

Eco (Atlantic) Oil and Gas Ltd Announces Unaudited Results and Corporate Update

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TORONTO, February 26, 2020 - Eco (Atlantic) Oil & Gas Ltd. (AIM:ECO)(TSXV:EOG), the oil and gas exploration company with licenses in Guyana and Namibia, is pleased to announce its results for the three and nine months ended 31 December 2019, alongside a corporate and operational update.

Results Highlights:

Financials

- As at 31 December 2019, the Company had cash and cash equivalents of CAD \$25.4 million with no debt and remains fully funded for its share of further appraisal and exploration drilling at Orinduik Block offshore Guyana of up to US\$120m (gross).
- As at 31 December 2019, Eco had total assets of CAD \$27 million, total liabilities of CAD \$0.3 million and total equity of CAD \$26.7 million.

Operations - Guyana

- On 12 August 2019, the Company announced a major oil discovery on its Orinduik offshore petroleum license in Guyana (the "Guyana License"). Evaluation of logging data confirms that Jethro-1 is the first discovery on the Guyana License and comprises high quality oil-bearing sandstone 55m reservoir of Lower Tertiary age. The well was cased and is awaiting further evaluation to determine the appropriate appraisal activity.
- On 16 September 2019, the Company announced a second oil discovery on the Guyana License. Evaluation of MWD, wireline logging and sampling of the oil confirms that Joe-1 is the second discovery on the Orinduik License and comprises a high-quality oil-bearing sandstone 16m reservoir with a high porosity of Upper Tertiary age.
- Both wells were drilled within budget, with MWD logging tool and conventional wireline, and the reservoirs were considered to be high-quality sands with good permeability.
- Fluid samples were taken in both of the wells and were sent for analysis by the Operator. Results of that testing confirm that the samples recovered to date from Jethro-1 and Joe-are mobile heavy crudes with high sulphur content.
- Oil tested to date appears not dissimilar to the commercial heavy crudes currently in production in the North Sea, Gulf of Mexico, the Campos Basin in Brazil, Venezuela and Angola.
- The Company has engaged a third-party consultant with heavy oil development and economics expertise to help conduct preliminary evaluations related to production schemes and commercialisation. Technical and commercial evaluation work is ongoing and the Company is considering alternatives for further drilling and testing and a number of development scenarios and production alternatives. The Company remains optimistic in considering the development scenarios and, as the project progresses, will provide further information on plans and timing.
- On 3 February 2020, the Company announced the filing of a National Instrument 51-101 compliant resource report on the Orinduik Block, offshore Guyana, which included:
 - Significant increase in Gross Prospective Resources to 5,141 MMBOE (771 MMBOE net to Eco) from previous estimate of Gross Prospective Resources of 3,981 MMBOE in March 2019.
 - 22 prospects identified on Orinduik Block including 11 leads in the Upper Cretaceous horizon.
 - Majority of the project leads have over a 30% or better chance of success (COS), enhanced by the recent discovery of light oil in the Carapa 1 well on the Kanuku block to the south of Orinduik.
 - Leads in the Tertiary aged section estimated to contain 1,204 MMBOE.
 - Leads in the Cretaceous section are estimated to contain approximately 3,936 MMBOE.

Outlook

Guyana

- The Block operator has proposed a further fine tuning analysis of the upper cretaceous reservoirs, and the Operator has announced a plan to incorporate the Carapa well data into Orinduik's existing geological models and technical analysis over the coming period. Further, the partners plan to integrate the discoveries at Jethro and Joe with the Carapa discovery with the rest of the regional data now available and to incorporate this data into a reprocessing of the 3D seismic already shot on Orinduik. The intent is to provide further definition to the Cretaceous interpretation and target selection for drilling.
- Geological modeling, prospects maturation and target selection on the Block are ongoing, and the JV Partners are working closely to agree the best work program to further explore the prospectivity of the license.
- Multiple prospects are currently being reviewed with high-graded candidates under consideration for the next drilling programme.
- Eco is fully funded and is pushing to drill a minimum of at least one upper Cretaceous target as soon as practically possible for its partners. Consideration is being given to prioritise a stacked multi-target well.

The Orinduik JV partners are Eco Atlantic (15% working interest ("WI")), Tullow Guyana B.V. ("Tullow") (Operator, 60% WI) and Total E&P Guyana B.V. ("Total") (25% WI).

Namibia

- Eco continues to progress its various work programmes offshore Namibia.
- Eco sees an increasing interest in Namibia by major companies and large IOCs. The Company plans to monitor near-term drilling activity in the region and will update the market on developments as appropriate.

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

"After completing a successful drilling campaign in 2019, we continue to benefit from a very strong balance sheet and remain fully funded to conduct further exploration and appraisal drilling activity on the Orinduik Block. Our recently updated CPR reaffirms the high prospectivity of the license and the considerable upside potential contained within the Tertiary and Cretaceous horizons. As such, the JV Partners are working on incorporating the learnings gained from other regional discoveries, such as the Carapa well result, into our existing geological models, as this will enable us to identify the most high value targets on the Block.

"While it is Eco's intention, and there remains the potential, to conduct a drilling program later this year, the need to integrate the new data learned from recent discoveries in the region into our understanding of the Block's geology may result in further drilling and appraisal activity taking place in H1 2021. However, a final decision on further drilling activity and the overall budget will be made in the coming months. It is important to note that we remain convinced of the significant upside of Orinduik, are well funded, have strong shareholders and partners, and are confident that further drilling activity will be conducted as soon as practically possible and will prove the Block's potential."

The Company's unaudited financial results for three and six months ended 30 September 2019, together with Management's Discussion and Analysis as at 31 December 2019, are available to download on the Company's website at www.ecoilandgas.com and on Sedar at www.sedar.com.

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

Balance Sheet

	December 31, 2019	March 31, 2019
	Unaudited	Audited
Assets		
Current assets		
Cash and cash equivalents	25,365,280	25,007,479
Short-term investments	74,818	74,818
Government receivable	50,102	33,104

Accounts receivable and prepaid expenses	65,632	80,926
	25,555,832	25,196,327
Petroleum and natural gas licenses	1,489,971	1,489,971
Total Assets	27,045,803	26,686,298
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	194,782	423,513
Advances from and amounts owing to license partners, net	134,187	1,127,675
Total Liabilities	328,969	1,551,188
Equity		
Share capital	78,853,808	50,025,998
Restricted Share Units reserve	356,493	111,493
Warrants	70,280	52,775
Stock options	3,319,117	3,184,658
Accumulated deficit	(55,882,864)	(28,239,814)
Total Equity	26,716,834	25,135,110
Total Liabilities and Equity	27,045,803	26,686,298

Income Statement

	Three months ended December 31,		Nine months ended December 31,	
	2019	2018	2019	2018
	Unaudited		Unaudited	
Revenue				
Income from farm-out agreement	\$ -	\$ 16,759,307	\$ -	\$ 16,759,307
Interest income	\$ 105,802	47,877	\$ 410,012	144,852
	105,802	16,807,184	410,012	16,904,159
Operating expenses:				
Compensation costs	265,096	247,330	832,747	771,953
Professional fees	138,017	72,295	469,390	172,591
Operating costs (Notes 14)	1,456,929	1,891,595	16,531,606	3,656,989
General and administrative costs (Note 15)	500,998	337,005	1,510,568	968,458
Share-based compensation (Notes 9(i))	59,504	1,487	7,527,865	4,460
Foreign exchange loss (gain)	939,036	(96,049)	1,180,886	(4,897
Total expenses	3,359,580	2,453,663	28,053,062	5,569,554
Net profit (loss) and comprehensive loss	(3,253,778)	14,353,521	(27,643,050)	11,334,600
Basic and diluted net profit (loss) per share attributable to equity holders of the parent	(0.02)	0.09	(0.15)	0.07
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	184,441,830	159,785,217	182,225,982	158,998,500

Cash Flow Statement

	Nine months ended December 31,	
	2019	2018
	Unaudited	
Cash flow from operating activities		
Net profit (loss) from operations	(27,643,050)	11,333,119

Items not affecting cash:		
Share-based compensation	7,527,865	5,946
Warrants issued for services	70,280	-
Changes in non-cash working capital:		
Government receivable	(16,998)	3,904
Accounts payable and accrued liabilities	(228,731)	46,053
Accounts receivable and prepaid expenses	15,294	48,330
Advance from and amounts owing to license partners	(993,488)	(8,043)
	(21,268,828)	11,429,309
Cash flow from financing activities		
Net proceeds from private placement	21,338,853	-
Proceeds from the exercise of stock options	126,000	-
Proceeds from the exercise of warrants	161,776	-
	21,626,629	-
Increase (decrease) in cash and cash equivalents	357,801	11,429,309
Cash and cash equivalents, beginning of year	25,007,479	14,316,042
Cash and cash equivalents, end of period	25,365,280	25,745,351

Basis of Preparation

The condensed consolidated interim financial statements of the Company have been prepared on a historical cost basis with the exception of certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Subsequent Events

On 9 January 2020, a director of the Company elected to exercise 350,000 options at an exercise price of \$0.30. In order to effect a cashless exercise, as permitted under the Company's Stock Option Plan, and minimize dilution to shareholders, the Board agreed to issue 250,000 common shares in lieu of the 350,000 options intended to be exercised.

The Company also granted to the Company's IR and Marketing manager, options to subscribe for up to 200,000 Common Shares at a price of \$1.20 per Share (the "Options"). The Options vest equally over three years with the first vesting period occurring on the date of issue and expire 5 years from the date of issue.

****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:

About Eco Atlantic:

Eco Atlantic is a TSX-V and AIM quoted 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 km² Orinduik Block in the shallow water of the prospective Suriname-Guyana basin. The Orinduik

Block is adjacent and updip to ExxonMobil and [Hess Corp.](#)'s Stabroek Block, on which sixteen discoveries have been announced and over 8 Billion BOE of oil equivalent recoverable resources are estimated. First oil production commenced in December 2019 from the deep-water Liza Field, less than 3 years from FID.

Jethro-1 was the first major oil discovery on Orinduik Block. The Jethro-1 encountered 180.5 feet (55 meters) of net high-quality oil pay in excellent Lower Tertiary sandstone reservoirs which further proves recoverable oil resources. Joe-1 is the second discovery on the Orinduik Block and comprises high quality oil-bearing sandstone reservoir with a high porosity of Upper Tertiary age. The Joe-1 well encountered 52 feet (16 meters) of continuous thick sandstone which further proves the presence of recoverable oil resources.

In Namibia, the Company holds interests in four offshore petroleum licenses totalling approximately 25,000km² with over 2.3bboe of prospective P50 resources in the Walvis and Lüderitz Basins. These four licenses, 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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