

Oando Energy Resources Amends Loan Agreement with Oando Plc

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CALGARY, December 16, 2013 - [Oando Energy Resources Inc.](#) ("Oando Energy Resources" or the "Company") (TSX: OER), a company focused on oil and gas exploration and production in Nigeria, today announced that it has further amended the US\$401 million loan agreement and associated repayment deed (as amended, the "Loan Documentation"), each dated May 30, 2013, as amended, with Oando Plc, the holder of 94.6% of the shares of Oando Energy Resources and a non-arm's length party to the Company ("Oando"), to (i) extend the repayment date from December 31, 2013 until January 31, 2014; (ii) permit the US\$15 million loaned by Oando to OER pursuant to the amendment to the Loan Documentation made on November 28, 2013 (plus interest) to be repayable in common shares of the Company ("Shares"), at the election of the Company and provided certain conditions are met (as is the case with the rest of the loan from Oando to Oando Energy Resources); and (iii) amend the price at which amounts owing under the Loan Documentation may be repaid by way of the issuance of Shares, as well as the mechanics of such repayment. Prior to the recent amendment, the amount permitted to be converted into Shares was US\$386 million plus interest.

Pursuant to the Loan Documentation (and as a result of the amendments), Oando Energy Resources is permitted to elect to repay amounts owing under the loan agreement ("Facility") through the issuance of Shares, provided that all regulatory approvals have been obtained, at the earliest of the following events: (a) the date on which a receipt has been granted for a final prospectus in respect of an offering of Shares or securities convertible into shares at no additional cost to the holder thereof; (b) the date on which a binding agreement ("Private Funding Agreement") with a party other than Oando ("Third Party") has been signed pursuant to which such third party has agreed to subscribe for Shares (or securities convertible into Shares at no additional cost to the third party) or to loan money to Oando Energy Resources which can be repaid through the issuance of Shares to the third party; (c) the date of completion of the proposed acquisition by the Company of the Nigerian upstream oil and gas business of [ConocoPhillips Company](#) (as previously announced in December 2012 and as most recently updated on November 28, 2013); and (d) the date of termination of the Acquisition. The election to repay the Facility by the issuance of Shares can be exercised no later than three business days prior to January 31, 2014.

Should the Company elect to repay the Facility through the issuance of Shares, the price per Share will be (i) where, on the date of delivery of a notice ("Issue Exercise Notice") from the Company electing to repay the Facility by the issuance of Shares, a receipt has been granted for a final prospectus and the proposed acquisition by the Company of the Nigerian upstream oil and gas business of ConocoPhillips Company (as previously announced in December 2012 and as most recently updated on November 28, 2013) (the "Acquisition") has not been terminated, the price per Share (or securities convertible into Shares at no additional cost to the holder thereof) identified in the final prospectus; or (ii) where, on the date of delivery of an Issue Exercise Notice and provided that a receipt for a final prospectus has not been granted and the Acquisition has not been terminated, Oando Energy Resources has entered into a Private Funding Agreement, the price per Share (or securities convertible into Shares at no additional cost to the Third Party) agreed between the Company and the Third Party in the Private Funding Agreement; or (iii) in all other cases, the volume weighted average price of a Share on the Toronto Stock Exchange ("TSX") for the 5 trading days immediately preceding (but not including) the date on which the Company delivers an Issue Exercise Notice; provided that if the price per Share resulting under (i) or (ii) is lower than the lowest price permissible under the rules of the TSX, then the price per Share will be the lowest price permissible under the rules of the TSX. The price per Share must be pre-approved by the TSX and, based on the current price of the Shares on the TSX, the maximum permitted discount that may be offered pursuant to Section 607(e) of the TSX Company Manual is 20%, absent shareholder approval.

In the event that the election by Oando Energy Resources to repay the Facility by the issuance of Shares would result in Oando having an ownership interest in the Company that is higher than Oando's current ownership interest of 94.6% (on a non-diluted basis), the number of Shares to be issued by Oando Energy Resources will be reduced so as to ensure that Oando's stake in the Company does not exceed such current ownership interest and the balance, if any, of amounts owing under the Loan Documentation will be payable in cash. Any issuance of Shares to Oando pursuant to the Loan Documentation will not result in an increase in control by Oando over the Company.

As a result of the extension of the maturity date of the loan agreement from December 31, 2013 to January

31, 2014 and assuming that the Company repays the Facility on January 31, 2014, the total interest payable will be approximately US\$13.07 million, representing approximately 10.5% of the Company's market capitalization (based on the closing price of the Company's shares on December 12, 2013), which exceeds 10% of the Company's market capitalization, and, pursuant to Section 501(c) of the TSX Company Manual, requires shareholder approval. In addition, depending on the number and price of Shares issued by the Company to Oando as repayment of the Facility, such issuance, if any, could (i) provide consideration to the Company in excess of 10% the Company's market capitalization; and/or (ii) constitute a private placement for an aggregate number of Shares greater than 25% of the number of Oando Energy Resources' current outstanding Shares, on a non-diluted basis, at a price per Share less than the market price of a Share on the date hereof; and/or (iii) constitute a private placement to insiders for greater than 10% of the number of OER's current outstanding Shares, on a non-diluted basis, each of which requires shareholder approval under Sections 501(c), 607(g)(i) and 607(g)(ii), respectively, of the TSX Company Manual. However, Section 604(f) of the TSX Company Manual provides an exemption from such shareholder approval requirements where there is a holder of at least 90% of a listed issuer's shares and the listed issuer issues a press release at least 10 business days in advance of the closing of the transaction disclosing the material terms of the transaction and that the issuer has relied upon this exemption. As Oando owns 94.6% of the Company's Shares, the Company intends to rely on this exemption. The effective date of the amendments to the Loan Documentation will not occur until the expiry of 10 business days from the date hereof.

The independent directors of Oando Energy Resources unrelated to Oando unanimously recommended approval of execution of the Loan Documentation to the board of the Company who then approved them (with directors affiliated with Oando abstaining from the vote).

Forward Looking Statements:

This news 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", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, this news release contains forward-looking statements relating to intended acquisitions.

Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that such statements and information 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. These include, but are not limited to: risks related to international operations, the actual results of current exploration and drilling activities, changes in project parameters as plans continue to be refined and the future price of crude oil. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (<http://www.sedar.com>) for the Company. The forward-looking statements and information contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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