



### Markets

<b>SPI Futures</b>	4109	-26	-0.63%	9:55am
<b>NZSX 50</b>	3456	-0	-0.00%	
<b>DJIA Futures</b>	12698	12	0.09%	
<b>NASDAQ Futures</b>	2554	-33	-1.29%	
<b>S&amp;P 500 Futures</b>	1341	-0	-0.02%	

### Local Markets Commentary

The Australian market to give up some of yesterday's big gains after mixed trade overnight as talks to form a coalition government in Greece continue, whilst Spain again took the spotlight as borrowing costs soared, weighing on investor sentiment.

### Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	12742	-25	-0.20
<b>NASDAQ</b>	2895	23	0.78
<b>S&amp;P 500</b>	1345	2	0.14
<b>FTSE 100</b>	5491	12	0.22
<b>DAX 30</b>	6248	19	0.30

### Overseas Markets Commentary

European shares were mixed overnight, with strong early gains in Germany & France tempered as the focus shifted to Spain, with bond yields spiking to a record 7.24%. US markets were similarly mixed, with the Nasdaq seeing solid gains, as expectations of further stimulus from the Fed intensified ahead of meeting of policy makers tonight & tomorrow.

Tonight in the **US**, the FOMC commences a two-day meeting outcomes from which will be announced Wednesday night.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (LON)</b>	1615	oz	-12	-0.72
<b>Gold (NY)</b>	1629	oz	1	0.06
<b>Silver (NY)</b>	28.67	oz	-0.07	-0.24
<b>Platinum (live)</b>	1484	oz	4	0.27
<b>Copper</b>	7510	t	-0	-0.01
<b>Nickel</b>	16650	t	-200	-1.19
<b>Aluminium</b>	1929	t	-4	-0.21
<b>Lead</b>	1896	t	-27	-1.43
<b>Zinc</b>	1880	t	-24	-1.26
<b>Tin</b>	19500	t	-200	-1.02
<b>WTI Crude</b>	83.27	bbl	-0.76	-0.90
<b>CBT Wheat</b>	6.303	bshl	0.208	3.40

### Commodities Commentary

*Oil* – lower on fresh concerns on Eurozone

*Gold* – flattish trade ahead of Fed meeting

*Base metals* – all lower; *copper* near flat

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	1.0121	0.0007	0.07
<b>EUR – USD</b>	1.2572	-0.0128	-1.01

5 June **RBA** board minutes due for release 11.30am AEST.

## Today's Stock Watch

### Stockland Group (SGP)

Agreements signed securing ~A\$155M (after initially seeking A\$100M) in long-dated US Private Placement debt from existing USPP investors, comprising A\$65M & US\$40.5M with 10-year term (maturing in August 2022), and a further US\$50M with 12-year term (maturing August 2024).

### Lend Lease Group (LLC)

Conditional sale of 80ha Greenwich Peninsula regeneration site to Quintain Estates & Developments announced, with ~£100M transaction to be voted on by QED shareholders. LLC to book ~£25M profit in FY13.

### CBD Energy (CBD) / Harvey Norman (HVN)

CBD announced receipt of order from HVN's commercial division for 5MW of solar equipment, to be supplied by Nasdaq-listed Westinghouse Solar Inc., with which CBD is planning to merge in Q3. Order to be delivered over a 6-month period, following certification of system in Australia. 5MW order more than doubles shipments by Westinghouse in '12 compared to '11.

### Downer EDI (DOW)

Awarded new electrical & instrumentation contract by BHP Billiton Iron Ore valued at A\$71.7M, comprising Green- and Brown-fields transmission line & substation work at new mine at Jimblebar operations.

## Resources

### Centaurus Metals (CTM)

Announced substantial increase in measured resource at Jambeiro iron ore project, Brazil. Measured resource stands at 46.7Mt at 28.3% Fe – a 246% increase – with total resource (including Measured, Indicated & Inferred) of 125.2Mt at 26.7% Fe. Initial pilot plant testwork showing high-grade (>65% Fe), low impurity sinter product can be produced from Jambeiro ore, with new 50t pilot plant testwork underway. BFS on track for completion in September.

### Amex Resources (AXZ)

Resuming trade today after grant of mining lease at Mba Delta iron sands project, Fiji. Lease granted for a 21 year term over 220Mt at 10.9% Fe resource, with BFS for project to be released by the end of June.

## Energy

### Senex Energy (SXY)

Entered trading halt this morning ahead of completion of fully-underwritten A\$155M capital raising, comprising A\$50M placement at 74c (SXY last traded 88.5c) and A\$105M accelerated non-renounceable 2-for-13 entitlement offer, also at 74c. Proceeds of raising to be used to fund follow-up exploration in Cooper Basin permits. Due to resume trade by Thursday, 21<sup>st</sup> June.

**Australian Data Today**

RBA	Board meeting minutes	5 Jun
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**US Data Tonight**

Housing starts	May
Building permits	May

**Other Overseas Data Today & Tonight**

UK	Consumer confidence	May
Japan	Leading index	Apr
UK	DCLG house price index	Apr
UK	CPI	May
Germany	ZEW economic sentiment	Jun
Eurozone	Construction output	Apr

**Ex-Dividend Coming Week**

Code	Ex-div	Div (c)	Fr (%)	Yield (%)
AAD	25 Jun	5.2	0	8.90
AYF	25 Jun	11.25	0	7.92
BWP	25 Jun	8	0	7.50
CQR	25 Jun	13.1	0	7.57
DUE	25 Jun	8	0	8.21
HNG	25 Jun	4	100	11.05
JHX	25 Jun	38	0	5.40
OZF	25 Jun	tbc	0	4.30
OZR	25 Jun	tbc	0	0.75
SFY	25 Jun	tbc	0	5.11
SLF	25 Jun	tbc	0	5.75
SSO	25 Jun	tbc	0	2.54
STW	25 Jun	tbc	0	5.17
SYD	25 Jun	11	0	7.07
SYI	25 Jun	tbc	0	6.40

**Trading Halts**

Company	Code	Resuming
Axiom Mining	AVQ	Wed 20 Jun
Mundo Minerals	MUN	Wed 20 Jun
Trade Me Group	TME	Wed 20 Jun
Triton Gold	TON	Wed 20 Jun
Senex Energy	SXY	Thu 21 June

**Suspensions**

Company	Code	Since
Bioxyne Ltd	BXN	15 Jun
Canada Land	CDL	14 Jun
Deep Yellow	DYL	14 Jun
Fermiscan Holdings	FER	31 May
Fluorotechnics Ltd	FLS	21 May
GR Engineering Services	GNG	5 Jun
Gunns Limited	GNS	14 Mar
Hastie Group	HST	17 Apr
Hazelwood Resources	HAZ	2 May
Navigator Resources	NAV	29 May
Style Ltd	SYP	20 Apr

**Pre-Open Announcements**
**Brierty Limited (BYL) / Fortescue Metals Group (FMG)**

Awarded A\$39M contract for construction of rail formation & 6 sidings on FMG's Cloudbreak main line, including bulk earthworks & drill and blast operations. Work to commence in July & be completed by end of 2012.

**Cell Aquaculture (CAQ)**

Fisheries Development Authority of Malaysia granted contract to 90%-owned Malay CAQ subsidiary for design & construction of 250t high-density RAS facility, with work commencing yesterday & expected to take ~6 months.

**Ceramic Fuel Cells (CFU)**

BlueGen gas-to-electricity generator units to be used in Virtual Power Plant project in Netherlands, to create a community of distributed energy producers connected via internet.

**PPK Group (PPK)**

Update earnings guidance issued, with FY12 NPAT ~A\$1.35-1.45M, compared to A\$2.52 loss in FY11.

**Brookfield Prime Property Fund (BPA)**

Estimated 2.0c per share distribution for June quarter. Set to trade ex-distribution on Mon. 25<sup>th</sup> June.

**Resources**
**Bauxite Resources (BAU)**

Applications submitted for additional 3 exploration licenses near Bridgetown, WA, with Mining Warden recommending refusal of applications, or referral to EPA. Recommendation to be published, & submissions sought from affected parties.

**Azumah Resources (AZM)**

Results from drilling at Kunche & Bepkong deposits, part of broader Wa project, Ghana, with best intercepts 12m at 9.19g/t Au from 219m at Bepkong & 8m at 2.9g/t Au from 307m at Kunche, with results from infill drilling along Aduane trend – between Kunche & Bepkong – pending. Upgraded mineral resource slated for Q3 once all results from recent drilling received.

**Doray Minerals (DRM)**

Results released from recent rock chip sampling at Tuckanarra project, Murchison region, WA, with outcropping high-grade quartz vein identified over 800m strike, and results of up to 454g/t Au, with numerous samples testing over 5g/t Au. Follow-up drilling program planned to test a number of prospective targets.

**Balamara Resources (BMBDA)**

Follow-up diamond drilling commenced at Montenegro base metals project to test for extensions to recently discovered high-grade silver zone (which returned results of 5.5m at 507.7g/t Ag in early May).

**Arafura Resources (ARU)**

Letter of Intent signed with major shareholder ECE Nolans Investment Company Pty Ltd, seeing ECE subscribe for ~45.3M ARU shares at 22c per share (ARU last traded 20c), to raise A\$9.9M, giving ECE a 24.86% stake in ARU.

**West African Resources (WAF)**

Announced new copper-gold discovery at Sartenga prospect, part of Boulsa project, Burkina Faso, with results from drilling including 21m at 2.31g/t Au and 1.09% Cu from 57m depth, part of broader 72.8m intercept at 1.08g/t Au and 0.48% Cu from just 6m. Aircore drill program extended, & diamond drilling ongoing at project.

**Consolidated Tin Mines (CSD)**

First results from 2012 drilling program at Pinnacles deposit, northern Qld, with further near-surface mineralisation intersected, including 7m at 0.65% Sn from surface, and 5m at 0.86% Sn from 5m. Results from drill program to be included in JORC resource review.

**Yesterday's Most Active (S&P/ASX 200)**

Code	High	Low	Close	%	Vol. (M)	Trades
IGR	40.5	36.5	40	-1.2	6.424	1010
Integra Mining overcame sharp losses after announcing unscheduled repairs at Randalls project						
LNC	75	69	72	4.3	5.449	1753
Linc Energy rebounded after matching Thurs. & Fri's 1-month lows, hitting a 2-week high on no news						
BTU	46	42.5	45.5	4.6	2.561	648
Bathurst Resources extended rebound off multi-year low seen 2 weeks ago; ongoing mine appeal process						
FXJ	66.5	61.5	65	7.4	19.022	3035
Fairfax Media spiked higher on restructure & Rinehart's Hancock Prospecting upping stake to 19%						
APN	76	70.5	76	2.7	0.684	587
APN News & Media shrugged off early weakness to extend last week's gains to a 3-week high						

**Yesterday's Most Active (Rest of market)**

Code	High	Low	Close	%	Vol. (M)	Trades
HGO	17.5	14.5	15.5	10.7	7.576	322
Hillgrove Resources continued to strengthen off last week's multi-year low; operation update released						
MAD	144	126.5	134	20.2	7.049	1408
Maverick Drilling returned to near all-time highs on boost to proven reserves to over 100MMbbls						
ERA	131.5	121.5	129	10.3	1.727	1442
Energy Resources of Aust. recovered the last 5 days' losses & more, bouncing off Fri.'s >5-month lows						

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**Energy****Central Petroleum (CTP)**

NT's Dept. of Resources approved CTP's Extended Production Test at Surprise-1 Re-entry H ST1 well, for an initial 3-month period. Crude oil sales & purchase agreement being finalised, as well as transport agreement.

**MEO Australia (MEO)**

MEO granted regulatory approval for acquisition of 60% interest in South Madura PSC in Indonesia, boosting MEO's interest to 90%.

**Whitehaven Coal (WHC) / Coalworks Limited (CWK) / Orpheus Energy (OEG)**

WHC's \$1 per share takeover of CWK freed of all conditions as WHC's interest in CWK reached 19.9%. WHC confirmed all CWK shareholders who have accepted offer to date will be on record as being CWK shareholders as at 26 June, and therefore entitled to ~1-for-4.5 in-specie distribution of OEG shares.

**Austex Oil (AOK)**

New vertical well – Quackenbush #1 – in Cooper project, Kansas, to spud this week.

**Ormil Energy (OMX)**

Launching 9-for-10 scrip takeover bid for unlisted Energy Botswana Ltd, holder of a portfolio of highly prospective CSG licenses in Botswana.

**Golden Gate Petroleum (GGP)**

Resuming trade following completion of A\$2.9M placement at 1.3c (GGP last traded 1.4c).

**State One Analyst Comment**

Site Visit – Tembang & Tandai projects, **Sumatra Copper & Gold (SUM, 8.5c)**. SUM's ambitions have been tempered somewhat since the new MD, Julian Ford joined the company 12 months ago. SUM's current plan is to get a small scale mine going at Tembang (100%) which has a resource of ~1Moz gold and >10Moz silver. The first stage mining will see ~200Koz Au(eq) produced over 5 years at low cash costs of \$350-\$450/oz. Pre-production capital is less than \$10M as most of the infrastructure is already in place, hence good cash flows are anticipated and to be used for further exploration and development. Metallurgy is benign with recoveries for gold and silver of 90% & 80% respectively. Tembang was mined previously and, luckily enough for SUM, they have a lot of data, knowledge, and personnel from the previous operations which should make things a lot easier. SUM is in the final stages of DFS which is due in July and key risks lie in permitting (awaiting the all-important forestry permit but we don't see that as an issue as areas were mined previously) and funding in the current market. At current gold and silver prices, we expect profits of ~\$20M per annum based on the above cash costs and mining rate. We see lots of exploration upside at Tembang, especially at depth at high grade Belinau deposit. Tandai, the company's other project (in JV with Newcrest) is actively being explored with Ulukau prospect - which was being drilled while we were there - looking very promising & shaping up as a virgin discovery. At current market capitalisation of less than A\$20M, SUM looks good value considering potential cash flows. Consensus val. at ~30c based on Tembang project. **Spec Buy.**

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