

Shoreline Energy Corp. Announces Sale of Certain Royalty Interests for Total Proceeds of Nine Million Dollars

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CALGARY, ALBERTA -- (Marketwired - July 25, 2014) - [Shoreline Energy Corp.](#) (TSX:SEQ) ("Shoreline" or the "Corporation") is pleased to announce that it has entered into a purchase and sale agreement (the "Agreement") to sell its royalty interests in its Canadian land base to PrairieSky Royalty Ltd. (TSX:PSK) ("PrairieSky") for total gross proceeds of \$9 million (the "Transaction"). The Agreement contains customary closing conditions and the Transaction is expected to close in early August, 2014.

The Transaction crystallizes value for the Corporation's stakeholders and provides an immediate improvement to Shoreline's balance sheet, as the proceeds from the sale of the royalty interests will be used to reduce total corporate indebtedness.

The purchase price under the Transaction represents a multiple of approximately 6.0x the estimated 2014 annual cash flow from Shoreline's Canadian royalty interests. The Transaction represents approximately 100 barrels or equivalent per day reduction to Shoreline's production.

RBC Capital Markets is acting as financial advisor to Shoreline in connection with Transaction and the ongoing strategic alternatives review process, which will continue to provide interested parties the opportunity to pursue transactions across Shoreline's complete suite of remaining assets.

Shoreline believes that, given its asset valuation as disclosed in its year end financial statements, current strong commodity prices, and the positive responses to date on its strategic alternatives process, the strategic alternatives process will provide satisfactory results to stakeholders.

The Corporation cautions that there are no assurances or guarantees that (i) the ongoing strategic alternatives process will result in additional transactions; (ii) if additional transactions are undertaken, the terms or timing of such transactions will be satisfactory to all stakeholders; or (iii) the ongoing conditions of the Corporation's forbearance arrangements with its lenders will be met to the satisfaction of the lenders.

Investor Information

Shoreline is a Calgary, Alberta-based corporation engaged in the exploration, development and production of petroleum and natural gas. Shoreline offers investors a combination of value growth via lower risk development of additional oil reserves and production on its current lands. The corporation's common shares and convertible unsecured subordinated debentures are currently listed on the TSX under the trading symbols "SEQ" and "SEQ.DB", respectively. Additional information regarding Shoreline is available under the Corporation's profile at www.sedar.com or at the Corporation's website, www.shorelineenergy.ca.

Forward-Looking and Cautionary Statements

This news release contains forward-looking statements relating to closing of an asset sale transaction, successful completion of a strategic alternatives process, and satisfaction of forbearance conditions. These forward-looking statements may include opinions, assumptions, estimates and management's assessment of future plans and operations.

Forward-looking statements typically use words such as "will", "anticipate", "believe", "estimate", "expect", "intend", "may", "project", "should", "plan", and similar expressions suggesting future outcomes, and include statements that actions, events or conditions "may", "would", "could", or "will" be taken or occur in the future. The forward-looking statements are based on various assumptions including expectations regarding the nature and success of negotiations and of a strategic alternatives process; the Corporation's net debt; increases in production rates; the success of current or future drill wells; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures; estimates of future production; assumptions concerning the timing of regulatory approvals; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities; future exchange and

interest rates; the Corporation's ability to obtain equipment in a timely manner to carry out development activities; and the ability of the Corporation to access capital and credit. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements are subject to a wide range of assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodities prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to negotiate acceptable terms with current and future lenders and/or equity providers; inability to obtain requisite approvals of various stakeholders; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; general economic conditions; delays resulting from or inability to obtain required regulatory approvals and to satisfy various closing conditions; failure to meet credit facility covenants; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Shoreline believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not rely unduly on forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by applicable law, Shoreline does not undertake any obligation to publicly update or revise any forward-looking statements.

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