

# Proposed Amalgamation of Pan African Oil Ltd. With a Wholly-Owned Subsidiary of Eco (Atlantic) Oil & Gas Ltd.

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TORONTO, Dec 19, 2014 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) ("Eco Atlantic") (TSX VENTURE:EOG) (NSX:EOG) and [Pan African Oil Ltd.](#) ("Pan African") (TSX VENTURE:PAO) are pleased to announce that Pan African, Eco Atlantic and 1864361 Alberta Ltd., a wholly-owned subsidiary of Eco Atlantic ("Subco") have entered into an amalgamation agreement (the "Amalgamation Agreement") pursuant to which Pan African and Subco will amalgamate and the former shareholders of Pan African will receive (subject to adjustment) up to 0.326 (the "Exchange Ratio") of a common share of Eco Atlantic (an "Eco Share") in exchange for each common share of Pan African (a "PAO Share") formerly held (the "Amalgamation"). The resulting corporation will be a wholly-owned subsidiary of Eco Atlantic.

The Amalgamation will strengthen Eco Atlantic's position as the dominant license holder offshore Namibia, a region with the potential to deliver world-class petroleum discoveries. The Amalgamation will also deliver cost savings and other efficiencies for the combined Namibian operations.

In connection with the Amalgamation, each one common share purchase warrant of Pan African will be exchanged for one common share purchase warrant of Eco Atlantic, with the exercise price and number of Eco Shares issuable adjusted to account for the Exchange Ratio. Additionally, each one incentive stock option of Pan African will be exchanged for one incentive stock option of Eco Atlantic, with the exercise price and number of Eco Shares issuable to be adjusted to account for the Exchange Ratio.

The Amalgamation is subject to a number of conditions typical in a transaction of this nature, including without limitation, the approval by (i) at least 66 2/3% of the votes cast by Pan African shareholders, and (ii) a majority of the minority of Pan African shareholders in accordance with Multilateral Instrument 61-101 - Protection of Minority Shareholders in Special Transactions ("MI 61-101") at a special meeting of Pan African shareholders, expected to be held January 21, 2015 (the "Meeting"), and the approval of the TSX Venture Exchange (the "TSXV"). Pan African is exempt from the formal valuation requirements of Section 4.3 of MI 61-101 pursuant to an exemption provided in Section 4.4(a) of MI 61-101.

On closing of the Amalgamation, Eco Atlantic expects to receive, in addition to Pan African's Namibian petroleum licenses, approximately \$3.1 million in cash (the "Closing Balance"). To the extent the Closing Balance excluding transaction costs is less, the Exchange Ratio will be adjusted.

## Lock-Up Agreements and Voting Support Agreements

Eco Atlantic and Pan African have agreed to deliver lock-up agreements with their respective directors and officers and each shareholder holding or exercising control or direction over 10% or more of the aggregate issued and outstanding PAO Shares or Eco Shares, as applicable. The lock-up agreements will provide that such directors, officers and shareholders will, among other things, not to assign or transfer their Eco Shares for up to six (6) months from the effective date of the Amalgamation.

Pan African has also agreed to deliver voting agreements from each Pan African director and officer and each shareholder holding or exercising control or direction over 10% or more of the aggregate issued and outstanding PAO Shares. The voting agreements provide that such directors, officers, and shareholders will support and vote in favour of the Amalgamation at the Meeting.

## Pan African Management

Immediately prior to the closing of the Amalgamation, Pan African's employment agreements with Mr. Wine, an officer and director of Pan African, and Mr. Miller, an officer of Pan African, will be terminated. Upon termination, Messrs. Wine and Miller will receive change of control payments in an amount not to exceed \$300,000 in the aggregate, which amount represents a significant discount to the change of control payments which would otherwise have been payable to Messrs. Wine and Miller under the terms of their respective employment agreements with Pan African. Subsequently, Messrs. Wine and Miller will be

engaged by Eco Atlantic as consultants to facilitate the incorporation of Pan African's assets in the Republic of Namibia into Eco Atlantic's current portfolio of petroleum assets and will receive an aggregate of 1,200,000 Eco Atlantic stock options.

In connection with the Amalgamation, Pan African and Eco Atlantic have agreed to transfer all of the issued and outstanding securities of PAO Energy Ltd., a wholly-owned subsidiary of Pan African operating in the Federal Republic of Nigeria, to Messrs. Wine and Miller, or their nominee. Pan African and Eco Atlantic have also agreed to transfer all rights, title and interest in the names, URL, logos, and the registered marks or trademarks of Pan African and certain of its subsidiaries to Messrs. Wine and Miller, or their nominee.

### **Advisory Fees**

In connection with the Amalgamation, Pan African expects to pay an advisory fee in the amount of \$175,000 to an arm's length party.

### **Eco Atlantic Amends Outstanding Stock Options**

Eco Atlantic announces that, further to its news release dated August 29, 2014, it amended the terms of its 5,920,000 issued and outstanding stock options by reducing the exercise price of the options to \$0.30 per Eco Share.

### **About Pan African**

[Pan African Oil](#) is an Africa-focused oil and gas explorer. Through its wholly-owned subsidiary, Pan African Oil Namibia (Pty) Ltd., Pan African operates two licenses offshore Namibia which cover close to 13,000 square kilometers. Pan African has completed the first term work commitments for both licenses and has identified a new and potentially very prospective geological fairway.

### **About Eco Atlantic**

[Eco Atlantic](#) is an oil and gas exploration company focused on the new and burgeoning energy play in Namibia. Through a wholly owned Namibian subsidiary ("Eco Namibia"), it holds four petroleum licenses issued by the Government of the Republic of Namibia. Offshore in the Walvis Basin, Eco Atlantic holds three license blocks covering more than 25,000 square kilometers (6,177,000 acres). Eco Atlantic holds an additional license block covering 23,000 square kilometers (5,683,000 acres) which includes both onshore and offshore areas. Founded in 2008, Eco Namibia enjoys a strong local presence and has a longstanding relationship with the energy and oil and gas sector in Namibia and the region. The terms and conditions of these licenses are regulated by agreements signed by Eco Namibia with the Government of the Republic of Namibia in March 2011, as amended.

### **Forward Looking Statements**

**CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS:** *This press release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information in respect of Pan African and Eco Atlantic reflects Pan African's or Eco Atlantic's, as the case may be, current beliefs and is based on information currently available to Pan African and Eco Atlantic, respectively, and on assumptions Pan African or Eco Atlantic, as the case may be, believes are reasonable. These assumptions include, but are not limited to, management's assumptions about the satisfaction of the conditions precedent under the Amalgamation Agreement, including, without limitation, the receipt TSXV approval and of the requisite shareholder approval, and the closing of the Amalgamation. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Pan African or Eco Atlantic to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, without limitation: general business, economic, competitive, political and social uncertainties; commodity prices; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting*

*Eco Atlantic; timing and availability of external financing on acceptable terms; the drilling and completion of future wells; and limited available geological data. Although Pan African and Eco Atlantic have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.*

*The forward-looking statements contained in this press release represent the expectations of Pan African and Eco Atlantic as of the date of this press release and, accordingly, are subject to change after such date. However, Pan African and Eco Atlantic each expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.*

*Neither the 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 press release.*

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