

Frontera Announces CAD\$40.5 Million (US\$30 million) Substantial Issuer Bid and Redetermined Paid-Up Capital Estimate of CAD\$14.98 Per Share

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Offer Results in a CAD\$0.48 Per Share Distribution or 6.6% Yield (to Frontera's Share Price Prior the Offer's Announcement) Assuming Full and Pro-Rata Shareholder Participation

Over US\$52 Million Returned to Stakeholders in 2024, Including Successful Completion of the Offer

Additional Dividends, Share Buybacks, Distributions, Bond Buybacks or Other Investor Initiatives May Be Considered in the Future

CALGARY, Sept. 4, 2024 - [Frontera Energy Corp.](#) (TSX: FEC) ("Frontera" or the "Company") announces that its board of directors (the "Board") has approved the commencement of a substantial issuer bid (the "Offer") pursuant to which the Company will purchase from holders ("Shareholders") of common shares of the Company (the "Shares") up to 3,375,000 Shares for cash at a purchase price of CAD\$12.00 per Share (the "Purchase Price"), for an aggregate purchase price not exceeding CAD\$40,500,000 (equivalent to US\$30,000,000).

The Offer is expected to commence on September 11, 2024, and remain open for acceptance until 5:00 p.m. (Eastern Standard Time) on October 17, 2024, unless extended, varied, or withdrawn by the Company (the "Expiration Date"). Pursuant to the Offer, Shareholders will have the right to elect to tender a specified number of Shares.

The Company plans to fund the Share repurchases through available cash on hand. The Offer is denominated in Canadian dollars and Shareholders will have the option to elect to receive payment in either Canadian or United States dollars.

Purpose of the Offer

As part of its efforts to maximize value for Shareholders, the Company has identified the Offer as an attractive and efficient way to return capital to Shareholders. Upon successful completion of the Offer, the Company will have returned over US\$52 million in capital to its stakeholders this year, including US\$11.7 million in declared dividends, US\$7.7 million of share repurchases and US\$3.5 million in buybacks of its 2028 unsecured notes.

On August 6, 2024, the last full trading day prior to the date of announcement of the Company's intention to make the Offer, the closing price of the Shares on the TSX was CAD\$7.25 per Share.

Assuming full and pro-rata shareholder participation, the Offer represents a CAD\$0.48 per Share distribution equivalent to a 6.6% yield on the Company's stock price prior to the announcement of the Offer during the Company's second quarter 2024. Including all dividends declared this year, the year-to-date distribution total to shareholders would be CAD\$0.67 per Share (equivalent to a 9.2% yield). The Board shall continue to consider future investor initiatives in 2024 and beyond, including additional dividends, share buybacks, distributions, bond buybacks or other initiatives, based on the overall results of the Company's businesses, cash flow generation and the Company's strategic goals.

Purchase Price

Frontera will pay the Purchase Price of CAD\$12.00 per Share for each validly deposited Share taken up by the Company, up to a maximum of 3,375,000 Shares, for an aggregate purchase price not exceeding CAD\$40,500,000 (equivalent to US\$30,000,000).

Each Shareholder who has properly deposited Shares and who has not withdrawn such Shares will receive the Purchase Price payable in cash (subject to applicable withholding taxes, if any), for all Shares taken up by the Company upon the terms and subject to the conditions of the Offer.

If more than 3,375,000 Shares are tendered for purchase, the Company will purchase the Shares on a pro rata basis and will reject in effect to "odd lot" tenders (Shares tendered by Shareholders beneficially owning fewer than 100 Shares), which will not be subject to proration. In that case, Shares that are tendered but not purchased, will be returned to Shareholders.

Manner of Tender

Pursuant to the terms and subject to the conditions of the Offer, Shareholders wishing to tender to the Offer may do so by completing and submitting a tender slip to the Company.

an election to tender a specified number of Shares (representing, in the Shareholders' discretion, all or a portion of the Shareholders' Shares) at the Purchase Price.

Additional Information

As of September 3, 2024, the Company had 84,188,756 issued and outstanding Shares. The Offer will be for up to approximately 4.0% of the total number of issued and outstanding Shares on a non-diluted basis.

The Offer is optional for all Shareholders, who are free to choose whether to participate, and if they participate how many Shares to tender. Any Shareholders who do not deposit their Shares (or whose Shares are not purchased under the Offer) will realize a proportionate increase in their equity interest in the Company, to the extent that Shares are purchased under the Offer.

In connection with the Offer, Frontera has suspended Share repurchases under its normal course issuer bid ("NCIB") effective September 4, 2024, and therefore the Company shall not repurchase any of its Shares under its NCIB during the term of the Offer.

The terms and conditions of the Offer, including instructions for tendering Shares, will be included in the formal offer to buy and issuer bid circular, letter of transmittal, notice of guaranteed delivery and other related documents (the "Offer Documents"). On or about September 11, 2024, the Offer Documents will be mailed to Shareholders, filed with applicable Canadian securities regulatory authorities, and made available without charge on SEDAR+ at www.sedarplus.ca.

The Offer is not conditional upon any minimum number of Shares being tendered. However, the Offer will be subject to the conditions described in the Offer Documents. Frontera reserves the right, subject to applicable laws, to withdraw, extend or amend the Offer, if certain events occur at any time prior to the payment for the tendered Shares.

The Catalyst Capital Group Inc. ("Catalyst") and Gramercy Funds Management LLC ("Gramercy" and, collectively with "Principal Shareholders") are the beneficial owners of, or exercise control or direction over, 34,775,609 and 11,300,032 Shares, respectively, which in the aggregate represent approximately 54.73% of all issued and outstanding Shares. Each of Catalyst and Gramercy has advised the Company that their current intention is to deposit Shares pursuant to the Offer, however, their decision to participate in the Offer is subject to market conditions and other factors. Each of Catalyst and Gramercy reserves the right, without notice and for any or no reason, to change its investment decision at any time prior to the Expiration Date. In addition, certain officers of the Company have expressed an intention to tender 247,569 Shares to the Offer.

The Company has engaged Computershare Investor Services Inc. to act as depositary for the Offer and BMO Nesbitt Burns Inc. to act as financial advisor and dealer manager. Shareholders who have questions regarding the Offer or require any assistance in tendering Shares may contact Computershare Investor Services Inc. by telephone at 1-800-564-6253 (North America) or 514-982-7555 (International), or by e-mail at corporateactions@computershare.com, or BMO Nesbitt Burns Inc. by email at FronteraSIB@bmo.com.

The Offer referred to in this news release has not yet commenced. This news release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell Shares. The solicitation and the offer to buy Shares will be made pursuant to the Offer Documents to be filed with the applicable Canadian securities regulatory authorities. The Offer will not be made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making or acceptance of offers to sell Shares would not be in compliance with the laws of that jurisdiction. None of Frontera, its BMO depositary or its financial advisor makes any recommendation to Shareholders as to whether to tender or refrain from tendering any or all of their Shares pursuant to the Offer. Shareholders are strongly urged to read the Offer Documents carefully and to consult with their financial and legal advisors prior to making any decision with respect to the Offer.

Estimated Paid-Up Capital Determination

The Company also announces that it has re-determined the estimated "paid-up capital" for purposes of the Income Tax Act (Canada) of its Shares to be CAD\$14.98 per Share as of the date hereof.

The Company entered into Minutes of Settlement dated July 12, 2024, with the Minister of National Revenue (Canada) to resolve a dispute in connection with the Company's 2016 restructuring process and relating to, among other things, the fair market value of the Shares as at November 2, 2016, the computation of the net capital losses and the computation of non-capital losses of the Company in respect of its taxation year ending December 31, 2016 (the "Settlement").

The Company has assessed the impact of the Settlement on the computation of the historical paid-up capital in respect of the Shares. This assessment has resulted in a decrease in the net capital losses of the Company, as last reported in the 2023 Annual Consolidated Financial Statements, and an increase in the computed amount of the historical paid-up capital in respect of the Shares. This adjustment may impact the quantum of dividends deemed to have been received by certain shareholders of Frontera in respect of the repurchase of Shares pursuant to the Company's substantial issuer bid that was completed on August 11, 2022.

About Frontera

Frontera Energy Corporation is a Canadian public company involved in the exploration, development, production, transportation, storage 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 22 exploration and production blocks in Colombia, Ecuador and Guyana, and pipeline and port facilities in Colombia. Frontera is committed to conducting business safely and in a socially, environmentally and ethically responsible manner.

If you would like to receive News Releases via e-mail as soon as they are published, please subscribe here: <http://fronteraenergy.mediaroom.com/subscribe>.

Forward-Looking Statements

This news release contains forward-looking information or forward-looking statements (collectively, "forward-looking statements") within the meaning of applicable securities laws, including statements as to the Company's current intentions regarding commencement of the Offer, the timing, terms and conditions of the Offer, the participation of the Principal Shareholders and certain officers, the number of Shares to be purchased and the amount of capital returned to Shareholders under the Offer and the consideration of future investor initiatives in 2024 and beyond. Any such forward-looking statements are based on information currently available to us and are based on assumptions and analyses made by us in light of our experience and our perception of historical trends and current market and other conditions. Readers should also refer to the risk factors set forth in the Company's annual information form and management's discussion and analysis for the year ended December 31, 2023, each dated March 7, 2024, available on SEDAR+ at www.sedarplus.ca. There can be no assurance that the plans, intentions, or expectations upon which forward-looking statements are based will be realized. Actual results may differ, and the difference may be material and adverse to the Company and its Shareholders.

Social Media

Follow Frontera's social media channels at the following links:

Twitter: <https://twitter.com/fronteraenergy?lang=en>

Facebook: <https://es-la.facebook.com/FronteraEnergy/>

LinkedIn: <https://co.linkedin.com/company/frontera-energy-corp>

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