

# Wits Gold raises capital through a general issue of shares for cash

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## [Witwatersrand Consolidated Gold Resources Limited](#)

(Incorporated in the Republic of South Africa)

Registration Number 2002/031365/06

JSE Code: WGR, ISIN: ZAE000079703, TSX Code: WGR, CUSIP S98297104

("Wits Gold" or "the Company")

## Introduction

Wits Gold is pleased to announce that in cooperation with its adviser Renaissance Capital, the Company has raised gross proceeds of R120 050 303 (US\$17.5 million) through the issue of 2 223 155 ordinary shares at a price of 5400 cents per share. The new shares represent approximately 7.0% of Wits Gold's issued ordinary share capital prior to the capital raising, whilst the issue price of 5400 cents corresponds to a 7% discount to Wits Gold's 30-day volume weighted average price on 5 November 2010. These conditions are in accordance with an ordinary resolution passed at the annual general meeting of the Company held on 10 September 2010 which authorised the directors of the Company to issue shares for cash in accordance with the JSE Limited Listings Requirements.

## Rationale

This capital raising follows the announcement by Wits Gold on 7 September 2010 that the Company had entered into two transactions with Harmony Gold Mining Company in the southern Free State. The proceeds of the issue for cash is intended to be used primarily to fund the Company's acquisition and planned exploration activities in the shallow De Bron-Merriespruit South area ("the DBM Project"). Accordingly, the Company has mobilised five drill rigs and is actively investigating the possibility of exploiting this ground using new or existing infrastructure. The funds raised will enable the company to undertake drilling, followed by resource definition, scoping and appropriate environmental and feasibility studies. Subject to the success of this programme, it is the Company's intention to valorise this project, possibly by bringing in a strategic mining partner to assist in its development.

Commenting on the capital raising, Marc Watchorn, Chief Executive Officer of Wits Gold, said: "We are delighted with the positive response of institutional shareholders which reflects a vote of confidence in the potential of the DBM area. The recent transactions with Harmony have enabled the Company to consolidate a strategic block of potentially shallow resources that were previously separated by a farm boundary. Wits Gold believes that this shallow DBM Project merits further evaluation as it contains up to four discrete reef horizons at depths of 500-1200 metres. The Company's new focus on the moving towards the development of its assets was well received by the institutional investors that the Company met during its recent roadshow."

## Financial effects

The unaudited pro forma financial effects of the transaction, for which the directors are solely responsible, are provided for illustrative purposes only, to show the effect of the transactions on losses and net asset value per share as if the transactions had taken place on 1 March 2009, for the purpose of the unaudited pro forma statement of comprehensive income effect, and 28 February 2010 for the purpose of the unaudited pro forma statement of financial position.

Because of their nature the unaudited pro forma financial effects may not give a true reflection of the Company's financial position and performance. The unaudited pro forma financial effects have been compiled from the audited financial statements as at and for the year ended 28 February 2010 and are presented in a manner consistent with the format and accounting policies adopted by the Company and have been adjusted as described in the notes hereto:

Notes Audited  
before the  
transaction Pro forma

After The  
Option  
transaction %  
change Pro forma  
After The Issue  
of Shares  
for Cash %  
change

Basic & headline loss per share (cents) 1,3,4 (28.05) (24.22) 13.64 (22.66) 19.23  
Diluted basic & headline loss per share (cents) 1,3,4 (45.02) (38.91) 13.58 (36.40) 19.16  
Net asset value per share (cents) 2,3,5 670.63 1 431.94 113.52 1 658.13 147.25  
Net tangible asset value per share (cents) 2,3,5 305.31 263.91 -13.56 565.38 85.18  
Actual number of shares in issue (000's) 2,3 27 891 32 267 15.69 34 490 23.66  
Weighted average number of shares in issue (000's) 2,3 27 716 32 092 15.79 34 315 23.81  
Diluted weighted average number of shares in issue (000's) 2,3 27 841 32 217 15.72 34 440 23.70

**Notes:**

- 1. The "before" basic loss per share, diluted loss per share, headline loss per share and diluted headline loss per share figures have been extracted without adjustment from the published audited results for the year ended 28 February 2010.*
- 2. The "before" net asset value and net tangible asset value per share have been calculated from the financial information presented in the audited, published results of Wits Gold for the year ended 28 February 2010.*
- 3. The "Pro forma after the Option transaction" is derived from the pro forma financial effects of the transactions previously disclosed in an announcement released on 7 September 2010 and differs from the above due to the then estimated number of shares to be issued as opposed to the actual number of shares issued as depicted above.*
- 4. The adjustments to the basic and headline loss per share and the diluted basic and headline loss per share, are based on the weighted average number of shares in issue at 28 February 2010, assuming that the transactions were effective 1 March 2009. These adjustments reflect the effect of the increase in the issued share capital resulting from the conclusion of the Option transaction where 4 376 194 shares were issued, and the issue of 2 223 155 shares for cash. Due to the fact that the proceeds of the issue of shares for cash will primarily be used to acquire an exploration property and for exploration activities, no adjustment was made for interest earned, and there are therefore no effects on the statement of comprehensive income resulting from the transaction.*
- 5. For net asset value and tangible net asset value calculations, it is assumed that the transactions are effective 28 February 2010 and based on the actual number of shares in issue at 28 February 2010. The adjustments reflect the increase of R257 million in the value of the intangible assets and the increase of 4 376 194 shares in the issued share capital from the conclusion of the Option transaction and the net increase of R110 million in cash resources after the issue of 2 223 155 shares for cash at R54 per share and deducting total estimated costs of R10 million.*

The placed shares are expected to be listed on the JSE on or about 15 November 2010, and will rank pari passu with the existing ordinary shares of the Company.

Johannesburg, 15 November 2010  
Sponsor: PricewaterhouseCoopers Corporate Finance (Pty) Ltd

**For further information:**

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