

HAARETZ

A new energy bet for investors as Adira floats stock in Tel Aviv

NIS 80-100 million offering will be first of 2012 on the local bourse.

By [Eran Azran](#) | Oct.31, 2012 | 6:36 AM



Haim Ramon. Photo by Olivier Fitoussi

The oil and gas exploration company Adira Energy is planning to debut on the Tel Aviv Stock Exchange next month in what would be the exchange's first public share offering of the year.

The shares are expected to be issued at a company value of NIS 80 million to NIS 100 million, similar to the value at which the company is already trading in Canada.

Adira, with Jeffrey Walter at the helm as CEO, holds a 10% stake in the Gabriella exploration license 10 kilometers offshore Israel, stretching between Netanya and Ashdod.

It also owns 50% of the Yitzhak license 12 kilometers from the coast opposite Netanya and Hadera, and 31% in the Samuel license hugging the shoreline between Ashkelon and Bat Yam.

Management met last Friday with representatives from Poalim IBI Underwriting headed by Erez Goldschmidt, one of the market's major underwriters, which will likely lead the offering.

Adira's shareholders include BRM Group belonging to financier and venture capitalist Eli Barkat, Jerusalem mayor Nir Barkat, and Yuval Rakavy, formerly of Check Point; as well as oil and gas drilling services provider Lapidoth Israel Oil Prospectors and the Halman-Aldubi financial group.

Adira is co-chaired by Amos Lasker, former CEO of Israel Electric Corporation, and Dennis Bennie, who formerly chaired the Canada Israel Political Affairs Committee (CJPAC) and is considered a guru in Canada's high tech industry.

New investing public and extra capital

Adira's intention to issue stock on the TASE was revealed last May after the company notified the securities commission in Vancouver that its board approved the double listing.

"The listing will increase the involvement of Israelis in the company and will enable access to additional sources of capital in the future," explained one insider.

In August Adira raised about Cdn \$11 million dollars (NIS 43 million) through an issue of shares and warrants in Canada for development of the Gabriella field along with Modiin Energy, controlled by Tzachi Sultan and Nochi Dankner's IDB Development, which holds a 70% share in the license, and Canada's Brownstone Energy, owner of a 15% share.

Drilling costs are projected at \$70 million so Adira will be expected to ante up \$7 million.

The Homer Ferrington drilling rig, which lately came up empty exploring for natural gas in the Sara and Myra licenses, is slated to start working the Gabriella field at the beginning of 2013. Seismic surveys of Gabriella indicated contingent resources of 128 million barrels of oil and prospects for 124 million barrels at 15% to 24% probability.

The field is located north of the Med Ashdod license where oil has already been found.

Besides making preparations to drill at Gabriella, Adira announced Sunday that the head of oil and gas exploration at the Ministry of Energy and Water Resources approved extending the deadline for signing a binding contract with a drilling contractor for the Samuel license until the end of March 2013.

The extension will allow the company to line up a rig, with drilling likely to commence later in the year.

"The extra time will, among other things, allow Adira to carefully investigate the Samuel license," explained Walter.

"In addition, it will allow the company to continue working with the government and relevant authorities, including the district planning and building committee, to ensure that all the necessary conditions for the license will be met on time," he said.

Parachuting onto the TASE

Tohar Hashemesh (THL), Adira's partner in its three exploration licenses, announced Monday that it is headed to the TASE. The company, however, won't be issuing shares.

Instead, it intends to execute a reverse merger with Lifewave, a shell company already listed on the exchange. Lifewave shares, trading on the TASE maintenance list with a token NIS 5.2 million company value at the beginning of the week, more than doubled in price over the last two days on the news: The stock soared 76.8% Monday, jumping another 14.6% yesterday.

Lawyer and real estate developer Dr. Efraim Eligula, the owner of THL whose previously energy investments were focused on solar energy and gas stations in Israel, signed a deal with Adira on Sunday for rights of 5% in Gabriella, 10% in Yitzhak, and 10% in Samuel for \$3 million.

THL was also provided options valid until the end of March 2013 for additional 10% stakes in the Yitzhak and Samuel licenses.

According to Gadi Levin, CFO of Adira, Eligula's entry as a partner in the licenses is part of Adira's strategy of reaching more investors.

"Eligula's joining comes at the final stages of preparations for the Gabriella license drilling in the first half of 2013, as well as the drillings to be conducted at the Samuel and Yitzhak licenses," he explained.

THL also agreed to cover 2.5% of Adira's costs for initial exploratory drilling in the Gabriella license, including the cost of production tests. If oil or gas is found in any of the licenses, THL will also pay Adira 3% to 4.5% off the top in royalties on its share in the rights.

Lifewave, controlled by Reuven Shulman, develops and produces medical devices for treating chronic wounds.

The company ran into financial difficulties at the beginning of the year when its owners refused to provide more funding after the company ran out of cash. Former Knesset member Haim Ramon serves as company chairman.