

Labrador Technologies Inc. Provides Update on Proposed Oil and Gas Property Acquisition

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Concurrent Financings, Debt Extending Agreement, Credit Facility, Filing Statement and Name Change

CALGARY, Nov. 2, 2022 - [Labrador Technologies Inc.](#) (the "Corporation" or "Labrador") (TSXV:LTX) is pleased to provide an update pertaining to its previously announced proposed arm's length acquisition of oil and gas interests in the Atlee Buffalo area of Alberta (the "Acquisition"). The Acquisition will be accompanied by concurrent financings (the "Concurrent Financings"), a debt extending agreement which will extend the repayment date of certain of the Corporation's trade payables and outstanding loans (the "Debt Extending Agreement") and the entering into of a credit facility (the "Credit Facility"). Taken together, the Acquisition, the Concurrent Financings, the Debt Extending Agreement and the Credit Facility are intended to complete a change of business of the Corporation into the oil and gas exploration and production business and are referred to herein as the "COB Transactions" (please refer to the Corporation's press releases dated April 5, 2022 and April 6, 2022).

Certain of the terms of the COB Transactions have been modified with such new terms incorporated herein.

The Acquisition

The Acquisition will be completed pursuant to a purchase and sale agreement between Labrador and Kasten Energy Inc. (the "Vendor") executed by Kasten and Labrador on April 6, 2022, including the schedules thereto, as amended and restated on September 7, 2022 (the "PSA"). The PSA contains the following provisions:

- 1) the effective date of the Acquisition will be March 31, 2022;
- 2) the purchase price will be \$782,000 (the "Purchase Price"), payable through:
 - a) a deposit of \$25,000, which was paid by the Corporation to the Vendor on April 6, 2022 (the "Initial Deposit");
 - b) a cash payment in the amount of \$175,000 at closing (the "Second Cash Payment");
 - c) the issuance by Labrador to the Vendor of a non-interest bearing convertible debenture in the amount of \$350,000 which will mature two (2) years from the date of issue (the "Convertible Debenture"). The Convertible Debenture may be converted into common shares of the Corporation at the option of either the holder or the Corporation for a period of 2 years from the date of issue. The conversion price during the first year will be \$0.05 per common share and will be \$0.10 per common share for the second year. The terms of the Convertible Debenture will prohibit any conversion for the first six months following its issuance and will prohibit conversion if it will result in the creation of a new Control Person (as defined in the policies of the TSX Venture Exchange) of the Corporation without first having obtained the prior acceptance of the TSX Venture Exchange (the "TSXV") and the approval of the shareholders of the Corporation; and
 - d) the issuance by Labrador to the Vendor of a promissory note ("Promissory Note") in the amount of \$232,000. The Promissory Note will be repayable two (2) years after the date of issue, shall bear interest at a rate of seven percent (7%) per annum and shall be secured by a first charge general security agreement.

Concurrent Financings

In order that the Corporation meet the minimum capital requirement of the TSXV at closing of the COB Transactions, including having the funds required to complete certain development operations on the property making up the Acquisition, funding of ongoing general and administrative costs and having a minimum of \$100,000 of unallocated working capital, the Corporation must complete a private placement of common shares at a price of \$0.05 per common shares for gross proceeds of a minimum and maximum of \$200,000 (the "PP") and also close a private placement of "flow-through" common shares at a price of \$0.05

per flow-through common share for gross proceeds of a minimum of \$360,000 and a maximum of \$5,000,000 (the "Flow-Through PP"). The PP and the Flow-Through PP will be non-brokered, and the Corporation may pay finders fees or commissions of up to seven percent (7%) in respect of subscriptions brought by eligible finders or brokers. Closing of the PP and the Flow-Through PP for minimum gross proceeds of \$200,000 and \$240,000, respectively, are also conditions for closing of the Acquisition pursuant to the PSA.

Credit Facility

The Corporation entered into the arm's length Credit Facility with KSS Capital Partners Inc. (the "Lender") in the amount of \$500,000 on April 4, 2022. Advances have been made under the Credit Facility in the amount of \$50,000 with such funds having been used to fund certain ongoing payables, to fund the costs of preparing the Technical Report, to pay the Initial Deposit and to fund the costs of preparing the filing statement required by the TSXV for the COB Transactions (the "Filing Statement"). On October 25, 2022, the Credit Facility was amended to increase the facility from \$500,000 to \$650,000. Further advances under the Credit Facility are anticipated to be made to fund the Second Cash Payment and to cover certain additional costs associated with audit and legal fees associated with the Filing Statement and related materials including the review of the Corporation's regular financial statements and the preparation and review of proforma financial statements associated with the COB Transactions. Advances made pursuant to the Credit Facility will be evidenced by promissory notes issued by the Corporation and will be secured by a general security agreement which is subordinated to the Promissory Note being issued to the Vendor in relation to the Acquisition.

Debt Extending Agreement

The Corporation has entered into the arm's length Debt Extending Agreement dated September 26, 2022 whereby the terms of repayment of certain existing trade payables of, and loans payable by, the Corporation totaling \$287,137.88 have been extended such that they will be repayable two (2) years from the date of closing of the COB Transactions. The amounts due under the Debt Extending Agreement will bear interest at a rate of seven (7) percent per annum.

Technical Report

The Corporation commissioned, and received, an evaluation of the property that is the subject of the Acquisition (the "Property"). The evaluation was performed by Boury and Associates (the "Boury Report") and is compliant with National Instrument 51-101. The Boury Report formed the basis for negotiating the purchase price of \$782,000. The Boury Report was dated June 14, 2022 and includes a price forecast effective as at March 31, 2022. A copy of the Boury Report will be available for review under the Corporation's profile on Sedar at www.sedar.com. The Property consists of a sixty percent (60%) working interest in one section of land in the Atlee Buffalo area of Alberta upon which seven (7) wells are situated. One of those wells (the "Reactivation Well") was shut in during November 2006 after having produced approximately 69,900 bbls of oil with indicated productive capacity of approximately 90 bbls/day (gross) of oil during the three months preceding the well having been shut in. All wells associated with the Property have remained shut in since late 2007. The Boury Report has identified opportunities on the Property that include restoring the Reactivation Well to production and the drilling of two (2) horizontal wells on the Property. The Property also includes a fifty percent (50%) working interest in another adjacent section of land upon one (1) well is situated. The Boury Report did not evaluate those additional lands or the well situated thereon.

Filing Statement

The Corporation will prepare the Filing Statement pursuant to the policies of the TSXV, to provide particulars regarding the Corporation, the Acquisition and the Corporation after completion of the COB Transactions. A copy of the Filing Statement will be available for review under the Corporation's profile on Sedar at www.sedar.com.

Name Change

At the special meeting of shareholders of the Corporation held on January 31, 2022, the shareholders passed a resolution approving a change of the name of the Corporation to be more reflective of its business activities. In connection with closing of the COB Transactions, the Corporation will enact that resolution by amending its articles to change the name of the Corporation to Labrador Resources Inc.

Trading Halt

Trading in the common shares of the Corporation has been halted and will remain halted pending final approval of the TSXV after closing of the COB Transactions. There can be no assurance that closing of the COB Transactions will occur such that trading in the common shares of the Corporation will resume.

Shareholder Approval

The Corporation will not be obtaining shareholder approval of the COB Transactions pursuant to the policies of the TSXV as the COB Transactions is not a Related Party Transaction (as defined in the policies of the TSXV), the Corporation is without active operations, the Corporation is not and is not anticipated to be subject to a cease trade order and is anticipated to not otherwise be suspended from trading on completion of the COB Transactions, and shareholder approval of the COB Transactions is not required under applicable corporate laws and is not required under applicable securities laws.

Principals and Insiders

The following sets out the names and backgrounds of all persons who will constitute principals or insiders of the Corporation following closing of the COB Transactions.

Kaan Camlioglu - Chief Executive Officer, Corporate Secretary and Director

From 1996 to 2019, Mr. Camlioglu has held increasingly senior financial roles with a variety of public and private entities, including nearly a decade with the TSXV. Since January 2019, Mr. Camlioglu has been the Interim CEO of Labrador. Mr. Camlioglu is a Chartered Financial Analyst and Chartered Professional Accountant (CPA, CMA). He holds a Bachelor of Arts Degree (Economics) from the University of Calgary.

Jeffrey A. Howe - Chief Financial Officer and Director

Mr. Howe has been a director of the Corporation since 2003 and was CFO from 2006 to 2013 and subsequently appointed as Interim CFO in 2015. Mr. Howe was previously the Director of Finance for Pure Metal Galvanizing (a division of Valmont Industries). Formerly a principal with an accounting firm in the Technology, Communication and Entertainment practice, he has over 20 years of senior management, technical, and financial experience.

George A. Wilson - Director

Mr. Wilson is a retired Senior Partner who practiced corporate law at an international law firm in Toronto. Formerly, Mr. Wilson was a lecturer at Osgoode Hall Law School and the Managing Partner of a Toronto-based law firm. Mr. Wilson has over 50 years of business experience in corporate law and sits on numerous private company boards.

Jeffrey M. Graw - Proposed Director

Mr. Graw has over 30 years' experience as a business owner in the Alberta resource sector. Currently he is the President and a partner of a Calgary-based company specializing in seismic data acquisition and processing.

Cautionary Note

Completion of the COB Transactions is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable, disinterested shareholder approval. Where applicable, the COB Transactions cannot close until the required shareholder approval is obtained. There can be no assurance that the COB Transactions will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the Filing Statement to be prepared in connection with the COB Transactions, any information released or received with respect to the COB Transactions may not be accurate or complete and should not be relied upon. Trading in the securities of the Corporation should be considered highly speculative. The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed COB Transactions and has neither approved nor disapproved the contents of this news release. In addition to the above, the proposed COB Transactions are subject to a number of further conditions, including but not limited to: (a) closing conditions customary to transactions of the nature of the proposed COB Transactions; (b) approvals of regulatory bodies having jurisdiction in connection with the proposed COB Transactions including the TSXV.

There can be no assurance that the proposed COB Transactions will be completed as proposed or at all.

Forward Looking Statements

This news release contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information is typically, but not always, identified by the use of words such as "will", "intended", and similar words, including negatives thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking information in this news release includes, but is not limited to, statements regarding: the COB Transactions, including the proposed Acquisition and Concurrent Financings; the Credit Facility; the completion and filing of the Filing Statement; the proposed name change of the Company; and the proposed business and assets of Labrador.

Such forward-looking information is based on various assumptions and factors that may prove to be incorrect, including, but not limited to, factors and assumptions with respect to: the completion of the COB Transactions and the timing thereof; and the ability of the Company to successfully implement its strategic plans and initiatives and whether such strategic plans and initiatives will yield the expected benefits; the satisfactory fulfilment of all terms and conditions contained in the PSA; the receipt of all required approvals, including TSXV approval; and market acceptance of the COB Transactions. Although the Company believes that the assumptions and factors on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that it will prove to be correct or that any of the events anticipated by such forward-looking information will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom.

Actual results could differ materially from those currently anticipated due to a number of factors and risks including, but not limited to: conditions in the oil and gas industry; the risk that the COB Transactions will not be completed as anticipated or at all; the ability of management to execute its business strategy, objectives and plans; and the impact of general economic conditions. The forward-looking information included in this news release is made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise, except as required by applicable 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 release.

Not for Release in the United States of America

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