

Market Analysis

Issue No. 577

www.stockmarket.co.nz

July 13, 2020

Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Stockmarkets are looking expensive - given current economic conditions - but we still see good value in some commodity shares and some technology shares. Remain invested in the recommended shares, but with a small cash reserve.

Investment Outlook.

We remain cautious about high share prices relative to depressed levels of economic activity. Even before Covid-19, share prices were high and economic growth was slowing but commodity prices were at lows.

Government cash handouts have increased liquidity and boosted share prices back towards all-time highs, but economic activity will likely remain depressed for an extended period of time.

So our investment strategy - as before Covid-19 - continues to focus upon investment opportunities related to low commodity prices and niche technology companies.

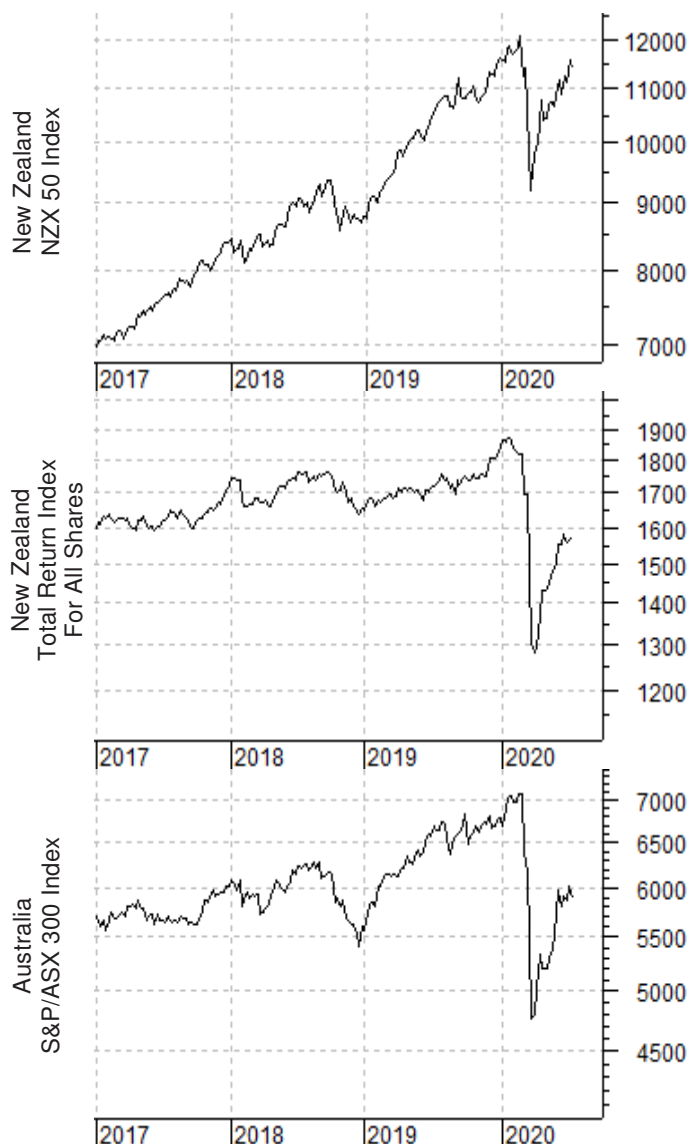
Gold miners tend to be counter-cyclical, so hedge against weak economic growth and possible inflation from current money printing. Demand for strategic commodities like Copper, Cobalt, Nickel and Rare Earths should increase significantly over the medium to long term, lifting these commodity prices and boosting the profitability of producers . . . and these shares trade at low valuations. Iron Ore and Gas shares trade at low valuations, offering good income yields and there is a relatively steady demand for these basic commodities.

We also look for investment opportunities amongst Technology, Software and other niche growth businesses. While many larger, popular Technology and Software shares are very expensive, there are many smaller companies in these sectors that still trade at attractive low valuations and have the potential for significant growth.

So, although we are cautious about the generally high level of stockmarkets we are still able to find attractively priced companies for our investment portfolio that we believe hold good long term growth potential.

Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	53% (Neutral)	70% (Bullish)
New Zealand:	70% (Bullish)	65% (Bullish)



Recommended Investments

Cavalier Corporation is “supportive” of a *Vision and Action* report from the **Wool Industry Project Action Group**. That report shows that natural fibres like wool and cotton have lost significant market share to synthetic fibres over the last 60 years . . . and that wool is more expensive than cotton and polyester.

The report has three main recommendations for the wool industry: (1) “develop a market-focused investment case” (i.e. there is a need to *develop* a case as the report does not currently *make* a case for investment), (2) “get the sector *match fit*” [Editor’s Note: Why does the use of sporting metaphors in business always remind me of the *Lost in Space* robot saying “Warning! Warning! Danger, Will Robinson!”?] and (3) “establish a governance and co-ordination capability” (like the co-ordinated single export seller model that performed poorly for the Apple and Dairy industries?).

The *Action Group*’s mission over the next decade is to capture “the hearts, minds and values of consumers who love natural, sustainable materials”.

On the other hand, other people expect that over the next 20 years “*Precision Fermentation*” will all but replace animal based agriculture - cutting costs, land use and environmental impacts, all by 90%!

Single celled organisms could be designed to produce any amino acid, protein, carbohydrate, fat or any other animal product. Wool is mainly a fibrous protein called keratin. At present, large volumes of grass are inefficiently turned into meat and wool through the use of large organisms (i.e. sheep). In the future, much smaller volumes of biomass will be efficiently converted to meat or wool through single celled organisms in a vat.

In the “new normal” Covid-19 environment, Cavalier Corporation is also calling for more Government spending suggesting “replacing worn out synthetic carpets in Housing NZ homes with wool carpets” . . . “supporting the NZ wool sector”.

Neither the wool industry nor Cavalier Corporation appear to be *competitive* businesses that will survive over the very long term. Nevertheless, neither may fail in the short to medium term and the current share price is low. So we shall continue to “Hold” while awaiting a better opportunity to exit this investment.

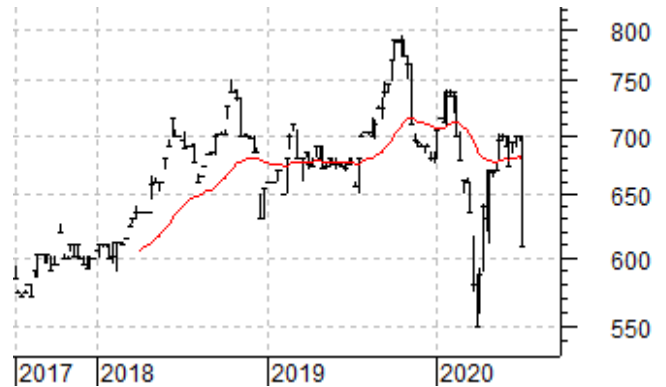
Cavalier Corporation



South Port NZ has upgraded its June 2020 profit forecast and now expects to report a profit that “exceeds the top end” of its previous \$8.2-8.7 million forecast.

The closure of **NZAS Tiwai Point Aluminium Smelter** in August 2021 will reduce South Port NZ’s net profits by about 20%. The smelter pays a licence fee to use the Tiwai wharf to import raw materials and these payments will continue until 2043. The 20% drop in net profits will result from other trade, mainly Aluminium exports, for the smelter.

South Port NZ



Australian Shares

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

AcruX Ltd has entered a partnership with **Amring Pharmaceuticals** to develop and market an undisclosed generic version of a product with \$400 million in annual sales. AcruX will develop the product while Amring Pharmaceuticals will seek regulatory approval with the **FDA** and commercialise the product.

The two companies will share the development costs and profits from product sales.

AcruX Ltd



Ardea Resources reports “significant gold exploration results” from aircore drilling in a new gold target in the *Bardoc Tectonic Zone*. This new Gold target has since been named *Aphrodite North*. Deep RC drilling will now explore “at depth within fresh bedrock” below the three aircore drill sections with the strongest gold and pathfinder elements.

This is early exploration drilling and would require larger volumes of infill drilling to define any resource.

The company believes that “gold and pathfinder anomalism may be hinting at a significant system” and is targeting a potential 9x3km “regional-scale gold area”.

We are, of course, investing in this company mainly for its Cobalt and Nickel potential.

Ardea Resources



AJ Lucas Group reports that **Centrica plc** (a large UK gas and electricity retailer) is to exit its 25% interest in the *Bowland Shale* exploration licence and return that interest to AJ Lucas Group “for a nominal sum”. Centrica has invested the sum agreed to buy into this licence but is now exiting all upstream oil and gas exploration. Centrica will remain liable for its 25% share of future decommissioning of exploration wells drilled and facilities already installed.

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/Sales Ratio	Price/Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
BUY	CDL Investments Ltd	CDI	12/01/99	25.0	E	278.1	1.4	2.62	7	6.1	80	43.3	+393%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	E	68.7	2.2	0.11	8	Nil	23	282.0	+95%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	C	32.7	0.4	0.24	10	9.3	670	657.8	+937%
HOLD+	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.4	3.64	16	5.9	609	336.3	+688%
HOLD	Steel & Tube Holdings	STU	08/08/00	139*	C	166.0	1.4	0.20	9	11.8	59	351.1	+195%
Australian Shares (in Aust cents)													
HOLD	Acrux Limited	ACR	12/05/14	99.0	D	166.7	2.6	4.57	NE	Nil	14.5	14.0	-71%
BUY	Ardea Resources	ARL	13/01/20	54.5	C	117.3	2.3	NA	NE	Nil	29	Nil	-48%
HOLD	AJ Lucas Group	AJL	13/05/03	107*	E	1462.7	5.6	0.22	NE	Nil	3.7	36.4	-62%
HOLD	ALS Limited	ALQ	12/10/99	72.3*	B	482.4	0.5	1.78	17	2.6	678	364.5	+1342%
HOLD	Atlas Pearls & Perfume	ATP	14/05/96	73.0	E	424.8	19.8	0.13	NE	Nil	0.5	17.5	-75%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	B	149.9	0.4	2.54	10	3.7	1558	320.5	+68%
HOLD+	CardieX Ltd	CDX	11/11/13	15.0	C	695.5	6.4	5.70	NE	Nil	3.2	Nil	-79%
HOLD	CPT Global Ltd	CGO	10/03/08	88.0	B	37.8	3.2	0.13	4	7.5	10.0	20.0	-66%
BUY	Cynata Thera.	CYP	13/03/17	50.0	D	101.9	1.3	NA	NE	Nil	62	Nil	+24%
BUY	Elixir Energy	EXR	07/12/19	4.2	C	500.9	5.3	NA	NE	Nil	4.4	Nil	+5%
HOLD	FBR Limited	FBR	07/07/17	13.5	C	1798.0	3.7	NA	NE	Nil	8.9	Nil	-34%
HOLD-	Fiducian Group	FID	11/02/08	260	A	31.4	0.7	3.19	15	4.5	497	139.6	+145%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	272.1	1.1	1.20	18	8.8	68	77.5	+37%
BUY	Greenland Minerals	GGG	11/11/19	11.0	C	1191.0	2.7	NA	NE	Nil	14.0	Nil	+27%
HOLD	Ignite Ltd	IGN	08/04/03	82.2*	D	89.6	7.6	0.01	NE	Nil	2.2	70.5	-12%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	A	422.8	0.5	3.10	13	1.5	874	314.0	+152%
HOLD	Integrated Research	IRI	14/01/08	40.0	A	171.9	0.5	6.82	31	1.9	400	66.8	+1067%
HOLD	McMillan Shakespeare G	MMS	07/11/16	1041	B	77.4	0.6	1.33	8	8.4	886	247.0	+9%
HOLD	Michael Hill Int'l Ltd	MHJ	11/06/91	4.4*	B	387.8	1.9	0.22	8	12.5	32	72.3	+2255%
BUY	Mt Gibson Iron	MGX	10/11/14	44.0	C	1157.7	1.6	2.70	11	6.0	67	9.0	+72%
BUY	Nova Eye Medical	EYE	14/03/06	49.0	E	143.6	1.3	1.20	NE	Nil	68	Nil	+39%
HOLD	Opthea Limited	OPT	10/02/04	188	B	269.2	0.8	NA	NE	Nil	242	65.0	+63%
HOLD+	OZ Minerals	OZL	14/03/16	522	A	324.2	0.5	3.56	24	1.9	1218	71.0	+147%
BUY	Prophecy International	PRO	08/09/08	26.0	B	64.0	1.3	4.44	NE	Nil	74	24.5	+279%
BUY	Reckon Limited ¹	RKN	08/08/16	141	A	113.3	1.1	1.10	10	6.8	74	13.0	-2%
HOLD	SIV Capital Ltd	SIV	13/11/17	740	D	39.3	1.8	0.06	NE	Nil	36	40.0	-90%
HOLD+	St Barbara	SBM	12/08/19	396	A	703.1	0.6	3.89	18	2.2	363	8.0	-6%
SELL	The Reject Shop Ltd	TRS	11/01/05	250*	A	38.2	0.4	0.28	NE	1.3	755	506.7	+405%
HOLD	Village Roadshow	VRL	10/08/09	71.1*	B	195.2	0.7	0.41	NE	2.4	209	289.3	+601%
HOLD	Woodside Petroleum	WPL	08/04/19	3410	C	954.4	0.5	2.87	13	6.1	2114	136.4	-34%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +240.9%. This is equal to an average annual rate of +20.7%, 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 173 closed out) is +27.2%, compared with a market gain of +3.4% (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 plc (GETB) worth 84.0 pence (152.5 Aust cents) cents.

Recommended Investments

(Continued from Page 3)

Atlas Pearls has sold its 50% interest in **Essential Oils of Tasmania Pty**. This sale and the repayment of inter-company loans will realise \$1.5 million.

Atlas Pearls owes \$2.5 million to Boneyard, \$2.0 million of which was repayable at the end of June but deferred until 31 July.

Atlas Pearls



Brickworks Ltd's 50% owned Joint Venture property trust will develop a very large distribution facility at *Oakdale West*, Sydney, which will be leased by **Amazon** for a period of 20 years. The state of the art distribution facility will cover 14.9 hectares with a base floor area of 53,500m², plus three mezzanine levels providing 191,170m² of usable floor space. Completion of the building is expected in the second half of 2021.

The company does not disclose any financial details, but this is a large, significant deal. The **Coles** distribution facility and the Amazon distribution facility combined will increase the Property Trust assets around \$1000 million or 50% to \$3000 million. These should yield large development profits plus significantly higher annual rental returns.

Brickworks' *Building Products* revenues in Australia are down only 10% for the four months to the end of May, while United States revenues are up 26%, mainly owing to an acquisition. US sales in April and May were down 30% on pre-Covid-19 levels.

Brickworks Ltd



CardieX Ltd has restructured its investment in **inHealth Medical Inc** to enable inHealth to “raise new capital at significantly favourable valuations from US based investors and strategic parties”.

At present CardieX own 7.7% of inHealth plus a US\$3.0 million Convertible Note equal to 33.3% of the capital (raising ownership to 41.0%) plus an option (on

undisclosed terms) to buy new or existing shares to raise its ownership to 50.5%.

The restructuring will involve inHealth repaying US\$500,000 to US\$1,500,000 of the Convertible Note in cash with the remainder convertible to 28.3% (i.e. down from 33.3%) of the equity in inHealth (before the external new capital raising). The conversion date will be extended from July 2020 to July 2021. The option to buy a further 9.5% of the equity (on undisclosed terms) will be cancelled in return for 1.0% of the equity (i.e. at no cost).

This will give CardieX 8.7%, increasing to 37.0%, of the current capital of inHealth. InHealth will then issue new shares to US investors, diluting CardieX's stake, but raising capital at “significantly favourable” (i.e. high) “valuations”.

CardieX and inHealth have entered a new *Collaboration Agreement* to cover the current joint development of hypertension and cardiovascular products.

CardieX Ltd



Cynata Therapeutics' reports that its Osteoarthritis clinical trial, funded by the **Australian Government National Health and Medical Research Council**, will be a Phase III (previously a Phase II) trial. Agreements have been reached “on an expedited regulatory pathway” for the trial. This is a US\$11.6 billion market opportunity, with Cynata Therapeutics retaining full commercial rights.

Cynata Therapeutics



Elixir Energy reports a final Dry Ash Free gas content of 8.9m³ per tonne from the main coal sample taken from the *Nomgon-1* gas discovery.

This coal sample was “near fully gas saturated”. The “very positive consequences of full gas saturation” for a coal gas project are (1) that “pilot production design could be substantially simpler and cheaper”, (2) “early

July 13, 2020.

gas production” without a “lengthy water producing phase” and (3) these low water management issues reduce costs and improve gas production economics.

The current year's exploration has begun. Drilling of the *Nomgon-2* core-hole started last week and will be completed in late July or early August. Three strat-holes “progressively stepping out” to the east will be drilled and recent coal outcrop discoveries “significantly extends the potential of the Nomgon gas discovery” sub-basin. Elixir Energy aims to “conduct a pilot production test in 2021”.

The company will also drill 2-4 strat-wells, and possibly one core hole, in other sub-basins identified in 2019 and 2020 seismic surveys. A further 106km of new seismic exploration commenced on 30 June and should be completed by early August, with processing taking another month.

Elixir Energy has executed a non-binding Memorandum of Understanding with Mongolia's MT Group to investigate developing a small scale LNG (SSLNG) plant to supply fuel to MT Group's large coal trucking fleet. MT Group, which exports 15 million tonnes of coal to China annually, operates thousands of trucks, some of which will be converted from diesel to gas.

SSLNG are “now commonplace just South of Mongolia in China” and “initial modelling indicates that a SSLNG in this location should be highly profitable”.

New areas of coal outcropping within the 30,000km² licence area indicate “numerous coal bearing sub-basin that are prospective for coal seam gas”.

This company could build a very large Coal Bed Methane gas supply business. “Buy” for growth.

Elixir Energy



FBR Ltd and **Brickworks** have discontinued their *Fastbrick Australia* joint venture. FBR plans to focus upon “increasing attention and demand for its technology from Northern Hemisphere markets during the Covid-19 crisis as these countries look to reposition their labour forces with less reliance on human and imported labour”.

FBR is continuing with plans to provide blocklaying services for an *Archistruct Builders & Design* display home (that FBR will purchase). Bricklaying began on 8 July. This display home will be open to the public, potential collaborators, suppliers and international customers.

FBR has also borrowed \$2.8 million (at 15% interest) against its expected R&D tax incentive rebate for the year to June 2020. That takes cash on hand to just

\$6.8 million.

We continue to believe that FBR has a great technology, but it has moved away from *commercialising* that technology and generating operating revenues (that would help fund its ongoing development) and the company is low on cash.

The company *may* be seeking larger and faster international growth, but at the risk of needing dilutive company raisings (at low prices) to finance its business.

FBR Ltd



Finbar Group has received development approval for the 32 level, 119 apartment inner city development at 240 Adelaide Terrace, Perth. This 50/50 joint venture will have a finished value of \$92 million with construction likely to start in January 2021.

Finbar Group



Greenland Minerals has released a short report on by-products of its Rare Earth project, which will generate US\$60 million annually (about 10%) of project revenues.

The *Kvanefield* Rare Earth deposit includes low-grade Uranium resource which “it is necessary to remove via a uranium recovery circuit” to produce the high-purity Rare Earth concentrate. This will remove 475 tonnes per annum of uranium at a cost of around US\$5 million . . . which can be sold for around US\$45 million annually.

The deposit is also 0.23% Zinc. Removing this through the first stage flotation concentrate reduces the chemicals needed later to extract the Rare Earth elements. The 6000 tpa of 50% Zinc concentrate can be sold for around US\$6 million annually.

The deposit also contains *villiaumite*, a soluble fluoride mineral. Flotation water will be recycled to reach the optimum concentration of dissolved fluoride which acts as a “depressant of the non-RE bearing waste minerals”. The presence of fluoride saves the cost of purchasing an alternative

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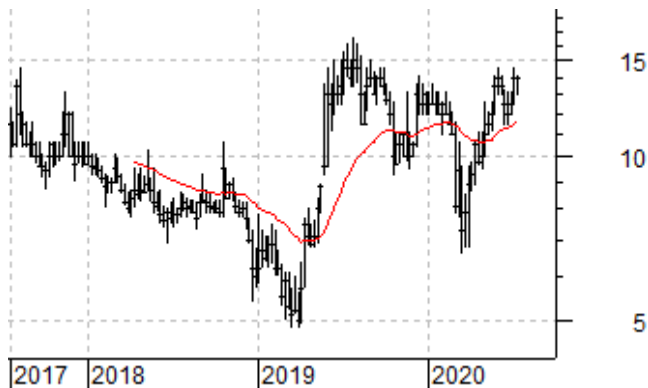
Recommended Investments

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depressant. 12,500 tpa of metallurgical grade Fluorspar can then be “precipitated from the bleed stream” from the water recycling process and sold for US\$4 million annually.

Removing (and selling) Uranium, Zinc and Fluorspar also “reduces the environmental impact of the project” and the costs of managing these waste products within the project.

Greenland Minerals



Iluka Resources reports two customers are not taking full delivery of Synthetic Rutile under “take or pay” contracts.

The first customer, contracted to purchase 80 thousand tonnes during 2020, accepted the first 17 thousand tonnes but failed to take or pay for a 20 thousand tonne shipment scheduled in May. Iluka Resources has issued a *Notice of Default* while the customer has responded with a *Force Majeure Notice*.

A second customer has notified a circumstance which, under the contract, may entitle it to take less than the contracted volume for a three month period. This would impact a September shipment of 12 thousand tonnes.

Iluka Resources, through its Iron Ore royalty business (and **Mt Gibson Iron** from Iron Ore sales), however, should benefit from the continued rise in Iron Ore prices, with the 62% Fe benchmark reaching US\$105.50 last week.

Iluka Resources



McMillan Shakespeare reports that most of its businesses have “improved in May and June”. New novated leases in June were approximately 85% of the level in June 2019. *Retail Financial Services* originations in June were approximately 80% the level of a year earlier.

Plan Partners has “not experienced any disruption to

its business”. *McMillan Shakespeare* will pay \$8 million to increase its ownership of this business from 75% to 100%. Client funds administered have “increased by approximately 50% since December 2019”.

Underlying net profit for the year to June 2020 will be around \$69-72 million, with earnings per share down 13-17% at 89-93 cents.

The *UK Asset Management* will be restructured to focus on “off balance sheet originations and fleet management”, with an £8-10 million write-down in intangibles and restructuring costs. Its existing funding book will be run down.

The *Retail Financial Services* division will write down goodwill by \$30-35 million.

The company has \$320 million of senior debt facility, partly funding its asset management businesses, that was due to expire in March 2021. Two-thirds of this has been extended to March 2022 and the balance to March 2023 and March 2024.

McMillan Shakespeare



Nova Eye Medical - formerly **Ellex Medical Lasers** - sale of its laser business was cleared by the **Australian Competition and Consumer Commission** which determined the deal “would not have a significant effect on competition”. The sale transaction was completed on 30 June.

The shares will trade ex-entitlement to the capital repayment and dividend on 15 July, with payment on 24 July.

The company has also announced the acquisition of the New Zealand based **Molteno3** glaucoma drainage device business for NZ\$985,000 (A\$921,000). This device is used in cases of “severe or complex glaucoma”, complementing the *iTrack* device for mild to moderate glaucoma.

Molteno3 is sold in 30 countries with annual revenues around NZ\$838,000 but with growth potential through Nova Eye Medical's global glaucoma device sales and marketing infrastructure.

Nova Eye Medical (Ellex)



July 13, 2020.

Opthea Ltd has announced “positive results of its Phase 2a trial” with patients with “persistent” diabetic macula edema.

At the 12 week follow-up the OPT-302 plus Eylea therapy resulted in an average 5.9 letters improvement with 52% gaining 5 letters or more. That is actually slightly less than the average 6.1 letters improvement and 60% gaining 5 letters or more in the Eylea only control group.

Where the OPT-302 combination therapy performed better was patients gaining 10 or more letters (i.e. 26.7% compared with 22.5% for the control) and 15 or more letters (i.e. 12.0% compared with 7.5%) and patients losing 5 or more letters (i.e. only 2.7%, compared with 5.0%).

The OPT-302 combination therapy was also very successful with patients who had previously received Eylea only treatment. Here patients gained an average of 8.6 letters (compared with 5.0 letters in the control group), with 50% gaining 10 or more letters and 16.7% gaining 15 or more letters (compared with 0% for both in the control group).

The 24 week follow-up visits were completed in June, with results probably a few months away. The trial reports “no ocular serious adverse events” and “intra-ocular inflammation was low”.

Opthea Ltd



OZ Minerals is to takeover **Cassini Resources**, increasing its ownership of the *West Musgrave Project* from 70% to 100%. OZ Minerals will offer one OZ Minerals share for every 68.5 Cassini Resources, increasing OZ Minerals' issued capital by just 1.9%. Cassini shareholders will also receive a one cent capital repayment in cash ahead of this takeover and shares in a new company, **Caspin Resources**, owning its *Mount Squires Project* (Gold) and *Yarawindah Brook Project* (Nickel, Copper, Cobalt). This takeover should be completed by October

OZ Minerals has also published a Pre-Feasibility Study of its Carrapateena Block Cave expansion and a Scoping Study of the Carrapateena Province.

The Carrapateena Block Cave Expansion will require a capital investment of around \$1250 million to develop *Block Cave 1*, the high grade ore immediately below the current sub-cave mining. Annual Copper production would increase 55-70% to 110-120,000 tonnes and Gold 30-40% to 110-120,000 ounces. The Net Present Value of this project will be around \$770 million (235 cents per share), with an Internal Rate of Return of 19% (after tax). The final investment decision will be in 2023, with

production from 2026 to 2037.

Much of the capital investment will be in surface processing infrastructure to increase processing capacity 2¼-fold to 12 Mtpa.

Block Cave 2 is an adjacent, lower grade deposit that will require just \$90 million of additional capital investment (with a final investment decision in 2036 and production from 2038 to 2045) to continue production at 45-55,000 tonnes of Copper and 45,000 ounces of Gold annually.

Under the Carrapateena Province Scoping Study the company has also identified *Block Cave South*, additional ore adjacent to *Block Caves 1* and 2 but at a higher level. *Carrapateena Stopes* is an area near the top of the current sub-level cave mining with “small tonnages” suitable for sub-level open stope mining. *Fremantle Doctor Central, West and East* - 2.4km north-east of Carrapateena - could be accessed and mined from the Carrapateena underground mine. *Khamsin* (further to the north-west) and *The Saddle* (situated between Carrapateena and Fremantle Doctor) could, subject to further exploration, further expand the life of mining in this region and continue the use of the surface processing infrastructure.

OZ Minerals



Prophecy International Holdings reports full year revenues to 30 June 2020 will be up 15.7% at \$14.0 million.

Prophecy International



St Barbara announced annual Gold production of 381,887 ounces for the year to June 2020 - in line with guidance of 370-400,000 ounces. The June quarter produced a net operating cash surplus of \$86 million, lifting cash and deposits to \$406 million (while total interest bearing debts are \$316 million).

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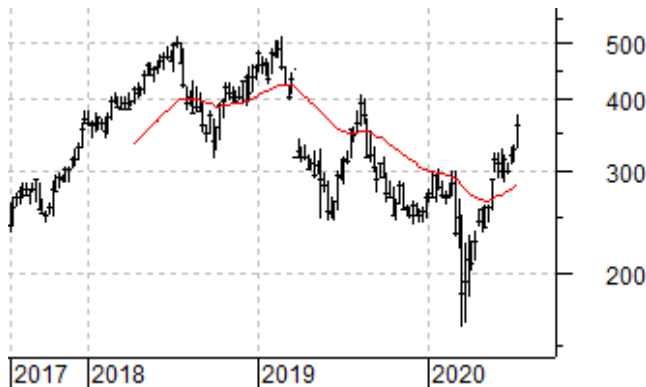
Recommended Investments

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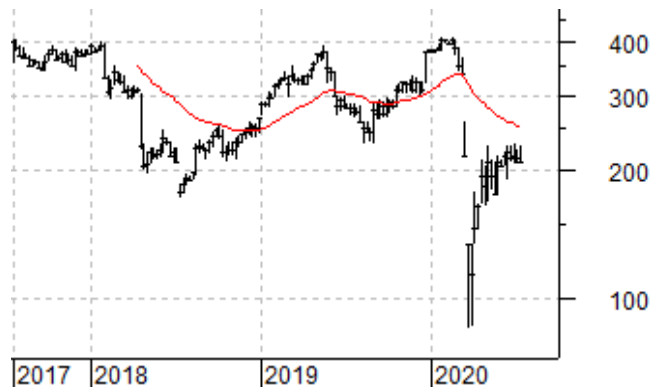
Gwalia produced 171,156 ounces for the year and 51,297 ounces for the quarter. Ore mined was prioritised over completing the final bore ventilation shaft which is due for completion this month.

Simberi produced 104,068 ounces for the year and *Atlantic Gold* 106,663 ounces.

St Barbara



Village Roadshow



Share Recommendation: Sell The Reject Shop

SELL The Reject Shop (code TRS).

Following on from our comments last month, we now recommend selling The Reject Shop shares which have risen another 25% over just the last month. The shares have *tripled* from April lows and now trade near multi-year highs.

The company will likely report a strong performance for the second half year to 30 June - a period that historically trades near a break-even. During February and March the company reported significantly higher revenues and compounded with higher potential margins (i.e. the company was unlikely to have been discounting stock during pre-Covid-19 panic buying) that could result in significantly higher profits.

But there have been no updates from the company since 23 March.

In the current pandemic environment there *could*, at some time, be problems sourcing product from China. Or disruption of international supply chains. Or, with state borders closed, disruption of supply chains *within* Australia.

In the current economic environment we would rather minimise our exposure to sectors dependent on consumer spending, including retailers and especially “bricks and mortar” retailers.

Everything, of course, is a matter of price and value. At \$2-3 we would rate The Reject Shop shares a Buy/Hold. At \$7-8½ we would rather have cash in the bank (or to buy under-valued commodity producers, especially Gold, Copper, Cobalt/Nickel and Rare Earths).

We have held The Reject Shop shares for 15 years and this investment has been volatile and cyclical at times. Overall our initial investment has been paid back *twice* through dividends and the share price has *tripled*, increasing our initial investment 5-fold in total.

The Reject Shop



Computer Selections of NZ Shares based upon our Comprehensive Share Selection Criteria

For an explanation of this table see the *Share Selection Methods* report available from our website. These shares are not formal “buy” and “sell” recommendations, but the “Under-Valued”, “Best Performing” and “Income” shares should be considered for purchase, while the “Over-Valued” and “Worst Performing” shares can generally be sold to release money for re-investment in more attractive shares.

Company	STRENGTH RATING										Market Cap'n		
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Backs	Relative Strength	Price to NTA	Return on Equity	Vola- tility	Price E-arn. Ratio		Divi- dend Yield	Price Sales Ratio
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
PGG Wrightsons	290	+3.7	+8.5	17	5-0	2	0.5	1	1.4	55	7.2	0.27	219
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0 none													
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													
Sky Network TV	15	-26.8	+7.5	93	3-0	5	0.2	11	1.9	2	70.9	0.19	219
Air New Zealand	134	-22.8	+8.0	91	1-4	5	0.7	13	0.9	6	22.9	0.26	1,499
Z Energy Ltd	271	-19.8	+2.6	88	4-0	4	1.2	20	0.7	6	22.0	0.20	1,084
Tourism Hold.	190	-20.2	+10.1	90	1-0	3	0.9	11	0.7	8	19.7	0.59	251
Kathmandu Ltd	115	-33.3	+6.7	97	0-0	3	0.6	13	0.8	5	19.3	0.48	260
Hallenstein G.	375	-14.1	+6.1	81	0-12	-	3.0	39	0.4	8	16.3	0.78	223
NZ Refining Co	74	-27.0	+3.4	94	0-0	2	0.3	4	0.8	8	14.1	0.64	2,313
Sky City Ltd	241	-12.6	+8.3	79	1-0	7	1.4	13	0.5	11	11.5	2.02	1,620
Warehouse Group	208	-7.4	+3.0	66	0-0	4	1.5	14	0.5	11	11.4	0.23	718
Turners Auto.	230	-11.4	+10.0	74	0-0	-	0.9	10	0.7	9	10.3	0.59	199
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
PGG Wrightsons	290	+3.7	+8.5	17	5-0	2	0.5	1	1.1	55	7.2	0.27	219
NZ Exchange Ltd	143	+6.8	+5.9	12	4-0	2	6.1	18	0.5	33	5.9	5.76	389
Sol. Dynamics	227	+16.9	+9.6	6	3-0	-	10.7	34	0.4	31	3.2	1.97	32
Chorus Ltd	707	+10.9	+0.7	10	4-1	4	3.2	5	0.5	59	4.5	3.20	3,106
Comvita	274	+10.1	+2.5	10	7-4	1	0.8	-	0.5	NE	Nil	0.83	141
AFT Pharma.	422	+12.3	-3.1	9	2-0	-	1.6	-	0.4	NE	Nil	1.35	409
Mercer Group	24	+7.8	+4.3	11	2-0	-	3.4	-	1.2	NE	Nil	0.53	15
Tilt Renewables	350	+5.3	+4.0	14	3-1	-	2.5	2	0.6	135	Nil	8.50	1,643
Pushpay Hold.	920	+58.1	+26.7	1	1-0	-	42.2	46	0.6	92	Nil	N/A	2,532
Blis Technology	8	+27.7	-2.7	3	1-0	-	22.1	-	3.0	NE	Nil	N/A	88
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Argosy Property	122	-6.3	+7.3	62	3-1	5	1.0	13	0.5	7	5.2	9.40	963
Stride Property	189	-11.4	+7.7	74	0-0	-	1.0	13	0.4	7	6.8	9.31	689
Napier Port	355	-0.6	+7.2	38	1-0	2	2.1	2	0.7	103	1.0	7.11	708
TruScreen Ltd	6	-18.8	-0.5	86	3-0	-	1.2	-	2.1	NE	Nil	6.45	14
Kiwi Property	103	-15.6	+5.5	82	1-0	5	0.7	7	0.6	11	6.7	5.16	1,476
Allied Farmers	61	-2.7	+4.0	48	0-2	-	24.3	28	0.9	87	0.5	5.12	109
Heartland Group	127	-12.4	+6.2	77	0-0	-	1.2	10	0.5	12	8.2	4.44	597
Asset Plus	37	-19.0	+1.9	87	0-0	-	0.5	3	0.8	16	9.9	4.43	59
Cooks Global Fd	5	-0.9	+5.7	39	0-0	-	-	-	3.2	NE	Nil	4.04	24
Arvida Group	146	-4.8	+5.6	56	0-1	2	1.1	11	0.6	10	4.4	3.96	604
South Port NZ	609	-0.4	+3.9	36	0-0	-	3.7	23	0.2	16	5.9	3.64	160

Company	STRENGTH RATING										Market Cap'n		
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Backs	Relative Strength	Price to NTA	Return on Equity	Vola- tility	Price E-arn. Ratio		Divi- dend Yield	Price Sales Ratio
Mercury NZ	468	-1.3	+3.5	42	5-1	5	2.0	7	0.5	28	4.5	3.63	6,552
Meridian Energy	451	-0.5	+3.6	36	1-1	5	2.1	6	0.6	34	5.1	3.31	11,559
Augusta Capital	90	-27.5	+3.4	94	2-0	1	0.9	8	0.6	11	6.7	3.27	79
Oceania Health.	95	-7.8	+9.0	67	11-3	-	-	-	0.7	13	4.9	3.06	580
CDL Investments	80	-2.7	+3.1	47	0-0	-	1.1	16	0.8	7	6.1	2.62	222
Foley Wines Ltd	171	-0.2	+4.5	32	0-0	-	0.9	4	0.4	22	2.4	2.34	112
Trust Power Ltd	690	-0.4	+4.0	34	1-0	-	1.6	7	0.4	23	6.6	2.30	2,160
NZ Oil & Gas	57	-5.2	+4.4	59	1-1	-	0.7	-	0.7	NE	Nil	2.19	95
Sky City Ltd	241	-12.6	+8.3	79	1-0	7	1.4	13	0.4	11	11.5	2.02	1,620
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Vital Health PT	255	-58.3	-0.0	98	0-0	3	1.4	9	0.4	16	3.4	N/A	1,470
Vista Group Ltd	130	-30.3	+5.6	96	5-0	2	1.5	8	0.9	18	3.5	1.65	215
Gentech Group	142	-29.6	+5.3	95	0-0	3	0.7	6	0.5	12	Nil	1.25	140
Augusta Capital	90	-27.5	+3.4	94	2-0	1	0.9	8	0.6	11	6.7	3.27	79
Moa Group Ltd	17	-19.8	+5.2	89	0-0	-	1.4	-	1.4	NE	Nil	0.71	11
Asset Plus	37	-19.0	+1.9	87	0-0	-	0.5	3	0.7	16	9.9	4.43	59
TruScreen Ltd	6	-18.8	-0.5	86	3-0	-	1.2	-	1.9	NE	Nil	6.45	14
WN Drive Tech.	8	-18.4	+2.6	85	0-0	-	3.2	-	1.7	NE	Nil	0.35	21
Kiwi Property	103	-15.6	+5.5	82	1-0	5	0.7	7	0.5	11	6.7	5.16	1,476
Fletcher Build.	346	-14.1	+3.7	82	3-0	9	0.7	6	0.7	12	9.2	0.35	2,944
Millennium & C.	192	-13.3	+3.2	80	0-0	-	0.5	10	0.4	5	2.5	1.39	304
PaySauce Ltd	46	-12.6	+4.0	78	0-1	-	-	-	2.0	NE	Nil	1.65	1,522
Heartland Group	127	-12.4	+6.2	77	0-0	-	1.2	10	0.5	12	8.2	4.44	597
Akd Int Airport	624	-11.9	+6.1	76	0-5	6	1.3	11	0.3	12	4.8	N/A	7,504
Serko Limited	338	-11.6	+11.7	75	0-0	-	10.4	6	0.8	167	Nil	N/A	274
Stride Property	189	-11.4	+7.7	74	0-0	-	1.0	13	0.4	7	6.8	9.31	689
Geo Ltd	6	-10.1	+10.6	71	1-0	-	2.1	-	1.8	NE	Nil	1.03	5
Just Life Group	38	-9.7	-1.0	70	0-0	-	2.2	14	0.8	16	7.4	1.96	32
INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Hallenstein G.	375	-14.1	+6.1	81	0-12	-	3.0	39	0.3	8	16.3	0.78	223
Akd Int Airport	624	-11.9	+6.1	76	0-5	6	1.3	11	0.3	12	4.8	N/A	7,504
Air New Zealand	134	-22.8	+8.0	91	1-4	5	0.7	13	0.7	6	22.9	0.26	1,499
Ryman Health.	1310	-4.1	+6.8	54	3-6	4	3.0	15	0.6	20	1.7	N/A	6,550
Contact Energy	562	-5.8	+3.7	60	4-7	5	1.5	5	0.5	30	7.9	1.86	4,026
Allied Farmers	61	-2.7	+4.0	48	0-2	-	24.3	28	0.9	87	0.5	5.12	109
Goodman Prop.	215	-0.3	-0.7	33	1-3	5	1.4	16	0.4	9	3.1	N/A	2,778
PaySauce Ltd	46	-12.6	+4.0	78	0-1	-	-	-	1.9	NE	Nil	1.65	1,522
Arvida Group	146	-4.8	+5.6	56	0-1	2	1.1	11	0.6	10	4.4	3.96	604
Ebos Group Ltd	2200	-2.9	+0.8	48	1-2	5	2.9	11	0.4	26	4.6	0.51	3,558

Company Review: Geopacific Resources

Geopacific Resources (code GPR).

Geopacific Resources is developing the *Woodlark Gold Project* on Woodlark Island in Papua New Guinea which is expected to begin production in mid-2022. The company raised \$40 million in late 2019 to finance site clearance, roads and to relocate a village and is in the final stages of arranging debt financing to complete the construction of a 2.4Mtpa processing plant.

Company Project History

Usually we discuss the *company* history in this section, but in this case it is more interesting to discuss the *project* history.

Public investors were first offered an interest in the

Woodlark Island Gold Project with the Initial Public Offering of **Kula Gold** in November 2010. That company raised \$80 million from the public and the vendors also retained a 60% equity interest, so this valued the (undeveloped) project at \$200 million.

Kula Gold continued exploration and produced a Feasibility Study but when the cash ran out the share price collapsed. In July 2016 Geopacific Resources entered an earn-in to acquire a 75% interest in the project by spending \$18.65 million (over 3½ years, increasing to an 80% interest by arranging Project Development financing). That valued the project at less than \$23 million.

(Continued on Page 10)

Company Review: Geopacific Resources

(Continued from Page 9)

In July 2017 Geopacific Resources sought to gain full ownership of the *Woodlark Gold Project* via a full takeover offer for Kula Gold. That was not completely successful, resulting in it acquiring only 85% of Kula Gold. In March 2019 Geopacific Resources acquired 100% of the project, in return for cancelling its 85% shareholding in Kula Gold, plus issued some Geopacific shares.

Woodlark Gold Project

Geopacific Resources is currently developing the *Woodlark Gold Mine* at an estimated capital cost of \$200 million. \$40 million in equity was raised in October 2019 from the placement of 64.0 million shares at 62.5 cents (these prices adjusted for a subsequent 25:1 share consolidation) and sought \$5.0 million from a *Share Purchase Plan* . . . which raised only \$101,000.

The company has received indicative, non-binding offers of debt financing to complete this development from at least two international lenders - although finalising these *may* be a little more difficult in the current environment.

The \$40 million raised is financing civil works: clearing the processing site and building roads (although this work is temporarily suspended owing to Covid-19) and the construction of 195 houses, a church and a school to relocate a village (which is continuing with staff on the island and local workers).

The Feasibility Study - which covers just a small part of potential Gold resources - is based on a 2.4Mtpa carbon in leach (CIL) processing plant and has a pre-tax Net Present Value of \$251 million with a 33% Internal Rate of Return (paying back the initial capital investment in 2¼ years) and a 13 year mine life. While this is already a very attractive project, the area is under explored and the mine life is based on the current open pit plan. The Feasibility Study calls for a shallow (about 120 metre) open pit mine, but the gold resource is open (i.e. extends) in *every direction* and *at depth*, so it is likely the final pit depth will double to 200-250 metres *and* expand outwards - extending mining far beyond 13 years. This type of mineralisation “typically will extend for over 300 metres vertically”.

Ore grades of greater than 0.6 grams per tonne (g/t) will be processed through the CIL plant. Low grade ore (i.e. 0.3-0.6g/t), that would otherwise be considered waste, will be stockpiled until the third year when a gravity plant will be built to upgrade this to 1.84g/t for processing through the CIL plant.

While this is relatively low grade Gold ore, this will be a low-cost mining and processing operation with good profit margins.

The current Reserves are 28.9Mt at 1.12g/t Gold, containing 1.04 million ounces (and excludes at least 0.6 million inferred ounces just below the current pit design). Resources are 47.0Mt at 1.04g/t Gold containing 1.57 million ounces.

Investment Criteria

Geopacific Resources “inherited over \$150 million of historic” expenditure on the *Woodlark Gold Project*, including data from thousands of holes drilled over its 580km² exploration licences which include 60km² of mining leases.

Geopacific Resources is focused on its Woodlark Island project and currently has no revenues or profits. Cash at 31 March was \$35.0 million (20.1 cents per share).

The issued capital is 174,525,760 ordinary shares, giving a market capitalisation of \$77.7 million (plus 4,700,324 unlisted options and 2,023,706 “share appreciation rights”).

Being a small company it is not followed by stockbrokers and there is little institutional investment (i.e. the shares are *neglected*). The largest shareholders are Ndovu Capital IV BV (18.0%, a **Tembo Capital** private equity fund) and Delphi Unternehmenberatung (15.6%, a German private investment company).

The Directors have only small shareholdings. The Non-Executive Chairman owns 272,000 shares, the Managing Director 449,832 shares and the Company Secretary 139,778 shares while two Non-Executive Directors own no shares.

There was one *insider* buy over the last year, with 27,531 shares bought at 72½ cents in September 2019.

The Relative Strength Rating is -3.8%, ranked 47 (on a scale of 0-99).

Summary and Recommendation

We are not formally recommending Geopacific Resources but we do expect Gold Mining shares to be good investments in the current environment . . . and valuations can increase significantly as a company changes from a Gold Explorer to a Gold Miner. This situation still involves risks, including successful debt financing (i.e. well advanced, but not yet completed) and Covid-19 (i.e. which may delay construction of the Processing Plant, owing to travel restrictions).

Geopacific Resources has an economically attractive project with a rapid 2¼ year payback. One of the most attractive features is the potential to significantly upgrade resources, extending mine life (i.e. providing a very long term income) with the potential to increase mining and process volumes (i.e. lift annual revenues, profits and cashflows).

Geopacific Resources



“Insider” Trades in NZ Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding “Neutral” situations where the number of Buyers and Sellers were equal). Shares where many “insiders” have been buying can outperform the market for up to two years, while shares where many “insiders” have sold can under-perform for a similar period.

“Insider” Indicators

Last 5 wks: 58.8% Buyers
Last 13 wks: 61.9% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
A2 Milk Company	1-3	Chorus Ltd	4-1	Kingfish Ltd	0-1	PGG Wrightsons	5-0	Sol. Dynamics	3-0
AFT Pharma.	2-0	Col Motor Co	10-0	Kiwi Property	1-0	Pac Edge Bio.	2-1	Steel & Tube	4-0
AWF Madison Grp	1-0	Comvita	7-4	Marlin Global	2-1	PaySauce Ltd	0-1	Summerset Group	1-0
Air New Zealand	1-4	Contact Energy	4-7	Marsden Mar.	1-0	Port Tauranga	1-0	Synlait Milk	2-0
Akd Int Airport	0-5	Ebos Group Ltd	1-2	Mercury NZ	5-1	Property F Ind.	1-0	Tilt Renewables	3-1
Allied Farmers	0-2	Fletcher Build.	3-0	Mercer Group	2-0	Pushpay Hold.	1-0	Tourism Hold.	1-0
Argosy Property	3-1	Freightways Ltd	1-0	MetLifeCare	3-0	Ryman Health.	3-6	TruScreen Ltd	3-0
Arvida Group	0-1	Genesis Energy	3-1	Metro Per Glass	1-0	Sanford Limited	2-1	Trust Power Ltd	1-0
Augusta Capital	2-0	Geo Ltd	1-0	NZ Exchange Ltd	4-0	Scales Corp Ltd	1-5	Vector Ltd	1-2
Blackwall Gbl.	0-1	Goodman Prop.	1-3	NZ Windfarms	0-2	Seeka Kiwifruit	1-0	Vista Group Ltd	5-0
Blis Technology	1-0	Hallenstein G.	0-12	NZME Limited	2-0	Skellerup Hold.	3-0	Vital Ltd	3-0
Briscoe Group	2-1	IkeGPS Limited	2-1	Napier Port	1-0	Sky City Ltd	1-0	Z Energy Ltd	4-0
Cannasouth Ltd	0-2	Infratil NZ	2-0	Oceania Health.	11-3	Sky Network TV	3-0		

“Insider” Trades in Australian Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding “Neutral” situations where the number of Buyers and Sellers were equal). Shares where many “insiders” have been buying can outperform the market for up to two years, while shares where many “insiders” have sold can under-perform for a similar period.

“Insider” Indicators

Last 5 wks: 83.3% Buyers
Last 13 wks: 85.8% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
1ST Group Ltd	2-0	Accent Group	4-5	Amaevo Int'l	1-0	Aurora Labs	3-0	Bank of Q'land	5-0
333D Limited	0-1	Acrux Ltd	3-0	Ambertech Ltd	2-0	Auroch Minerals	1-0	Bannerman Res.	1-0
360 Cap'l REIT	1-0	Adacel Tech.	2-0	Ambition Group	2-0	AusCann Group	1-0	Bapcor Limited	2-1
360 Cap Digital	6-0	Adairs Limited	5-2	Anatara Life.	1-0	Ausgold Ltd	1-0	Bardoc Gold	2-0
3P Learning	3-0	Adalta Limited	1-0	Angel Seaford	3-0	Aust Pac Coal	1-0	Beach Energy	3-1
5G Networks	0-1	Adavale Res.	0-1	Anglo Australia	0-1	Austar Gold	1-0	Beam Commun.	2-1
8common Ltd	1-0	Adbri Ltd	4-0	Ansell Ltd	1-3	Aust Finance Gr	5-2	Bega Cheese Ltd	3-1
9 Spokes Int'l	2-0	Admiralty Res.	1-0	Antipodes Gbl	2-0	Aust Rural Cap.	1-0	Bell Financial	1-0
A.P. Eagers	5-0	Advance NanoTek	12-3	Antisense T.	1-0	Aust Foundation	2-0	Bendigo Bank	9-0
A2B Australia	3-0	Adveritas Ltd	4-0	Apiam Animal H	1-0	Australis O & G	2-0	Benjamin Horn.	4-0
AD1 Holdings	1-0	Aeon Metals	1-0	Apollo Tourism	2-0	Austral Gold	0-1	Bid Energy Ltd	4-0
ADX Energy Ltd	1-0	Aeometrex Ltd	2-0	Appen Limited	0-1	Aust Pri. Hemp	1-0	Big River Gold	3-0
AGL Energy Ltd	7-1	Aeris Tech Ltd	1-0	Archer Material	0-1	Austin Eng.	3-0	Bigtincan Hold.	3-2
AHALife Hold.	1-0	African Gold	1-0	Ardent Leisure	2-0	Aust Pharm. Ind	2-0	Bingo Indust.	8-0
AIC Mines Ltd	2-1	Afterpay Ltd	1-0	Arena REIT	1-0	Aust Ethical In	0-1	Bio-Gene Tech.	0-1
AL Legal Group	3-0	Agency Grp Aust	4-0	Argent Minerals	1-0	Auswide Bank	0-1	Bioxyne Ltd	1-0
AMA Group Ltd	13-1	Agrimin Limited	3-0	Argosy Minerals	0-1	Autero Minerals	1-0	Black Dragon Gd	4-0
AMCIL Limited	3-0	Aims Property	1-0	Argo Global LI	5-0	Aventus Retail	0-1	Blackstone Min.	4-0
AMP Ltd	4-0	Ainsworth Game	1-0	Aristocrat Leis	1-0	Avita Medical	0-3	Black Cat Syn.	1-0
APA Group	2-0	Alacer Gold	0-2	Artimis Res.	1-0	Axiom Property	1-0	Blackwall Prop.	21-1
APN Industria	1-0	Alchemy Res.	1-0	Aspen Group Ltd	1-3	Azure Health.	2-0	Blackmores Ltd	2-1
APN Conv Retail	1-0	Alcidian Group	3-1	Astivita Ltd	1-0	BARD1 Life Sci.	1-0	Blackwall Ltd	2-0
APN Property	4-0	Aldoro Res.	1-0	Atlas Arteria	12-1	BBX Minerals	0-1	Bluechip Ltd	1-0
ARB Corporation	1-0	Alexium Int'l	2-0	Atomos Limited	2-0	BCI Minerals	1-0	Blue Sky Alter.	1-0
ASX Limited	3-0	Alkane Explor.	2-0	Atrum Coal Ltd	1-0	BHP Group Ltd	0-1	Bluescope Steel	2-1
AUB Group	7-0	Alliance Res.	2-0	AuMake Int.	1-0	BKI Invest Coy	3-0	Bod Australia	2-0
AV Jennings	3-1	Alliance Aviat.	0-1	Audio Pixels	1-0	BNK Banking	2-1	Boom Logistics	1-0
AVA Risk Group	6-0	Alloy Resources	2-0	Audinate Group	3-0	BSA Ltd	1-0	Boss Resources	5-0
AVZ Minerals	1-0	Alt Resources	1-0	Aurelia Metals	3-0	BUBS Australia	0-1	Botanix Pharma.	0-1
Abacus Property	13-0	Alterra Ltd	2-0	Aurizon Hold.	7-0	Baby Bunting Gr	3-2	Bounty Oil Gas	0-2
Academies Aust.	14-0	Althea Group	6-0	Auris Minerals	1-0	Bailador Tech.	4-0	Bowen Coking C.	5-1

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Brambles Ltd	2-0	Connexion Tele.	2-3	Euro Manganese	2-0	HRL Holdings	4-0	K-TIG Limited	0-1
Bravura Sol.	0-1	Cons Zinc Ltd	2-0	Euroz Limited	3-0	HUB24 Limited	4-0	K2 Asset Mgmt	0-2
Breaker Res NL	2-0	Constellation T	1-0	Evans Dixon Ltd	2-0	Hammer Metals	5-0	KGL Resources	2-0
Breville Group	8-1	Cons Operations	2-1	Event Hospital.	2-0	Hankstone Min.	2-0	KYCKR Limited	2-1
Brickworks Ltd	3-1	Contano Income	1-0	Evolution Min.	0-1	Hansen Tech.	2-0	Kairos Minerals	0-1
Brisbane Bronco	1-0	Contrarian Val.	1-0	Excelsior Cap.	4-0	Harris Tech.	1-0	Kaiser Reef	1-0
Brockman Mining	5-0	Contango Asset	3-0	Exore Resources	1-0	Harvest Tech.	0-1	Kalium Lakes	0-2
Broo Limited	0-3	Corp Travel M.	2-0	Experience Co	6-1	Harvey Norman	3-0	Kangaroo Island	1-0
Brookside En.	3-0	Corum Group Ltd	2-0	FAR Ltd	3-0	Hastings Rare M	1-0	Karoon Energy	4-1
Bryah Resources	3-0	Costa Group	2-1	FSA Group Ltd	1-0	Havilah Res.	1-0	Kazia Thera.	1-0
Bulletin Res.	4-0	Countplus Ltd	9-0	FYI Resources	3-0	Hawthorn Res.	0-2	Kelly Partners	3-0
Byron Energy	1-0	Credit Int.	5-0	Fat Prophets Gl	9-0	Healthia Ltd	1-0	Kin Mining NL	6-0
CIMIC Group	2-0	Credit Corp	4-10	Fedician Group	10-2	Healius Ltd	2-0	Kina Securities	6-0
CML Group	3-0	Cromwell Prop.	4-0	Fiji Kava Ltd	2-0	Hearts & Minds	3-0	Kingwest Res.	4-0
CPT Global Ltd	3-0	Cronos Aust.	4-0	Finbar Group	5-0	Helloworld Trav	2-0	Kingston Res.	1-0
Cadence Capital	43-0	Crown Media	2-0	Fineos Corp Ltd	0-1	Hills Limited	6-0	Kip McGrath EC	2-0
Calidus Res.	2-0	Crown Resorts	1-0	Firstwave Cloud	2-0	Home Consortium	7-0	Kogan.com Ltd	2-3
Calix Limited	1-0	Cryosite Ltd	2-0	Fitzroy River	1-0	Horizon Gold	3-1	Kogi Iron Ltd	2-0
Candy Club Hold	3-0	Cullen Resource	1-0	Flagship Invest	6-0	Hotel Property	3-0	Korvest Ltd	1-0
Cannpal Animal	1-0	Cyclopharm Ltd	1-0	Flamingo AI Ltd	1-0	Houston We Have	2-0	Kula Gold Ltd	0-1
Cape Lambert R.	1-0	Cynata Therap.	1-0	Fleetwood Corp	2-0	Hutchison Tel.	3-0	L1 Long Short	52-0
Capital Health	0-1	Cyprium Metals	3-0	Flexicorp Ltd	6-0	IDP Education	0-1	LBT Innovations	1-0
Caprice Res.	1-0	DGO Gold	0-2	Flexiroam Ltd	1-0	IDT Australia	1-0	Lake Resources	0-1
Capral Limited	1-0	Damstra Hold.	2-0	Flight Centre	3-0	IGO Ltd	2-1	Laneway Res.	1-0
Carbon Rev.	1-0	Danakali Ltd	3-0	Flinders Mines	3-0	IMEXHS Ltd	5-0	Laramide Res.	3-0
Carindale Prop	2-0	Datadot Tech.	1-0	Force Comm.	1-0	IODM Limited	2-1	Latitude Cons.	1-0
Carnegie Clean	2-0	Data 3 Ltd	2-1	Fortescue Metal	3-0	IOOF Holdings	3-0	LawFinance Ltd	5-0
Carnarvon Pet.	3-0	Dateline Res.	1-0	Founders First	3-0	IPH Limited	0-1	Legend Mining	1-0
Carsales.com	4-1	Decmil Group	3-0	Freehill Mining	2-0	IRESS Limited	2-0	LendLease Group	3-0
Cash Converters	1-0	Desane Group	6-0	Freedom Foods	8-0	Identiti Ltd	2-0	Life 360 Inc.	4-0
Castillo Copper	6-0	Devex Resources	8-0	Freelancer Ltd	6-0	Iluka Resources	4-0	Lifestyle Com.	6-0
Castile Res.	1-0	Dexus	5-0	Frontier Res.	1-0	Image Resources	1-0	Lifespot Health	1-0
Catapult Group	0-1	Diatreme Res.	0-1	Future Gen Inv	2-0	Imdex Limited	0-3	Lindsay Aust	1-0
Catalyst Metals	0-5	Dicker Data Ltd	19-0	Future Gen Glb	5-0	Immuron Ltd	2-1	Link Admin.	6-0
Cazaly Res Ltd	4-0	Digital CC Ltd	1-0	G Medical Inn.	1-2	Immutep Ltd	1-0	Lion Energy Ltd	1-0
Ccean G Abalone	0-1	Div. United Inv	2-0	G.U.D. Holdings	4-0	Imugene Ltd	2-1	Liontown Res.	4-0
Cedar Woods Prp	2-1	Djerriwarrh	3-0	G8 Education	7-0	Incitec Pivot	4-0	Liq Natural Gas	0-1
Cellmid Ltd	1-0	Donaco Inter'l	1-0	GDI Property	4-1	Indoor Skydive	1-0	Lithium Power	1-0
Centuria Indust	1-0	Dotz Nano Ltd	1-0	GLG Corporation	0-1	Ingenia Com Grp	6-0	Locality Plan.	0-1
Central Petrol.	5-0	Downer EDI Ltd	2-0	GPT Group	6-0	Inghams Group	4-0	Logicamms Ltd	1-0
Centrepnt All	3-0	Duketon Mining	1-0	GTN Limited	2-0	Insurance Aust.	0-1	Longtable Group	1-0
Centuria Cap'l	2-1	Duxton Water	3-0	Galaxy Res.	3-0	Int Research	2-0	Love Group Glob	2-0
Challenger Ltd	0-1	ECS Botanics	1-0	Galan Lithium	1-0	Int Payment Tec	0-1	Loveisa Holdings	1-0
Chalice Gold	0-1	EML Payments	1-2	Galena Mining	4-0	Int. Green En.	0-1	Lycopodium Ltd	1-2
Champion Iron	4-2	EVE Investments	1-0	Gale Pacific	5-0	Integral Diag.	0-3	MCS Services	1-0
Charter Hall GR	2-1	EVZ Ltd	3-0	Galilee Energy	5-0	Investec A Prop	1-0	MFF Capital Inv	9-0
Charter Social	1-0	Easton Invest.	1-0	Garda Div Prop	4-1	Investsmart Grp	9-0	MMA Offshore	2-0
Chase Mining	1-0	Eclipse Metals	0-1	Genetic Tech.	4-0	Investigator R.	1-0	MSL Solutions	2-0
Cirrus Networks	4-0	Eildon Capital	2-0	Genex Power	0-1	Invin Limited	0-1	MSM Corporation	1-0
Cirralto Ltd	2-0	Elanor Com Prop	1-0	Genworth Mort.	3-0	Invictus Energy	2-0	MacMahon Hold	1-0
Citadel Group	12-0	Elanor Investor	1-0	Geopacific Res.	1-0	Invitrocue Ltd	1-0	Macarthur Min.	1-0
Citigold Corp	1-0	Elders Limited	4-0	Glennon Sm Coys	5-0	Invocare Ltd	0-2	Maca Limited	2-0
City Chic Coll.	1-0	Electro Optic	0-1	Globe Int'l Ltd	3-0	Ioneer Limited	1-0	Mach7 Tech.	1-0
Class Limited	6-0	Elixir Energy	1-0	Global Energy V	1-0	Ironbark Cap'l	9-0	Macquarie Group	4-0
Clearvue Tech.	0-1	Ellerton Global	1-0	Globe Metals	2-0	Iron Road Ltd	3-0	Mader Group	5-0
Cleanaway Waste	2-0	Emeco Holdings	0-1	Global Value Fd	3-0	Ironbark Zinc	16-0	Magellan Fin Gp	2-0
Clean Seas Sea.	1-0	Emerald Clinics	1-0	Gold Road Res.	7-1	Ive Group	5-0	Magnis Energy T	5-0
Clearview With	2-0	Empire Energy	6-0	Goodman Group	0-2	JB Hi-Fi Ltd	1-3	Magnetic Res.	1-2
Clean Teq Hold.	0-1	Empire Sec.	12-0	Graincorp	6-0	Jadar Resources	2-0	Mainstream Grp	3-2
Clinuvel Pharm.	1-0	Enerco Refresh	0-6	Grange Resource	2-0	James Hardie	2-0	Mako Gold Ltd	1-0
Clover Corp.	2-1	Energy Action	2-0	Greenland Min.	1-0	Japara Health.	1-0	Mali Lithium	1-0
Cobalt Blue	1-0	Enero Group Ltd	5-0	Greenvale En.	1-0	Jayride Group	1-0	Mandrake Res.	2-0
Codan Ltd	1-3	Engenco Ltd	5-0	Growthpoint Pro	1-0	Jindalee Res.	2-0	Marenica Energy	1-0
Cogstate Ltd	2-1	Ensurance Ltd	2-0	Gt Nth Minerals	2-0	Johns Lyng Grp	1-0	Marley Spoon AG	2-1
Coles Group	4-0	Envirosuite Ltd	2-0	Gt Southern Min	2-0	Joyce Corp.	1-0	Marmota Ltd	5-0
Collection Hse	2-0	Equity Trustees	6-0	Gulf Manganese	1-0	Jumbo Interact.	7-0	Mastermyne Grp	1-0
Comet Ridge Ltd	2-0	Estia Health	6-0	Gullewa Ltd	2-0	Jupiter Energy	0-1	Matador Mining	1-0
Commschoice	3-0	Etherstack plc	1-0	HGL Limited	1-0	Jupiter Mines	3-0	Matrix Comp.	4-0
Computershare	9-3	Eureka Group	0-1	HHY Fund	1-0				

(Continued on Page 14)

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Matsa Resources	1-0	Okapi Resources	3-0	QV Equities Ltd	15-0	Shine Justice	5-0	Titan Minerals	5-0
Maxi TRANS	3-0	Oliver's Real F	0-4	Qantas Airways	2-0	Sietel Ltd	4-0	Titomic Ltd	0-3
Mayne Pharma Gr	2-0	Oncosul Medical	2-0	Qube Holdings	1-0	Silver Lake Res	0-3	Tlou Energy Ltd	2-0
McMillan Shake.	2-1	Onewue Holdings	2-0	QuickFee Ltd	2-0	Simonds Group	0-1	Traffic Tech.	1-0
Mediland Pharm	2-0	Ooh!Media	5-0	Quickstep Hold.	3-0	Sims Ltd	3-0	Transurban Grp	1-3
Medibank Priv.	2-0	Openpay Group	1-0	RBR Group	1-0	Six Sigma Metal	1-0	Treasury Wine	0-2
Medlab Clinical	0-1	OpenLearning	1-0	REA Group Ltd	1-2	Sky Metals Ltd	1-0	Triangle Energy	3-0
Megaport Ltd	0-3	Optiscan Image	0-1	RMA Global	1-0	Skyfii Limited	1-0	Tribeca G Nat R	26-0
Megnetite Mines	2-0	Opyl Ltd	1-0	RPM Automotive	2-0	Smart Parking	4-0	Trimantion Grth	2-0
Mesoblast Ltd	2-0	Ora Gold Ltd	1-0	RXP Services	1-0	Smartgroup Corp	9-2	Troy Resources	0-1
Metals X Ltd	2-0	Orica Ltd	3-0	Race Oncology	3-1	Sonic Health	4-2	Truscott Mining	1-0
Metalstech Ltd	1-0	Origin Energy	0-2	Rafaella Res.	5-0	Soul Pattinson	2-0	Tymlez Group	1-0
Metcash Ltd	2-0	Orminex Ltd	1-0	Raiz Invest.	1-0	Southern Gold	2-0	United Malt Grp	8-0
Metgasco Ltd	2-0	Orocobre Ltd	2-1	Ramelius Res.	0-1	South32 Limited	2-1	Urbanise.com	2-0
Metro Mining	0-1	Orora Limited	6-0	Ramsay Health	2-0	Sovereign Metal	4-0	Uscom Limited	1-0
Micro-X Limited	1-0	Otherlevels	0-1	Range Intern'l	0-1	Spark Infrastru	2-0	VGI P. Global	26-0
Middle Island	0-1	Ovata Ltd	2-1	RareX Ltd	1-0	Spectur Ltd	3-0	VGI Partners	1-0
Midway Limited	5-0	Oventus Medical	1-0	ReadyTech Hold.	2-0	Spec. Metals	3-0	VIP Gloves Ltd	0-1
Milton Corp.	6-0	Over The Wire	4-1	Real Energy	6-0	Speedcast Int'l	4-0	Valmec Limited	9-0
Minbos Res.	1-0	Ozgrowth Ltd	1-0	Rectifier Tech.	0-2	Spirit Telecom	3-0	Vanadium Res.	1-0
Mincor Resource	2-0	PKS Holdings	1-0	Red River Res.	2-0	Splitit Payment	5-0	Veem Limited	1-0
Minotaur Exp.	4-0	PM Capital Glob	3-0	Red 5 Ltd	2-0	St Barbara Ltd	2-0	Venturex Res.	1-0
Mirrabooka Inv.	2-0	PSC Insurance	15-0	Redbank Copper	1-0	Star Entertain.	9-1	Veris Ltd	7-0
Mirvac Group	1-2	PWR Holdings	3-2	Redbubble Ltd	3-1	State Gas Ltd	1-0	Vicinity Centre	2-0
Mitchell Serv.	3-0	Pacific Current	8-0	Redcope Hotel	0-1	Stavely Mineral	0-3	Victory Mines	2-0
Moelis Aust.	0-1	Pacific Smiles	4-3	Redflex Holding	3-0	Sth Cross Elect	2-0	Victor Group	1-0
Monadelphous Gr	1-0	Pacifico Min.	3-0	Reece Pharma.	0-1	Sth Cross Media	6-0	Virgin Aust	3-0
Monash IVF Grp	6-1	Pact Group Hold	12-0	Regal Invest.	1-0	Stockland	3-0	Virtus Health	4-0
Money3 Corp Ltd	4-0	PainChek Ltd	0-1	Regis Health.	5-0	Strike Energy	3-0	Vital Metals	3-0
Money Me Ltd	2-0	PanTerra Gold	1-0	Regis Resources	4-0	Structural Mon.	0-3	Viva Energy Grp	8-1
Mortgage Choice	2-0	Pantoro Limited	2-0	Regional Exp.	0-1	Suda Pharm.	2-0	Viva Leisure	11-0
Motorcycle Hold	6-0	Paradigm Bio.	2-3	Rent.com.au Ltd	2-0	Sultan Res.	1-0	Vmoto Ltd	2-0
Mt Gibson Iron	12-0	Paragon Care	1-0	ResAoo Health	0-1	Suncorp Group	10-0	Vocus Group Ltd	4-0
Murray River Or	1-0	Partners Glb In	1-0	Resimac Group	5-0	Sunland Group	3-1	Volpara Health	0-4
Myer Holdings	11-0	Paygroup Ltd	2-0	Resolute Mining	4-0	Sunstone Metals	1-0	Volt Resources	1-0
Mystate Ltd	3-0	Peako Limited	1-0	Respri Limited	4-0	Super Retail Gr	3-0	Vonex Ltd	1-0
NAOS Small Cap	2-0	Pearl Global	1-0	Retail Food Grp	4-0	Superloop Ltd	3-1	Vortiv Ltd	0-1
NAOS Ex-50 Opps	3-0	Peel Mining Ltd	1-0	Reverse Corp	0-2	Superior Lakes	2-0	Vulcan Energy	2-0
NGE Capital	2-0	Peet Ltd	0-1	Reward Minerals	2-0	Supply Network	1-0	Vysam Limited	3-0
NRW Holdings	2-1	Pendal Group	1-0	Rhinomed Ltd	2-0	Swick Min Serv	2-0	WAM Leaders	4-0
Nanosonics Ltd	3-0	Pensana Metals	2-0	Rhipe Limited	0-1	Sydney Airport	1-0	WAM Research	0-1
Nanoveu Limited	1-0	Pental Limited	4-0	Ridley Corp.	1-0	Synertec Corp.	1-0	WAM Global	12-0
Naos Emerging	4-7	People Infra.	5-1	Rightcrowd Ltd	1-0	Syrah Resources	2-0	WAM Active Ltd	1-0
Nat'l Aust Bank	5-1	Perenti Global	5-0	Rio Tinto Ltd	2-0	TNG Limited	1-0	WPP AUNZ Ltd	6-0
National Tyre	1-0	Perpetual Res.	2-0	Riversgold Ltd	1-0	TV2U Int'l	3-1	WT Financial Grp	1-0
National Stor.	5-0	Perpetual Ltd	1-0	Rox Resources	2-0	Tabcop Holding	4-1	Wagners Hold.	1-0
Nearmap Ltd	2-3	Perseus Mining	1-2	Rumble Resource	8-0	Talga Resources	2-0	Wameja Ltd	2-0
Neometals Ltd	3-1	Pharmaust Ltd	1-0	Rural Funds Grp	11-0	Talisman Mining	1-0	Webjet NL	4-0
Netlinkz Ltd	1-0	Phoslock Env.	2-7	Ryder Capital	3-0	Talon Petroleum	2-0	Wesfarmers Ltd	6-0
Netwealth Group	0-2	Piedmont Lith.	1-0	SDI Limited	7-0	Tamawood Ltd	2-1	Western Areas	3-0
Neuren Pharm.	3-0	Pilbara Mineral	1-0	Saferoads Hold.	2-0	TasFoods Ltd	1-0	West Wits Min.	1-0
New Energy Sol.	2-0	Pioneer Res.	1-0	Salt Lake Pot.	1-0	Tassal Group	9-0	West African R.	0-1
New Age Explor.	3-0	Po Valley Ener.	1-0	Sandon Capital	2-0	Teaminvest Pri.	7-0	Westoz Invest.	3-0
New Wrld Cobalt	3-1	Pointsbet Hold.	2-0	Sandfire Res.	4-0	Technology One	1-5	Westpac Banking	5-0
New Century Res	1-0	Polarx Ltd	1-0	Santos Ltd	8-1	Telix Pharma.	1-0	Whitefield Ltd	3-0
New Hope Corp.	2-0	Powerhouse Ven.	1-0	Scentre Group	6-0	Telstra	5-0	Whitehaven Coal	3-1
Newcrest Mining	0-3	Praemium Ltd	6-0	Schaffer Corp	2-0	Tempo Australia	1-0	White Rock Min.	1-0
Nickel Mines	0-1	Premier Invest	1-0	Scidev Limited	2-0	Temple Webster	0-2	Woodside Petrol	0-1
Nine Entertain.	3-1	Primero Group	3-0	Sealink Travel	3-1	Tempus Res.	3-0	Worsley Ltd	6-0
Nova Minerals	3-0	Pro Medicus Ltd	6-2	Seek Ltd	4-0	Terracom Ltd	7-0	XRF Scientific	1-0
Noxopharm Ltd	1-0	Pro-Pac Pack.	6-0	Selfwealth Ltd	5-0	Terragen Hold.	5-0	XTD Limited	3-0
Nithn Minerals	1-0	Probiotec Ltd	2-0	SenSen Networks	2-0	Tesoro Res.	1-0	Xanadu Mines	1-0
Nuheara Limited	2-0	Propel Funeral	1-0	SenSen Energy	17-0	The Reject Shop	8-1	Xplore Wealth	5-0
Nusantara Res.	4-0	Prospa Group	16-0	Sensera Limited	2-0	Theta Gold Mine	3-0	Xref Limited	1-0
OFX Group	2-0	Pure Foods Tas.	3-0	Servcorp Ltd	2-0	Think Childcare	1-0	Xtek Ltd	2-0
OM Holdings	3-0	Pure Minerals	1-0	Service Stream	6-0	Thorn Group Ltd	2-0	Yandal Res.	1-0
OZ Minerals Ltd	8-0	Q.B.E. Insur.	3-0	Seven Group	0-1	Thorney Tech.	9-0	Yojee Limited	3-0
Objective Corp.	0-2	QEM Limited	5-0	Seven West Med.	1-0	Tinybeans Group	3-1	Zinc of Ireland	1-0
Oil Search Ltd	4-0			Shaver Shop Grp	4-0			Zip Co Ltd	0-3

Australian Tax Loss Selling

We emailed an update on 22 June identifying nine Australian shares that were depressed - possibly owing to "tax loss" selling - and which *could* bounce back during July. We expected the selection criteria to turn up a lot of low quality companies, but surprisingly identified a number of depressed shares in companies struggling to *commercialise* new products or new technologies (i.e. emerging growth companies).

The nine companies were Aurora Labs (A3D, 5.6 cents), Cons Zinc (CZL, 0.3 cents), ECS Botanics (ECS, 2.5 cents), FAR (FAR, 1.5 cents), Family Insights, which has since changed its name to Frugl (FGL, 2.2 cents), Global Energy Ventures (GEV, 5.0 cents), Nuheara (NUH, 1.5 cents), Rhinomed (RNO, 7.7 cents) and Venturex Resources (VXR, 4.9 cents).

Three of these shares are down and six are up, with an overall gain to date of +27.3%.

At least six of these nine shares look attractive as long term growth investments - Aurora Labs, FAR, Global Energy Ventures, Nuheara, Rhinomed and Venturex Resources. Most of these companies have high, individual *commercialisation* or *development* risks, but any that are successful could increase *many*-fold in value so we intend to hold these positions,

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
none				
	<u>Australian Shares</u>			
ALS Ltd	6.10	09-06	06-07	

Total Return Index for All Listed Shares

Jun 8	1605.10		
Jun 9	1608.07		
Jun 10	1598.12		
Jun 11	1577.86		
Jun 12	1552.07		
Jun 15	1557.71	Jun 22	1571.04
Jun 16	1563.14	Jun 23	1573.04
Jun 17	1580.11	Jun 24	1580.66
Jun 18	1577.70	Jun 25	1556.03
Jun 19	1582.92	Jun 26	1558.52
Jun 29	1542.95	Jul 6	1576.95
Jun 30	1543.96	Jul 7	1584.60
Jul 1	1545.04	Jul 8	1579.66
Jul 2	1556.19	Jul 9	1577.01
Jul 3	1562.63	Jul 10	1575.44

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday August 10, 2020.

The print version will be delivered later that week, depending upon printing and postal delivery times.

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, 3/47 Boyce Ave, Mt Roskill, Auckland. Subscribe online at www.stockmarket.co.nz or email james@stockmarket.co.nz.

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