

**HD MARKET GIVES UP 3 DAYS OF GAINS IN AVRO IN TECH TRADING**

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The S&P/ASX200 closed down 49.5 points to 5486.6 on strong volume worth \$4.8 **billion**. There were 336 stocks higher and 652 down. The SPI Futures closed down 56 points to 5477 on heavy volume of 31,119 contracts. Aussie 10 year bond yields fell 1 point to 3.92%. The \$A is at 92.34US c, down about 65 points from last evening.

\*The banks contributed 16.5 negative points to the index, insurers contributed 1 negative point, resources contributed 6.4 negative points, **property** trusts contributed 0.2 negative points, retailers contributed 5.9 negative points and Telstra contributed 2 negative points.

\*At 4pm AEST the Nikkei Dow futures was closed on holiday, Shanghai CSI physical was down 3.42 points to 2000.07, Hang Seng futures fell 4 points to 22,153 points, S&P futures was up 1.7 points to 1867.70, Nasdaq futures was up 5.5 points to 3546.25, Dow futures was up 17 points to 16,414 points.

Spot **gold** was steady at \$1295. Crude futures rose 13c to \$100.97.

Daniel: "I think the market has topped out".. downside risk now more than 15%

Daniel Goulding the author of "The Sextant Report" (thank you Daniel) brought forward his weekly report by one day because he thinks that the market has topped out.

Daniel said in the report, "Last week I mentioned that I was unsure of the nature of the rally that commenced two weeks ago. The evidence is building that it may well be a terminal rally on the cusp of completion. While every duck has not yet lined up for this scenario, there are a plethora of red flags that suggest investors should take this warning seriously. Deflationary pressures are building and this was on show yesterday with more new 52 week lows than 52 week highs. While I can't rule out one last rally high in May or June, the significant deterioration in internal backdrop for stocks leads me to revise the Sextant Liquidity Risk Indicator to Extreme, where downside risk is now greater than 15%".

Daniel reaffirmed his medium term outlook for a fall to 4300 points late this year early 2015 and a long term secular bull market to commence sometime this decade, maybe as early as 2016.

Our market - after 7 days of range trading its way slightly higher each day and looking like more of the same today - it hit a high of 5554.5 then began to fall sharply just before midday, hitting a low of 5469.3 before closing down 49.5 points to 5486.6. Volume was high at \$4.8 **billion** and SPI Futures volume was huge, possibly both indicators that technical trading dominated, with 5555 a technical trigger for stop loss selling.

\*Meanwhile Bloomberg reported 30 of the 31 provinces and municipalities in **China** missed their 2014 quarterly growth goals, which had been set below the 2013 targets.

In Hebei, where the government is cutting steel capacity had growth of 4.2% vs a target of 8%. In Shanxi, hit by slumping **coal** prices and mine closures, expansion was 5.5% vs a full year target of 9%.

"For today, I expect the market will rise about 20 points'

"Maree" said, "It looks today as if we will have a gain on the market.

"There has been a lot of focus on Australia's (lower) growth. We have not made new highs like the rest of the world, we have factored in a lot of this slowdown. We have factored in **China's** slowing. A lot of the negatives from the forthcoming Budget have also been factored in - we expect it will be in deficit, may be another 5/10 years.

"While the \$A is too high for manufacturing exporters and others, the Aussie dollar at current levels keeps inflation restrained. If the \$A was weak the RBA would probably be forced to lift interest rates - and we know the level of debt for households is alarmingly high. I don't think a weaker \$A would get us out of trouble.

"Meanwhile, we have the 4th largest level of funds under management in the world.

"For today, I expect the market will rise about 20 points'.

The S&P/ASX200 closed at 5536.1, up 5.1 points last evening.

#### TOP STOCKS

\*Goodman **Group** rose 3.5c to 67c on 42.2m shares on the takeover offer.

\*Cabcharge fell 9c to \$3.75 on 474,000 shares on founder Reg Kermode's advice below.

\*Reuters reported that Citi in a research note to clients lowered Westpac to "neutral" and NAB to 'sell" while Morgan Stanley retained an "underweight" rating on NAB ahead of their results.

Among the financials, AMP closed down 5c to \$5.07 on 9m shares, ANZ fell 34c to \$34.60 on 19.3m shares, CBA shed 51c to \$78.94 on 2.4m shares, NAB fell 48c to \$35.51 on 6.4m shares, Westpac shed 47c to \$35.39 on 6.3m shares.

Among the TMT's Telstra closed down 4c to \$5.16 on 30.8m shares, Telecom NZ rose 4c to \$2.50 on 1.9m shares. SingTel was steady at \$3.23 on 2.14m shares.

Among the resources BHP closed down 26c to \$37.61 on 7m shares, RIO fell 76c to \$61.30 on 2.7m shares, Fortescue fell 12c to \$5 on 35.8m shares, Atlas was down 2c to 90.5c on 14.65m shares. OZL was down 8c to \$3.66 on 896,612 shares, BCI fell 25c to \$4.27 on 1.4m shares. There was no green paint on the **board**.

Among the oils, Woodside closed down 37c to 440.71 on 2.3m shares, Santos rose 3c to 413.55 on 4.7m shares, **Oil** Search gained 9c to \$8.89 on 5.9m shares.

Among the golds, Newcrest fell 33c to \$10.41 on 3.9m shares, Resolute fell 4.5c to 61c on 4.4m shares, Alacer was down 6c to \$2.59 on 370,069 shares with stocks down across the **board** - Rand rose 1c to 54.5c on 18,415 shares and Tribune gained 2c to \$2.90 on 4,000 shares.

#### AT THE SMALLER END

\*Valence closed up 1.5c to 44.5c on 422,841 shares, also report below.

\*GBI closed up 1c to 15c on 50,000 shares on the report below.

\*Promesa rose 1.1c to 3.3c on 15m shares on the report below.

#### NEWS OF THE DAY

Reuters reports in 2012 emissions rose in Japan, Australia, among majors

Industrialized nations' greenhouse gas emissions fell by 1.3 percent in 2012, led by a U.S. decline to the lowest in almost two decades with a shift to natural gas from dirtier **coal**, official statistics show.

Emissions from more than 40 nations were 10 percent below 1990 levels in 2012, according to a Reuters compilation of national data submitted to the United Nations in recent days that are the main gauge of efforts to tackle global warming.

Still, with emissions rising elsewhere, experts said the rate of decline was too slow to limit average world temperature rises to 2 degrees Celsius (3.6 Fahrenheit) above pre-industrial times, a ceiling set by almost 200 nations to avert droughts, heatwaves and rising seas.

Total emissions from industrialized nations fell to 17.3 **billion** tonnes in 2012 from 17.5 **billion** in 2011 and compared with 19.2 **billion** in 1990, the base year for the U.N.'s climate change convention.

U.S. emissions fell 3.4 percent in 2012 to 6.5 **billion** tonnes, the lowest since 1994, the U.S. Environmental Protection Agency said on April 15. The fall was linked to low natural gas prices, helped by a shale gas boom and a shift from **coal**, a mild winter and greater efficiency in transport.

In the European Union, emissions dipped 1.3 percent in 2012 to 4.5 **billion** tonnes and were 19.2 percent down from 1990 levels, the European Environment Agency said.

Among other major nations, emissions dipped in Canada in 2012 but rose in Russia, Japan and Australia.

Ex div:MFF ex 1c;PPK ex 1.5c.

## LARGE CAP INDUSTRIALS

\*AIO: Quarterly haulage lifts vs pcg

Asciano Ltd in its third quarter volume update said for Pacific National, **coal** net tonne kilometres (NTK) were up 22.7% to 7,304 **million** vs the previous corresponding period. **Coal** tonnes hauled rose 21.8% to 40.8 **million**. Bulk rail NTK's fell 11.7 to 1,362 **million** NTK's.

**Coal** South East Australia tonnage hauled rose 16.7% and NTK's rose 14.5% over the pcg. **Coal** North East Australia tonnes hauled rose 44.4% and NTK's increased 35.7% over the pcg.

**coal** tonnes hauled vs contracted was 91% for the quarter with the **Coal** South East Australia region performing very strongly.

Other Bulk Rail NTKs fell 11.7% on the quarter primarily reflecting 22% decline in export grain volumes, offset to an extent by increases in construction related volumes.

Market Cap \$5.27b.

AIO steady at \$5.40

\*EGP: Greg Hawkins appointed MD of The Star

Echo Entertainment **Group** Ltd announced that Mr Greg Hawkins has been appointed managing director of The Star, Sydney.

Mr Hawkins brings over 20 years of Australian, Asian and New Zealand gaming experience to the role. He was most recently CEO of Crown Melbourne from 2011-2013. Prior to this role he spent five years in Asia, initially as CEO of Altira, Macau and then as President of City of Dreams, Macau.

Market Cap \$2.3b.

EGP down 5 cents to \$2.81

\*FXL: Contents of media report not accurate/investor day May 15

FlexiGroup Ltd in response to media articles speculating about its long term strategy said it is an old draft document which is not an accurate of the **group**'s strategy that has been leaked to the media. The contents of that document FXL believes is 5 months old and not to be relied upon by any party.

Flexigroup is holding an investor day on May 15 2014. Further details on timing and logistics to be provided shortly.

(The Fin Review said this morning FlexiGroup has hired consultants Bain & Co to conduct a sweeping review of its **operations** and map out a six year strategy partly based on an aggressive **acquisition** strategy - targeting \$200 **million** in net profits by 2020, nearly triple the \$72 **million** of 2013).

Market Cap \$1.16b.

FXL up 6 cents to \$3.80

\*GEM: Acquiring another 7 childcare and education centres for \$16.3mln

G8 Education Ltd announced contracts in place for the **acquisition** of 7 premium childcare and education centres from a number of different vendors, to be funded from existing cash and bank facilities Subject to satisfaction of the customary licensing and landlord approvals, the total **purchase** price for the 7 centres is

\$16.3 million, payable at settlement. The centres are expected to contribute to EBIT immediately on settlement. The transaction will increase the number of places by 495.

Market Cap \$1.46b.

GEM down 11 cents to \$4.62

\*MSB: Japan progress/Prochymal Phase 3 trial for Crohn's disease to resume

Mesoblast Ltd advised in an update on its clinical programs using the product Prochymal acquired as part of the entire culture expanded mesenchymal stem cell business of Osiris Therapeutics that the key aspect for the acquisition was the potential for early and significant revenue streams using Prochymal, the world's first approved allogeneic stem cell therapeutic and the only allogeneic stem cell therapeutic designated by the US FDA as both an Orphan and Fast Track product.

Mesoblast will meet with the US FDA shortly to discuss potential pathways for accelerated Prochymal product approvals for the treatment of steroid-refractory acute GVHD. In Japan, Mesoblast collaborator JCR Pharmaceuticals is expanding its manufacturing facility to prepare for the commercial launch of its MSC product JR-031. The product was granted orphan drug status in December 2013 and as a result will be subject to an expedited review.

Mesoblast expects to have a read out of the end of the year on whether the primary endpoint of day 28 remission in Crohn's disease biologic-refractory patients has been achieved and whether there is evidence of efficacy in high risk groups.

(Osiris had announced positive results from a pilot Phase 1/2 in 2006 for Prochymal in treatment of patients with moderate to severe Crohn's disease.

A Phase 3 trial had followed, with a pre-determined futility analysis resulting in temporary cessation of recruitment. MSB now intends to complete this Phase III trial).

Market Cap \$1.5b.

MSB down 8 cents to \$4.67

\*QAN: Month of March passenger numbers decrease, year to date numbers up

Qantas Airways Ltd announced for the month of March passenger numbers decreased by 0.6% from the previous year. Group capacity increased by 0.8% and demand decreased by 5.4% resulting in a revenue seat factor of 74.4% which was 4.9% lower than the previous year. Passenger numbers and revenue seat factor in the month were negatively impacted by Easter falling in April 2014 as opposed to March in 2013.

For the financial year to date passenger numbers increased by 1.5% from the previous year. Group capacity increased by 0.9% and demand decreased by 1.7% resulting in a revenue seat factor of 78% which was 2% lower than the previous year. QantasLink capacity increases reflect the continued roll out of B717 services on domestic routes and cabin reconfigurations.

Year to date yields were lower than the prior corresponding period due to persistently high levels of competitor capacity growth.

For the financial year to date to end March, Qantas Frequent Flyer billings increased by 8.9% from the previous year. Awards redeemed by QFF members increased by 3.7% from the same period in the previous year. Approximately 200,000 new members have joined the program since December 31 2013.

Market Cap \$2.68b.

QAN down 0.5 cent to \$1.22

\*WES: Coles sales up 3.6% in 3rd qtr despite Easter falling in April

Wesfarmers Ltd in retail sales for the third quarter of 2014 reported:

Food & Liquor sales rose 3.9% to \$6.734 billion, convenience sales rose 2.4% to \$1.905 billion for total Coles sales up 3.6% to \$8.639 billion.

Home improvement sales were up 12.3% to \$2.086 billion.

Office supplies sales were up 6.7% to \$445 million.

Target sales were down 3.6% to \$674 million.

Kmart sales were up 0.4% to \$845 million.

Year to date total Coles sales were up 4.7% to \$27.9 billion vs the previous corresponding period.

Home Improvement sales year to date were up 11% to \$6.516 billion and office supplies sales were up 5.3% to \$1.189 billion.

Target sales year to date were down 4.8% to \$2.687 billion, Kmart sales were up 0.2% to \$3.210 billion.

Coles managing director Ian McLeod said the comparable sales growth was pleasing, particularly given the restrictions on fuel discounts from January 1 2014 and against the strong comparative sales achieved in the same period last year.

Wesfarmers managing director Richard Goyder said the retail sales performance was similar to last year, particularly considering the impacts of an Easter that fell in March last year.

Bunnings performance for the quarter was very strong with total sales up 12.3% on last year, Officeworks' total sales were 6.7% above last year.

Analyst's comment: A leading broker on April 24 retained an "underweight" on Wesfarmers with a price target of \$41.23. the broker said Coles like for like growth is expected to moderate to up 2.7% like for like with Bunnings to remain strong, up 5.3% like for like, Kmart to remain subdued with Target weakness remaining.

Resources prices continue to fall (the broker forecasts \$US120/tonne for the hard coking coal price) and said it retained an "underweight" due to valuation.

\*WES: Coal production up on pcg, MDL 162 to be progressed

Wesfarmers Ltd in its quarterly statement of production, development and exploration said at Curragh overburden removal was 9.8% lower than the previous quarter due to a planned 11 week major dragline shutdown commencing in February.

Coal production was 3,205,000 tonnes (comprising 2,375,000 tonnes of metallurgical coal and 830,000 tonnes of steaming coal), 9% higher than the previous quarter due to improved plant performance during the quarter.

For the 12 months to March 31 metallurgical coal production rose 8.2% to 8,382,000 tonnes with the prior comparable period impacted by a scheduled shut down and wet weather associated with Cyclone Oswald in early 2013. On the development front, in January 2014 the resources division acquired Mineral Development Licence 162. MDL 162 is located between and adjacent to the Curragh and Curragh North mining leases with the acquisition to augment the total base of coal reserves potentially available for mining and processing at Curragh's coal handling and preparation plants. The additional coal reserves are expected to extend Curragh's mine life and provide future options to further optimise mine operations. A feasibility study has commenced with respect to potential future development of MDL162.

Wesfarmers share of coal production at Bengalla (WES 40%) was 948,000 tonnes for the quarter, up 18.9% on the previous corresponding quarter due to operations in a more productive section of the mining sequence.

Market Cap \$49.17b.

WES down 88 cents to \$43.01

#### LARGE CAP RESOURCES

\*OSH/STO: Exxon announces first PNG LNG cargo now before mid year

Exxon Mobil Corporation announced production of LNG from the first PNG LNG project train has started ahead of schedule with the first cargo now expected to be shipped before mid year and LNG production from the second train expected to start in the next several weeks.

Oil Search MD Peter Botten said in the report the start of production from the PNG LNG project (OSH 29%) represents a transformational milestone for both Oil Search and Papua New Guinea. Based on this new information we now expect OSH's 2014 production to be in the range of 14.5/17.5Mboe vs 13/16Mboe guidance range previously.

Santos MD David Knox said delivery of the PNG LNG project is a key step in Santos' strategy to become a major LNG supplier to Asia. PNG LNG will quadruple Santos' LNG production once the project reaches full output.

Santos' GLNG project also continues to make good progress and remains on track for first LNG next year within the current budget. Santos has a 13.5% interest in the PNG LNG project.

Market Cap \$13.3b, / \$13.2b.

OSH up 9 cents to \$8.89 / STO up 3 cents to \$13.55

\*ROC/HZN: All scrip merger of equals proposal

ROC **Oil** Ltd and Horizon **Oil** Ltd announced an all scrip merger of equals agreement. HZN shareholders will receive 0.724 ROC shares for each Horizon **Oil** share they hold.

Mike Harding, the current chairman of ROC will be chairman of the merged **group** and Brent Emmett, current CEO of Horizon will be CEO and MD of the merged **group**. Fraser Ainsworth the current chairman of Horizon will be appointed a non exec director and Alan Linn, current CEO of ROC will continue as President of ROC **Oil** Malaysia until April 2015.

The proposed merger has the unanimous support of both the ROC and Horizon **Oil** Boards. Following completion of the merger ROC shareholders will own approximately 42% of the merged **group** and Horizon **Oil** approximately 58%.

Market Cap \$309m / \$462m.

ROC down 0.5 to 45 cents / HZN down 1.5 to 35.5 cents

\*WHC: Maules Creek on time and on budget/9 month prod up on pc

Whitehaven **Coal** in its quarterly report announced in highlights all major construction contracts for Maules Creek have been let at or below budgeted costs. Construction progress of the Maules Creek project was 36% complete and on schedule and budget at end March. Operating lease financing has been secured for overburden and coaling fleet necessary for the initial 6Mtpa phase with no use of Whitehaven capital and at very attractive financing rates.

The second longwall change out at Narrabri was completed in time and on budget, longwall **mining** at Narrabri is expected to recommence within 2/3 weeks.

Year to date ROM and saleable **coal** production was 7.7Mt and 7.4Mt up 14% and 25% respectively higher than the pc. **Coal** sales reached 7.9Mt for the nine months, 25% higher than the pc.

Market Cap \$1.5b.

WHC down 2.5 cents to \$1.48

\*WSA: Maintains full yr guidance but may beat on higher prod, lower costs

Western Areas Ltd announced for the period ending March 31 unit cash cost of production was \$A2.52/lb of nickel in concentrate for the quarter, slightly lower than the December quarter. Year to date unit cash costs sit at \$A2.46/lb. Consolidated cash at bank increased by \$A75.6 **m** to \$A175.5m which includes \$A4.4 of funds held by the majority owned FinnAust **Mining** Plc.

Excluding the **equity** placement proceeds received, the repurchase of \$A15 **million** of July 2014 convertible **bonds** and half yearly convertible bond interest payments, free cashflow for the quarter was \$A13 **million**.

Total mine production for the quarter was 6,709 tonnes of nickel in **ore** at an average head grade of 4.4% nickel, with the Flying Fox mine contributing 3,243 tonnes and Spotted Quoll mine 3,466 tonnes of nickel in **ore** respectively.

Guidance: The **company** currently maintains its full year guidance but acknowledges potential for outperformance on production and cost metrics.

Market Cap \$990m.

WSA down 6 cents to \$4.26

MID TO SMALL INDUSTRIALS



\*BFG: Bell Direct chosen by Macquarie for white label share trading platform

Bell Financial **Group** executive chairman Colin Bell announced its online broking business Bell Direct has been chosen by the Macquarie Banking and Financial Services **Group** to provide a white label share trading platform that offers integration with the Macquarie Cash Management Account. Bell Direct CEO Arnie Selvarajah said the Bell Direct platform integrated easily into existing systems. Bell Direct recently signed a similar agreement with HSBC Australia.

Market Cap \$156m.

BFG up 1 to 60 cents

\*CCV: Aussie loan growth up 24.4% March qtr vs pcp, outlook positive

Cash Converters International Ltd announced the normalised EBITDA profit for the quarter ending March 31 was \$15.9 **million**, up 38.3% on the prior corresponding quarter of \$11.5 **million**.

Revenue growth for the third quarter was up 29.4% on the previous corresponding period (pcp) to \$85.3 **million** including an increase in personal loan income of \$9.1 **million** and an increase in corporate store revenue of \$11 **million**.

The personal loan book in Australia grew by 24.4%.

In the UK the personal loan book decreased by 2.6% in the third quarter to \$14.8 **million** pounds as at March 31 2014.

Outlook: Cash Converters MD Peter Cumins said the **company** was very pleased with solid growth in the online loan products. The UK market remains tough, but in Australia the **company** is emerging from the transitional issues resulting from new Australian regulatory requirements and the loan products are again seeing good rates of growth, expected to continue.

Market Cap \$470m.

CCV up 6.5 cents to \$1.095

\*CYP: Positive advances in first quarter

Cynata Therapeutics Ltd in its Appendix 4C report said the first quarter of 2014 was highly productive, with the transfer of its Cymerus stem cell manufacturing technology from the lab into a **commercial** manufacturing environment at Waisman Biomanufacturing and initiated a preclinical trial with the University of Massachusetts in a model of graft-versus-host disease (GvHD). This follows an earlier proof of concept study in which the efficacy of Cynata's proprietary Cymerus off the shelf stem cell product was clearly demonstrated in a rodent model of critical limb ischaemia, a severe blockage in the arteries of the lower extremities which markedly reduces blood flow, seen particularly in patients with advanced diabetes.

The **company** is in discussions with a range of potential partners.

Cash in hand is \$5.724 **million**.

Market Cap \$16m.

CYP up 3 to 35.5 cents

\*GBI: Genera's HPV tests could become substantial **commercial** opportunity

Genera BioSystems Ltd executive chairman Lou Panaccio said the MSAC recommendations for a new PAP test is good news for Australian women as HPV testing has the potential to provide superior patient outcomes together with extended screening intervals.

Full genotyping of high risk types that cause 99.7% of all cervical cancer has the potential to substantially increase specificity of an HPV test.

If the MSAC recommendations are accepted, HPV testing in Australia will become a substantial **commercial** opportunity for Genera from 2016. Genera's PapType simultaneously genotypes all 14 high risk HPV types.

Market Cap \$13m.

GBI up 1 to 15 cents

\*NAM: Funding secured for marketing j/v with Louis Dreyfus **group**

Namoi Cotton Co-operative Ltd announced that Namoi Cotton Alliance (NCA) its cotton marketing and commodities packing j/v with the Louis Dreyfus Commodities **Group** has completed the financing of its working capital debt facilities to underpin operating activities for the 2014 crop.

Mr Jeremy Callachor CEO said in the report Namoi is pleased to have secured the continued support of CBA and ANZ and welcome HSBC and Standard Chartered to the financing arrangements. The margin call facility previously provided to NCA by the Louis Dreyfus Commodities **Group** has been replaced by these facilities.

The finance facilities include a \$US150 **million** cotton lint inventory facility and a \$US100 **million** margin call facility.

Market Cap \$33m.

NAM steady at 30 cents

\*PGL: Engages PharmaSynth to contract manufacture the PI-88 drug

Progen Pharmaceuticals Ltd announced that PI-88 licensee Medigen Biotechnology Corporation Ltd has engaged PharmaSynth Pty Ltd a GMP contract manufacturer of biopharmaceuticals to manufacture the PI-88 drug substance registration batches and project manage the drug product registration batches. Data generated from these services will be included in the chemistry, manufacturing and control sections of the New Drug Application. Medigen recently consulted with the Taiwan Food and Drug Administration on the final PI-88 chemical formulation for large scale manufacture. Medigen expects to complete all registration batches of PI-88 by the third quarter of 2014.

Market Cap \$55m.

PGL up 3 to 99 cents

\*PSH/LCE: Lodges notice of claim/calls for govt enquiry into Penrice

London City Equities announced they have lodged a notice of claim in connection with the Creditors Meeting of Penrice foreshadowed for April 28, saying LCE lost over \$6 **million** investing in Penrice and called for a full governmental investigation into Penrice. (Apr 28)

Our add: While LCE has been a disgruntled shareholder and sought without success for payout through various actions over the years, the Fin Review today reported administrators from McGrath Nicol said they were faced with an inefficient and ageing manufacturing plant dating back to 1935 describing it as a "highly distressed business" starved of cash.

They said while they saw some early signs of stability having been reached in the business, it would take a number of weeks before the administrators could confidently say that it had been fully stabilised. NAB is owed \$56 **million** and Westpac \$55 **million**. There are unsecured creditors owed \$14 **million** while the 180 employees are collectively owed \$4.5 **million** in employee entitlements.

Among the creditors Ridley Corp has put in a claim for \$27.6 **million**. Adelaide Brighton is claiming for 413,000, Scott's Transport Industries for \$1.43 **million**, Envestra for \$56,100 and Momentum **Energy** for \$648,000.

Market Cap \$4.5m. / \$5m.

PSH untraded last at 4.9 cents / LCE untraded last at 23 cents

\*PVA: Licensee Alimera signs exclusive marketing deal for Aust, NZ

pSivida Corp announced its licensee Alimera Sciences has signed an exclusive agreement with Specialised Therapeutics Australia for the distribution in Australia and New Zealand of ILUVIEN for the treatment of diabetic macular edema. STA will also handle all regulatory and **commercial** activities in Australia and NZ.

There will also be a milestone payment to Alimera for achievement of a public reimbursement listing. PVA is entitled to 20% of royalties and 33% of all other payments received by Alimera, including milestones.

Market Cap \$28m.

PVA untraded last at \$4.00



## MID TO SMALL RESOURCES

\*CUE: Commencing **sale** process for PNG assets/cash on hand \$43/32 mln

Cue **Energy** in highlights for the quarter said the Naga Utara-2 appraisal/exploration well was completed early in the quarter, encountering gas but testing was not thought warranted.

On the production front, the first full quarter of production from the Maari field post the shut in 2013 was received. Development drilling has commenced and is expected to add 11,000 bopd gross (Cue net 550 bopd) to production when complete.

The **company** is commencing the **sale** process for its PNG assets.

Cue has no debt. Cash on hand at quarter end was \$43.32 **million**.

Market Cap \$87m.

CUE steady at 12.5 cents

\*GPR: Further strong Au/Cu results at Kou Sa, Cambodia

GeoPacific Resources Ltd announced preliminary **gold** assays from follow up RC drilling at the 150 Prospect have extended the strike length of high grade **gold** values to at least 300m in an emerging **gold** and **copper** system at the **company's** Kou Sa project in Cambodia. .

Drilling highlights include 32m at 25.04 gpt Au and 1.31% Cu from 16m, 33m at 5.02gpt Au and 0.95%Cu from surface, supporting the initial discovery of 3.9m at 16.5gpt Au in KDH2.

Market Cap \$13.4m.

GPR up 3 to 6.9 cents

\*KCN: Qtr prod in line, affirms full year guidance, cash+dore \$51.7m

Kingsgate Consolidated Ltd for the three months ended March 31 announced **gold** production was 48,725 ozs vs 47,509 ozs for the previous corresponding period (pcp) and vs 54,539 ozs produced in the December 2013 quarter.

Chatree produced 31,609 ozs of **gold** at \$US805/oz and Challenger produced 17,116 ozs of **gold** at \$US1,293/oz for the quarter.

Total cash costs including royalty were \$US977/oz vs \$US1,040/oz for the pcp and vs \$US915/oz for the December quarter.

Average **gold** price received was \$US1,274/oz in the March quarter vs \$US1,625/oz for the pcp and vs \$US1,285/oz for the December quarter.

Chatree **gold** mine in Thailand produced 31,609 ozs of **gold** at \$US805/oz and Challenger **gold** mine in South Australia produced 17,116 ozs at \$US1,293/oz for the quarter.

The balance sheet was strengthened with an institutional placement and accelerated entitlement issue completed, raising \$28.5 **million** before costs. The retail component completed in April raised an additional \$30.9 **million** before costs.

The definitive feasibility study for the Nueva Esperanza silver/**gold** project in Chile confirmed robust project economics.

Field work at Bowdens in NSW was reduced to a minimum, expected to rise in the next two quarters to meet the timetable for EIS lodgement.

A search for the new CEO is well advanced. Gavin Thomas will remain on the **board** as an executive director.

Cash and bullion/dore totalled \$51.7 **million** comprising cash of \$37.4 **million**, bullion/dore of \$14.3 **million**. At quarter end Kingsgate had \$40 **million** outstanding under its restructured corporate debt facility and approximately /4US107 **million** outstanding under the Akara loan facility.

Outlook

Kingsgate is on track to meet **gold** production guidance for the year of between 190,000/210,000 ozs including 120,000/130,000 ozs from Chatree and 70,000/80,000 ozs from Challenger.

Market Cap \$208m.

KCN down 4 to 93 cents

\*MAT: New assays inc 13m at 1.52% Ni, 0.012% Cu, 0.035% Co at Symons Hill

Matsa Resources Ltd announced significant new nickel assays at its Symons Hill project including an intercept of 13m at 1.52% Ni, 0.012% Cu, 0.035% Co in weathered serpentinised dunite at SGH03. The phase 3 aircore drilling program has been completed for a total of 495 drillholes and 17,264 **m**.

A total of 4,505 composite samples up to 4m in length were submitted for assay with 3,203 assays received to date.

A total of 495 end of hole samples were submitted for comprehensive lithogeochemical suite assays with 321 of the assays received. Three induced polarisation survey lines were completed in each of SHG01, SHG02 and SHG03.

moving Loop ground EM surveys were temporarily suspended to avoid interference with IP surveys and will now recommence.

Market Cap \$30m.

MAT up 0.5 to 21 cents

\*OBS: Up to 18.54gpt Au in latest drilling at Natougou project, Burkina Faso

Orbis **Gold** Ltd announced it has received further high grade drill assay results from its Natougou **gold** project, south east Burkina Faso. The best results include 6.08m at 4.98gpt Au from 82.92m in BODD375 and 3.40m at 10.84gpt Au from 82m in BODD386 including 1.95m at 18.54gpt Au from 83.45m.

Market Cap \$75m.

OBS steady at 30 cents

\*PAN: Record qtr Ni production, lifts guidance again, \$67mln cash in hand

Panoramic Resources Ltd in its quarterly report said in significant points **group** nickel production was a record 5,731 tonnes for the quarter on cash costs down to \$5.18/lb inclusive of royalties.

Savannah production was up 18% to 2,375 tonnes Ni with receivable cash costs at \$4.81/lb Ni inclusive of royalties down 23%.

Landfranchi production was 3,356Ni in **ore** at \$5.48/lb Ni inclusive of royalties.

At the Gidgee **gold** project the feasibility study is on track for delivery in the June 2014 quarter.

At Mt Henry (PAN 70%) the Bankable Feasibility Study is on track for delivery in the June 2014 quarter.

At Panton, Panoramic is planning to commence test work on the Panton PGM drill core samples. The strategy remains to find a strategic partner for the PGM assets.

Liquid assets rose 26% to \$67 **million** at quarter end with the cash balance building quickly.

Guidance: Based on the record quarterly production result the 2014 production guidance was increased again to 21,500/22,000 tonnes of contained nickel in concentrate/**ore**.

Market Cap \$198m.

PAN down 5.5 to 61.5 cents

\*PRU: Improved performance at Edikan, guidance lowered after fire

Perseus **Mining** Ltd announced the trend of improved operating performance at Perseus' Edikan **Gold** Mine (EGM) in Ghana continued during the quarter as indicated by increases in the run time of the SAG mill (88%) and **gold** recovery (86% in March 2014) .

A total of 43,787 ozs of **gold** were produced, reflecting an expected short term decrease in the head grade and quantity of **ore** processed during the quarter.

The EGM's all in **site** cost (including production, royalties, development and sustaining capital) was reduced during the quarter but given the expected reduction in **gold** production, unit costs increased slightly to \$US1,286/oz.

43,873 ozs of **gold** were **sold** in the quarter for an average **sale** price of \$US1,294/oz.

A fire in the cyclone cluster of the processing plant during routine maintenance following the end of the quarter saw processing of **ore** interrupted for seven days. This has contributed materially to a change of **gold** production and subsequently cost guidance for the six months ended June 30 2014.

Perseus also updated the development of Sissingué **Gold** Project in the Cote d'Ivoire where a two year extension has been granted while in exploration significant drill intercepts from the Bele Central prospect were delineated at the Mahale project in Cote d'Ivoire.

Cash and bullion in hand is \$47.6 **million** as at March 31 excluding \$49.7 **million** held in escrow and VAT receivable. A placement of about 68.7 **million** shares raising approximately \$32 **million** was completed on February 17.

Edikan **gold** mine production and cost guidance has been reduced 10% for the year to 183,200/193,200 ozs at an all-in **site** cash cost of \$US1,200/1,300 per oz.

Market Cap \$184m.

PRU down 3 to 35 cents

\*SBM: March qtr **gold** prod down a touch, **Gold** Ridge problem/cash \$58mln

St Barbara Ltd for the quarter announced **gold** production was 92,522 ozs vs 93,577 ozs for the December quarter, consistent with expectations and lower than expected production from the Pacific **operations**. Year to date production was 282,838 ozs.

Consolidated cash operating costs for the quarter were \$A1,139 per oz vs \$A1,189 per oz in the December quarter.

Australian **operations** at Gwalia and King of the Hills was solid, Simberi **gold** production improved 22% to 10,847 ozs vs 8,908 ozs for the December quarter, lower than expected due to poor mobile fleet reliability and delayed ramp up of the 3.5Mtpa plant expansion.

**Gold** Ridge production increased by less than expected to 15,690 ozs vs a rain event but was up from 14,912 ozs in December.

**Gold** Ridge remains suspended until a **site** assessment can be completed following torrential rain at the beginning of April.

SBM has \$58 **million** in cash including \$2 **million** restricted cash plus undrawn credit facilities of \$24 **million**.

Leonora has produced 1 **million** ozs of **gold** since SBM recommissioned the Gwalia mine in October 2008.

Outlook: 2014 guidance is maintained for Gwalia, King of the Hills and Simberi. **Gold** Ridge will be updated after a **site** assessment.

Market Cap \$107m

SBM down 1 to 22 cents

\*TRY: Paul Benson, MD and CEO gives notice of resignation

Troy Resources Ltd announced Paul Benson, MD and CEO has given his notice of resignation from his role with the **company**. Mr Benson will work with the **board** to ensure a smooth transition to his successor. Chairman David Dix paid tribute to Paul Benson for his outstanding service since joining the **company** in October 2007. Mr Benson said with **operations** in South America, he is spending a lot of time away from home and is looking forward to an extended break to spend time with his family. "Over the longer term I am looking forward to watching the value of my shareholding in Troy appreciate" he added.

Market Cap \$188m.

TRY down 5.5 to 96.5 cents

\*VXL: Graphite sales commence - first Australian graphite sales in over 20 yrs

Valence Industries announced it has **sold** its first graphite, the first sales in Australia for over 20 years. Shipments to Japan are to commence in the coming weeks.

Uley Graphite from reprocessed material will be used for applications ranging from industrial lubricants and refractories to battery applications.

Valence Industries' Phase 1 Re-commisisoning program continues.

(Our note: The Uley graphite resource is 1.9Mt indicated and 4.5Mt inferred in high grade flake graphite at a 3.5% graphitic carbon lower cut off grade with metallurgy confirming high process grades. It produced graphite for export from the 1800's up until 1993.

The mine is located on the southern Eyre Peninsula within 22 km of Port Lincoln with established regional support infrastructure and multi modal transport facilities.

Eagle Bay Resources had earlier struggled to commence production from Uley Graphite for many years, later changed hands several times.

July 26 1999: flake graphite upto 95% pure carbon has been produced.

CRA had previously estimated the mineralisation at Uley to be 387m tonnes at

7.4% graphite. While on care and maintenance, additional exploration

indicated a new in situ indicated resource of 1.5 **million** tonnes at 15.3%

graphite providing a 50% lift in head grade, giving at least a 10 year mine life.

The **company** is confident that acceptable marketing arrangements with Japanese trading houses can be re-established.

In July 1999 research carried out by Eagle Bay together with the South Australian Mines

Department and the CSIRO have produced during laboratory a HiC Graphite

(99.9% carbon) from the low value fines discarded during coarse flake processing.

Market Cap \$60m.

VXL up 1.5 to 44.5 cents

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