

Cardinal Energy Ltd. Announces Notice of Redemption of 8.00% Convertible Debentures

05.02.2021 | [GlobeNewswire](#)

CALGARY, Feb. 04, 2021 - [Cardinal Energy Ltd.](#) ("Cardinal" or the "Company") (TSX: CJ; CJ.DB.A) is pleased to announce that it is issuing a notice of redemption to holders of its currently outstanding \$28,207,000 8.00% Convertible Unsecured Subordinated Debentures due December 31, 2022 (the "Debentures"). The Debentures are not subject to a pre-payment penalty.

As set out in the notice of redemption, Cardinal will redeem, as of March 11, 2021 ("Redemption Date"), all of the aggregate principal amount of the Debentures for cash. On the Redemption Date, Cardinal will pay the aggregate principal amount of the Debentures (being \$1,000 for each Debenture) plus all accrued and unpaid interest thereon to but excluding the Redemption Date (less any tax required to be deducted) (collectively, the "Redemption Price"). The Debentures are listed on the Toronto Stock Exchange (the "TSX") under the symbol "CJ.DB.A" (CUSIP 14150GAB9).

Holders of the Debentures have the right to convert their Debentures, at their option, into common shares of Cardinal ("Cardinal Shares") at a conversion price of \$1.25 per Cardinal Share at any time prior 5:00 p.m. Toronto time on March 10, 2021. A holder electing to convert the principal amount of their Debentures will receive approximately 800 Cardinal Shares per \$1,000 principal amount of Debentures converted plus a cash payment for accrued unpaid interest up to, but excluding, the date of conversion (less any tax required to be deducted). No fractional shares will be issued on conversion but, in lieu thereof, the Company will pay the cash equivalent thereof determined on the basis of the Current Market Price (as defined in the Indenture governing the Debentures) of the Cardinal Shares on the date of conversion. As all of the Debentures were issued in "book-entry only" form and are held by CDS Clearing and Depository Services Inc., beneficial holders of Debentures must contact their broker, dealer, bank, trust company or other nominee to exercise their right to convert their Debentures.

The redemption of the Debentures will be funded in whole or in part through the issuance of up to \$26,884,423 principal amount of unsecured subordinated non-convertible notes (the "Notes") which will be issued at a 0.5% discount to the face value based on the maximum financing size for total maximum net proceeds of up to \$26,750,000 (the "Redemption Financing"). The amount of Notes to be issued will be dependent on the actual principal amount of Debentures outstanding on the Redemption Date, after giving effect to conversions, if any, occurring prior to the Redemption Date. The Notes will bear interest at 8% per annum from funding until September 30, 2021, and increasing to 9% per annum on October 1, 2021, to 10% per annum on April 1, 2022 and to 12% per annum on September 30, 2022 (all interest will accrue quarterly in arrears and be payable on the first business day following the last day of each fiscal quarter). The Notes will not be subject to a pre-payment penalty except in the case of a change of control. The closing of the Redemption Financing is expected to occur on or about the Redemption Date, and is subject to the approval of the TSX and certain other funding conditions.

The Redemption Financing is being provided solely by certain insiders (or companies controlled by them) of the Company, some of whom also hold an aggregate of \$720,000 principal amount of Debentures. Insider participation in the Redemption Financing will be "related party transactions" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in a Special Transaction* ("MI 61-101"). The Redemption Financing is not subject to the formal valuation requirements of MI 61-101 and is exempt from the minority approval requirements pursuant to sections 5.7(1)(a) and (f) of MI 61-101.

Forward Looking Information

Certain statements contained in this press release constitute forward-looking information including, without limitation, anticipated timing of the Redemption Date, anticipated completion of the Redemption Financing on the terms and timing contemplated and the amount of and anticipated use of proceeds. The use of any of the words "anticipate", "continue", "expect", "intend", "may", "will", "project", "should", "believe" and "confident"

and similar expressions are intended to identify forward-looking information. These statements involve known and unknown risks, uncertainties and other factors including the risk that the conditions to closing will not be satisfied and that that closing will not occur which may cause actual results or events to differ materially from those anticipated in such forward-looking information.

Cardinal believes that the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release. Cardinal undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws.

About Cardinal Energy Ltd.

One of Cardinal's goals is to continually improve our Environmental, Safety and Governance mandate and operate our assets in a responsible and environmentally sensitive manner. As part of this mandate, Cardinal injects and conserves more carbon than it emits making us one of the few Canadian energy companies to have a negative carbon footprint.

Cardinal is a Canadian oil focused company with operations focused on low decline light, medium and heavy quality oil in Western Canada.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/374018--Cardinal-Energy-Ltd.-Announces-Notice-of-Redemption-of-8.00Prozent-Convertible-Debentures.html>

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