

i3 Energy PLC

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i3 Energy agrees acquisition of Toscana Energy Income Corporation

i3 Energy Plc (LON:i3E) shares jumped on Monday as it announced a new strategic acquisition, picking up producing assets in Canada at a discount, amid industry uncertainty triggered by the coronavirus (COVID-19) pandemic and following the collapse in crude oil prices.

In a statement, the company said it has secured terms to acquire Toronto listed Toscana Energy Income Corporation which owns assets in Alberta and Saskatchewan, within the 'Western Canadian Sedimentary Basin' (WCSB).

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AIM-quoted i3 has inked an option agreement giving it the right to acquire Toscana's debt and equity for C\$3.95mln. The acquired debt amounts to around C\$25mln.

i3 will offer Toscana shareholders up to a total of 4.39mln i3 shares in total as deal consideration.

The acquisition will add around 4.65mln barrels of proved and probable (2P) reserves, stated as of 2019 year-end, which provides some 14.7 years of field life.

Production averages 1,065 barrels oil equivalent per day in 2019, generating some C\$5.5mln.

The company described the assets as "low-decline, long-life conventional fields", while the assets are said to have an average breakeven price of US\$21.74 per barrel (which is C\$30.43 per barrel).

"This is a highly significant acquisition opportunity for i3 which adds material, low cost per barrel, low-decline production as well as a new growth business with a strong management team and strategy in the Western Canadian Sedimentary Basin," Majid Shafiq, i3 chief executive said in the statement.

"In addition to diversifying our portfolio, this transaction will help to stabilise our business with a steady revenue stream while adding considerable upside potential ... an opportunity which is comparable to the growth potential of our Serenity discovery. We look forward to welcoming the Toscana management team and staff to i3 and working together to grow our business in the UK and Canada," he added.

Toscana Energy Income Corporation operates 69% of the producing wells in its portfolio, and, has an average working interest of 67%.

After completion, i3 intends to retain a listing on the Toronto stock exchange in order to satisfy obligations attached to loan notes.

In early trading, i3 shares were 23% higher at 8.90p.

Price: 6.1

Market Cap: £6.57 m

1 Year Share Price Graph



July 2019 December 2019 June 2020

Share Information

Code: I3E

Listing: AIM

52 week High Low
59.0138 3

Sector: Oil & Gas

Website: i3.energy

Company Synopsis:

i3 Energy is an independent oil and gas company with assets and operations in the United Kingdom.

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