

Eco (Atlantic) Oil and Gas Ltd. Announces Acquisition of Further Interest in Orinduik Block

10.08.2023 | [ACCESS Newswire](#)

Acquisition of additional 60% Operated Interest in Orinduik Block Guyana from Tullow Oil

TORONTO, August 10, 2023 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) (AIM:ECO)(TSXV:EOG), the oil and gas exploration company focused on the offshore Atlantic Margins, is pleased to announce that it has signed a Sale Purchase Agreement (the "Agreement") pursuant to which its wholly owned subsidiary, Eco Guyana Oil and Gas (Barbados) Limited ("Eco Guyana"), will acquire a 60% Operated Interest in Orinduik Block, offshore Guyana, through the acquisition of Tullow Guyana B.V. ("TGBV"), a wholly owned subsidiary of Tullow Oil Plc. ("Tullow") (the "Transaction") in exchange for a combination of upfront cash and contingent consideration.

The Transaction is in line with Eco's strategy to deliver material value for its stakeholders through early entry and exploring for hydrocarbons in some of the most prolific petroleum basins in the world. Eco, via its wholly owned subsidiary Eco (Atlantic) Guyana Inc, currently holds a 15% working interest in the Orinduik Block. On completion of the Transaction, Eco, as operator and majority interest holder in the Orinduik Block, intends to drive the exploration process and focus on its strategy to attract new partners to join the license and proactively engage in drilling.

Transaction summary:

- US\$700,000 cash payment upon transfer of TGBV's 60% Participating Interest and operatorship of the Orinduik licence to Eco Guyana, to be paid to Tullow Overseas Holdings B.V., the parent of TGBV ("TOHBV") on completion of the Transaction (the "Initial Consideration").
- Contingent consideration payable to TOHBV is linked to the success of a series of potential future milestones, as follows:
 - US\$4 million in the event of a commercial discovery;
 - US\$10 million payment upon the issuance of a production licence from the Government of Guyana; and
 - Royalty payments on future production - 1.75% of the 60% Participating Interest entitlement revenue net of capital expenditure and lifting costs.
- Transaction and payment of the Initial Consideration is subject to certain market-standard conditions precedent, including customary Government and JV partner approvals.
- Completion is expected to occur in the second half of 2023.
- On closing of the Transaction, the interests of the JV partners in the Orinduik License will be as follows:
- Eco will hold an aggregate 75% Participating Interest via Eco Guyana and Eco (Atlantic) Guyana Inc., and be Operator of the Block; and
- TQAP Guyana B.V will continue to hold a Participating Interest of 25%.

Gil Holzman, President and Chief Executive Officer of Eco Atlantic, commented:

"We are delighted to have reached this agreement with Tullow and to be able to begin to unlock the Orinduik Block's full potential. Since 2014, we have believed in the potential of this Block, with our initial two wells in 2019 proving two different oil plays. We will proactively engage in a farm out process for this highly prospective license and begin preparations to drill a well testing the cretaceous, where all light oil discoveries have been made in the adjacent Stabroek Block."

Colin Kinley, Co-founder and Chief Operating Officer of Eco Atlantic, added:

"The Orinduik Block sits on the series of continental shelves leading into the basin. This rich and prolific basin is clean sand filled and sealed nicely to trap the massive volumes of oil found thus far. Following ten

years of basin evaluation and research, we have a solid and highly experienced team to take over the Operatorship role. We will start by targeting stacked pay opportunities we see in the cretaceous and look forward to continuing our aggressive approach to discovery. We see an opportunity in the multi hundred millions of recoverable range and now is the time to drill our targets."

Transaction Structure

TOHBV will transfer its entire interest in the Orinduik licence via the sale of TGBV to Eco Guyana in exchange for the Initial Consideration and a series of contingent payments based on future milestones as described above.

TGBV holds a 60% participating interest in, and Operatorship of, the Orinduik Block pursuant to: (i) a petroleum agreement between the Minister responsible for Petroleum representing the Government of the Co-operative Republic of Guyana, Eco (Atlantic) Guyana Inc. and TGBV dated 14 January 2016 (as amended from time to time) and (ii) the joint operating agreement dated between TGBV, Eco (Atlantic) Guyana Inc., and TOQAP dated 18 January 2016 (as amended from time to time). Tullow will retain its interest in the Kanuku Block.

Additional cash consideration may be payable to TOHBV, in the form of contingent payments, including a royalty payment, as noted above, on upstream revenues once production from the Orinduik licence commences.

Subject to the satisfaction of certain market standard conditions precedent and customary approvals, including Government and JV partner approvals, the Transaction is expected to complete in the second half of 2023.

On 31 December 2022 as per the audited TGBV financial statements, the gross asset value attributable to the interests being acquired through the Transaction amounted to US\$1.5 million, with attributable losses of US\$713,000 (excluding a one-off write down of exploration expenses). As of 31 December 2022, the gross 2C resource attributable to the transferred interests amounted to 47.7mmbbls.

****ENDS****

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended).

About Eco Atlantic:

Eco Atlantic is a TSX-V and AIM-quoted Atlantic Margin-focused oil & gas exploration company with offshore license interests in Guyana, Namibia, and South Africa. Eco aims to deliver material value for its stakeholders through its role in the energy transition to explore for low carbon intensity oil and gas in stable emerging markets close to infrastructure.

Offshore Guyana in the proven Guyana-Suriname Basin, the Company holds a 15% Working Interest in the 1,800 km² Orinduik Block Operated by Tullow Oil. In Namibia, the Company holds Operatorship and an 85% Working Interest in four offshore Petroleum Licences: PELs: 97, 98, 99, and 100, representing a combined area of 28,593 km² in the Walvis Basin.

Offshore South Africa, Eco is Operator and holds a 50% working interest in Block 2B and a 26.25% Working Interest in Block 3B/4B operated by Africa Oil Corp., totalling some 20,643km².

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SOURCE: [Eco \(Atlantic\) Oil & Gas Ltd.](#)

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