

**8-K/A - 2020-01-07**

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**8-K/A**

8-K/A 1 cei-8ka\_123119.htm AMENDMENT TO FORM 8-K

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

**FORM 8-K/A**

(Amendment No. 1)

**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 31, 2019**

**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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 Par Value Per Share	CEI	NYSE American

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). ?

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. ?

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## EXPLANATORY NOTE

On January 3, 2020, Camber Energy, Inc. (the “Company”, “we” and “us”) filed a Current Report on Form 8-K (the “Original Report”) to report, among other things, the closing, on December 31, 2019, of the transactions contemplated by a Preferred Stock Redemption Agreement (the “Redemption Agreement” and the redemption contemplated thereby, the “Redemption”), by and between the Company, Lineal Star Holdings, LLC, the Company’s wholly-owned subsidiary at the time of the entry into the Redemption Agreement (“Lineal”), Lineal’s wholly-owned subsidiaries, and the holders of the Company’s Series E Redeemable Convertible Preferred Stock (“Series E Preferred Stock”) and Series F Redeemable Preferred Stock (“Series F Preferred Stock”, and the holders of the Series E Preferred Stock and Series F Preferred Stock, the “Preferred Holders”), pursuant to which the parties thereto mutually agreed to unwind a July 8, 2019 acquisition of Lineal by the Company which was affected pursuant to a merger and allow for the redemption in full of Lineal by the Preferred Holders. At that time, the Company stated in the Original Report that it intended to file the required pro forma financial information associated with the Redemption within 4 business days from the date that such Original Report was required to be filed. By this Amendment No. 1 to the Original Report, the Company is amending and restating Item 9.01 thereof to include the required pro forma financial information. This Current Report on Form 8-K does not amend or modify the Original Report, except as to Item 9.01.

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## Item 9.01 Financial Statements and Exhibits.

### (b) Pro Forma Financial Information

Filed as Exhibit 99.2 to this Current Report on Form 8-K and incorporated into this Item 9.01 by reference are unaudited pro forma condensed consolidated financial statements of Camber Energy, Inc. as of and for the three and six months ended September 30, 2019, which have been prepared to give effect to the Redemption. These unaudited pro forma condensed consolidated financial statements are provided for illustrative purposes only and do not purport to represent what Camber Energy, Inc.'s actual results of operations or financial position would have been if the Redemption had occurred on the dates indicated, nor are they necessarily indicative of Camber Energy, Inc.'s future operating results or financial position. It is also important to keep in mind that the Merger only closed on July 9, 2019, so Lineal was only owned by the Company for less than three months during the six months ended September 30, 2019.

### (d) Exhibits.

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
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2.1*	Preferred Stock Redemption Agreement dated December 31, 2019, by and among Camber Energy, Inc., Lineal Star Holdings LLC, Lineal Industries Inc., Lineal Star, Incorporated and each of the holders of the Series E Redeemable Convertible Preferred Stock and Series F Redeemable Preferred Stock of Camber
10.1*	\$1,539,719 Promissory Note effective December 31, 2019, evidencing amounts owed by Lineal Star Holdings, LLC to Camber Energy, Inc.
10.2*	\$800,000 Promissory Note No. 2 effective December 31, 2019, evidencing amounts owed by Lineal Star Holdings, LLC to Camber Energy, Inc.
99.1**	Press Release dated January 3, 2020
99.2***	Unaudited Pro Forma Financial Information of Camber Energy, Inc.

\* Filed as an exhibit to the Original Report.

\*\* Furnished as an exhibit to the Original Report.

\*\*\* Filed herewith.

## SIGNATURES

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: January 7, 2020

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## EXHIBIT INDEX

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**CAMBER ENERGY, INC.**  
**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

On December 31, 2019, Camber Energy, Inc. (the “Company”, “we” and “us”), entered into, and closed the transactions contemplated by, a Preferred Stock Redemption Agreement (the “Redemption Agreement” and the redemption contemplated thereby, the “Redemption”), by and between the Company, Lineal Star Holdings, LLC, the Company’s wholly-owned subsidiary at the time of the entry into the Redemption Agreement (“Lineal”), Lineal’s wholly-owned subsidiaries, and the holders of the Company’s Series E Redeemable Convertible Preferred Stock (“Series E Preferred Stock”) and Series F Redeemable Preferred Stock (“Series F Preferred Stock”, and the holders of the Series E Preferred Stock and Series F Preferred Stock, the “Preferred Holders”).

The Company had previously acquired 100% of the ownership of Lineal on July 8, 2019, from the then members of Lineal, in consideration for 1,000,000 shares of Series E Preferred Stock and 16,750 shares of Series F Preferred Stock, pursuant to the terms of an Agreement and Plan of Merger entered into on July 8, 2019 (the “Merger”).

Pursuant to the Redemption Agreement, effective as of December 31, 2019, each holder of Series E Preferred Stock transferred such Series E Preferred Stock to Camber in consideration for their pro rata share (except as discussed below in connection with the Series F Preferred Stock holder, who was also a holder of Series E Preferred Stock) of 100% of the Common Shares of Lineal and the holder of the Series F Preferred Stock transferred such Series F Preferred Stock (and such Series E Preferred Stock shares held by such holder) to Camber in consideration for 100% of the Preferred Shares of Lineal and as a result, ownership of 100% of Lineal was transferred back to the Preferred Holders, the original owners of Lineal prior to the Merger. Additionally, all of the Series E Preferred Stock and Series F Preferred Stock of the Company was automatically cancelled and deemed redeemed by Camber and the Series F Holder waived and forgave any and all accrued dividends on the Series F Preferred Stock.

The Redemption Agreement also provided for (a) the entry by Lineal and the Company into a new promissory note in the amount of \$1,539,719, evidencing the repayment of a promissory note in the original amount of \$1,050,000 provided by Lineal to Camber at the time of the closing of the Merger, together with additional amounts loaned by Camber to Lineal through December 31, 2019 (the “New Note”); (b) the loan by the Company to Lineal of an additional \$800,000, which was evidenced by a promissory note in the amount of \$800,000, entered into by Lineal in favor of the Company on December 31, 2019 (“Note No. 2”); and (c) the termination of the prior Plan of Merger and Funding and Loan Agreement entered into in connection therewith (pursuant to which all funds previously held in a segregated account for future Lineal acquisitions, less amounts loaned pursuant to Note No. 2, were released back to the Company). The New Note and Note No. 2, accrue interest, payable quarterly in arrears, beginning on March 31, 2020 and continuing until December 31, 2021, when all interest and principal is due, at 8% and 10% per annum (18% upon the occurrence of an event of default), respectively.

The following unaudited pro forma financial information is based on the Company’s historical consolidated financial statements after giving effect to the Redemption. The Company’s unaudited pro forma consolidated balance sheet as of September 30, 2019 illustrates the estimated effects of the Redemption as if it had occurred on such date. The net effect of the Redemption resulted in the elimination of \$25,321,307 of the Company’s assets which included \$17,992,118 of goodwill and \$757,263 of other intangible assets reported with the Merger and the elimination of \$4,495,888 of liabilities and \$20,118,000 of temporary equity associated with the redeemable preferred stock. The pro forma assets of the Company, as adjusted, reflected \$4,420,020 in current assets, of which \$4,218,056 is cash.

The unaudited pro forma consolidated statements of operations for the three and six months ended September 30, 2019 include certain pro forma adjustments to illustrate the estimated effect of the Redemption as if it had occurred on July 8, 2019. The net effect of the Redemption on the statements of operations eliminated \$6,285,535 of revenues for the three and six-month periods ended September 30, 2019, which reduced the Company's proforma revenues to \$92,753 and \$214,104 for the same periods, respectively. The Company's pro forma adjusted net loss increased from \$276,964 and \$1,564,562 for the three and six-month periods ended September 30, 2019, to \$984,383 and \$2,271,981 for the same periods, respectively.

The unaudited pro forma consolidated financial statements and the accompanying notes should be read in conjunction with the unaudited consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2019.

The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of what the Company's financial performance and financial position would have been had the transaction been completed on the dates assumed, nor is the unaudited pro forma financial information necessarily indicative of the results to be expected in any future period.

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**Camber Energy**  
**Pro Forma Balance Sheet**  
**September 30, 2019**

	Consolidated September 30, 2019	Eliminate Lineal September 30, 2019	Adjusted Camber Only September 30, 2019
<b>Current Assets</b>			
Cash	\$ 4,833,636	\$ (615,580)	\$ 4,218,056
Restricted Cash	—	—	—
Accounts Receivable	3,337,183	(3,164,279)	172,904
Costs in Excess of Billings	1,771,739	(1,771,739)	—
Other Current Assets	65,249	(36,189)	29,060
Total Current Assets	10,007,807	(5,587,787)	4,420,020
<b>Property and Equipment</b>			
Oil and Gas Properties - Subject to Amortization	50,488,936	—	50,488,936
Oil and Gas Properties - Not Subject to Amortization	28,016,989	—	28,016,989
Other Property and Equipment	5,235,199	(5,233,629)	1,570
Total Property and Equipment	83,741,124	(5,233,629)	78,507,495
Accumulated Depletion, Depreciation, Amortization and Impairment	(81,574,648)	3,233,490	(78,341,158)
Total Property and Equipment, Net	2,166,476	(2,000,139)	166,337
Right of Use Assets	757,263	(757,263)	—
Goodwill	17,992,118	(17,992,118)	—
<b>Other Assets</b>	264,053	(34,000)	230,053
<b>Long-Term Note Receivable</b>	—	1,050,000	1,050,000
<b>Total Assets</b>	\$ 31,187,717	\$ (25,321,307)	\$ 5,866,410
<b>Current Liabilities</b>			
Accounts Payable	\$ 2,161,016	\$ (864,239)	\$ 1,296,777
Common Stock Payable	1,735	—	1,735
Billings in Excess of Costs	90,082	(90,082)	—
Accrued Expenses	808,165	(716,164)	92,001
Operating Lease Liabilities - Short-Term	389,857	(389,857)	—
Finance Lease Liabilities - Short-Term	156,284	(156,284)	—
Current Portion of Long-Term Notes Payable, Net of Discount	216,721	(216,721)	—
Current Income Taxes	3,000	—	3,000
Total Current Liabilities	3,826,860	(2,433,347)	1,393,513
Asset Retirement Obligation	263,792	—	263,792
Operating Lease Liabilities - Long-Term	367,406	(367,406)	—
Finance Lease Liabilities - Long-Term	119,731	(119,731)	—
Long-Term Notes Payable, Net of Discount	1,575,404	(1,575,404)	—
Derivative Liability	—	—	—
<b>Total Liabilities</b>	6,153,193	(4,495,888)	1,657,305
<b>Commitments and Contingencies</b>			
<b>Temporary Equity</b>			
Preferred Stock Series E, 1,000,000 Shares Authorized of \$0.001 Par, 1,675,000 and -0- Shares issued and Outstanding, respectively, Liquidation Preference of \$20,000,000	18,701,000	(18,701,000)	—
Preferred Stock Series F, 1,000,000 Shares Authorized of \$0.001 Par, 1,675,000 and -0- Shares issued and Outstanding, respectively, Liquidation Preference of \$1,675,000	1,417,000	(1,417,000)	—
Total Temporary Equity	20,118,000	(20,118,000)	—
<b>Stockholders' Equity</b>			

Preferred Stock Series A, 2,000 Shares Authorized of \$0.001 Par Value, 0 Shares Issued and Outstanding	—	—	—
Preferred Stock Series B, 600,000 Shares Authorized of \$0.001 Par Value, 0 and 44,000 Shares Issued and Outstanding, respectively	—	—	—
Preferred Stock Series C, 5,000 Shares Authorized of \$0.001 Par Value, 2,302 and 2,305 Shares issued and Outstanding, respectively, Liquidation Preference of \$56,318,430	2	—	2
Preferred Stock Series D, 50,000 Shares Authorized of \$0.001 Par Value, 0 Shares Issued and Outstanding			
Common Stock, 5,000,000 Shared Authorized of \$0.001 Par Value, 1,048,000 and 13,553 Shares Issued and Outstanding, respectively	1,049	—	1,049
Additional Paid in Capital	148,784,723	—	148,784,723
Stock Dividends Distributable	11,913,781	—	11,913,781
Accumulated Deficit	(155,783,031)	(707,419)	(156,490,450)
<b>Total Stockholders' Equity</b>	<b>4,916,524</b>	<b>(707,419)</b>	<b>4,209,105</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 31,187,717</b>	<b>\$ (25,321,307)</b>	<b>\$ 5,866,410</b>

**Camber Energy**  
**Pro Forma Combined Statements of Operations**  
**September 30, 2019**

	Consolidated	Eliminate Lineal	Adjusted	Consolidated	Eliminate Lineal	Adjusted
	Quarter Ended	Camber Only	Camber Only	Six Months	Camber Only	Camber Only
	September 30,	September 30,	September 30,	Ended	September 30,	September 30,
	2019	2019	2019	September 30,	2019	September 30,
				September 30,		September 30,
				2019		2019
<b>Net Operating Revenues</b>						
Contract Revenue	\$ 6,285,535	(6,285,535)	\$ —	\$ 6,285,535	(6,285,535)	\$ —
Oil and Gas Revenue	92,753		92,753	214,104		214,104
Total	6,378,288	(6,285,535)	92,753	6,499,639	(6,285,535)	214,104
<b>Operating Expenses</b>						
Lease Operating Expenses	188,483		188,483	312,040		312,040
Severance and Property Taxes	4,031		4,031	6,605		6,605
Contract Costs	4,897,196	(4,897,196)	—	4,897,196	(4,897,196)	—
Depreciation, Depletion, Amortization and Accretion	68,460	(64,868)	3,592	72,702	(64,868)	7,834
General and Administrative	1,731,795	(821,312)	910,483	3,063,786	(821,312)	2,242,474
Total	6,889,965	(5,783,376)	1,106,589	8,352,329	(5,783,376)	2,568,953
<b>Operating Loss</b>	<b>(511,677)</b>	<b>(502,159)</b>	<b>(1,013,836)</b>	<b>(1,852,690)</b>	<b>(502,159)</b>	<b>(2,354,849)</b>
<b>Other Expense (Income)</b>						
Interest Expense	37,677	(33,504)	4,173	38,524	(33,504)	5,020
Other Expense (Income), Net	(272,390)	238,764	(33,626)	(326,652)	238,764	(87,888)
Total Other Expense	(234,713)	205,260	(29,453)	(288,128)	205,260	(82,868)
Income Taxes	—	—	—	—	—	—
<b>Net Loss</b>	<b>\$ (276,964)</b>	<b>\$ (707,419)</b>	<b>\$ (984,383)</b>	<b>\$ (1,564,562)</b>	<b>\$ (707,419)</b>	<b>\$ (2,271,981)</b>

**CAMBER ENERGY, INC.**  
**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

**1. Basis of Presentation**

The unaudited proforma combined financial information is intended to give effect to the redemption of 100% of the ownership of Lineal Star Holdings, LLC ("Lineal") and its wholly owned subsidiaries by the holders of the Company's Series E and Series F Preferred Stockholders pursuant to an agreement effective December 31, 2019. The accompanying unaudited pro forma financial statements present the balance sheet as of September 30, 2019, and income statements for the three and six months ended September 30, 2019, as if the redemption occurred on July 8, 2019.

**2. Pro Forma Adjustments**

The following proforma adjustments have been reflected in the unaudited pro forma combined financial statements:

Adjustments to the pro forma combined balance sheet:

(a) Reflects the elimination of assets and liabilities of Lineal and its subsidiaries and the addition of notes receivable of \$1,050,000 due from Lineal to the Company, plus accrued interest in the note of \$24,349 for the period ended September 30, 2019.

(b) Reflects accounts receivable in the amount of \$30,000, for expenses paid by the Company to be repaid by Lineal pursuant to a new note payable effective December 31, 2019, payable to the Company.

Adjustments to the proforma combined statements of operations:

(a) Reflects the elimination of the all revenue and expenses of operations of Lineal which comprised the material portion of the Company's operations which were previously reported for the three and six month periods ended September 30, 2019.

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