

Frontera Announces the Closing and Funding of The Recapitalization of Its ODL Interest Through a New \$220 Million Non-Recourse, Secured Loan

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Closing of Recapitalization Financing Satisfies the Financing Condition Under Its Tender Offer and Consent Solicitation

[Frontera Energy Corp.](#) (TSX: FEC) ("Frontera" or the "Company") announces that Frontera's wholly-owned subsidiary, Frontera Pipeline Investment AG ("FPI") and a syndicate of lenders led by Macquarie Group (the "Lenders") have entered into an amended and restated credit agreement whereby, among other things, the Lenders agreed to increase the amounts available in the original credit agreement to \$220 million (the "Recapitalization Facility"), guaranteed by Frontera ODL Holding Corp., the parent company of FPI. The Recapitalization Facility is supported exclusively by the cash flows from the Company's interest in Oleoducto de los Llanos Orientales S.A. ("ODL") and is non-recourse to Frontera.

Today, FPI has met all the conditions precedent of the Recapitalization Facility and the additional amounts under this transaction have been funded to the Company.

All financial amounts in this news release are in United States dollars, unless otherwise stated.

Orlando Cabrales, Chief Executive Officer of Frontera, commented:

"Frontera is pleased to announce the successful completion of the ODL recapitalization. This transaction allows the Company to distribute significant value to all its investors, preserving future upside for this key transportation asset in Colombia. By excluding Puerto Bahia from the security package, it provides the port with additional optionality to develop key strategic growth projects. Frontera looks forward to continuing to deliver benefits for its investors."

ODL is a strategic midstream asset in Colombia, with a 260-kilometer onshore pipeline co-owned by FPI (35%) and Cenit Transporte y Logistica de Hidrocarburos SAS. (65%). It connects the Llanos region, the largest oil-producing basin in the country, which holds approximately 70% of Colombia's proved oil reserves, to both domestic and export markets via its connection to the Ocesa pipeline. Key customers include Ecopetrol, Frontera, GeoPark, Parex, and Hocol. For the full year 2024, ODL transported approximately 242,000 barrels of oil per day, or approximately 30% of Colombia's total daily oil production, generating an EBITDA of \$274 million and \$151 million in capital distributions for its owners as part of its robust return of capital policy. ODL is also working on key growth initiatives, including its recently completed connection to Ecopetrol's Caño Sur field.

FPI, as borrower, FEC ODL Holding Corp., as guarantor, and the Lenders, entered into an amended and restated credit and guaranty agreement (the "Credit Agreement"), whereby, among other things, the lenders agreed to increase the amounts available in the original contract. The facility comprises: (i) a first-lien term loan, in an amount of up to \$180 million (including the existing outstanding amount of \$100.8 million), and (ii) a second-lien term loan in an amount of \$40 million. First-lien term loans include floating- and fixed-rate tranches. Interest payable on first-lien floating rate tranche is calculated based on the term Secured Overnight Financing Rate ("SOFR") plus a margin of 6% per annum. The first-lien fixed rate loan branches out into two borrowings, bearing interests at rates of 9.75% per annum and of 11% per annum; and finally, the second-lien term loans bear interest at a rate of 15% per annum. The various tranches in the Credit Agreement have different terms, the last of which matures on December 15, 2031. In addition, the facility includes a cash sweep mechanism that will enable FPI to efficiently allocate excess cash toward debt repayment.

The closing of the Recapitalization Facility provides the Company with approximately \$115 million in net proceeds, while preserving future upside on ODL. Furthermore, the financing excludes Puerto Bahía from the security package, providing Puerto Bahía greater flexibility to secure independent financing for new strategic growth projects.

The Company expects to use a portion of the net proceeds of the Recapitalization Facility to make an offer to all shareholders to repurchase common shares pursuant to a substantial issuer bid, as previously announced on May 9, 2025.

The Recapitalization Facility constitutes a "related party transaction" under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"), as one or more funds controlled by GDA Luma Capital Management, LP (which itself is controlled by Gabriel de Alba, the Chair of the Board of Directors of Frontera) acquired a participation of \$5 million of the second lien loans under the Credit Agreement. The Company did not file a material change report more than 21 days before the anticipated closing date of the financing as the involvement of the related party had not been settled at that time. Pursuant to MI 61-101, the Company will file a material change report providing additional disclosure in relation to the "related party transaction" (including the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 the Company is relying upon) on SEDAR+ under the Company's issuer profile at www.sedarplus.ca. A copy of the Credit Agreement will also be filed on SEDAR+ under the Company's issuer profile at www.sedarplus.ca.

Tender Offer and Consent Solicitation Financing Conditions

The closing of the Recapitalization Facility satisfies the condition that the Company shall have obtained debt financing on terms and conditions and yielding net cash proceeds reasonably satisfactory to the Company (the "Financing Condition"), under its previously announced cash tender offer (the "Offer") for up to \$65 million in aggregate principal amount of its outstanding 7.875% Senior Secured Notes due 2028 (the "Notes") and concurrent consent solicitation (the "Solicitation"), upon the terms and subject to the other conditions set forth in the Offer to Purchase and Consent Solicitation Statement dated as of May 9, 2025 (the "Offer to Purchase").

This press release amends and supplements the terms of the Offer to Purchase as it relates to the satisfaction of the Financing Condition. As further described in the Offer to Purchase, the Company has the right, in its sole discretion, to further amend or terminate the Offer and/or the Solicitation at any time.

Citigroup Global Markets Inc. and Itau BBA USA Securities, Inc. are acting as dealer managers for the Offer and Solicitation agents for the Solicitation (the "Dealer Managers and Solicitation Agents"). The information and tender agent is Morrow Sodali International LLC, trading as Sodali & Co (the "Information and Tender Agent").

Requests for documentation should be directed to the Information and Tender Agent at the offer website: <https://projects.sodali.com/frontera>. Questions regarding the Offer or the Solicitation should be directed to the Dealer Managers and Solicitation Agents at (212) 723-6106 (for Citigroup) or (212) 710-6749 (for Itau BBA).

This press release is neither an offer to purchase nor a solicitation of an offer to sell securities. The Offer and the Solicitation are being made only pursuant to the Offer to Purchase.

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.

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Advisories:

Forward-Looking Statements

This news release contains forward-looking information within the meaning of Canadian securities laws. Forward-looking information relates to activities, events, or developments that the Company believes, expects, or anticipates will or may occur in the future. Forward-looking information in this news release includes, without limitation, statements relating to: the Company using the net proceeds of the Recapitalization Facility to fund the Offer and a substantial issuer bid; maintaining future upsides on ODL; Puerto Bahia having greater flexibility to secure independent financing for new strategic growth projects; the filing of a copy of the Credit Agreement on SEDAR+; and the filing of a material change report as required by MI 61-101. All information other than historical facts is forward-looking information. Forward-looking information reflects the current expectations, assumptions and beliefs of the Company based on information currently available to it and considers the Company's experience and its perception of historical trends, including, but not limited to, the net cash proceeds available from the Recapitalization Facility and that the expected use of such proceeds will be possible and can be utilized on a timely basis. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be placed on such information. Forward-looking information is subject to a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to the Company. The actual results may differ materially from those expressed or implied by the forward-looking information, and even 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. The Company's annual information form dated March 10, 2025, management's discussion and analysis for the three months ended March 31, 2025 and other documents it files from time to time with securities regulatory authorities describe the risks, uncertainties, material assumptions and other factors that could influence actual results and such factors are incorporated herein by reference. Copies of these documents are available without charge by referring to the Company's profile on SEDAR+ at www.sedarplus.ca. All forward-looking information speaks only as of the date on which 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 information, whether as a result of new information, future events or results or otherwise.

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