

# Notice of Extraordinary General Meeting

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release

25 May 2016

NEW WORLD OIL AND GAS PLC ("New World" or "the Company")

Notice of Extraordinary General Meeting

The Company has today sent to holders of ordinary shares in the Company ("Shareholders") a circular and notice convening an Extraordinary General Meeting of the Company to be held at 44 Esplanade, St Helier, Jersey, JE4 9WG on 17 June 2016 at 11.00 am. The circular and notice ("the Document") will be available on the Company's website [www.nwoilgas.com](http://www.nwoilgas.com) and copies of the Document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of the Company being 44 Esplanade, St Helier, Jersey, JE4 9WG from the date of this announcement for a period of one month from the date of the Extraordinary General Meeting.

## **1 introduction**

On 9 May 2016, New World Oil and Gas plc (the "Company" or "New World" and together with its subsidiaries, the "Group") announced (the "Announcement") that, since the 2015 AGM, the Board of New World Oil and Gas plc had been reviewing the Company's strategy, which included looking at a number of possible acquisition opportunities, and that the Company had signed a non-binding letter of intent ("LOI") to acquire the entire issued share capital of Big Sofa Limited ("Big Sofa") for new shares in New World (the "Acquisition"). The Acquisition, if completed, would result in New World shareholders having around 45 per cent. of the enlarged group prior to the impact of any associated fund raising.

The Acquisition is subject, inter alia, to the completion of due diligence, documentation and compliance with all regulatory requirements, including the AIM Rules and, as required, the Takeover Code.

As a precursor to the Acquisition, the Company also agreed to provide Big Sofa with a short-term loan (the "Loan") of up to £500,000 for working capital purposes, to be drawn down in two £250,000 tranches, of which the first has been drawn down. The Loan will pay a coupon of 6 per cent., is secured by way of debenture and is fully repayable on 19 October 2016 if admission to AIM of the enlarged group has not occurred by 19 August 2016.

For the time being, the Company will continue to retain its Belize Licences. However, if the Acquisition completes, the Board will consider withdrawing from its oil and gas activities if shareholders support the associated change in the Company's future direction.

As the Acquisition would amount to a Reverse Takeover under the AIM Rules, the Directors requested that trading in the Company's shares be suspended with immediate effect. Accordingly, trading in the Company's shares was suspended on 9 May 2016 and remains suspended pending the publication of the required AIM Admission Document or confirmation that the Acquisition is not proceeding.

As set out in the Announcement, the Company is now convening an Extraordinary General Meeting (the "EGM") on 17 June 2016 at 1:00 pm in order to seek Shareholder approval for the Company to evaluate acquisition opportunities outside of the oil and gas sector and for release of the second tranche of the Loan to Big Sofa. The purpose of the Document is to provide further background as to why the Company wishes

to evaluate opportunities outside of the oil and gas sector, the resolutions to be proposed at the Extraordinary General Meeting, action to be taken by Shareholders and the Directors' recommendation.

## **2 Background**

Since its last fund raising in July 2015, the Company has considered possible opportunities within the oil and gas sector. However, despite the rebound in oil and gas prices, the oil and gas sector is still volatile and considerable uncertainty remains as to how prices may move in the short to medium term. Furthermore, with the relinquishment of the Group's Danish interests in September 2015, the Group's only remaining oil and gas interests comprise the Belize licences which are due to expire in October 2016. Against this background, the Directors believe that the Company's current cash reserves alone would be insufficient and it would be difficult to raise further funds from the market in order to make a transformational move in the oil and gas sector. As a result, the Board began to review opportunities in other sectors assisted by the new directors elected to the Board in November 2015.

Having considered a number of opportunities, the Directors have now agreed to pursue the proposed Acquisition, including execution of the agreement dated 9 May 2016 between the Company and Big Sofa (the "Big Sofa Loan Agreement") for a loan of up to £500,000 to Big Sofa and the drawdown of the first tranche of £250,000 (the "First Tranche"). The Directors are of the view that it is in the Company's best interests to continue to pursue the proposed acquisition of Big Sofa and to permit drawdown of the second tranche of £250,000 (the "Second Tranche") of the Loan. The Acquisition, if pursued, would represent a change in direction for the Company and drawdown of the Second Tranche, when combined with the First Tranche, would represent a material part of the Company's assets. Expenses will also be incurred in connection with due diligence, the negotiation, documentation and implementation of the Acquisition. The Directors therefore believe that it is appropriate, in these circumstances, to request shareholders' approval for:

- the Company to evaluate opportunities outside of the oil and gas sector and to incur costs associated with such pursuit; and
- drawdown of the Second Tranche of the Loan.

Shareholders should note that a further Extraordinary General Meeting will need to be called in due course in order to seek all necessary approvals for the Acquisition (including all approvals required under the AIM Rules and, if relevant, the UK Takeover Code) if the evaluation work leads to the Company recommending to proceed with the Acquisition and related fundraising.

## **3 INFORMATION ON BIG SOFA**

Big Sofa, originally founded as a marketing consultancy in 2008 and based in Central London, is a technology services company operating in the area of data and, more specifically video and image analytics, part of the global multi-billion £ consumer intelligence market. Big Sofa, through the development of its own technology, is involved in the use of visual data to provide consumer and customer insights in an organised and coherent way. By managing and analysing visual data on this scale, Big Sofa can enable its clients to get closer to how consumers interact and provide them with a competitive edge in developing new products or innovative services.

To date, Big Sofa has won a number of substantial contracts with multi-national consumer brand companies on a global basis as well as being well advanced in discussions with other companies and agencies. This progress underlines Big Sofa's credentials in the sector and the company is now positioned to achieve significant growth. The proposed transaction with New World will provide it with a cash injection and access to capital markets in order to deliver this sizeable growth opportunity.

## **4 RESOLUTIONS**

The resolutions to be proposed at the Extraordinary General Meeting are set out in full in the notice of meeting which forms part of the Document being posted to Shareholders ("Notice").

RESOLUTION 1: The first resolution in the Notice is being proposed to allow the Company to evaluate opportunities outside of the oil and gas sector and to incur costs associated with such pursuit.

RESOLUTION 2: The second resolution in the Notice is being proposed to approve the release by the Company of the Second Tranche of the Loan to Big Sofa pursuant to the terms of the Big Sofa Loan Agreement and to authorise the directors of the Company to execute and deliver any and all documents and take all actions as they may consider necessary or expedient in connection with the Second Tranche of the Loan. Big Sofa has already drawn down the First Tranche of the Loan, being £250,000 and is entitled to draw down the balance of the Loan by 9 July 2016 provided that Resolution 2 has been passed and various other documentary conditions precedent have been satisfied. As noted in the Announcement, the Loan will be used by Big Sofa for general working capital purposes.

As noted above, a further Extraordinary General Meeting will be called in due course in order to seek all necessary approvals for the Acquisition and related fundraising, in accordance with AIM Rule 14 and associated matters included any applicable requirements of the UK Takeover Code, if directors recommend that the Acquisition proceeds.

Shareholders should note that the Directors and members of their families have the following interests in Big Sofa:

Adam Reynolds, through his father Hugh Peter Reynolds, has an interest in warrants for 450,574 A' ordinary shares of £0.00001 each in the capital of Big Sofa.

Shareholders should also note that the nature of these interests is not such that neither the Loan nor the Acquisition are considered 'Related Party Transactions' as defined by the AIM Rules and that this information is being provided solely for information purposes rather than being required under the AIM Rules or otherwise.

## 5 ACTION TO BE TAKEN

Pursuant to article 15.5 of the Company's Articles of Association, the Board have determined that persons entitled to receive notices of meetings are only those Shareholders registered in the Register of Members of the Company as at 19 May 2016 at 5:00 pm, being close of business on the day that is 5 days before the day that the notice of the meeting is being sent.

To attend and vote at the EGM Shareholders should contact Computershare by emailing [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.co.uk) or in writing to Computershare Investor Services (Jersey) Limited, c/o The Pavillions, Bridgwater Road, Bristol, BS99 6ZY no later than 1:00 pm on 15 June 2016.

## 6 recommendation

The Directors consider that the proposed resolutions are in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the resolutions being proposed at the Extraordinary General Meeting, as they intend to do or procure to be done in respect of their own and their connected persons' beneficial holding.

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