

Condor Petroleum Inc. to Acquire Marsa Energy Inc.

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CALGARY, Jan 7, 2016 - [Condor Petroleum Inc.](#) (TSX:CPI) (Condor) and [Marsa Energy Inc.](#) (TSX VENTURE:MEP) (Marsa) are pleased to announce that they have entered into an agreement (the Arrangement Agreement) that provides for the acquisition of Marsa by Condor, to create a well-capitalized company with significant exploration and development assets. The acquisition will be effected by way of a plan of arrangement (the Arrangement) under the *Business Corporations Act* (Alberta).

Pursuant to the Arrangement Agreement, all of the issued and outstanding common shares of Marsa (Marsa Shares) will be exchanged for common shares of Condor (Condor Shares) based on an exchange ratio of 1.84326 Condor Shares for each Marsa Share held. Based on Condor and Marsa's respective 20-day volume-weighted average trading prices, this represents a 53.7% premium to Marsa's 20-day volume-weighted average trading price. Former holders of Marsa Shares (Marsa Shareholders) will hold 20% of the total issued and outstanding Condor Shares immediately following completion of the Arrangement.

Strategic Rationale:

"This acquisition is compelling for Condor, delivering significant strategic, financial and operational benefits by providing near term sustainable cash flow and additional long-term growth potential for the Company and shareholders alike. Leveraging off Condor's strong balance sheet to bring Marsa's Poyraz Ridge discovery to market and combining the highly prolific prospect inventories should add significant shareholder value over the coming years." commented Don Streu, President and CEO of Condor.

"Marsa has an excellent portfolio of Turkish production licenses with significant growth potential. This transaction will result in a stronger company with the increased ability to develop Marsa's assets, including the Poyraz Ridge field. As a result, Marsa Shareholders will be better positioned for future growth and increased upside." commented Blair Anderson, President and CEO of Marsa.

Key Attributes of Marsa:

- Marsa holds a 100% working interest in and operates four production licenses located in the Gallipoli Peninsula (European part) of the Republic of Turkey. Turkey has a top quartile stable fiscal regime with a flat 12.5% royalty rate, 20% corporate income tax rate, no government back-in rights and very strong gas demand and pricing.
- Marsa's Poyraz Ridge production license contains gas reserves (working interest, before royalties) of 9.8 bcf of 1P, 21.2 bcf of 2P and 35.8 bcf of 3P as of December 31, 2014¹.
- A 10 mmcf per day gas plant, gathering system and pipeline interconnect are planned to be in place for first gas sales as early as Q2 2017.
- Approximately US\$25 million is forecast to bring the Poyraz gas to market and a substantial portion of this capital is planned to be financed through a reserve based lending facility.

Pro Forma outlook:

- Enhanced Reserve Base - Marsa's 3.7 mmboe of 2P reserves and 6.3 mmboe of 3P reserves increases Condor's 2P and 3P pro forma reserves to 5.4 mmboe and 9.4 mmboe respectively (working interest, before royalties)¹.
- Material Near Term Catalysts - Cash flow from Poyraz Ridge is expected to commence as early as Q2 2017. Further delineation exploration drilling in Turkey to identify incremental reserves and continued development drilling at the Shoba oil field in Kazakhstan will commence in 2016. Additional gas discoveries on other production licenses held in Turkey, including the Destan field discovered in 2011, will be tied into the Poyraz infrastructure to enhance near term production volumes.

- **Increased Prospect Inventory** - The transaction adds a number of exciting exploration prospects, leads and new plays with significant resource exposure to support future reserves and production growth. This diverse exploration portfolio benefits from modern seismic data, offsetting analogues and recent learnings to generate potentially high impact prospects.
- **Provides Access to Debt Capital Markets** - Condor's balance sheet strength is expected to assist in securing a US\$20 million reserve-based credit facility that Marsa has been negotiating with international lenders to fund development of the Poyraz Ridge gas field.
- **Preserves Balance Sheet Strength** - The Arrangement, structured as a share-for-share transaction, preserves Condor's currently estimated \$47 million of working capital to ensure the pro forma company's projects are fully funded.

Reserves disclosure contained in this news release reflect the separate reserves reports of Sproule International Limited for Condor as of December 31, 2014 and of DeGolyer and MacNaughton for Marsa as of December 31, 2014 which contain different price and cost assumptions. Both reserves reports were prepared in accordance with National Instrument 51-101 - Standards for Disclosure of Oil and Gas Activities (NI 51-101) by independent qualified reserves evaluators.

The Arrangement:

Completion of the Arrangement is subject to the satisfaction of a number of conditions, including the receipt of requisite shareholder, court, regulatory and stock exchange approvals, and satisfaction of certain other closing conditions that are customary for a transaction of this nature. The Arrangement requires approval by not less than (i) two thirds of the votes cast by Marsa Shareholders, voting in person or by proxy, at a special meeting expected to be held on or about February 24, 2016 (the Marsa Meeting) and (ii) if required, a majority of the votes cast by Marsa Shareholders present in person or represented by proxy at the Marsa Meeting, after excluding the votes as required by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*. The Arrangement also requires the approval of the Court of Queen's Bench of Alberta.

Condor intends to hold its Special Meeting on or about February 24, 2016 (the Condor Meeting) to approve the issuance of Condor Shares under the Arrangement. Subject to the completion of the Arrangement, Condor also intends to undertake a 10-to-1 share consolidation, subject to approval of the Condor Shareholders at the Condor Meeting.

Under the terms of the Arrangement Agreement, Marsa has agreed that it will not solicit or initiate any inquiries or discussions regarding any other business combination or sale of assets unless approved by Condor. Marsa has also granted Condor the right to match any superior proposals. The Arrangement Agreement also provides for a reciprocal non-completion fee of \$250,000. For more information on the Arrangement and the Arrangement Agreement, please refer to the full Arrangement Agreement, a copy of which will be filed by each of Condor and Marsa on SEDAR and will be available for viewing under their respective profiles on www.sedar.com.

The Arrangement is intended to be structured as a tax deferred rollover for Marsa Shareholders. The mailing of a joint information circular to the Marsa Shareholders and Condor Shareholders in connection with the Marsa Meeting and the Condor Meeting is expected to occur in late January 2016. The closing of the Arrangement is expected to occur on or about February 25, 2016 provided that all shareholder, Court, stock exchange and regulatory approvals are obtained and all conditions precedent to the completion of the Arrangement are satisfied or, if permitted, waived.

Upon completion of the Arrangement, it is expected that J. Scott Price, current Chairman of Marsa, will be appointed to the Condor board of directors (the Condor Board).

Board Recommendations:

The Condor Board has determined that the Arrangement is in the best interests of Condor and has unanimously approved the Arrangement and entering into the Arrangement Agreement and has resolved to recommend that Condor Shareholders vote in favour of the resolution allowing for the issuance of Condor Shares under the Arrangement. Condor directors, officers and certain insiders, representing approximately 40% of the Condor Shares, have each agreed to vote in favour of the Arrangement at the Condor Meeting. Dundee Capital Markets acted as strategic advisor to Condor in connection with the Arrangement.

Black Spruce Merchant Capital Corp. (Black Spruce) is acting as exclusive financial advisor to Marsa in

connection with the Arrangement and has provided the board of directors of Marsa (the Marsa Board) with its verbal opinion that, as of the date hereof, subject to receipt and review of the final documentation related to such opinion and the Arrangement, and certain assumptions, limitations and qualifications, the consideration to be received by the Marsa Shareholders is fair, from a financial point of view, to the Marsa Shareholders.

The Marsa Board has unanimously approved the Arrangement Agreement and, based on a number of factors, including the fairness opinion provided by Black Spruce, determined that the Arrangement is in the best interests of Marsa, is fair to Marsa Shareholders, and has resolved to recommend that Marsa Shareholders vote in favour of the Arrangement. Marsa directors and officers, representing approximately 30.2% of the Marsa Shares, have each agreed to vote in favour of the Arrangement at the Marsa Meeting.

About Condor:

Condor is a Canadian based oil and gas company with a 100% interest in the exploration rights to the 3,777 square kilometer Zharkamys West 1 Territory located in Kazakhstan's Pre-Caspian basin. Condor is listed on the TSX under the symbol "CPI".

About Marsa:

Marsa is an international energy company engaged in the acquisition, exploration, development and production of oil and natural gas and has a 100% working interest in four contiguous production licenses covering approximately 171 square kilometers located on the Gallipoli Peninsula in the Republic of Turkey. Marsa is headquartered in Calgary, Alberta, Canada and is publicly traded on the TSX Venture under the symbol "MEP".

Advisory on Reserves information

This news release includes information pertaining to the independent Evaluation of the P&NG Reserves of Condor in the Zharkamys West 1 Territory, Kazakhstan as of December 31, 2014 prepared by Sproule International Limited and the independent Appraisal Report as of December 31, 2014 on the Reserves attributable to the Poyraz Ridge Field in the Thrace Basin, Turkey for Marsa prepared by DeGolyer and MacNaughton which were prepared by qualified reserves evaluators in accordance with NI 51-101.

Statements relating to reserves are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated. The reserve estimates described herein are estimates only. The actual reserves may be greater or less than those calculated. Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be material, in the estimated reserves.

BOE Presentation. References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy 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.

Advisory on Forward-Looking Statements

All statements other than statements of historical fact may be forward-looking statements. Such statements are generally identifiable by the terminology used, such as "seek", "anticipate", "believe", "intend", "expect", "plan", "estimate", "continue", "project", "predict", "budget", "outlook", "may", "will", "should", "could", "would" or other similar wording. Forward-looking statements in this news release includes but is not limited to the ability and timing of: executing the Plan of Arrangement, satisfying the various conditions, obtaining the required approvals and completing the acquisition of Marsa by Condor; attaining sustainable cash flows, adding growth potential, bringing projects to market and adding shareholder value; obtaining the reserve-based credit facility under favourable terms, the amount of the facility and the use of proceeds thereon; realizing the forecasted gas prices; developing the gas reserves and delivering first gas; funding

future development and exploration activities and the cost of such activities; accessing gas sales markets; making further gas discoveries and developing these discoveries; tying any future gas discoveries into the Poyraz Ridge field infrastructure; identifying incremental reserves; obtaining necessary permits, approvals and licenses and contracts to conduct exploration, development and production activities; further development activities at Shoba; conducting the Marsa shareholder meeting and receiving Marsa shareholder approval; conducting the Condor meeting and receiving Condor shareholder approval; satisfying other closing conditions; obtaining Condor shareholder approval for the share consolidation; preparing and mailing the joint information circular; appointing J. Scott Price to the Condor Board; obtaining the final Black Spruce fairness opinion; and the estimated working capital. Forward-looking statements involve the use of certain assumptions that may not materialize or that may not be accurate and are subject to known and unknown risks and uncertainties and other factors, which may cause actual results or events to differ materially from those expressed or implied by such information. Condor and Marsa operations are also subject to certain other risks and uncertainties inherent with oil and gas operations and additional information on these and other factors that could affect respective operations and financial results.

These factors are discussed in greater detail in each respective Condor and Marsa Annual Information Form which may be accessed through each company's profile on the SEDAR website (www.sedar.com). Condor and Marsa believe that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Condor and Marsa do not undertake any obligation to update or to revise any of the forward looking information, except as required by applicable law.

Abbreviations:

bcf	billion cubic feet
mmcf	million cubic feet
mmboe	million barrels of oil equivalent
1P	Proved reserves
2P	Proved plus Probable Reserves
3P	Proved plus Probable plus Possible Reserves

Contact

[Condor Petroleum Inc.](#)

Don Streu, President & Chief Executive Officer
Sandy Quilty, Vice President Finance &, Chief Financial Officer
403-201-9694

[Marsa Energy Inc.](#)

Blair Anderson, President & Chief Executive Officer
banderson@marsaenergy.com
403-930-6202

Ricardo Montes, Vice President Finance, & Chief Financial Officer
rmontes@marsaenergy.com
403-930-6206

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