

# Pipestone Announces That ISS Reaffirms Recommendation That Shareholders Vote “FOR” Proposed Combination With Strathcona to Create a Leading Canadian Energy Producer

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## ISS Says Dissident’s Arguments “Do Not Appear Well Supported”

- Pipestone encourages all shareholders to vote FOR the Arrangement today to ensure their votes are counted; the proxy voting deadline is 10:00 a.m. (Calgary time) on Monday, September 25, 2023
- Have questions or need help voting? Call Kingsdale Advisors on 1-888-659-1824 (toll free in North America), email [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com), or visit [www.pipestonestrathcona.com](http://www.pipestonestrathcona.com)

CALGARY, Sept. 20, 2023 - [Pipestone Energy Corp.](#) ("Pipestone" or the "Company" ) (PIPE - TSX) today announced that leading proxy advisory firm Institutional Shareholder Services ("ISS") has reviewed the arguments of GMT Capital Corp. ("GMT") in its dissident proxy circular dated September 15, 2023 and reaffirmed its recommendation that shareholders vote FOR the proposed arrangement (the "Arrangement") with [Strathcona Resources Ltd.](#) ("Strathcona") that would see Pipestone and Strathcona combine to become one of Canada's largest energy producers.

"Upon review, the dissident arguments do not appear well supported and there is no clear indication as to whether a rejection of the deal would enhance shareholder value or lead to an enduring improvement in PIPE's share price. As such, ISS continues to recommend shareholders vote FOR the transaction," ISS said.

Shareholders of Pipestone ("Shareholders") should not be distracted by GMT's flawed and misleading arguments.

As Pipestone has outlined in detail, the dissident circular of US-based GMT is rife with flawed assumptions and misleading arguments against this value-creating transaction. [Click here to read Pipestone's news release dated September 17, 2023](#) and [click here to access the accompanying investor presentation](#), each of which provide in-depth rebuttals to GMT's arguments.

There is nothing new in GMT's speculative arguments in its dissident proxy circular, which focuses on short-term, cherry-picked data, nor does GMT have a value-enhancing plan for the standalone Company.

GMT's argument can be summarized as nothing more than "kill the deal and hope for the best." But hope is not a strategy the board of directors of Pipestone (the "Board") and Pipestone can support. Neither should Shareholders.

By contrast, Pipestone believes that the Arrangement offers numerous advantages for Shareholders. The all-share consideration will enable Shareholders to fully participate in the upside of a much larger and more diversified producer that is expected to benefit from scale at 185,000 boe/d; a well-positioned reserves base and much longer life at over 38 years; better access and lower cost to capital; extending our tax shelter by over two years; and a potential positive re-rating by markets.

The independent committee (the "Special Committee") of the Board and the Board have determined that the Arrangement is in the best interests of Pipestone and the Shareholders and it has the full, signed backing of management of Pipestone.

"We are pleased to see the continued support for the Arrangement from independent parties such as ISS.

Management fully supports the Arrangement which we believe is superior to the *status quo*, significantly reducing the go-forward technical risk of the business while allowing Pipestone shareholders to participate in future upside," said Dustin Hoffman, Chief Operating Officer and Interim President and Chief Executive Officer of Pipestone.

The determinations of the Special Committee and the Board came after an extensive and robust strategic review process that considered all alternatives available to Pipestone, including the arguments and options put forward by GMT, and was supported by the advice of Pipestone's financial and legal advisors.

The 18-month strategic review process that began in early 2022 evaluated over 75 potential counterparties. In February 2023 Pipestone received an initial proposal from Strathcona. The terms of the Strathcona proposal were improved through several revised proposals. The definitive arrangement agreement with Strathcona was signed on July 31, 2023 and includes support agreements from management and Riverstone Holdings LLC, a significant and highly sophisticated shareholder in Pipestone.

Throughout Pipestone's thorough strategic review process, the Special Committee and the Board consistently compared the Strathcona transaction to the *status quo* as a standalone single-asset producer, and against other potential alternatives for the Company. Those included alternatives identified during the long and robust strategic review process and included those put forward by GMT.

The recommendations that Shareholders vote "FOR" the Arrangement by the independent proxy advisory firms ISS and Glass Lewis underscore the Board's recommendation. The job of ISS and Glass Lewis is to review transaction terms and process in detail and offer proxy voting guidance to investment managers, mutual funds, pension funds, and other institutional investors.

Pipestone once again thanks Shareholders for the strong support they have shown so far by voting FOR the Arrangement and encourages all Shareholders to vote FOR the Arrangement before 10:00 a.m. (Calgary time) on Monday, September 25, 2023. Details on how to do so can be found below.

## PIPESTONE SPECIAL SHAREHOLDER MEETING

Shareholders must take action to vote by proxy before 10:00 a.m. (Calgary time) on Monday, September 25, 2023

On August 28, 2023, Pipestone filed a management information circular (the "Circular") and related meeting materials (the "Meeting Materials") in connection with the special meeting of Shareholders (the "Meeting"). The Meeting is scheduled to be held 10:00 a.m. (Calgary time) on September 27, 2023 and will be held in a virtual-only format that will be conducted via live audio webcast accessible at <https://web.lumiagm.com/218234565>.

The sole purpose of the Meeting is for the Shareholders to consider and, if deemed advisable, approve the Arrangement. Further details regarding the Meeting are set forth in the Circular.

The Board of Pipestone has approved the Arrangement and recommends that Shareholders vote FOR the Arrangement at the Meeting.

Copies of the Meeting Materials are available on [www.pipestonestrathcona.com](http://www.pipestonestrathcona.com) and under Pipestone's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## HOW TO VOTE

Pipestone has retained Kingsdale Advisors as its proxy solicitation agent and strategic shareholder and communications advisor in connection with the Meeting. Shareholders with questions are encouraged to contact Kingsdale Advisors by email or at one of the numbers below:

North America (Toll-Free): 1-877-659-1824

Outside of North America (Collect Calls): 416-623-2514

Email: [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com)

Visit: [www.pipestonestrathcona.com](http://www.pipestonestrathcona.com)

## VOTE "FOR" NOW

Details on how to vote can also be found in the Circular under "Voting Information". All Shareholders are encouraged to vote in advance of the Meeting by proxy, whether or not a Shareholder is intending to attend the Meeting in person (virtually).

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## Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws, which are based on Pipestone's current internal expectations, estimates, projections, assumptions and beliefs. The use of any of the words "believe", "estimate", "anticipate", "expect", "plan", "predict", "outlook", "target", "project", "plan", "may", "could", "will", "shall", "should", "intend", "potential" and similar expressions are intended to identify forward-looking information. These statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

Forward-looking information in this news release includes, but is not limited to: statements regarding the anticipated benefit of the Arrangement, particularly that the Arrangement will offer advantages to the Shareholders; the expectation that the consideration payable to the Shareholders on completion of the Arrangement will enable the Shareholders to participate in the upside of a much larger and more diversified producer that will benefit from scale; the expectation that the combined entity will have longer-lasting and better positioned reserves and better access to capital; the expectation that the combined entity will benefit from tax shelters and a potential positive re-rating by markets and the expectation that following completion of the Arrangement, Shareholders will continue to participate in the upside of the combined company.

Pipestone believes the expectations reflected in the forward-looking information in this news release are reasonable, but no assurance can be given that these expectations will prove to be correct, and readers should not place undue reliance on such forward-looking information. The forward-looking information is not a guarantee of future performance and is subject to a number of known and unknown risks and uncertainties that could cause actual events or results to differ materially, including, but not limited to: the Arrangement

may not be completed and may not obtain the required shareholder approval; Strathcona, Pipestone and the combined entity may fail to realize, or may fail to realize in the expected timeframes, the anticipated benefits resulting from the Arrangement; risks related to the integration of Strathcona's and Pipestone's existing businesses, including that the Shareholders may be exposed to additional business risks not previously applicable to their investment, as the business mix and operations of the combined entity will be different than that of Pipestone; if the Arrangement is not completed, Shareholders will not realize the anticipated benefits of the Arrangement and Pipestone's future business and operations could be adversely affected; the combined entity's ability to realize the anticipated growth opportunities and synergies from integrating the respective businesses of Strathcona and Pipestone following completion of the Arrangement; the ability of the combined business to utilize and apply, or carry forward, tax losses and other tax attributes in the future; discrepancies between actual and estimated production of the combined entity. Such forward-looking information is made as of the date of this news release and Pipestone does not undertake any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

### Production and Reserves Information

The reserves estimate in this press release is based on Pipestone's internal evaluation and were prepared by a member of Pipestone's management who is a qualified reserves evaluator in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. The growth potential of the pro forma entity is based on: (i) in respect of Strathcona, (a) the report prepared by Sproule Associates Limited dated February 23, 2023 evaluating the petroleum and natural gas reserves and contingent resources attributable to certain of the assets of Strathcona as at December 31, 2022, (b) the report prepared by McDaniel & Associated Consultants Ltd. ("McDaniel") dated February 1, 2023 evaluating the bitumen reserves and contingent resources attributable to certain of the assets of Strathcona as at December 31, 2022, and (c) the report prepared by McDaniel dated February 14, 2023 evaluating the heavy oil reserves and contingent resources attributable to certain of the assets of Strathcona as at December 31, 2022, and (ii) in respect of Pipestone, report prepared by McDaniel dated February 13, 2023 evaluating the crude oil, natural gas and natural gas liquids reserves attributable to Pipestone's properties as at December 31, 2022. Such estimates constitute forward-looking statements, which are based on values that Pipestone's management believes to be reasonable. For further information regarding the reserves of Strathcona and Pipestone, see the Meeting Materials and the annual information form of Pipestone dated March 8, 2023 for the year ended December 31, 2022, a copy of which is available on Pipestone's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca), respectively.

### Barrels of Oil Equivalent

This press release contains references to "boe" (barrels of oil equivalent). Pipestone has adopted the standard of six thousand cubic feet of gas to one barrel of oil (6 Mcf: 1 bbl) when converting natural gas to boes. Boe may be misleading, particularly if used in isolation. The foregoing conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading.

### About PipeStone Energy Corp.

Pipestone is an oil and gas exploration and production company focused on developing its large contiguous and condensate rich Montney asset base in the Pipestone area near Grande Prairie. Pipestone is committed to building long term value for our shareholders while maintaining the highest possible environmental and operating standards, as well as being an active and contributing member to the communities in which it operates. Pipestone has achieved certification of all its production from its Montney asset under the Equitable Origin EO100TM Standard for Responsible Energy Development. Pipestone shares trade under the symbol PIPE on the Toronto Stock Exchange. For more information, visit [www.pipestonecorp.com](http://www.pipestonecorp.com).

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/8505ed22-fad4-465f-b88f-da30452be309>

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