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Papillon rattles tin for Fekola

Nick Evans, The West Australian

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Papillon Resources is in the throes of arranging a \$50 million capital raising to help it advance development of its Fekola gold project in West Africa.

Shares in the Mark Connelly-run company have been in a trading halt since Friday while Papillon and its advisers, led by RBC Capital Markets, work on a bookbuild to place about 39 million shares.

The final placement price is expected to range between \$1.28 and \$1.38 a share when the book closes today. Argonaut Securities and Euroz are co-managing the offer. Papillon shares have popped up over the past week since bottoming out at \$1.21 in early March. The shares last traded at \$1.395, valuing Papillon at \$415 million, before it was placed in a halt late on Friday.

While Papillon is not short of cash - the company had about \$20 million at the end of the last quarter - new managing director Mr Connelly has been trotting the globe over the past few months spruiking the potential of his company's 4.7 million ounce Fekola project in Mali.

Papillon is to deliver a pre-feasibility study next quarter.

Sources said yesterday the capital raising was intended to fund the company through the feasibility process and avoid the need for another equity issue, with no return to the market planned until Papillon needed development capital for Fekola.

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