

Exxon Mobil to Acquire Celtic Exploration

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Companies agree to \$3.1 Billion Acquisition plus Spinout of Assets

CALGARY, ALBERTA -- (Marketwire) -- 10/17/12 -- [Exxon Mobil Corporation](#) ("ExxonMobil") (NYSE: XOM) and [Celtic Exploration Ltd.](#) ("Celtic") (TSX: CLT) today announced that Canadian affiliates of [ExxonMobil](#), including Exxon Mobil Canada Ltd. ("ExxonMobil Canada"), and Celtic have entered into an agreement for the purchase by a subsidiary of ExxonMobil Canada of all of Celtic's outstanding common shares at a cash price of C\$24.50 per share. Additionally, Celtic shareholders will receive 0.5 of a share of a new company, [1705972 Alberta Ltd.](#) ("Spinco"), for each Celtic common share.

Including the amount to be paid for Celtic's outstanding convertible debentures and including Celtic's bank debt and working capital obligations, the transaction is valued at approximately C\$3.1 billion (excluding the estimated value of Spinco shares). The transaction is to be completed by way of an arrangement under the Business Corporations Act (Alberta).

Highlights

- Cash price is C\$24.50 per Celtic share
- Celtic shareholders also receive 0.5 of a share of a new company to be led by Celtic's current management team
- Transaction has received the unanimous approval of Celtic's Board of Directors

Based on the cash consideration (not including the value of Spinco shares), the transaction price represents a premium of 35% over Celtic's closing share price on the Toronto Stock Exchange of C\$18.12 on October 16, 2012, and 34% over Celtic's 30-trading day volume weighted average trading price of C\$18.28 per share ending on October 16, 2012.

Information regarding the Transaction

Following an extensive review and analysis of the proposed transaction and consideration of other available alternatives, the Board of Directors of Celtic has unanimously determined that the arrangement is in the best interests of Celtic and is fair to Celtic's securityholders. The Board of Directors of Celtic has unanimously approved the transaction and determined to recommend that Celtic's shareholders and debentureholders vote in favour of the arrangement. Each of the officers and directors of Celtic, representing in aggregate approximately 17.5% of the outstanding common shares (on a fully diluted basis), have entered into lock-up agreements with ExxonMobil Canada supporting the transaction, pursuant to which they have agreed to vote their common shares and convertible debentures held in favour of the approval of the arrangement.

The Board of Directors of Celtic has received from each of FirstEnergy Capital Corp. and RBC Capital Markets, opinions that, as of the date of the arrangement agreement, the consideration to be paid to Celtic's shareholders and debentureholders is fair from a financial point of view to Celtic's securityholders.

The agreement between ExxonMobil Canada and Celtic provides for, among other things, a non-solicitation covenant on the part of Celtic, subject to "fiduciary out" provisions that entitle Celtic to consider and accept a superior proposal and a right in favour of ExxonMobil Canada to match any superior proposal. The arrangement agreement provides for a C\$90.0 million termination fee payable by Celtic in certain circumstances if the transaction is not completed.

Completion of the transaction is subject to customary closing conditions, including receipt of court, shareholder and regulatory approvals, including under the Investment Canada Act and Competition Act. Celtic's securityholders will be asked to vote on the transaction at a special securityholders meeting and the completion of the transaction will require the approval of two-thirds of the votes cast by shareholders in person or by proxy at the meeting.

Under the proposed transaction, the holders of the Celtic convertible unsecured subordinated debentures

outstanding will receive Celtic common shares, including shares pursuant to the make whole payments provided under the terms of the debentures in total equal to the amount they would otherwise receive, following the completion of the arrangement if they were not acquired under the arrangement, plus accrued interest to the closing date, plus additional interest for 32 days. The Celtic common shares received by debentureholders under the arrangement will be exchanged, as part of the arrangement, for the same \$24.50 in cash and 0.5 of a Spinco share to be received by other holders of Celtic common shares.

Celtic's debentureholders will be asked to vote on the arrangement; however, completion of the arrangement is not conditional on their approval. If debentureholder approval is not obtained, the debentures will be excluded from the arrangement and will remain outstanding following completion of the arrangement and continue to be governed by the terms of their indenture.

An information circular regarding the arrangement is expected to be mailed to securityholders in late November for a special meeting of the holders of common shares and debentures to take place in late December, with closing expected to occur as soon as reasonably practicable following the securityholder vote and regulatory approval.

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A copy of the arrangement agreement and the information circular and related documents will be filed with Canadian securities regulators and will be available at www.sedar.com.

FirstEnergy Capital Corp. and RBC Capital Markets have each provided the Board of Directors of Celtic with a fairness opinion regarding the proposed transaction for the shareholders and debentureholders. A copy of each opinion will be included in the information circular to be sent to Celtic securityholders for the special meeting to be called to consider the arrangement. Borden Ladner Gervais LLP is acting as legal counsel to Celtic.

About Celtic Exploration

[Celtic](#) is a Calgary, Alberta, Canada-based oil and gas company focused on exploration, development and production of crude oil and natural gas resources primarily in west central Alberta. Celtic holds large acreage positions in the Montney and Duvernay resource gas plays. Throughout its history, Celtic has a proven track record of growing reserves, production and the underlying value of the company for its shareholders. Common shares of Celtic are listed on the Toronto Stock Exchange under the symbol CLT.

About Spinco

[Spinco](#) will be a new publicly listed junior oil and gas exploration and production company led by Celtic's current management team, including David J. Wilson and Sadiq H. Lalani. Spinco will be a growth oriented company with approximately 3,300 BOE per day of production, weighted 90% to gas and 10% to oil, with an initial land position consisting of approximately 49,000 net undeveloped acres. Spinco's assets will be made up of three core areas: a gas property at Grand Cache, Alberta; a liquids-rich natural gas property at Inga, BC; and an oil prospect at Karr, Alberta. Spinco expects to complete a non-brokered private placement equity financing concurrently with the closing of the acquisition of Celtic by issuing up to 6.0 million common shares of Spinco at a price equal to the net asset value per Spinco share, primarily to officers, directors and employees of Spinco. The net asset value per Spinco share is estimated to be \$2.32 based on an independent engineering evaluation whereby the net present value of proved plus probable reserves are discounted at 10% before tax.

Cautionary Statement on Forward-Looking Information

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, forward looking statements in this press release include, but are not limited to the anticipated timing of the meeting of securityholders and of closing of the transaction; plans for Spinco and the estimated consideration payable to holders of the debentures.

The forward-looking statements and information are based on certain key expectations and assumptions made by Celtic, including, but not limited to, expectations and assumptions concerning the ability to obtain all required regulatory approvals for the transaction, including, but not limited to, shareholder, Court and regulatory approvals. Although Celtic believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed

on the forward looking statements and information because there can be no assurance that they will prove to be correct.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risk that the transaction may not close when planned or at all or on the terms and conditions set forth in the arrangement agreement; the failure to obtain the necessary shareholder, Court, regulatory and other third party approvals required in order to proceed with the transaction; operational risks in development, exploration and production for oil and gas; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Readers are cautioned that the foregoing list of factors is not exhaustive.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on the proposed transaction and such information may not be appropriate for other purposes. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits may be derived there from.

The forward-looking statements and information contained in this press release are made as of the date hereof and Celtic undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events, or results or otherwise, other than as required by applicable securities laws.

Measurements and Abbreviations

All dollar amounts are referenced in Canadian dollars, except when noted otherwise. Where amounts are expressed on a barrel of oil equivalent ("BOE") basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel and sulphur volumes have been converted to oil equivalence at 0.6 long tons per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. References to "oil" in this discussion include crude oil and natural gas liquids ("NGLs"). NGLs include condensate, pentane, propane, butane and ethane. References to "gas" in this discussion include natural gas and sulphur.

This release does not constitute an offer to purchase or a solicitation of an offer to sell any security, or a solicitation of votes with respect to any security. Celtic securityholders are urged to read the information circular carefully before making any decision with respect to the arrangement.

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