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SE MarketWatch

HD **Plenty of scheming in the streaming game**

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Quickflix (QFX) 1.1c WHEN you play the video streaming game against deep-pocketed competitors there is no middle ground — you either win or you die.

Indeed, the movies-on-demand caper looks to be nearing an endgame as Nine Entertainment outlines plans to spend up to $65 million on its StreamCo offering. This is belated recognition that far fewer folk are glued to The Sullivans, or whatever's showing on the Rank Arena after dinner these days.

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Seven Network has its own streaming plans and — hey! — Foxtel in March launched online movie service Presto.

US streaming giant Netflix is interested in bigger markets, but that hasn't stopped Australians subscribing, despite supposed "geo-blocking" restrictions.

In the middle of this maelstrom sits Quickflix, which has spent $50m on developing its streamed offering, which evolved from its mail-order DVD model.

At last count the Perth-based outfit claimed 120,000 subscribers, 60 per cent of whom have taken up its $9.99-a-month streaming deal.

Quickflix can claim some heavy-hitting support, notably 8 per cent holder HBO of Game of Thrones (GOT) fame.

But Quickflix lives from hand to mouth and for investors it's been years of more unbridled misery than a traitors' dungeon.

Irrepressible Quickflix chief Stephen Langsford says the interest from the free-to-air networks merely endorses the leakage of FTA audiences to on-demand — and Quickflix has a head start of at least five years.

Langsford says Quickflix has been written off before, but like Game of Thrones' creepy "white walkers" it can't be killed off.

Realistically, Quickflix's fate lies in a partnership with someone else, or someone else knocking off the $12m market cap entity.

"I believe there are great partnering opportunities for us,'' Langsford says. "Everyone is talking to everyone else.'' In the meantime, the board faces a June 12 EGM, called by a US shareholder who wants to behead three directors, including Langsford and co-founder Simon Hodge.

Given Langsford holds 7 per cent and claims the support of HBO and Cashel Capital Partners (7 per cent), we predict the challengers will be repelled.

Unlike most of the Game of Thrones cast, our spec buy remains intact — just.

HuaYi Resources (not yet listed) WHEN your columnist was a lad the quintessence of top 20 excitement was when Molly Meldrum announced that Mull of Kintyre had knocked You're the One that I Want from its No 1 perch.

The European Commission's updated list of top 20 "crucial" raw materials is just as riveting: out goes tantalum and in go borates, chromium, phosphate rock, coking **coal** and magnesite (magnesium carbonate).

The latter is music to the ears of HuaYi, which is seeking $2.5m in an IPO ahead of an ASX listing on June 30. Controlled by Canadian citizen Kenneth Chu, HuaYi operates a quarry in Liaoning province, which last year produced 300,000 tonnes of magnesite **ore** a year.

HuaYi is solidly profitable, generating $2m on revenue of $5.2m last year and a similar surplus on turnover of $6.5m in 2012.

The funds will be used to prove whether 3D modelling suggesting a 41-46 **million**-tonne deposit can meet JORC standards.

Just as we never forget that ABBA's Fernando topped the charts for a record-breaking 16 weeks in 1976, we all know that magnesite converts to magnesia and magnesium, which have many industrial uses including lightweight cars.

Keep it in mind, on the proviso that **Chinese** IPOs have been patchy at best.

Drillsearch (DLS) $1.53 and others A RISKY dilutive side play executed at an over-the-odds price, or the prelude to much-anticipated Cooper Basin rationalisation?

The hydrocarbon jury yesterday was sceptical about Drillsearch's friendly $41m scrip offer for Ambassador **Oil** & Gas. The merger widens Drillsearch's exposure to "wet" (condensate bearing) gas in the northern Cooper, via Ambassador's 47.5 per cent **stake** in PEL 570. Partner New Standard **Energy** is funding the drilling program with $42.5m.

But to some, this distracts Drillsearch's focus from its producing **oil operations** on the western flank of the basin. Who's next?

Foster Stockbroking highlights Real **Energy** Corp (RLE, 25c), which has two **million** acres in the northern Cooper.

Cooper **Energy** (COE, 52c) is our fifth-biggest onshore producer and has promised a record full year after generating a $13.6m net profit in the first half.

Vaunted takeovers rarely pan out as expected. With a $40m market cap, Real **Energy** is worth a punt while Cooper **Energy** is enjoying a production purple patch.

Drillsearch is a hold.

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