

# Petrus Closes \$10 Million Private Placement and Full Settlement of Second Lien Loan

22.09.2021 | [GlobeNewswire](#)

CALGARY, Sept. 22, 2021 - [Petrus Resources Ltd.](#) ("Petrus" or the "Company") (TSX: PRQ) is pleased to announce that it has completed the previously announced transactions (the "Transactions") that will significantly reduce the Company's total debt and also extend the maturity date of the Company's senior secured credit facility (the "First Lien Loan").

Pursuant to the Transactions, the Company's subordinated secured term loan (the "Second Lien Loan"), in the principal amount of approximately \$39.3 million, has been settled in full (the "Second Lien Settlement") in consideration for the issuance of \$15.8 million of common shares of Petrus ("Common Shares") to the holders of the Second Lien Loan at an issue price of \$0.55 per share. Additionally, the Company has completed a private placement financing of an aggregate of \$10 million of Common Shares at an issue price of \$0.55 per share (the "Equity Financing"). All proceeds from the Equity Financing have been applied to outstanding indebtedness under the First Lien Loan. The First Lien Loan is now Petrus' sole credit facility and currently has approximately \$63 million drawn.

## *Support of Major Investors*

The Second Lien Settlement and Equity Financing have been made possible by further investment from Don Gray, Glen Gray and Stuart Gray (the Company's "Major Investors"). Each of the Major Investors are siblings of one another and of Ken Gray, the President, Chief Executive Officer and a director of Petrus. For generations, the Gray family has been active in the Alberta energy industry through investment and involvement in various energy related companies. Since Petrus' inception in 2011, the Grays have invested considerable resources in the Company and their willingness to acquire additional Common Shares through these Transactions reinforces their support of the Company and their confidence in the future of Alberta's energy sector.

## *Transformative Transactions*

As a result of the completion of the Transactions:

- The term of the First Lien Loan has been extended from December 31, 2021 to May 31, 2022.
- All indebtedness and other obligations outstanding under the Second Lien Loan of approximately \$39.3 million have been eliminated in their entirety.
- The Company has realized \$10 million of proceeds from new equity investments, which has been fully applied towards repayment of Company's debt under its First Lien Loan.
- The payment of \$10 million to the First Lien Loan and the elimination of the Second Lien Loan has resulted in a reduction of Petrus' debt from approximately \$112 million to approximately \$63 million, a decrease of approximately 44%.
- Petrus expects to realize annual interest savings of approximately \$5 million and an effective interest rate reduction of 2.4% from 7.4% to 5.0%.

The completion of the Transactions transforms Petrus from a company with limited capital resources to one with the ability to create meaningful shareholder value. The substantial debt reduction associated with the Second Lien Settlement and Equity Financing has bolstered the Company's financial position and provides the flexibility required to invest in the development of its land base and unlock proven value for the benefit of all stakeholders.

Petrus has a concentrated land base in its core area of Ferrier, where the liquids rich Cardium is one of the leading plays in North America. The asset includes owned and operated infrastructure, which affords optionality, operational efficiency and a low cost structure. The results of recent operated drills in the area

show superior rates of return with payouts of less than 6 months at current commodity prices. The Company also has a material land position and ownership in critical infrastructure in North Ferrier where recent non-operated drilling results have proven to be highly competitive. The Company's premier land position in these areas combined with a strengthened balance sheet make Petrus well positioned for growth. The Company expects to gain significant momentum in the coming months as it focuses on maximizing production and the generation of funds flow while also continuing to further reduce debt.

### *Early Warnings*

Pursuant to the Equity Financing, Don Gray acquired 15,636,364 Common Shares at an issue price of \$0.55 per share for total proceeds of \$8.6 million. After giving effect to the Common Shares acquired by Don Gray pursuant to the Equity Financing Mr. Don Gray currently beneficially owns, or exercises control or direction over, 28,658,840 Common Shares or approximately 29.7% of the issued and outstanding Common Shares (on a non-diluted basis) after giving effect to the issuance of the Common Shares pursuant to the Equity Financing and the Second Lien Settlement. Mr. Don Gray acquired the 15,636,364 Common Shares described herein for investment purposes. Mr. Don Gray may, depending on market and other conditions, increase or decrease his ownership of Common Shares or other securities of the Company, whether in the open market, by privately negotiated agreement or otherwise. Mr. Don Gray will file an early warning report, pursuant to National Instrument 62-103, in respect of his acquisition of Common Shares, and this report will be available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) or by contacting Mr. Don Gray at (403) 817-4576.

Pursuant to the Equity Financing and the Second Lien Settlement, Glen Gray acquired 15,636,364 Common Shares at an issue price of \$0.55 per share. After giving effect to the Common Shares acquired by Glen Gray pursuant to the Equity Financing and Second Lien Settlement Mr. Glen Gray currently beneficially owns, or exercises control or direction over, 22,352,231 Common Shares or approximately 23.2% of the issued and outstanding Common Shares (on a non-diluted basis) after giving effect to the issuance of the Common Shares pursuant to the Equity Financing and the Second Lien Settlement. Mr. Glen Gray acquired the 15,636,364 Common Shares described herein for investment purposes. Mr. Glen Gray may, depending on market and other conditions, increase or decrease his ownership of Common Shares or other securities of the Company, whether in the open market, by privately negotiated agreement or otherwise. Mr. Glen Gray will file an early warning report, pursuant to National Instrument 62-103, in respect of his acquisition of Common Shares, and this report will be available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) or by contacting Mr. Glen Gray at (587) 333-0948.

Pursuant to the Second Lien Settlement, Stuart Gray acquired 15,636,364 Common Shares at an issue price of \$0.55 per share. After giving effect to the Common Shares acquired by Stuart Gray pursuant to the Second Lien Settlement Mr. Stuart Gray currently beneficially owns, or exercises control or direction over, 20,578,231 Common Shares or approximately 21.3% of the issued and outstanding Common Shares (on a non-diluted basis) after giving effect to the issuance of the Common Shares pursuant to the Equity Financing and the Second Lien Settlement. Mr. Stuart Gray acquired the 15,636,364 Common Shares described herein for investment purposes. Mr. Stuart Gray may, depending on market and other conditions, increase or decrease his ownership of Common Shares or other securities of the Company, whether in the open market, by privately negotiated agreement or otherwise. Mr. Stuart Gray will file an early warning report, pursuant to National Instrument 62-103, in respect of his acquisition of Common Shares, and this report will be available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) or by contacting Mr. Stuart Gray at (403) 930-0885.

As a result of completing the Transactions, none of the Major Investors are "joint actors" in respect of the Transactions and none of the Major Investors are otherwise "joint actors" in respect of their ownership of Common Shares of the Company.

### *TSX Matters*

The Toronto Stock Exchange (the "TSX") has informed the Company that the Company will be the subject of a remedial delisting review as a result of its reliance on the previously disclosed "financial hardship" exemption for the Equity Financing and the Second Lien Settlement. Pursuant to this delisting review, the TSX has required that, prior to January 5, 2022, the Company demonstrate to the TSX that the Company complies with all of the TSX requirements for continued listing after the completion of the Equity Financing and the Second Lien Settlement. No assurance can be provided as to the outcome of such review and, therefore, on the Company's continued qualification for listing on the TSX.

## ABOUT PETRUS

Petrus is a public Canadian oil and gas company focused on property exploitation, strategic acquisitions and risk-managed exploration in Alberta.

### FOR FURTHER INFORMATION PLEASE CONTACT:

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### CAUTIONARY STATEMENTS:

#### *Forward-Looking Statements*

*This news release contains forward-looking statements regarding the Second Lien Settlement and Equity Financing, closing of the Second Lien Settlement and Equity Financing and the timing of the same and the Company's continued qualification for listing on the TSX. These forward-looking statements are provided as of the date of this news release, or the effective date of the documents referred to in this news release, as applicable, and reflect predictions, expectations or beliefs regarding future events based on the Company's beliefs at the time the statements were made, as well as various assumptions made by and information currently available to them. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including, but not limited to, the assumption that regulatory approval of the Second Lien Settlement and Equity Financing will be obtained in a timely manner; that all conditions precedent to the completion of the Second Lien Settlement and Equity Financing will be satisfied in a timely manner; and that general economic and business conditions will not change in a materially adverse manner, well production rates and commodity prices. Although management considers these assumptions to be reasonable based on information available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions on which they are based do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the expectations expressed in them. These risk factors may be generally stated as the risk that the assumptions expressed above do not occur, but specifically include, without limitation, risks relating to: general market conditions; the Company's ability to secure financing on favourable terms; the failure to receive all applicable third party and regulatory approvals for the Transaction, and the additional risks described in the Company's latest Annual Information Form, and other disclosure documents filed by the Company on SEDAR. The foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.*

*This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities of the Company in the United States nor shall there be any sale of securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States. Accordingly, any of the securities described herein may not be offered or sold in the United States or to U.S. persons unless an exemption from registration is available.*

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