



New York Securities Pty Ltd

Monthly Newsletter – April 2013

Spontaneous Combustion can be defined as the Ignition of a substance, such as oily rags, hay or political parties, caused by a localized heat-increasing reaction between an oxidant (which we will name Julia Gillard) and a fuel (Kevin Rudd) and not involving addition of heat from any outside source (Tony Abbott). To the delight of the Liberals this is what Australians experienced recently within the Labor Party. The fire burnt through the incumbent swiftly with a damaging blow until all Rudd supporters one by one resigned from their given positions. Instead of letting the Issue blow over, many Gillard supporters presented to the media their views in an attempt to extinguish the remaining ambers floating around Parliament House, Canberra. Instead it had the opposite effect of “emphasizing” the internal instability. One Gillard supporting member, despite his comments clearly not likely to achieve anything, had a crack at his own party members, clearly a sign of frustration that they have seriously damaged their election chances.

Gillard should have taken Roxon’s advice internally and considered lobbying a ban on her party members “freedom of speech” rights or at least regulated their speeches prior to all media interviews after the debacle, it could have saved the Labor party from further self destruction. Speaking of which, the Human Rights Anti-discrimination bill and the Media reform Bill package have all since been thrown aside and thankfully so....we are a liberal democracy after all and it’s mindboggling the attempt to restrict our “freedom of speech” was even considered. The good news out of this is the bigger the hole is dug by the current government the greater the uplift the markets will receive when the Liberal government is voted in come this September.

Speaking of mindboggling decisions by Governments,
Cyprus in need of a bailout package due to its inability

to fund its oversized banks, considered dipping into the hands of ordinary Cypriots savings accounts by attempting to pass a bill allowing the imposition of a levy on all deposit accounts, including the small savings accounts of ordinary citizens. This approach was quickly rejected but the first thought that came to mind is why not skim the accounts of non residents like those that register businesses in Cyprus, hide the true owners and channel funds back to Russia or the UK to avoid taxes or non residents who have deposited cash and benefited from years of high interest rates, rather than hit the local citizens.

Late Settlement Fees on Purchases

To avoid late settlement fees on purchases please ensure if you are not set up for direct debit, the funds are available in your trading account the day before settlement. This will ensure the funds are available on time for settlement and to ensure you avoid the hefty fail fee of \$100 for each day settlement is delayed

Well they did just that, well partly....ordinary citizens seemed to have been spared somewhat, the deal is the second largest biggest bank, Cyprus Popular Bank will be shut down and any deposits of 100,000 Euros or less (insured deposits) within the bank will be shifted to the Bank of Cyprus. Whilst any holders of deposits over the 100,000 Euro union guaranteed limit (uninsured deposits) in both the Cyprus Popular Bank and the Bank of Cyprus (Largest Bank in Cyprus holding the majority of Russian and British deposits) **will face big losses, said to be up to 60%** to help fund the bailout. Further details of the effect on these depositors will emerge in the coming weeks.

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Often asked, we believe the bailout that took place in Cyprus did matter from a market psychology point of view. It reminds us that nothing is safe from the hands of Governments; if the Governments need it they will take it from you and there's nothing you can do about it. In other worlds no matter how outrageous the method to gain what isn't theirs to save their own backsides or suit their own agendas, it can and will be considered, potentially setting dangerous precedents locally and globally and this has been and will continue to be an element of risk that should never be forgotten.....**Next stop your Superannuation.**

Panterra Gold Limited (ASX CODE: PGI)

Panterra Gold Limited is a company we have been following for some time now and it's been a tough ride to say the least. The last 8 months since the company kicked off commissioning of its plant it's had its fair share of issues including inconsistent feed rates and mechanical issues. The company reported the completion of a detailed independent review of the Las Laguna's project and the independents concurred the application of the Albion process in processing the tailings "should function as anticipated, and perform within reasonable proximity of targets established in pilot testwork", that is provided certain requirements and operational parameters are met. In our view this is nothing new. In any process in order to meet a level of efficiency components of the process are always going to have to be tuned. In saying this the company reiterated to shareholders equipment deficiencies have been addressed (i.e. Motor Replacement and Ball Mill upgrade) and operational parameters required to meet targets are now better "understood", which admittedly is a bit of a loose term but we interpret the statement as a continuation of slow progressive tuning until they get it right.

On a better note the company announced income should be trending towards **US\$1.0 million per week and increasing thereafter, from the beginning of April.** At that rate that's roughly \$50 million a year. The costs associated with producing this income are currently overshooting and that's why they arranged for standby funding, but it may not have to be drawn down. The bottom line is the process WORKS, is PROFITABLE even at current recovery rates of 1.7g/t Au (63% of target) and 16.7 g/t (77% of target) and will steadily improved as the plant is progressively tweaked. It's then an issue of achieving a steady state of production to reduce volatility in earnings and achieving cash costs of under

US\$400 an ounce as anticipated. It continues to be a sit and HOLD game as it has been for some time, but we are happy to do so and eagerly await the figures in upcoming quarterly reports.

Performance of Key Indices

<u>Equities</u>	<u>Close</u>	<u>Change (M)</u>	<u>Change %(M)</u>
All Ordinaries	4979.90	-140.50	-2.744%
S&P/ASX200	4966.5	-137.60	-2.696%
Dow Jones (US)	14572.85	+518.36	+3.688%
NASDAQ	3239.17	+78.98	+2.499%
S&P500	1562.17	+47.49	+3.135%
FTSE 100 Index	6411.74	+50.93	+0.801%
Nikkei 225 (Japan)	12135.02	+575.66	+4.98%
10-year bond rate (US)	1.8331%	-0.00045	-2.401%

Upcoming RBA Events

Reserve Bank Board Meeting – 2nd April
Minutes of the RBA meeting – 16th April

ABS releases March

Building Approvals (February) – 4th April
Retail Trade (February) – 4th April
Labour Force (March) – 11th April
Housing Finance (February) – 15th April
Lending Finance (February) – 16th April
Consumer Price Index (March) – 23rd April

Upcoming US Economic Releases

ISM Manufacturing Index – 1st April
US Employment Situation (March) – 5th April
International Trade (February) – 5th April
FOMC Minutes – 10th April
Retail Sales - 12th April
Consumer Price Index – 16th April
Durable Goods Orders (March) – 24th April
GDP – 26th April
Jobless Claims – Weekly Basis

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