

Frontera Copper Announces Revised Terms for Consensual Note Restructuring

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[Frontera Copper Corporation](#) ("Frontera" or the "Company") (TSX: FCC.NT) (TSX: FCC.NT.A) today announced revised terms for the restructuring of its 10% Senior Unsecured Notes due June 15, 2010 and its 10% Senior Unsecured Notes due March 15, 2011 (together, the "Unsecured Notes"). Pursuant to a Plan of Arrangement to be filed with the Court pursuant to the Canada Business Corporations Act (the "Plan"), the Unsecured Notes will be exchanged for new secured Notes (the "New Secured Notes") with the following key terms:

- Each C\$1,000 principal amount of Unsecured Notes will be exchanged for C\$880 in principal amount of New Secured Notes (or 88% of principal), provided that any noteholder who has executed a support agreement with the Company or agreed to vote for the Plan before an early consent date to be set by order of the Court will receive a total principal amount of C\$930 of New Secured Notes for each C\$1,000 principal amount of their Unsecured Notes (or 93% of principal).
- The New Secured Notes will be issued in two series: a fixed-rate secured Note that will accrue interest at rate of 10% per annum (the "New Series 1A Secured Note") and a variable-rate secured Note that will accrue interest at a rate between 6% and 14% per annum based on the average price of copper during the prior interest payment period (the "New Series 2A Secured Note"). All Unsecured Notes will be exchanged for New Series 1A Secured Notes under the Plan, unless a Noteholder elects under the Plan to receive New Series 2A Secured Notes instead.
- The New Secured Notes will be secured by a second priority security interest on all of the assets and shares of Frontera's key Mexican operating subsidiary, Cobre del Mayo ("CDM"), subordinate only to the first-ranking security interest of Frontera's Mexican commercial lender (the "Bank") in those assets and shares. In addition, (i) CDM will provide a secured guarantee of Frontera's obligations under the New Secured Notes, subordinate only to CDM's first-ranking obligations to the Bank and (ii) the existing intercompany loan between CDM as borrower and Frontera as lender will be secured by a third priority security interest on all of CDM's assets and shares, subordinate to the Bank's first-ranking security interest and the Noteholders' second-ranking security interest in those assets and shares.
- Frontera will be entitled to increase its first priority secured borrowings from the Bank (or any refinancing of that facility on substantially the same terms and conditions) to USD\$110 million in order to make certain capital expenditures necessary to bring the Piedras Verdes mine to full production.
- Frontera will apply to extend the listing for each series of the New Secured Notes on the TSX (subject to meeting minimum listing requirements for each series of the New Secured Notes) and will continue to be a reporting issuer in Canada. While such listing is maintained, it is expected that the New Secured Notes will be RRSP-eligible.
- The New Secured Notes will be subject to the following mandatory repayment schedule: 25% of the principal amount of the New Secured Notes must be repaid twenty-one (21) months after issuance, and a further 25% of principal every six (6) months thereafter until the maturity date.
- The maturity date for the New Secured Notes will be September 30, 2013.
- All existing defaults will be waived on Plan implementation.
- All accrued and past due interest on the Unsecured Notes will be paid on Plan implementation at the rate of 10% per annum as provided for in section 2.4(a) of the supplemental indentures governing the Unsecured Notes.

Noteholders representing approximately 62% of the Unsecured Notes have executed support agreements with Frontera in which they have agreed to vote in favour of the Plan. Frontera will continue to solicit additional noteholder support for the Plan.

"This restructuring Plan is a significant and positive development for Frontera and its stakeholders. It is a consensual solution that is fair to our noteholders and that meets Frontera's need to improve its liquidity and

access to additional funding in order to bring the Piedras Verdes mine to full production for the benefit of all of Frontera's stakeholders," said Mark Distler, CFO of Frontera. "The process of dialoguing with the noteholders over the past several weeks to reach these consensual terms has been a productive one and we look forward to implementing the Plan, getting back to business and bringing the mine to its full potential."

Frontera expects to hold a meeting of noteholders for formal voting on the Plan in May (the "Noteholders' Meeting"), and expects to implement the Plan shortly thereafter. Further details regarding the restructuring and the Plan will be provided in an information circular to be distributed to noteholders in advance of the Noteholders' Meeting. In addition to noteholder approval, implementation of the Plan is subject to final approval by the Court and receipt of any necessary regulatory or other approvals. Further information about the Plan and materials for voting on the Plan (including the information circular) will be filed shortly and made available on the Company's website (www.fronteracopper.com) and on SEDAR (www.sedar.com).

Cautionary Statement on Forward Looking Information

Information in this news release that is not current or historical factual information may constitute forward-looking information or statements within the meaning of applicable securities laws. Such information includes, without limitation, the Company's intentions and plans in respect of the nature and timing of the refinancing proposal, its anticipated implementation schedule and receipt of required judicial and other approvals, and its ability to bring the Piedras Verdes mine to full production. There is no certainty that subsequent events will not cause material changes in these plans and intentions.

For further information, please contact Mark Distler, CFO at (480) 477-6789.

(signed) Steve Vanry
Chief Executive Officer

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