

# Calvalley Petroleum Inc. provides a strategic update and announces that its Shareholder Rights Plan has expired and that it intends to offer to acquire up to 15,000,000 of its outstanding Class A Common Shares

13.01.2013 | [CNW](#)

CALGARY, Jan. 13, 2013 /CNW/ - [Calvalley Petroleum Inc.](#) ("Calvalley" or the "Company") provides the following update to its Shareholders ("Shareholder(s)") with respect to the status of its strategic review process. On July 12, 2012, the Company formed a Special Committee of the Board of Directors ("Directors") to oversee a process for the review of strategic alternatives available to the Company, with a view to enhancing Shareholder value. The Directors, in consultation with the members of the Special Committee, have reviewed the results of that process to date and have decided to terminate the strategic review process and to focus the Company's efforts on organic growth, in order to maximize Shareholder value.

The Company also announces that in accordance with the terms of the Shareholder Rights Plan (the "Plan") that was implemented on July 11, 2012, the Plan together with all outstanding rights granted thereunder were terminated and are null and void and of no further force and effect as of 5:00 p.m. (Calgary time) on January 11, 2013.

On July 11, 2012, the Company had implemented the Plan to discourage discriminatory, coercive or unfair take-overs of the Company, and to give the Directors and Shareholders time to evaluate and consider any take-over bid or other offer for the Company and to give the Directors time, if, in the circumstances, the Directors determined it appropriate to pursue alternatives to maximize Shareholder value in the event an unsolicited take-over bid was made for all or a portion of Calvalley's outstanding Class A Common shares ("Shares"). The Plan was not adopted to prevent a take-over of the Company, to secure the continuance of Company Management or the Directors in their respective offices, or to deter fair offers for the Shares.

In order for the Plan to continue in full force and effect, in accordance with its terms, a majority of the independent Shareholders would have had to ratify and confirm the Plan prior to the close of business on January 11, 2013. Due to the cost and timing of holding a Shareholder's meeting for the purposes of ratifying the Plan, the Directors decided to forego ratification and confirmation of the Plan at this time and to allow the Plan to terminate, in accordance with its terms.

The Company also announces that it intends to make an Offer (the "Offer") to purchase, from Shareholders for cancellation, up to 15,000,000 of its outstanding Shares, at a purchase price of \$2.45 per Share, representing a premium of approximately 53% to the closing trading price of \$1.60 on the Toronto Stock Exchange on Friday, January 11, 2013.

As of January 11, 2013, there were 94,329,159 shares outstanding and, accordingly, the Offer is for up to approximately 15.9% of the outstanding Shares. If the maximum number of Shares are taken-up and paid for, under the Offer, the aggregate purchase price to Calvalley, before costs and expenses of the Offer, will be \$36,750,000, which Calvalley intends to finance with existing cash on hand. If more than 15,000,000 Shares are tendered to the Offer, the Company will purchase the Shares on a pro rata basis according to the number of Shares deposited. The Offer will be subject to various conditions, typical for transactions of this nature and will remain open for at least 35 days after the date of commencement of the Offer. Full details of the Offer, including instructions on how Shareholders can tender their Shares to the Offer, are to be included in the Offer to Purchase and Issuer Bid Circular of the Company (the "Offer and Circular") that is anticipated to be mailed to registered Shareholders and filed with applicable securities regulators on or about January 22, 2013.

The Directors believe that the purchase of Shares under the Offer represents an effective use of the Company's financial resources and is in the best interests of Calvalley, as it believes the recent trading prices of the Shares are not fully reflective of the value of the Company's assets, operating business and future prospects. The Company's current estimate of cash and working capital is in excess of US\$100 million and the purchase of the Shares under the Offer is not expected to impact the Company's current operations or to preclude the Company from pursuing future growth opportunities.

Neither the Company nor its Directors make any recommendation to Shareholders as to whether to tender their shares to the Offer. Shareholders are strongly encouraged to review the Offer and Circular carefully and to consult with their financial and tax advisors prior to making any decision with respect to the Offer.

The Company has retained Jennings Capital Inc. as its financial advisor and dealer manager in respect of the Offer.

Further information can be found in the disclosure documents filed by the Company with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com) or through the Company's website at [www.calvalleypetroleum.com](http://www.calvalleypetroleum.com).

### **About Calvalley Petroleum Inc.**

Calvalley is an international oil and gas company, with offices in Calgary, Alberta, Canada, that operates its 50% working interest in Block 9 of the Masila Basin, in the Republic of Yemen.

THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

This press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release are forward-looking statements. You can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. These forward-looking statements include statements with respect to the making and timing of the Offer and the amount of the purchase price. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere in this press release. There can be no assurance that such expectations will prove to be correct. Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to, any delay or failure to satisfy the conditions to take up under the Offer. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press release and Calvalley assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law.

Calvalley has not yet commenced the Offer referred to in this press release. Upon the commencement of the Offer, Calvalley will file the Offer and Circular with the applicable provincial securities commissions in Canada. The Offer and Circular will contain important information about the Offer and should be read by Shareholders. When the Offer is commenced, one will be able to obtain the Offer and Circular and all other documents at no charge when they become available on the system for electronic document analysis and retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). Accordingly, this announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, or otherwise dispose of, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/140779--Calvalley-Petroleum-Inc.-provides-a-strategic-update-and-announces-that-its-Shareholder-Rights-Plan-has-expired>

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