

HD STEADY OVER MONTH AND WEEK - HUGE MSCI RELATED VOLUME

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The S&P/ASX200 closed down 27 points to 5492.5 on volume worth \$6.84 **billion** at 4.29 pm (including \$1.5 **billion** assignments against options close off), rose to \$6.96 **billion** at 4.34pm and then to \$7.15 **billion** at 4.45 pm as a huge number of MSCI additions and deletions in their small and micro Australian indexes (there was only one addition, one deletion in the Australia index) was a major factor (details reported in our Morning Alert of May 15, and again in yesterday's morning alert).

There were 482 issues higher and 523 down.

*The miners led the way down, contributing 9.7 negative points to the index followed by the banks, that contributed 6.9 negative points. Insurers contributed 0.1 positive points, **property** trusts contributed 1.2 negative points, retailers contributed 0.7 negative points and Telstra contributed 1.9 negative points.

Our market rose 0.2% over the week to 5492.5 and was up 0.1% over the month but still at the best monthly close since 2009.

*At 4pm AEST the NikkeiDow futures was down 40 points to 14,650 points, Shanghai CSI physical was up 2.93 points to 2043.53, Hang Seng futures was up 88 points to 22,988 points, S&P futures was down 2.6 point to 1915.30 points, Nasdaq futures was down 3.75 points to 3731.75, Dow futures fell 15 points to 16,666 points.

Spot **gold** was up \$2 to \$1258. Crude futures were down 15c to \$103.43.

*Japan's core consumer price index, which excludes fresh foods, rose 3.2 percent from a year earlier in April to the highest level since 1991, the government said Friday, while household spending plunged as expected following a sales tax hike.

A lack of positive news in our market - and plenty of the other kind - is weighing on investor confidence. **Iron ore** prices are not expected to rebound while **coal** continues to fall out of favor - two cornerstones of Australia's export earnings - mainly to **China**.

Over the month the Shanghai SE Comp Index also only mildly higher, up from 2,027.36 points on May 6 (was on holiday the first few days) to 2,043.53 currently.

Meanwhile the Dow rose 140 point over the month, the NikkeiDow rose just under 200 points while European markets also rose strongly.

"I'll call it up 11 .. with the miners recovering a little bit today"

"Bernborough" said, "It is the last day of the month, but will it make a difference? Volume is very thin - of yesterday's \$3.1 **billion** one just doesn't know how much is due to the arbitrageurs. The miners may stabilise or pick up some of their lost value. I'll call it up 11 on very light volume with the miners recovering a little bit today".

The S&P/ASX200 closed down 7.7 points to 5519.5 last evening.

THE WEEK AHEAD

(**China**'s official PMI **M**'fr released on Sunday June 1)

Jun 2: Aussie hous prices; invent; Q1 profits; RBA Commod prices.

*Resid app. Ex div: ALL ex 8c. **China** non mfr PMI, serv PMI. US ISM, Constr spend. Euro Mfr PMI, UK Constr spend.

Jun 3: Aussie RBA rates, curr a/c, net exp/imp, retail sales, ACT, QLD State Budget. Ex div: AQZ ex 3.6c; CSR ex 5c. **China**HSBC Flash **China** Mfr Ind. US Fact orders, **m**/v sales. Euro CPI.

Jun 4: Aussie GDP, PSI Serv. Ex div: RHL ex 8c; TNE ex 2c; WDS ex 2c. US MBA Mort Ind, trade bal, prod, unit labor costs, ISM Serv, Crude Inv, Fed's beige book. Euro GDP, Comp PMI.

Jun 5: Aussie trade bal. US jobless. Eu ECB Decision, UK BOE decision.

Jun 6: Aussie PCI constr. Ex div: KOV ex \$1. US May jobs, unemploy rate, avg workweek, consum cr.

ECO NEWS

*The RBA's private sector credit data rose 0.5% for April, beating expectations of a 0.4% month-on-month rise.

TOP STOCKS

*TPM Telecom, that is added to the MSCI Australia Index after the close today fell 7c to \$5.95 on 21.37m shares - presumably as speculators dumped stock they had acquired for on-**sale** to the index funds (on May 15, when the MSCI index report came out, TPG rose to \$6.16 and traded in the plus \$6's most of the period since).

*Echo Entertainment, that fell out of the MSCI Australia Index rose 2c to \$2.84 on giant volume of 54.199 **million** shares (it was added to the MSCI Australia 'small' index instead).

*Billabong rose 3.5c to 52c on 13.1m shares (also added to MSCI Australia 'small' index today).

*Westfield fell 15c to \$10.70 on 9m shares and WRT fell 5c to \$3.19 on 15.89m shares with the decision on the form of their separation still undecided.

Among the financials, AMP closed down 1c to \$5.29 on 12m shares, ANZ fell 24c to \$33.49 on 6.9m shares, CBA shed 46c to \$81.59 on 9.4m shares, NAB rose 8c to \$33.49 on 7.2m shares, Westpac fell 10c to \$34.42 on 7.1m shares.

Among the TMT's Telstra fell 4c to 45.34 on 29.49m shares, Telecom NZ shed 4c to \$2.45 on 2.2m shares, SingTel fell 2c to \$3.32 on 406,989 shares.

Among the resources BHP closed down 48c to \$37.01 on 10.8m shares, RIO fell 77c to \$59.30 on 5.6m shares. Fortescue fell 13c to \$4.41 on 31.69m shares, Lynas fell 3c to 14c on 67.4m shares. Atlas was down 3.5c to 68.5c on 19.1m shares, BCI fell 12c to \$3.52 on 999,171 shares. PanAust rose 1c to \$2.20 on 4.7m shares, also report below.

Among the oils, Woodside rose 17c to \$42.17 on 5.2m shares, Santos was down 3c to \$14.52 on 4m shares, **Oil** Search rose 2c to \$9.43 on 6.2m shares.

Among the golds, Newcrest fell 10c to \$9.74 on 5.7m shares, Regis rose 1.5c to \$1.55.5 on 5m shares, Silver Lake rose 1c to 34c on 13.2m shares. Northern Star was steady at \$1.15.5 on 3.2m shares.

WINNERS AND LOSERS AMONG THE TOP 20 OVER THE MONTH

Santos was the winner, up 88c or 6.4% to \$14.52 followed by AMP up 24c or 4.8% to \$5.29 and Macquarie **Group**, up 233c or 4% to \$60.03.

Fortescue led the way down, shedding 64c or 12.7% to \$4.41 followed by NAB, down 181c or 5.1% to \$33.49 and ANZ, down 98c or 2.85 to \$33.49.

AT THE SMALLER END

*AAC closed down .5c to \$1.24.5 on 839,564 shares. With regard to the rival takeover offers for Hillshire in the US, Reuters commented it illustrates the bidding frenzy for branded meat products (AAC has said this is a focus for the **company**).

*QHL closed up another cent to 21.5c on 1.04m shares on yesterday's report.

*Tassal closed down 19c to \$3.92 on 5.6m shares on the report below, confirmed by the **company**.

*NearMap closed up 4c to 50.5c on 3m shares on the report below.

NEWS OF THE DAY

*Reuters reports New Zealand **dairy company** Synlait **Milk** lowered its 2015 profit forecast on Friday by up to 30% because of changed market conditions and a high exchange rate. The small **dairy** processor, part owned by **China's Bright Dairy & Food**, said it now expected a net profit between NZ\$17.5 **million** and NZ\$22.5 **million** (\$14.8 **million** to \$19.1 **million**).

It had previously forecast a profit range of NZ\$25.0 **million** to NZ\$30.0 **million**.

It also forecast an initial **milk** payout to its suppliers for the coming **dairy** production season of NZ\$7.00 a kilogram of **milk** solids, matching the forecast made earlier this week by global giant Fonterra Ltd.

Our Week's Special, "PIE: Australia's First Listed CrowdSourced News Service To Join The Boards Via Pienetworks' Amalgamation With NewZulu. Headquartered In Paris, Well Established In Europe, US, Canada, Australia And New Zealand - With Well Credentialed Management, On A Huge Growth Path" posted separately.

LARGE CAP INDUSTRIALS

*ALZ/SGP: Confirms profit gain, 1st half distrib 12.75c/to engage with SGP

Australand **Property Group** announced it has completed a further review of its operating earnings outlook for the full year 2014 and advises that eps for 2014 are now expected to increase by 20/25% on 2013. This compares favorably to the **Group's** prior guidance of 17/20% growth announced on March 25. In addition, assuming the current strength in the **residential** market is maintained, the **Group** expects to deliver 10/15% per annum growth in earnings per security to the end of calendar year 2016.

The **group** continues to expect to distribute 25.5c per security for the full year with the first half distribution expected to be 12.75c per security.

ALZ has also received draft independent valuations for its investment **property** portfolio, with the first half net revaluation gain to be approximately \$876 **million**, equating to approximately 13c per stapled security. NTA per security at June 30 is expected to increase by 3% to \$3.68 per stapled security.

Stockland proposal

The **group** will engage with Stockland to negotiate access to due diligence following appropriate confidential arrangements, in order for the **board** to form a view on the merits of the proposal.

Market Cap \$2.48b. / \$9b.

ALZ up 9 cents to \$4.29 / SGP up 1 cent to \$3.90

*ANZ: David Lymbum appointed MD, has been CEO for past 10 months

AnaeCo announced the appointment of David Lymbum as managing director, has been CEO for the past 10 months after the previous seven years as CFO/**Company** Secretary.

Market Cap \$91.9b.

ANZ down 24 cents to \$33.49

*DOW: DowerMouchel j/v wins NSW Intelligent Tpt System Maintenance

Downer EDI Ltd announced that Roads and Maritime Services has awarded the DownerMouchel j/v an Intelligent Transport System Maintenance Contract for the Metro West Zone area. The contract involves the planning, design and delivery of programs of maintenance and improvement of over 1400 traffic signals, 150 variable message signs and over 1000 other ITS assets across the western area of Sydney and regional areas of NSW.

The contract commences on October 1, is for five years with an option to extend to seven years. The value is approximately \$15 **million** per year.

*DOW: 78th and final Waratah train enters into passenger service

Downer EDI Ltd announced the 78th Waratah train has entered into passenger service on the Sydney rail network. CEO Grant Fenn said he was extremely proud that Downer had designed and manufactured a fleet of world class passenger trains for the people of NSW. He said the Waratah are very popular with train commuters and crews, providing first class comfort and accessibility, advanced safety and security and smart technology. their performance has also exceeded all expectations.

As part of the Waratah Train Project Downer has delivered 78 passenger trains (626 carriages), a state of the art maintenance facility at Auburn and simulators for crew training. Downer also has a contract to maintain the Waratah fleet for 30 years. (May 29)

Market Cap \$2.32b.

DOW down 3 cents to \$5.33

*ENV/APA/Other: Ind. Directors unanimously favor Cheung Kong \$1.32ps offer

Envestra Independent directors unanimously Envestra's independent directors unanimously recommend the \$1.32 per share cash offer from the Cheung Kong **Group** consortium.

The Independent **Board** Committee considered the Consortium Offer in the context of the proposed Scheme of Arrangement under which APA **Group** would have acquired all of Envestra's shares that it does not own including having regard to the uncertainty regarding Cheung Kong **Group's** voting intentions in relation to the APA Scheme and the potentially variable implied value range of the consideration under the APA Scheme.

Applies to cancel S'holder Meeting to consider APA**group** proposal

Separately, Envestra has applied to the Federal Court of Australia for orders to cancel the meeting of Envestra shareholders scheduled for June 13 to consider the APA **Group** proposed scheme of arrangement.

Market Cap \$2.45b. / \$5.84b.

ENV up 1.5 cents to \$1.365 / APA up 10 cents to \$6.99

*HVN: Co-founder and major shareholder Ian John Norman passes

Harvey Norman Holdings Ltd announced Mr Ian John Norman, non exec director, co founder and major shareholder of Harvey Norman Holdings Ltd passed away earlier on May 29 aged 75, at his home on the Central Coast (the FinReview adds after a long battle with throat cancer).

Mr Norman is best known for the establishment of retail giant Harvey Norman, which he co-founded with Gerry Harvey in 1982.

Mr Norman and Mr Harvey met when both were selling vacuum cleaners door to door. They opened their first store in Sydney in 1961, later established Norman Ross, that was **sold** in 1982. The first Harvey Norman store was opened in Auburn, Western Sydney in October 1982 and listed in 1987.

Mr Norman was an intensely private man who was devoted to his family. He was a generous philanthropist who made contributions throughout his life to a diverse range of cases. He will be greatly missed.

Market Cap \$3.4b.

HVN down 1 cent to \$3.20

*REH: Sales for yr to end April up 13.5%, norm EBIT up 15%, NPAT up 3/5%

Reece Australia Ltd announced as a result of improved trading performance and the integration of the Reece and Actrol businesses, sales for the 10 months ending April 30 were 13.5% above the same period last year. Normalised full year earnings before tax and unrealised foreign exchange movements and **acquisition** costs are forecast to be in the order of 15% above the prior year.

Statutory profit before tax is forecast to be 3/5% above the prior year. (May 29)

Market Cap \$2.97b. REH down 50 cents to \$29.80

*SXL: Full yr to be in line with pcg, further slippage over rest of calendar year

Southern Cross Media **Group** Ltd advised Southern Cross Austereo (ASX code SXL) in earnings guidance for the year ending June 30 2014, said it expects the full year statutory NPAT will be materially in line with the previous year's statutory NPAT of \$96.1 **million** and full year underlying NPAT will be around 10% under the previous year underlying NPAT of \$89 **million** (which excludes the divested Sunshine Coast **business**).

The revised outlook takes into account additional share loss predominantly as a result of the challenging Channel 10 television product and metropolitan radio ratings which has led to lower revenue performance, combined with a softer advertising market and increased investment in marketing and promotional activities across the metropolitan radio network.

SXL said it expects some further slippage in overall share resulting from the regeneration of the Today network over the remainder of the calendar, but expects some recovery in share in 2nd half full year 2015.

SXL has implemented a number of cost initiatives in first half 2014 that will deliver \$6 **million** in annualised savings.

Market Cap \$772m. SXL steady at \$1.095

*TRS: Retiring CEO Chris Bryce takes leave, Denis Westhorpe assumes role

The Reject Shop Ltd said as recently reported the **board** is continuing its search for a new CEO. Meanwhile outgoing CEO Chris Bryce will be taking some leave over the next few weeks and has stepped down from operational control of the **business**. As part of this transition to a new CEO, non exec director Denis Westhorpe has assumed the key responsibilities of the role and will be working closely with the

general Management Team and the **Board** to ensure the **business** continues to progress its key objectives during the period of transition.

Market Cap \$288m

TRS down 5 cents to \$9.99

*WDC/WRT: Meeting adjourned, WRT to reconvene meeting

Westfield **Group** announced it has noted Westfield Retail Trust's decision today to adjourn a meeting of security holders to consider a proposal to **merge** with WDC's Australian and New Zealand **business**.

Nearly 98% of Westfield **Group** investors yesterday had voted in favor of the decision.

Westfield **Group** directors yesterday afternoon unanimously agreed that in light of the anticipated closeness of the vote of WRT security holders today and the persistent suggestion in media and among investors that Westfield **Group** would "recut" its deal with WRT should today's WRT vote go against the proposal, it was appropriate to make Westfield **Group**'s intentions clear.

As categorically expressed in the Chairman's address to Westfield **Group** investors yesterday morning, WDC will, if WRT shareholders vote against the deal, continue with its objective of separating the two businesses, but without WRT. (May 29)

Market Cap \$22.2b / \$9.5b

WDC down 15 cents to \$10.70 / WRT down 5 cents to \$3.19

LARGE CAP RESOURCES

*NCM/SUM: Newcrest terminates farm in to Tandai **gold** project

Sumatra **Copper & Gold** plc advised Newcrest has terminated its farm in to the Tandai project in Indonesia, where it was earning a 70% interest. To date Newcrest has spent approximately \$US4.7 **million** in the period to July 2013.

Under the terms of the Deed of Termination and Release Newcrest will pay Sumatra **Copper** and **Gold** plc's subsidiary \$US153,750.45 in settlement of all outstanding expenses. Going forward Sumatra will hold 100% of the Tandai project.

Market Cap \$7.5b. / \$21m.

NCM down 10 cents to \$9.74 / SUM down 0.5 to 5.1 cents

*OSH/AWE/PSA: Petsec increases interest in Yemen Block 7 to 29.75%

Petsec **Energy** Ltd advised it has executed an agreement with Mitsui E&P Middle East BV to **acquire** an 8.5% participating interest in the Block 7, Al Barqa Permit in the Republic of Yemen. This follows the agreement with AWE announced on March 28 to **acquire** AWE's participating interest of 21.25% in Block 7.

Terms of the **transaction** include a cash consideration of \$US400,000, the replacement of Mitsui's existing Letter of Credit with the Arab Bank and working capital adjustments on completion. Both the Mitsui and AWE agreements will be presented together to the Yemen government for approval.

Market Cap \$928m. / \$21m.

AWE up 0.5 to \$1.775 / PSA up 0.2 to 9.2 cents

*PNA: Low cost cu/au product to continue to lift cashflow/\$2.30 bid undervalues

PanAust Ltd chairman Garry Hounsell in his address to the AGM said in his report the **business** transitioned to being free cash positive during the December half, following completion of a three year capital development phase at the Lao **operations** which totalled around \$US350 **million** at the end of which the **company** had cash of \$US130.3 **million**, debt of \$US162 **million** excluding equipment lease facilities and undrawn facilities of \$US113 **million**.

Further free cash flow is expected in 2014 and beyond as the competitive cash cost at Phu Kham and Ban Houzayxai mean the **group** remains in a strong financial position.

He said the agreement to **purchase** an 80% interest in the Frieda River Cu-Au project in PNG represents a great opportunity for the **company**. Frieda River is one of the largest undeveloped Cu-Au deposits in the world and together with PNA's Inca de Oro Project in Chile will provide significant resources and development optionality into the foreseeable future.

With regard to the takeover offer by cornerstone Guangdong Rising Assets Management, who became a cornerstone shareholder in September 2009 and currently has 23% of the stock, the **board** found the revised bid of 42.30 below the level at which the **board** would be prepared to recommend a takeover offer. The **board** has agreed to allow GRAM to undertake due diligence.

Market Cap \$1.4b.

PNA up 1 cent to \$2.20

MID TO SMALL INDUSTRIALS

*ABP: Party may make offer for industrial, retail assets after due diligence

Abacus **Property Group** advised with regard to speculation in "the Australian" regarding the **sale** of a portfolio of industrial properties. A potential **purchaser** is undertaking due diligence that may result in the **sale** of a portfolio of industrial assets held by Abacus **Property Group** and by Abacus Diversified Income Fund II, an unlisted retail fund managed by Abacus **Property Group**.

Market Cap \$1.24m.

ABP down 1 cent to \$2.42

*AQZ: New contract with BHP Billiton Nickel West

Alliance Aviation Services Ltd announced it has secured a three year initial term contract for charter services with BHP Billiton Nickel West Pty Ltd. Alliance currently has 17 return services per week for BHP's Mt Keith and Leinster nickel west **operations** out of Perth. The new contract will use a combination of Fokker 100 and Fokker 70 aircraft. (May 29)

Market Cap \$122m.

AQZ up 0.5 cents to \$1.155

*FFF: To proceed with controlling dealer Tony Wales refinance proposal

Firstfolio Ltd announced it has resolved in principle to proceed with a proposal submitted by Welas Pty Ltd, an entity controlled by director Tony Wales to refinance and extend the maturity of the **company's** existing \$29 **million** senior debt facility. This refinancing remains subject to the finalisation of binding documentation and other customary terms and conditions. (May 29)

Market Cap \$11.6m.

FFF untraded last at 1.5 cents

*IIL: Cash \$7.9m/after early success funded Phase 2 MIS415 trial for SPMS

Innate Immuno Therapeutics Ltd for the year ended March 31 announced a net loss of \$4.495 **million** vs a loss of \$3.388 **million** for the previous year on other income worth \$86,000 vs \$505,000 for the previous year.

EPS is negative 3.8c vs negative 3.6c.

Cash in hand \$7.9 **million**, no interest bearing debt vs debt of \$3.1 **million** last year.

During the year Innate Immunotherapeutics migrated from New Zealand to Australia to better position itself to attract further capital and progress the clinical development of its **lead** therapeutic program, drug candidate MIS416 for the treatment of secondary progressive multiple sclerosis (SPMS), listing in Australia on October 11 2013.

The **company** has complete Phase 1B and 2A trials which demonstrated that MIS416 appears safe at the doses trialled. In addition over the past 5 years 17 patients with SPMS have been treated with MIS416 under a compassionate use program permitted under the NZ Medicines Act. Under this program 14 patients with SPMS have self reported significant improvement in their SPMS symptoms after six months or more of treatment.

Capital raised from the public offering together with expected R&D tax incentive receipts will fund the next stage of MIS416 clinical development. This will comprise a Phase 2B placebo controlled efficacy trial of MIS416 in patients with SPMS due to commence in Australia in the second quarter of 2014. The projected cost is \$6 **million**, planned for completion in late 2015.

Market Cap \$29m.

IIL down 0.5 to 18 cents

*ISU: iSelect to **acquire Energy** Watch

iSelect Ltd announced it has agreed to **purchase** all of the shares in General Brokerage Services Pty Ltd (trading as **energy** Watch) for \$A10 **million**. **Energy** Watch is an Australian retail **energy** product comparison service. Completion of the **acquisition** is subject to the satisfaction of a number of conditions.

iSelect CEO Alex Stevens said in the report the **acquisition** was an excellent strategic fit and marked another significant step forward in diversifying iSelect's revenue streams.

Market Cap \$317m.

ISU up 7.5 cents to \$1.215

*NEA: Offers new **property** instant valuation, pricing tool across many criteria

Nearmap Ltd announced it will launch nearmap **Property** today, May 30 that introduces two new products to the nearmap range, an Agent Reporting Tool called ART and a **property** add on for nearmap's MapBrowser.

ART enables real **estate** agents to produce instant customised reports on any house with a single click. The MapBrowser add on enables users to discover insights across Australian properties, improving the visual analytics via nearmap HotSpots and nearmap HotProperties.

The data that drives nearmap **Property** is supplied by Hometrack Australia, the pre-eminent supplier of **property** analytics and AVM in the UK and the first to be used by the BigFour banks in Australia for **property** analytics and AVM.

Nearmap said it is looking forward to challenging RP Data, who currently dominates the market. (May 29)

Market Cap \$170m.

NEA up 4 to 50.5 cents

*SAV: Continued support of bank, major clients, will see it back to profitability

Savcor **Group** Ltd chairman Hannu Savisalo at the AGM today reflected on its core **business**, which is preserving and extending the working life of infrastructure. While after detailed due diligence the French **company** Soletanche Freyssinet had been selected out of a number of offerors as the preferred **purchaser** of the **business** due to the need for a radical restructure and debt reduction, but walked away the day after shareholders approved the **sale**.

Savcor has continued its high quality work with many of its core customers, who have indicated their appreciation of the quality work. ANZ bank is also giving the **company** valuable support.

He concluded, the competition is getting harder and harder. Provided the **company** has financial resources to restructure its **operations** quickly, keep its most valuable personnel and can keep core customers happy with its performance, "We believe that with a young enthusiastic team and with proper support of our financier, Savcor will soon again become a leading power in advanced remedial technology".

Market Cap \$282,000.

SAV untraded last at 0.2 cents

*SMX: SMS Management & Technology Ltd announced a buyback of up to 3.5 **million** shares or approximately 5%, beginning June 13, to be funded from existing cash reserves. (May 29)

Market Cap \$235m.

SMX up 10 cents to \$3.35

*TGR: Pacific Andes puts 17.1% **stake** up for **sale**, retains 5.5%

The Fin Review says last night Asian seafood giant Pacific Andes put its 17.1% **stake** up for **sale** at \$3.65 a share, an 11.62% discount to the last closing price and a 9.7% discount to VWAP. Pacific Andes retains about 5.5% of Tassal which it has agreed to hold for at least 180 days.

Market Cap \$574m.

TGR down 19 cents to \$3.92

*TSN: Cash in hand at year end \$2.89m/divests major operation, seeking others

Transaction Solutions International announced for the year to March 31 2014 the after tax loss was \$7.532 **million** vs a loss of \$8.83 **million** last year. On revenue up 30.57% to \$215,613.

Basic and diluted loss per share was 0.06c vs 0.07c lat year.

NTA backing per security is 0.46c vs 0.52c last year.

Cash in hand is \$2.89 **million** vs \$3.7 **million** last year.

During the year the **group** divested its controlling interest in TSI India. During the year its principal activity was divestment of TSI India and seeking other opportunities.

Market Cap \$7.12m.

TSN steady at 0.4 cents

*WRG: Dilato Holdings to become 87.55% shareholder after funding agreement

Water Resources **Group** announced it has accepted a finance proposal from Dilato Holdings Pty Ltd that removes all existing debt, foregoes outstanding interest, provides WRG with \$2 **million** in working capital facilities and introduces a new major shareholder. Dilato has been the major provider of funding to the **company** since mid 2013.

This brings to an end the long phase of due diligence by a number of parties to ascertain the viability of the **company** as a going concern.

The offer was conditional on the **company** reaching agreement with Somnio Global LLC of which Dilato is a significant shareholder on a Technical Services Agreement. The offer will result in Dilato emerging as a key shareholder with 87.55% on a fully diluted basis.

Market Cap \$854,000

WRG untraded last at 0.2 cents

MID TO SMALL RESOURCES

*DML: Update on reduction of interest bearing debt

Discovery Metals Ltd advised lenders have agreed to extend the Deferral Date to July 11 2014, bringing the waivers in line with the Condition for the **company's** interest bearing debt. The **company** and its lenders continue to progress the definitive long form documents and will update the market in due course.

Market Cap \$18.5m

DML down 0.2 to 3.3 cents

*LTX: Sells Munglinup and Plumbago tenements for \$100,000

Lithex Resources Ltd announced it has entered into a binding Tenement **Sale** Agreement for the **sale** of its Munglinup and Plumbago tenements to Sol Jar **Property** Pty Ltd for \$100,000. Subject to all necessary approvals.

Market Cap \$1.9m

LTX steady at 2 cents

*LYC: Capital raising, SPP close fully subscribed

Lynas Corporation Ltd announced both its SPP and Top Up Placement have closed fully subscribed adding \$39.97 **million** net of costs to the **company's** working capital reserves following the capital raising.

Market Cap \$275m.

LYC down 3 to 14 cents

*PGO: Drilling at Tom's Gully to lift Indicated to Inferred, seek extensions

Primary **Gold** Ltd advised the Toms Gully drill program announced on May 13 is proceeding to plan with positive results. Toms Gully is owned 100% by Primary and located approximately 90 km southeast of Darwin in the Northern Territory.

To date five RC pre collars and three diamond tails have been completed for 812m and 580m respectively. No assays are available as yet.

The feasibility study completed for the Toms Gully project included an **ore** reserve of 175,000 ozs of **gold** at 6.9gpt Au, based only on the Indicated portion of the resource with a mine life of almost three years.

This initial drill program, expected to run for approximately 3 months will seek to upgrade Inferred Resources to Indicated with potential for further discoveries.

Market Cap \$4.5m. PGO untraded last at 4 cents

*RMS: To progress high grade Vivien **gold** project in WA

Ramelius Resources Ltd announced the **company** has completed a Feasibility Study for its high grade Vivien **gold** project in Western Australia which envisages **mining** a Total **Mining** Inventory of 451,000 tonnes at 7.6gpt Au for 109,000 ozs over a period of 30 months, after 8 months of underground development.

On the basis of the feasibility study the **Board** has approved the payment of the remaining \$4.5 **million** to complete the Vivien **acquisition** from Agnew **Gold Mining** Co Pty Ltd, to be made in late June 2014.

The **company** has engaged the management team who delivered the Wattle Dam project to develop Vivien subject to formal **Board** and statutory approvals.

Market Cap \$34m. RMS down 0.1 to 9.4 cents

*SDL: Wal King becomes Dy Chair

Sundance Resources Ltd announced former Leighton Holdings CEO Wal King has been appointed to the **board** as non exec deputy chair.

He is currently a non exec director of Coca-Cola Amatil Ltd and non exec Dy Chair of Ausdrill Ltd.

Market Cap \$283m.

SDL up 0.8 to 9.2 cents

*TTE/AWE: Drilling of Drover #1 well to take 28 days

Titan **Energy** Ltd announced in an update on its North Perth Basin Exploration Permit EP455 in Western Australia, j/v partner and operator AWE Ltd (farming in for an 81.5% **stake**) has awarded the Drover #1 drilling contract to Enerdrill Pty Ltd, a West Australian drilling **company** with the contract for the provision of drilling rig services completed. Drilling is expected to take 28 days to reach total depth.

Market Cap \$5m.

TTE up 0.1 to 1.7 cents

*WLC: 152 job cuts across the two collieries, but committed to their future

Wollongong **Coal** Ltd announced there would be a total of 152 job cuts to the workforce across the Russell Vale and Wongawilli collieries and within the corporate area

The chairman Jasbir Singh said it was a difficult time for workers, but the reduction in jobs are essential at the moment, although Wollongong **Coal** is committed to further developing and operating its underground **operations**, "despite these unprecedented economic times which sees current global coking **coal** market prices at historical lows'.

Mr Singh said the principal shareholder of Wollongong **Coal**, Jindal Steel and Power is committed to the future of its two Australian mines, having invested \$290 **million** in the **company** to date including \$200 **million** in the last few months.

COO David Stone said the **company** would continue to employ 256 people within its Russell Vale and Wongawilli **operations** while awaiting state government approval for longwall 6. (May 29)

Market Cap \$141m

WLC steady at 4 cents

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