

**HD MARKET CLAWS ITS WAY INTO THE POSITIVE AT THE CLOSE**

**BY** Jenny Prabhu

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The S&P/ASX200 closed up 4.2 points to 5424.6 after trading lower most of the day on good volume worth \$4.3 **billion**. There were 396 issues higher and 559 down. The SPI Futures rose 6 points to 5436 on good volume of 22,083 contracts. Aussie 10 year bond yields rose 3 points to 3.71%. The \$A is at 92.37US c, down about 50 points from last evening.

The banks led the way higher, contributing 5.3 points positive points to the index (after contributing 4.7 negative points this morning) , insurers contributed 0.3 positive points, resources contributed 6.5 negative points, **property** trusts contributed 0.1 positive points, retailers contributed 0.8 positive points and Telstra contributed 2.8 positive points.

\*At 4pm AEST the Nikkei Dow futures was down 20 points to 14,040 points, Shanghai CSI physical was up 5.88 points to 2014, Hang Seng futures was up 70 points to 22,793 points, S&P futures was up 1.2 points to 1869.30, Nasdaq futures was up 3.5 points to 3600, Dow futures was up 14 points to 16,351 points.

Spot **gold** was up \$1 50 \$1295. Crude was up 59c to \$102.92.

\*The Bank of Japan left rates unchanged, as expected. While there are several eco reports due out in the US tonight and a few in Europe, including rate announcements, perhaps the market is punting on **China's** flash PMI due out tomorrow as being much better than expected.

Market will fall 36 points today on a slowing domestic economic outlook"

"Maree" said, "I expect our market will fall 36 points today on a slowing domestic economic outlook and lower commodity prices.

"Despite the RBA keeping rates low for an extended period, the budget's impact on the economy will add to below trend growth".

The S&P/ASX200 closed up 11.4 points to 5420.4 last evening.

**ECO NEWS**

Wages rise 0.7% in March quarter

The ABS reported the trend index for wages in Australia rose 0.7% in the March quarter 2014, and 0.7% seasonally adjusted.

The Public sector rose 0.8%, seasonally adjusted, and the Private sector rose 0.7%.

The rises in indexes at the industry level (in original terms) ranged from 0.2% for Information media and telecommunications to 1.5% for Education and training.

For the year to end March vs the pc, the trend index and the seasonally adjusted index for Australia rose 2.6% through the year to the March quarter 2014.

Rises in the original indexes through the year to the March quarter 2014 at the industry level ranged from 1.9% for Professional, scientific and technical services to 3.3% for both Electricity, gas, water and waste services and Arts and recreation services.

Consumer sentiment takes a dive - but par for the course after Budgets

The Westpac Melbourne Institute Index of Consumer Sentiment fell by 6.8 per cent this month to 99.7, which is its lowest point since August 2011. A reading below 100 points indicates there are more pessimists than optimists on the state of the economy. The survey was conducted between May 12 and 17 in the days following the budget.

"The sharp fall in the index is clearly indicating an unfavourable response to the recent federal budget," Westpac chief economist Bill Evans said.

The Westpac survey's result reflects that of the ANZ-Roy Morgan index, which showed consumer confidence had dropped 14 per cent since April when leaks about government spending cuts and the debt levy started to appear.

The ANZ survey, released on Tuesday, was conducted on the weekend after the May 13 budget.

One of the questions in the Westpac survey asked about the impact the budget on people's finances.

Just over 59 per cent of respondents said the budget would make it tougher on family finances in the next 12 months, while just 3.1 per cent said it would improve.

Consumer sentiment traditionally takes a tumble after federal government's hand down their budgets.

After the 2013 budget, the Westpac survey showed 45.6 per cent of respondents said the budget would worsen family finances. "The initial response to a budget can sometimes be an overreaction. For example, in 2013 the index bounced back by 4.7 per cent in June," Mr Evans said.

However, the latest survey's reading on people's confidence about the economic outlook for the coming year dropped by 14.2 per cent to its lowest level since August 2011. It also showed people were feeling less confident about buying a home.

On the positive side, there was a slight rise in the number of respondents who believed now was a good time to **buy** a household item.

Most of those surveyed also did not expect their jobs prospects to deteriorate.

## TOP STOCKS

\*Telstra has led the way up, gaining another 6c to \$5.36 on 24.3m shares.

\*James Hardie, reporting tomorrow is up 30c to \$13.69 on 2m shares.

\*Treasury **Wine** rose 27c to \$5.07 on 24.4m shares as investors punt on a higher price.

\*TEN is down a half cent to 27.5c - also slashing news services with 150 jobs to go on low ratings, fall in revenue.

\*LNG fell 8c to 89.5c on 57m shares after **China** Huanqiu Contracting **sold** most of its shares and one director plus the joint CEO resigned.

Among the financials, AMP is down 3c to \$5.17 on 9.18m shares, ANZ is up 28c to \$33.03 on 5m shares, CBA is up 36c to \$80.19 on 1.9m shares, NAB is down 5c to \$33.05 on 4m shares, Westpac is down 1c to \$33.67 on 4.6m shares.

Among the TMT's Telecom NZ is down 4c to \$2.47 on 1m shares, SingTel is up 1c to \$3.32 on 658,965 shares, APN is up 1.5c to 70c on 13.59m shares.

Among the resources BHP is down 28c to \$37.17 on 5.6m shares, RIO is down 65c to \$59.40 on 3.2m shares. Fortescue is down 11c to \$4.43 on 29.4m shares, Atlas is down 2c to 72.5c on 13.5m shares, BCI fell 7c to \$3.53 on 751,120 shares. AWC is down 2.5c to \$1.33 on 3.29m shares, Western Areas fell 8c to \$4.33 on 1.4m shares.

Among the oils, Woodside is up 31c to \$41.23 on 2.7m shares. Santos rose 8c to \$14.03 on 2.8m shares, **Oil** Search gained 13c to \$9.14 on 3.8m shares.

Among the golds, Newcrest is up 17c to \$10.12 on 3.5m shares, Oceana is up 6c to \$2.679 on 454,846 shares, Kingsgate rose .5c to 80c on 1.17m shares.

#### AT THE SMALLER END

\*Elders rose 3c to 15.5c on 12.4m shares on its improved result.

\*Phosphagenics rose .6c to 8.1c on 1.79m shares on its report below.

\*Austin Engineering fell 27c to \$1.25 on 1.6m shares after lowering guidance, but also announcing a synergistic South African engineering **purchase**.

\*Prime Minerals rose 1.3c to 2.2c on 53.8m shares on the report below.

\*Structural Monitoring rose another 5c to 37c on 402,321 shares (was trading at 21c on May 9, the date of our Week's Special).

#### NEW LISTING

Fifth Element Resources Ltd (FTH) closed at 22c on 630,000 shares, listed following an issue of 20.9 **million** shares at 20c each.

The **company** has assembled a diversified portfolio of projects located in the mid west of NSW prospective for **gold** and **copper**. Exploration has been in progress since early 2012 and has resulted in the **acquisition** of four exploration licences including Fairholme WEL 8026 located 20 km South east of Candobolin, Trangie EL 8140, 40 km north west of Narramine, Pine Hill EL 8027, 40 km south east of Candobolin and Mendooran EL 8141, 15 km east of Gilgandra..

Fifth Element is based in the offices of its technical managers, SRK Consulting in Beresfield, NSW which has substantial expertise and global experience in **mining**, exploration, engineering and compliance.

Directors:

Chi Ho William LO, Executive Chairman

Bachelor of Chemical Process Engineering and Fuel Technology (Sheffield – UK).

Fellow Member of the **Hong Kong** Institute of Certified Public Accountants.

Mr. Chi Ho William LO qualified as a Chartered Accountant in the United Kingdom in 1994 and is now a Fellow Member of the **Hong Kong** Institute of Certified Public Accountants. William also holds an honours Bachelor's degree in Chemical Process Engineering and Fuel Technology from Sheffield University (UK).

William has extensive experience in the resources industry and financial markets. He has been on the **board** of a number of listed companies in both **Hong Kong** and **China**. William started investing in the resources industry in 2006.

William is currently a non-shareholding director of a **coal** resources **company** named Ridgeland's **Coal** Resources Pty Limited, a **company** incorporated in New South Wales. William is also a director and indirectly the largest shareholder of EJ Resources Pty Ltd, a **company** incorporated in New South Wales, which focuses on minerals exploration in other areas of New South Wales.

He is the founding member and has been the largest shareholder of Fifth Element Resources Limited since inception.

Siu-Wing Selwyn CHAN, Director

Bachelor of Civil Engineering (UNSW)

Master of Science (Geotechnical Engineering, Massachusetts Institute of Technology, USA)

Bachelor of Laws Hons (Wolverhampton, UK)

Fellow, Chartered Institute of Arbitrators, UK

Fellow, Institution of Structural Engineers, UK

Member, Institution of Engineers Australia

Solicitor, **Hong Kong**

Mr. Siu-Wing Selwyn CHAN is a chartered professional engineer in both Australia and the United-Kingdom specialising in civil, structural and soils engineering. He has extensive engineering experience and worked in various international consulting engineering firms as well as real **estate** developers before founding his own multi-disciplined construction project management consultancy in 1988 in **Hong Kong**.

To extend his consulting scope, Selwyn completed his law degree and qualified as a solicitor in 2008 in **Hong Kong** where he practices law in the areas of corporate finance, mergers and acquisitions, **commercial** and construction law and litigation. He also advises numerous private and corporate clients in Australia and spends a considerable amount of time in Australia.

Selwyn has been involved with Fifth Element from the outset and has been advising the initial shareholders and senior management of the **Company**.

Selwyn is also a visiting lecturer with the Polytechnic University of **Hong Kong** covering subjects such as criminal law, public order and civil liberties.

He is free from any **business** or other relationship that could materially interfere with the independent exercise of his judgment.

Andrew SKINNER, Director

Master of Economics (Macquarie University)

Member, Australian Institute of **Company** Directors

Member, CPA Australia

Mr. Andrew SKINNER qualified as a Chartered Accountant in 1986 with Price Waterhouse Coopers and commenced a specialisation in superannuation governance and taxation. He has been a specialist in superannuation taxation and small **business** structuring and advice, including working with many in the minerals industry. This work has resulted in Andrew being involved in the initial commencement stage of many businesses and the provision of seed capital. In 2004, Andrew was the founding director of Augur Resources Ltd which went on to list on the ASX under the code AUK.

Andrew's extensive experience with mineral exploration companies resulted in his appointment as a director of Zamia Metals Ltd (code ZGM), which listed on the ASX in January 2007, and he remains on that **Board**. He is on the **Board** of the ASX listed Fiji focused **gold** and **copper** explorer Dome **Gold** Mines Ltd (code DME). He is also on the **Board** of Magma Mines Ltd which is currently preparing for a listing on the ASX.

Involved with Fifth Element since inception, Mr SKINNER has been working with management and shareholders to bring the **Company** to its current state.

Andrew lectures in the School of Accounting and Corporate Governance at Macquarie University in **Business** Ethics and is currently completing a Master of Corporate Governance. He has also recently completed a Diploma of **Property** Development.

He is free from any **business** or other relationship that could materially interfere with the independent exercise of his judgment.

Noriman Sai Chi MA K, Executive Director

BSc, Master of Science (soil mechanics and engineering seismology)

DIC, MBA, MIEAust, CPEng, NPER, RPEQ

Mr. Noriman Sai Chi MAK is experienced in engineering, innovation, **property** investments, general management and **business** development. As an advisor, he has prepared **business** proposals, investment and risk appraisals, strategic management directives, budget reports, project management reviews and technical audits for many large projects. He has issued numerous technical publications and has pioneered new innovative technologies for the engineering industry.

He is free from any **business** or other relationship that could materially interfere with the independent exercise of his judgment.

## NEWS OF THE DAY

Russia and **China** have not agreed on price for gas sales/talks continue

Bloomberg reports Russia and **China** have not agreed on talks for a price for gas sales into **China** - negotiations have been ongoing for ten years.

Russia wanted the same price as contracts in the EU to be used as a benchmark price while **China** proposed a lower price based on its imports from Asia. Bloomberg quoted **China Energy** director at IHS Inc, a consultant who said LNG projects in Australia will begin **operations** next year, making global gas supply much more abundant.

Singapore Central Bank warns investors on dangers of **property** buying abroad

Singapore's central bank has issued a warning to investors about the risks posed by buying **property** overseas, as high house prices at home prompt a growing number of its residents to invest in real **estate** abroad.

A strong Singapore dollar and curbs on mortgage lending at home have encouraged more Singaporeans to **buy property** in the likes of Britain and Australia, with the Monetary Authority of Singapore (MAS) reporting a 43 percent rise in the value of overseas **property transactions** handled by local real **estate** agencies in 2013 compared with 2012.

MAS said in a statement that it is monitoring developments closely to ensure financial stability and that investors do not over-extend themselves.

"Risks are more difficult to assess or manage when investors are unfamiliar with conditions in overseas markets, such as the prospects for oversupply of properties, or of a deterioration in economic conditions," MAS said.

It also flagged the foreign exchange risk of borrowing in one currency but collecting rent in another.

MAS said the value of overseas properties dealt with by Singapore real **estate** agencies was S\$2 **billion** (\$1.6 **billion**) in 2013, up from S\$1.4 **billion** in 2012.

A recent research report by **estate** agent Knight Frank found that buyers from Singapore accounted for 23 percent of all **purchases** of newly built central London **property** in 2013, second only to British buyers who accounted for 27 percent.

France orders 2000 trains too wide for most platforms

Reuters reports France's national rail **company** SNCF said on Tuesday it had ordered 2,000 trains for an expanded regional network that are too wide for many station platforms, entailing costly repairs.

A spokesman for the RFF national rail operator confirmed the error, first reported by satirical weekly Canard Enchaîné in its Wednesday edition.

"We discovered the problem a bit late, we recognise that and we accept responsibility on that score," Christophe Piednoel told France Info radio.

Construction work has already begun to reconfigure station platforms to give the new trains room to pass through, but hundreds more remain to be fixed, he added.

The mix-up arose when the RFF transmitted faulty dimensions for its train platforms to the SNCF, which was in charge of ordering trains as part of a broad modernisation effort, the Canard Enchaîné reported.

The RFF only gave the dimensions of platforms built less than 30 years ago, but most of France's 1,200 platforms were built more than 50 years ago. Repair work has already cost 80 **million** euros (\$110 **million**)

"Government going to be surprised by global response to its climate policies"

"The Age" reports Australia's reversal on climate change action will ultimately not stick because the rest of the world will make clear that it is unacceptable, globally renowned economist Professor Jeffrey Sachs says.

Speaking to Fairfax Media, Professor Sachs said the extreme shocks and pain of climate change were now being felt across the planet and governments acting in an "anti-scientific perspective or an extraordinarily short-term perspective" will be surprised by the response from other countries.

"This government was surprised this week with the reception to the budget," Professor Sachs said. "And I think it is going to be surprised by the global reception of its climate policies as well unless it begins to understand the real situation in the world and what's really expected of a country like Australia."

Professor Sachs is perhaps best known for his work on poverty eradication, including his bestselling book *The End of Poverty*. He is the director of the Earth Institute at Columbia University and a special adviser to UN Secretary-General Ban Ki-moon.

He is in the country to launch work on the Australian section of a global project for the UN to map paths for 13 countries to make deep cuts to greenhouse gas emissions that are consistent with keeping global warming at relatively safe levels of below 2 degrees.

Changes in substantials reported May 19 and 20 inc posted separately.

Ex div: ZMZ ex div

## LARGE CAP INDUSTRIALS

\*ABC: Expects 2014 int, final to be similar to the pcg excluding one offs

Adelaide Brighton Ltd chairman Les Hosking, retiring MD Mark Chellew and Dy CEO Martin Brydon addressed the AGM.

The chairman paid tribute to the retiring CEO under whose stewardship total shareholder return growth has been around 1200%, one of the highest returns in the ASX200. He welcomed incoming CEO Martin Brydon, for the past nine years the GM of Cement and Lime within Adelaide Brighton and with 30 years experience in the industry.

Incoming CEO in first half guidance said net profit after tax is expected to be similar to the previous year, with full year 2014 net profit after tax also expected to be similar to 2013, excluding the impact of the Birkenhead production issues and a net restructuring charge for the year of \$4 million (from the closure of the Munster clinker production site in Western Australia, with resultant redundancies with a decision to import all 400,000 tonnes of clinker previously produced at Munster).

The restructuring initiatives of the first half will provide a strong platform for the business and deliver benefits in the 2nd half of 2014 and further significant savings in 2015.

Market Cap \$2.26b.

ABC down 22 cents to \$3.53

\*AIA: Passengers up 6% in April, higher from UK, Aus, HK for Easter holidays

Auckland Airport Ltd announced international passenger volumes excluding transit passengers was up 6% in April on the previous year, positively impacted by a late Easter. The majority of international passenger growth was from Australians and New Zealanders traveling at Easter and during school holidays.

Monthly visitor arrivals from Australia were up 17.5% in April while monthly visitors rose 23.1% and Hong Kong visitors rose 89% in April vs the previous April

International passenger volumes excluding transit passengers at Cairns Airport were 29.2% lower in April vs the previous year, in part due to reductions in traffic to PNG due to the removal of Australian visa processing on April, the change of a Jetstar connection service to Darwin that previously had an onward connection to Singapore and the cancellation of flights due to Cyclone Ita.

Market Cap \$4.3b.

AIA down 8 cents to \$3.63

\*AOG: Completes sale of MFKP j/v share for \$56 mln, acquires property

Aveo Group Ltd announced it has completed the disposal of its 50% interest in the MFKP j/v to Mulpha group for \$56 million as announced on February 12.

Following the sale, in line with Aveo's strategic focus to transform to a pure retirement group, it has now exchanged contracts for approximately 14.4 hectares at both Norwest Business Park and Sanctuary Cove for a total of \$53.6 million.

The land is proposed to be developed into approximately 740 high quality retirement units/aged care beds to be delivered from full year 2017 with an end value of \$380 million, expected to accommodate around 1,000 residents.

Market Cap \$1b.

AOG down 1 cent to \$2.00

\*DXS: Moody's upgrades DEXUS credit rating following S&P's upgrade

DEXUS Property Group announced Moody's Investors Service has upgraded DEXUS's credit rating from Baa1 to A3. This follows S&P's upgrade from BBB+ to A- on March 31.

Market Cap \$6.06b.

DXS up 0.5 to \$1.115

\*MQG: Refers to Fairfax publication reports on its tax matters

Macquarie Group Ltd announced it notes articles published in Fairfax Media publications today including The Sydney Morning Herald headlined "Macquarie Group tax issues may be market sensitive" and the Australian Financial Review headlined "Macquarie tax rats probed" and notes three articles concern documents filed over 12 months ago relating to litigation with the Australian Tax Office. The matter has been substantially resolved and is reflected within Note 4 Income Tax Expense of MQG's 2014 Annual Financial Report released on May 2.

The note includes the statement "Macquarie has considered its position with respect to the unresolved matters and other tax claims including seeking advice and considers that it holds appropriate provisions".

Market Cap \$18.76b.

MQG down 28 cents to \$58.42

\*QAN: April passengers fall 1.5% vs prev April, year to date yields lower

Qantas Airways Ltd announced passenger numbers for April decreased by 1.5% from the previous year. Group capacity (Available Seat Kilometres) increased by 2% and demand (Revenue Passenger Kilometres) increased by 0.4%, resulting in a revenue seat factor of 76.4% which was 1.2% lower than the previous year.

Year to date yields were lower than the prior corresponding period. Total domestic (comprising Qantas Domestic, QantasLink and Jetstar domestic) yields were lower than the prior corresponding period as a result of continued market capacity growth and weak demand. Total international yields were lower than the prior corresponding period due to persistently high levels of competitor capacity growth.

Market Cap \$2.69b.

QAN down 1.5 cents to \$1.225

\*TEN: To cut news services, 150 jobs to go - ABC News

ABC News reports TEN has cut around 150 jobs, axing some news shows including Wake Up and the early, morning and late news. The network will reduce its staffing levels in Sydney with the number of reporters cut from 17 to 7 and the number of camera operators going down from 12 to 5. The job losses will also impact the other cities newsrooms as well as regional offices and will also close its Los Angeles and London Bureaux.

Mr McLennan said the decision was forced by the network's poor ratings, revenue and earnings performance as well as a soft advertising market.

Market Cap \$724m.

TEN down 0.5 to 27.5 cents

\*WOR: FEED contract for proposed LNG export project in Canada

WorleyParsons Ltd announced that WorleyParsons Canada Services Ltd in j/v with affiliates of Chiyoa Corporation, Foster Wheeler AG and Saipem SpA has been awarded a contract by LNG Canada Development Inc for the provision of front end engineering design and project execution services for a



proposed liquefied natural gas export project, known as the LNG Canada Project, in Kitimat, British Columbia.

The LNG Canada Project is planned as a phased development initially comprising two processing trains, each with a production capacity of approximately 6 million tpa of LNG with an opportunity for an additional two trains. The release to proceed with the project execution phase is subject to regulatory approvals and a financial investment decision by LNG Canada, still a couple of years away.

LNG Canada includes Shell Canada Energy (50%) an affiliate of Royal Dutch Shell Plc and affiliates of PetroChina (20%), Korea Gas Corporation (15%) and Mitsubishi Corporation (15%), incorporated and registered under the federal laws of Canada.

Market Cap \$3.75b.

WOR down 15 cents to \$15.40

#### LARGE CAP RESOURCES

\*NCM: Official opening for Cadia East, 37 M ozs of gold, 7.5M t of Cu

Newcrest Mining Lt announced the Premier of NSW the Hon Mike Bair MP today officially opened the Cadia East Gold Mine located at Newcrest's Cadia Valley Operations, 25 km from Orange in central western NSW. Cadia East has been developed as a large underground panel cave gold mine, the first of its type in Australia and when it reaches full capacity will be the largest metalliferous underground mine in Australia and one of the largest in the world.

NCM has invested approximately \$2 billion to develop the first Cadia East panel cave, associated infrastructure and complete a major expansion of Cadia's processing plant capacity from 24 Mtpa to 26Mtpa. Commercial production from Panel Cave 1 commenced in January 2013.

Managing director and CEO Greg Robinson said in the report "Cadia East is a large, long life asset and a cornerstone of the company's strategy. It is one of the largest gold and copper deposits in the world, with 2.8 billion tonnes of ore estimated to contain 37 million ozs of gold and 7.5 million tonnes of copper. With an approved mine life of 21 years, Cadia East will deliver significant economic benefits to the local community, the workforce and suppliers, local, State and Federal governments and of course Newcrest's shareholders for the long term.

Market Cap \$7.76b.

NCM up 17 cents to \$10.12

\*WPL: Terminates MOU for participation in Leviathan j/v

Woodside Petroleum Ltd announced it has advised the participants in the Leviathan j/v that it has elected to terminate the MOU agreed by the parties in February 2014. Woodside said negotiations between the parties has failed to reach a commercially acceptable outcome. Woodside has been in discussions with Noble Energy Mediterranean Ltd, Delek Drilling LP, Avner Oil Exploration LP and Ratio Oil Exploration (1992) LP to acquire a 25% participating interest in each of the 349/\$achel and 350/Amit petroleum licences located offshore in Israeli waters, with all parties working very hard to secure an outcome that would have been commercially acceptable without success. He thanked the Leviathan j/v participants and the Israeli Government for working with the company.

Market Cap \$34b.

WPL up 31 cents to \$41.23

#### MID TO SMALL INDUSTRIALS

\*ANG: EBITDA to be down sharply/buys profitable South African biz

Austin Engineering Ltd announced in a trading update and acquisition report:

#### Outlook

Orders expected in the second half were not realised due to continued deferred procurement by major miners and longer than expected contract administration lead times.

The current full year EBITDA is now expected to be in the range of \$15/18 million (vs EBITDA of \$51.1 mln last year).



The **board** believes the **company's business** model and strategy remain robust and that the disappointing current year earnings reflect cyclical factors. A significant improvement is expected in 2015 EBITDA due to contribution from recently announced crane contracts, repair and maintenance contracts and receipt of major orders originally expected in full year 2014.

The **company** said its strategy to **acquire** synergistic businesses in major **mining** provinces is unchanged, and the current market conditions are presenting opportunities.

Proposed **acquisition** of VR Steel South Africa

Austin Engineering announced a MOU to **acquire** 74.9% of the shares in South African **mining** attachment **business** Van Reenen Steel Pty Ltd, with the balance held by a South African Black Economic Empowerment partner, for 12.663 **million** shares at \$1.70 per share, subject to shareholder approval and \$300,000 cash from existing cash resources.

The forecast 2015 EBITA for VR Steel is \$5.8 **million**. The **acquisition** will be immediately EPS accretive, not including synergistic benefits.

Market Cap \$105m

ANG down 27 cents to \$1.25

\*CHR: Buys \$2.1m of plant and machinery at 31 Whimbrel St, Port of Brisbane

Chalmers Ltd announced the **purchase** of \$2.1 **million** excluding GST leasehold improvements and plant and machinery located at 31 Whimbrel Street, Port of Brisbane. The sellers are Australian Terminal Services Pty Ltd, ATS Developments Pty Ltd and Associated Oils Pty Ltd - all subsidiary companies of the Transpacific Industries **Group**.

Market Cap \$22m.

CHR untraded last at \$2.90

\*EAX: New appointees to sales team/upbeat guidance

**Energy** Action announced the addition of three senior executives to its sales team - Paul Cooper joins EAX from Schneider Electric where he was most recently Sales Director. Barry Denton, the current Sales Director will take the position of Corporate **Business** Development Director. Bob Stammers recently joined EAX from Essential **Energy** where he was GM Retail sales and marketing. He will be responsible for EAX's key **Commercial** Building Portfolio clients.

Phillip Ridler will be joining EAX on July 1 to manage EAL's key industry portfolio customers. Phillip was most recently with Schneider Electric.

Guidance

**Energy** Action reaffirmed its full year 2014 guidance of an Operating NPAT result being approximately in line with full year 2013 operating NPAT.

In April EAX conducted a reverse super auction to procure electricity for 11 large businesses, one of the largest undertaken by EX. The auction achieved excellent results for participating clients, with the retail **energy** component price down 21% on average from existing contract prices and some rates falling to 7 year lows in NSW and Victoria.

Based on the success of the April super auction event an additional super auction is now planned for the 3rd week in June.

Market Cap \$86m.

EAX up 4 cents to \$3.33

\*IMC: Agreement to sell Travelan in South Korea via marketing agreement

Immuron Ltd the manufacturer of Travelan has entered into an agreement with DB Pharm Korea Co Ltd for the **sale** of Travelan in South Korea. Under the agreement DB Pharm Korea is granted exclusive rights to market, distribute and sell Travelan in South Korea. The agreement requires DB Pharm Korea to comply with specified annual minimum order obligations.

Market Cap \$15m

IMC steady at 0.5 cents

\*POH: Racehorse shin soreness gone in 1-2 days with TPM/Oxycodone patch

Phosphagenics Ltd announced a study using its TPM/Oxycodone topical patch to manage shin soreness pain for thoroughbred racehorses found recovery from pain in all horses within 1-2 days.

The study was conducted on six thoroughbreds between 2/3 years of age, exhibiting cannon (shin) bone soreness arising from injuries in either one or two limbs, with a patch applied daily for each injured limb for ten days.

The study results found there were no signs of lameness following treatment. Five horses were pain free within 24 hours following the first patch application with the sixth horse painfree by the second patch application within 48 hours. Pain relief with the patch allowed the animals to recover without the enduring stress normally associated with such injuries. The proof of concept study was conducted in collaboration with Phosphagenics' animal health partner, Integrated Animal Health through its R&D Division, Veterinary Research Australia.

Principal veterinarian involved in the study Dr John Walker said , "I have seen hundreds of cases of shin soreness in my 20 years as an equine veterinarian and the oxycodone patch is far and away the best form of pain relief I have seen. .. the topical nature of this patch's delivery system means gastric ulceration associated with some systemic drug treatments such as the NSAID Phenylbutazone, will be eliminated".

Market Cap \$83m.

POH up 0.6 to 8.1 cents

MID TO SMALL RESOURCES

\*ADX: Italian Ministry awards 2nd permit offshore Italy

Audax **Energy** Ltd announced the Italian Ministry Industry has awarded the offshore Italy exploration permit d363 C.R.-AX to Audax, on trend with ADX's offshore Tunisian Kerkouane Permit and adjacent to its previously awarded d34 C.R.-AX licence.

Market Cap \$7.1m. ADX up 0.1 to 1.3 cents

\*AIV/NCM: Govt approval rec'd for **acquisition** of EPM14079 from Newcrest

The Department of Natural Resources and Mines has given Indicative Approval for the transfer of EPM14079 from Newcrest **Operations** Ltd to ActivEX Ltd, which now satisfies the conditions precedent to **acquire** Coalstoun Cu/Au project (EPM 14079) from Newcrest for \$200,000 in cash.

Market Cap \$10m. AIV untraded last at 2 cents

\*AXE/MOX: To **buy** Monax's adjacent graphite exploration licence, Eyre Pen

Archer Exploration Ltd announced a conditional **sale** and **purchase** agreement to **acquire** Monax's primarily graphite focused Waddikee Exploration Licence EL4662 on South Australia's Eyre Peninsula. The tenement abuts the northern boundary of Archer's Sugarloaf graphite project on EL4861. Conditional on due diligence, Ministerial consent.

Market Cap \$13.4m. / \$3.2m.

AXE steady at 16 cents / MOX down 0.3 to 2.1 cents

\*GXY: Receives \$US12.2 mln 10% deposit against Jiangsu Plant **sale**

Galaxy Resources Ltd confirmed it has received \$US12.2 **million** from Sichuan Tianqi Lithium Industries Inc in deposit funds, 10% of the \$US122 **million** cash consideration component of the Share **Purchase** Agreement. The **sale** of the Jiangsu Plant is based on an enterprise value of \$US230 **million** with Tianqi assuming \$US108 **million** of **Chinese** bank debt at Galaxy Jiangsu in addition to the cash component.

Market Cap \$69m.

GXY down 0.1 to 6.7 cents

\*LNG: **China** Huanqui cease to be substantial, director, joint CEO resign

Liquefied Natural Gas Ltd advised that **China** Huanqiu Contracting and Engineering Corporation (HQC) has **sold** 43.25 **million** of its shares in the **company**. Following the **sale** HQC will continue to hold 10 **million** shares and will no longer be a substantial shareholders. Mr Zhang Gaowu (Gavin) has resigned as non exec director and Madam Yao Guihua (Grace) has resigned as an executive and joint CEO.

Market Cap \$347m.

LNG down 8 cents to 89.5 cents

\*PIM: To **merge** with Cocoon Data Holdings Ltd, offers internet security

Prime Minerals Ltd announced it has entered into a binding HOA to **merge** with unlisted Australian public **company** Cocoon Data Holdings Ltd which holds various intellectual **property** interests pertaining to data security software known as Covata.

Prime said Covata's disruptive technology offers a game changing approach to internet and data security. Cocoon has offices in Sydney and Washington DC.

Prime also announced terms of the merger, capital raising and consolidation. (May 20)

Market Cap \$7.4m.

PIM up 1.3 to 2.2 cents

\*TLU/SXY: Senex assumes operatorship at PEL 105, plans advanced

Tellus Resources Ltd managing director Carl Dorsch announced with regard to PEL 105 located in the heart of the Cooper Basin where TLU currently has a 50/50 j/v with Senex **Energy** Ltd, the South Australian regulator has converted the licence into three PRLs PRL 108, 109 and 110, giving the j/v security of tenure for up to 15 years.

Senex has now assumed operatorship and is earning an additional 20% to take its **stake** to 70% by free carrying the first well, initially planned to be Cassam 1, but with the j/v now agreeing to Senex completing further work on a conventional Toolachee play, considered to be higher impact than Cassam.

Market Cap \$8.6m. / \$773m.

TLU down 0.3 to 5.9 cents / SXY down 1 to 67.5 cents

\*TYK: Raising funds to advance Spargoville, Valley Floor **gold** projects

Tychean Resources Ltd announced a capital raising of up to \$1.9 **million** including a placement of approximately 136.5 **million** shares at .3c per share with free attaching options on a 1 for 2 basis and a non renounceable 1 for 3 entitlement at the same price with options attaching on a 1 for 3 basis to raise up to \$1.5 **million** to advance exploration at the Spargoville and Valley Floor **Gold** Projects.

Market Cap \$4.1m.

TYK down 0.1 to 0.3 cents

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