

HD MARKET RISES BRIEFLY INTO THE POSITIVE IN AVRO

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The S&P/ASX200 closed down 3.1 points to 5410.6 on light volume worth \$3.2 **billion** after briefly rising 6.1 points late afternoon. There were 355 issues higher and 588 down. The SPI Futures closed down 4 points to 5404 on light volume of 5,439 contracts. Aussie 10 year bond yields are down 1 point to 4.075. The \$A is at 93 US c, up 30 points on last evening.

*The banks have contributed 0.5 negative points to the index, insurers have contributed 0.4 negative points, resources have contributed 4.3 positive points, **property** trusts have contributed 0.2 positive points, retailers have contributed 0.4 negative points and Telstra is Neutral.

*At 4pm AEST the Nikkei Dow futures was down 150 points to 14,660 points, Shanghai CSI physical was up 36.5 points to 2095.33. The Hang Seng futures was up 181 points to 22,581 points, S&P futures was up 4 points to 1842.10, Nasdaq futures rose 7.5 points to 3506.75, Dow futures was up 31 pointst o 16,209 points.

Spot **gold** rose \$7 to \$1304. Crude rose 65c to \$101.09.

Sentiment was buoyed by **China**'s strong performance on its return from holiday, which saw our miners **lead** the index. The market also responded positively to our Free Trade Agreement signed with Japan - although the US is making rapid moves to ratify its Trans-Pacific Partnership with Japan, with President Obama visiting Japan later this month, to level the playing field.

*Japan's current account rebounded into surplus in February from a record deficit ni January, with the 613 **billion** Yen (\$US5.9 bllion) surplus the first in five months, the Ministry of Finance reported in Tokyo today, more or less in line with a Bloomberg survey of 29 economists.

*The Bank of Japan retained its monetary base target at between 60 trillion Yen and 70 trillion Yen, concluding a two day policy meeting.

"Gut feeling is we are going up, but I am not going to defy sentiment .. down 10"

"Maree" said, "While there was a sharp fall in Northern Hemisphere stocks last night I cannot see we are in the same over valuation mode here. Fair enough, some of what is going on in the north will filter through to us. But there is something to gain from the FTA, even if only minimal. My gut feeling is still that we are going up, but I am not going to defy sentiment, so I'll call the market down 10".

Maree added, "The slow down in **China** from 8+ to +7% or a little below is still fantastic growth, if in fact it is happening, compared to the northern hemisphere. Our market has factored in a lot of negatives but we did not rally as much as the north, we are not in the same boat even if we take the **lead** from what is happening in the northern hemisphere. Our falls will be muted compared to their falls. We have \$1.6/1.7 trillion in super money. Although a lot of it is held in cash or goes into **property**, a lot of it also goes into stocks."

The S&P/ASX200 closed down 9.1 points to 5413.7 last evening.

ECO NEWS

Business confidence falls to 4 points in March from 7 in February

The National Australia Bank's **business** survey revealed **business** confidence fell from 7 points in February to 4 points in March while sales fell and employment improved slightly.

Business sentiment was also weakened by the recent elevated levels of the Australian dollar, uncertainty over the global economy and fears of a "belt tightening" federal government budget in May, the National Australia Bank's **business** survey showed.

Despite the soft readings, most industries recorded a lift in conditions, particularly in the **mining** sector. But the transport industry, as well as the "bellwether" wholesale sector, weakened significantly, NAB said.

"Conditions facing wholesalers deteriorated heavily in March and are by far the weakest of all the industries covered in the survey - a concern given its characteristics as a bellwether industry," NAB said.

At the same time, indicators suggest there would be little improvement over the next few months, as forward orders remained soft and firms continued to de-stock, the bank said, adding that capacity utilisation suggested there was still significant slack in the economy.

More on FTA with Japan immediate win for **dairy**. Beef tariff cut to be phased in

"The Age" said the average Japanese car will cost about \$1000 less for Australian consumers.

Japan will cut the tariff on Australian frozen beef to 19.5% from 38.5% and Australian fresh beef to 23.5%, to be phased in over 15 years or more.

***Cheese** exports for Australian producers become immediately duty free. They will also benefit from a preferential duty free Australia only quota.

Quotas will also grow for ice cream and frozen yoghurt exports.

Australian **milk** products such as protein concentrates and casei nwill be immediately duty free to Japanese markets.

Tariffs on canned products such as tomatoes, peaches and pears, and fruit and vegetable juices will be eliminated.

TOP STOCKS

***Alumina** rose 2c to \$1.25.5 on 9.3m shares ahead of Alcoa's quarterly report tonight.

*Treasury **Wine** rose 26c to \$3.87 on 7.4m shares on an upbeat report by the new managing director.

*Mesoblast recovered 35c to \$4.96 on 1m shares on the report below.

Among the financials, AMP closed down 2c to \$5.02 on 4.3m shares, ANZ rose 7c to \$33.55 on 3.79m shares, CBA fell 10c to \$76.76 on 1.44m shares, NAB rose 2c to \$35.20 on 3.4m shares, Westpac fell 2c to \$34.46 on 2.7m shares.

Among the TMT's Telstra was steady at \$5.04 on 11.8m shares, Telecom NZ fell 1c to \$2.34 on 1.15m shares, SingTel rose 4c to \$3.12 on 778,034 shares.

Among the resources BHP rose 14c to \$37.88 on 4.87m shares, RIO gained 55c to \$64.50 on 1.74m shares. Fortescue rose 13c to \$5.59 on 17.8m shares, Sandfire gained 3c to \$5.76 on 576,718 shares. PanAust was up 7.5c to \$1.69.5 on 4.2m shares.

Among the oils, Woodside rose 6c to 438.90 on 981,561 shares, Santos rose 1c to \$13.48 on 2.5m shares, **Oil** Search added 9c to \$8.55 on 2.8m shares.

Among the golds, Newcrest rose 20c to \$10.50 on 2.98m shares, Oceana rose 17c to \$2.67 on 640,649 shares, Regis rose 5c to \$2.38 on 1.9m shares, Resolute gained 1.5c to \$59.5c on 2.8m shares. Saracen was up .5c to 34c on 3m shares, St Barbara fell 3c to 25c on 3.38m shares on the report below.

AT THE SMALLER END

*Australian Agriculture rose 5.5c to \$1.29 on 1.39m shares on the FTA deal with Japan.

*Elders is steady at 10.5c on 230,000 shares.

*Bega rose 3c to \$5.03 on 440,000 shares, with the immediate impact is removal of tariffs for **dairy**, for beef the cuts will be phased in over 15 years.

*Casini Resources rose another 6c to 24.5c on 9.8m shares after rising 16.5c on the 3rd when it announced the **acquisition** of BHP's West Musgrave Project.

*Kazakhstan Potash Corp Ltd (KPC) rose after relisting following compliance with various conditions.

NEWS OF THE DAY

Oklahoma swamped by surge in earthquakes near fracking

Bloomberg reported there have been more earthquakes strong enough to be felt in Oklahoma this year than in all of 2013, overwhelming state officials who are trying to determine if the temblors are linked to **oil** and natural gas production. On April 6 the state experienced its 109th earthquake of a magnitude 3 or higher, matching the total for all of 2013, according to Austin Holland, a research seismologist with the Oklahoma Geological Survey. More quakes followed, including a magnitude 4 near Langston, about 64 km north of Oklahoma City.

Within the past year, earthquakes thought to be tied to wastewater disposal wells were recorded in Azle, Texas, Jones, Oklahoma and northern Ohio, thought to be linked to pumping fracking wastewater underground.

Our Darvas system related Special Report is on Horizon **Oil** Ltd today, posted separately.

LARGE CAP INDUSTRIALS

*CAB: Looks at impact from NSW Govt intention to set service fee at 5%

Cabcharge Ltd advised that the NSW Government intention to set the service fee at 5% will result in Cabcharge's current taxi service fee income of \$28 **million** halving to \$14 **million**. While this may be mitigated by an increase in electronic payments generally and/or a decrease in the level of competition in the **transaction** processing market in NSW, or a reassessment of the merchant fee arrangements with taxi networks and incentive payments to drivers that together total approximately \$10 **million** annually in NSW.

Cabcharge added that while the NSW government expects savings from a lower service fee will be available to all passengers, it will in fact only be available to those who choose to use credit/debit cards and who can sometimes claim it as a tax deduction.

Cabcharge added it has been operating mobile phone taxi booking apps in NSW since 2009, that meet the full range of customer service, privacy and safety standards that apply to other modes of booking services.

However, many clients including people with disabilities, many aged people and disadvantaged people prefer to use the telephone or web based booking services which CAB continues to fully service.

Market Cap \$466m

CAB down 22 cents to \$3.87

*MSB: Response to ASX price fall query

Mesoblast Ltd in response to the ASX price query said the **company** believes the decrease in the price of its securities together with the larger than normal trading volume is primarily a result of the fall in the NASDAQ Biotechnology Index of 4.01% on April 4 together with an increase in short positions.

Mesoblast has \$250 **million** cash in hand.

It continues to progress late stage clinical trials across all four of its core therapeutic areas including the Phase 3 trial of Mesenchymal Precursor Cells for chronic congestive heart failure, being conducted by **commercial** partner Teva Pharmaceutical Industries.

The recent **acquisition** of late stage Mesenchymal Stem Cell assets provides opportunity for earlier product launches, Mesoblast collaborator JCR Pharmaceuticals is expanding its manufacturing facility for preparation of its **commercial** launch in Japan of its MSC product JR-031 to treat steroid refractory graft vs host disease (GVHD) in children and adults after a bone marrow transplant, to be launched in 2015.

Mesoblast will meet with the US FDA shortly to discuss potential pathways for accelerated MSC product approvals in the US for the treatment of GVHD.

Mesoblast's intellectual **property estate** now extends to more than 60 patent families.

Market Cap \$1.6b.

MSB up 35 cents to \$4.96

*SPN: Full court of Fed Court rules in ATO's favor, SPN considering appeal

SP AusNet advised with regard to its dispute with the Australian Taxation Office, the Full Court of the Federal Court of Australia has delivered judgement against SPN in relation to disputed tax amended assessments relating to the 2001 to 2006 income years. The current after tax disputed amount is \$86.7 **million** representing \$54 **million** of primary tax plus an interest component of \$32.7 **million**. SPN paid \$30.6 **million** to the ATO in October 2011 in relation to the dispute as part of a 50/50 payment arrangement. Following the Federal Court's first instance decision, a Profit & Loss charge of \$86.7 **million** was recorded by SP AusNet in its accounts for the financial period ended September 30.

SPN is seeking legal advice and will make a decision on whether to apply for special leave to appeal. (Apr 7)

Market Cap \$4.4b.

SPN down 0.5 to \$1.305

*TWE: New CEO sees considerable value for s/holders to be unlocked in TWE

Treasury **Wine** Estates new CEO Michael Clarke in his initial address confirmed his support for TWE's strategy of portfolio premiumisation, in a global market where consumers are increasingly demanding high quality wines at higher price points.

"The **company** has an appetite for growth and a balance sheet to support these ambitions'.

The CEO outlined areas for performance improvement but said his immediate focus is on running the **business**. He said, "It is however already clear to me that TWE must take action to reduce overhead expenditure, reinvesting these savings back into consumer and **brand** marketing. Stronger, long term relationships with major customers and distributors are also required if we are to drive sustainable top line and margin growth over time .. I believe there is considerable shareholder value to be unlocked in TWE.."

Market Cap \$2.5b.

TWE up 26 cents to \$3.87

LARGE CAP RESOURCES

*AQP: Offers to **purchase** convertible **bonds**/followed by rights issue

Aquarius Platinum Ltd announced it is launching a tender offer today that will expire on April 11 unless extended, to **purchase** a minimum of \$US15 **million** and a maximum of \$US225 **million** in principal amount of the outstanding \$US300 **million** convertible **bonds** with a maturity date of December 18 2015.

Following expiry of the tender offer the **company** proposes to make a partly underwritten rights issue to raise not less than the minimum Tender Offer acceptance level of \$US150 **million**, details to be announced after expiry of the tender offer.

However Aquarius believes, given the existing convertible **bonds** convert at \$US6.578 per common share, subject to adjustment on the occurrence of certain events, it is thought highly unlikely that existing convertible bond holders will choose to exercise their conversion rights prior to the maturity of the Existing Convertible **bonds**, that the **company** will be required to redeem at their principal amount on their final maturity date of December 18 2015.

The **board** believes investor uncertainty on whether Aquarius **Group** will be able to repay any portion of the Existing Convertible **Bonds** that remain outstanding weighs on the common shares.

With the **operations** having returned to more sustainable levels, and with about \$US64 **million** before tax to be received from the **sale** of its 50% share and loan in the Blue Ridge mine and its 50% effective interest in the Kruidfontein prospecting right, the **company** intends to use the proceeds to strengthen the balance sheet.

Market Cap \$259m

AQP down 10 cents to 53 cents

MID TO SMALL INDUSTRIALS

*AVH: New version of ReCell does not need refrigeration, already being **sold**

Regenerative medicine **company** Avita Medical Ltd advised it has developed and released to market a new version of ReCell "Spray-on Skin" that no longer requires refrigeration. This greatly improves the **commercial** and practical benefits to clinicians. The new version has been cleared for use and is starting to be **sold** in the UK and Europe.

Avita is also in the process of submitting an application for review to the Therapeutic Goods Administration in Australia, where the product must currently be refrigerated. Avita plans to phase out existing ReCell product containing the refrigerated or temperature controlled enzyme and expects when approved only the product without refrigeration requirements will be manufactured and **sold**.

Market Cap \$39m.

AVH steady at 12 cents

*IMF: \$100 face value **bonds** to raise \$60 mln ay 3 month Bank Bill +margin

Bentham IMF Ltd announced it has lodged a prospectus with the Australian Securities and Investment Commission for an offer of new five year secured notes each having a face value of \$100 to raise \$60 **million**. The **company** will apply for the Bentham IMF **Bonds** to be listed on the ASX.

The **bonds** will receive an interest rate of Bank Bill Rate plus margin. The actual margin will be determined through a bookbuild, expected to be announced today, April 15.

Proceeds raised from the offer will be used to increase financial flexibility and working capital including in relation to its growth objectives in Australia, the US, the UK and the Netherlands. First payment will be made on July 8 2014.(Apr 7)

Market Cap \$298m.

IMF down 3 cents to \$1.81

*RGS: Ethics approval to collect stem cells from human donors for OA trial

Regeneus Ltd announced it has received ethics approval to collect stem cells from human donors for use in the production of its new allogeneic (off the shelf) stem cell product for osteoarthritis. This allows Regeneus to begin manufacturing the cells for its first in man clinical trial to assess initial safety and preliminary efficacy in human volunteers with knee osteo arthritis.

Regeneus is a pioneer in the development and use of adipose derived stem cell products. It has used its autologous (donated by patient) stem cells to treat over 1,000 human arthritic joint in clinical trials and **commercial** settings and has treated hundreds of cases of canine and equine osteoarthritis.

The **company** will target the Japanese market for its allogeneic stem cell product to take advantage of laws passed in November 2013 providing an accelerated approval process for allogeneic human cell therapies without the need for expensive Phase III clinical trials.

Market Cap \$61m.

RGS up 0.5 to 44.5 cents

*VLA: Non injected + injected metastatic cancers respond to Cavatak treatment

Viralytics Ltd announced Dr Robert Andtbacka, **lead** study investigator, Huntsman Cancer Institute, Utah has presented additional positive interim results from the ongoing Phase 2 clinical trial to the American Association of Cancer Research Conference.

Dr Andtbacka's presentation focussed on Cavatak's activity in non injected metastatic tumours in patients participating in the CALM study. Investigators reported partial or complete reduction of non injected tumours in multiple patients who had been on treatment at least 8 weeks. The findings provide promising evidence of oncolytic immunotherapy, which is when anti cancer activity is observed in tumour cells both at the **site** of injection as well as in tumours at distant body locations.

Market Cap \$54m.

VLA down 1.5 to 29.5 cents

*WDS: Notes Fin Review report that Pala Investments is seeking to sell out

WDS Ltd advised with regard to the article in the Australian Financial Review that its major shareholder Pala Investments is conducting a **sale** process via Lazard for its 24.8% **stake** in the **company**. WDS advised Lazard was appointed a strategic adviser to WDS in 2012 and from time to time the **company** considers a range of strategic alternatives that may potentially improve value for all shareholders. At this point there are no such proposals.

Market Cap \$148m.

WDS down 1.5 cents to \$1.02

MID TO SMALL RESOURCES

*AGR: Renegotiates terms of option agreement for Brazil projects

Agua Resources Ltd announced it has renegotiated the terms of the option agreement signed with Companhia Brasileira do Cobre whereby the **company** will **acquire** 100% of CBC's Tres Estradas and Joca Tavares tenements for various share payments. CBC will have a 2% net income royalty capped at \$US10 **million**. Agua will have the right to buy out the royalty for \$US5 **million** at any time. Agua has agreed the reduction of tenements with IAMGOLD Corporation to the tenements considered to be the most prospective, located in Southern Brazil, adjacent to the Tres Estradas and Joca Tavares tenements.

Market Cap \$12m.

AGR steady at 5.7 cents

*FMS/RTA/RMS: Ian Gordon appointed MD/CEO, leaving Ramelius

Flinders Mines Ltd announced the appointment of Ian Gordon as managing director. Executive chairman Robert Kennedy will revert to the role of non exec Chairman on the commencement of Mr Gordon's contract.

Mr Gordon is currently the managing director/CEO of Ramelius Resources Ltd, a role he has held since 2009.

The **company** is confident of his ability to bring together a team to deliver a positive outcome for Flinders 100% owned Pilbara **Iron Ore** Project in Western Australia, developing a 20/25 Mtpa hematite **mining** operation under an alliance with rail and port providers Rutile Resources and Todd Minerals Ltd.

Market Cap \$53m / \$16m. / \$42m

FMS down 0.2 to 2.5 cents/RTA untraded last at 20 cents/RMS down 0.5 to 11.5 c.

*KBL: DFS at Sorby Hills Ag-Pb-Zn Project to begin, production in 2015

KBL **Mining** Ltd announced following approval of the development of the Sorby Hills Project by the WA Environmental Protection Authority, the Bankable Feasibility Study will now commence.

It is the largest undeveloped near surface Ag-Pb-Zn resource in Australia with Global Resource of 16.7Mt at 4.5% Pb, 0.7% Zn and 52gpt Ag at a 2.5% Pb cut off.

Stage 1 development is envisaged as a 400,000 tpa open cut operation producing approximately 20,000 tonnes Pb and 710,000 ozs of Ag in concentrate.

Stage 1 is envisaged to have a 10 year mine life based on the C and DE Deposits which account for only 27% of the global resource base. Subsequent development should extend the mine life to more than 25 years, subject to necessary government approvals.

With substantial infrastructure already available, the project can be fast tracked to production, commencing in 2015.

Market Cap \$15.35m.

KBL steady at 3.9 cents

*PRW: Update on Barnes Hill **iron ore** project

Proto Resources & Investments Ltd announced at the Barnes Hill **mining** licence, this week samples were received by Robbins Metallurgical with testing being undertaken to further ascertain the potential of producing a Fe product with greater than 55% Fe with reduced contaminants to be evaluated by the effect of gravity separation and magnetic separation. Proto is targeting to have the testing and plant design/process flow sheet completed by July 1 2014. First saleable product is expected to be produced in the second half of calendar 2014, subject to market conditions.

Market Cap \$742,000.

PRW steady at 0.1 cent

*RXL: Positive results from testwork on Camelwood Ni sulphide deposit

Rox Resources Ltd announced from preliminary metallurgical testwork on samples from the Camelwood nickel sulphide deposit at Fisher East project in Western Australia, high concentrate grades of 14/17%Ni and low MgO content have been produced with 91/95% nickel recovery for primary massive sulphide. High grade concentrate was also produced for transitional semi massive (head grade 2.4% Ni) sample. The preliminary disseminated sulphide sample contained a significant amount of talc, which contains high amounts of MgO, requiring an additional talc pre-float which removed about 34% of the MgO before the sulphide flotation stage. A concentrate grade of 8.1% Ni was achieved with Ni recovery of 60%. MgO content was low at 2.5% MgO and the Fe/Mg ratio was 16, indicating a suitable smelter project.

Market Cap \$37.5m.

RXL up 0.1 to 5.1 cents

*SBM: **Gold** Ridge **Operations** suspended, in discussions with Govt on future

St Barbara Ltd announced following suspension of **operations** at **Gold** Ridge **Operations** in the Solomon Islands on April 3, the extreme rainfall continued and subsequently developed into Tropical Cyclone Ita with over 1,000 millimetres of rain recorded at **site** in the four days to April 4. The ensuing flooding caused significant damage to main roads, including the only access road to the mine and a key bridge. The damage has isolated the mine **site** from critical supplies of fuel necessary for onsite power generation as well as food and medical supplies.

In addition the open pits at the mine experienced flooding and significant damage. Security risks escalated to an unacceptable level, potentially endangering the 200 personnel onsite. The decision to evacuate all personnel from **site** was taken.

Consequently the **Gold** Ridge **Operations** have been suspended. For the six months to December 31 2013 **Gold** Ridge produced 29,431 ozs of **gold**, representing 15% of St Barbara's total **gold** production for the period. The **company** is in continuing discussions with the Solomon Islands Government regarding the future of the mine, with an update to be included in the March quarter report later this month.

Market Cap \$122m.

SBM down 3 to 25 cents

*TNR: Update on finances

Torian Resources NL announced on February 28 it entered into a secured loan with a **group** of sophisticated investors for the amount of \$250,000. The term of the secured loan was a period of 12 months, which concluded on February 28.

Torian has also reached an agreement with the secured creditors since expiry of the facility with \$255,311.68 of the loan to be converted to Torian shares at \$0.002 per share.

The **company** has also agreed with a number of unsecured creditors to convert their debt to Torian shares on the same terms, subject to shareholder approval.

Market Cap \$732,000.

TNR untraded last at 0.3 cents

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