

Columbus Energy Resources PLC

09:25 07 Dec 2016

LGO Energy seals refinancing deal which will allow Goudron drilling to recommence

LGO Energy PLC (LON:LGO) announced "a major turning point" today with news of a refinancing deal which will allow drilling to recommence at the Goudron Field in Trinidad.

The group has signed an deal with New York-based alternative asset management firm Lind Partners for a new US\$8.6mln Convertible Security Funding Agreement which will be used to pay off the company's entire remaining debt to French lender BNP Paribas.

The AIM-traded oil and gas explorer said there are no material conditions to closing the deal, and funds from Lind are anticipated to be received in the next three days.

LGO said the new funding agreement will allow it to immediately deploy its current cash reserves, previously locked-up in Trinidad, as well as the net cash generated from existing oil operations at the 100%-owned Goudron Field towards recommencing its development drilling program.

Neil Ritson, LGO's Chief Executive, said: "We are delighted that LGO will now be able to advance the drilling and production campaign in Goudron.

"This has been a challenging period for the Company with the falling oil price and the loss of downhole equipment in the GY-678 well resulting in the breach of the covenants on the Company's loan facility with BNPP. "

He added: "The combination of an affordable loan, robust and profitable production operations and an active drilling program, will allow LGO to quickly return to underlying growth. The patience of our various stakeholders over the last year is greatly appreciated."

In reaction to the news, LGO shares were up 10.5% in early morning trading.

An independent assessment by Deloitte has estimated the oil in place within the Goudron Field at up to 975 million barrels of oil (mmbbls), with gross proved, probable and possible reserves of 25.6 mmbbls.

The company has existing regulatory approval for the drilling of 45 new wells and has detailed drilling plans in place for the first 10 well locations. Preparations for the first well are already well advanced and drilling is expected to recommence as soon as practical.

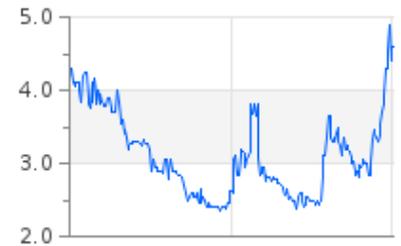
The first drawdown of US\$1.825million on the Lind funding agreement will be used in full settlement of all amounts due to BNPP required for the full release of security and to take the company out of its current covenant default position.

This default, which occurred in October 2015 and resulted in LGO being unable to deploy significant capital to oil field operations in Trinidad throughout 2016, is now resolved which will allow the company to operate freely.

Price: £0.05

Market Cap: £38.22 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: CERP

Listing: AIM

52 week	High	Low
	5.1	2.3

Sector: Oil & Gas

Website: columbus-erp.com

Company Synopsis:

Columbus Energy Plc is an international oil and gas exploration, development and production company headquartered in London, trading on the FTSE AIM All-Share.

action@proactiveinvestors.com

LGO anticipates that the first drawdown will be repaid to Lind monthly in cash over 24 months from free cash flow from the Goudron operations.

However, Lind has the right to convert the balance of the Funding Agreement into equity at 0.15p, an approximate 45 per cent premium to the 20-day average closing price prior to the signing of the deal.

Phillip Valliere, Lind Partners Managing Director, said: "The LGO management team has done well to survive an extremely difficult period in the oil sector while repaying US\$11 million to BNPP and significantly reducing amounts owed to unsecured creditors.

"With stable to slightly increased oil prices, LGO will be in a strong position to unlock the significant value that exists at Goudron, and in Trinidad more generally, and Lind looks forward to working with the LGO team to deliver renewed growth and shareholder value."

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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