

Iron Bridge Recommends Shareholders REJECT Velvet Energy's Hostile Offer

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[Iron Bridge Resources Inc.](#) ("Iron Bridge", "IBR" or the "Company") (TSX:IBR) today announced that its Board of Directors (the "Iron Bridge Board" or "Board"), based upon the recommendation of its independent Special Committee, unanimously recommends that IBR shareholders REJECT the unsolicited offer from Velvet Energy Ltd. ("Velvet Energy" or "Velvet") to acquire all of the issued and outstanding common shares of IBR ("Common Shares") at a price of \$0.75 per Common Share in cash (the "Offer").

As described in the Letter to Shareholders and Directors' Circular filed today by the Company, the Iron Bridge Board carefully reviewed and considered the terms and conditions of the Offer, with the assistance of its legal and financial advisors. On the basis of multiple factors, including an inadequacy opinion received from Cormark Securities Inc., its independent financial advisor, the Board has unanimously concluded that the Offer is not in the best interests of Iron Bridge shareholders.

The Company has the support of its largest shareholders in rejecting the Offer. IBR shareholders who together own approximately 36% of the outstanding Common Shares, including the Company's two largest institutional shareholders, have indicated that they will not tender their Common Shares in response to the Velvet Offer.

Commenting on Velvet's Offer, Josh Young, non-executive Chairman of Iron Bridge, said, "The Board has determined that Velvet Energy's predatory and conditional offer with its meagre premium substantially undervalues Iron Bridge and is not in the best interest of our shareholders. This cash take-over proposal would transfer all of the upside from our premium Montney asset to Velvet Energy at the expense of Iron Bridge shareholders. With a world-class asset, a strong development plan, access to growth capital and a veteran management team, Iron Bridge is poised to deliver superior long-term shareholder returns and considerable value appreciation over the next 12 to 18 months, which is why we strongly recommend shareholders reject what is essentially a "smash and grab" effort by Velvet Energy. Potential white knight and strategic capital partners have already emerged – a superior alternative could surface."

The Board's recommendation to IBR shareholders is that they REJECT the Offer and DO NOT TENDER their Common Shares. If shareholders have tendered their Common Shares in error and wish to WITHDRAW, they simply need to ask their broker or Evolution Proxy, Inc. (contact information below) for assistance with this process. A more detailed discussion of the reasons for rejecting the unsolicited Offer and the inadequacy opinion provided by Cormark Securities Inc. is contained in the Directors' Circular that is to be mailed to each of Iron Bridge's shareholders and filed with Canadian Securities regulatory authorities. The Directors' Circular will also be made available on SEDAR (www.sedar.com) and on the Company's website (www.ironbridgeres.com).

The full text of the Board's letter to Iron Bridge shareholders follows:

Reject Velvet's Hostile Offer: It Significantly Undervalues Your Investment in Iron Bridge

June 13, 2018

Dear Fellow Shareholder,

The Board of Directors (the "Board") of Iron Bridge Resources Inc. ("Iron Bridge")

or the "Company") believes your Company is well positioned to deliver superior, long-term Shareholder returns. Against this backdrop, Velvet Energy Ltd. ("Velvet" or the "Offeror") has launched an unsolicited, hostile offer to acquire Iron Bridge (the "Offer"). Velvet's Offer significantly undervalues your investment in Iron Bridge. The all-cash Offer will only ensure that Velvet, not you, receives all future upside from Iron Bridge's assets.

Velvet has demonstrated that it has no interest in negotiating a transaction and it commenced its tender offer in the hopes of trying to grab Iron Bridge cheaply. While the Company's highly sought-after, oily Montney acreage represents a key impediment to Velvet's development plans, the Offer would benefit only Velvet and its private equity backers without sharing any benefit with shareholders of Iron Bridge ("Iron Bridge Shareholders" or "Shareholders"). Your Board has undertaken a full review of Velvet's hostile Offer. With the assistance of independent external financial and legal advisors, the Board has determined that the Offer significantly undervalues the Company and recommends that Shareholders REJECT Velvet's Offer. To reject the Offer, simply take no action and discard any materials received from Velvet.

Velvet's Offer is Flawed and Significantly Undervalues Your Investment in Iron Bridge

Iron Bridge Shareholders have weathered a challenging, industry-wide downturn, and, in the last 10 months, a significant restructuring of the business. Iron Bridge is now well-positioned with the right assets and the right team to benefit from the cyclical recovery of the oil and gas sector. The Velvet Offer does not recognize the current value of Iron Bridge, strips Shareholders of the substantial, near-term upside of the Company's assets and provides no premium for the synergies Velvet would claim from combining the lands, as demonstrated by:

- Velvet is offering Iron Bridge Shareholders a meagre premium of 27% to the closing price of Iron Bridge on May 18, 2018, only days after the Company announced its highly positive Gold Creek Montney well production results. Velvet's claim to offer a 58% premium relative to the closing price on May 11, 2018, is highly misleading and conveniently ignores this timeline of events.
- The all-cash Offer deliberately strips Iron Bridge's Shareholders of their ability to maintain exposure to the growth upside of the Company's Gold Creek Montney asset and the improvement in the commodity sector. It also does not reflect the fact that acquirers typically pay a higher premium to fairly compensate a company that is not actively seeking offers to sell. Shareholders would be surrendering their ownership at the cycle bottom.
- Iron Bridge's lands are in the very heart of the oily Montney fairway and represent an impediment to Velvet's development plans. Despite the significant strategic value an acquisition of these lands would deliver to Velvet, its Offer shares none of this benefit with Iron Bridge Shareholders.
- The Offer significantly undervalues the Company relative to its sum-of-the-parts build-up value driven by precedent Montney land transactions. In fact, the Offer price captures less than 15% of the Gold Creek Montney resource value potential.
- The Company's independent financial advisor, Cormark Securities Inc., has provided a fairness opinion which states that the consideration to be received by the holders of Iron Bridge shares pursuant to the Velvet Offer is inadequate, from a financial point of view, to Iron Bridge Shareholders.

Management Has a Viable Plan to Generate Substantial Value for Shareholders

Contrary to Velvet's misrepresentations, Iron Bridge's long-term financial and operational prospects are strong. The Company is well positioned to realize significant value for Shareholders from the development of its large, 77.5 net section land block in the oil-rich window of the Gold Creek Montney formation, which management estimates to contain 3.2 billion barrels of unrisks original-oil-in-place ("OOIP") and 2.7 trillion cubic feet of original-gas-in-place ("OGIP"):

- The Company has access to capital to pursue its growth plans. Our early-stage net asset value of \$1.25 per share calculated at year-end 2017 is readily financeable in today's capital markets and represents only 28 of the Company's more than 500 identified undeveloped drilling locations. Several weeks prior to Velvet's bid, Iron Bridge initiated discussions with a number of parties who are prepared to provide capital for the Company's development program. Iron Bridge has term sheets in-hand and expects more in the coming weeks. The level of interest from these parties speaks to the growth potential of the Company's assets and management's ability to convert these assets into production and cash flow. The Company is confident in its ability to finance its development plan.
- Velvet is intentionally misleading shareholders by pointing to cost structures that relate to a finite period of time when the Company had intentionally shut-in production for operational reasons. Cash costs that Velvet claims were \$29.33/boe in the first quarter of 2018 were in fact approximately \$17.95/boe on the date of its Offer and is expected to decrease more as production grows. General and administrative costs that Velvet claims were \$9.54/boe in the first quarter were in fact approximately \$3.75/boe on the date of its Offer and is anticipated to drop commensurate with production growth. Moreover, it is misleading to compare our costs as an early-stage oil growth company on a per-boe basis to a later-stage gas producer like Velvet due to our growth trajectory and the fact that our produced barrels have higher liquids content and are worth more.
- As part of restructuring Iron Bridge's management and Board only 10 months ago, senior technical leaders with more than 115 years of combined operating history joined Iron Bridge. This team has unparalleled experience drilling high-intensity, multi-frac horizontal wells. Furthermore, management and other insiders hold approximately 15% of the common shares outstanding and are fully aligned with Shareholders' interests.
- The Company is exploring all options to maximize value for Shareholders. As previously disclosed, the Special Committee of the Board has instructed its financial advisor to prepare and conduct a formal process to explore strategic alternatives, including continuing as an independent company, a merger or partnership with a strategic or financial partner, or a sale reflecting the full and fair value for Iron Bridge Shareholders.

Velvet Energy is a Private-Equity-Vehicle Using Aggressive, Questionable Tactics to Obtain Your Shares

Velvet is primarily backed by private-equity investors who are no doubt attracted to the significant upside and critical mass that Iron Bridge offers. Velvet likely also recognizes that, without this acquisition, its own land holdings present substantial development challenges. Rather than negotiating a mutually beneficial transaction, Velvet chose to launch a hostile bid while Iron Bridge's stock price was weak. Despite the Company's willingness to enter into exclusive discussions, Velvet even refused to accept a customary, but short, three-day standstill proposal to do so. Velvet has demonstrated no interest in engaging in beneficial mutual negotiations.

These aggressive maneuvers were mirrored by its shocking actions on the legal front. Velvet's law firm, Bennett Jones LLP, was retained by the Iron Bridge Board only 12 months ago to provide advice on an earlier approach by Velvet to acquire Iron Bridge. At that time, the law firm had access to confidential and commercially sensitive information. The same partner who previously advised the Board is now the lead legal advisor for the hostile Offer. Iron Bridge is considering its legal options regarding this severe conflict of interest and potential disclosure and misuse of Iron Bridge confidential information to Velvet, enabling Velvet to make the Offer.

A Large Percentage of Iron Bridge Shareholders Have Already Rejected the Velvet Offer

Shareholders with a total ownership interest of approximately 30% of the shares outstanding, including insiders and the two largest institutional Shareholders, have voiced considerable support for the Board's recommendation and have declared their intention to reject the Offer. Further, since Velvet has formally commenced the Offer, additional Shareholder groups representing approximately 6% of the total common shares outstanding have provided similar support. Thus, Shareholders representing a combined approximately 36% of the common shares outstanding support the Board's view that Iron Bridge is capable and well positioned to realize considerable value appreciation over the next 12 to 18 months.

The Board of Directors of Iron Bridge unanimously recommends that you REJECT the Offer and DO NOT TENDER your common shares. To reject the Offer, simply TAKE NO ACTION.

Please read the accompanying Directors' Circular in its entirety. It details the 17 principal reasons we

believe Shareholders should REJECT Velvet's low-premium Offer, and it provides the complete background to Velvet's Offer, including significant facts that the Velvet circular omitted or mischaracterized.

If you have tendered your shares in error and wish to WITHDRAW, simply ask your broker or Evolution Proxy, Inc. (see contact information below) to assist you with this process.

Thank you for your consideration and for your support.

Sincerely,

“Josh Young” “Rob Colcleugh”
Josh Young Rob Colcleugh
Chairman of the Board Chief Executive Officer
[Iron Bridge Resources Inc.](#) [Iron Bridge Resources Inc.](#)

How to Withdraw Tendered Common Shares

To reject the unsolicited Offer, you should do nothing. Shareholders who have already tendered their Common Shares to the unsolicited Offer can withdraw them at any time before they have been taken up and accepted for payment by Velvet Energy. Shareholders holding shares through a dealer, broker or other nominee should contact such dealer, broker or nominee to withdraw their Iron Bridge Common Shares.

Advisors

Cormark Securities Inc. is acting as financial advisor to the Company, Torys LLP as legal advisor, Evolution Proxy as information agent, and Gagnier Communications as strategic communications advisor.

Reader Advisories

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to the unsolicited takeover bid from Velvet and Iron Bridge's recommendation to shareholders to reject such bid, and the potential emergence of any white knight or strategic capital partner, or than any such white knight or strategic capital partner will make a proposal on terms that are favourable to Shareholders, or at all, the future development plans of Iron Bridge, the future performance of Iron Bridge and potential shareholder returns. These forward-looking statements and information are based on certain key expectations and assumptions made by Iron Bridge. Although Iron Bridge believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Iron Bridge cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties, actual results could differ materially from those currently anticipated due to a number of factors and risks.

For additional information on risks and uncertainties, see the Company's annual information form for the year ended December 31, 2017 (“AIF”,) and most recently filed quarterly management's discussion & analysis (“MD&A”), which are available on SEDAR at www.sedar.com. The risk factors identified in the AIF and MD&A are not intended to represent a complete list of factors that could affect the Company.

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Contact

For more information, please contact:

Company

Rob Colcleugh, 403-930-6333

Chief Executive Officer

rcolcleugh@ironbridgeres.com

or

Dean Bernhard, 403-930-6304

Vice President, Finance and Chief Financial Officer

dbernhard@ironbridgeres.com

or

Investors

Evolution Proxy

844-226-3222 (North America)

+1 (416) 855-0238 (Outside North America)

info@evolutionproxy.com

or

Media

Gagnier Communications

Dan Gagnier, 646-569-5897

dg@gagnierfc.com

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