazelwood says it is now a major global player in its specialist market.

Sales are running at around \$5 **million** a quarter.

Unfortunately, production costs are running at nearly \$6m a quarter, which is a problem.

Ferrotungsten prices have been weak, which doesn't help.

According to the latest quarterly report, the net cash outflow in the three months to the end of September left it with only \$463,000 in the bank.

Net cash outflow in the current quarter is estimated at a whopping \$10.9m.

It is no wonder the revamped **board** is concentrating on cutting costs as part of a four-part strategic review.

If, or when, the **company** can supply its own raw material from its known tungsten deposits in Australia, it could be a real winner.

But the cash crunch has made the Punter so nervous he has reluctantly **sold** his Hazelwood **stake** at a substantial loss.

Meanwhile, another Perth-based resources player, Otis **Energy** (ASX code OTE) is pressing ahead with plans to raise at least \$2m for its **oil** and gas activities via a public offer of shares at three cents each on December 5.

n The Punter has no financial qualifications and no links to the financial services industry. He owns shares in a number of companies featured in this column.

CO	hwrsau : Hazelwood Resources Limited
IN	i010010502 : Dairy Cattle Farming i0 : Agriculture i01001 : Farming i0100105 : Cattle Farming ilsfarm : Livestock Farming ibasicm : Basic Materials/Resources imet : Mining/Quarrying
RE	austr : Australia nswals : New South Wales apacz : Asia Pacific ausnz : Australia/Oceania
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