

# WesternZagros Files Final Rights Offering Prospectus

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CALGARY, ALBERTA--(Marketwired - Oct 7, 2014) - [WesternZagros Resources Ltd.](#) (TSX VENTURE:WZR) ("**WesternZagros**" or the "**Company**") is pleased to announce that it has filed a final short form prospectus (the "Prospectus") in each of the provinces of Canada relating to a rights offering (the "Rights Offering") to subscribe for common shares of WesternZagros (the "Common Shares") for gross proceeds of up to approximately CDN \$250 million. The Company has also concurrently filed a registration statement on Form F-7 with the Securities and Exchange Commission in the United States relating to the Rights Offering. The net proceeds of the Rights Offering will be used to fund the Company's allocation of its work programs on the Kurdamir and Garmian blocks in the Kurdistan Region of Iraq and for general and administrative purposes.

Under the terms of the Rights Offering, holders (the "Shareholders") of the outstanding Common Shares of record at 5:00 p.m. (Toronto time) on October 20, 2014 (the "Record Date") will receive one right ("Right") for each Common Share held. Every 1.23928 Rights will entitle the holder thereof (the "Rightsholder") to subscribe for one Common Share (the "Basic Subscription Right") at a subscription price of \$0.65 per Common Share (the "Subscription Price") commencing on October 23, 2014 (the "Commencement Time") and expiring at 5:00 p.m. (Toronto time) (the "Rights Expiry Time") on November 14, 2014 (the "Rights Expiry Date"). The Rights will entitle Rightsholders to subscribe for and purchase from the Company, an aggregate of up to 384,615,385 Common Shares. Rightsholders who exercise their Rights in full are entitled to subscribe for additional Common Shares (the "Additional Common Shares") on a *pro rata* basis, if available, at the Subscription Price pursuant to an additional subscription privilege (the "Additional Subscription Privilege").

As previously disclosed on August 14, 2014 and September 3, 2014, WesternZagros' largest shareholder, Crest Energy International LLC ("Crest") has agreed, pursuant to an equity backstop agreement (the "Equity Backstop Agreement"), to purchase, in aggregate, up to CDN \$200 million of equity securities of the Company not otherwise subscribed for by Shareholders other than Crest under the Rights Offering. The maximum number of Common Shares that may be purchased by Crest under the Rights Offering is the number that permits Crest to maintain its level of ownership of Common Shares and will not result in Crest owning more than 19.9% of the outstanding Common Shares following such purchase. Crest currently beneficially owns or controls or directs, directly or indirectly, 19.7% of the issued and outstanding Common Shares. If upon the exercise of the Rights, the holdings of Crest would, in aggregate, exceed 19.9% of the then issued and outstanding Common Shares, the Company will issue to Crest non-voting, Class A Preferred Shares, Series 1 (the "Preferred Shares") in an amount equal to that number of Common Shares that would otherwise have been issued on an exercise of Rights but for the application of the 19.9% limitation. The Preferred Shares are intended to be equivalent to the Common Shares other than in respect of voting rights and certain rights upon the liquidation or winding up of the Company. The Common Shares and Preferred Shares will be issued to Crest on a private placement basis in the United States and will be issued at a price equal to the subscription price paid by shareholders that exercise rights to purchase Common Shares. The Equity Backstop Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.

In connection with the Rights Offering, the Corporation has entered into a dealer manager agreement with FirstEnergy Capital Corp. (the "Dealer Manager") pursuant to which the Dealer Manager will act as dealer manager to use commercially reasonable efforts to solicit certain shareholders for the exercise of Rights for subscriptions of the Common Shares.

A copy of the Prospectus will be mailed to Shareholders following the Record Date. Shareholders who hold their Common Shares in a brokerage account or with a nominee should contact such broker or nominee in order to exercise their Rights. More detailed information is contained in the Prospectus available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.

The Company has retained Kingsdale Shareholder Services to act as information agent (the "Information

Agent") for the Rights Offering. Questions and requests for assistance may be directed to the Information Agent at 1-877-657-5859 (North American Toll Free Phone) or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

The Rights Offering and the Private Placement are expected to close on or about November 18, 2014.

The TSX Venture Exchange (the "TSXV") has conditionally approved the listing of the Rights and the Common Shares issuable upon the exercise of the Rights on the TSXV. The approval of such listing is subject to the Company fulfilling all of the listing requirements of the TSXV. Trading of the Rights to purchase Common Shares will commence at the opening of the TSXV on October 16, 2014 and cease at 12:00 p.m. (Toronto time) on the Rights Expiry Date. The TSXV has also conditionally approved the completion of the issuance of the Preferred Shares to Crest (the "Private Placement"). Final acceptance of the Private Placement by the TSXV is subject to the Company fulfilling all of the listing requirements of the TSXV. Shareholder approval of the Private Placement, as required by applicable securities laws, was received at the special meeting of Shareholders held on October 1, 2014.

Before a Shareholder exercises his, her or its rights, the Shareholder should read the Prospectus that the Company has filed in Canada and in the United States with the Securities and Exchange Commission, as well as the documents that are incorporated by reference therein, for more complete information about the Company and the Rights Offering. Shareholders may obtain copies of these documents free of charge by visiting SEDAR at [www.sedar.com](http://www.sedar.com) or EDGAR at [www.sec.gov](http://www.sec.gov). Alternatively, copies of these documents may be obtained by contacting the Company at (403) 693.7001.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such province, state or jurisdiction.

#### **About WesternZagros Resources Ltd.**

WesternZagros is an international natural resources company focused on acquiring properties and exploring for, developing and producing crude oil and natural gas in Iraq. WesternZagros, through its wholly-owned subsidiaries, holds a 40 percent working interest in two Production Sharing Contracts with the Kurdistan Regional Government in the Kurdistan Region of Iraq. WesternZagros's shares trade in Canada on the TSX Venture Exchange under the symbol "WZR".

*This news release contains certain forward-looking information relating, but not limited to, the Rights Offering and the Private Placement, the listing of the Rights on the TSXV and the timing thereof and the expected closing date of the Rights Offering and the Private Placement. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as "anticipate", "plan", "estimate", "expect", "believe", "potential", "could", or similar words suggesting future outcomes. The Company cautions readers not to place undue reliance on forward-looking information as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by WesternZagros. In addition, the forward-looking information is made as of the date hereof, and the Company assumes no obligation to update or revise such to reflect new events or circumstances, except as required by law.*

*Forward-looking information is not based on historical facts but rather on management's current expectations and assumptions regarding, among other things, the completion of the Rights Offering and the Private Placement and the ability to obtain final regulatory (including TSXV) approval in a timely fashion. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by WesternZagros including, but not limited to, the risk that any of the conditions set forth in the Equity Backstop Agreement are not satisfied on a timely basis or other termination events under such agreement occur; risks associated with the oil and gas industry (e.g. operational risks in exploration; inherent uncertainties in interpreting geological data; changes in plans with respect to*

*exploration or capital expenditures; interruptions in operations together with any associated insurance proceedings; the uncertainty of estimates and projections in relation to costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with negotiating with foreign governments, the risk of adverse determinations by governmental authorities, the risk of arbitrating and enforcing claims against entities that may claim sovereignty and other risks associated with international activity and foreign governmental sovereignty over the areas in which the Company's operations are conducted. For further information on WesternZagros and the risks associated with its business, please see the Company's Annual Information Form dated March 13, 2014 which is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

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