



# Business Edge

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## Nordic visitors pitch Oslo stock exchange

### Energy-friendly country hopes to woo interest

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The thought of hostile takeovers and Scandinavia conjures up an image of horn-helmeted Vikings brandishing sword and pillaging an unsuspecting village.

A Norwegian raiding party of a different sort descended upon Calgary last week.

Donning suits and ties and armed with PowerPoint, they came to sell Norway's Oslo Stock Exchange (OSE) to Canadian energy companies looking to tap into new capital markets otherwise closed to them in Canada.

"It seems we are offering something they (energy companies) are out for - international capital listing in Europe and visibility in Europe," Sven Arild Andersen, the OSE's CEO, told reporters following a luncheon presentation to more than 50 Calgary oil types from about 30 companies.

"And since the Oslo Stock Exchange is so big, regarding the energy sector, they get the visibility and they get access to the investor community."

Norway is an oil and gas-oriented nation, he said. "You get a great deal of understanding for the business and professionals and researchers, the (government) ministers, the politicians in both Oslo and along the coast - everywhere there's a positive attitude to oil and gas."

Gary Griffin liked the looks of the Nordic marauders, as well as their message. The manager of technical services at privately owned Buried Hill Energy was impressed by the short time it takes "to make a decision to raise capital and how quickly that can happen. The two-month process is extremely quick."

Griffin said Buried Hill, which is looking to go public, is considering its options in other markets, such as London's Alternative Investment Market, a favourite destination for North American firms seeking European capital.

He said he needs to take a closer look at the OSE, because "if things work out for us, money is needed to move this forward."

To date, Canada's presence on the Oslo exchange is limited. Questerre Energy Corp., a Calgary junior explorer and producer (E&P) with interests in neighbouring B.C. and in Quebec, will soon be listed. CanArgo Energy - once a Canadian-based firm, now headquartered in the U.S. - joined the OSE in 1998.

Calgary's Artumas Group Inc. is also set to join the OSE. Richard Grant, a director with the emerging firm, said Artumas decided to list on the Oslo exchange because it was tired of trying to raise funds in Canada, saying the company couldn't get the recognition for a natural gas project it was proposing in Tanzania.

"The Europeans recognize the value of our project, and the interesting thing about Norway and Scandinavia is that governments are also completely supportive of Africa," Grant said after the presentation. "(Norway) has 10 or 15 non-governmental organizations (dedicated to African issues) and they have government development banks for grant money

Artumas hopes to raise \$40 million in the public offering next month. It has already garnered \$28 million in private placements, funds earned, in part, on the fact that the firm plans to list in Oslo, Grant said.

"You want to be supported by your investors and your shareholders, and we attracted some very large institutional investors, and the odd thing is our major investors are from the U.S. and the U.K. These big institutions had no problem all giving us money on private placements knowing we're listed on the Oslo exchange."

Grant played down the misperception that Norway is a small, isolated country perched on the edge of the Arctic Circle.

He pointed out that Alberta is actually more remote "from everywhere else" than is Norway, which is just an hour's flight from London, a bastion of capital and debt fundraising.

He also noted that the "euro is very strong, the pound is outrageous, and even (Norway's) krone is a strong currency" that gives companies more bang for their fund-raising buck.

"If you can raise \$10 million Cdn, I think you can raise 10 million euros, maybe even £10 million at the same dilutions.

"So if you're going to give up 30 per cent of your company to get \$10 million, you might as well make it £10 million."

Ragnar Saether, president of Calgary-based Saether Capital and a big believer in the OSE, said the exchange represents an untapped listing opportunity for Canadian E&Ps.

He said because the oil and gas industry is the backbone of the Norwegian economy, the investors there are energy savvy and have a good grasp of the industry.

"Increasingly, the Nordic market has stepped up in appetite, if you will, for international E&Ps," Saether said. "The liquidity is tremendous - it outperforms (many other) exchanges and that's what people are looking for."

The OSE - or Oslo Børs, as it is known in Norwegian - got its start in 1819 as a commodities exchange, before introducing equity trading in 1881.

It is part of Norex, an alliance between Nordic stock exchanges in Sweden, Finland, Denmark and Iceland, in addition to three Baltic exchanges.

According to the Norwegian delegation, trading volumes on the OSE have tripled since 2002, with an average daily turnover of \$1.09 billion Cdn in 2005.

In the last 18 months, 32 initial public offerings were completed, while the exchange has a total market capitalization of \$2 billion, almost half of which is attributed to the energy sector.