

Pace Oil & Gas Ltd. Provides Strategic Update and Confirms Recommendation to Vote in Favour of Proposed Spyglass Plan of Arrangement

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CALGARY, ALBERTA -- (Marketwire - March 19, 2013) - [Pace Oil & Gas Ltd.](#) ("Pace", the "Company") (TSX:PCE) continues to believe that the proposed merger with [AvenEx Energy Corp.](#) ("AvenEx") and [Charger Energy Corp.](#) ("Charger") to form [Spyglass Resources Corp.](#) ("Spyglass") (the "Merger") is in the best interest of Pace shareholders and recommends that Pace shareholders vote FOR the arrangement.

Pace, AvenEx and Charger also announce that they have agreed to set the initial Spyglass monthly dividend at \$0.0225 per share in order to solidify the sustainability of the Spyglass business model, to reflect the current operating and commodity price environments.

Process Update

In October of 2012 National Bank Financial Inc. ("NBF") was engaged to conduct a confidential strategic alternatives process for Pace. 20 companies were approached, 13 expressed interest and executed confidentiality agreements ("CA") with Pace. Management of Pace provided 11 interested companies with technical presentations. As a result, 3 proposals were received and were evaluated by the Pace board of directors. The Pace board of directors voted unanimously (excluding Mr. Buchanan and Mr. Shaikh) in favour of the Merger. Since the announcement of the amending agreement dated February 25, 2013 among Pace, AvenEx and Charger (the "Amending Agreement"), Pace, through its financial advisor NBF, has contacted and sent marketing materials to 140 companies globally regarding the Pace opportunity. Eight additional companies expressed an interest in the opportunity, executed CAs with Pace and were provided with access to the virtual data room to review confidential information. Subsequently, Pace gave technical presentations to four additional companies. Since October of 2012, a total of 28 companies have signed CAs and have viewed confidential information relating to Pace, 15 companies have received technical presentations from management and no superior proposals were received during the previous process, or have emerged through the extended process.

Board Recommendation

The Board continues to believe the Merger is in the best interest of Pace shareholders as Spyglass would be a larger entity well suited to sustaining a dividend model, with approximately 18,000 boe/d of balanced oil and gas production, a low decline rate and abundant low-risk, light-oil upside. Spyglass will be led by a management team with a track record of creating value in a dividend paying entity who also have prior experience managing the majority of the Pace assets. Spyglass has secured a \$400 million senior credit facility with a syndicate of lenders that will have approximately 30% undrawn upon closing. Furthermore, the potential disposition of certain non-core properties within the combined asset base would provide a source of financing to further enhance the sustainability of the model.

Pace, AvenEx and Charger each contribute value to, and will benefit from, the creation of Spyglass. The resulting ownership of Spyglass by each party's shareholders is fair based on their respective contributions when relative levels of debt are considered.

Response to Activist Shareholders

Pace believes that statements published by Nova Bancorp Ltd. ("Nova Bancorp"), holder of approximately 65,200 Pace shares, are inaccurate and misleading and have also had a negative impact on shareholder

value since the initial news release by Nova Bancorp on January 29, 2013. From January 29, 2013, the date of Nova Bancorp's first press release, to March 19, 2013, Pace shares have traded down 21%, while the TSX Energy Index is down less than one percent. In their public comments, Nova Bancorp has yet to propose an alternative that would realize superior value for the shareholders of Pace. Nova Bancorp's campaign to take control of the Pace board of directors, make changes to management and conduct another sales process or broker a dilutive equity financing, does not guarantee the realization of greater value for the Pace assets and would most certainly cost Pace additional advisory and transaction fees and will result in a longer period of uncertainty for Pace shareholders and employees. Nova Bancorp has not sought to sign a confidentiality agreement to view confidential information, nor has it proposed a superior alternate path forward for Pace.

- The assertion that there has not been adequate time for an effective sales process is false and misleading to shareholders. Pace has been conducting a process to evaluate strategic alternatives since October of 2012, and the Merger was publicly announced on December 20, 2012, with lower than industry standard non-completion fees. Since February 26, 2013 NBF and Pace have contacted over 140 parties globally. In aggregate, Pace has provided confidential data to 28 companies, management presentations to 15 companies and no superior proposal has been presented to the Pace board of directors;

- Significant discounts to Net Asset Value are common throughout the Canadian oil and gas sector and Net Asset Value in isolation is not a good predictor of the market value of assets in the transactional marketplace. Based on recent precedent transactional metrics, including cash flow, the Merger is in line with industry averages for companies with similar asset characteristics and leverage. At the Pace closing price on March 19, 2013 of \$2.60 the Merger is implying an enterprise value to debt adjusted cash flow multiple of 5.0x for Pace versus the average of recent precedent transactions of 5.4x;

- Evaluating Pace's relative contribution on a pure ownership basis, without taking into account relative leverage, is both false and misleading as Pace contributes 87% of Spyglass net debt. Based on current share prices, Pace's debt adjusted ownership is 67% and Pace contributes approximately 65% on an operational and financial basis;

- In evaluating strategic alternatives, the board of directors of Pace considered a recapitalization financing. This alternative was considered more dilutive to shareholders than the Merger, and did not provide additional resource opportunities nor additional size and scale to provide better efficiencies. A rights offering only mitigates dilution for those who choose to participate, while diluting all other shareholders. Pace would have to issue approximately 26 million common shares at the closing price of Pace shares on March 19, 2013 of \$2.60 to bring the 2012 net debt to cash flow to 2.5x, representing 36% cash flow per share dilution to Pace; and

- Significant risk in realizing breakup value given that there is approximately 90,000 boe/d of production currently for sale publicly in the Western Canadian Sedimentary Basin.

Spyglass Dividend Policy

The boards of each of Pace, AvenEx and Charger have agreed to set the initial monthly dividend for Spyglass upon closing of the Merger to \$0.0225 per Spyglass share (equates to \$0.02925 per current Pace share).

The dividend initially proposed for Spyglass was set in November 2012 when the terms of the Arrangement between Pace, AvenEx and Charger were negotiated and the transaction was expected to close in mid February. Since this time, realized crude oil prices have declined substantially with western Canadian medium and heavy oil differentials widening relative to the WTI benchmark. In addition, delays in closing the transaction have restricted Spyglass from fully executing on its initially proposed capital program which was heavily weighted to the first quarter of 2013. The balance of the capital program will be delayed until after spring break up.

This adjustment to the initial dividend of Spyglass will increase the financial flexibility of Spyglass through 2013, with an additional \$1.0 million per month available for debt reduction and capital programs. Crude oil differential and natural gas prices have strengthened in recent weeks and the companies have taken advantage of this strength to execute additional crude oil and natural gas hedges for 2013 and 2014. Spyglass will actively hedge commodity prices going forward to protect a base level of cash flow.

Upon completion of the Merger, Spyglass will target a basic dividend payout ratio of 25% to 30% of cash flow and an all-in payout ratio (including capital expenditures) of 90% to 100% of its cash flow. The dividend policy of Spyglass will be at the discretion of the board of directors and will be reviewed monthly in the context of a number of factors including current and forecast commodity prices, foreign exchange rates, an

active commodity price hedging program, status of current operations and future investment opportunities.

Spyglass Outlook

Each of Pace, AvenEx and Charger believe that Spyglass will create long term shareholder value through the introduction of an income and growth company of scale with a low decline, balanced commodity profile and a sustainable dividend.

The following projections incorporate \$10 - \$12 million in annual general and administrative savings reflecting the efficiencies created by combining Pace, AvenEx and Charger into a single entity and do not incorporate any potential non-core asset sales or DRIP proceeds.

Pro Forma Financial & Operating Information

Shares Outstanding	~129 million
Credit Facility Capacity	\$400 million
Estimated Net Debt at Closing (1)	\$293 million
Expected Credit Facility Availability	\$107 million
Estimated Tax Pools	\$900 million
Estimated Production at Closing	17,500 boe/d
% Oil & Liquids	49%
2013 Outlook (2)	
Exit Production Forecast	18,000 boe/d
% Oil & Liquids	52%
Average Production Forecast (2)	16,000 boe/d
% Oil & Liquids	51%
Cash Flow Forecast (2)(3)(4)	\$104 million
Capital Expenditures (2)	\$70 - \$80 million
Dividends	\$26 million
Net Debt to Annualized Exit Cash Flow	2.1x
Basic Payout Ratio (2)	25%
All-in Payout Ratio (2)(5)	95% - 100%
Preliminary 2014 Outlook (3)(4)	
Average Production Forecast	~18,000 boe/d
% Oil & Liquids	53% - 55%
Capital Expenditures	\$90 - \$100 million
Dividends	\$35 million
Net Debt to Cash Flow	1.7x
Basic Payout Ratio	
All-in Payout Ratio (5)	80% - 85%

Notes:

(1) Pro forma net debt incorporates estimated transaction costs and excludes risk management assets and liabilities as of the closing date of the transaction.

(2) Assumes transaction closes March 31, 2013 with Pace as continuing issuer. 2013 outlook reflects one quarter of Pace projections and three quarters of pro forma Spyglass projections.

(3) Commodity price assumptions: 2013 - Edm Light C\$88.89, corporate realized crude oil and liquids price C\$74.23 at the wellhead, AECO \$3.39 / Mcf. 2014 - Edm Light C\$88.54, corporate realized crude oil and liquids price C\$79.42 at the wellhead, AECO \$3.79 / Mcf.

(4) Commodity price sensitivities: 2013 - a \$1.00/bbl change in realized crude oil prices, results in a \$0.9 million change in annualized cash flow; a \$0.50/Mcf change in natural gas prices, results in a \$6.0 million change in annualized cash flow. 2014 - a \$1.00/bbl change in realized crude oil prices, results in a \$2.5 million change in cash flow; a \$0.50/Mcf change in natural gas prices, results in a \$8.0 million change in cash flow.

(5) All-in Payout Ratio is defined as Capital Expenditures plus Dividends divided by Cash Flow.

Board Recommendations

The directors of each of Pace, AvenEx and Charger have unanimously approved the Arrangement and continue to recommend that their respective shareholders vote in favour of the Arrangement. Shareholders of Pace, AvenEx and Charger are encouraged to review the joint information circular and proxy statement (the "Information Circular") of Pace, AvenEx and Charger dated January 18, 2013, which is available on SEDAR at www.sedar.com.

Special Meetings of Shareholders

The special meetings of the shareholders of each of Pace, AvenEx and Charger to approve the Arrangement will be re-convened on March 26, 2013, as scheduled, in the Livingston Club Conference Centre, Livingston Place, South Tower, +15 Level, 222 - 3rd Avenue S.W., Calgary, Alberta commencing at 9:00 am (Calgary time) for the holders of common shares of AvenEx, at 10:00 am (Calgary time) for the holders of common shares of Pace and at 11:00 am (Calgary time) for the holders of common shares of Charger.

In order to ensure all shareholders have the ability to vote on this important resolution, the Chairmen of each of the meetings has determined that it is in the best interest of all shareholders to extend the proxy deadline until 9:00 am Calgary time on March 25, 2013 (the "Extended Deadline").

Shareholders of Pace, AvenEx and Charger who have not voted or wish to change their vote may do so by following the instructions set forth on the proxy or voting instruction form provided to them. A shareholder may also revoke a previously voted proxy with an instrument in writing, including another proxy, signed by the shareholder and delivered to Pace, AvenEx or Charger, as applicable. In order to revoke a proxy previously delivered by an intermediary or its agent, on their behalf, beneficial shareholders should carefully follow any revocation instructions set forth on the voting instruction form provided to them by their intermediary or agent.

QUESTIONS CONCERNING THE SPECIAL RESOLUTIONS CONTAINED WITHIN THE INFORMATION CIRCULAR OR VOTING PROCEDURES CAN BE DIRECTED AS FOLLOWS:

Pace shareholders: contact Kingsdale Shareholder Services Inc., by email at contactus@kingsdaleshareholder.com, by telephone at 1-888-518-1558 (toll-free within Canada or the United States) or call 1-416-867-2272 (for collect calls outside Canada and the U.S.) or by fax at 1-866-545-5580 (North American Toll Free Facsimile) or 1-416-867-2271;

ANY NEW PROXIES OR CHANGES TO PERVIOUSLY SUBMITTED PROXIES MUST BE DEPOSITED AS FOLLOWS:

Pace shareholders: Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by facsimile to (416) 263-9524 or 1-866-249-7775; or (iv) through the internet at www.investorvote.com, not later than 9:00 am (Calgary time) on March 25, 2013;

Reader Advisory and Note Regarding Forward Looking Information

This press release contains forward-looking information within the meaning of applicable securities laws and is based on the expectations, estimates and projections as of the date of this news release, unless otherwise stated. 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. More particularly and without limitation, this press release contains forward-looking information concerning: the anticipated benefits of the Merger to the shareholders of each of Charger, Pace and AvenEx, including anticipated synergies; potential financing sources; anticipated future production, cash flow, capital expenditures, dividends, payout ratios, decline rates, net debt to cash flow and credit facility availability; the receipt of and anticipated outcomes of alternative transaction proposals; the holding of the shareholder meetings of each of Charger, Pace and AvenEx and; the anticipated dividend payments of Spyglass following closing and the closing of the Merger. Such forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Investors are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions.

In respect of the forward-looking information and statements concerning the anticipated benefits and

completion of the proposed Merger and the anticipated timing for completion of the Merger, each of Charger, Pace and AvenEx has provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of each of Charger, Pace and AvenEx to receive, in a timely manner, the necessary regulatory, court, shareholder, stock exchange and other third party approvals; the ability of each of Charger, Pace and AvenEx to satisfy, in a timely manner, the other conditions to the closing of the Merger; and expectations and assumptions concerning, among other things: commodity prices and interest and foreign exchange rates; planned synergies, capital efficiencies and cost-savings; applicable tax laws; future production rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services.

The anticipated dates provided may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary shareholder, regulatory, court or other third party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Merger. Accordingly, readers should not place undue reliance on the forward-looking information contained in this press release. In respect of the forward-looking information, including the anticipated dividend payments of Spyglass following closing, each of Charger, Pace and AvenEx has provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions in respect of: prevailing commodity prices, margins and exchange rates; that each of Charger's, Pace's and AvenEx's future results of operations will be consistent with past performance and management expectations in relation thereto; the continued availability of capital at attractive prices to fund future capital requirements relating to existing assets and projects, including but not limited to future capital expenditures relating to expansion, upgrades and maintenance shutdowns; the success of growth projects; future operating costs; that counterparties to material agreements will continue to perform in a timely manner; that there are no unforeseen events preventing the performance of contracts; and that there are no unforeseen material construction or other costs related to current growth projects or current operations.

Since forward-looking information addresses future events and conditions, such information by its very nature involves 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 risks associated with the industries in which each of Charger, Pace and AvenEx operates in general such as: operational risks; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; environmental risks; competition; failure to realize the anticipated benefits of the Merger and to successfully integrate each of Charger, Pace and AvenEx; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws and environmental regulations. Risks and uncertainties inherent in the nature of the Merger include the failure of each of Charger, Pace and AvenEx to obtain necessary shareholder, regulatory, court and other third party approvals, or to otherwise satisfy the conditions to the Merger, in a timely manner, or at all. Failure to so obtain such approvals, or the failure of each of Charger, Pace and AvenEx to otherwise satisfy the conditions to the Merger, may result in the Merger not being completed on the proposed terms, or at all.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of each of Charger, Pace and AvenEx, and the combined company, are included in reports on file with applicable securities regulatory authorities, including but not limited to; the Annual Information Form for the year ended December 31, 2011 for each of Charger and AvenEx and for the year ended December 31, 2012 for Pace which may be accessed on their respective SEDAR profiles at www.sedar.com.

Any financial outlook or future oriented financial information in this press release, as defined by applicable securities legislation, has been approved by management of Charger, Pace and AvenEx. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's reasonable expectations as to the anticipated results of Spyglass and its anticipated business activities for the twelve months following the closing of the Merger.

The forward-looking information contained in this press release is made as of the date hereof and each of Charger, Pace and AvenEx undertake no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Boes are presented on the basis of one Boe for six Mcf of natural gas. Disclosure provided herein in respect of Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf:1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an

indication of value.

This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities within the United States. The securities to be offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act or other laws.

The Toronto Stock Exchange and the TSX Venture Exchange have neither approved nor disapproved the contents of this press release.

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