

Eco (Atlantic) Oil and Gas Ltd. Announces Launch of Eco Atlantic Renewables

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New venture seeking to develop exclusive pipeline of low cost, high yield solar photovoltaic energy projects

TORONTO, January 26, 2021 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) (AIM: ECO)(TSX-V: EOG), the oil and gas exploration company with licences in proven oil province in Guyana and the highly prospective basins in Namibia, is pleased to announce that it has formed a new company ("Eco Atlantic Renewables") with Nepco Capital Partners Ltd. ("Nepco"), a renewable energy developer and investment company, to source, acquire and develop an exclusive pipeline of potential high yield solar projects. [Eco \(Atlantic\) Oil & Gas Ltd.](#) ("Eco Atlantic") owns 70% of Eco Atlantic Renewables and the remaining 30% is owned by Nepco.

Highlights

- Eco Atlantic Renewables has been formed to source, acquire, and develop exclusive renewable energy projects and to create value through low cost, high yield, solar power development.
- Investment into renewables, alongside its principal oil and gas exploration business, will see Eco Atlantic becoming a diversified, growth oriented energy company.
- Eco Atlantic Renewables has been established to capture opportunities in the shifting energy market and subsequent attractive economics driving global solar photovoltaic ("PV") energy demand growth.
- Eco Atlantic is providing a shareholder loan of up to US\$6m (the "Loan") for its 70% stake in Eco Atlantic Renewables. It is anticipated that the Loan will be repaid in full upon a monetisation of the solar PV assets, from future third party investment into Eco Atlantic Renewables or from future project cash flows. Eco will maintain its majority interest following repayment of the Loan.
- Through the joint venture with Nepco, Eco Atlantic Renewables has secured exclusivity to a potential pipeline of more than 2 Gigawatts ("2 GW") of prospective PV projects, mainly in Southern Europe's high solar hours' sunbelt.
- First acquisition of a fully licensed and permitted ready-to-build project for an aggregate consideration of c. \$1.1m paid by Eco Atlantic Renewables using funds available from the loan completed on 25 January 2021. The acquired 10.57 MW Kozani project in Greece has a secured feed in tariff and management estimates an internal rate of return ("IRR"), once built, of c.9% unlevered and c.13% levered.
- Subject, inter alia, to the availability of follow on project finance, Eco Atlantic Renewables is targeting the development and construction of c.100 MW of operating grid connected projects, in addition to securing the rights for an additional c.800 MW currently in development, in its first full year of operation
- Eco Atlantic Renewables will have Executive Board oversight by Eco Atlantic and is planned to be independent in terms of operating management, governance, and future equity and customary project debt finance funding needs.
- As part of the wider financing strategy for Eco Atlantic Renewables, Eco Atlantic will assess the potential for its shareholders to participate directly in the growth of Eco Atlantic Renewables.
- Eco Atlantic will maintain its focus on oil and gas exploration as it continues to see considerable upside in its prospective hydrocarbon assets, offshore Guyana and Namibia, and is committed to explore and deliver value from these exploration assets as soon as possible, and once the Orinduik Block Offshore Guyana partners (Tullow Oil and Total) finalise drilling targets selection in Q2 2021.

Gil Holzman, Co-Founder and Chief Executive Officer of Eco Atlantic, commented:

"We are not a management team that likes to sit and wait for outcomes. Following several months of extensive strategic work and identification of multiple projects by the management team and Board of Directors, this exciting opportunity has crystallised. Our decision to form this new majority held renewable energy company was partly driven by a lack of oil and gas acquisition opportunities that are as good and as prospective as the ones we already hold.

While we remain focused and fully committed to achieving near term exploration success in Guyana and

Namibia, we are fully aware of the global energy transition that is firmly underway. The creation of Eco Atlantic Renewables is a clear demonstration that Eco Atlantic is responding to the changing marketplace. We have structured the new venture in such a way that our oil and gas assets in Guyana and Namibia remain the core of our business, we have retained adequate near term financing and both of our regions continue to demonstrate significant potential for our shareholders.

The creation of Eco Atlantic Renewables is very exciting, and the recent shift in energy market dynamics presents compelling, near term opportunities and the potential to grow yet another ground-breaking independent energy company. Eco Atlantic's skill set is diverse, and we are leveraging our capacities, knowledge and experience of integrated project management, land and lease management, offtake agreement negotiations, and contractual negotiations and financial structuring within the public and private financial sector.

Combined with our highly prospective exploration acreage and our discoveries in Guyana, Eco Atlantic has added a highly relevant and attractive asset to its portfolio."

Strategy

Eco Atlantic is seeking to create additional shareholder value by applying its experience in integrated projects, direct negotiating with governments, and being agile within the renewable energy sector, while continuing to drive forward its core oil and gas assets in Guyana and Namibia.

Pursuant to the Eco Atlantic Renewables joint venture shareholders agreement, Eco will have the right to nominate a majority of the Eco Atlantic Renewables board.

The opportunities already identified within Eco Atlantic Renewables have significant potential, and Eco Atlantic Renewables will be targeting a circa 12% - 18% IRR for each project. Each project is expected to be held within a separate Special Purpose Vehicle ("SPV") to facilitate SPV level funding arrangements and potential asset level dealings as well as separate agreements with state utilities.

Eco Atlantic Renewables is focused on identifying, securing, and developing projects in the solar PV sector. Eco Atlantic Renewables's immediate objective is to deliver value to investors through a portfolio of international solar PV projects. A number of the opportunities in its pipeline, including the recently acquired Kozani project in Greece, are fully contracted, permitted, and build ready, and in first stages towards financial closing whereas others are in various development and permitting stages. The focus will be on projects featuring a combination of one or all being able to benefit from Europe's best solar irradiation and those strategically located in markets with advantageous land prices in prime locations and with premium offtake prices. Benefiting partly from regulated revenues and long-term fixed power purchase agreements, these asset classes constitute attractive investment opportunities with additional sustainability features.

In line with Eco Atlantic Renewables' strategy to acquire development and ready-to-build solar PV projects in Europe, and to construct and develop such projects to produce a portfolio of up to 2GW of solar power, the ready-to-build and advanced development stages projects that have already been identified in our pipeline include the following:

- Greece - 10.57MW (wholly owned having been acquired on 25 January 2021),
- Spain - 31.25MW (in advanced stages of exclusive negotiations),
- Canary Islands - 100MW (exclusive option),
- Italy - 800 MW (exclusivity secured).

The ready to build projects have in place a secured grid connection, environmental permits, building permits and lease or purchase agreements on the land. Projects are subject to full financing in the form of equity and customary project finance.

The Kozani project in Greece is estimated to cost c.US\$10m (including the aforementioned acquisition price) to construct and to commence electricity production. As the project has a feed in tariff by the Greek Grid Operator it is expected to be funded largely from project debt financing with the balance expected to be provided by Eco Atlantic Renewables through the project SPV.

Further funding required by Eco Atlantic Renewables is expected to be sourced through Eco Atlantic Renewables, independently of Eco Atlantic.

Structure of the new venture and Loan

Eco Atlantic has agreed to provide a secured loan of up to US\$6m to Eco Atlantic Renewables, as a result of which it now holds a 70% shareholding in Eco Atlantic Renewables, with Nepcoe holding the remaining 30%. The Loan bears 2% annual interest, which will accrue and is expected to be payable from the proceeds of either a public or private financing, through operating cash flow, or a project monetisation event. In time, it is intended that Eco Atlantic Renewables will be a standalone business from Eco Atlantic. The Board of Eco Atlantic will assess the ability for shareholders to participate directly in the financing of Eco Atlantic Renewables when it seeks to raise the necessary funds for capturing more project opportunities and / or the construction of the projects within its pipeline, for which a number of options are being actively considered.

Management team of Eco Atlantic Renewables

The management team of Eco Atlantic Renewables will be comprised of experienced renewable energy specialists and engineers within Nepcoe and the experienced integrated project management members of Eco Atlantic's executive team and board. In addition, as operations commence, and the pipeline continues to build, specific project managers will be appointed at project and /or country level.

European Solar Market

The European solar PV market is experiencing a period of high growth, with an increasing speed of development. Numerous European Governments are promoting the development of solar power, as it is often cheaper to generate than other power sources, and they are increasingly taking it into consideration when developing their climate strategies.

Eco Atlantic Renewables has a pipeline of low cost, high yield solar PV projects in Europe, with the potential to generate returns for investors. Management estimate that the first development identified in Greece will deliver an IRR of approximately 9% (unlevered) and 13% (levered). Eco Atlantic Renewables believes there is considerable room to expand, given it has access to an exclusive pipeline of more than 2 Gigawatts in southern Europe.

About Nepcoe

Nepcoe Capital Partners Ltd. is a UK based renewables investment business focused on creating a platform for access to renewable energy opportunities able to provide and generate predictable cash flows in combination with positive environmental and social impact. The management team of Nepcoe is closely engaged with project developers in order to efficiently build a network of strategic projects and suppliers, to minimise project capital requirement and maximise performance and profitability.

Oil and gas assets in Guyana and Namibia

Eco Atlantic continues to see considerable upside in its hydrocarbon assets in the Orinduik Block in the proven Guyana Basin and its newly reissued licenses in Namibia and is looking to develop and deliver value from these projects as soon as possible.

Eco remains fully funded for its share of its planned two exploration wells on the Orinduik Block and, with its partners Tullow Oil and Total, it is assessing all opportunities available to drill such exploration wells into the light oil cretaceous targets as soon as practical. The Company is fully aligned with its block partners on careful target selection based on the 3D currently being reprocessed for the next drilling campaign and Eco expects to be able to update the market on its next drilling plans in due course and most probably towards the end of Q2 2021 when the drilling targets selection process is anticipated to be finalised.

In Namibia, Eco continues to benefit from a strategically significant acreage position in-country and is progressing its various work programmes on its newly awarded four blocks offshore Namibia. The Company has witnessed considerable interest from multiple IOCs. The Company continues to monitor upcoming drilling activity in the region, which should potentially see up to five exploration wells drilled on behalf of ExxonMobil, Total, Maurel & Prom, Shell and ReconAfrica (currently drilling) in the next 12 months.

For more information, please visit www.ecoilandgas.com or contact the following:

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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 Operator 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 Operated Stabroek Block, on which eighteen 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 28,593km² with over 2.362bboe 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).

Eco Atlantic is a 70% shareholder in Eco Atlantic Renewables, alongside Nepco Capital Partners Ltd., a renewable energy developer and investment company, that own the remaining 30%. The aim of Eco Atlantic Renewables is to deliver material returns for investors by sourcing, acquiring and developing an exclusive pipeline of potential high yield solar photovoltaic projects in Southern Europe's high solar hours' sunbelt.

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