

Frontera Energy Corp. Announces Terms of CAD\$91 Million (US\$65 Million) Substantial Issuer Bid

22.05.2025 | [CNW](#)

Offer Results in a CAD\$1.18 Per Share Distribution or 24.9% Yield (to Frontera's Share Price Prior to the Offer's Announcement) Assuming Full and Pro-Rata Shareholder Participation

Approximately US\$144 Million Returned to Shareholders in Last Twelve Months, Including Successful Completion of this Substantial Issuer Bid

Frontera May Consider Additional Strategic Initiatives or Transactions in the Future

[Frontera Energy Corporation](#) (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 offer to purchase from holders ("Shareholders") of common shares of the Company (the "Shares") up to 7,583,333 Shares for cancellation at a purchase price of CAD\$12.00 per Share (the "Purchase Price"), for an aggregate purchase price not exceeding CAD\$91,000,000 (equivalent to US\$65,000,000).

Orlando Cabrales, Chief Executive Officer (CEO), Frontera, commented:

"With the successful ODL pipeline recapitalization now complete, Frontera is following through on its commitment to return significant value to its stakeholders by distributing CAD\$91 million via this share buyback and up to an additional US\$65 million via the recently announced tender offer and consent solicitation in respect of the Company's 7.875% Senior Secured Notes due 2028.

These efforts are consistent with the Company's strategy of unlocking value and returning capital to its stakeholders. Our proposed C\$12.00 per share offer is in-line with the fundamental value the Board and management see in the Company and with the value of previous share repurchases. Furthermore, Frontera believes the C\$12.00 per share offer through the substantial issuer bid format represents a fair and equitable value available to all of its shareholders.

Upon successful completion of the Offer, Frontera will have returned approximately US\$144 million of capital to its Shareholders over the last twelve months via substantial issuer bids, declared dividends and share repurchases through the Company's normal course issuer bid program.

Frontera will continue to consider similar investor-focused initiatives throughout 2025 and beyond."

The Offer is expected to commence on May 29, 2025 and remain open for acceptance until 5:00 p.m. (Eastern time) on July 4, 2025, unless extended, varied or withdrawn by the Company (the "Expiration Date"). Pursuant to the Offer, tendering Shareholders may elect to tender a specified number of Shares.

The Company plans to fund the Share repurchases with cash on hand and the funds available to the Company through the recently closed US\$220 million non-recourse secured credit facility among the Company's indirect wholly-owned subsidiary, Frontera Pipeline Investment AG, as borrower, FEC ODL Holding Corp., as guarantor, and a syndicate of lenders led by Macquarie Bank Limited.

The Offer is denominated in Canadian dollars, and Shareholders may elect to receive payment in either Canadian or United States dollars.

Purpose of the Offer

As part of its efforts to unlock and maximize value for Shareholders and following successful substantial issuer bids completed in October 2024 and January 2025, the Company has identified this Offer as an attractive and efficient means to return further capital to Shareholders. Upon successful completion of the Offer, the Company will have returned approximately US\$144 million of capital to its Shareholders over the last twelve months, including US\$30 million from the October 2024 substantial issuer bid, US\$30 million from the January 2025 substantial issuer bid, US\$14.8 million in declared dividends and US\$3.6 million of share repurchases through the Company's normal course issuer bid program.

On May 8, 2025, 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 Toronto Stock Exchange was CAD\$4.72 per Share.

Assuming full and pro-rata Shareholder participation, the Offer represents a CAD\$1.18 per Share distribution equivalent to a 24.9% yield on the Company's stock price prior to the announcement of the Offer as part of the Company's first quarter 2025 results. The year-to-date distribution total to Shareholders, including this Offer and all dividends declared this year would be CAD\$1.30 per Share (equivalent to a 27.6% yield).

In addition to the Offer and the recently announced tender offer and consent solicitation in respect of the Company's 7.875% Senior Secured Notes due 2028 (the "Tender Offer and Solicitation"), the Board will continue to consider various strategic initiatives and/or transactions including, without limitation, a further return of capital to Shareholders, a merger or consolidation, recapitalization or a business combination, or the transfer, sale or other disposition of all or a significant portion of the business, assets or securities of the Company or of interests in one or more subsidiaries or in assets of the Company, whether in one or a series of transactions. There can be no assurance that any such initiative or transaction will occur or if it occurs, the timing thereof.

Following the completion of the Offer, Frontera intends to file with the Toronto Stock Exchange (the "TSX") a notice of intention to commence a normal course issuer bid for its Shares (the "NCIB"). If accepted by the TSX, the Company would be permitted under the NCIB to purchase for cancellation, during a 12-month period, up to the number of Shares equal to the greater of (i) 5% of the Company's issued and outstanding Shares and (ii) 10% of the Company's "public float" (as such term is defined in the TSX Company Manual).

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 7,583,333 Shares, for an aggregate Purchase Price not exceeding CAD\$91,000,000 (equivalent to US\$65,000,000).

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 7,583,333 Shares are tendered for purchase, the Company will purchase the Shares on a pro rata basis. 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 making 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 May 20, 2025, the Company had 77,295,478 issued and outstanding Shares. The Offer will be for up to approximately 9.81% 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. 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.

The terms and conditions of the Offer, including instructions for tendering Shares, will be included in the formal offer to purchase and issuer bid circular, letter of transmittal, notice of guaranteed delivery and other related documents (the "Offer Documents"). On or about May 29, 2025, the Offer Documents will be sent to registered Shareholders, filed with applicable Canadian securities regulatory authorities, and made available without charge on SEDAR+ at www.sedarplus.ca.

In light of a potential Canada Post workers' strike and the potential resulting disruption of mail services, the Company may be unable to mail the Offer Documents to beneficial (non-registered) holders. However, upon resumption of normal mail service following any disruption, the Company intends to arrange for the mailing of the Offer Documents to the beneficial holders.

Shareholders can retrieve the Offer Documents on www.sedarplus.ca. Copies of the Offer Documents may also be obtained upon written or oral request, without charge, to the Company at the Company's head office at 1030, 140 - 4 Avenue SW, Calgary, Alberta, Canada, T2P 3N3 or by email at generalcounsel@fronteraenergy.ca.

The Offer is not conditional upon any minimum number of Shares being tendered. However, the Offer will be subject to other 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, together with Catalyst, the "Principal Shareholders") are the beneficial owners of, or exercise control or direction over 31,669,506 and 9,679,128 Shares, respectively, which in the aggregate represents approximately 53.49% of all issued and outstanding Shares. Catalyst and Gramercy have 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. Catalyst and Gramercy reserves the right, without notice and for any or no reason, to change its investment decisions at any time prior to the Expiration Date. In addition, certain directors and officers of the Company have expressed an intention to tender 232,876 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 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 only 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 Board or the depositary 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 consult with their financial, tax and legal advisors prior to making any decision with respect to the Offer.

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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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 directors and officers, the number of Shares to be purchased and the amount of capital returned to Shareholders under the Offer, the continued consideration of strategic initiatives or transactions in addition to the Offer and the Tender Offer and Solicitation, the Company's intention to initiate the NCIB subsequent to completion of the Offer, delivery of the Offer Documents and the timing thereof, and the Company's intention to mail the Offer Documents to beneficial holders upon resumption of normal mail service. 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 dated March 10, 2025 and the management's discussion and analysis for the three months ended March 31, 2025, each 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>

SOURCE Frontera Energy Corporation

For further information:

Investor Relations, 403-705-8827, ir@fronteraenergy.ca, www.fronteraenergy.ca

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<https://www.rohstoff-welt.de/news/692898--Frontera-Energy-Corp.-Announces-Terms-of-CAD91-Million-US65-Million-Substantial-Issuer-Bid.html>

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