

# Ensign Closes \$25 Million Private Placement of Unsecured, Subordinated Convertible Debentures

31.12.2024 | [CNW](#)

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CALGARY, Dec. 31, 2024 - [Ensign Energy Services Inc.](#) ("Ensign" or the "Corporation") (TSX: ESI) is pleased to announce the closing of a non-brokered private placement (the "Offering") of unsecured, subordinated convertible debentures of the Corporation (the "Debentures"), for gross proceeds of CAD \$25 million. The Debentures bear interest from the date of closing at 7.50% per annum, payable semi-annually in arrears, on April 1 and October 1 of each year, with the first payment of interest due on April 1, 2025. The Debentures will mature on January 31, 2029 (the "Maturity Date").

The Debentures are convertible at the option of the holder into common shares of the Corporation ("Common Shares") at any time prior to the close of business on the Maturity Date upon at least 14 days prior notice, at a conversion price of CAD \$3.50 per Common Share, subject to customary anti-dilution adjustments (the "Conversion Price"). If all Debentures are converted, 7,142,857 Common Shares of the Corporation would be issued or 3.72% of all issued and outstanding Common Shares. Holders converting their Debentures will receive accrued and unpaid interest thereon (if any), up to, but excluding, the date of conversion.

If, on and after March 31, 2028, the closing price of the Common Shares on the Toronto Stock Exchange exceeds 125% of the Conversion Price for at least 30 consecutive trading days, the Debentures may be redeemed by the Corporation for cash on a pro rata basis, in whole or in part from time to time, on not more than 90 days and not less than 60 days prior notice, at a redemption price equal to the outstanding principal amount of the Debentures plus accrued and unpaid interest thereon (if any), up to, but excluding, the date of redemption.

The net proceeds of the Offering will be used by the Corporation for general corporate and working capital purposes.

## Related Party Matters

N. Murray Edwards, Barth Whitham, Darlene Haslam, Robert Geddes, Michael Gray and Trevor Russell, each a director and/or officer of the Corporation and certain subsidiaries of Fairfax Financial Holdings Limited ("Fairfax" and collectively with the other foregoing parties, the "Holders"), purchased \$18,650,000, \$1,500,000, \$25,000, \$262,500, \$262,500, \$100,000 and \$4,200,000 of the Debentures, respectively. Mr. Edwards holds approximately 23.31% of the outstanding Common Shares on a non-diluted basis. The Holders collectively own 45.22% of the outstanding Common Shares on a non-diluted basis. Accordingly, the participation of the Holders in the Offering are considered each to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101"). Pursuant to MI 61-101, Ensign has filed a material change report providing disclosure in relation to the related party transactions on SEDAR+ under Ensign's issuer profile at [www.sedarplus.ca](http://www.sedarplus.ca). The Corporation did not file the material change report more than 21 days before the expected closing date of the Offering as the definitive documentation for the Offering and the participation by the related parties was not settled until shortly before the closing of the Offering, and the Corporation wished to close the Offering on an expedited basis for sound business reasons.

The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as at the time the Offering was agreed to, neither the fair market value of the subject matter of, nor

the fair market value of the consideration for, the Offering exceeds 25% of the Corporation's market capitalization.

#### Early Warning Requirements

Immediately prior to the acquisition of the Debentures pursuant to the Offering, N. Murray Edwards, Chairman of the board of directors of Ensign, owned or controlled (directly or indirectly) 43,060,656 (23.31%) of the outstanding Common Shares and 600,000 options to acquire 600,000 Common Shares ("Options") on a non-diluted basis. N. Murray Edwards acquired Debentures in the principal amount of \$18,650,000 pursuant to the Offering. As a result of the acquisition on a partially diluted basis, assuming conversion of the Debentures and Options, N. Murray Edwards now beneficially owns or controls 48,989,227 Common Shares, representing 25.46% of the issued and outstanding Common Shares.

This press release and Mr. Edwards' corresponding early warning report (the "Early Warning Report") which is expected to be filed on SEDAR+ in the near term, constitutes the required disclosure pursuant to section 5.2 of National Instrument 62-104 - Take-Over Bids and Issuer Bids ("NI 62-104"). The Debentures acquired under the offering by Mr. Edwards are being acquired for investment purposes. Mr. Edwards has no current intention to enter into any of the transactions listed in item 5 of Form F1 of National Instrument 62-103, but in the future he may acquire or dispose of securities of Ensign depending on market conditions, reformulation of plans and/or other relevant factors, in each case in accordance with applicable securities laws.

The Early Warning Report for Mr. Edwards that will be filed on SEDAR+ in respect of the Offering will satisfy the requirement of section 5.2 of NI 62-104 to have the Early Warning Report filed by an acquiror, with the securities regulatory authorities in each of the jurisdictions in which the Corporation is a reporting issuer and which contains the information required by section 3.1 of National Instrument 62-103 - The Early Warning System and Related Take-Over Bid and Insider Reporting Issues ("NI 62-103"), which includes the information required by Form 62-103F1.

A copy of the Early Warning Report filed by Mr. Edwards in connection with the Offering will be available under the Corporation's profile on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).

Immediately prior to the acquisition of the Debentures pursuant to the Offering, certain controlled subsidiaries of Fairfax beneficially owned an aggregate of 36,549,316 Common Shares on a non-diluted basis, representing 19.79% of the issued and outstanding Common Shares. As a result of the acquisition on a partially diluted basis, assuming conversion of the Debentures, Fairfax now beneficially owns 37,749,316 Common Shares, representing 19.68% of the issued and outstanding Common Shares.

This press release and Fairfax's corresponding early warning report (the "Fairfax Early Warning Report") which is expected to be filed on SEDAR+ in the near term, constitutes the required disclosure pursuant to section 5.2 of NI 62-104. The requirement to file an early warning report was triggered because the acquisition by Fairfax of the Debentures in the Offering resulted in a change in material fact compared to the early warning report last filed by Fairfax. The Debentures acquired under the Offering are being acquired by Fairfax for investment purposes and it may further purchase, hold, vote, trade, dispose or otherwise deal in the securities of the Corporation, in such manner as it deems advisable to benefit from changes in market prices of the Corporation's securities, publicly disclosed changes in the operations of the Corporation, its business strategy or prospects, or from a material transaction of the Corporation. In the future, Fairfax may discuss with management and/or the board of directors of the Corporation any of the transactions listed in clauses (a) to (k) of item 5 of Form 62-103F1 of NI 62-103.

The Fairfax Early Warning Report that will be filed on SEDAR+ in respect of the Offering will satisfy the requirement of section 5.2 of NI 62-104 to have the Fairfax Early Warning Report filed by an acquiror, in this case by Fairfax, with the securities regulatory authorities in each of the jurisdictions in which the Corporation is a reporting issuer and which contains the information required by section 3.1 of NI 62-103, which includes the information required by Form 62-103F1.

A copy of the Fairfax Early Warning Report filed by Fairfax in connection with the Offering will be available under the Corporation's profile on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).

