

Artisan Energy Announces Letter of Intent to Acquire MOGL Corp. & Spur Energy Corp., Up to \$2 Million Private Placement, Proposed Director Appointments and Proposed Share Consolidation

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CALGARY, ALBERTA--(Marketwired - Oct 1, 2014) - [Artisan Energy Corp.](#) ("Artisan" or the "Corporation") (TSX VENTURE:AEC) is pleased to announce that it has signed a letter of intent (the "LOI") to acquire all of the issued and outstanding shares (the "Acquisition") of each of MOGL Corp. ("MOGL") and Spur Energy Corp. ("Spur"), private oil and gas exploration and production companies with operations in Western Canada. Total consideration expected to be paid by Artisan for MOGL is 10,810,000 units of Artisan ("Acquisition Units"), each Acquisition Unit comprised of one common share of Artisan ("Artisan Common Share") and one common share purchase warrant of Artisan, each warrant entitling the holder thereof to purchase one Artisan Common Share at a price of \$0.30 per Artisan Common Share for a period of one year from the closing date of the Acquisition of MOGL. Total consideration expected to be paid by Artisan for Spur is 518,000 Artisan Common Shares.

Pursuant to the Acquisition, Artisan will assume approximately \$2.9 million of bank debt held by MOGL with a recognized Canadian financial institution. Further, all of the currently outstanding shareholder loans owed by MOGL, being \$1.2 million in the aggregate, will be converted into 4,800,000 Artisan Common Shares (the "MOGL Shareholder Loan Conversion").

Artisan expects to enter into a definitive agreement in respect of the Acquisition on or around October 14, 2014. The Acquisition is expected to be completed pursuant to a three-cornered amalgamation between Artisan, a wholly-owned subsidiary of Artisan and each of MOGL and Spur.

MOGL shareholders (the "Supporting Shareholders") holding 75.4% of MOGL's outstanding common shares have entered into support agreements relating to voting in favor of the Acquisition of MOGL. The Supporting Shareholders hold all of the outstanding common shares of Spur. It is expected that MOGL and Spur will hold their respective shareholder meetings to approve the Acquisition on or around November 14, 2014.

The Acquisition is anticipated to close on or around November 14, 2014.

Non-Brokered Private Placement

Concurrently with the Acquisition, Artisan intends to complete a non-brokered private placement to certain parties, including certain shareholders of MOGL, of up to 8,000,000 units of Artisan ("Financing Units") at a price of \$0.25 per Financing Unit for aggregate gross proceeds of up to \$2,000,000 (the "Concurrent Private Placement"). Each Financing Unit will consist of one Artisan Common Share and one common share purchase warrant, each warrant entitling the holder thereof to purchase one Artisan Common Share at a price of \$0.30 per Artisan Common Share for a period of one year from the date of issuance thereof.

The Concurrent Private Placement may close in one or more tranches and is expected to be completed by November 14, 2014. Net proceeds from the Concurrent Private Placement will be used to reduce indebtedness and to advance Artisan's various development-stage projects. Artisan does not anticipate paying any commissions in relation to the Concurrent Private Placement.

Proposed New Directors

Following the completion of the Acquisition, Artisan will be appointing two of the principals and controlling shareholders of MOGL and Spur to Artisan's board of directors, Don MacDonald and Dan Anderson.

Mr. MacDonald is the Founder and Chairman of Sanjel Corporation, a private, family owned, oilfield service company. Sanjel is one of the largest oilfield service companies headquartered in Canada and presently employs over 4,000 people throughout Canada and its international operations. Mr. Macdonald is also a founding shareholder and director of MacBain Properties Ltd., a private real estate company headquartered in Calgary. Mr. MacDonald is a founding shareholder and past director of WestJet Airlines, having served on its board of directors for five years. Mr. MacDonald is presently a shareholder and director of Predator Drilling Inc. and Certarus Ltd., private oilfield service companies, and of MOGL Corp. and Spur Energy Corp. Mr. MacDonald is a Professional Engineer and a current member of APEGA.

Mr. Anderson has been an independent businessman for 26 years. Mr. Anderson is a Principal and shareholder of KC Wellsite Management Ltd., an oil & gas wellsite company, Lad Inc., an aviation leasing, acquisition and data company, Kelly Down Ltd., a private investment and lending company and Iron Giant Rentals, an oil & gas equipment rental company. Mr. Anderson is also a director and shareholder of Shelter Modular Inc., a manufacturer, seller and renter of modular building units, and of MOGL Corp. and Spur Energy Corp.

Following completion of the Acquisition and the MOGL Shareholder Loan Conversion, it is expected that Mr. MacDonald and Mr. Anderson will own or control, directly and indirectly, 7,872,040 and 7,455,222 Artisan Common Shares, respectively (being 9.6% and 9.3%, respectively, of the issued and outstanding Artisan Common Shares). It is expected that Mr. MacDonald and Mr. Anderson will also own or control, directly and indirectly, 5,299,374 and 1,902,128 warrants to purchase Artisan Common Shares, respectively. Mr. MacDonald and Mr. Anderson have expressed an interest in participating in the Concurrent Private Placement, and following completion of the Concurrent Private Placement, and subject to the approval of the TSX Venture Exchange, it is expected that Mr. MacDonald and Mr. Anderson will each own or control, directly and indirectly, approximately 19.9% of the outstanding Artisan Common Shares on the basis that each of Mr. MacDonald or Mr. Anderson, as the case may be, has exercised all of the warrants held by him, but assuming that no incentive stock options, convertible debentures, or other warrants exercisable or convertible into Artisan Common Shares have been exercised or converted by the holders thereof.

Artisan is pleased to welcome Mr. MacDonald and Mr. Anderson to its board of directors. The extensive business experience and industry relationships garnered by Mr. MacDonald and Mr. Anderson will be extremely valuable during Artisan's continued efforts to position its current assets for development and as it continues to position itself for growth.

Assets Acquired Pursuant to the Acquisition

The assets to be acquired pursuant to the Acquisition are situated proximally to Artisan's Ferrybank oil production in Central Alberta (the "Assets"). The Assets are principally low decline natural gas wells currently producing in excess of 1.35 MMcf/day (225 boe/d). Based on the independent reserve evaluation of McDaniel & Associates Consultants Ltd. effective April 1, 2014, the Assets have a Proved Reserve Value (NPV10 before tax) of \$6,206,300 and a Proved Plus Probable Reserve Value (NPV10 before tax) of \$8,756,500. Artisan has identified several future development locations within the Assets.

The Assets are strategic cash flow assets for Artisan because (i) they are located in an area that allows for operational synergies with its existing assets; and (ii) they provide low capital expenditure and stable cash flow which better positions Artisan to pursue financing, joint venture and acquisition opportunities to develop and expand its core assets at Chip Lake and Tomahawk.

AGM and Proposed Share Consolidation

Artisan announces that the Annual General and Special Meeting of shareholders (the "AGM") is expected to be held on November 25, 2014 at the offices of Dentons Canada LLP. Artisan expects to nominate seven directors for approval at the AGM, including Mr. MacDonald and Mr. Anderson, and will be evaluating the go-forward composition of its board of directors in conjunction with the Acquisition.

At the AGM, the shareholders of Artisan will also be asked to approve a resolution authorizing Artisan's board of directors to implement, at its discretion, a share consolidation on a basis not to exceed 1 for 4 (the "Share Consolidation").

There are currently 64,321,124 Artisan Common Shares issued and outstanding. Assuming the completion of the Acquisition, the MOGL Shareholder Loan Conversion and the maximum amount of the Concurrent Private Placement, there will be 88,449,124 Artisan Common Shares issued and outstanding. If the proposed Share Consolidation is approved and the maximum share consolidation ratio is implemented, there will be approximately 22,112,281 (post-consolidation) Artisan Common Shares issued and outstanding. Artisan believes that the proposed Share Consolidation will better position Artisan to raise the funds it requires to finance the development of its existing assets and potential strategic acquisitions that it has identified.

Corporate Direction Update

Artisan's primary corporate focus will continue to be on funding its developmental Rock Creek light oil horizontal drilling opportunities at Chip Lake, Alberta and on strategically positioning and advancing its 11,840 net acre Wilrich liquids rich gas property at Tomahawk, Alberta. Artisan will also strategically look to expand its positions in these two core areas. In addition, Artisan will be pursuing the acquisition of production platforms that either complement Artisan's existing core assets or are within management's core regions of experience within Alberta.

The Acquisition, including the MOGL Shareholder Loan Conversion and the new director appointments, the Concurrent Private Placement and the Share Consolidation are subject to receipt of all necessary approvals, including the approval of the TSX Venture Exchange. The securities issued pursuant to the Concurrent Private Placement will be subject to a 4-month plus one day hold period.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Advisory

This news release contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable securities laws relating to the Acquisition, including the MOGL Shareholder Loan Conversion and the new director appointments, the Concurrent Private Placement, the Share Consolidation and the Corporation's corporate focus. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements relate to future events or performance and include statements which contain words such as "anticipate", "could", "should", "expect", "estimate", "seek", "may", "intend", "plan", "likely", "will", "believe" and similar expressions (including the negatives thereof). In addition, and without limiting the generality of the foregoing, this press release contains forward-looking statements relating to the execution of a definitive agreement, the estimated consideration to be paid by Artisan in respect of the Acquisition and the MOGL Shareholder Loan Conversion, the anticipated closing date of the Acquisition, the anticipated closing date of the Concurrent Private Placement, the anticipated benefits to be realized by Artisan from the Acquisition and the Share Consolidation, and the ratio for the Share Consolidation. Readers are cautioned not to place undue reliance on forward-looking statements.

The forward-looking statements are based on certain key expectations and assumptions made by Artisan's management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities; the availability and cost of financing, labor and services; the impact of increasing competition; ability to market oil and natural gas successfully; and entering into a definitive agreement regarding the Acquisition, obtaining the necessary corporate approvals, obtaining the necessary regulatory approvals, including the approval of the TSX Venture Exchange, and satisfaction of the other conditions to closing the Acquisition, the Concurrent Private Placement and the other transactions referred to in this press release, and on the timeframes contemplated.

While Artisan believes the expectations reflected in the forward-looking statements are reasonable, actual results and developments may differ materially from those contemplated by these statements as a result of known and unknown risks, including, but not limited to, the following: volatility in market prices for oil and natural gas; operating risks inherent in oil and natural gas operations; general economic conditions; competition for, among other things, capital, acquisitions of reserves, and personnel; equipment and labour shortages and inflationary costs; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the effect of weather conditions on operations and facilities; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; and stock market volatility. As a result, no assurance can be given that any of the events anticipated by the forward-looking statements contained herein will transpire or occur, or if any of them do so, what benefits will be derived therefrom. The foregoing list of risks is not exhaustive.

The forward-looking statements contained in this news release are made as at the date of this news release and Artisan does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Readers are urged to consider these factors carefully in evaluating any forward-looking information.

Additional information on other factors that could affect Artisan's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Where volumes are expressed on a barrel of oil equivalent ("boe") basis, natural gas has been converted at a ratio of six thousand cubic feet ("Mcf") to one barrel ("Bbl"). This ratio 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 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 Mcf: 1 Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.

Estimated values of future net revenues do not represent the fair market value of the reserves.

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