

Silk Energy Provides CSE Listing Update, Operational Update and Announces Expanded Financing

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Toronto, December 11, 2019 - Silk Energy Limited (CSE: SILK) (the "Company") is pleased to provide an update with respect to its CSE listing application, its operations in Kazakhstan and its financing strategies.

Conditional Listing Approval

On December 9, 2019 the Company was issued a revised conditional approval letter (the "New Conditional Approval") by the Canadian Securities Exchange ("CSE") in respect of the Company's application for listing on the CSE. The revised conditional approval letter replaces the previous conditional approval letter dated July 10, 2019, which has been revoked. Certain of the conditions referred to in the New Conditional Approval have already been partially or completely fulfilled, including:

1. Completion of the reverse take-over transaction between the Company and Silk Energy AS, which was completed on September 3, 2019;
2. the Company's provision of an undertaking that the 50% interest in the LLP will be transferred from UnionField Group ("UnionField") to Silk Energy AS within 12 months of the date of listing, which has been provided;
3. Transfer of the \$50 million Global Emerging Markets financing agreement from Silk Energy AS to the benefit of the Company, which was completed on October 17, 2019; and
4. Completion of a \$2 million private placement. This placement has been fully subscribed and partially completed, with the balance expected to close in the near term.

The remaining conditions include:

1. Completion of any and all outstanding CSE application documentation and payment of fees pursuant to the Policies; and
2. Formal completion of the acquisition of UnionField by Silk Energy AS, including having obtained any required Kazakh government approvals, such that Silk Energy controls 100% of UnionField.

The latter condition is in response to a change in the Company's understanding of Silk Energy AS' ownership interest in the shares of UnionField (the British Virgin Islands company that owns a 50% interest in the Kazakh limited liability partnership that operates the Ustyurt Property and that is the focus of the Company's oil exploration activities). Silk Energy AS contracted to purchase all of the shares of UnionField on July 10, 2018 for cash, but subsequently agreed with the vendor of UnionField (the Vendor) to defer payment in light of Silk Energy AS' then-pending reverse take-over transaction with the Company so that the payment could be made by the Company instead of the Purchaser in the form of a convertible debenture. Silk Energy AS and the Vendor had agreed that the purchase of UnionField was complete but for issuance of the convertible debenture. However, Kazakh government approval must be obtained before Silk Energy AS can be registered as the 100% owner of the UnionField shares. The Kazakh government approval is considered routine, the application process has commenced, and the Company has obtained a comfort letter from Kazakh counsel confirming that it is aware of no reason why it should not be granted. Nevertheless, the Company has taken steps to renegotiate the payment terms to the Vendor of UnionField so that they are more favourable to the Company and to secure the Company's interest in the Ustyurt concession until such time as the Kazakh approval is obtained. In particular, the Company has:

1. caused Silk Energy AS to enter into a "Joint Activities Agreement" with UnionField, whereby Silk Energy AS acquired operational control over UnionField's activities on the Ustyurt Property and the rights to 95% of UnionField's proceeds from those activities; and
2. entered into a restated payment terms agreement with the Vendor pursuant to which the Vendor and UnionField make a number of positive and negative covenants concerning their dealings with UnionField and its assets, including its interest in the LLP and the number of Company common shares issuable to the Vendor on conversion of the convertible debenture reduced from 130,000,000 shares to 70,000,000 shares.

These contracts, combined with Silk Energy AS's original contract with the vendor of UnionField, give the Company operational control over exploration and expenditures on the Ustyurt Property. These contractual arrangements are intended to be needed only until the Kazakh Approval is obtained. However, if for some reason the approval is not forthcoming, the contractual arrangements could serve indefinitely.

The shares of the Company are halted from trading pending review of the Company's listing application by the Canadian Securities Exchange and satisfaction of the remaining listing conditions. The shares of the Company are to resume trading through the facilities of the Exchange once all of the conditions set out in the New Conditional Approval have been met.

Operational Update

The Company is currently up-to-date with the pre-planning of drilling the first well in the Ustyurt license in Q4 2020. Field scouting trips of the license area and potential drilling locations based on current portfolio of leads and prospects were completed during the summer to identify logistical requirements for road and location construction. Budgets have been optimized for both wildcat and the Salken wells. The permit process for drilling and general operations in the area has been initiated and geological and geophysical work is ongoing to verify final drilling locations. Other opportunities are currently also being evaluated to add existing producing assets or discoveries.

Financing Update

The Company has closed on \$926,247 of its previously announced \$2 million private placement of Units. The Units are priced at \$0.15 per Unit. Each Unit consists of one common share and one-half (1/2) of a common share purchase warrant (a "Warrant"). Each whole Warrant is exercisable to acquire one common share at a price of \$0.21 for a period of eighteen months from the date of issue of the Units. The Company announces that, subject to CSE approval, it may increase the size of its private placement to \$3 million and may offer the balance of the private placement in either Units or in convertible debentures (the "Convertible Debentures"). The Convertible Debentures will bear interest at a rate of 8% per annum, have a term of 15 months from the date of issue, and be convertible into Units having the same terms as the private placement Units (but with the 18 month warrant term expiring eighteen months after the date of issue of the Convertible Debentures) at a conversion price of \$0.15 per Unit for a period of the later of 90 days following the issuance of the convertible debentures and 60 days from recommencement of trading of the Company's common shares on the CSE.

For further information, please contact Steve Kappella, Chief Executive Officer of the Company, at info@silkenenergy.com.

The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Forward Looking Information

This press release contains forward-looking statements based on assumptions, uncertainties and management's best estimates of future events. These forward-looking statements include, but are not limited to, statements with respect to the Company's application for listing on the CSE, formal completion of the acquisition of UnionField and the Kazakh approval associated therewith, the Company's oil and gas exploration activities in Kazakhstan and its proposed financing activities. Actual results may differ materially

from those currently anticipated. Investors are cautioned that such forward‐looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from those expressed or implied by such forward‐looking statements include, but are not limited to, the Company's inability to obtain financing on reasonable terms, or at all, the Company's inability to satisfy the CSE's listing conditions, or not obtaining the required government approval and permitting for exploration activities in Kazakhstan. The Company has no intention to update or revise any forward‐looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

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