

8-K - 2018-12-07

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8-K

8-K 1 cei-8k_120318.htm CURRENT REPORT

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 3, 2018**

Camber Energy, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation)

001-32508

(Commission File Number)

20-2660243

(I.R.S. Employer Identification No.)

1415 Louisiana, Suite 3500, Houston, Texas 77002

(Address of principal executive offices)

(210) 998-4035

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ? Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ? Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ? Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ? Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ?

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Item 1.01 Entry into a Material Definitive Agreement.

As previously disclosed, on November 23, 2018, Camber Energy, Inc. (the “Company”, “we” and “us”) and an institutional investor (the “Investor”), entered into a Stock Purchase Agreement (the “Purchase Agreement”). Under the terms of the Purchase Agreement, the Investor agreed to purchase up to 2,941 shares of Series C Redeemable Convertible Preferred Stock (“Series C Preferred Stock” and the “Maximum Shares”) from the Company for an aggregate of \$28 million, including agreeing to purchase 106 shares of Series C Preferred Stock within two business days of the satisfaction of certain closing conditions, in consideration for \$1 million (the “Initial Closing”), and additional shares of Series C Preferred Stock thereafter, until the Maximum Shares are sold, subject in each case to the applicable closing conditions.

On December 3, 2018, we entered into a First Amendment to Stock Purchase Agreement with the Investor (the “First Amendment” and the Purchase Agreement as amended by the First Amendment, the “November 2018 Purchase Agreement”), pursuant to which the parties agreed to (a) amend the Initial Closing to be for a total of \$2.5 million and 263 shares of Series C Preferred Stock, and (b) change the terms of the Purchase Agreement to require that, notwithstanding the other closing conditions set forth in the November 2018 Purchase Agreement, for each sale of \$800,000 of Series C Preferred Stock, in additional closings after the Initial Closing, that an aggregate dollar trading volume of at least \$10 million must have traded on NYSE American during regular trading hours, from the trading day after the immediately prior closing until the trading day immediately before the relevant closing, but expressly excluding all volume traded on any days that the Investor is prevented or delayed from reselling shares of common stock.

On December 4, 2018, upon the satisfaction of the applicable closing conditions, the Investor acquired 262 shares of Series C Preferred Stock for a total of \$2.5 million.

The Company plans to use the proceeds from the sale of the Series C Preferred Stock for working capital, workovers on existing wells, and potential acquisitions.

The terms of the November 2018 Purchase Agreement, the rights and preferences of the Series C Preferred Stock (which Series C Preferred Stock sold pursuant to the November 2018 Purchase Agreement currently has a dividend rate of 24.95% per year), the closing conditions relating to the closings other than the Initial Closing and related items are described in greater detail in the Current Report on Form 8-K/A (Amendment No. 1) filed by the Company with the Securities and Exchange Commission on December 7, 2018.

The terms of the November 2018 Purchase Agreement and the Series C Preferred Stock are subject to, and qualified in their entirety by, (a) the form of November 2018 Purchase Agreement, as amended, a copy of which is incorporated by reference hereto as Exhibit 10.1 and 10.2; and (b) the Certificate of Designation of Series C Preferred Stock, as amended (the “Designation”) incorporated by reference as Exhibits 3.1 and 3.2 hereto, which are incorporated in this Item 1.01 by reference in their entirety.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information disclosed in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03 in its entirety.

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On December 3, 2018, we received notification (the “Deficiency Letter”) from the NYSE American LLC (“NYSE American”) that it is not in compliance with certain NYSE American continued listing standards (the “Listing Standards”). This was in addition to our prior disclosed non-compliance with Sections 1003(a)(i) through (iii) of the NYSE American Company Guide.

The Deficiency Letter indicated that the Company’s securities have been selling for a low price per share for a substantial period of time. Pursuant to Section 1003(f)(v) of the NYSE American Company Guide, the NYSE American staff determined that the Company’s continued listing is predicated on it effecting a reverse stock split of its common stock or otherwise demonstrating sustained price improvement within a reasonable period of time, which the staff determined to be until June 3, 2019. The Company intends to regain compliance with the Listing Standards by undertaking a measure or measures that are for the best interests of the Company and its shareholders.

The Company’s common stock will continue to be listed on the NYSE American while it attempts to regain compliance with the Listing Standards, subject to the Company’s compliance with other continued listing requirements, as described in prior filings (which listing standards the Company is currently required to meet by December 15, 2018). The NYSE American notification does not affect the Company’s business operations or its reporting obligations under the Securities and Exchange Commission regulations and

rules and does not conflict with or cause an event of default under any of the Company's material agreements.

The Company issued a press release on the same day of this report announcing that it had received the Deficiency Letter. A copy of the press release is attached hereto as Exhibit 99.1.

Item 3.02 Unregistered Sales of Equity Securities.

The information disclosed in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02. The sale and issuance of the securities described herein have been determined to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) in reliance on Sections 3(a)(9) and 4(a)(2) of the Securities Act, Rule 506 of Regulation D promulgated thereunder and Regulation S promulgated thereunder, as transactions by an issuer not involving a public offering. The Investor has represented that it is an accredited investor, as that term is defined in Regulation D. The Investor also has represented that it is acquiring the securities for investment purposes only and not with a view to or for sale in connection with any distribution thereof.

As of the date of this Report, the Series C Preferred Stock sold at the Initial Closing, would convert into approximately 34.4 million shares of our common stock if fully converted, which number includes 769,231 shares of common stock convertible upon conversion of each share of outstanding Series C Preferred Stock at a conversion price of \$3.25 per share (based on the \$10,000 face amount of the Series C Preferred Stock) and approximately 33.6 million shares of common stock for premium shares due thereunder (based on the current dividend rate of 24.95% per annum), and a conversion price of \$0.1298 per share, which may be greater or less than the conversion price that currently applies to the conversion of the Series C Preferred Stock pursuant to the terms of the Designation, which number of premium shares may increase significantly from time to time as the trading price of our common stock decreases, upon the occurrence of any trigger event under the Designation of the Series C Preferred Stock and upon the occurrence of certain other events, as described in greater detail in the Designation of the Series C Preferred Stock.

The conversion of the Series C Preferred Stock into common stock of the Company will create substantial dilution to existing stockholders.

As of December 7, 2018, the Company had 142,074,845 shares of common stock issued and outstanding.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of Exhibit
3.1	Certificate of Designations of Preferences, Powers, Rights and Limitations of Series C Redeemable Convertible Preferred Stock as filed with the Secretary of State of Nevada on August 25, 2016 (Filed as Exhibit 3.2 to the Company’s Current Report on Form 8-K, filed with the Commission on August 31, 2016, and incorporated herein by reference)(File No. 001-32508)
3.2	Amendment to Certificate of Designations of Preferences, Powers, Rights and Limitations of Series C Redeemable Convertible Preferred Stock as filed with the Secretary of State of Nevada on July 25, 2018 (Filed as Exhibit 3.2 to the Company’s Current Report on Form 8-K, filed with the Commission on July 27, 2018, and incorporated herein by reference)(File No. 001-32508)
10.1	Form of Stock Purchase Agreement relating to the purchase of \$28 million in shares of Series C Redeemable Convertible Preferred Stock dated November 23, 2018 (Filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the Commission on November 23, 2018, and incorporated herein by reference)(File No. 001-32508)
10.2*	Form of First Amendment to Stock Purchase Agreement relating to the purchase of \$28 million in shares of Series C Redeemable Convertible Preferred Stock dated December 3, 2018
99.1**	Press Release dated December 7, 2018

* Filed herewith.

** Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAMBER ENERGY, INC.

By: /s/ Robert Schleizer

Name: *Robert Schleizer*
Title: Chief Financial Officer

Date: December 7, 2018

EXHIBIT INDEX

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* Filed herewith.

** Furnished herewith.

FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT

This First Amendment to Stock Purchase Agreement ("**Amendment**") is made and entered into on December 3, 2018 ("**Amendment Date**"), by and between Camber Energy, Inc., a Nevada corporation, ("**Company**"), and the investor whose name appears below ("**Investor**").

Recitals

A. On November 23, 2018, Company and Investor entered into a Stock Purchase Agreement ("**Agreement**") pursuant to which Investor agreed to purchase shares of Series C Redeemable Convertible Preferred Stock ("**Preferred**") convertible into shares of Common Stock of the Company ("**Common Stock**") pursuant to a Certificate of Designations of Preferences, Powers, Rights and Limitations of Series C Redeemable Convertible Preferred Stock filed by the Company with the Secretary of State of Nevada on August 25, 2016, as amended to date ("**Certificate**").

B. As an accommodation to Company and in order to help facilitate implementation of Company's business plan, Investor is willing to amend the Agreement in accordance with the terms hereof.

C. Certain capitalized terms used herein, but not otherwise defined herein, have the meanings given to such terms in the Agreement and/or the Certificate.

Agreement

In consideration of the premises, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Company and Investor agree as follows:

1. Amendments to Agreement. Effective on the Amendment Date, the Agreement shall be deemed amended, restated and superseded by the following:

(a) In Section II.D of the Agreement, 106 is changed to 263, and \$1,000,000.00 is changed to \$2,500,000.00; and

(b) In the definition of Base Volume in Exhibit I of the Agreement, \$1 million is changed to \$800,000.00.

2. Acknowledgement. Company hereby acknowledges and agrees that Investor has at all times fully and completely complied with all of its obligations under the Agreement, the Certificate and all other Transaction Documents between Company and Investor, and that all Delivery Notices and calculations provided by Investor to Company were and are fully correct and accurate in all respects.

3. Ratification. Except as expressly provided herein, the Agreement, which is incorporated by reference as though set forth in full herein, and Certificate are hereby ratified and affirmed in all respects, and remain in full force and effect. Except as expressly provided herein, the execution of this Amendment shall not operate as a waiver of any right, power or remedy of the Investor, constitute a waiver of any provision of any of the Agreement, Certificate or any Transaction Document or serve to effect a novation of the obligations under the Agreement, Certificate or any Transaction Document. Except as expressly provided herein, the Agreement and all Transaction Documents between Company and Investor shall continue in full force and effect and nothing herein shall act as a waiver of any of the Investor's rights under any of the foregoing.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized signatories on the Amendment Date.

Company:

CAMBER ENERGY, INC.

By: _____
Name: _____
Title: _____

Investor:

Investor Name

By: _____
Name: _____
Title: _____

Camber Energy Announces Notification of NYSE American Listing Deficiency

HOUSTON, TX / ACCESSWIRE / December 7, 2018 / Camber Energy, Inc. (NYSE American: CEI) (“Camber” or the “Company”) received a deficiency letter (“Letter”) from NYSE AMERICAN LLC (“NYSE American” or the “Exchange”) stating that the Company is not in compliance with the continued listing standards as set forth in Section 103(f)(v) of the NYSE American Company Guide (“Company Guide”). The Letter stated that because the Company’s common stock had been trading for a low price per share for a substantial period of time, the Company was not in compliance with Section 1003(f)(v) of the Company Guide. The NYSE American staff determined that the Company’s continued listing is predicated on it effecting a reverse stock split of its common stock or otherwise demonstrating sustained price improvement within a reasonable period of time, which the staff determined to be until June 3, 2019. The Company intends to regain compliance with the listing standards set forth in the Company Guide by undertaking a measure or measures that are for the best interests of the Company and its shareholders.

In the interim, the Company’s common stock will continue to be listed on the NYSE American while it attempts to regain compliance with the listing standards, subject to the Company’s compliance with other continued listing requirements. The NYSE American notification does not affect the Company’s business operations or its reporting obligations under the Securities and Exchange Commission regulations and rules and does not conflict with or cause an event of default under any of the Company’s material agreements.

About Camber Energy, Inc.

Based in Houston, Texas, Camber Energy (NYSE American: CEI) is a growth-oriented, independent oil and gas company engaged in the development of crude oil, natural gas and natural gas liquids in the Texas Panhandle as well as other basins. For more information, please visit the Company's website at www.camber.energy.

Safe Harbor Statement and Disclaimer

This release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give our current expectations, opinion, belief or forecasts of future events and performance. A statement identified by the use of forward-looking words including “will,” “may,” “expects,” “projects,” “anticipates,” “plans,” “believes,” “estimate,” “should,” and certain of the other foregoing statements may be deemed forward-looking statements. Although Camber believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this news release. These include risks inherent in natural gas and oil drilling and production activities, including risks of fire, explosion, blowouts, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks, which may temporarily or permanently reduce production or cause initial production or test results to not be indicative of future well performance or delay the timing of sales or completion of drilling operations; delays in receipt of drilling permits; risks with respect to natural gas and oil prices, a material decline which could cause Camber to delay or suspend planned drilling operations or reduce production levels; risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in natural gas and oil prices; risks relating to unexpected adverse developments in the status of properties; risks relating to the absence or delay in receipt of government approvals or third party consents; risks relating to funding we may never receive pursuant to the November 2018 Stock Purchase Agreement; risks relating to our ability to close the transactions contemplated by the Memorandum of Understanding previously disclosed; and other risks described in Camber's Annual Report on Form 10-K and other filings with the SEC, available at the SEC's website at www.sec.gov. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by the Company. The Company's SEC filings are available at <http://www.sec.gov>.

SOURCE: Camber Energy, Inc.

Released December 7, 2018
