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A CONSORTIUM led by former BHP Billiton boss Brian Gilbertson has raised its offer for Western Australian miner Consolidated Minerals following reports indignant investors might roll its takeover bid.

Pallinghurst Resources and its partners AMCI and Investec yesterday raised the cash component of their bid for ConsMin - but the revised offer might not be enough to win over shareholders.

Pallinghurst is now offering \$1.68 a share - an increase of 30 - as well as two shares in a new company dubbed NewConsMin for every five shares owned, giving existing shareholders about 40 per cent of the new vehicle.

NewConsMin will house the assets owned by ConsMin and other acquisitions made with a \$US1.5 billion (\$A1.8 billion) war chest assembled by Pallinghurst.

Big investors were still weighing up the new offer yesterday.

Argo Investments managing director Rob Patterson said he had only received the merger booklet yesterday and was yet to decide whether the new offer was sufficient.

Argo, which according to Bloomberg is ConsMin's second-largest shareholder, did not support Pallinghurst's original offer, which was recommended by the ConsMin board.

Michael McCormick at Leyland Private Asset Management said "there might be a little bit more work required" to win over shareholders.

"It is not a premium to the fundamental value of the company, particularly with manganese prices having increased dramatically recently," he said of the revised bid.

And retail shareholders appear to be holding out for more cash.

Queensland investor Glenn Stedman, who runs the website Consolidated Minerals Takeover Vote No, said he had been in contact with a number of shareholders yesterday.

"They're all saying no way," he said.

The website calls for an offer of at least \$3 a share. ConsMin shares gained more than 5 per cent yesterday to \$2.99.

In a statement yesterday, Mr Gilbertson said some shareholders had expressed a view that a greater cash component would be needed to gain their support for the bid.

"Today's announcement . . . is based on this shareholder feedback, and reflects our desire to work in partnership with existing shareholders to realise the full potential of NewCSM," he said.

The revised offer came as ConsMin said it expected to benefit from "significant price increases" in the second half of the year.

ConsMin managing director Rod Baxter said prices for shipments of manganese could rise as much as 140 per cent compared with the first half of 2007, depending on freight rates and exchange rate movements.

Banking on the completion of the Pallinghurst deal, the company also brought forward the announcement of its final dividend.

Shareholders will receive 4.5 a share, fully franked, on August 31. The record date is July 17.

The Pallinghurst takeover is being conducted via a scheme of arrangement, with shareholders due to vote on July 19.

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