

# Eco (Atlantic) Oil and Gas Limited Announces Unaudited Results and Business Update

27.02.2019 | [ACCESS Newswire](#)

TORONTO, February 27, 2019 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) (AIM: ECO, TSX-V: EOG), the oil and gas exploration company with licences in highly prospective regions in Guyana and Namibia, is pleased to announce its results for the three and nine months ended 31 December 2018 and to provide a corporate and operational update.

## Highlights:

### - Financials

o The Company ended the third financial quarter (and calendar year end) with cash and cash equivalents of CAD 25.7 million, total assets of CAD 28.1 million, total liabilities of CAD 0.8 million and total equity of CAD 27.3 million.

o As a result of the Total E&P Activités Pétrolières ("Total") farm-in deal income, which amounted to CAD 16.8 million (USD 12.5 million), the Company completed the three and nine months period ended 31 December 2018 with a net profit of CAD 14.4 million and CAD 11.3 million, respectively.

### - Operations - Guyana

o Eco announced the filing of a National Instrument 51-101 compliant resource report on the Orinduik Block, offshore Guyana, with 2.9 Billion Barrels of Oil (Equivalent) prospective resource P50 Best Estimate. The report does not take into account certain recent developments, including ExxonMobil's Hammerhead-1 Tertiary discovery and additional Tertiary prospects.

o On 27 November 2018, Eco completed the Total farm-in deal and received the USD 12.5 million and all necessary approvals and documentation to effect the 25% interest transfer in the Orinduik Block to Total. Accordingly, the working interests in the Orinduik Block are now Tullow (Operator) 60%, Total 25% and Eco 15%.

o On 5 December 2018, Eco announced its first planned well out of two in the 2019 drilling program for the Orinduik Block. The net cost of the first well, named the Jethro-Lobe prospect, is currently expected to be approximately USD 7.6 million. The prospect, which will be drilled from a conventional drillship, is an Upper Tertiary stratigraphically trapped canyon turbidite in about 1,350 meters of water. The prospect is estimated to hold 250mmbbl of gross prospective resources with the 'Chance Of Success' estimated by Eco to be 44%.

o On 20 February 2019, Eco announced that, along with its partners, Total and Tullow, it has contracted a rig, the Stena Forth, a sixth-generation drillship from Stena Carron Drilling Limited ("Stena"), to drill the Jethro-Lobe prospect on the Orinduik Block offshore Guyana. The Stena Forth, which is currently drilling off West Africa, is fully crewed and is operating.

The contract with Stena secures the rig for transport at the end of May, targeting an early June 2019 spud date. Further, the agreement also defines a window for a second well on the Orinduik Block, which would be drilled after the Jethro-Lobe well. Long lead items, including the well heads and casings for two wells, have been secured and ordered.

o The Orinduik Joint Venture partners are currently reviewing plans and prospects for a second well and

anticipate formalizing those plans in the coming weeks. The anticipated cost of a second well is expected to be less than the first, as the costs for the mobilization, demobilization, well heads and casings are already included in the budget for the first well.

· Namibia

o Eco was granted a one-year extension to the First Renewal Exploration Period on all of its Namibia Licenses to March 2019 by the Namibian Ministry of Mines and Energy (the "Ministry"). Each license will then automatically enter the Second Renewal Period, which in turn has a two-year exploration phase which can be extended by a third year at the discretion of the Ministry.

o -The Company acquired the remaining 10% of the shares of Pan Africa Oil Namibia Ltd ("PAO Namibia") as announced on 20 September 2018. Following completion of the acquisition, PAO Namibia became a wholly owned subsidiary of the Company. As a result, Eco's working interest in the Tamar License (PEL 50) increased to 80% from 72%.

o On 26 October 2018, Eco received a formal notice from Tullow Namibia informing that it had elected not to enter into the Second Renewal Period for the PEL 30 License ("Cooper Block"). As a result, the Company automatically received back Tullow Namibia's 25% working interest and the Company now holds a 57.5% working interest in PEL 30.

o -Eco continues to monitor developments in Namibia, specifically the recent entries by Exxon Mobil and Kosmos Energy, and the planned 2019 wells by [Total S.A.](#) and Royal Dutch Shell plc.

· Corporate

o -On 20 February 2019, Eco announced the appointment of Stifel Nicolaus Europe Limited and Joh. Berenberg, Gossler & Co. KG as the Company's joint corporate brokers with immediate effect.

o Eco has been ranked second in the Energy Sector on the 2019 TSX Venture 50<sup>®</sup>, up from fifth in 2018. This marks the second consecutive year the Company has been included in the TSX Venture 50<sup>®</sup>, an annual ranking of the top-performing companies on the TSX Venture Exchange.

Gil Holzman, President and Chief Executive Officer of EcoAtlantic, commented:

*"We are pleased to report that we started calendar year 2019 with the same intensity with which we ended 2018. During the first two months of 2019, following the announcement of our initial drilling program on our Orinduik Block offshore Guyana, we, together with our partners on the block, have signed a drilling contract and confirmed our intention to spud the first well during the second quarter of 2019. The completion of Total's farm-in to our block and the receipt of USD 12.5 million, together with our existing cash resources, means that we are fully funded for at least two wells on our high impact 2019 drilling program in Guyana. With our strong balance sheet we remain in a robust financial position.*

*"On the corporate side, we appointed two of the leading UK and international investment banks, Stifel Nicolaus Europe Limited and Joh. Berenberg, Gossler & Co. KG as our joint corporate brokers. Berenberg and Stifel will work alongside our existing corporate broker Pareto Securities Limited and Strand Hanson, the Company's nominated adviser. These additions will broaden and strengthen our brokerage and market making performance.*

*"As a reward for the significant milestones that we have achieved over the last 12 months, we ranked second in the Energy Sector on the 2019 TSX Venture 50<sup>®</sup>, up from fifth in 2018. This marks the second consecutive year that we have been included in the TSX Venture 50<sup>®</sup>, an annual ranking of the top-performing companies on the TSX Venture Exchange.*

*"We look forward to updating the market on the selection of the second target well to be drilled on the*

*Orinduik Block, immediately after the Jethro-Lobe well, and we are very excited by this opportunity to hopefully discover very significant oil resources in the coming months."*

The Company's unaudited financial results for three months and nine months ended 31 December 2018, together with Management's Discussion and Analysis as at 31 December 2018, are available to download on the Company's website at [www.ecoilandgas.com](http://www.ecoilandgas.com) and on Sedar at [www.sedar.com](http://www.sedar.com).

The following are the Company's Balance Sheet, Income Statements, Cash Flow Statement and selected notes from the Condensed Consolidated Interim Financial Statements (Unaudited). All amounts are in Canadian Dollars, unless otherwise stated.

## Balance Sheet

	December 31, 2018 Unaudited	March 31, 2018 Audited
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	25,745,351	14,316,042
Short-term investments	74,818	74,818
Government receivable	19,722	23,626
Accounts receivable and prepaid expenses	783,992	832,322
	26,623,883	15,246,808
Petroleum and natural gas licenses	1,489,971	1,489,971
<b>Total Assets</b>	<b>28,113,854</b>	<b>16,736,779</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	567,590	521,537
Advances from and amounts owing to license partners, net	201,444	209,487
	769,034	731,024
<b>Equity</b>		
Share capital	44,952,511	43,813,254
Shares to be issued	249,000	1,139,257
Restricted Share Units reserve	70,393	70,393
Warrants	167,931	167,931
Stock options	2,983,827	2,979,367
Non-controlling interest		

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(55,065)



Accumulated deficit	(21,078,842)	(32,109,382)
Total Equity	27,344,820	16,005,755
Total Liabilities and Equity	28,113,854	16,736,779

## Income Statement

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Unaudited		Unaudited	
Revenue				
Income from option agreement	16,759,307	-	16,759,307	1,248,000
Interest income	47,877	5,997	144,852	39,554
	16,807,184	5,997	16,904,159	1,287,554
Operating expenses				
Compensation costs	247,330	256,811	771,953	660,524
Professional fees	72,295	196,812	172,591	351,653
Operating costs	1,891,595	1,217,364	3,656,989	4,226,274
General and administrative costs	337,005	155,972	968,458	618,398
Share-based compensation	1,487	1,438,224	4,460	2,536,628
Foreign exchange (gain) loss	(96,049)	213,426	(4,897)	325,948
Total expenses	2,453,663	3,478,609	5,569,554	8,719,425
Net profit (loss) and comprehensive profit (loss)	14,353,521	(3,472,612)	11,334,605	(7,431,871)
Basic and diluted net profit (loss) per share attributable to equity holders of the parent	0.09	(0.03)	0.07	(0.06)
Weighted average number of ordinary shares used in computing basic and diluted net profit (loss) per share	159,785,217	135,918,317	158,998,512	124,395,401

## Cash Flow Statement

	Nine months ended	
	December 31,	
	2018	2017
	Unaudited	
Cash flow from operating activities		
Net loss from continued operations	11,334,605	(7,431,873)
Items not affecting cash:		
Share-based compensation	4,460	2,536,628
Changes in non-cash working capital:		
Government receivable	3,904	2,612
Accounts payable and accrued liabilities	46,053	(218,949)
Accounts receivable and prepaid expenses	48,330	261,788
Advance from and amounts owing to license partners	(8,043)	(130,146)
	11,429,309	(4,979,940)
Cash flow from investing activities		
Short-term investments	-	(25,000)
	-	(25,000)
Cash flow from financing activities		
Proceeds from Brokered Private Placement	-	14,016,000
Costs incurred on Brokered Private Placement	-	(721,792)
Net proceeds from AIM listing	-	-
	-	13,294,208
Increase in cash and cash equivalents	11,429,309	8,289,268
Cash and cash equivalents, beginning of period	14,316,042	6,088,567
Cash and cash equivalents, end of period	25,745,351	14,377,835

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

The Company's business is to identify, acquire, explore and develop petroleum, natural gas, and shale gas properties. The Company primarily operates in the Co-Operative Republic of Guyana ("Guyana") and the Republic of Namibia ("Namibia"). The head office of the Company is located at 7 Coulson Street, Toronto, ON, Canada, M4V 1Y3.

As used herein, the term "Company" means individually and collectively, as the context may require, Eco (Atlantic) Oil and Gas Ltd. and its subsidiaries.

These consolidated financial statements were approved by the Board of Directors of the Company on 26

February 2019.

## 1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results in accordance with IFRS have been included.

## 2. Subsequent Events

a) On 25 January 2019, the Company announced that it had issued 1,090,313 new common shares in the Company pursuant to an exercise of warrants, previously issued in connection with the AIM admission, at an exercise price of CAD 0.33 (19.2p) per common share for total proceeds of CAD 364,420 (£209,340).

b) --On 25 January 2019, the Company announced that it had issued 50,000 new common shares in the Company pursuant to an exercise of share options at a price of CAD 0.30 per common share for total proceeds of CAD 15,000.

c) On 8 February 2019, the Company announced that it had issued 150,000 new common shares in the Company pursuant to an exercise of share options at a price of CAD 0.30 per common share for total proceeds of CAD 45,000.

**\*\*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 Regulations (EU) No. 596/2014.*

Notes to editors

Eco Atlantic is a TSX-V and AIM listed Oil & Gas exploration and production Company with interests in Guyana and Namibia where significant oil discoveries have been made.

The Group aims to deliver material value for its stakeholders through oil exploration, appraisal and development activities in stable emerging markets, in partnership with major oil companies, including Tullow, Total and Azinam.

In Guyana, Eco Guyana holds a 15% working interest alongside Total (25%) and Tullow Oil (60%) in the 1,800 km<sup>2</sup> Orinduik Block in the shallow water of the prospective Suriname-Guyana basin. The Orinduik Block is adjacent and updip to the deep-water Liza Field and Snoek, Payara, Pacora, Turbot, Longtail and Hammerhead discoveries, recently made by ExxonMobil and [Hess Corp.](#). The more recent discovery by ExxonMobil and [Hess Corp.](#), Pluma-1, increased the estimate of recoverable resources for the Stabroek Block to more than 5 billion barrels of oil equivalent, and the latest discoveries at Tilapia-1 and Haimara-1 will further add to that estimate.

In Namibia, the Company holds interests in four offshore petroleum licences totalling approximately 25,000km<sup>2</sup> with over 2.3 billion barrels of prospective P50 resources in the Walvis and Lüderitz Basins. These four licences, Cooper, Guy, Sharon and Tamar are being developed alongside partners Azinam and NAMCOR. Eco has been granted a drilling permit on its Cooper Block (Operator).

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