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## **Press release**

Stockholm December 19, 2016

(NASDAQ OMX First North: DOME)

### **Dome Energy summons an extraordinary general meeting, proposes issue of shares and warrant, and informs about refinancing and new bridge loan**

The board of directors in Dome Energy AB (publ) (hereinafter "Dome" or the "Company") has today, in a separate notice, convened an extraordinary general meeting to be held on 18 January 2017.

The board of directors proposes that the general meeting resolves on a rights issue of 104,174,746 shares with preferential rights for the shareholders of the Company (the "Rights Issue"), with an over-allotment option in the form of a directed issue of up to 35,825,254 shares ("Over-Allotment Option", together the "Offer"). The Company will raise SEK 70,000,000 before transaction costs if the Offer is fully subscribed, whereof SEK 52,087,373 in the Rights Issue and up to SEK 17,912,627 in the Over-Allotment Option. The suggested subscription price per share in the Offer is SEK 0.50. The Offer comprises 140,000,000 shares in total.

The Rights Issue is fully underwritten through guarantee commitments.

The board of directors has moreover, subject to the subsequent approval of the general meeting, resolved upon (i) an issue of 48,315,140 warrants with deviation from the shareholders' preferential rights, and (ii) an issue of 54,890,695 shares against set off at the price of SEK 1 per share, and proposes that the general meeting subsequently approves these issuances. The board of directors finally proposes that the general meeting resolves upon issues of additional warrants with deviation from the shareholders' preferential rights. See further below under separate heading.

The above measures are part of the execution of the Company's refinancing plan, which was previously communicated in press releases published on 7 October, 1 December and 15 December 2016 as well as in the interim report for the third quarter of 2016.

### **Refinancing and the taking up of a bridge loan**

Due to the financial situation of the Company, negotiations have been conducted in parallel with several parties during the course of the autumn, which have resulted in an action plan for the refinancing of the companies which are part of the group. The action plan comprises of the following parts:

1. The wholly owned subsidiary Dome Energy Inc's main creditor Société Générale ("SG") in Houston has agreed to write down a debt of approximately USD 20 million (approximately SEK 187 million) in connection with a transfer of the remaining claim to the Mutual of Omaha Bank ("MOB").

2. The main shareholder Range Ventures LLC ("Range") has entered into an agreement with the Company to set-off half of its claim against the Company plus accrued interest in the amount of, SEK 54,890,695, against shares of a corresponding amount at the price of SEK 1 per share (the "Set-Off Issue").
3. The Company has taken up a bridge loan of SEK 40 million (the "Bridge Loan") from Middelborg Invest AS ("Middelborg").
4. According to the agreement regarding the Bridge Loan, the Company shall issue up to 267,877,920 warrants with an exercise price of SEK 0.10 per share to Middelborg in up to three tranches. Should the Bridge Loan be repaid, these warrants will be cancelled.
5. To be able to repay the Bridge Loan and to create working capital for continued expansion, the board of directors has resolved to propose to the shareholders to resolve on the Rights Issue and the Over-Allotment Option.

The Bridge Loan has been taken up to fulfil the conditions in the arrangement with MOB and SG to secure sufficient working capital for the fulfilment of the Company's business plan. The Company intends to repay the entire Bridge Loan, including an agreed interest of SEK 4 million using proceeds raised in the Rights Issue.

### **Background and reasons**

At the end of the third quarter of 2016, the Company's group had a negative equity of SEK 257,000,000. The subsidiary Dome Energy Inc in Houston, Texas, where all operations are based, has technically been insolvent during most of 2016 and in breach of its financial covenants. All of the measures mentioned in this press release are part of an action plan, negotiated with different parties, that among others results in a change of main bank. If the action plan is fully executed, the equity of the group will be restored to approximately SEK 50,000,000 before costs, all other things being equal pro forma per 30 September 2016.

The final part of the action plan is the implementation of the Rights Issue and the Over-Allotment Option.

### **Comment from the managing director**

*"One year ago, we initiated negotiations with our banks regarding re-financing of our existing loans. The result we are now able to present to the shareholders, in the form of new conditions for the loans a change of principal bank, by far exceeds what we thought that we would be able to achieve one year ago. In the beginning of February 2016 the oil price was at \$26 (WTI). Today, the oil price has more than doubled. The gas price, which is equally important to us, has also doubled, and gas is now trading at approximately the same levels as when we acquired our larger gas fields in 2014. As of today, optimism prevails in our business (onshore oil and gas in the US), which was not the case just one year ago. I am therefore happy that we have come this far in our negotiations with creditors and other, with measures including debt relief, bridge loan and set-off of existing debt for shares. We have successfully retained all our oil and gas assets and reduced our debt with more than SEK 250 million. With new financing in place, we will intensify our activities by resuming production in closed plants while drilling for new as well as increasing the production in producing facilities.*

*With this, we have set the stage for a 2017 where we aim to double production and achieve a substantially higher EBITDA level by the end of the year.*

*The beginning of 2017 clearly looks more promising than that of 2016"*



Paul Mørch, CEO

### **Conditions of the Rights Issue and Over-Allotment Option**

Should the Rights Issue be fully subscribed for, 104,174,746 shares will be issued. In the event of over-subscription, the Over-Allotment Option may be exercised of up to 35,825,254 shares. Hence, the offer consists of a maximum of 140,000,000 shares at the price of SEK 0.50 per share. In case of a full subscription of the Rights Issue, the share capital will increase by SEK 10,417,474.60 and if the Over-Allotment Option is fully exercised, the share capital will increase with an additional SEK 3,582,525.40. In total, the share capital will increase by SEK 14,000,000 if the Offer is fully subscribed for.

- The right to subscribe for shares in the Rights Issue shall with a preferential right be vested in the shareholders of the Company, whereof six (6) existing shares held at the record date, on 10 February 2017, entitles to subscription of seven (7) new shares.
- The subscription price in the Offer is SEK 0.50 per share.
- The record date for the right to participate in the Rights Issue is on 10 February 2017.
- The last day for trading of the Company's share including the right to receive subscription rights in the Rights Issue is on 8 February 2017.
- Subscription of shares with subscription rights shall be made during the period from 15 February 2017 and until 2 March 2017, by simultaneous payment.
- Subscription of shares without being subject to subscription rights shall be made during the same period.
- Trading of subscription rights takes place on Nasdaq First North during the period from 15 February 2017 and until 28 February 2017.
- Trading of interim shares takes place on Nasdaq First North during the period from 15 February 2017 until the issuance is registered with the Swedish Companies Registration Office.

For further information, please refer to the notice convening the extraordinary general meeting published today.

### **Further about the Warrants**

According to the conditions for the Bridge Loan, the Company shall, free of charge, issue a maximum of 267,877,920 warrants in up to three tranches to Middelborg, whereof:

- 48,315,140 warrants have been issued by the board of directors, subject to the general meeting's subsequent approval;
- the board of directors has proposed that the general meeting shall resolve to issue 79,562,780 additional warrants in addition; and
- the board of directors has proposed that the general meeting resolves to issue another 140,000,000 warrants in addition, in the event that the Company has not repaid the loan before the maturity of the Bridge Loan.

The Warrants entitle Middelborg to, during the period from 31 March 2017 and until 30 April 2017, subscribe for one share in the Company, at the price of SEK 0.10 for each warrant. Under the terms and conditions of the Bridge Loan, the Warrants may not be exercised if the Bridge Loan is fully



repaid in due time, and shall be returned to the Company for cancellation upon repayment. The warrants will be held in escrow with a third party escrow agent until maturity of the Bridge Loan.

#### **Further about the Set-off Issue**

The Bridge Loan is further conditioned upon execution of the Set-off Issue, whereby half of the outstanding debt of the Company to Range is converted into new shares in the Company at a subscription price of SEK 1 per share. Range is as of today the largest shareholder in the Company with a holding of 6 000 000 shares corresponding to 17.4 per cent of all outstanding shares and votes in the Company.

Range is a privately held company under the control of Petter Smedvig Hagland, who is a member of the board of director of Dome. The Set-Off Issue is thus intended to be resolved by the board of directors' subject to the subsequent approval by the general meeting, and with the abidance of the so-called Leo-rules.

Through the Set-off Issue, and subject to the subsequent approval thereof by the general meeting, Range has subscribed for 54,890,695 new shares in the Company. Immediately following completion of the Set-off Issue, Range will hold 60,890,695 shares in the Company, including its former holding of shares in the Company, corresponding to 68.19 per cent of the outstanding shares and votes in the Company.

Range has, in an agreement with the Company, undertaken not to participate in the Rights Issue or make any other dispositions in the Company's share until completion of the Rights Issue. The Swedish Securities Council (Sw. Aktiemarknadsnämnden) has granted Range an exemption from the mandatory bid rule due to Range exceeding 30 per cent of the outstanding votes in the Company upon completion of the Set-off Issue (AMN 2016:45).

#### **Advisors**

Partner Fondkommission AB is financial advisor. Synch Advokat AB is legal advisor.

#### **Additional Information**

The Company refers to the notice convening the extraordinary general meeting published today for additional information regarding the matters discussed with in this press release. Further information and documentation, including detailed terms and conditions as well as a prospectus regarding the Rights Issue including the Over-Allotment Option, will be published in accordance with the Swedish companies act (Sw. aktiebolagslagen (2005:551)), the Swedish Securities Trading Act (Sw. lag 1991:980 om handel med finansiella instrument) and the Nasdaq First North Rulebook.

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#### **About Dome Energy AB**

Dome Energy AB, is an independent oil and gas company admitted to trading on Nasdaq First North Stockholm (ticker: DOME). The Company's activity is to explore existing onshore oil and gas fields in the US in order to identify unexploited wells. The Company has increased its production to 1.250



barrels boepd from a well-balanced and diversified portfolio of oil, gas and condensate in Arkansas, Kentucky, Louisiana, Michigan, Mississippi, Oklahoma, Texas and Wyoming.

#### **About Range Ventures LLC**

Range is a privately held company under the control of Petter Smedvig Hagland, who is also a member of the board of directors of the Company. Per 31 August 2016 Range owned 6 million shares in the Company.

#### **About Middelborg Invest AS**

Middelborg is a privately held company under the control of Kristian Lundkvist. Per 31 August 2016 Middelborg owned 1.7 million shares in the Company.

*This information is the kind of information that Dome Energy AB (publ) is obliged to publicize according to EU Market Abuse Regulations (MAR). The information was publicized, by the above contact person December 19, 2016 17.15 CET.*

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#### **About Dome Energy**

Dome Energy AB. is an independent Oil & Gas Company publicly traded on the Nasdaq First North exchange in Sweden (Ticker: DOME). Mangold Fondkommission AB, phone: +46 8 503 01 550, is the Company's Certified Adviser. Headquartered in Houston, Texas, the Company's focus is on the development and production of existing onshore Oil & Gas reserves in the United States. For more information visit [www.domeenergy.com](http://www.domeenergy.com).