

Prospect News

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Enhanced Oil stops at C\$16.71 million; Kodiak looks at C\$40 million; GTx plans \$30 million

By LLuvia Mares

New York, Nov. 6 - Leading PIPEs news Tuesday, Enhanced Oil Resources closed a previously announced private placement of units on Tuesday at smaller than the planned size.

"The company has recently stated that it would not pursue financing on terms that are not in the best interest of our shareholders," said Barry Lasker, company president and chief financial officer, in a press release. "We believe that at current levels, the company has sufficient funds to continue the execution of the business plan and that additional funding should be available in the future through existing warrants and options."

The deal priced on Oct. 2 for C\$25 million, but the company has only raised C\$16,714,080 in a tranche that settled on Oct. 10. In that tranche, the company sold 9,285,600 units.

As previously reported, Enhanced Oil originally planned to sell a total of 13,888,888 units of one share and one half-share warrant at C\$1.80 per unit. Each whole warrant is exercisable at C\$2.50 for two years.

Expiry of the warrants may be accelerated to 30 days if the company's share price is at least C\$0.75 for 20 consecutive trading days at any time more than four months after closing.

The company's stock (TSX Venture: EOR) closed at \$1.42, down \$0.4 from Monday's \$1.46 close.

Proceeds will be used for oil field acquisitions, development and general working capital.

Enhanced Oil, formerly Ridgeway Petroleum Corp., is a helium and carbon dioxide appraisal and development company based in Houston.

Kodiak negotiates C\$40 million

In the mining sector, Kodiak Exploration Ltd. agreed with a syndicate of underwriters co-led by National Bank Financial Inc. and Cormark Securities Inc. for a C\$40 million private placement of flow-through shares and common shares.

"We went with flow-through shares because our projects are in Canada and there was an appetite for flow-through shares," said Bill Chornobay, company president and director. "The company suffers less dilution because flow-through shares are done at a lift to the market."

The company will sell 2,083,334 flow-through shares at C\$4.80 apiece, raising about C\$10 million. It also will sell 7,894,737 common shares at C\$3.80 apiece, raising approximately C\$30 million.

Kodiak's stock (TSX Venture: KXL) closed at C\$4.13 on Tuesday, up C\$0.10 from Monday's close of C\$4.12.

Closing is expected on Nov. 27.

Proceeds will be used for exploration, land acquisitions and general corporate purposes.

"We are always looking for opportunities that can help build shareholder value so [looking into additional financing] that is an ongoing process," said Chornobay.

Based in Vancouver, B.C., Kodiak is a mineral exploration company focused on gold, base metals and uranium in Canada.

GTx to raise \$30 million

GTx, Inc. will soon have its pockets full of cash after arranging a \$30 million private placement of stock.

"We announced this morning a global collaboration with Merck & Co. and the terms of collaboration call for Merck to pay GTx an up front license fee of \$40 million and \$15 million in preclinical research reimbursements over three years and agreed to purchase \$30 million in the company's stock as part of the deal," said an insider. "Merck is not just doing a collaboration with these specific drug candidates they are also making a significant investment in our company."

Merck & Co., Inc. agreed to buy 1,285,347 shares at \$23.34 apiece.

GTx's stock (Nasdaq: GTXI) closed at \$16.34, up \$1.90 from Monday's \$14.44 close.

"The funds will be used for general corporate purposes and for research and development," said a company insider. "We are a bio-tech company so we are developing new drugs and the money will go towards the discovery, development and commercialization of our drug candidates."

Settlement of the placement depends on a collaboration agreement between GTx and Merck becoming effective. The effectiveness of the collaboration agreement also depends on settlement of the placement.

GTx is a biopharmaceutical company based in Memphis.

MRU closes \$24.4 million

In other news, MRU Holdings hit it big after completing a \$24.4 million private placement of stock.

"We are very pleased to raise this additional growth capital at a time when the competitive landscape in student lending is changing dramatically in our favor," said Vishal Garg, company co-founder and chief financial officer, in a press release. "MRU is the fastest growing publicly traded student loan company and the capital we have raised will enable us to continue to grow origination volumes rapidly by advancing the growth of the MyRichUncle brand, catalyze our strategic initiatives and to build on our strengths in new product development."

The company sold a total of 5.18 million shares - 850,000 of those shares were priced at \$4.98 each, the company's closing price on Nov. 2 and 4,330,000 shares for \$4.65 per share, to a group of institutional investors. No warrants were issued in the transaction.

The company's stock (Nasdaq: UNCL) closed at \$4.92 on Tuesday, down \$0.30 from Monday's \$5.22 close.

Bear, Stearns & Co. and Piper Jaffray & Co. were the placement agents.

Proceeds will be used for new product development, marketing and for company expansion.

New York City-based MRU is a specialty finance company that provides federal and private student loans.

China BAK to take in \$13.7 million

In the technology department, China BAK Battery announced it plans to raise a \$13.7 million private placement of stock.

"This financing will allow us to boost the growth of our business, especially in the international OEM, notebook computers, power tools, and ultra-portable electronic devices markets," said Xiangqian Li, company chief executive officer, in a press release. "We will be better positioned to maintain and deepen our market leadership in such fields as cell phone replacement batteries."

The company will issue 3.5 million shares at \$3.90 per share to a group of accredited investors. No warrants were included.

China BAK's stock (Nasdaq: CBAK) closed at \$4.55 on Tuesday, down \$0.75 from Tuesday's \$5.30 close.

Bear, Stearns & Co. and Piper Jaffray & Co. are the placement agents.

Proceeds will be used to expand business, for working capital and to retire indebtedness.

Shenzhen, China-based China Bak manufactures lithium-based battery cells.

Synthesis arranges \$15.75 million

Also making news in the technology sector, Synthesis Energy Systems said it negotiated a \$15.75 million direct placement of stock with Ashmore Energy International.

Ashmore has agreed to buy 1.75 million shares at \$9.00 each.

The company's stock (Nasdaq: SYMX) closed at \$11.00 on Tuesday, down \$0.48 from Monday's \$11.48 close.

CRT Capital Group LLC is the placement agent. The deal is expected to settle on Nov. 8.

Proceeds will be used for equity investments in the company's Golden Concord project and for future project, working capital and general corporate purposes.

Synthesis is focused on a technology to convert coals, coal waste and biomass into high-value energy products and chemical feedstocks.

Arura raises C\$1 million in first tranche

In the pharma market, Arura Pharma said it completed the first tranche of a previously announced C\$3 million private placement of units. In this tranche, the company raised C\$1 million. The deal was announced Oct. 1.

"We are very pleased that Arura was able to secure that first tranche of this financing round in such a short time frame and that a new strategic institutional investor joined Arura shareholders, while close to 15% of that tranche was invested by board members and senior management of Arura showing confidence in our future," said Ali Moghaddam, company chief executive officer, in a press release.

In the first tranche, Arura sold 8 million units.

As previously reported, the company plans to sell a total of up to 24 million units at C\$0.125 per unit. Each unit consists of one common share and one half-share warrant. Each whole warrant is exercisable at C\$0.225 for two years.

The company's stock (TSX Venture: ARP) closed at C\$0.135 on Sept. 28, the last time it traded and has not seen any activity since.

Proceeds will be used to pay down debt, to finance sales growth, to finance development and for general working capital purposes.

Arura is a Montreal pharmaceutical company.