

Advantage Announces Closing of Bought Deal Financing

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(TSX: AAV)

CALGARY, June 18, 2024 - [Advantage Energy Ltd.](#) ("Advantage" or the "Corporation"), is pleased to announce that it has completed its previously announced bought deal financing (the "Offering") pursuant to a prospectus supplement dated June 12, 2024 to Advantage's short form base shelf prospectus dated June 10, 2024 (collectively, the "Prospectus"). Advantage, through a syndicate of underwriters (the "Underwriters") co-led by TD Securities Inc. and Scotiabank, issued a total of 5,910,000 subscription receipts (the "Subscription Receipts") at a price of \$11.00 per Subscription Receipt and \$125,000,000 aggregate principal amount of 5.0% extendible convertible unsecured subordinated debentures (the "Debentures") at a price of \$1,000 per Debenture for aggregate gross proceeds of the Offering of \$190,010,000.

In addition, Advantage has granted the Underwriters an over-allotment option, exercisable, in whole or in part, at any time and from time to time until the earlier of: (i) July 18, 2024; and (ii) the Termination Time (as defined below) or the Debenture Termination Time (as defined below), as applicable, to purchase up to an additional 886,500 Subscription Receipts and up to an additional \$18,750,000 aggregate principal amount of Debentures, on the same terms and conditions as the Offering.

Each Subscription Receipt entitles the holder thereof to receive, automatically upon closing of Advantage's previously announced acquisition of certain Charlie Lake and Montney assets (the "Acquisition") from a private seller (the "Vendor"), without any further action on the part of the holder or payment of any additional consideration, one common share of Advantage (each, a "Common Share").

The gross proceeds from the sale of the Subscription Receipts, less one-half of the fee payable to the Underwriters on such Subscription Receipts in connection with the Offering (the "Escrowed Proceeds") have been deposited with Computershare Trust Company of Canada, as subscription receipt agent (the "Subscription Receipt Agent").

If (i) by 5:00 p.m. (Calgary time) on July 31, 2024: (a) an escrow release notice and direction (the "Escrow Release Notice and Direction") is not delivered to the Subscription Receipt Agent prior to such time; or (b) an Escrow Release Notice and Direction has been delivered to the Subscription Receipt Agent prior to such time, but the Escrowed Proceeds are subsequently returned to the Subscription Receipt Agent and no further Escrow Release Notice and Direction is delivered to the Subscription Receipt Agent prior to such time; (ii) the definitive agreement for the Acquisition is terminated; (iii) the Corporation gives notice to TD Securities Inc. and Scotiabank, on behalf of the Underwriters, that it does not intend to proceed with the Acquisition; or (iv) the Corporation announces to the public that it does not intend to proceed with the Acquisition (each, a "Termination Event" and the time of the earliest of such Termination Event to occur, the "Termination Time" and the date on which such Termination Time occurs, the "Termination Date"), the Subscription Receipt Agent will pay to each holder of Subscription Receipts, no earlier than the third business day following the Termination Date, an amount per Subscription Receipt equal to the issue price in respect of such Subscription Receipt, plus such holder's proportionate share of any interest and other income received or credited on the investment of the Escrowed Proceeds between the date hereof and the Termination Date, in each case net of any applicable withholding taxes.

In the event that the Corporation and the Vendor are able to complete the Acquisition in all material respects in accordance with the terms of the definitive agreement for the Acquisition but for the payment of the purchase price for the Acquisition, and the Corporation has available to it all other funds required to complete the Acquisition, the Corporation will provide the Escrow Release Notice and Direction to the Subscription Receipt Agent and the Subscription Receipt Agent will release the Escrowed Proceeds, less the remaining one-half of the fee payable to the Underwriters on the Subscription Receipts, to or at the direction of the Corporation.

The Debentures bear interest at a rate of 5.0% per annum payable semi-annually in arrears on June 30 and December 31 in each year, commencing December 31, 2024. The initial maturity date of the Debentures is the Debenture Termination Date (as defined below) (the "Initial Maturity Date"), which will be no later than July 31, 2024. Upon closing of the Acquisition, the Initial Maturity Date will be automatically extended to June 30, 2029 (the "Final Maturity Date"). Provided that the maturity date for the Debentures is extended to the Final Maturity Date, the Debentures will be convertible at the option of the holder into Common Shares at any time prior to 5:00 p.m. (Calgary time) on the earliest of: (i) the last business day immediately prior to the Final Maturity Date, and (ii) the last business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price of \$14.58 per Common Share, being a ratio of 68.5871 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events (the "Conversion Price") as described in the trust indenture governing the Debentures entered into between the Corporation and Computershare Trust Company of Canada (the "Indenture").

If: (i) the closing of the Acquisition does not occur by 5:00 p.m. (Calgary time) on July 31, 2024; (ii) the definitive agreement for the Acquisition is terminated; (iii) the Corporation gives notice to TD Securities Inc. and Scotiabank, on behalf of the Underwriters, that it does not intend to proceed with the Acquisition; or (iv) the Corporation announces to the public that it does not intend to proceed with the Acquisition (each, a "Debenture Termination Event" and the time of the earliest of such Debenture Termination Event to occur, the "Debenture Termination Time" and the date on which such Debenture Termination Time occurs, the "Debenture Termination Date"), the maturity date of the Debentures will remain the Initial Maturity Date and holders of the Debentures will receive, within three business days following the Initial Maturity Date, an amount equal to the principal amount of the Debentures at par together with all accrued and unpaid interest thereon up to, but excluding, the Initial Maturity Date.

The Debentures will not be redeemable by the Corporation before June 30, 2027, except in certain limited circumstances following a change of control (as defined in the Indenture). On or after June 30, 2027 and prior to June 30, 2028, the Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days' and not less than 30 days' prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon, if any, up to but excluding the date set for redemption, provided that the current market price (as defined in the Indenture) of the Common Shares on the date on which notice of redemption is given is not less than 130% of the Conversion Price. If the Debentures are redeemed by the Corporation prior to June 30, 2028, a holder of Debentures who elects to convert such Debentures into Common Shares during the period from, and including, the date on which the Corporation sends notice of such redemption to, and including, the last business day immediately preceding the date of redemption will, subject to Toronto Stock Exchange (the "TSX") approval, be entitled to receive additional Common Shares on such conversion as a make-whole premium. On or after June 30, 2028 and prior to the Final Maturity Date, the Debentures may be redeemed by Advantage, in whole or in part from time to time, on not more than 60 days' and not less than 30 days' prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon.

The Acquisition is expected to close by the end of June 2024, subject to the satisfaction or waiver of customary closing conditions. Upon closing of the Acquisition, the net proceeds of the Offering are expected to be used to fund a portion of the purchase price for the Acquisition.

It is anticipated that the Subscription Receipts and the Debentures will be posted for trading on the TSX at the open of markets today. The Subscription Receipts and the Debentures will trade on the TSX under the symbols "AAV.R" and "AAV.DB", respectively, and the Common Shares currently trade on the TSX under the symbol "AAV".

Forward-Looking Information Advisory

The information in this press release contains certain forward-looking statements, including within the meaning of applicable securities laws. These statements relate to future events or our future intentions or performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "continue", "demonstrate", "expect", "may", "can", "will", "believe", "would" and similar expressions and include statements relating to, among other things: the terms of the Subscription Receipts and the Debentures; Advantage's expectations regarding the Acquisition, including the anticipated timing of closing thereof; the anticipated use of proceeds of the Offering; and the posting of the Subscription Receipts and the Debentures for trading on the TSX, including the anticipated timing thereof. Advantage's actual decisions,

activities, results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Advantage will derive from them.

These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Advantage's control, including, but not limited to: changes in general economic, market and business conditions; industry conditions; actions by governmental or regulatory authorities including increasing taxes and changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; Advantage's success at acquisition, exploitation and development of reserves; unexpected drilling results; changes in commodity prices, currency exchange rates, net capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties, including hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production and processing facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; delays in anticipated timing of drilling and completion of wells; individual well productivity; competition from other producers; the lack of availability of qualified personnel or management; credit risk; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; stock market volatility and market valuations; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; ability to obtain required approvals of regulatory authorities; the risk that the Acquisition may not close when anticipated, or at all; the risk that Advantage may not satisfy all closing conditions for the Acquisition when anticipated, or at all; and the risk that the Subscription Receipts and the Debentures may not be posted for trading on the TSX when anticipated, or at all. Many of these risks and uncertainties and additional risk factors are described in the Prospectus and the Corporation's Annual Information Form, copies of which are available at www.sedarplus.ca ("SEDAR+") and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

With respect to forward-looking statements contained in this press release, Advantage has made assumptions regarding, but not limited to: conditions in general economic and financial markets; effects of regulation by governmental agencies; current and future commodity prices and royalty regimes; the Corporation's current and future hedging program; future exchange rates; royalty rates; future operating costs; future transportation costs and availability of product transportation capacity; availability of skilled labor; availability of drilling and related equipment; timing and amount of net capital expenditures; the impact of increasing competition; the price of crude oil and natural gas; the number of new wells required to achieve the budget objectives; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's properties in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; the estimates of the Corporation's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; the closing of the Acquisition will occur when anticipated and on the terms anticipated; and the ability to meet the conditions to closing of the Acquisition on a timely basis; and the ability of Advantage to meet the conditions to posting of the Subscription Receipts and Debentures for trading on the TSX. Readers are cautioned that the foregoing lists of factors are not exhaustive.

Management has included the above summary of assumptions and risks related to forward-looking information above and in its continuous disclosure filings on SEDAR+ in order to provide shareholders with a more complete perspective on Advantage's future operations and such information may not be appropriate for other purposes. Advantage's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Advantage will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this news release and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

SOURCE [Advantage Energy Ltd.](#)

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