

# Eco (Atlantic) Oil and Gas Ltd Announces Results for the three months ended 30 June 2020

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*Unaudited Results for the three months ended 30 June 2020*

## *Corporate and Operational Update*

TORONTO, August 20, 2020 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) (AIM: ECO, TSX?V: EOG), the oil and gas exploration company with license interests in Guyana and Namibia, is pleased to announce its results for the three months ended 30 June 2020, alongside a corporate and operational update.

## Results Highlights:

### Financials

- As at 30 June 2020, the Company had cash and cash equivalents of US\$ 17.9 million with zero debt and remains fully funded for its share (15% WI net) of further appraisal and exploration drilling at Orinduik Block offshore Guyana (the "Orinduik Block") of up to three wells at US\$120M (gross).
- As at 30 June 2020, Eco had total assets of US\$19.2 million, total liabilities of US\$ 372,138 and total equity of US\$18.8 million.
- 58% cost reduction this quarter in response to COVID-19 strict cost cutting measures taken as of April 2020.
- The Company has changed its presentation currency from Canadian Dollars to US Dollars to better reflect the business activities and future operations which will be predominantly in US Dollars, and to improve investors' ability to compare the Company's results to its industry peers.

### Operations - Guyana

- The Orinduik JV partners (the "Partners") are further defining the Orinduik geological modeling, previous discoveries, prospects maturation and drilling targets selection. The Partners are also reviewing and incorporating the latest Kanuku Block Carapa-1 light oil discovery up dip and behind Orinduik and additional regional exploration information into the models. The intention is to provide further definition to the Cretaceous interpretation and target selection for drilling.
- On 30 June 2020, the Company and its Partners on the license approved a budget in the amount of approximately US\$5 million through to 31 December, 2020 for 3D reprocessing based on new regional results and target selection. The Company's share of this budget is US\$750,000.

## Outlook:

### Guyana

- Alongside its JV Partners, multiple drilling prospects on the license are currently being reviewed. High-graded candidates will be considered for the next drilling programme.
- Eco remains fully funded for a further drilling programme on the Orinduik Block and, subject to JV Partner approval, anticipates drilling at least two exploration wells into light oil cretaceous targets in 2021. Further updates on this matter will be made as appropriate.

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 benefit from a strategically significant acreage position in-country and is progressing its various work programmes offshore Namibia. The company is witnessing an increased interest from multiple IOCs in Namibia.
- The Company continues to monitor upcoming drilling activity in the region, which could potentially see up to five exploration wells drilled on behalf of ExxonMobil, Total, Maurel & Prom, Shell and ReconAfrica in the next 12 months, expected to start Q4 2020.

## Corporate

- Due to the COVID-19 pandemic and lower oil price environment, Eco took decisive action to quickly reduce costs throughout the business.
- The Company has decreased its total non-exploration expenses, including general and administration expense and compensation costs incurred during the three months ended June 30, 2020 (Q1 2021), when compared to the three months ended March 31, 2020 (Q4 2020), by 58%.
- The action generated material significant savings and has ensured the business remains well capitalised, with no debt on the balance sheet, for its 2021 drilling and exploration plans.

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

"The Company has made significant strides towards advancing its asset portfolio in 2020. Due to the actions taken, Eco remains well capitalised and fully funded for a further drilling campaign in Guyana and additional activity elsewhere.

"In Guyana, we have made excellent progress with high grading and further defining multiple highly prospective drilling prospects. Alongside our JV Partners, we firmly believe in the upside potential of the Block and we look forward to recommencing drilling activity in 2021. We look forward to updating the market on our plans in the coming months.

"In Namibia, we continue to see increasing interest in the country's offshore oil potential, especially with another set of exploration wells planned by other operators over the coming 12 months. We have an important strategic acreage position offshore Namibia and expect any successful drilling activity in the region to benefit us.

"Despite the challenging macro backdrop, Eco has a resilient business model and has taken decisive action to preserve the Company's liquidity. We continue to benefit from strategically important acreage positions in two exploration hotspots and from a strong partnership and cooperation with our biggest shareholder Africa Oil Corp., and I look forward to updating the market on developments over the coming months."

The Company's unaudited financial results for three months ended 30 June 2020, together with Management's Discussion and Analysis for the three months to 30 June 2020, 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 annual Financial Statements. All amounts are in Canadian Dollars, unless otherwise stated.

## Balance Sheet

	June 30, 2020	March 31, 2020	April 1, 2019
	Unaudited	Audited	Audited
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17,918,133	18,667,016	18,750,453
Short-term investments	54,900	52,737	56,098

Government receivable	15,260	19,276	24,821
Amounts owing by license partners, net	60,966	45,596	-
Accounts receivable and prepaid expenses	48,160	46,262	60,678
	18,097,419	18,830,887	18,892,050
Petroleum and natural gas licenses	1,117,171	1,117,171	1,117,171
Total Assets	19,214,590	19,948,058	20,009,221
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	372,138	350,242	317,548
Amounts owing to license partners, net	-	-	845,524
Total Liabilities	372,138	350,242	1,163,072
Equity			
Share capital	59,099,725	59,099,725	37,509,183
Restricted share units reserve	267,669	267,669	83,597
Warrants	53,026	53,026	39,570
Stock options	2,555,467	2,542,824	2,387,837
Foreign currency translation reserve	(1,081,000)	(1,117,859)	-
Accumulated deficit	(42,052,435)	(41,247,569)	(21,174,038)
Total Equity	18,842,452	19,597,816	18,846,149
Total Liabilities and Equity	19,214,590	19,948,058	20,009,221

## Income Statement

	Three months ended	
	June 30,	
	2020	2019
	Unaudited	
Revenue		
Interest income	28,409	126,931
	28,409	126,931
Operating expenses:		
Compensation costs	172,304	161,692
Professional fees	32,615	18,083
Operating costs	519,677	6,173,380
General and administrative costs	87,003	394,083
Share-based compensation	12,643	43,999
Foreign exchange (gain) loss	9,033	(36,888)
Total expenses	833,275	6,754,349
Net loss and comprehensive loss	(804,866)	(6,627,418)
Basic and diluted net loss per share attributable to equity holders of the parent	(0.00)	(0.04)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	184,697,723	180,184,880

## Cash Flow Statement

Three months ended	
June 30,	
2020	2019
Unaudited	

Cash flow from operating activities		
Net loss from operations	(804,866)	(6,627,418 )
Items not affecting cash:		
Share-based compensation	12,643	43,999
Changes in non-cash working capital:		
Government receivable	4,728	8,526
Accounts payable and accrued liabilities	33,469	(215,378 )
Accounts receivable and prepaid expenses	-	22,866
Advance from and amounts owing to license partners	(13,280)	3,294,645
	(767,306)	(3,472,760 )
Cash flow from financing activities		
Net proceeds from private placement	-	16,198,976
Proceeds from the exercise of stock options	-	54,104
Proceeds from the exercise of warrants	-	120,388
	-	16,373,468
Increase (decrease) in cash and cash equivalents	(767,306)	12,900,708
Foreign exchange differences	18,422	581,492
Cash and cash equivalents, beginning of year	18,667,016	18,750,453
Cash and cash equivalents, end of period	17,918,133	32,232,653

## Notes to the Financial Statements

### 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.

### Summary of Significant Accounting Policies

#### Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties considered by management.

#### Change in functional currency assessment

The functional currency of the Company and its subsidiaries represent the currency of the primary economic environment in which each entity operates. Through to March 31, 2020, all entities were considered to have a functional currency of Canadian Dollars. On March 31, 2020, the Company determined the United States Dollar ("USD") to be the functional currency for Eco Guyana based on the increased expenditures incurred in USD which is expected to continue in the foreseeable future. On April 1, 2020, the Company determined the USD to be the functional currency for Eco (Atlantic) Oil and Gas Ltd, based on the increase in USD denominated spending as of April 1, 2020. On April 1, 2020, the Company also determined the USD to be the functional currency of Eco Guyana Oil & Gas (Barbados) Ltd, since this entity is 100% owned by Eco Atlantic, and is the 100% owner of Eco Guyana, both of which have functional currencies denominated in USD. The change in estimate has been applied on a prospective basis effective April 1, 2020.

Effective April 1, 2020, the Company also changed its presentation currency from Canadian Dollars to USD. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's results to its peers. This change has been applied retroactively as if the Company's new presentation currency has always been the Company's presentation currency.

**\*\*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 km<sup>2</sup> Orinduik Block in the shallow water of the prospective Suriname-Guyana basin. The Orinduik Block is adjacent and updip to ExxonMobil and Hess Corporation's Stabroek Block, on which sixteen discoveries have been announced and over 9 Billion BOE of oil equivalent recoverable resources are estimated. First oil production commenced in December 2019 from the deep-water Liza Field, less than three

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 25,000km<sup>2</sup> with over 2.3bboe of prospective P50 resources in the Walvis Basin. 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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