

# MGM Energy Corp. Enters Into Arrangement Agreement with Paramount Resources Ltd.

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CALGARY, ALBERTA -- (Marketwired - April 14, 2014) - [MGM Energy Corp.](#) ("MGM Energy" or the "Company") (TSX:MGX) announced today that, further to its March 11, 2014 press release, it has entered into a formal arrangement agreement (the "Arrangement Agreement") with [Paramount Resources Ltd.](#) ("Paramount") (TSX:POU) whereby Paramount would acquire all of the common shares ("Common Shares") of MGM Energy not currently owned by Paramount.

Pursuant to the Arrangement Agreement, Paramount would acquire the Common Shares not owned by it pursuant to an arrangement under the Business Corporations Act (Alberta) (the "Arrangement"). Under the terms of the Arrangement, all shareholders of MGM Energy other than Paramount would receive one Class A Common Share of Paramount for every 300 Common Shares of MGM Energy.

The Board of Directors of MGM Energy (the "MGM Energy Board") formed a committee of independent directors (the "Independent Committee") to review and evaluate the terms of the proposal received from Paramount on March 10, 2014 (the "Proposal"), obtain and supervise the preparation of a formal valuation of the fair market value of the Common Shares, make a recommendation to the MGM Energy Board in respect of the Proposal and oversee the negotiation of the terms and conditions of the Arrangement Agreement and related matters with Paramount.

AltaCorp Capital Inc. ("AltaCorp") was retained by the Independent Committee to provide an independent formal valuation prepared in accordance with Multilateral Instrument 61-101 - Protection of Minority Securityholders in Special Transactions ("MI 61-101"). Prior to executing the Arrangement Agreement, the Independent Committee and the MGM Energy Board received from AltaCorp a formal valuation that was prepared under the supervision of the Independent Committee, and a fairness opinion that the consideration to be received by MGM Energy shareholders pursuant to the Arrangement is fair, from a financial point of view, to such shareholders. As required by MI 61-101, the detailed valuation and fairness opinion will be included in the meeting materials to be sent to the MGM Energy shareholders. The Independent Committee unanimously recommended to the MGM Energy Board that the Arrangement be approved. The MGM Energy Board (with interested directors abstaining), after receiving the report and the unanimous recommendation of the Independent Committee, has determined that the consideration to be received by MGM Energy shareholders pursuant to the Arrangement is fair to MGM Energy shareholders and that the Arrangement and entry into of the Arrangement Agreement are in the best interests of MGM Energy. Accordingly, the MGM Energy Board has unanimously approved the Arrangement and the Arrangement Agreement and resolved to recommend that MGM Energy shareholders vote in favour of the Arrangement.

All of the members of the MGM Energy Board and MGM Energy's executive officers, who collectively own directly or indirectly or exercise control or direction over approximately 33% of the outstanding Common Shares, have entered into support agreements with Paramount pursuant to which they have agreed to vote their Common Shares in favour of the Arrangement, subject to the provisions thereof.

The Arrangement is subject to shareholder and court approvals, including, the approval of at least 66 2/3% of the votes cast in person or by proxy at a special meeting of MGM Energy's shareholders, and the approval of the majority of the votes cast by shareholders excluding votes cast by shareholders that may not be included in determining if minority approval is obtained pursuant to MI 61-101. The special meeting of MGM Energy shareholders to consider the Arrangement is expected to be held by mid-June 2014 with an information circular in connection with the Arrangement expected to be mailed to MGM Energy shareholders in early May 2014. The issuance of the Paramount shares under the Arrangement also requires Toronto Stock Exchange ("TSX") approval. If the Arrangement is completed, all the Common Shares will be held by Paramount and will be de-listed from the TSX.

Under the Arrangement Agreement, Paramount has agreed that MGM Energy is permitted to seek alternative acquisition proposals up until three business days prior to the meeting of MGM Energy shareholders. As previously announced, MGM Energy has a data room available for parties who may be interested in potentially making an alternative acquisition proposal, and RBC Capital Markets has been assisting, and will continue to assist, MGM Energy in its search for such proposals. MGM Energy and Paramount have agreed that MGM Energy would reimburse Paramount for all reasonable out-of-pocket expenses incurred by Paramount related to the Arrangement up to an aggregate maximum of \$400,000

should an alternative transaction be pursued. Both Paramount and Clayton Riddell, who together own or control approximately 46% of the Common Shares, have indicated to the MGM Energy Board that they would be willing to sell their shares under an alternative transaction that was considered superior to the Arrangement. In addition, the support agreements entered into with Paramount by the MGM Energy Board and executive officers will terminate, together with the Arrangement Agreement, if the MGM Energy Board decides to pursue an alternative transaction.

Each of the Arrangement Agreement and the AltaCorp formal valuation will be filed shortly on [www.SEDAR.com](http://www.SEDAR.com) under the Company's profile.

**MGM Energy** is a Canadian oil and natural gas exploration and development company active in Northern Canada. MGM Energy's common shares are listed on the Toronto Stock Exchange under the symbol "MGX".

*This document contains "forward-looking statements" including anticipated timing of various matters relating to the completion of the transactions contemplated by the Arrangement Agreement. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risks associated with the completion of the transactions contemplated by the Arrangement Agreement and the timing and receipt of required shareholder, court, regulatory and other approvals and satisfaction of conditions to the Arrangement as well as developments under the search for alternative acquisition proposals. The forward-looking statements contained herein are made at the date of this document and the Company does not undertake any obligation to update publicly or revise any of the forward-looking statements contained in this document, whether as a result of new information, future event or otherwise, except as required by applicable securities laws.*

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