

**HD JENNY PRABHU'S HOT & SPICY CURRY SHOP**

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the day's menu

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The S&P/ASX 200 as at 2:30pm: down 61 to 5258.8

For interest

In Asia just before the flash PMI:

The Nikkei Dow futures was up 81 points to 15,910 points, Shanghai CSI physical down 6.33 points to 2045.42 points, Hang Seng futures up 48 points to 23,103 points, S&P futures up 3.7 points to 1842.20, Nasdaq futures up 13 points to 3633.5 points, Dow futures up 21 points to 16,339 points.

**Gold** futures down \$6.50 to \$1232.10, crude futures down 16c to \$96.57.

After the **China** PMI number:

Nikkei Dow futures were up 21 points to 15,850 points, Shanghai CSI physical was down 7.44 points to 2044.31, Hang Seng futures was down 272 points to 22,783 points, S&P futures was down 1.8 points to 1836.7, Nasdaq futures was up 5.5 points to 3626 and Dow futures was down 24 points to 16294.

**Gold** futures were steady at down \$6.50 to \$1232.10. Crude futures were down 25c to \$96.48.

\* \* \*

Initiating coverage on SEEK with an "add" ..

A leading broker initiated coverage on SEEK with an "Add" and a price target of \$14.60.

The broker said SEEK offers investors exposure to the growth in online employment advertising and education services in Australia, **China**, Southeast Asia and Latin America. It is the world's 4th largest player in online recruitment by revenues with SEEK's annual revenue exceeding global industry growth by a considerable margin since 2004.

SEEK is aiming to win a much bigger share of the recruitment market pie by transforming its business model from one based on advertising to one based on a more sophisticated recruitment service offering including a national database of potential candidates.

"The planned IPOs of IDP Education and Zhaopin and further consolidation in the Southeast Asian employment market are potential near term catalysts. Successful IPOs would leave the **company** debt free and cashed up" the broker said in the report.

SEK down 6c to \$12.86

\* \* \*

Initiating Nine Entertainment with an "overweight" ..

A leading broker, saying it is fundamentally a structural bear on the Australian Media Industry, initiated coverage of Nine Entertainment with an "overweight" rating and a \$2.40 per share target. The broker said it stands out from its peers.

(i) FTA TV is structurally sound and NEC is a FTA TV pure play, which unlike peers has no declining newspaper/print media burden to carry.

(ii) It is the right time in the cycle - the TV ad market is just returning to positive growth after a two year recession.

(iii) Importantly, NEC is modestly leveraged (1.4x Full year 2015 estimated net debt/EBITDA) which also sees it well placed for eps accretive bolt on acquisitions, should these arise.

NEC up 2c to \$2.17.

Diggers & Drillers

Aurora **Oil** & Gas Ltd is a "buy"/an "overweight"/a "hold" ..

A leading broker with a "buy" on Aurora **Oil** & Gas said AUT's December 2013 quarter production of 2.27mmboe pre royalties was 15% ahead of September 2013 qtr and in line with the broker's estimates.

Aurora has also announced it has secured 14,000 net acres in the Eaglebine play, located in East Texas and is still actively acquiring leases.

The broker said it is forecasting another solid year of production growth for Aurora, reaching 11.3 Mmboe, a 46% increase on 2013 production). Its valuation remains at \$3.70, including 25c per share for Austin Chalk potential.

\*Another leading broker with an "overweight" recommendation and a \$3.60 price target said the strong December quarter underpins strong growth in 2014. While depressed WTI prices look set to continue into 2014, gas prices have rallied strongly and spot Henry Hub prices are materially higher than the broker's numbers. The broker expects operating cash flows to overtake capex in late 2014.

\*Another leading broker with an "accumulate" on Aurora and a price target of \$2.93, down from \$3 earlier said full year production at 7.8mmboe beat the November guidance of 7.4/7.7 mmboe. Full year capital expenditure of \$US494 **million** was within the **company's** revised range of \$US490/510 **million**.

Following Aurora's **acquisition** of a 14,000 net acre operated position in the Eaglebine play in east Texas where the north eastern eagle Ford shale meets the Woodbine sandstone the broker said, "clearly the **firm** now has larger ambitions than simply being a pure play on the sweet spot of the Eagle Ford .. we wonder whether Aurora will become another small explorer and producer trying to parlay its good fortune and success in one play into others".

AUT up 6c to \$2.84.

\* \* \*

Mt Gibson **Iron** remains an "add"/ lifted to "hold"/lifted to "neutral" ..

A leading broker retained an "add" for Mt Gibson after its quarterly report saying while quarterly production at 2.5Mwmt of **iron ore** was 4% below the previous quarter its was 12% ahead of the broker's estimates. The broker added, "with 18% potential upside to our current target price, we reiterate our Add recommendation. In our view Mount Gibson's net cash position of around 42c per share, accounting for 41% of its current share price, makes it one of the safest ways to play the **iron ore** them in the juniors space".

\*Another leading broker lifted its target price from 82c to \$1, saying it has incorporated the December 2013 quarter production and sales numbers as well as the recent commodity price revisions.. "We have also raised our long term **iron ore** price by 13% to \$US89/t cfr and decreased the \$A to 89c in 204 and 88c in 2015 from 93c and 89c. With **iron ore** the drive of MGX's earnings NPV lifts 22% to \$A1.01 per share".

\*Another leading broker, lifting its rating to "hold" from "lighten" lifted the price target to \$1.05 from 90c. The broker said "the strong cash flow yield and cash balance and the fact that acquisitions have been

relatively small provide us more reasons to be positive on the stock.. in our view falling **iron ore** prices and potential for **M&A** represent the biggest risks".

MGX down 5.5c to 96.5c.

\* \* \*

"Drill hole of the Day" - Avanco Resources Brazil Cu/Au project..

A leading broker reported Avanco Resources has intersected 54m at 3.03% Cu, 0.33gpt Au from 25m t its Antas North project in Brazil, which equates to around \$185/t.

The hit includes 18m at 3.95% Cu, 0.67gpt Au from 37m (\$250/t).

The true width of the hole was 35 **m**. The drill hole was part of a reserve drilling program that is now 80% complete and expected to result in a maiden reserve statement in 1st or 2nd quarter 2014.

Who is Avanco?

Avanco Resources is a Brazilian focused **copper** explore and developer. Its key asset is its 100% interest in the Stage 1 and Stage 2 **copper** projects that comprise the Carajas **Copper** Project in Brazil. AVB's key shareholders are Glencore 15% and Blackrock 5.5%. Key term for the \$70 **million** capex for Stage 1 have been agreed with Blackrock providing \$US12 **Million** via a royalty deal and Banco Votorantim (Brazil)

Providing \$US58 **million** in senior debt. At end November 13 AVB had cash of \$18 **million**.

What is the Antas North (Stage 1) Project?

The Antas North project sits within the Carajas **Copper** Project area. Also named Stage 1, it hosts a resource of 11Mt at 1.65%C and 0.38ppm Au. The project area also hosts Pedra Branca or stage 2 which hosts a resource of 46.8Mt at 1.2% Cu, 0.33ppmAu.

With the addition of Antas South, the total Carajas **Copper** Project hosts a resource of 67.9Mt at a.22% Cu, 0.32ppm Au for 828Kt Cu and 00K oz Au.

AVB is advancing an open pit and underground **mining** scenario, targeting commissioning of Stage 1 by mid 2015 which could coincide with a decision to mine on Stage 2.

AVB down .3c to 7.2c.

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