

CANARGO ENERGY CORP

Form 8-K

June 17, 2003

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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) May 15, 2003

CANARGO ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

0-9147

91-0881481

(State or other jurisdiction
of incorporation)

(Commission File Number)

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

CanArgo Energy Corporation
P.O. Box 291, St. Peter Port
Guernsey, British Isles

GY1 3RR

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (44) 1481 729 980

(Former Name or Former Address, if Changed Since Last Report)

Item 7. Financial Statements and Exhibits.

(c) Exhibits

99.1 Pursuant to Regulation FD, CanArgo Energy Corporation is furnishing its Press Release dated May 15, 2003.

Item 9. Regulation FD Disclosure.

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Pursuant to Regulation FD, CanArgo Energy Corporation is furnishing its Press Release dated May 15, 2003. The Press Release is attached hereto as Exhibit 99.1.

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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 thereunto duly authorized.

Date: June 16, 2003

CANARGO ENERGY CORPORATION

By: /s/Liz Landles

Liz Landles, Corporate Secretary

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CanArgo Energy Corporation

FOR IMMEDIATE RELEASE

Q1 Results 2003

May 15th, 2003 Oslo, Norway CanArgo Energy Corporation (CanArgo) (OSE: CNR, OTCBB: GUSH) is pleased to announce its first quarter results for 2003.

CanArgo reported a small negative operating cash flow of \$110,673 for the quarter. Taking into consideration depreciation and other non-operating cash flow items the total loss was \$689,311 giving a net loss for the quarter of \$0.01 per share. Oil and gas sales were lower in the first quarter of 2003 due primarily to lower sales from inventory.

CanArgo Chairman and CEO Dr. David Robson commented, Our results are broadly in line with our expectations. We would expect the recent successful horizontal well on Ninotsminda field together with the cost reductions associated with our retrenchment programme to have a positive impact from the second quarter onwards. We have plans for further horizontal development wells on Ninotsminda later this year. At the same time we are actively seeking ways to progress our exploration programme. I look forward to briefing the shareholders more fully on our plans at our Annual General Meeting to be held in Oslo on 10th June, 2003.

CanArgo is an independent oil and gas exploration and production company with its oil and gas operations currently located in the Republic of Georgia, Ukraine and the Caspian Sea. Further information on the Company is available at www.canargo.com and at <http://www.sec.gov>.

The matters discussed in this press release include forward looking statements, which are subject to various risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in such forward looking statements. Such risks, uncertainties and other factors include the uncertainties inherent in oil and gas development and production activities, the effect of actions by third parties including government officials, fluctuations in world oil prices and other risks detailed in the Company's reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission. The forward looking statements are intended to help shareholders and others assess the Company's business prospects and should be considered together with all information available. They are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The company can not give assurance that the results will be attained.

CanArgo Energy Corporation

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Consolidated Condensed Balance Sheets**

Unaudited

| | March 31, 2003 | December 31, 2002 |
|--|-----------------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,894,567 | \$ 1,598,304 |
| Accounts receivable | 380,697 | 306,336 |
| Inventory | 152,348 | 185,924 |
| Prepayments | 293,781 | 211,623 |
| Assets held for sale | 8,223,686 | 8,095,947 |
| Other current assets | 173,830 | 175,951 |
| | <u> </u> | <u> </u> |
| Total current assets | \$ 11,118,909 | \$ 10,574,085 |
| Capital assets, net (including unevaluated amounts of \$37,457,900 and \$36,843,425, respectively) | 60,144,348 | 59,702,525 |
| Investments in and advances to oil and gas and other ventures - net | 355,895 | 459,308 |
| | <u> </u> | <u> </u> |
| Total Assets | \$ 71,619,152 | \$ 70,735,918 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Accounts payable | \$ 1,298,804 | \$ 871,996 |
| Loans payable | 380,000 | |
| Deferred revenue | 2,000,000 | 1,500,000 |
| Income taxes payable | 61,000 | 61,000 |
| Accrued liabilities | 268,167 | 204,045 |
| Liabilities held for sale | 2,463,249 | 2,351,965 |
| | <u> </u> | <u> </u> |
| Total current liabilities | \$ 6,471,220 | \$ 4,989,006 |
| Provision for future site restoration | 141,000 | 122,290 |
| Minority interest in subsidiaries | 3,502,050 | 3,519,342 |
| Commitments and contingencies (Note 17) | | |
| Stockholders' equity: | | |
| Common stock, par value \$0.10 per share | 9,735,620 | 9,735,620 |
| Capital in excess of par value | 145,151,475 | 145,151,475 |
| Foreign currency translation adjustment | 34,833 | 4,668 |
| Accumulated deficit | (93,417,046) | (92,786,483) |
| | <u> </u> | <u> </u> |
| Total stockholders' equity | \$ 61,504,882 | \$ 62,105,280 |
| | <u> </u> | <u> </u> |
| Total Liabilities and Stockholders' Equity | \$ 71,619,152 | \$ 70,735,918 |

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CANARGO ENERGY CORPORATION AND SUBSIDIARIES

Financial Statements
Consolidated Condensed Statements of Operations

| | Unaudited | |
|---|-------------------|-------------------|
| | March 31, 2003 | March 31, 2002 |
| Operating Revenues from Continuing Operations: | | |
| Oil and gas sales | \$ 1,141,458 | \$ 1,637,929 |
| Other | | 1,243,505 |
| | 1,141,458 | 2,881,434 |
| Operating Expenses: | | |
| Field operating expenses | 319,178 | 595,976 |
| Direct project costs | 166,586 | 629,439 |
| Selling, general and administrative | 766,367 | 751,545 |
| Depreciation, depletion and amortization | 578,638 | 769,413 |
| | 1,830,769 | 2,746,373 |
| Operating (Loss) Income from Continuing Operations | (689,311) | 135,061 |
| Other Income (Expense): | | |
| Interest, net | (2,304) | (4,519) |
| Other | 1,205 | (59,819) |
| Equity income (loss) from investments | 21,515 | (8,125) |
| | 20,416 | (72,462) |
| Net (Loss) Income Before Minority Interest | (668,895) | 62,599 |
| Minority interest in income (loss) of consolidated subsidiaries | 6,184 | (81,575) |
| Net Loss from Continuing Operations | \$ (662,711) | \$ (18,976) |
| Net (Loss) Income from Discontinued Operations, net of taxes and minority interest | (9,142) | 106,019 |
| Cumulative effect of change in accounting principle | 41,290 | |
| Net (Loss) Income | (630,563) | 87,043 |
| Other Comprehensive Income: | | |
| Foreign currency translation | 30,165 | |
| Comprehensive (Loss) Income | \$ (600,398) | \$ 87,043 |
| | 97,356,206 | 94,787,113 |

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Weighted average number of common shares
outstanding

| | | |
|---|-------------------|-------------------|
| | <u> </u> | <u> </u> |
| Net Loss Per Common Share Basic and Diluted Before Cumulative Effect of Change in Accounting | | |
| - from continuing operations | \$ (0.01) | \$ 0.00 |
| - from discontinued operations | \$ (0.00) | 0.00 |
| | <u> </u> | <u> </u> |
| Net Loss Per Common Share Basic and Diluted | \$ (0.01) | \$ 0.00 |
| | <u> </u> | <u> </u> |