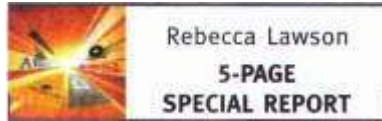




# Taste for fresh equity likely to continue



THE recovery in capital raising activity by Western Australian companies continued in the June quarter after the collapse in 2008.

WA companies raised about \$2 billion in the June quarter in just over 180 raisings.

While the number of transactions was nearly double the number in the March quarter, the total amount raised was well below the \$6.5 billion raised in the March quarter.

That period was boosted by a handful of massive capital raisings, such as Wesfarmers' \$4.7 billion raising, Fortescue Metals Group's \$645 million placement and Aquarius Platinum's \$270 million raising.

In the June quarter, the largest WA transactions were Kagara's \$200 million placement and rights issue, jointly led by Macquarie Capital Advisers and Southern Cross Equities, and Bunnings Warehouse Property Trust's \$150 million raising, managed and underwritten by JP Morgan.

Other notable capital raisings were Atlas Iron's \$105 million placement and associated share purchase plan, Iluka Resources' \$114 million placement and Aspen Group's \$82.4 million rights issue.

There were also several companies heading overseas to raise

substantial amounts of equity, with Equinox Minerals raising \$198 million and Andean Resources raising \$98 million on the Toronto stock market.

Among WA broking firms, the most successful was Euroz Securities, which raised nearly \$250 million in 12 transactions.

Hartleys, Patersons Securities and Argonaut were other big contributors.

The bulk of the money raised during the past three months occurred in May and early June, as investors showed greater appetite.

The followed the recovery in the All Ordinaries index in April.

"The market was pretty much open from May 10 to June 20 so there was a 40-day period when the market was open and we raised a lot of money," Argonaut managing director Eddie Rigg said.

"Institutions just wanted to put cash into the market."

While the number and volume of capital raised indicate a healthy market, investors remained selective about the companies and transactions they supported.

In particular there was just one initial public offering during the quarter, as investors preferred to focus on companies with a proven track record or robust projects.

"There is money around for a well structured, well priced and well managed company if the issue is structured appropriately and priced appropriately," Patersons Securities executive director Aaron Constantine said.

Euroz Securities executive chairman Peter Diamond said investors were in a position to be price makers as opposed to price takers.

"Right now, the clients are happy to raise money but they want it at a good price," he said.

"And more often than not, probably for the next 12 months, they're going to get that [good prices]."

He added that capital raisings for the next six months would be similar to activity levels in the past four to five months with a few bumps along the way.

"I think the next six months will be similar to what we've just seen because there are banks and boards wanting to replenish balance sheets and keep themselves in the game for the ultimate turn up at a point in time," Mr Diamond said.

For the time being, though, Mr Rigg said investors would take a step back.

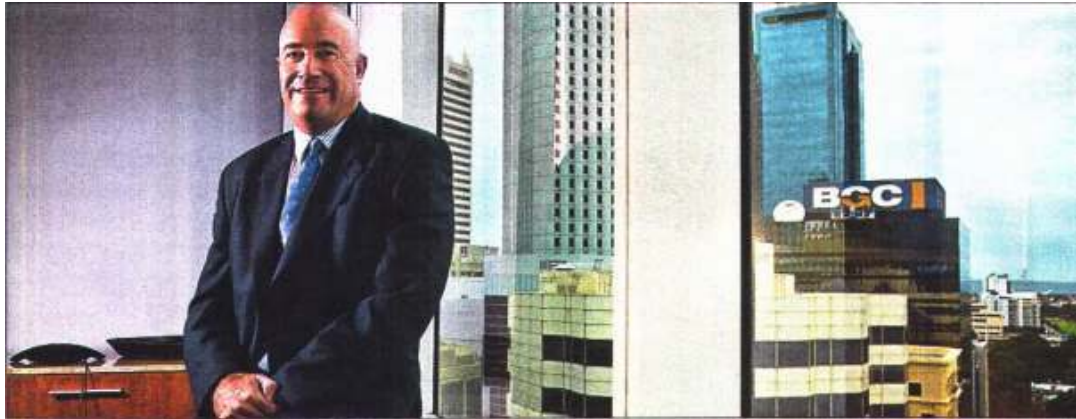
"They've put a lot of money into the market and now they want to see those companies perform."

**"There are banks and boards wanting to replenish balance sheets and keep themselves in the game."**

- Peter Diamond



back



**TO CONTINUE:** Peter Diamond believes capital raising will remain strong for the next six WA Capital Raisings - June Quarter

Broker	No of Deals	\$m raised	Main transactions
<b>Euroz Securities</b>	12	248.9	Aspen Group \$82m entitlement offer, Neptune Marine Services \$50m placement & share purchase plan (SPP), Otto Energy \$26m placement & entitlement offer
<b>Southern Cross Equities</b>	5	237.5	Kagara \$200m placement & rights issue*, Western Areas \$35m placement, Kairiki Energy \$7m placement.
<b>Hartleys</b>	9	157.0	Atlas Iron \$105m placement, Magma Metals \$16m placement, Jabiru Metals \$11.5m placement.
<b>Patersons Securities</b>	29	137.6	Central Petroleum \$31m placement & rights issue, Resolute Mining \$25m placement, Norseman Gold \$9m initial public offer.
<b>Argonaut</b>	5	74.3	Bannerman Resources \$30m placement, BC Iron \$22m placement & rights issue, Pacific Energy \$20m placement.
<b>Azure Capital</b>	3	29.0	Apex Minerals \$28m placement & rights issue, Monaro Mining \$1.06m placement.
<b>Blackswan Equities</b>	3	18.2	Exco Resources \$7.2m placement, Azumah Resources \$5.25m placement, Carnegie Corporation \$5.75m placement.
<b>StoneBridge Group</b>	2	17.0	Forte Energy \$10m placement, Silver Swan Group \$7m placement.
<b>Blackwood Capital</b>	4	16.5	Forte Energy \$10m placement, Manas Resources \$6m placement & rights issue.
<b>CPS Securities</b>	11	11.7	Focus Minerals \$5.45m placement & SPP, Greenland Minerals & Energy \$3m placement.
<b>Indian Ocean Capital</b>	3	2.7	Exoma Energy \$2m placement.