

Suroco Energy Inc. Recommends Rejection of Latest Vetra Offer and Reaffirms Unanimous Support for Arrangement With Petroamerica

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CALGARY, July 10, 2014 - [Suroco Energy Inc.](#) (TSX VENTURE:SRN) ("Suroco" or the "Corporation") announces that its Board of Directors (the "Suroco Board"), has, upon the recommendation of the independent special committee (the "Special Committee") of the Suroco Board and advice from its financial advisor and legal counsel, unanimously recommended that holders of Suroco Shares (as defined below) ("Suroco Shareholders") REJECT the latest unsolicited cash offer (the "Vetra Offer") from Vetra Acquisition Ltd., a wholly owned subsidiary of VETRA Holding S.a.r.l. (collectively "Vetra") to acquire the issued and outstanding common shares of Suroco ("Suroco Shares"). See "Reasons to Reject the Vetra Offer" below.

As previously announced, Suroco has entered into an arrangement agreement with Petroamerica Oil Corp. ("Petroamerica"), as amended (the "Arrangement Agreement"), under which Petroamerica will acquire all of the issued and outstanding Suroco Shares pursuant to a plan of arrangement (the "Petroamerica Arrangement"). The Suroco Board unanimously supports the Petroamerica Arrangement.

Each of the Special Committee and the Suroco Board has also unanimously determined that the Vetra Offer is not a "Superior Proposal" (as defined in the Arrangement Agreement) in relation to the Petroamerica Arrangement.

Under the Petroamerica Arrangement, holders of Suroco Shares can elect to receive one of the following for each Suroco Share held:

- (i) 2.2161 common shares of Petroamerica ("Petroamerica Shares") (the "Share Consideration");
- (ii) a cash payment for a portion of the Suroco Shares tendered and Petroamerica Shares in consideration for the balance of the Suroco Shares tendered such that, for every 100 Suroco Shares, the electing Suroco Shareholder would receive approximately 164.01 Petroamerica Shares in exchange for 74.01 of those Suroco Shares (being 2.2161 Petroamerica Shares per Suroco Share) and would receive approximately CDN\$20.79 in cash for the remaining 25.99 Suroco shares (being CDN\$0.80 per Suroco Share) (the "Cash and Share Consideration"); or
- (iii) CDN\$0.80 in cash (the "Cash Consideration").

The total amount of cash available is capped at US\$27 million. In the event that the amount of cash elected to be received by the holders of Suroco Shares exceeds US\$27 million (including pursuant to the Cash and Share Consideration), the Suroco Shareholders that elected to receive the Cash Consideration will be subject to proration and such Suroco Shareholders will receive consideration consisting of cash and Petroamerica Shares.

Reasons to Reject the Vetra Offer

Pursuant to Vetra's Notice of Variation and Extension dated July 9, 2014 (the "Notice of Variation"), Vetra has made additional variations to the Vetra Offer, including (i) increasing its offer to CDN\$0.85 in cash per Suroco Share, and (ii) reducing the conditions to the Vetra Offer. Reference is made to the Notice of Variation for full details of the additional variations made to the Vetra Offer.

Suroco's press release dated July 4, 2014 (the "July 4 Press Release") and its Second Supplement (the "Second Supplement") to the management information circular and proxy statement of Suroco dated May 27, 2014 (the "Information Circular") and the first supplement to the Information Circular dated June 22, 2014 (the "First Supplement") (copies of which are available on SEDAR at www.sedar.com and on Suroco's website at www.suroco.com), set forth a number of benefits that the Suroco Board believes are provided by the Petroamerica Arrangement, including, among others:

- The Petroamerica Arrangement will provide long term value in excess of the consideration being offered under the Vetra Offer.

- The Petroamerica Arrangement is supported by the largest Suroco Shareholder, by Suroco's directors and officers and by significant numbers of other major Suroco Shareholders.
- The growth and development of Petroamerica is expected to be accelerated by the combination with Suroco.
- The combined company resulting from the Petroamerica Arrangement is expected have a strong, under-levered balance sheet that will be able to fully fund the future development and exploration of its asset base, including the assets contributed by Suroco.
- Petroamerica has an established history of deal making and delivering reserves and production growth that has resulted in substantial value creation for its shareholders.
- Suroco Shareholders will benefit from increased liquidity.
- The combined company resulting from the Petroamerica Arrangement will be better positioned to close the valuation gap with its Colombian peers.

Notwithstanding this latest variation to the Vetra Offer, the Suroco Board continues to believe that the Petroamerica Arrangement is in the best interests of the Suroco Shareholders.

As set forth in greater detail in the Second Supplement under the heading "Benefits of the Petroamerica Arrangement and Recommendation of the Special Committee and the Suroco Board with respect to the Petroamerica Arrangement - Potential for Long Term Value", Suroco has amassed a meaningful land position with exposure to the potentially prolific N Sand oil play in the Putumayo Basin of Colombia, which has been proved up in neighboring Ecuador and is in its infancy in Colombia. Suroco's technical team has proved the N Sand play extension into Colombia and has applied its learnings to identify numerous N Sand prospects and leads that it is expected the combined company will aggressively develop. Recently, Suroco announced the successful discovery of a new pool with the drilling of the Quinde-7 well wherein it encountered 21 feet of high quality, oil-bearing net pay in the Villeta N sand (see Suroco's June 18, 2014 press release).

Suroco Shareholders should understand that Vetra is likely aware of the potential of the oil and gas blocks in the Putumayo Basin in Colombia where Suroco holds an interest in Colombia, because they participate in three of those five blocks with Suroco.

As Vetra continues with its rhetoric, the Suroco Board feels it is important to make clear the following:

- The Suroco Board is committed to fulfilling its fiduciary duties, acting in an unbiased and open-minded manner, always with a view to the best interests of Suroco and all Suroco Shareholders. The Suroco Board has reviewed every offer in a comprehensive manner, but also with the goal of providing Suroco Shareholders with timely information so that they can act accordingly. This has been made difficult by the tactics that Vetra has undertaken, which have included "low-ball" offers, last minute offers prior to proposed meetings of Suroco Shareholders, or legal tactics with the goal of preventing Suroco Shareholders the opportunity to vote upon the Petroamerica Arrangement. Though Vetra has often criticized the process and behaviour undertaken by the Suroco Board and has attempted to represent that Suroco is not acting in the best interests of Suroco Shareholders, it cannot deny that Vetra's initial offer of CDN\$0.30 per Suroco Share to Suroco in March of 2014 has now increased to CDN\$0.85 per Suroco Share.
- A key element of the rationale for entering into the Petroamerica Arrangement, which the Suroco Board has stressed from the beginning, is that it will provide access to additional funding and a stronger balance sheet than Suroco by itself. Suroco has built the prime land base in a new oil prone play and has secured a very prospective new block of land which captures a currently unbooked extension of a recent oil discovery. To fund the exploration program and, with success, the development capital required, consolidation into a larger, well-funded entity like Petroamerica is the rational step forward and is part of the progression in delivering future shareholder value.
- The view of all Suroco Shareholders has always been important to the Suroco Board. The Suroco Board encourages Suroco Shareholders to reach out to it and furthermore welcomes a vote by the Suroco Shareholders on the Petroamerica Arrangement. Vetra is aware that it does not have the support of Suroco Shareholders necessary to prevent the approval of the Petroamerica Arrangement and for that reason has resorted to legal tactics to attempt to delay or prevent Suroco Shareholders from exercising their right to vote on the Petroamerica Arrangement. As previously disclosed in the July 4 Press Release and the Second Supplement, Suroco has received written communications from Suroco Shareholders, that hold or control in excess of 35% of the currently issued and outstanding Suroco Shares, indicating that their preference is for the Petroamerica Arrangement, and specifically Petroamerica Shares, so that they can participate in what

they believe to be the potential upside of a combined Petroamerica and Suroco and their oil and gas properties. As was disclosed in the July 4 Press Release and the Second Supplement, this figure includes Alentar (which contrary to claims by Vetra, holds approximately 16.1% of the issued and outstanding Suroco Shares).

- Suroco has not committed to an open-ended break fee under the Petroamerica Arrangement. As previously disclosed, that break fee is CDN\$4 million plus certain out-of-pocket costs incurred by Suroco in relation to the Petroamerica Arrangement that Petroamerica has specifically agreed to pay. Those out-of-pocket costs, which includes items such as mailing and postage of shareholder information, are nominal amounts in the overall context of the Petroamerica Arrangement. Furthermore, any potential bidder for Suroco would have access to this information if it complied with the non-solicitation provisions of the Arrangement Agreement and in connection therewith entered into the form of confidentiality agreement and standstill required thereunder.

Meeting

As previously announced, the annual and special meeting of the Suroco Shareholders (the "Meeting") has been adjourned to 10:00 a.m. (Calgary Time) on Monday, July 14, 2014 at the offices of Gowling Lafleur Henderson LLP at TD Canada Trust Tower, Suite 1600, 421 - 7th Avenue SW, Calgary, Alberta. At the Meeting, Suroco Shareholders will be asked, among other things, to consider and vote upon the Petroamerica Arrangement.

Please see Suroco's July 8, 2014 press release for important deadlines this week in relation to the Meeting and for election of consideration under the Petroamerica Arrangement.

General

[Suroco](#) is a Calgary-based junior oil and gas company, which explores for, develops, produces and sells crude oil, natural gas liquids and natural gas in Colombia. The Corporation's common shares trade on the TSX Venture Exchange under the symbol SRN.

For further information please visit our website at www.suroco.com.

Forward-Looking Statements

Certain statements included in this press release constitute forward-looking statements under applicable securities legislation. These statements relate to future events or future performance of the Corporation. All statements other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. Forward-looking statements or information in this press release include, but are not limited to, statements pertaining to Suroco's future performance, business prospects or opportunities, including information concerning the Vetra Offer and the completion and effect of the Petroamerica Arrangement, including without limitation upon completion of the Petroamerica Arrangement, the resulting combined company's expected drilling and exploration plans, business strategy, priorities, plans and expected production and the anticipated timing thereof, the extension of the Quinde field to the Putumayo 7 Block, the potential value of the N sand oil play in the Putumayo Basin in Colombia, production growth of the combined company, and the economic effects thereof and other statements. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, estimates, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements.

These assumptions, risks and uncertainties include, among other things, the state of the economy in general and capital markets in particular; fluctuations in oil prices; the results of exploration and development drilling, recompletions and related activities; changes in environmental and other regulations; risks associated with oil and gas operations and future exploration activities; the inability to obtain regulatory approval for any operational activities; inability to get all necessary approvals for the completion of the Petroamerica Arrangement; the risks of the oil and gas industry in general, such as operational risks in exploring for, developing and producing crude oil and natural gas, market demand and unpredictable shortages of

equipment and/or labour; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; fluctuations in oil and gas prices, foreign currency exchange rates and interest rates; reliance on industry partners; and other factors, many of which are beyond the control of Suroco or Petroamerica. You can find an additional discussion of those assumptions, risks and uncertainties in Suroco's and Petroamerica's Canadian securities filings.

Although Suroco has attempted to identify important factors that could cause actual actions, events, results, performance or achievements to differ materially from those described in the forward-looking statements or information contained in this press release, there may be other factors that cause actions, events, results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Such forward-looking statements and information are made or given as at the date of this press release and Suroco disclaims any intention or obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required under applicable securities law. The reader is cautioned not to place undue reliance on forward-looking statements or information.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Petroamerica Arrangement or the Vetra Offer and has neither approved nor disapproved the contents of this press release.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

(Not for dissemination in the United States of America)

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