

**HD MARKET CREEPS TO NEW SIX YEAR HIGH****BY** Jenny Prabhu**WC** 4,346 words**PD** 28 April 2014**SN** OzEquities News Bites**SC** NBOZEN**LA** English**CY** Copyright 2014 News Bites Pty Ltd. All rights reserved.**LP**AUSTRALIAN **COMPANY** NEWS BITES

OZEQUITIES NEWS BITES

**TD**

The S&P/ASX200 was mostly in the positive all day but traded in a narrow band, closing at 5536.1, up 5.1 points after a low of 5518.8 and a high of 5548.4 - a new six year high. Volume was average for a Monday, worth 43.6 **billion**. There were 407 issues higher and 614 down.

The SPI Futures closed up 10 points to 5533 points on average volume of 20,548 contracts. Aussie 10 year bond yields were down 3 points to 3.93%. The \$A is at 92.90 US c, up about 15 points from early levels.

\*The banks contributed 10.3 positive points to the index, insurers contributed 0.4 negative points, resources contributed 10 negative points, property trusts contributed 0.9 positive points, retailers contributed 3 positive points and Telstra contributed 1 positive point.

\*At 4pm AEST the Nikkei Dow futures was down 190 points to 14,270 points, Shanghai CSI physical was down 27.33 points to 2009.19 points, Hang Seng futures was down 12 points to 22,163 points, S&P futures was up 1.2 points to 1861.3, Nasdaq futures was down 0.5 points to 3530 points, Dow futures was up 6 points to 16,330 points. Spot **gold** fell \$1 to \$1303. Crude rose 44c to \$101.04.

\*Plans to impose further sanctions on Russian individuals this week also weighed on markets. Reports on news services said while rationally there should not be any major escalation of the Ukraine situation, leaders do not always act rationally.

\*Bloomberg reported **China's iron ore** inventory rose to the highest ever as demand to use **iron ore** as collateral for credit, and as mills ramped up production in a peak season. Spot **ore** prices in **China** fell 17% this year as inventory climbed amid slowing economic growth, Bloomberg reported, weighing on the **iron ore** miners.

Investors seem to be parking funds in the big banks in the hope for strong dividend payouts and in other safe sector stocks while Australia's stable economy and distance from the Ukraine troubles also seems to continue to attract safe haven money.

"Down about 15 . I don't think our market will post new highs (before Budget)"

"Maree" said, "The US stocks are seen as over valued. Our market may follow to a degree and finish down about 15. I don't see a massive sell off here. On a valuation basis some may be approaching over valuation levels, but not the general market.

"Meanwhile the Budget is now only a couple of weeks away. I don't think our market will be posting new highs until we have a bit more clarity on the economy and how it will impact disposable income. We have a lot happening in the market in the next fortnight".

The S&P/ASX200 closed up 13.2 points to 5531points last Thursday.

TOP STOCKS

\*Goodman Group closed up 8.5c to 63.5c on 35.7m shares, despite having rejected the Wilmar j/v bid.

\*Acrux fell 55c to \$1.10.5 on 9.3m shares with the FDA cautionary advice likely to weigh on sales.

\*Newcrest rose 49c to \$10.74 on 7.29m shares on **gold**'s safety-first appeal.

\*Ramsay Healthcare is down 66c to \$45.32 on 350,000 shares on worries about the 30% **stake** held by Paul Ramsay.

Among the financials, AMP fell 4c to \$5.12 on 7.6m shares, ANZ rose 27c to \$34.94 on 5.88m shares, CBA gained 56c to 479.45 on 2m shares, NAB rose 18c to \$35.99 on 3.2m shares, Westpac rose 8c to \$35.86 on 3.9m shares. Macquarie rose 56c to \$57.10 on 926,567 shares.

Among the TMT's Telstra rose 2c to \$5.20 on 20.7m shares, Telecom NZ rose 3c to \$2.46 on 1.3m shares, SingTel rose 2c to \$3.23 on 305,770 shares.

Among the resources BHP closed down 41c to \$37.87 on 5m shares, RIO closed down 92c to \$62.06 on 1.8m shares, Fortescue closed down 22c to \$5.12 on 28.9m shares, Atlas fell 5c to 92.5c on 13.3m shares, BCI was down 15c to \$4.52 on 6.8m shares. Paladin fell 1.5c to 44.5c on 4m shares.

Among the oils, Woodside rose 17c to \$41.08 on 1.29m shares, Santos gained 12c to \$13.52 on 2.5m shares, **Oil** Search fell 5c to \$8.80 on 4.59m shares.

Among the golds, stocks were mostly higher. Oceana closed up 9c to \$2.56 on 4.3m shares, Medusa rose 4c to \$1.95.5 on 1.45m shares, Kingsgate was steady at 97c on 1.6m shares, Resolute rose 1c to 65.5c on 4.6m shares.

#### AT THE SMALLER END

\*OBJ is up 3.7c to 7.7c on 132.5 **million** shares on the report below.

\*Westside rose 5c to 38c on 10.9m shares on an improved takeover offer.

#### NEWS OF THE DAY

\*BBC News reports EU diplomats meet on Monday to agree the names of more Russians to be targeted in a broadening of sanctions over Moscow's actions in Ukraine.

The US and other G7 states are also planning further steps against Russia, accusing it of destabilising Ukraine.

On Sunday, pro-Russian separatists freed a foreign observer seized in east Ukraine. Seven others are still held.

The team was shown to the media, a move described as "revolting" by Germany - the native country of four of them.

The group was operating under the auspices of the Organization for Security and Co-operation in Europe (OSCE), which is continuing efforts to free the others.

\*Japanese retail sales, reported before the Japanese market opened, rose in March at their fastest pace in 17 years as consumers went on a shopping spree before a national sales tax hike took effect on April 1, setting the stage for a decline in consumer spending the following month.

The 11 per cent annual increase in retail sales matched the median estimate and marked the fastest gain since the last time the government raised the sales tax in 1997, as consumers stocked up on electronics, toiletries and clothes to avoid paying higher prices.

Ex div: SST ex div; TMM ex 3c

Changes in substantials reported April 23 and 24 inc posted separately.

#### LARGE CAP INDUSTRIALS

\*AIZ: Demand up in March for domestic and long haul passengers

Air New Zealand in its monthly investor update said it carried 1.389 **million** passengers, 2% more than the same period last year. Revenue passenger kilometres increased 1.8% on a capacity increase of 4.2%. Group load factor was 83.8%, down 2%.

Short haul passenger numbers were up 2% on the same period last year with the timing of Easter impacting year on year comparisons primarily on Tasman/Pacific where demand decreased 0.6%. Capacity increased by 1.7% on Tasman/Pacific while load factor was down 1.9% to 82.4%.

Demand increased in the Domestic market by 2.8% while capacity increased 5.5%. Domestic load factor was down 2.2% to 835.

Long Haul passenger numbers increased 2% compared to March last year, with demand and capacity up 2.8% and 5.2% respectively. Load factor increased 2% to 84.1%.

Group wide yields for the financial year to date were up 0.8% on the same period last year. Short haul yields were down 0.1% while long haul yields were up 0.6%. Removing the impact of foreign exchange, group wide yields were up 3.2%. y

Market Cap \$2.17b

AIZ down 0.5 to \$1.945

\*GFF: Wilmar International and First Pacific offer t/over at 65Ac per share

Goodman Fielder Ltd announced it has received a non binding, highly conditional proposal to acquire all the issued **equity** in Goodman Fielder via a scheme of arrangement at a proposed price of \$A65 per share.

The proposal was received over the weekend from Wilmar International Ltd, a 10.1% shareholder of Goodman Fielder, jointly with First Pacific **Company** Ltd, a **Hong Kong** listed investment management **company**. The proposed scheme is conditional on, among other things, due diligence, unanimous recommendation by the Board of Goodman Fielder and approval by the boards of Wilmar and First Pacific.

Wilmar and First Pacific also requested exclusivity n relation to the proposal.

The Board of Goodman Fielder carefully considered the proposal together with its advisers and has met with representatives of Wilmar and First Pacific over the weekend. The Board believes that the current proposal materially undervalues GFF and is opportunistic. The Board has advised Wilmar and First Pacific accordingly.

Our note: from Wikipedia: Wilmar (founded in Indonesia listed in Singapore): In 2012, Wilmar was named the world's least environmentally friendly **company** by US news magazine Newsweek. Due to their poor environmental performance they were excluded in 2013 from The Government Pension Fund of Norway, the largest stock owner in Europe (mainly operates palm **oil** plantations and processes).

\*GFF: First Pacific **Company** Ltd (Wilmar International Ltd and related bodies corporate) has 10.1% of Goodman Fielder. Became substantial on April 27.

Our note: Probable reason for share price rise - picked up by the Darvas system.

Market Cap \$1.24b.

GFF up 8.5 cents to 63.5 cents

\*LEI: J/v wins \$A1.16 bln contract for Passenger Clearance Bldg HK-Macau

Leighton Holdings Ltd announced Leighton Asia in j/v with **Hong Kong** construction **company** Chun Wo (80% LEI Asia) has been awarded a contract worth \$A1.16 **billion** to construct the Passenger Clearance Building for the **Hong Kong**-Zhuhai-Macao Bridge **Hong Kong** Boundary Crossing Facilities.

Passengers entering and leaving **Hong Kong** SAR via the **Hong Kong**-Zhuhai-Macao Bridge will clear customs and immigration through an iconic 30 **m** tall **Hong Kong** Passenger Clearance Building, providing a new and distinctive entry point to **Hong Kong**. The contract was awarded to the Leighton-Chun Wo j/v by the **Hong Kong** Government's Highways Department.

Market Cap \$6.5b.

LEI down 36 cents to \$19.25

LARGE CAP RESOURCES

\*BCI: Record interim result to end December, cash in hand \$148.6m

BC **Iron** Ltd for the March quarter announced the Nullagine j/v (BCI 75% FMG 25%) shipped 1.22M wet metric tonnes of Bonnie Fines during the quarter vs guidance of 1.13M wmt (4.5Mtpa run rate).

While January experienced the fourth heaviest rainfall recorded for the month in more than 100 years at the nearby Bonney Downs weather station as the area was impacted by Tropical Cyclone Christine and other material rainfall events. Rainfall in February and March was below average allowing the Nullagine j/v to catch up from the periods of downtime experienced in January.

The wet weather affected load and haul activities, resulting in increased **mining** of waste compared to budget. Consequently **ore** mined of 0.95M dmt was lower than wet season guidance. Material from existing stockpiles provided supplemental crusher feed with total **ore** crushed for the quarter of 1.05M wmt.

Following completion of the rail and port prepayment during the previous quarter, BC **Iron** will report NJV C1 cash costs going forward. The NJV's free on board C1 cash operating costs for the March quarter were approximately \$A54 per wmt shipped. C1 cash costs were above the full year 2014 guidance range as a result of increased waste to **ore** ratios and fixed costs being absorbed over a lower production base due to the wet season.

BC **Iron** reaffirms the NJV's C1 cash cost guidance for 2014 of between \$46/50 per Wmt with costs expected to be at the upper end of the range. C1 cash costs exclude royalties, marketing and corporate costs.

In Brazil, an alliance between BC **Iron** and Cleveland **Mining Company** Ltd (ASX CDG) is earning up to an 80% interest in a number of **iron ore** exploration projects in the Brazilian states of Bahia and Minas Gerais. The Alliance is targeting itabirite mineralisation ranging from 30/45% Fe that is easily beneficiated to a higher grade product.

On the corporate front, during the quarter the **company** released its financial results for the half year ended December 31. The **company** achieved record exports of 2.46M wmt as well as record operating cash flow of \$146.7 **million** and record NPAT of \$70.3 **million** and paid a 17c fully franked interim dividend.

Cash in hand as at March 31 was \$148.6 **million**. Total debt outstanding was \$64.9 **million**, unaudited.

Market Cap \$561m.

BCI down 15 cents to \$4.52

\*IGO: IGO share 36,174 ozs Au in qtr/Ni, Cu prod, full yr prod guidance lifted

Independence Group in highlights for the quarter announced at the Tropicana j/v (IGO 30%, AngloGold Ashanti 70% and manager) 120,579 ozs Au (IGO share 36,174 ozs Au) were poured in the March 2014 quarter. IGO's attributable average cash costs were \$531/oz Au produced. The processing plant operated at name plate capacity.

1.9Mt of **ore** grading 0.6gpt Au were mined.

On the Long operation, 70,260 tonnes of **ore** were mined at 3.72% Ni for 2,616 tonnes of contained nickel. The \$3.80/lb payable Ni cash costs inclusive of royalties was 15% below 2014 guidance.

Year to date 207,894 tonnes of **ore** have been mined at 4.01% Ni for 8,344 tonnes of contained nickel.

Full year 2014 production is expected to be slightly above guidance.

At Jaguar, 115,285 tonnes of **ore** was mined at 13.01% Zn and 2.13% Cu. 93,728 tonnes of **ore** were milled at 10.92% zn, 1.94% Cu, 149gpt Ag and 0.7gpt Au for 9,009 tonnes Zn and 1,596 tonnes Cu metal in concentrates.

Year to date 28,551 tonnes Zn and 5,337 tonnes Cu have been produced in concentrates.

Milling was interrupted in March.

Guidance: Full year 2014 **copper** metal and silver production guidance is expected to be achieved. Full year 2014 zinc metal production is expected to be approximately 10% below guidance.

Financial: Unaudited profit after tax is \$20.6 **million** (\$42.1 **million** year to date). A 3c interim dividend was paid vs 1c for the previous corresponding period.

At March 31 IGO had \$47.4 million cash in hand vs \$45.8 million at end December.

Debt at end of quarter was \$50.4 million. IGO also included its hedging portfolio for nickel, copper and gold.

Market Cap \$987m.

IGO down 1 cent to \$4.23

#### MID TO SMALL INDUSTRIALS

\*ACR: March qtr sales up a touch on pcp/FDA statement may impact milestone

Acrux Ltd confirmed that Eli Lilly reported Axiron net sales of \$39.5 million in its financial results for the quarter ended March 31 2014. Net sales reported by Lilly for the previous corresponding period was \$37.1 million.

On January 31 2014 the US FDA issued a Drug Safety Communication which stated the FDA is investigating the risk of stroke, heart attack (myocardial infarction) and death in men taking FDA-approved testosterone products. The FDA has not concluded that FDA approved testosterone treatments increase the risk of stroke, heart attack or death. The FDA stated that patients should not stop taking prescribed testosterone products without first discussing any questions or concerns with their healthcare professionals. The FDA assessment process does not have a defined time period.

The US testosterone replacement therapy market has been impacted and unless this improves and/or Axiron's share of market increases the next milestone may not be met in calendar year 2014. The \$50 million milestone remains payable in the first calendar year that the global sales hurdle is met.

Market Cap \$184m.

ACR down 55 cents to \$1.105

\*MCS/AGO: Awarded add'l 3Mtpa or \$220 mln contract from Atlas Iron

McAleese Ltd announced its wholly owned subsidiary McAleese Resources Pty Ltd will double its road haulage for the Atlas Iron Ltd's Mt Webber mine under the terms of its existing four year agreement.

As previously announced on December 18 McAleese Resources will commence haulage of 3Mtpa for the Mt Webber mine in mid 2014 and will now increase its haulage capacity to meet the 6Mtpa requirement by January 2015.

The Mt Webber haulage agreement is McAleese Resources' fifth road haulage contract with Atlas.

The additional 3Mtpa represents over \$220 million in additional revenue over the life of the agreement. McAleese Group will invest around \$30 million in operating equipment and supporting infrastructure during the second half of the calendar year.

Market Cap \$157m. / \$847m.

MCS down 5.5 to 54.5 cents / AGO down 5 to 92.5 cents

\*OBJ: Agreement with Procter & Gamble

OBJ Ltd announced the company and Procter & Gamble, the world's largest consumer products company, have entered into a suite of agreements including a multi product development agreement and an initial licensing agreement that sets the course to commercialise OBJ's magnetic micro-array technology.

The PDA, Initial Licence and associated product development work plans comprise a multi product, multi category program that grants P&G worldwide exclusive access to OBJ's non-powered micro array technology in specific consumer product categories.

The PDA covers 7 of P&G's major product categories, an overarching licensing agreement will be applied to all new products developed under the PDA.

A three year development and testing program will be conducted under the PDA involving a number of P&G's international brand teams.

Market Cap \$111m.

OBJ up 3.7 to 7.7 cents

\*TOF: Marketing 52-60 Railway Parade, Burwood, Sydney, valued at \$65m

360 Capital RE Ltd as responsible entity for the 360 Capital Office Fund appointed Colliers International and Savills as joint agents to market the disposal of 52-60 Railway Parade, Burwood, Sydney with the expression of interest campaign closing on May 30 2014. The disposal of the Burwood property is consistent with the Fund's strategy to be a pure rent collecting office sector fund. Net proceeds will be used either for reinvestment in well leased income producing office assets, other office fund investment opportunities, debt reduction and/or capital management.

The property was independently valued at \$65 million in December 2013.

Market Cap \$152m.

TOF up 2 cents to \$1.96.

#### MID TO SMALL RESOURCES

\*AQD: Ressources Burkinor, listed on the TSX farms in for up to 80% Banfora

AusQuest Ltd advised it has signed a Farm-in and Joint Venture Agreement with Ressources Burkinor SARL, a wholly owned subsidiary of TSX listed SEMAFO Inc with Burkinor to earn up to 80% in the Banfora permits in Burkina Faso, West Africa by spending a total of \$US7.5 million over a three year period and making an upfront cash payment to AQD of \$600,000.

This will result in a significant acceleration in exploration activities over AQD's Banfora gold project in Burkina Faso.

It will also result in \$600,000 to enable AQD to continue to focus its resources and management time on ongoing exploration across the Fraser Range Ni-Cu projects in WA and its IOCG copper gold targets in Peru, South America.

Market Cap \$3.1m

AQD up 0.1 to 1.2 cents

\*GBG: Qtr shipments at 8.88M tpa rate/\$123.6m to achieve sustainable prod

Gindalbie Metals Ltd in key points for the March quarter said total shipments through the Karara Export Terminal at Geraldton were 36 at a 8.88 million tpa rate during the quarter.

15 magnetite shipments were made for 911,000 wet metric tonnes.

On a dry tonne basis magnetite concentrate grade averaged 65.27%Fe for the quarter.

21 shipments of hematite direct shipping ore were made for 1.28 million wmt.

During the quarter Gindalbie's j/v partner Ansteel exercised its right to convert two shareholder loans of \$60 million in total to new shares in Karara Mining Ltd, increasing its ownership of Karara from 50% to 52.16% with Gindalbie now owning 47.84%.

Following completion of the tailings remedial action work including upgrade and refurbishment of tailings filters, construction of a temporary wet tailings facility and thickener optimisation works means the Karara concentrator circuit is now capable of producing at approximately 75% of its nameplate capacity and operated at or above this level for several days during March. The grade of concentrate during March averaged 65.14%.

The Karara Technical Review recommended the installation of an additional 55m diameter tailings thickener, construction of a second wet tailings storage facility and installation of de-watering cyclones to help achieve sustainable production at nameplate capacity of 8.8 million wet tonnes per annum.

The estimated capital expenditure to complete these works and some additional minor works is \$123.6 million, of which \$111.1 million is forecast to be spent in the 2014 year.

As at March 31 GBG had cash in hand of \$45.2 million.

Market Cap \$85m.

GBG down 0.1 to 5.7 cents



\*KRA: Transitions to producer with first **coal sale** to Glencore International

Killara Resources Ltd announced it has sold its maiden barge of **coal** from its Borneo Emas Hitam concession located in East Kalimantan, Indonesia to Glencore International AG. This first **sale** represents a pivotal moment in the history of Killara as it moves from **coal** explorer to producer. The board had expected to make its first **sale** in the March quarter. However production delays meant that **coal** output was less than expected, and the first **sale** occurred in April 2014.

Market Cap \$3.9m

KRA untraded last at 3.1 cents

\*MOX: Antofagasta earns 51% of Punt Hill project, approves forward drilling

Monax **Mining** Ltd announced a wholly owned subsidiary of major Chilean **copper** producer Antofagasta plc has earned an initial 51% interest in the Punt Hill **Iron-Oxide Copper-Gold** Project after sole funding \$US 4 **million** on exploration.

Antofagasta has now provided further funding to reach the \$US 4 **million** limit, triggering its 51% **equity** in the project. The Chilean **copper** major can earn a further 19% **equity** in the project (70% in total) by expending an additional \$US5 **million** over four years.

A forward exploration program of ground gravity and drilling has been approved by the Monax/Antofagasta Technical Committee.

Market Cap \$3.85m. MOX untraded last at 2.5 cents

\*RXL: Latest RC results at Musket include 0.8m at 19.5% Ni

Rox Resources Ltd announced high grade massive nickel sulphide mineralisation has been confirmed by diamond drilling at Musket, 35 **m** and 80m down dip from previous RC drilling.

Results include 0.9m at 19.5% Ni within 15m at 2.7% Ni from 264.7m in MFED042. A second diamond hole, 50 **m** down dip from MFED042 intersected similar mineralisation with assays pending. Drilling is continuing to define the extent of this high grade mineralisation.

Market Cap \$40m.

RXL down 0.5 to 5.4 cents

\*TRY: Govt of Guyana approves development of Karouni **gold** project

Troy Resources Ltd announced the Government of Guyana has approved an Investment Development Agreement for its Karouni **Gold** Project in Guyana.

The IDA was signed by Guyana's Minister of Finance, the Hon Dr Ashni Singh, on Friday April 2014.

Execution of this IDA allows the **company's** Guyanese operating subsidiaries to import duty and tax free the majority of the capital equipment required to be sourced offshore for the Karouni Project, as well as goods required to support the ongoing exploration program.

\*TRY: Record silver, **gold** equiv prod at Casposo for qtr/Karouni fully funded

Troy Resources Ltd in highlights for the quarter included record silver production at Casposo, up 22.3% to 710,178 ozs, record quarterly **gold** equivalent production at Casposo, up 16.4% to 28,699 ozs Au equivalent.

Casposo produced 17,533 ozs of **gold** with a 47% decrease in the All-In Sustaining Cost to \$US690/oz net of silver credits. Andorinhas **gold** production was up 5.7% to 8,200 ozs.

An **equity** placement and SPP completed during the quarter raised approximately \$A32.2 **million**. A new debt facility with Investec Bank was agreed subsequent to the quarter end for up to \$A100 **million**, replacing the existing \$A40 **million** facility.

Based on current forecasts and assumptions the Karouni project is now fully funded, all long **lead** time items have been ordered, completion of the Stage 1 pre-feasibility is expected mid year and first production for Marouni was moved forward to June 2015.

The **company** expects to recommence brownfields exploration at both Casposo and Karouni in the second half of the calendar year.

Market Cap \$199m.

TRY up 1 cent to \$1.02

\*WCL: WestSide Corporation Ltd advised directors will carefully consider the Bidder's Statement delivered by Landbridge **Energy** Australia Pty Ltd, a wholly owned subsidiary of Landbridge Group Co Ltd offering a conditional 40c per share cash offer for all the shares in WestSide vs 36c in the previous conditional notice of intention.

Separately WestSide notes the decision by its shareholder **Energy** Infrastructure Trust to sell the majority of its shareholding to Landbridge. WestSide director John Clarke is also managing director of **Energy** Infrastructure's manager, Infrastructure Capital Group. Mr Clarke and ICG had put in place a separation of roles surrounding WestSide such that Mr Clarke was not responsible for the management of EIT's investment in WestSide. Accordingly he played no part in EIT's decision to sell.

WestSide operates the Meridian gas field at Moura, 160 km west of Gladstone in Queensland's Bowen Basin and holds a 51% j/v interest with Mitsui E&P Australia Pty Ltd holding the remaining 49%.

Market Cap \$169m.

WCL up 5 to 38 cents

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