

**HD** **MARKETS RISE, CHEERED BY CHINA NUMBERS**

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The S&P/ASX200 closed up 32.1 points to 5420.3 on light volume worth \$3.3 billion. There were 538 issues higher and 401 down. The SPI Futures was up 30 points to 5407 on 20,604 contracts. Aussie 10 year bond yields were down 1 point to 3.95%. The \$A is at 93.76 US c, down about 10 points from last evening.

\*The banks contributed 7.7 positive points to the index, insurers contributed 0.8 positive points, resources contributed 2.8 positive points, property contributed 0.8 positive points, retailers contributed 2.9 positive points and Telstra contributed 1 positive point.

\*At 4pm AEST the Nikkei Dow futures is up 340 points to 14,370 points, Shanghai CSI physical is up 4.39 points to 2105.99, Hang Seng futures is up 170 points to 22,826 points. S&P futures is up 5.6 points to 1845 points, Nasdaq futures is up 14.5 points to 3505.75, Dow futures is up 55 points to 16,260 points.

Spot gold fell \$4 to \$1298. Crude futures rose 6c to \$103.81.

**China** numbers positive

\*China's GDP rose 7.4% in the first quarter vs 7.7% growth for the fourth quarter of last year the National Bureau of Statistics reported. The GDP number was up on the 7.3% rate expected by analysts. The March quarter economy expanded 1.4% from the December quarter, seasonally adjusted.

\*China's March retail sales rose 12.2% year on year and were up 1.23% on February, accelerating from a 11.8% year on rise or January and February, the National Bureau of Statistics revealed.

Retail sales also increased 1.23% in March from February. In February, they rose 0.71%.

Market volumes thinned with many participants already heading off on holiday.

Quarterlies were in line, although variously rewarded by the market, rather than spectacularly either good or bad, with relief on China's better than expected GDP and strong retail sales the main factor driving the market into the positive.

"Support is at 5360, resistance at 5400. I will call us up 5 points"

Ben Faulkner, a senior adviser at Morgans said, "Nasdaq again tested support levels last night but bounced back up which was good to see, indicating the break through support was a false break. But we need to see 4055 broken this week otherwise it is looking a bit susceptible. Ideally we would want to see it back above 4150.

"The S&P so far for the week following the break of the 1830 support level had a good close last night, closing not far off its highs. It is still short term neutral. For the week we would want to see it back above 1860 which would see it close above the 20 day moving average.

"Shanghai closed off a bit yesterday but is still holding above the 2100 level, which we need to see it hold for now.

"Commodities got whacked last night with **copper** in a bit of a sell off on Comex to below \$3/lb, slightly bearish for the week. Support is still around \$2.94/lb. We would want to see it back above \$3.03/lb on the week, otherwise it is susceptible to testing recent lows. The US dollar was strong across the **board**.

"**Gold** was hit quite hard last night, it pretty much gapped yesterday and is now below the 20 day moving average. The uptrend it has been in for the last week or two has been broken. Selling pressure in coming days may see it head back down to the previous support at \$1280.

\*The XJO had a pretty good day, closing right on the 20 day moving average. There is again potential for a false break of the 20 and 50 day moving averages. We would want to see it close above 5388 for the week. It will run into pretty strong resistance around 5400. If it breaks that level it can go to 5450.

Support is around 5360 which is also support for the day with resistance at 5400.

I will call us up 5 points.

"Resources are going to be weak, but some recovery in high p/e, high momentum stocks can push us back into positive territory".

The S&P/ASX200 closed up 29.3 points to 5388.2 last evening.

## ECO NEWS

Housing approvals fall 2.1% in February, seasonally adjusted

The trend estimate for total dwellings approved rose 0.7% in February and has risen for 26 months.

The seasonally adjusted estimate for total dwellings approved fell 5.0% in February following a rise of 6.9% in the previous month.

The trend estimate for private sector houses approved rose 1.9% in February and has risen for 14 months.

The seasonally adjusted estimate for private sector houses fell 2.1% in February following a rise of 8.4% in the previous month.

The trend estimate for private sector dwellings excluding houses fell 0.7% in February and has fallen for two months.

The seasonally adjusted estimate for private sector dwellings excluding houses fell 8.7% in February after rising for two months.

## VALUE OF BUILDING APPROVED

The trend estimate of the value of total building approved rose 0.2% in February and has risen for eight months. The value of **residential** building rose 0.2% and has risen for 12 months. The value of non-**residential** building rose 0.3% and has risen for seven months.

The seasonally adjusted estimate of the value of total building approved fell 0.3% in February and has fallen for two months. The value of **residential** building fell 0.2% and has fallen for two months. The value of non-**residential** building fell 0.5% and has fallen for two months.

## BUILDING WORK DONE

The trend estimate of the value of total building work done rose 0.6% in the December 2013 quarter.

The seasonally adjusted estimate of the value of total building work done fell 0.8% to \$20,954.6m in the December quarter, following a rise of 1.6% in the September 2013 quarter.

## NEW **RESIDENTIAL** BUILDING WORK DONE

The trend estimate of the value of new **residential** building work done fell 0.1% in the December quarter. The value of work done on new houses fell 0.2% while new other **residential** building rose 0.1%.

The seasonally adjusted estimate of the value of new **residential** building work done fell 1.1% to \$10,448.9m in the December quarter. Work done on new houses rose 0.7% to \$6,408.7m, while new other **residential** building fell 3.8% to \$4,040.1m.

## NON-RESIDENTIAL WORK DONE

The trend estimate of the value of non-residential building work done rose 1.3% in the December quarter.

The seasonally adjusted estimate of the value of non-residential building work done fell 0.9% in the December quarter following a rise of 3.5% in the September 2013 quarter.

## TOTAL DWELLINGS

The trend estimate for the total number of dwelling units commenced rose 3.6% in the December 2013 quarter following a rise of 2.6% in the September quarter.

The seasonally adjusted estimate for the total number of dwelling units commenced rose 8.2% to 44,729 dwellings in the December quarter following a fall of 0.6% in the September quarter.

## NEW PRIVATE SECTOR HOUSES

The trend estimate for new private sector house commencements rose 2.2% in the December quarter following a rise of 2.3% in the September quarter.

The seasonally adjusted estimate for new private sector house commencements rose 0.1% to 24,055 dwellings in the December quarter following a rise of 2.0% in the September quarter.

## NEW PRIVATE SECTOR OTHER RESIDENTIAL BUILDING

The trend estimate for new private sector other residential building commencements rose 6.2% in the December quarter following a rise of 4.4% in the September quarter.

The seasonally adjusted estimate for new private sector other residential building rose 22.4% to 19,587 dwellings in the December quarter following a fall of 5.2% in the September quarter.

\*Westpac/Melbourne Institute leading index still below trend

The Westpac/Melbourne Institute Leading Index rose to -0.09 per cent in March from -0.15 per cent in February. Mr Evans said Westpac now was forecasting no more Reserve Bank of Australia interest rate cuts, "The modest below-trend growth in the Index is, at this stage, insufficient evidence to prompt the Bank to make such a call" he said in the report.

## TOP STOCKS

\*Echo Entertainment rose 13c to \$2.78 on 14.1m shares.

\*Fortescue rose 6c to \$5.39 on 19.9m shares after its profit result.

\*Iluka fell 66c to \$9.11 on 4.5m shares after its quarterly. A leading broker, retaining an "equal weight" on Iluka with a price target of \$10.80 said production is increased, but sales have appeared to lag rather than lead production through 20145, contrary to full year guidance. "the company retains a sound fiscal position and has not revised 2014 goals, but we see no near term catalysts'.

\*Ramsay Healthcare closed up 31c to \$45.32 on 326,356 shares.

\*TPM Telecom rose 21c to \$5.93 on 2.3m shares.

Among the financials, AMP closed up 4c to \$5.16 on 8m shares, ANZ rose 13c to \$33.65 on 2.58m shares, CBA gained 25c to \$77.15 on 1.4m shares, NAB rose 12c to \$35.18 on 2.6m shares, Westpac was up 22c to \$34.59 on 3.7m shares.

Among the TMT's Telstra closed up 2c to \$5.10 on 16.68m shares, Telecom NZ was down 2c to \$2.43 on 3.2m shares, SingTel rose 5c to \$3.17 on 708,084 shares.

Among the resources BHP closed up 16c to \$37.94 on 6.1m shares after its quarterly, RIO was up 2c to \$63.37 on 1.4m shares, OZL fell 9c to \$3.75 on 1.7m shares, Paladin fell 1.5c to 45c on 3.6m shares. Western Areas gave back 3c to \$3.85 on 1.4m shares.

Among the oils, Woodside rose 44c to \$39.59 on 1.64m shares, Santos was up 12c to \$13.44 on 2.5m shares, Oil Search gained 19c to \$8.64 on 3.7m shares. Beach rose 5c to \$1.68 on 6.4m shares.

Among the golds, Newcrest fell 8c to \$10.32 on 3.59m shares, Saracen was steady at 32c on 5.5m shares, also quarterly report below. Oceana fell 1c to \$2.43 on 288,655 shares, Alacer fell 4c to \$2.70 on 301,903 shares.

#### AT THE SMALLER END

\*McAleese fell 8c to 43.5c on 1.4m shares on the reports below.

\*Central Petroleum rose 1.5c to 53c on 713,673 shares - also positive media report today on the **company** and Richard Cottee.

\*Talga Resources rose 4.5c to 22.5c on 2.18m shares, also an investor presentation today.

#### NEWS OF THE DAY

NSW Premier Mr O'Farrell has resigned after a handwritten note was produced today in which he thanks an executive from a water **company** for the gift of a \$3000 bottle of Grange **wine**. The note was addressed to Australian Water Holdings (AWH) executive Nick Di Girolamo and tendered as evidence at ICAC this morning.

Mr O'Farrell, who was recalled to ICAC this afternoon, told the inquiry that he could not recall receiving the bottle, even after reading his handwritten note.

In evidence yesterday, Mr O'Farrell denied receiving the **wine** at all, telling the inquiry: "I'm not a **wine** connoisseur".

Our thought only: Premier may have fallen on his sword for little reason - if he is not a **wine** connoisseur he may have had no knowledge at all of the value of his gift, merely scribbled a note of thanks as a routine courtesy and then forgot all about it.

Our Darvas System related special report is on Goodman Fielder Ltd today, posted separately.

Changes in substantials reported April 14 and 15 inc posted separately.

Ex div: CLV ex .5c.

(No Week's Special this week or next - cannot do justice in shortened week)

#### LARGE CAP INDUSTRIALS

\*DOW: 4 yr \$A400 mln credit facility extended on more favorable terms

Downer EDI Ltd announced it has completed the extension of its \$A400 **million** syndicated credit facility which had closed in April 2013, with a maturity of four years including an option exercisable in April to extend the term for a further one year period from April 2017 to April 2018.

Downer's improved credit profile and credit rating and the general contraction in market credit spreads enabled Downer to achieve reduced pricing for the whole revised four year facility, to apply from April 2014.

CFO Kevin Fletcher said in the report all banks in the facility unanimously agreed to the extension with no changes to existing participation levels.

Market Cap \$2.2b.

DOW steady at \$5.05

\*GOZ: Leases final unit at 9-11 Drake Bve, Altona/Keysborough prop completed

Growthpoint Properties Australia Ltd announced leasing of the final industrial unit at 9-11 Drake Boulevard, Altona for an initial ten year with two options each of five years. The tenant is Peter Stevens Motorcycles, formed over 40 year ago and a family owned and run **business**.

\*The final cost of the **property** excluding **acquisition** costs is expected to be \$25.485 **million** after adjustment for the longer lease term under the Peter Stevens lease.

A valuation has been received with Urbis valuing the **property** at \$26 **million**.

Also the Keysborough **property** has achieved practical completion on April 4. Transport Management Solutions has leased the 6,455 sq **m** office/warehouse for 5 years with annual 3.5% fixed rent reviews.

The 11,430 sq m office and warehouse is available for lease, covered by a 5 year rental guarantee provided by Australand, the developer of the **property**.

Market Cap \$1.2b.

GOZ down 1 cent to \$2.43

\*PPT: Corrects NZ Guardian Trust Co divestment synergy announcement

Perpetual Ltd corrected the announcement of April 7 regarding the **sale** of the New Zealand Guardian Trust **Company** Ltd to synergy benefits of at least \$15 **million** per annum before tax, correcting from after tax.

Market Cap \$2.16b.

PPT down 36 cents to \$46.29

#### LARGE CAP RESOURCES

\*BHP: BHP Billiton in its report for the March quarter and 9 months said over the nine months there was record production of four commodities and at 10 **operations**.

**Iron ore**: There was strong operating performance throughout the period, with relatively limited impact from the wet season. The continued ramp up of Jimblebar underpinned record production at Western Australia **iron ore** of 163 **million** tonnes on a 100% basis. Production for the quarter was 147,387Kt, up 23% from the previous corresponding period (pcp) and up 1% from the December quarter.

Year to date production was up 21% to a record 147,387 Kt.

Full year **iron ore** production guidance: raise by a further 5 **million** tonnes to 217 **million** tonnes on a 100% basis.

Queensland **Coal**: achieved record annualised production of 69 **million** tonnes on a 100% basis in the March 2014 quarter.

Metallurgical **coal** production was up 24% year to date, up 28% on the pcp and down 1% on the December quarter to 33,192 Kt.

**Energy coal** production was up 2% year to date, up 11% on the pcp and steady with the December quarter to a total 55,129Kt.

Full year Queensland **coal** production guidance: Lifted to 43.5 **million** tonnes.

Total **energy coal** production guidance for the year: Unchanged at 73Mt.

Petroleum liquids production increased by 16% to 77 **million** barrels of **oil** equivalent (mboe) for the nine months, underpinned by a 71% increase at Onshore US.

For the nine months ended March 2014 total petroleum production rose 3% to 181.3 Mmboe.

Full year production guidance: Now expected to be approximately 245 **million** barrels of **oil** equivalent (vs 250 **million** barrels forecast on January 22) after the divestment of Liverpool Bay. The overall reduction in full year guidance has been mitigated by an increased contribution from higher margin crude and condensate.

**Copper** Production and Guidance: Remains unchanged at 1.7 **million** tonnes with a strong June 2014 quarter expected. Production for the quarter was down 5% on the pcp to 1,257.1Kt and vs the December quarter was down 6%. Year to date **copper** production was up 2% to 1,257.1 Kt.

\*Olympic Dam **copper** production for the nine months rose 10% and was underpinned by record **mining** and hoisting rates. Full year production at Olympic Dam is expected to be broadly unchanged from the 2013 financial year.

**Lead** production was down 3% on the quarter vs the pcp to 141,861 tonnes and was down 1% on the December quarter.

Zinc production was down 36% on the pcp to 80,819 tonnes and down 41% on the December quarter, total zinc production for the nine months was broadly unchanged at 80,819 tonnes (down 2%).

Silver production was down 4% on the pcq to 26,295Kt and down 1% on the December quarter and down 4% year to date to 26,295 Kt.

Natural gas production for the nine months ended March 2014 fell by 5% to 624 bcf. First gas from Macedon partly offset lower seasonal demand at Bass Strait and natural field decline at Haynesville following BHP's decision to prioritise Onshore US development drilling in the Black Hawk region of Eagle ford.

**Uranium** production for the nine months ended March 2014 was down 1% to 2,944 tonnes. **Uranium** production was up 4% on the pcq and down 4% on the December quarter.

Announces major increase in mineral resource at Escondida

BHP announced a 28% increase in the mineral resource at Escondida vs a previous estimate at June 30 2013, largely reflecting the inclusion of 46 km of in fill drilling that has continued to delineate the Escondida Este deposit, adjacent to the Escondida mine.

As at March 31 Escondida had a total resource in measured, indicated and inferred categories for oxide, mixed and sulphide **ore** of 13,890Mt grading 0.57% Cu (BHP 57.5%).

Market Cap \$127b.

BHP up 16 cents to \$37.94

\*FMG: **Ore** mined down on 2nd qtr, up on pcq, debt reducing, cash \$US1.9 bln

Fortescue Metals **Group** Ltd for the period ended March 31 announced **ore** mined was 29.6Mt, down 8% on the second quarter and up 17% on the previous corresponding period (pcq) for total **ore** mined up 17% .

Total **ore** shipped was 31.5 Mt, up 13% on the 2nd quarter and up 20.2% on the pcq for total **ore** shipped up 56% to 31.5Mt (inclusive of 3rd party tonnes).

Fortescue **ore** shipped was up 59% to 30.8Mt.

C1Costs were down 20% to \$US34.88/tonne on the pcq, and were up 6% on the 2nd quarter. The improvement in C1 costs was in line with guidance and reflects the low cost Solomon tonnes and operational efficiencies.

Debt repayments are \$US3.1 **billion** to date, with a commitment to reduce gearing to an initial target of 40%.

Cash on hand was \$US1.9 **billion** at end March.

Forecast production:

Fortescue plans to ship 41.6Mt in the June 2014 quarter to achieve 127Mt in full year 2014. The **mining**, rail and port **operations** have demonstrated the required sprint capacity during the March 2014 quarter to achieve this target.

C1 cost guidance was maintained at \$US34/wmt based on a US to \$A exchange rate of 90US c.

Market Cap \$16.8b.

FMG up 6 cents to \$5.39

\*ILU: Prod, revenue steady with pcq/signs indicate improving market

Iluka Ltd for the March quarter announced total zircon/rutile/synthetic rutile production was 110.9 Kt in the March quarter vs 111.0Kt for the previous corresponding period (pcq) and vs 9.7Kt for the December quarter.

Total mineral sands production including ilmenite was 271.8Kt vs 221.2Kt for the pcq and 207.1 for the December quarter.

Mineral sand revenue for the March quarter was \$139.98 **million** vs \$139.7 **million** for the pcq and vs \$234.3 **million** for the December quarter.

Iluka continued to operate at below full production rates as previously advised through a combination of lower mineral separation plant utilisation and asset idling. Zircon production increased in the quarter

relative to the December quarter and March 2013 quarter in line with a planned production increase in 2014 as demand recovers and finished goods inventory is drawn down.

#### Mineral sands market conditions

Iluka has observed numerous positive indications during the first quarter regarding a likely recovery in demand for both zircon and high grade titanium dioxide feedstocks during 2014.

Iluka does not provide price forecasts and does not provide price update unless material.

The **group** also updated its development and exploration activities under way.

Market Cap \$3.8b.

ILU down 66 cents to \$9.11

\*WHC: Dept of Environment approves offsets package at Maules Creek

Whitehaven **Coal** Ltd welcomed advice from the Commonwealth Department of the Environment which has found the offsets package to be fully compliant with the Maules Creek Project approval conditions.

The government also dismissed the claim that the offsets package was based on false and misleading information.

Market Cap \$1.65b.

WHC up 1.5 cents to \$1.605

#### MID TO SMALL INDUSTRIALS

\*ACG: Patent granted for SphygmoCor in the US

AtCor Medical Ltd the developer and marketer of the SphygmoCor system which measures central aortic blood pressures and arterial stiffness non invasively announced a new patent, method for determination of cardiac output, has been granted in the US. This establishes a proprietary position for AtCor and confers IP rights until August 2026.

Market Cap \$18m.

ACG up 0.5 to 11.5 cents

\*API: Seeks further suspension

Australian Pharmaceutical Industries Ltd sought further suspension, continuing to make an assessment of the carrying value of its assets as part of the process to finalise its half year results to be announced on April 30.

Market Cap \$276m.

API untraded last at 56.5 cents

\*CAA: Capral Ltd announced it has renewed its finance facility of up to \$90 **million** with GE **Commercial** Corporation with a new 3 year arrangement commencing from July 1 when the current arrangement expires.

\*CAA: Forecasts positive EBITDA for 2014

Capral Ltd chairman Rex Wood-ward and CEO Tony Dragicevich addressed the AGM.

The chairman said despite the disappointing financial results for 2013 he was heartened by the underlying resilience of Capral's **business** and further progress with productivity improvements and cost efficiencies which resulted in a trading EBITDA of \$4.1 **million** in line with \$4 **million** reported in 2012.

The after tax loss of \$51.7 **million** vs a loss of \$11 **million** the prior year included asset impairment charges of \$41.5 **million**, restructuring costs of \$4.3 **million** and a net **acquisition** gain of \$1.8 **million** arising from the **acquisition** of the **business** of OneSteel Aluminium.

Loss after tax before these items was \$7.7 **million** vs \$9.6 **million** before restructuring costs in 2012.



He said he was confident of great progress in the year ahead and paid tribute to the CEO in his first year of performance, and to the Capral team and shareholders.

The managing director and CEO Tony Dragicevich said Capral remains at the forefront of a campaign to deliver a fair market for aluminium extrusion products in Australia through the reform of the Australian anti-dumping regime.

The **acquisition** of OneSteel Aluminium was positive for the **company** and the outlook for the new housing sector is positive for 2014. Improved trading conditions are expected to lift volumes higher in 2014 which together with a focus on costs is expected to generate improved earnings in 2014. Trading EBITDA is forecast to lift by between \$1/3 **million** in the first half, for a full year EBITDA of between \$8/10 **million**.

Market Cap \$74m.

CAA up 0.5 to 15.5 cents

\*CSS: Kingfish biomass growth, survival year to date significantly above budget

Clean Seas Tuna Ltd announced that Kingfish biomass growth and fish survival continue to exceed budget, forecast and previous historical fish performance. Actual performance year to date is significantly ahead of the annual budget. The **company**'s revised forecast for the remainder of the year sees the trend continuing.

Market Cap \$62m.

CSS up 0.2 to 5.6 cents

\*EBT: Receives regulatory approval for entry into Victoria

eBet Ltd announced it has received the required regulatory approval to operate in Victoria from the Victorian Commission for gambling and Liquor Regulation.

CEO and MD Tony Toohey said it was a crucial approval for its entry into Victoria, the third largest gaming market in Australia.

Market Cap \$50m. EBT up 15 cents to \$3.25

\*GRK/AWE: AWE withdraws from Mid West geothermal project

Green Rock **Energy** Ltd announced it has received written notification from AWE Ltd of its withdrawal from the Mid West Geothermal **Energy** Project. AWE decided not to progress at the first selected location because it could be within or adjacent to a Public Drinking Water Resource area. A second location was chosen. However AWE has now decided the second area does not provide the hydrocarbon value it requires to continue with the project.

Green Rock will now review the situation with all the other parties involved including the power generation partner Pacific Hydro but at present it considers it very unlikely to be able to secure an alternative funding and drilling partner in the time available.

Market Cap \$1.94m. / \$784m.

GRK untraded last at 0.1 cent / AWE steady at \$1.50

\*ISN: Announces its new strategy, OTC sales in Australia from June

iSonea Ltd in its quarterly activities update advised the **company** plans to commence its retail sales pilot with Australian pharmacies in June, the first time it is made available as an over the counter device. Currently the technology is only available as an online product in the Australian market.

While no changes have been made to the design of the hand held device, the two original AirSonea apps have been combined into a single app, to simplify registration and pairing of the device with smartphones.

The **company** said it is restructuring marketing around a network of local marketing and distribution partnerships. As a result US based Ed Rosen, VP of Sales and **Business** Development has left the **company**.

iSoneal Chairman Leon L'Huillier said in the report, the first phase of mHealth devices, including smartwatches from Samsung and Sony that help monitor fitness, blood pressure and heart rate are being



stocked and **sold** in specialty retailers. Apple stores are selling an iHealth wireless blood pressure monitor and the newly released Samsung Galaxy S5 smartphone incorporates a heart rate monitor and other in built health and fitness features.

The **company** currently does not have revenue, cash in hand was \$7.308 **million**.

Market Cap \$46m.

ISN up 0.5 to 17.5 cents

\*MCS : Acquiring WA Freight **Group** for \$15.4 mln from existing facilities

McAleese Ltd announced it has entered into a share **sale** and **purchase** agreement for the **acquisition** of the WA Freight **Group** for \$15.4 **million**. WAFG is the leading LTL express carrier on the East-West corridor operating a network of freight depot facilities in all major capital cities.

The **business** serves a range of markets including FMCG, Retail, Print, Food & Beverage, light manufacturing, **Oil** and Gas and Resources. The **acquisition** will be funded from existing debt facilities and is expected to complete in late April.

\*MCS: March quarter revenue, EBITDA below expectations

McAleese Ltd advised trading for the three months to March 31 has been more difficult than expected with sales revenue and EBITDA being down \$9 **million** and \$7 **million** respectively below the forecast made in February.

Key adverse factors include lower than expected **Oil** & Gas fleet availability in Cootes Transport due to vehicle inspections and increased maintenance and investment in fleet to improve performance' a rapid escalation in mine activity and haulage requirements for the Resources Division resulting in non recurring increases in contractor and maintenance costs and a faster than expected decline in demand from LNG infrastructure projects in Queensland for heavy haulage, and weather related delays at Hay Point in Queensland and shipping schedules in Western Australia.

Market Cap \$125m.

MCS down 8 to 43.5 cents

\*SZG: New \$16 mln facility led by Macquarie Bank to replace former funding

SubZero **Group** Ltd announced it has signed a loan documentation to replace its former debtor financing facility with a new working capital facility. The facility is provided by a syndicate of lenders led by Macquarie Bank Ltd. Funding will become available on satisfaction of a number of conditions precedent. The \$16 **million** working capital facility expires on December 31 2016. The new facility will provide SubZero with lower funding costs and additional capacity to manage the **business** for future growth.

Market Cap \$24.5m.

SZG untraded last at 9.7 cents

#### MID TO SMALL RESOURCES

\*BTR: Sells 27.3% **stake** + expl licences in Perkoa to Glencore/focus on Kitumba

Blackthorn Resources Ltd announced it has entered into an agreement with Glencore Xstrata to sell its remaining 27.3% **stake** in the Perkoa Project in Burkina Faso for up to \$US12 **million** cash, \$US10 **million** for Perkoa and up to \$US2 **million** for the exploration tenements.

Blackthorn will not be required to contribute its \$US9 **million** shares of the \$US30 **million** working capital requirement for Perkoa announced in August 2013. Blackthorn believes the price received is fair value for its **equity**.

BTR will now focus on the development of its core asset, the Kitumba **copper** project in Zambia.

Market Cap \$28m.

BTR up 2 to 17 cents

\*CNL/Other: Lycopodium/KEM works to conduct DFS on Chaketma phosphate

Celamin Holdings NL and Tunisian **Mining** Services Sarl announced they have completed the selection process for an engineering **firm** for the Definitive Feasibility Study for the Chaketma Phosphate Project in Tunisia and have signed a letter of intent with Lycopodium/KEM works. Further details will be announced in due course.

The shareholding in the Chaketma Phosphate project will be 51% Celamin, 49% Tunisian **Mining**.

Market Cap \$6.5m.

CNL untraded last at 3.7 cents

\*MLX: Trading halt ahead of report on Higginsville **gold**

Metals X Ltd asked for a trading halt up to April 22, pending the announcement in relation to its Higginsville **Gold** Operation.

Market Cap \$315m.

MLX untraded last at 19 cents

\*RED: Cease & Desist order lifted, **gold** prod in 6 months/change of MD

RED 5 Ltd announced agreement has been reached on the process for lifting the Cease and Desist Order from the Department of Environment and Natural Resources of the Philippines that had been placed by the authority over the processing **operations** at the Siana **gold** mine after completing certain measures, in line with Red 5's proposals.

The **company** expects it will be 6-8 months of construction activities required to complete the necessary requirements prior to **commercial** milling activities being able to commence, it expects subject to the formal lifting of the CDO, **gold** production will recommence in the first quarter of the 2015 calendar year.

The **company** has \$A40 **million** in uncommitted cash to fund the work necessary to recommence **gold** production.

Change of managing director

The **company** regretted to advise due to personal reasons Mr Steve Norregaard will no longer be managing director but will be retained on a consultancy arrangement at \$275,000 per annum. The **board** thanked him for all his efforts during a difficult period both for the **company** and him personally.

Mark Williams, currently a non exec director will be appointed managing director. He is a **mining** engineer and has been actively involved in the outcome the **company** has now achieved. Since being appointed a director in January 2014 he has spent a significant amount of time in the Philippines dealing with government authorities.

He was previously GM of the Tampakan **copper-gold** project in the Philippines from 2007 to 2013 and has over 20 years **mining** industry experience.

Market Cap \$55m.

RED down 0.4 to 7.2 cents

\*SAR: Exceeds prod for 6th consec qtr, lifts full yr guidance, outlook positive

Saracen Mineral Holdings Ltd in its March quarter report said **gold** production was 31,242 ozs, exceeding guidance for the 6th consecutive quarter.

Full year 2014 year to date **gold** production of 103,580 ozs is on track to achieve the upper end of the revised upwards full year guidance of 25,000/135,000 ozs.

The C1 cash costs for the March quarter were \$A868/oz vs full year 2014 guidance of \$a900/oz.

It was the second consecutive quarterly production record for the Red October underground mine of 16,830 contained ounces and was the 500,000th ounce produced under Saracen's ownership.

**Gold** sales for the quarter was 33,603 ozs and revenue was \$51.6 **million** for the quarter. A \$61.2 **million** **equity** raising (before costs) was completed.

Debt has been reduced to \$A12 **million** after \$10 **million** was repaid.

Net cash position is \$50 million.

The Thunderbox acquisition is on track for completion in May 2014.

Gold hedging of 149,423 ozs is at an average price of \$1,647 per oz with the approximate Mark to Market value of the hedge book \$A32.4 million based on the \$A1,384.30 per oz spot price as at March 31 2014.

Managing director Raleigh Finlayson said in the report the company is now very well positioned for the future. The All-in sustaining cash costs is forecasty to fall to \$A950/oz in full year 2015, the hedge price is increasing to \$A1,750 per oz by July 2016 with significant exploration news flows expected over the next 6/12 months.

Market Cap \$254m.

SAR steady at 32 cents

\*YAL: U/g wall collapses at Austar coal mine, two employees killed

Yancoal Ltd advised at around 21.30 on April 15 an underground incident occurred at the Austar coal mine located approximately 10 km south wet of Cessnock. A team of coal mine employees were working underground when a wall collapsed. Tragically two employees lost their lives. Mining activities ceased and a recovery operation was initiated at the site. Yancoal will continue to work closely with emergency services and the regulator.

Market Cap \$358m.

YAL down 3 to 36 cents

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