

Prairie Provident Resources Inc. Announces Completion of Preferred Share Financing and Debt Amendments

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[Prairie Provident Resources Inc.](#) ("Prairie Provident" or the "Company") (TSX:PPR) is pleased to announce completion of its previously-announced preferred share financing (the "Equity Financing"), raising C\$26.5 million of additional equity capital, and concluded amendments to its debt agreements to extend maturities by 24 months, defer cash interest obligations through 2026, and adjust financial covenants (the "Debt Amendments").

Equity Financing

The Equity Financing was completed through a sale of 264,848 Class A preferred shares ("Preferred Shares") in the capital of the Company's subsidiary, Prairie Provident Resources Canada Ltd. ("PPRC"), to PPR Canadian Pref Holdco, LLC (the "Purchaser"), an affiliate of the Company's largest shareholder, PCEP Canadian Holdco, LLC ("PCEP"), at an issue price of C\$100 per share for total gross proceeds of C\$26,484,800.

The Preferred Shares are non-voting (except as required by applicable law), rank senior to all other classes of PPRC equity, and carry an 8% annual yield, accruing daily and compounded annually. The original issue price plus the accrued yield (the "Payout Amount") is payable by PPRC upon redemption or retraction of the Preferred Shares, or upon a liquidation or a corporate sale, business combination or sale of all or substantially all of the assets of the Company or PPRC (a "Liquidity Event").

The Preferred Shares are redeemable by PPRC or retractable by the Purchaser for the Payout Amount at any time on or after March 31, 2031. On a redemption by PPRC, the Payout Amount must be paid in cash. If on a retraction by the Purchaser the full Payout Amount is not immediately satisfied, then PPRC's payment obligation in respect of the Payout Amount will constitute an unsecured, subordinated debt bearing interest at 8% per annum until paid, will not be repayable before two years from the retraction date, and will be guaranteed by the Company. In such event, Prairie Provident and PPRC will enter into such agreements as may be required by the Purchaser and under any applicable lending arrangements then in effect to evidence the debt, provide for the guarantee, and address intercreditor arrangements relative to the Company's secured creditors at the time.

In the circumstances of a Liquidity Event, PPRC or the Company, as the case may be, has a call right to acquire the Preferred Shares for the Payout Amount (the "Call Right"), and the Purchaser has a put right to require that PPRC or the Company, as applicable, acquire the Preferred Shares for the Payout Amount (the "Put Right"), payable in either case at the Purchaser's option in cash or in common shares of Prairie Provident ("Common Shares") based on their market value at the time.

In consideration for arranging the Equity Financing, the Purchaser was also issued warrants (the "Warrants") entitling the holder to acquire, for no additional consideration, an aggregate of 379,024,000 Common Shares. The Warrants will be exercisable for the underlying Common Shares upon redemption or retraction of the Preferred Shares, or a Liquidity Event. Each Warrant will be exercisable for one Common Share, subject to adjustment in certain events.

Prairie Provident will, if requested by the Purchaser and subject to receipt of necessary regulatory (including stock exchange) and shareholder approvals, accommodate a future exchange of the Preferred Shares for preferred shares of the Company having substantially equivalent rights and seek all such approvals to do so, failing which each Warrant will become exercisable for 1.5 shares instead of 1 share.

In connection with closing of the Equity Financing, the existing Investor Rights Agreement between Prairie

Provident and PPRC, on the one hand, and PCEP and certain of its affiliates, on the other, was amended to add the Purchaser as a party entitled to the benefits thereof, and to provide the investor parties with (i) incremental board observer rights, (ii) the right to require that the Company undertake a strategic alternatives review process, (iii) a consent right with respect to any future issue of shares or convertible securities, (iv) covenants substantially similar to those currently owed by the Company pursuant to the Second Lien Notes, to become operative if the First Lien Loan, Second Lien Notes and any other senior debt ceases to be outstanding, and (v) information rights substantially similar to those currently provided to the holders of the Second Lien Notes.

Debt Amendments

The Debt Amendments provide for : (i) 24-month extensions to the maturity date of both the First Lien Loan (to March 31, 2028) and the Second Lien Notes (to September 30, 2028); (ii) allowance for the Company to defer all cash interest obligations on the First Lien Loan through 2026 (with cash interest obligations to resume March 31, 2027 for the quarter then ended), and instead capitalize such amounts as additional principal; and (iii) adjustments to financial covenants to align with current expectations for the extended term to maturity. The lenders under the First Lien Loan and the holders of the Second Lien Notes are affiliates of PCEP.

Regulatory Matters

As more particularly outlined in its news release of October 21, 2025 announcing term sheets for the Equity Financing and Debt Amendments, Prairie Provident had applied to the Toronto Stock Exchange ("TSX") pursuant to the 'financial hardship' provisions of section 604(e) of the TSX Company Manual for an exemption from any shareholder approval requirement that would otherwise apply in respect of the Equity Financing and the Debt Amendments, on the basis that, as determined by the Company's board of directors, the Company was in serious financial difficulty, the transactions are designed to improve its financial situation, and the transaction terms were reasonable in the circumstances. TSX accepted the Company's application to rely on this exemption.

As a consequence of the application, the TSX has placed the Company under a 120-day remedial delisting review, which is normal practice when a listed issuer seeks to rely on this exemption. Although the Company currently believes that it will be in compliance with all continued listing requirements of the TSX upon conclusion of a delisting review, no assurance can be provided as to the outcome of that review and, therefore, on Prairie Provident's continued qualification for listing on the TSX.

Insofar as the Purchaser, the lenders under the First Lien Loan, and the holders of the Second Lien Notes are all affiliates of PCEP, which as the holder of more than 80% of the outstanding Common Shares is a control person of Prairie Provident under applicable securities laws, each such lender and holder is itself a 'related party' of the Company within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and, accordingly, the Equity Financing and Debt Amendments each constitute a 'related party transaction' for the Company under MI 61-101. Prairie Provident has determined that the Equity Financing and Debt Amendments were exempt from the formal valuation and minority approval requirements of MI 61-101 pursuant to the 'financial hardship' exemptions contained, respectively, in sections 5.5(g) and 5.7(1)(e) thereof, based on the determinations of the Company's board of directors referred to above. Prairie Provident did not file a material change report 21 days before completion of the Equity Financing and Debt Amendments, as the Company's financial condition required timely completion.

Early Warning Disclosure - PCEP Canadian Holdco, LLC

The following disclosure is provided by PCEP pursuant to the 'early warning' disclosure requirements of Canadian legislation, and relates to its beneficial ownership, or control or direction over, Common Shares. As the Purchaser is an affiliate of PCEP, it is deemed to act jointly or in concert with PCEP for the purposes of these requirements.

Before giving effect to completion of the Equity Financing, PCEP held 1,123,810,063 Common Shares, representing approximately 80.2% of the total 1,401,575,636 Common Shares currently outstanding on an undiluted basis, plus warrants ("Existing Warrants") to purchase an additional 54,508,872 Common Shares,

which if exercised today would result in PCEP holding approximately 80.9% of the 1,456,084,508 Common Shares that would be outstanding immediately following such exercise.

On completion of the Equity Financing, the Purchaser acquired the new Warrants exercisable for 379,024,000 Common Shares (subject to adjustment in certain events). Although the Warrants are not exercisable until redemption or retraction of the Preferred Shares (the earliest date of which being March 31, 2031) or the occurrence of a Liquidity Event, if all were exercised today for the 379,024,000 underlying Common Shares (and also assuming for this purpose exercise by PCEP of the Existing Warrants as stated above) then the Purchaser's own securityholding percentage in the Common Shares would be approximately 20.7%, PCEP's own securityholding percentage in Common Shares would be approximately 64.2%, and the aggregate securityholding percentage in Common Shares of PCEP and the Purchaser combined would be approximately 84.9%.

Additionally, the Preferred Shares acquired by the Purchaser under the Equity Financing are subject to the Put Right, an exercise by the Purchaser of which could result in PPRC or the Company becoming obligated to acquire the Preferred Shares, for an amount equal to the Payout Amount at the time, payable (if so elected by the Purchaser) in Common Shares based on their market value at the time. Although the Put Right is only exercisable in the circumstances of a Liquidity Event, if it was immediately exercisable and in fact exercised such that Common Shares were to become issuable for the initial Payout Amount (being the original issue price of the Preferred Shares without any accrual for the 8% yield thereon), approximately 1,115,000,000 Common Shares (based on the 5-day volume-weighted average trading price of the Common Shares on the TSX through October 31, 2025) would be issuable to the Purchaser.

Assuming for purposes of these 'early warning' disclosures (i) exercise of the Existing Warrants for 54,508,872 Common Shares issued to PCEP, (ii) exercise of the new Warrants for 379,024,000 Common Shares issued to the Purchaser, (iii) an issue of 1,115,000,000 Common Shares to the Purchaser pursuant to an immediate exercise of the Put Right in respect of the Preferred Shares for the initial Payout Amount only, then the Purchaser's own securityholding percentage in the Common Shares would be approximately 39.9%, PCEP's own securityholding percentage in Common Shares would be approximately 50.6%, and the aggregate securityholding percentage in Common Shares of PCEP and the Purchaser combined would be approximately 90.6%.

The securityholding percentages stated above assume only the issue of new Common Shares pursuant to the Existing Warrants, new Warrants and an exercise of the Put Right according to the assumptions outlined, but no other exercise of convertible securities of the Company.

The Purchaser acquired the Preferred Shares directly from PPRC and the Warrants directly from the Company. None of such securities were acquired in a market.

PCEP holds its Common Shares and Existing Warrants, and Purchaser holds the Preferred Shares and new Warrants, for investment purposes. PCEP and the Purchaser may in the future acquire additional securities, or may in the future sell the securities, in either case in the open market, through private transactions, or otherwise, depending on market conditions, alternative investment opportunities, changing priorities, and other relevant factors.

An early warning report relating to the Purchaser's acquisition of the Preferred Shares and the Warrants will be filed by PCEP on SEDAR+, under the Company's profile at www.sedarplus.ca. A copy of that report may be obtained by contacting William H. Bulmer at william.bulmer@prudential.com, by telephone at (214) 720-6204, or by mail at PCEP Canadian Holdco, LLC, 2200 Ross Avenue, Suite 4300W, Dallas, Texas, 75201.

PCEP is a Delaware limited liability company.

ABOUT PRAIRIE PROVIDENT

Prairie Provident is a Calgary-based company engaged in the exploration and development of oil and natural gas properties in Alberta, including a position in the emerging Basal Quartz trend in the Michichi area of Central Alberta.

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