

Frontera Energy Provides Operational Update on Kawa-1 Well, Offshore Guyana

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Frontera Energy to Provide Anchor Support to \$58 Million CGX Rights Offering

Frontera to Provide Backstop to Guarantee Successful CGX Energy Rights Offering While Providing Equal Opportunity to Participate For All Shareholders

Frontera Energy Announces \$20 Million Rights Offering Bridge Loan Agreement With CGX Energy

CALGARY, Sept. 24, 2021 - [Frontera Energy Corp.](#) (TSX: FEC) ("Frontera" or the "Company"), the majority shareholder of CGX Energy Inc. (TSXV: OYL) ("CGX") and joint venture partner in the Petroleum Prospecting Licenses for the Corentyne and Demerara blocks offshore Guyana (the "Joint Venture") and CGX today provided an operational update on the Kawa-1 well in the Corentyne Block, offshore Guyana.

On August 22, the Kawa-1 well was spud. Downhole drilling operations have been without any significant issues and are progressing well. Since spud, the Joint venture has successfully run the 36-inch conductor and 22 and 18-inch casing strings. As of September 23, 2021, the well has achieved the planned casing point at a total depth of 9,900 feet (3,017.5 meters). The crews have successfully run and cemented the 18-inch casing which is the third of five planned casing strings and the well is now currently drilling the hole section below the current last casing point.

The well results thus far are consistent with our pre-drill geological and geophysical expectations and formations are coming in at depth. The Joint Venture is looking forward to drilling and evaluating the upcoming well sections and maintaining safe and efficient operations. The Joint Venture expects the Kawa-1 well to reach total depth in the first half of December 2021.

Rights Offering Bridge Loan

Frontera and CGX also announced today that they have entered into a term sheet for a \$20 million rights offering bridge loan ("Rights Offering Bridge Loan") that will enable CGX to continue to fund its share of costs related to the Corentyne, Demerara and Berbice blocks, the Berbice Deepwater Port, and other budgeted costs as agreed to by Frontera. The Rights Offering Bridge Loan is an advance on Frontera's participation in a rights offering (the "Rights Offering") announced by CGX today.

The \$20 million Rights Offering Bridge Loan from Frontera will be available to CGX for drawdown in tranches on a non-prorated basis until October 31, 2021. The Rights Offering Bridge Loan, together with all interest accrued, shall be due and payable on October 31, 2021 (the "Maturity Date") or such later date as determined by Frontera, at its sole discretion; however, CGX and Frontera have agreed that the acquisition cost of any securities acquired by Frontera pursuant to the exercise of Rights Offering (as defined below) under the Rights Offering (as defined below) will be satisfied by the reduction of the amounts payable to Frontera under the Rights Offering Bridge Loan. Interest payable on the principal amount outstanding shall accrue at a rate of 9.7% per annum, payable monthly in cash, with interest on overdue interest. If the Maturity Date is extended by Frontera, at its sole discretion, the interest rate will be 15% per annum.

The Rights Offering Bridge Loan contemplated by the term sheet remains subject to customary conditions, including the completion and execution of definitive agreements between Frontera and CGX and obtaining regulatory approvals. There is no guarantee that definitive agreements will be executed on the terms contemplated, or at all.

Standby Commitment

On September 24, 2021, CGX announced that, subject to approval of the TSX Venture Exchange (the "TSXV"), CGX will offer rights (each, a "Right") to holders of its common shares ("CGX Shares") at the close of business on the record date of October 1, 2021, on the basis of 0.157 of one Right for each CGX Share held (the "Rights Offering"). Each whole Right will entitle the holder to subscribe for one (1) CGX Share upon payment of the subscription price of C\$1.63.

Frontera has agreed to provide a standby commitment in connection with the Rights Offering. Pursuant to the terms of the purchase agreement, Frontera will agree to exercise Rights to maintain its current percentage of issued and outstanding CGX Shares and will also provide a standby commitment pursuant to which it will agree to acquire any CGX Shares available to CGX of any unexercised Rights under the Rights Offering. As a result, CGX will be guaranteed to issue approximately 45,150 CGX Shares in connection with the Rights Offering, for aggregate gross proceeds of approximately C\$73,600,000 (equivalent to approximately US\$58,160,000) if one includes the principal amount of the Rights Offering Bridge Loan which will be used to fund the Rights Offering.

portion of Frontera's purchase of CGX Shares under the Rights Offering.

In consideration for the standby commitment, Frontera will receive 5-year warrants to purchase the number of CGX Shares equal to 10% of the CGX Shares Frontera acquires under its standby commitment, at an exercise price equal to US\$1.51 per CGX Share (being the U.S. dollar equivalent of the C\$1.91 closing price of the CGX Shares on the TSX Venture Exchange (as of the date prior to the announcement of the Rights Offering)).

Frontera currently owns 212,392,155 CGX Shares, which represents approximately 73.85% of the issued and outstanding CGX Shares. Frontera also has a right to convert certain debt owed by CGX, which if converted would result in the issuance of additional CGX Shares. As a result of the Rights Offering, Frontera could increase its ownership of outstanding CGX Shares from its current ownership of approximately 73.85% to up to approximately 79.11% if no other shareholder participates in the Rights Offering. If Frontera elects to exercise its conversion rights under certain debt owed by CGX.

About Frontera

[Frontera Energy Corp.](#) is a Canadian public company involved in the exploration, development, production, transportation and sale of oil and natural gas in South America, including related investments in both upstream and midstream facilities. The Company has a diversified portfolio of assets with interests in 39 exploration and production blocks in Colombia, Ecuador, Peru, Guyana, and pipeline and port facilities in Colombia. Frontera is committed to conducting business safely and in a socially, environmentally and ethically responsible manner.

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Advisories

Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, the execution of definitive agreements to give effect to the Loan, ability to obtain TSXV or other regulatory approvals, commencement and closing of the Rights Offering, and the expectations with respect to the Kawa-1 well) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements. If such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from the Company's expectations include, among other things: timing and receipt of TSXV approvals; ability to conclude agreements with CGX; market volatility and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual report dated March 3, 2021 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

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