

Prairie Provident Announces Closing of Initial Tranche of Private Placement for \$4.8 Million to Advance Basal Quartz Horizontal Drilling Program

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CALGARY, Feb. 20, 2025 - [Prairie Provident Resources Inc.](#) ("Prairie Provident" or the "Company") (TSX:PPR) is pleased to announce the closing of the first tranche of its recently announced equity financing, for \$4,800,000 in gross proceeds from its principal and largest shareholder, PCEP Canadian Holdco, LLC ("PCEP") upon the issue of 112,941,176 common shares ("Common Shares") at a price of \$0.0425 per Common Share (the "First Tranche Closing").

The First Tranche Closing is part of the \$9,100,000 brokered equity financing previously announced by the Company, led by Research Capital Corporation as the lead agent and sole bookrunner on behalf of a syndicate of agents including Haywood Securities Inc. (collectively the "Agents") and consisting of:

1. an offering up to 96,470,589 units of the Company ("Units") at a price of \$0.0425 per Unit for gross proceeds of up to \$4,100,000, on a prospectus-exempt basis pursuant to the 'listed issuer financing exemption' (LIFE) under applicable Canadian securities laws (the "LIFE Offering"), with (i) each Unit consisting of one Common Share and one Common Share purchase warrant ("Warrant"), and (ii) each Warrant to entitle the holder to subscribe for and purchase one Common Share at an exercise price of \$0.05 for a period of 36 months following closing; and
2. a private placement of up to 117,647,059 Common Shares at a price of \$0.0425 per Common Share for gross proceeds of up to \$5,000,000, pursuant to available exemptions from the prospectus requirements of applicable Canadian securities laws (the "Private Placement" and, together with the LIFE Offering, the "Offerings"). Warrants will not be issued to purchasers under the Private Placement.

The First Tranche Closing was completed under the Private Placement.

Prairie Provident's Top Tier Basal Quartz Play in Michichi: A Unique Publicly Traded BQ Junior

Prairie Provident has established its Basal Quartz ("BQ") play in the Michichi core area as a significant growth driver, supported by robust well economics, an extensive drilling inventory, and strategic infrastructure. The Company has a land position of approximately 153,000 net acres (239 net sections) in Michichi, of which it has identified over 40 horizontal BQ drilling opportunities, providing ample room for growth. Publicly-available industry data indicates that production along the BQ trend has surpassed 40,000 boe/d (77% liquids), with operators having drilled over 100 horizontal wells in 2024 alone, further de-risking the play. Offset competitor wells in analogous zones have demonstrated peak production rates exceeding 1,200 bbl/d, further validating the play's potential. The BQ play offers attractive returns and payouts, making it, in the Company's view, one of the most competitive plays in the Western Canadian Sedimentary Basin (WCSB). Based on internal estimates, the Company's BQ wells have the potential to deliver impressive internal rates of return greater than 300% (based on WTI US\$70/bbl and AECO C\$3.00/mcf) with payout periods of approximately eight months or less.

Additional Financing Details

As previously disclosed, PCEP and certain directors and officers of the Company intended to participate in the Offerings in an aggregate amount of approximately \$7,350,000 (collectively, the "Lead Orders"). The First Tranche Closing represents \$4,800,000 of this participation, with the remaining \$2,550,000 in Lead Orders provided for through director commitments and the Company's subscription agreement with PCEP. Prairie Provident expects \$200,000 of the remaining Lead Orders to be fulfilled under the Private Placement and \$2,350,000 to be fulfilled under the LIFE Offering. All subscriptions on account of Lead Orders are

subject to insider participation limits under applicable Toronto Stock Exchange rules.

Prairie Provident intends to use the net proceeds from the Offerings to drill two additional Basal Quartz horizontal wells in the first quarter of 2025 and for working capital and general corporate purposes, including expenses related to the Offerings.

The second and final tranche of the Offerings is expected to occur on or about February 27, 2025.

For further details regarding the Offerings, please refer to the Company's press release dated February 11, 2025.

There is an offering document related to the LIFE Offering that can be accessed under the Company's issuer profile at www.sedarplus.ca and on the Company's website at www.ppr.ca. Prospective investors should read this offering document before making an investment decision.

The Common Shares issued in the First Tranche Closing are subject to a statutory hold period of four months plus a day from February 20, 2025.

In connection with the First Tranche Closing, the Company paid the Agents an advisory fee equal to 1% of gross proceeds.

This news release does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, any securities in the United States or to or for the account or benefit of U.S. persons or persons in the United States, or in any other jurisdiction in which, or to or for the account or benefit of any other person to whom, any such offer, solicitation or sale would be unlawful. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons or persons in the United States except in compliance with, or pursuant to an available exemption from, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. "United States" and "U.S. person" have the meanings ascribed to them in Regulation S under the U.S. Securities Act.

Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions

PCEP's purchase of Common Shares under the First Tranche Closing did, and the further Lead Order subscriptions as contemplated above will, constitute 'related party transactions' for the Company within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), which are exempt from the formal valuation and minority approval requirements of MI 61-101 pursuant to sections 5.5(a) and 5.7(a) thereof on the basis that neither the fair market value of the subject matter of the transactions, nor the fair market value of the consideration for the transactions, insofar as they involve interested parties, exceeds 25% of the Company's market capitalization as calculated for purposes of MI 61-101. Prairie Provident did not file a material change report 21 days before completion of the First Tranche Closing and, if applicable, will not be filing one at least 21 days before the anticipated closing date of the second and final tranche of the Offerings, as the overall transaction timetable is less than 21 days from commencement to closing and it is commercially impracticable to delay the process.

ABOUT PRAIRIE PROVIDENT

Prairie Provident is a Calgary-based company engaged in the exploration and development of oil and natural gas properties in Alberta, including a position in the emerging Basal Quartz trend in the Michichi area of Central Alberta.

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Forward-Looking Information

This news release contains certain statements ("forward-looking statements") that constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements relate to future performance, events or circumstances, are based upon internal assumptions, plans, intentions, expectations and beliefs, and are subject to risks and uncertainties that may cause actual results or events to differ materially from those indicated or suggested therein. All statements other than statements of current or historical fact constitute forward-looking statements. Forward-looking statements are typically, but not always, identified by words such as "anticipate", "believe", "expect", "intend", "plan", "budget", "forecast", "target", "estimate", "propose", "potential", "project", "seek", "continue", "may", "will", "should" or similar words suggesting future outcomes or events or statements regarding an outlook.

Without limiting the foregoing, this news release contains forward-looking statements pertaining to: Basal Quartz drilling opportunities, including estimated payout periods on potential Basal Quartz wells; completion of the second and final tranche of the Offerings, the expected closing date thereof, and fulfillment of the Lead Orders therein; the intended use of proceeds from the Offerings; and the intended number of Basal Quartz wells that are anticipated to be drilled by the Company in the first quarter of 2025.

Forward-looking statements are based on a number of material factors, expectations or assumptions of Prairie Provident which have been used to develop such statements, but which may prove to be incorrect. Although the Company believes that the expectations and assumptions reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements, which are inherently uncertain and depend upon the accuracy of such expectations and assumptions. Prairie Provident can give no assurance that the forward-looking statements contained herein will prove to be correct or that the expectations and assumptions upon which they are based will occur or be realized. Actual results or events will differ, and the differences may be material and adverse to the Company. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: results from drilling and development activities; consistency with past operations; the quality of the reservoirs in which Prairie Provident operates and continued performance from existing wells (including with respect to production profile, decline rate and product type mix); the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Prairie Provident's reserves volumes; future commodity prices; future operating and other costs; future USD/CAD exchange rates; future interest rates; continued availability of external financing and internally generated cash flow to fund Prairie Provident's current and future plans and expenditures, with external financing on acceptable terms; the impact of competition; the general stability of the economic and political environment in which Prairie Provident operates; the general continuance of current industry conditions; the timely receipt of any required regulatory approvals; the ability of Prairie Provident to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Prairie Provident has an interest in to operate the field in a safe, efficient and effective manner; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Prairie Provident to secure adequate product transportation; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Prairie Provident operates; and the ability of Prairie Provident to successfully market its oil and natural gas production.

The forward-looking statements included in this news release are not guarantees of future performance or promises of future outcomes and should not be relied upon. Such statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation: reduced access to external debt financing; higher interest costs or other restrictive terms of debt financing; changes in realized commodity prices; changes in the demand for or supply of Prairie Provident's products; the early stage of development of some of the evaluated areas and zones; the potential for variation in the quality of the geologic formations targeted by Prairie Provident's operations; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; the imposition of any tariffs or other restrictive trade measures or countermeasures affecting trade between Canada and the United States; changes in development plans of Prairie Provident or by third party operators; increased debt levels or debt service requirements; inaccurate estimation of Prairie Provident's oil and reserves volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and such other risks as may be detailed from time-to-time in Prairie Provident's public disclosure documents (including,

without limitation, those risks identified in this news release and Prairie Provident's current Annual Information Form dated April 1, 2024 as filed with Canadian securities regulators and available from the SEDAR+ website (www.sedarplus.ca) under Prairie Provident's issuer profile).

The forward-looking statements contained in this news release speak only as of the date of this news release, and Prairie Provident assumes no obligation to publicly update or revise them to reflect new events or circumstances, or otherwise, except as may be required pursuant to applicable laws. All forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Oil and Gas Reader Advisories

Barrels of Oil Equivalent

The oil and natural gas industry commonly expresses production volumes and reserves on a "barrel of oil equivalent" basis ("boe") whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants. A boe conversion ratio of six thousand cubic feet to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead nor at the plant gate, which is where Prairie Provident sells its production volumes. Boe's may therefore be a misleading measure, particularly if used in isolation. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency ratio of 6:1, utilizing a 6:1 conversion ratio may be misleading as an indication of value.

Analogous Information

Information in this news release regarding initial production rates from offset wells drilled by other industry participants located in geographical proximity to the Company's lands may constitute "analogous information" within the meaning of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities (NI 51-101). This information is derived from publicly available information sources (as at the date of this news release) that Prairie Provident believes (but cannot confirm) to be independent in nature. The Company is unable to confirm that the information was prepared by a qualified reserves evaluator or auditor within the meaning of NI 51-101, or in accordance with the Canadian Oil and Gas Evaluation (COGE) Handbook. Although the Company believes that this information regarding geographically proximate wells helps management understand and define reservoir characteristics of lands in which Prairie Provident has an interest, the data relied upon by the Company may be inaccurate or erroneous, may not in fact be indicative or otherwise analogous to the Company's land holdings, and may not be representative of actual results from wells that may be drilled or completed by the Company in the future.

Potential Drilling Opportunities vs Booked Locations

This news release refers to potential drilling opportunities and booked locations. Unless otherwise indicated, references to booked locations in this news release are references to proved drilling locations or probable drilling locations, being locations to which Sproule Associated Limited (Sproule) attributed proved or probable reserves in its most recent year-end evaluation of Prairie Provident's reserves data, effective December 31, 2023. Sproule's year-end evaluation was in accordance with NI 51-101 and, pursuant thereto, the COGE Handbook. References in this news release to potential drilling opportunities are references to locations for which there are no attributed reserves or resources, but which the Company internally estimates can be drilled based on current land holdings, industry practice regarding well density, and internal review of geologic, geophysical, seismic, engineering, production and resource information. There is no certainty that the Company will drill any particular locations, or that drilling activity on any locations will result in additional reserves, resources or production. Locations on which Prairie Provident in fact drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, commodity prices, costs, actual drilling results, additional reservoir information and other factors. There is a higher level of risk associated with locations that are potential drilling opportunities and not booked locations. Prairie Provident generally has less information about reservoir characteristics associated with locations that are potential drilling opportunities and, accordingly, there is greater uncertainty whether wells will ultimately be drilled in such locations and, if drilled, whether they will result in additional reserves, resources or production.

Type Well Information

Information contained in this news release regarding estimated payout periods and internal rate of return (IRR) on potential Basal Quartz wells is based on the Company's internally-defined type wells. Type well information reflects Prairie Provident's expectations and experience in relation to wells of the indicated types, including with respect to costs, production and decline rates. There is no assurance that actual well-related results (including payout periods and IRR) will be in accordance with those suggested by the type well information. Actual results will differ, and the difference may be material.

Payout

Prairie Provident considers payout on a well to be achieved when future net revenue from the well is equal to the capital costs to drill, complete, equip and tie-in the well based on project economics. Forecasted payout periods disclosed in this news release are based on the following commodity price and CAD/USD exchange rate assumptions: USD \$70.00/bbl WTI, CAD \$3.00/Mcf AECO, CAD \$1.35-to-USD \$1.00.

Initial Production Rates

This news release discloses initial production rates for certain wells as indicated. Initial production rates are not necessarily indicative of long-term well or reservoir performance or of ultimate recovery. Actual results will differ from those realized during an initial short-term production period, and the difference may be material.

Non-GAAP Measures

This news release uses the financial measure internal rate of return (IRR). IRR is a non-GAAP financial measure within the meaning of applicable Canadian securities laws, which does not have a standardized or prescribed meaning under International Financial Reporting Standards (IFRS) and may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-GAAP measures should not be construed as a substitute or an alternative to net income or cash flows from operating activities as determined in accordance with IFRS. IRR is a measure used in financial analysis to estimate the profitability of potential investments and/or projects, and means the discount rate that makes the net present value equal to zero in a discounted cash flow analysis.

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