

Market Analysis

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

Slowing US economic *growth rates* should continue to see Technology and other *growth* stocks downgraded over the months immediately ahead, while other (previously *neglected*) sectors should be upgraded.

Investment Outlook.

World stockmarkets dipped and then recovered over the last month . . . but this is not the end.

As expected, Technology (and *growth, high-beta* and *momentum*) stocks dipped most, with relatively better performance from *value* and *defensive* shares (e.g. utilities, property, healthcare). We expect this period of “rotation” to continue for many months, driven by *slowing economic growth rates*.

Accelerating economic growth in the US over the last two years was extremely favourable for growth and Technology stocks and their ever increasing revenues and profits has resulted in valuations being re-rated to higher levels in anticipation of even higher future growth rates.

Slowing (but still *positive*) US economic growth will *reduce* Technology companies revenue growth rates, leading to some (perhaps significant) down-grading from their recent overly optimistic high valuations.

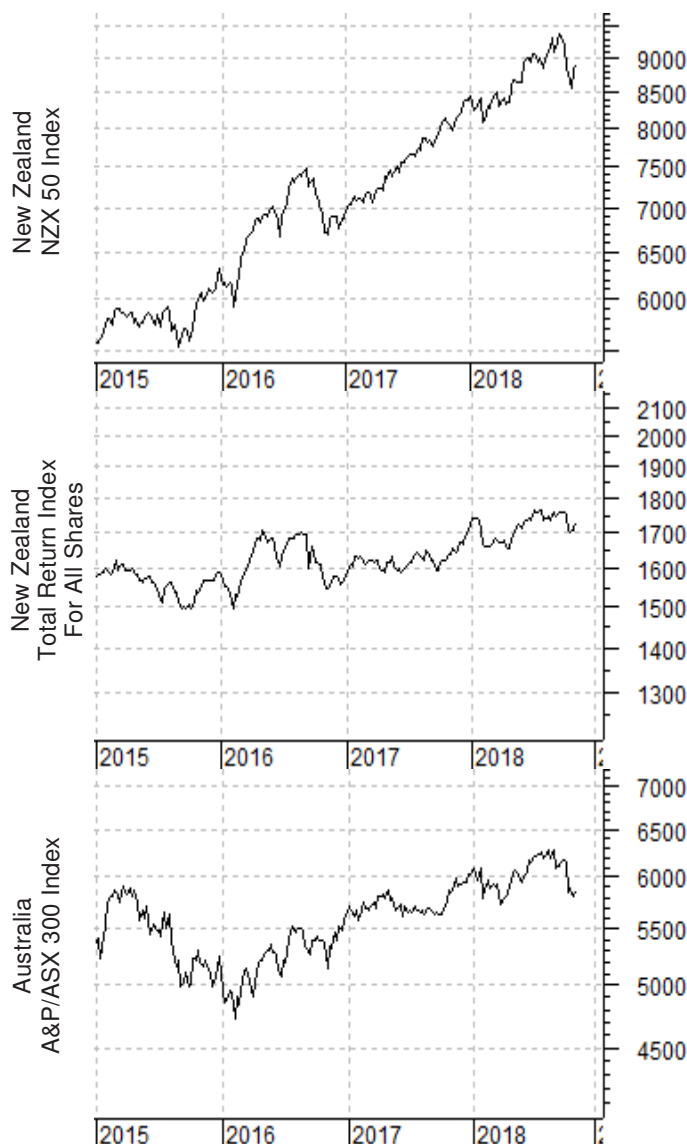
At the same time many *value* stocks are very under-valued, having been neglected over recent years in favour of the booming growth and Technology stocks. As Technology stocks are downgraded over the months immediately ahead it is likely that under-valued stocks will hold their value or even increase in price.

So while we expect many Technology stocks to fall back significantly in price (and, given their high market capitalisation, at least partly drag down the stockmarket indices), many other previously out-of-favour sectors should perform well.

That is why we expect this to be a “rotation” - with some sectors up and some sectors down - rather than a major stockmarket decline. If you are not over-weighted in large capitalisation, high valuation Technology stocks - and we are not - then “Hold” existing shares. We are not expecting a major stockmarket decline, but there will be further periods of volatility, both up and down! The good news is that this period of “rotation”, like any stockmarket volatility, will almost certainly create some attractive new buying opportunities during 2019.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	75% (Bullish)	50% (Neutral)
New Zealand:	75% (Bullish)	54% (Neutral)



Recommended Investments

Cavalier Corporation has reduced interest bearing debt to \$18 million and is now focusing on “profitable growth” from “high-end, higher margin products” and considering “a number of investment initiatives”. The company sees “significant growth opportunity” in Australia, which accounts for 42% of current revenues, plus has “identified opportunities, particularly in North America and the UK”, which currently contribute just 2% and 0.5% of revenues, but where the market for wool carpets are estimated at around US\$500 million each.

Lower wool prices and a lower NZ Dollar exchange rate will improve margins this year.

Colonial Motor Company reports “the first quarter is down on last year, but very close to the first quarter of the year before that”. The light vehicle market has “levelled off” but heavy truck sales “remain strong”.

Colonial Motor Company



Steel & Tube Holdings' first quarter earnings are “on track” to achieve its \$25 million (before interest and tax) annual profit forecast.

Australian based **BlueScope Steel**, whose NZ businesses include **Pacific Steel** and **NZ Steel**, has acquired a 15.8% shareholding in Steel & Tube.

Steel & Tube Holdings



Australian Shares

(This section is in Australian currency, unless stated.)

AcruX Ltd has submitted a second *Abbreviated New Drug Application* (ANDA) with the **US Food & Drug Administration** (FDA) for a generic Testosterone Topical Solution.

An undisclosed third product is near the end of trials and will be ready for regulatory submission in the near future.

AcruX Ltd



AJ Lucas Group reports that **Cuadrilla Resources** commenced hydraulic stimulation of the two horizontal exploration wells at *Preston New Road* on 15 October. Each well will be tested at up to 45 separate hydraulic stimulations over the next three months, followed by flow testing for up to six months.

On 2 November “natural gas was present in the water returning to the surface for recycling”. This “early stage” gas flow after “only a small amount of shale having been fractured” is “very encouraging” but not part of the “comprehensive testing to establish gas flow rates”.

Seismic activity of 1.5-2.0 on the Richter Scale occurs naturally in the UK, while the exploration licence requires Cuadrilla to pause activity for 18 hours following any sub-surface seismic activity exceeding 0.5 attributable to the stimulations (i.e. less than one-tenth the level of natural seismic activity). To date this has happened twice, with readings of 0.76 and 1.1, both well below naturally occurring levels.

AJ Lucas Group



ALS Ltd has replaced its current undrawn US\$40 million bank facility with a new US\$300 million, multi-currency revolving three-year facility with five international banks. This gives the company flexibility repaying or refinancing US Private Placement notes that mature soon and to finance any possible acquisitions.

The half year profit to 30 September 2018 is forecast to be 21-28% higher at \$85-90 million.



Atlas Pearls sold “approximately \$2 million” of pearls at the *Japan Pearl Exporter Association* auction on 10-11 October in Kobe, Japan. In September the company realised around \$1 million from a private sales event. Pearl prices are “strengthening”, with strong demand for good quality white south sea pearls.

The company has also opened its new pearl farm at Banyubiri, East-Java, Indonesia, and will progressively transfer oysters from the North Bali site over the coming year.

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
New Zealand Shares													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	277.5	1.2	3.00	7	5.7	85	36.3	+385%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	D	68.7	1.6	0.28	10	Nil	61	282.0	+120%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.5	0.30	11	8.3	835	612.8	+1031%
HOLD	Smiths City Group	SCY	09/10/06	64	C	52.7	1.9	0.08	NE	4.3	32	37.0	+8%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.4	4.51	19	5.2	700	277.3	+714%
BUY	Steel & Tube Holdings	STU	08/08/00	139*	C	90.6	1.1	0.24	15	7.5	129	346.1	+242%
Australian Shares (in Aust cents)													
HOLD	Acrux Limited	ACR	12/05/14	99	C	166.5	2.1	10.67	NE	Nil	22	14.0	-64%
BUY	AJ Lucas Group	AJL	13/05/03	107*	D	750.1	2.0	1.74	NE	Nil	29	36.4	-39%
HOLD	ALS Limited	ALQ	12/10/99	72*	A	490.4	0.5	2.74	28	2.1	812	312.9	+1462%
HOLD	ARQ Group	ARQ	10/02/04	53	C	118.9	0.7	1.35	19	4.8	227	221.5	+746%
HOLD	Atlas Pearls & Perfume	ATP	14/05/96	73	D	422.9	8.6	0.57	NE	Nil	2	17.5	-73%
BUY	Brickworks Ltd	BKW	12/11/12	1115	A	149.6	0.3	3.13	11	3.1	1721	263.5	+78%
HOLD	CardieX Ltd	CDX	11/11/13	15	C	531.0	6.4	4.37	NE	Nil	3	Nil	-78%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	D	89.6	5.0	0.03	NE	Nil	5	70.5	-8%
HOLD+	CPT Global Ltd	CGO	10/03/08	88	B	37.6	2.6	0.18	7	1.7	15	19.0	-61%
HOLD	CSG Limited	CSV	11/10/10	166*	C	439.9	2.4	0.29	NE	Nil	18	60.5	-53%
HOLD+	Cynata Thera.	CYP	13/03/17	50	D	95.1	1.1	NA	NE	Nil	113	Nil	+126%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	C	143.6	1.6	1.22	NE	Nil	67	Nil	+37%
BUY	Fastbrick Robotics	FBR	07/07/17	14	C	1068.5	2.7	NA	NE	Nil	17	Nil	+18%
HOLD	Fiducian Group	FID	11/02/08	260	B	31.2	0.6	2.82	14	4.9	410	85.8	+91%
HOLD+	Finbar Group Ltd	FRI	12/04/10	106	B	270.8	1.1	1.52	16	7.1	85	71.5	+47%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	422.4	0.5	3.36	38	3.6	866	282.0	+144%
HOLD+	Integrated Research	IRI	14/01/08	40	B	171.8	0.6	4.43	23	2.8	235	56.0	+628%
HOLD	McMillan Shakespeare G	MMS	07/11/16	1041	A	83.2	0.4	2.41	14	4.6	1589	139.0	+66%
HOLD+	Michael Hill Int'l Ltd	MHJ	11/06/91	4*	B	387.4	1.3	0.45	7	7.5	67	69.8	+3321%
HOLD+	Mt Gibson Iron	MGX	10/11/14	44	A	1128.4	1.8	2.74	7	4.7	64	5.0	+56%
HOLD	Onterran Ltd	OTR	16/08/10	103*	C	57.5	1.9	0.07	NE	Nil	32	Nil	-69%
HOLD+	Opthea Limited	OPT	10/02/04	188	D	200.6	1.9	NA	NE	Nil	57	65.0	-35%
HOLD	OZ Minerals	OZL	14/03/16	522	B	322.9	0.5	2.71	12	2.2	929	40.0	+86%
HOLD+	Prophecy International	PRO	08/09/08	26	E	64.0	1.8	1.86	NE	Nil	31	24.0	+111%
HOLD	Reckon Limited ¹	RKN	08/08/16	141	B	113.3	1.1	1.73	38	4.0	75	8.0	-24%
BUY	Silver Chef Ltd	SIV	13/11/17	740	A	39.3	0.8	0.23	13	6.0	166	10.0	-76%
HOLD+	Technology One Ltd	TNE	11/11/03	44	A	316.7	0.5	6.63	41	1.4	574	82.9	+1393%
BUY	The Reject Shop Ltd	TRS	11/01/05	257	B	28.9	0.8	0.07	4	17.3	202	510.5	+177%
HOLD+	Village Roadshow	VRL	10/08/09	71*	C	193.0	0.7	0.33	NE	Nil	233	284.3	+629%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +308.1%. This is equal to an average annual rate of +26.0%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 35 current and 168 closed out) is +29.2%, compared with a market gain of +3.8% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

(1) Reckon Ltd's return includes 1/3 share of GetBusy (GETB) worth 40 pence (71.8 Aust cents)

Recommended Investments

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Atlas Pearls



CardieX Ltd is making a large investment to progressively acquire up to a 50.5% controlling interest in US based **inHealth Medical Services**. This is potentially a strong growth business, with inHealth Medical using all of this new cash from CardieX to expand in telehealth, digital and online patient care and health coaching. CardieX will immediately get two seats (out of four) on the inHealth Medical board of directors (increasing to a controlling three seats out of five if its shareholding reaches 50.5%).

inHealth Medical's direct marketing channels may also help CardieX sell its *SphygmoCor* systems.

CardieX has initially invested US\$250,000 in 6% convertible notes, converting to ordinary shares in January 2019 (or CardieX may require repayment in cash). That will give it an initial 7.7% shareholding. It then plans to invest a further US\$3,000,000 in January 2019 (in further 6% convertible notes, maturing in July 2020), equal to a further 33.3% of the company (i.e. taking its holding to 41.3%). CardieX will need to raise additional equity capital to fund this investment, but the new directors/major shareholders have indicated they will be taking up their entitlements and the company will not be making share placements below market value!

CardieX then has the *option* to make a further investment from June 2020 to June 2021 by either (1) subscribing for further convertible notes or (2) buying out some inHealth Medical founders to lift their holding to 50.5%. Either investment will be priced at 12 times revenues for the previous three months (i.e. a Price/Sales ratio of 3.0) . . . assuming, of course, this means three times revenues *per share*, otherwise the P/S ratio would be a massive 32!

[Editor's Note: In the 2000 Technology boom - and earlier this year - some over-valued technology stocks traded as high as 10 times revenues. Investments bought at this high levels never end well.]

Blumio Inc is expanding the previously announced 60 person clinical study to 200 people. The study will compare data from the non-invasive wearable sensor with data from hospital blood pressure monitoring, invasive arterial lines and automated blood pressure cuffs to validate the new monitor. This trial will commence in November and be completed in the March 2019 quarter.

CardieX has also won a contract to provide *SphygmoCor* systems to pharmaceutical clinical trials.

One trial is Phase II to assess a novel compound for the treatment of heart failure. This contract is worth \$300,000 over the next 18 months but would lead to a larger contract when the project move to Phase III trial.

CardieX



Cynata Therapeutics has announced positive results using genetically engineered cells *in vivo* and in mouse models to diagnose and treat cancers.

MSC cells were modified using a lentiviral engineering process to express transgenes (i.e. genes from other cells, which indicate the existence of a cancer) and proteins with anti-cancer effects (producing a continuous pool of short half-life anti-cancer protein around tumour cells).

These were tested on melanoma (skin cancer) and glioblastoma (brain cancer) cells *in vitro* and a mouse model of glioblastoma, producing "significant" results. The company intends to "pursue this promising new approach to cancer treatment".

A Phase II Graft vs Host Disease (GvHD) clinical trial is expected to start in 2019, "with or without Fujifilm". Cynata Therapeutics is working on the "complex and time consuming" *Clinical study Report* which is "now at an advanced stage". Fujifilm will then have a 90-day option to acquire this project. Fujifilm has not yet exercised this option, but "has, in association with Cynata, commenced preparations for clinical trials and product manufacture".

Cynata Therapeutics will present its GvHD clinical trial results at the **American Society of Hematology Annual Meeting** in San Diego, California on 3 December.

The *Critical Limb Ischemia* clinical trial will start at Phase II (owing to the successful Phase I GvHD trial) and the protocol is now in place to treat three groups, each of 16-32 "revascularisation-ineligible" patients (i.e. patients with no other treatment options), over 1-2 years. The number of patients and the length of the study will depend upon the significance of results. One group will receive a low dose of *Cymerus* stem cells, the second group a high dose and the third control group a placebo. The primary end point of the trial will be "amputation free survival after six months", with secondary indicators being ankle brachial index, ulcer healing and pain levels. This trial will start sometime in 2019.

The **European Patent Office (EPO)** has issued a *Notice of Allowance* covering the *Cymerus* process (owned by the **University of Wisconsin-Madison's Wisconsin Alumni Research Foundations** and licensed exclusively to Cynata Therapeutics), indicating that an

additional patent will be issued, probably in February 2019, providing protection through to March 2034.

Cynata Therapeutics



Ellex Medical Lasers presented its *intermediate Age Related Macular Degeneration (iAMD) research and Retinal Rejuvenation Therapy (2RT) therapy* at the **American Academy of Ophthalmology** meeting in Chicago on 27-30 October.

Ellex Medical Lasers



Fiducian Group reports the first sale of its administration software to an external funds management company in Victoria.

Fiducian Group



Finbar Group reports year to date sales (i.e. sales of completed properties and pre-sales of development properties) of 96 properties for \$51.6 million. That is 0.84 sales worth \$450,000 per day.

That is down 30-40% compared with this time last year (i.e. 1.39 sales worth \$630,000 per day).

Slower sales will result in longer periods of pre-sales before projects commence construction, effectively pushing back development timelines and future annual revenues and profits. This is the correct response to lower sales to minimise development risk (i.e. to avoid

investing capital in the development of unsold stock), but results in lower profits, dividends and the value of Finbar Group's share price.

The company can, of course, accelerate development timelines in response to any future market upturn in sales . . . which would boost revenues, profits and the share price on a cyclical recovery. "Hold".

Finbar Group



Iluka Resources experienced an "unlawful strike action" by some of its workforce at *Sierra Rutile*, requiring a halt to mining to ensure safety. Production was restarted a week later, but total annual production is likely to be reduced to 125-130 thousand tonnes, slightly down from earlier expectations of up to 135 thousand tonnes.

Iluka Resources



McMillan Shakespeare plans to merge with **Eclix Group** (code ECX) through a scheme of arrangement. McMillan Shakespeare will pay 0.1414 of its own shares plus 46 cents in cash for every Eclix Group share.

Eclix Group shareholders will own about 35.2% of the shares in the expanded McMillan Shakespeare after the merger.

Based on the McMillan Shakespeare share price before the announcement, this merger valued Eclix Group shares at 285 cents, 13% above an unsolicited and non-binding proposal from **SG Fleet** to takeover the company at 252 cents. Eclix Group rejected that offer (80% in cash, 20% in shares) from SG Fleet, preferring to seek a higher offer (16% in cash, 84% in shares) from McMillan Shakespeare which gives its shareholders a greater equity interest in the merged business.

Both companies are involved in *Novated Leases and Fleet Management* although with complementary emphasis. McMillan Shakespeare has 63,300 novated leases compared with only 13,059 at Eclix. Eclix has 104,000 vehicles under

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Recommended Investments

(Continued from Page 5)

fleet management compared with only 21,750 at McMillan Shakespeare. Combining the businesses will produce the largest Australian and New Zealand company in both sectors with more diversified earnings and economies of scale in procurement and funding.

Integration costs are estimated at \$20 million, but expected to yield \$50 million annually in synergies within three years and adding about 15% to combined net profits.

McMillan Shakespeare



Mount Gibson Iron's cash holding fell \$5 million to \$452 million (40.1 cents per share) over the quarter to 30 September (and has since paid a 3.0 cents dividend in October). Operating cash flows contributed \$18 million and a further \$23 million was invested in the *Koolan Island* project, which is on schedule and now 88% complete.

The remaining capital expenditure and pre-production costs will be around \$65 million, but mining will begin in December and the first ore sales in late March 2019 will produce positive cashflows.

As reported by the company in April (and *Market Analysis* in May), based upon a 62%Fe ore price of US\$65/tonne and a 21% premium for high grade iron ore (i.e. 65% Fe vs 62% Fe) the net present value of this project was \$536 million (49 cents per share). This project is also sensitive to the price of high grade iron ore.

The company's recent presentation of 24 October reported the high grade premium was up to 25% (having fluctuated between 15% and 40% this year) and the industry is widely expecting that the premium will "hold close to 30%" during 2019 as Chinese furnaces meet higher environmental standards. The 62%Fe price was also up to US\$72/tonne on 24 October and last Friday was up again to US\$75½/tonne.

So at the 30% premium to the current US\$75.50 price of 62%Fe, the project would realise revenues of US\$98.15/tonne, 24.8% above the level used to calculate the \$536 million net present value reported six months ago. At those prices, over the five year mine life, revenues would increase 24.8% by US\$400 million . . . with no increase in operating costs . . . so we estimate the (pre-tax) net present value of this project could now be over 50% higher at \$820 million (about 72 cents per share).

Mt Gibson Iron



Michael Hill International reported an 8.8% drop in revenues for the September quarter, with same store sales down 11.0%. This poor result is "partly" the result of "underestimating marketing and promotional activities". The company is seeking to move away from "heavy discounting and frequency of price based event days" which were "distorting customer purchase behaviour" (i.e. customers wait for the next regular sales event before making planned purchases). The company has "not been as successful as planned in attracting customers into store with alternative marketing promotions".

The current (i.e. December) quarter is, of course, the critical trading period for this business.

Australian same store sales were down 12.8%, Canada down 11.0% and New Zealand down 7.6%.

Same store revenues for the *Emma & Roe* stores were up 112.9%, but this was owing to "heavy discounting" to clear stock in this discontinued business.

Michael Hill International



Opthea Ltd listed options expire this month and must be exercised (to buy shares at 27 cents) or sold on-market to realise their value. Otherwise the options will expire and their value will be lost.

The options can be exercised (on or before 25 November) to buy an ordinary share at 27 cents. The ordinary shares currently trade around 57 cents, so that realises 30 cents of value.

Alternatively the options can be sold on-market (before 19 November), which would currently yield about 28½-30 cents in cash.

Opthea Ltd presented some of its research into treating Diabetic Macular Edema at the **Ophthalmology Innovation Summit** in Chicago on 25 October.

The company has recently received a R&D tax refund of \$12.0 million, boosting cash reserves to over \$36 million. The options exercise will raise a further \$9.1 million in cash.

Opthea Ltd

OZ Minerals had cash of \$454 million (141 cents per share) on 30 September, down \$39 million over the quarter, despite a \$75 million investment in *Carrapateena* and a \$26 million dividend. Ore inventories - which are now being processed - were \$39 million over at \$611 million (189 cents per share).

OZ Minerals has achieved a 51.0% interest in the *West Musgrave* project (from **Cassini Resources**) following its investment of \$22 million. This will increase to 70.0% on an additional \$14 million investment in project studies and regional exploration.

Early metallurgical test works indicates a “significant improvement” over the original *Scoping Study*. Nine tonnes (from test drilling) was processed in three batches that will correspond to different mining periods. Copper recoveries in the final concentrates were 82.5-87.4%, up from 72.6% in the *Scoping Study*. Nickel recoveries were 66.3-68.9%, up from 59.0%.

The *Preliminary Feasibility Study* was commenced in November and will be completed in the June 2019 quarter, with 23,000 metres of planned 2019 infill

drilling being brought forward into 2018 for inclusion in this study.

OZ Minerals has finalised terms with **ElectraNet** for a *Build Own Operate Maintain* agreement that will supply South Australian grid electricity to the *Prominent Hill* mine from mid-2020 to replace the current agreement to purchase power from **BHP**.

The Reject Shop reports lower sales and this has resulted in a sharp reduction in forecast profitability, with first half net profit now expected to be 38-44% lower at \$10.0-11.0 million (34.5-38.0 cents per share).

Sales were down 0.5% over the first seven weeks of the current financial year but then fell 3.9% over the next eight weeks. The current December quarter is the peak trading period for the business and the second half of the year usually trades around a break-even level.

While the downturn is “bad news” the share price has over-reacted, creating a buying opportunity at a cyclical low. The company is debt free and after paying the recent dividend should hold cash of about \$11½ million (40 cents per share) “Buy” for recovery.

The Reject Shop

Australian Warrant / Option Analysis

Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
1414 Degrees	28	35	1-9	8.0	3.5	+128	0.37	3.57	1.0	+28
3D Resources	0.4	0.7	1-1	0.1	0.1	+6	0.99	2.09	1.0	+95
8Common Ltd	3.8	3.5	1-2	2.0	1.4	+41	0.80	1.91	1.0	+37
AVZ Minerals	8.2	3.0	1-6	6.0	5.7	+5	0.85	1.35	1.0	+6
Actinogen Medical	4.7	6.0	0-4	0.7	0.1	+608	0.40	8.75	1.0	+190
Algae.Tec Ltd	1.5	5.0	1-8	0.4	0.4	+9	1.08	1.82	1.0	+116
Alicanto Minerals	3.3	28	0-8	0.3	0.0	+999	0.94	4.91	1.0	+999
Alligator Energy	0.4	2.1	1-1	0.1	0.0	+326	1.03	2.69	1.0	+401
American Patriot	2.4	4.5	0-10	0.5	0.2	+186	0.70	3.51	1.0	+149
Andromeda Metals	0.8	1.2	2-0	0.4	0.3	+39	0.86	1.73	1.0	+41
Antisense Thera.	4.5	8.0	1-1	1.7	1.7	-2	1.37	1.62	1.0	+107
Argent Minerals	1.5	10	0-7	0.1	0.0	+999	0.45	9.99	1.0	+999
Arrow Minerals	1.6	10	1-1	0.1	0.0	+999	0.53	7.61	1.0	+448
Aspire Mining	2.1	1.8	1-0	0.7	0.8	-17	0.88	1.84	1.0	+19
AssetOwl Ltd	2.0	40	0-7	0.1	0.0	+999	0.99	6.48	1.0	+999
Atrum Coal	9.0	20	2-4	1.6	1.7	-8	0.68	2.17	1.0	+46
Aurora Labs	72	100	1-5	25.0	23.3	+7	0.93	1.85	1.0	+50
Ausnet Financial Serv.	1.0	15	0-5	0.1	0.0	+999	0.66	9.99	1.0	+999
Aust Potash	7.0	20	0-11	0.9	0.0	+999	0.50	6.53	1.0	+237
Aust Rural Capital	63	50	1-9	12.0	18.2	-34	0.32	2.75	1.0	-0
Aust Vanadium	4.1	2.0	0-1	1.9	2.1	-10	0.84	1.95	1.0	-45
Austar Gold	0.4	1.0	1-10	0.1	0.1	-25	1.08	1.66	1.0	+74
Auth Inv Fund	2.5	5.0	2-7	0.5	1.9	-73	1.64	1.15	1.0	+36
Axiom Mining	9.2	40	0-1	0.1	0.0	+999	0.66	9.99	1.0	+999
BMG Resources	1.0	2.0	0-7	0.2	0.1	+131	0.93	3.16	1.0	+286
Babylon Pump & P	1.7	4.0	0-4	0.1	0.0	+999	0.64	8.47	1.0	+999
Bass Metals	1.9	2.5	0-1	0.1	0.0	+999	0.55	9.99	1.0	+999
Bass Oil	0.3	0.6	0-1	0.1	0.0	+999	1.30	9.99	1.0	+999
Bassari Resources	1.9	3.4	0-10	0.6	0.1	+767	0.52	4.77	1.0	+144
Battery Minerals	2.9	10	4-8	0.8	0.7	+14	0.63	1.84	1.0	+33
Beacon Minerals	1.8	2.5	3-9	0.4	0.5	-23	0.49	2.03	1.0	+14

Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Benjamin Hornigold	71	100	1-5	4.6	4.4	+6	0.34	4.75	1.0	+31
Bidenergy Ltd	12	10	0-7	2.7	5.3	-49	1.30	1.71	1.0	+10
Bio-Gene Technology	18	20	0-0	0.6	0.0	+999	0.72	9.99	1.0	+999
Biotron Ltd	11	5.0	1-0	6.0	7.9	-24	1.73	1.20	1.0	+5
Biotron Ltd	11	6.0	0-0	4.1	7.9	-48	1.73	1.20	1.0	-100
Black Rock Mining	4.0	7.5	0-0	0.5	7.9	-94	0.54	1.20	1.0	+999
Blackham Resources	4.2	8.0	0-2	0.1	0.0	+268	0.86	7.73	1.0	+999
Boart Longyear	0.4	2.1	5-10	0.2	0.2	+22	0.82	1.44	1.0	+35
Bowen Coking Coal	1.6	4.0	0-11	0.1	0.0	+597	0.50	5.86	1.0	+179
Broken Hill Pros.	3.9	8.0	0-11	1.8	0.8	+113	1.10	2.09	1.0	+165
Brookside Energy	1.4	2.0	0-1	0.1	0.0	+999	0.70	9.99	1.0	+999
Bryah Resources	9.9	25	1-4	1.1	1.2	-9	0.81	2.54	1.0	+110
Caeneus Minerals	0.1	0.3	2-1	0.1	0.0	+744	0.69	2.46	1.0	+95
Calidus Resources	3.2	2.5	0-7	0.8	0.8	-2	0.40	3.31	1.0	+6
CardieX	3.3	5.0	3-0	2.0	1.5	+31	0.86	1.50	1.0	+28
Cardinal Resources	43	15	0-10	27.0	28.3	-5	0.47	1.51	1.0	-3
Celsius Resources	6.5	1.0	0-1	5.3	5.5	-4	0.93	1.18	1.0	-31
Centaurus Metals	0.6	1.0	0-9	0.3	0.1	+147	1.04	2.29	1.0	+180
Centennial Mining	0.9	2.9	1-0	0.2	0.0	+999	0.65	4.34	1.0	+249
Chapmans Ltd	0.6	1.5	3-0	0.1	0.6	-82	2.43	1.03	1.0	+39
Clancy Exploration	0.2	0.4	0-5	0.1	0.0	+650	0.98	3.51	1.0	+696
Coassets Ltd	15	65	0-6	0.1	0.1	+98	0.88	5.38	1.0	+999
Cobalt Blue Holdings	24	25	1-5	7.5	11.1	-33	1.08	1.55	1.0	+26
Cohiba Minerals	0.7	1.8	1-5	0.2	0.0	+307	0.66	3.12	1.0	+114
Constellation Res	23	20	2-8	10.0	5.6	+78	0.23	3.15	1.0	+10
Covata Ltd	2.0	5.5	3-6	0.4	0.6	-31	0.74	1.76	1.0	+36
Creso Pharma	48	80	1-9	10.5	8.4	+25	0.63	2.49	1.0	+45
Dart Mining	0.7	1.0	0-3	0.1	0.0	+255	0.74	5.54	1.0	+510
Davenport Resources	8.0	20	4-8	1.5	2.1	-28	0.57	1.88	1.0	+24

(Continued on Page 8)

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
De Grey Mining	14	10	0-0	3.0	2.1	+45	0.62	1.88	1.0	-100	Opthea	57	27	0-0	30.0	1.5	+999	0.34	4.13	1.0	+0
Deep Yellow Ltd	48	50	3-6	13.0	18.9	-31	0.53	1.79	1.0	+8	Orinoco Gold	1.5	11	1-2	0.5	0.1	+767	1.02	2.80	1.0	+473
Diatreme Resources	2.0	3.0	1-1	0.3	0.4	-30	0.84	2.30	1.0	+62	Ozgrowth	18	19	0-9	0.3	0.6	-49	0.17	9.90	1.0	+14
Ellerston Asian Inv.	104	100	0-3	1.1	5.1	-79	0.13	9.99	1.0	-9	Pacifico Minerals	0.7	1.5	1-12	0.2	0.3	-28	1.09	1.56	1.0	+57
Elsight Ltd	54	100	2-7	23.0	20.0	+15	0.86	1.65	1.0	+38	Panterra Gold	2.5	15	0-1	0.1	0.0	+999	0.95	9.99	1.0	+999
Emerge Gaming	0.7	2.0	2-5	0.2	0.5	-61	1.80	1.15	1.0	+62	Parkd Ltd	19	30	1-1	3.0	4.2	-29	0.87	2.23	1.0	+66
Emperor Energy	0.3	0.5	1-4	0.1	0.1	-12	1.16	1.65	1.0	+68	Peak Resources	3.4	6.0	1-7	1.1	0.4	+189	0.56	3.02	1.0	+61
Engage:BDR	5.2	25	2-1	1.0	0.3	+226	0.71	2.76	1.0	+120	Pearl Global	20	30	2-2	3.1	14.6	-79	1.64	1.17	1.0	+26
Eon NRG	0.6	2.0	1-0	0.1	0.1	+66	1.01	2.53	1.0	+250	Pengana Int'l Equities	111	118	0-5	0.4	1.2	-66	0.11	9.99	1.0	+16
Esports Mogul AP	2.4	5.0	0-11	0.5	0.1	+258	0.66	3.64	1.0	+147	Peninsula Energy	22	5.0	0-1	0.1	17.0	-99	0.50	1.29	1.0	-100
Estrella Resources	2.2	5.0	2-7	0.3	0.6	-52	0.79	1.83	1.0	+41	Plato Income Max.	100	110	0-5	0.1	0.3	-68	0.10	9.99	1.0	+26
First Au	3.0	6.0	2-1	0.8	0.6	+37	0.69	2.23	1.0	+49	Podium Minerals	7.5	20	1-9	0.7	1.9	-63	0.98	1.86	1.0	+79
First Graphene	17	15	2-8	5.0	8.2	-39	0.74	1.55	1.0	+7	Potash West NL	0.6	7.0	0-0	0.2	1.9	-89	0.83	1.86	1.0	+999
Fremont Petrol.	0.7	6.0	0-7	0.1	0.0	+999	0.88	6.08	1.0	+999	Predictive Discovery	1.6	6.0	1-0	0.3	0.1	+295	0.87	3.11	1.0	+294
GBM Resources	0.5	5.0	0-10	0.1	0.0	+999	0.88	4.76	1.0	+999	Pure Minerals	1.5	3.0	1-1	0.3	0.1	+322	0.56	4.03	1.0	+111
Galan Lithium	27	14	0-1	11.0	12.5	-12	0.91	2.10	1.0	-50	Raven Energy	0.2	0.3	1-11	0.1	0.1	-31	1.72	1.18	1.0	+44
Golden Deepes	4.9	10	0-5	0.5	0.4	+17	1.12	3.11	1.0	+523	ReadCloud	37	30	2-0	6.1	16.6	-63	0.70	1.69	1.0	-1
Golden Rim Res.	1.7	0.5	0-2	0.1	1.2	-92	0.79	1.41	1.0	-100	Real Energy Corp	10	14	1-10	3.6	2.3	+55	0.62	2.28	1.0	+36
Greenpower Energy	0.4	1.0	0-11	0.2	0.0	+993	0.73	3.64	1.0	+251	Real Energy Corp	10	12	0-5	3.2	0.9	+270	0.62	4.56	1.0	+205
Greenpower Energy	0.4	1.8	3-1	0.1	0.1	+67	0.73	2.10	1.0	+67	Red Mountain Mining	0.7	1.8	1-1	0.3	0.1	+133	1.09	2.14	1.0	+187
Gulf Manganese Corp	1.0	0.5	0-5	0.5	0.5	-2	0.72	1.88	1.0	+0	Red Mountain Mining	0.7	1.5	0-12	0.5	0.1	+238	1.09	2.10	1.0	+191
Hammer Metals	2.8	3.0	1-10	1.0	1.3	-21	0.90	1.60	1.0	+21	Redstone Resources	1.6	3.5	2-5	0.4	0.3	+35	0.65	2.23	1.0	+45
Hardey Resources	0.3	2.0	1-5	0.1	0.1	+76	1.32	1.83	1.0	+295	Reedy Lagoon Corp.	0.7	8.0	2-4	1.3	0.1	+928	1.15	1.77	1.0	+201
Havilah Resources	20	40	1-0	2.5	0.5	+419	0.49	4.98	1.0	+118	Renascor Resources	1.8	3.0	0-11	1.3	0.1	+999	0.52	4.32	1.0	+159
Hazer Group	34	30	0-1	3.5	4.8	-27	0.60	5.63	1.0	-16	Ryder Capital	119	125	0-0	3.0	0.0	+999	0.14	9.99	1.0	+999
Helios Energy	16	20	3-1	13.0	14.4	-10	0.90	1.09	1.0	-2	Sabre Resources	0.9	3.0	0-11	0.1	0.1	+6	1.07	2.99	1.0	+285
Hipo Resources	1.6	2.0	1-7	0.6	1.0	-39	1.47	1.30	1.0	+36	Santana Minerals	0.7	3.0	0-10	0.1	0.0	+601	0.88	3.74	1.0	+542
IOT Group	0.1	1.1	0-2	0.1	0.0	+999	1.08	1.00	1.0	+999	Sayona Mining	2.8	7.8	1-5	1.2	0.4	+228	0.84	2.41	1.0	+128
Icandy Interactive	6.9	21	1-2	0.7	1.7	-60	1.27	1.82	1.0	+165	Seafarms Group	13	10	2-8	7.2	6.0	+20	0.63	1.64	1.0	+13
Icollege Ltd	6.7	8.0	0-8	1.6	1.2	+32	0.77	2.84	1.0	+78	Serpentine Tech.	0.3	0.4	2-5	0.1	0.2	-58	1.70	1.13	1.0	+24
Imexhs Ltd	3.5	100	0-1	0.2	0.0	+999	0.62	9.99	1.0	+999	Serpentine Tech.	0.3	5.0	0-7	0.1	0.0	+999	1.70	2.70	1.0	+999
Immuron Ltd	29	55	1-0	3.5	3.0	+16	0.74	2.96	1.0	+105	Six Sigma Metals	0.4	1.5	2-7	0.3	0.1	+165	0.96	1.70	1.0	+79
Impact Minerals	1.2	4.0	1-7	0.2	0.0	+999	0.44	5.72	1.0	+125	Spectur Ltd	19	20	2-1	10.0	4.7	+114	0.43	2.54	1.0	+25
Impression H/Care	2.6	12	0-1	0.1	0.0	+999	0.83	9.99	1.0	+999	Spirit Telecom	16	3.9	0-8	2.5	12.1	-79	0.40	1.32	1.0	-74
Impression H/Care	2.6	4.0	1-10	0.7	0.8	-15	0.83	1.85	1.0	+38	St George Mining	18	20	1-10	9.0	8.5	+6	0.96	1.55	1.0	+30
Imugene Ltd	2.0	2.6	2-0	1.0	0.6	+71	0.66	2.03	1.0	+34	Stargroup	1.9	5.0	0-0	0.3	8.5	-96	0.00	1.55	1.0	+999
Imugene Ltd	2.0	4.0	3-0	0.8	0.5	+52	0.66	1.93	1.0	+34	Stellar Resources	1.3	5.0	1-6	0.2	0.1	+290	0.70	3.27	1.0	+157
Inca Minerals	0.4	1.2	1-8	0.1	0.1	+3	1.03	1.86	1.0	+101	Stonewall Res.	0.9	3.0	1-11	0.1	0.1	-8	0.77	2.38	1.0	+91
Investigator Res.	0.9	3.5	2-1	0.3	0.1	+410	0.66	2.82	1.0	+100	Stry-I Ltd	2.8	6.5	0-8	0.5	0.0	+999	0.40	9.99	1.0	+309
Jacka Resources	0.3	0.6	2-7	0.2	0.1	+50	1.00	1.49	1.0	+46	Suda Pharma.	0.6	1.5	1-8	0.2	0.2	+3	1.11	1.68	1.0	+87
K2Fly Ltd	22	20	1-7	12.0	11.1	+8	1.01	1.52	1.0	+27	Sun Resources	0.3	1.0	1-11	0.1	0.1	-10	1.24	1.54	1.0	+99
Kazia Therapeutics	40	400	1-6	2.5	0.1	+999	0.68	4.44	1.0	+361	Sun Resources	0.3	0.6	0-6	0.1	0.0	+128	1.24	2.52	1.0	+444
King Island Scheelite	8.6	10	2-8	2.3	4.0	-43	0.81	1.55	1.0	+14	Sunstone Metals	3.2	3.0	0-9	1.6	0.9	+74	0.75	2.35	1.0	+62
King River Copper	4.4	12	1-8	1.4	1.9	-28	1.39	1.45	1.0	+95	Superior Resources	0.7	1.6	0-9	0.2	0.1	+55	1.21	2.19	1.0	+252
Koppar Resources	20	29	2-2	5.6	1.1	+395	0.27	4.98	1.0	+28	Surefire Res.	0.9	1.8	1-0	0.3	0.7	-56	2.70	1.14	1.0	+133
Kratatoa Resources	2.7	10	0-6	0.6	0.0	+999	0.88	4.95	1.0	+999	Symbol Mining	2.2	4.5	1-7	0.8	0.6	+39	0.93	1.92	1.0	+74
Lake Resources	9.8	20	0-1	0.4	0.0	+999	0.82	9.99	1.0	+999	Syntertec Corp	4.6	5.3	1-8	0.2	1.2	-83	0.57	2.34	1.0	+11
Land & Homes	1.8	20	2-9	1.2	0.0	+999	0.52	4.44	1.0	+149	TV2U International	0.6	4.0	0-4	0.1	0.0	+999	0.79	9.99	1.0	+999
Latin Resources	2.1	1.0	0-10	0.4	1.3	-70	1.17	1.41	1.0	-37	Talga Resources	47	45	0-1	4.0	4.1	-2	0.55	7.43	1.0	+65
Latin Resources	0.4	1.0	0-10	0.1	0.0	+273	0.82	3.18	1.0	+221	Tando Resources	12	25	1-0	7.4	1.9	+299	0.95	2.36	1.0	+175
Lepidico Ltd	1.7	4.5	1-10	0.5	0.2	+101	0.75	2.34	1.0	+80	Tao Commodities	13	20	1-9	2.1	1.8	+19	0.50	2.96	1.0	+35
Linius Tech.	5.8	16	0-10	1.2	0.5	+160	0.94	2.89	1.0	+269	Tasman Resources	6.1	6.0	1-9	4.1	2.8	+49	0.87	1.63	1.0	+33
Lion Selection	34	50	1-4	3.0	2.5	+19	0.41	4.15	1.0	+38	Tech Mpire	8.9	10	2-11	3.0	5.5	-46	1.05	1.30	1.0	+14
Lionhub Group	5.2	22	2-0	1.2	0.0	+999	0.33	8.28	1.0	+111	Technology Metals	53	40	1-6	29.0	23.3	+25	0.70	1.80	1.0	+19
Lithium Power Intl	29	55	0-7	2.0	1.0	+106	0.64	4.70	1.0	+208	The Hydroponics Co	54	40	1-1	19.0	21.9	-13	0.69	1.96	1.0	+9
Lodestar Minerals	2.1	3.0	0-11	0.5	0.7	-28	1.17	1.82	1.0	+75	Thundelarra Ltd	1.6	5.0	0-10	0.3	0.0	+999	0.58	5.81	1.0	+321
MGC Pharma.	32	6.5	0-7	0.4	25.8	-98	1.62	1.19	1.0	-93	Todd River Res.	8.2	25	1-4	2.5	0.7	+279	0.79	2.80	1.0	+152
MGC Pharma.	5.1	6.5	0-7	1.9	0.6	+229	0.64	3.65	1.0	+135	Transcendence Tech	1.8	5.0	0-8	0.5	0.2	+220	1.06	2.79	1.0	+400
MRG Metals	0.5	1.0	2-1	0.3	0.2	+57	1.01	1.60	1.0	+59	Triton Minerals	4.3	11	0-0	0.1	0.2	-36	0.52	2.79	1.0	+999
MRG Metals	0.5	15	1-9	0.1	0.0	+999	1.01	2.85	1.0	+601	Triton Minerals	4.3	12	0-1	0.1	0.0	+999	0.52	9.99	1.0	+999
MSM Corporation	0.9	10	0-11	0.4	0.0	+999	0.83	4.96	1.0	+999	Triton Minerals	4.3	10	1-10	0.7	0.3	+151	0.52	3.35	1.0	+64
Magmatic Resources	3.3	10	2-9	0.4	0.5	-23	0.67	2.21	1.0	+52	Tyranna Resources	1.3	4.0	2-10	0.4	0.1	+200	0.57	2.60	1.0	+53
Magmatic Resources	3.3	30	1-6	0.7	0.0	+999	0.67	4.60	1.0	+362	UUU Aquabotix	4.5	22	0-5	0.1	0.0	+999	0.84	7.44	1.0	+999
Magnetite Mines	0.8	5.0	2-6	0.1	0.0	+231	0.65	2.93	1.0	+110	Valor Resources	0.5	1.5	3-1	0.1	0.2	-43	0.91	1.59	1.0	+46
Mako Gold	11	30	2-5	2.0	1.5	+33	0.68	2.32	1.0	+60	Valor Resources	0.5	4.5	1-0	0.1	0.0	+999	0.91	3.82	1.0	+798
Marquee Resources	7.9	20	1-10	2.5	2.4	+3	1.04	1.72	1.0	+77	Vango Mining	18	27	1-7	6.0	5.1	+18	0.83	1.94	1.0	+48
Matador Mining	30	20	1-9																		

Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Goodman Property	3.325	-	-	
Hallenstein Glasson	24.00	10-12	17-12	Full
Kathmandu Ltd	11.00	19-11	30-11	Full
TrustPower	17.00	23-11	07-12	Full
Warehouse Group	6.00	23-11	06-12	Full
Australian Shares				
Brickworks	36.00	07-11	28-11	

Total Return Index for All Listed Shares

Oct 8	1747.82		
Oct 9	1737.31		
Oct 10	1738.16		
Oct 11	1701.54		
Oct 12	1707.38		
Oct 15	1712.00	Oct 22	Holiday
Oct 16	1712.78	Oct 23	1703.07
Oct 17	1722.66	Oct 24	1698.88
Oct 18	1716.41	Oct 25	1689.17
Oct 19	1702.56	Oct 26	1689.63
Oct 29	1693.82	Nov 5	1709.02
Oct 30	1691.68	Nov 6	1709.20
Oct 31	1702.61	Nov 7	1714.38
Nov 1	1704.52	Nov 8	1722.47
Nov 2	1708.70	Nov 9	1730.74

Next Issue:

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