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BUSINESS

Shareholders give nod to Pallinghurst's rights offer

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JSE-listed mining investment company Pallinghurst Resources has cancelled plans to raise additional capital offshore after shareholders agreed to support an R800m rights offer to finance expansion projects.

CEO Arne Frandsen yesterday said it was no longer necessary to embark on a fund-raising trip to attract international investors because shareholders had "shown a big vote of confidence" by agreeing to subscribe to the rights issue.

He said R447m had been secured from shareholders while three local institutions — Oasis Asset Management, Oasis Crescent Capital and Trinity Asset Management — had agreed to underwrite the balance. The offer opens early next month.

"We managed to do it in just two days, which shows that we have received a big vote of confidence ... even in this current tough market," Frandsen said.

The group said it was offering 228 571 376 new shares at a ratio of 92 452 rights for every 100 shares held by existing shareholders.

The offer price of R3,50 per share was a 12% discount to its 30-day volume weighted average price and a 22% discount to yesterday morning's price of 450c.

Under the terms of the offer, all existing shareholders who have not taken part in the pre-placement would be entitled to take-up, dispose, or renounce all or part of their rights. Only thereafter would any unexercised rights be allocated to the underwriters, the group said in a stock exchange filing yesterday.

"Conditions in the international capital markets remain volatile, so we are delighted to have raised the full amount sought, even before the actual launch of the rights offer, and hence securing absolute funding certainty," Frandsen said.

The group — which has interests in platinum, gems and base metals exploration — was strengthening its capital base to be able to take advantage of existing and new opportunities when the economy recovered and demand for commodities picked up, he said.

Among other investments, Pallinghurst has rights over various platinum group metals in the Bushveld, an area estimated to hold in excess of 80% of the world's platinum resources.

The group and other investors are also joint controlling shareholders of platinum producer, Platmin, which Frandsen said yesterday was ramping up production to eventually reach 250 000oz annual output within a year.

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