

Eco (Atlantic) Oil and Gas Ltd. Announces Investment in Guyana & Imminent Drilling Programme

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Strategic Positioning Investment into JHI Canje Block, offshore Guyana, and Imminent Drilling Programme
Near-term, low risk, exploration drilling catalysts with significant upside

TORONTO, June 28, 2021 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) (AIM: ECO, TSX?V: EOG), an oil and gas exploration company with licences in the proven oil province of Guyana and the highly prospective basins of Namibia, is pleased to announce it has closed a transaction with JHI Associates Inc. ('JHI'), a private company incorporated in Ontario and headquartered in Toronto, Canada, for Eco to acquire up to a 10% interest in JHI (the 'Transaction') and to appoint Keith Hill, a non-executive Director of Eco, to the JHI Board. The Transaction provides Eco with immediate exposure to a current active drilling program in the Canje Block offshore Guyana. The Canje Block is operated by ExxonMobil and is held by Working Interests partners Esso Exploration & Production Guyana Limited (35%), with Total E&P Guyana B.V. (35%), JHI Associates (BVI) Inc. (17.5%) and Mid-Atlantic Oil & Gas Inc. (12.5%).

JHI is a Guyana pure-play deepwater exploration company founded in 2011. In 2014, JHI teamed up with Guyana-based Mid-Atlantic Oil & Gas Inc. ('MOGI') which was awarded the Canje Block in 2015. In 2016, ExxonMobil joined the Canje Block as Operator, and in 2018 TotalEnergies farmed into the Block. Five years of extensive technical and seismic data analysis led to the Canje partners identifying multiple drillable prospects and successfully applying for a multi-well drilling permit. The 2021 multi-well exploration programme on the Canje Block seeks to test the extension of the prolific hydrocarbon system which has resulted in over 9 billion barrels of oil equivalent of recoverable resources being discovered in the adjacent Stabroek Block since 2015.

This transaction will increase Eco Atlantic's presence in the Guyana-Suriname basin to include a three well drilling programme, with the first two firm wells on the Canje Block drilling in 2021 and at least one on the Orinduik Block, subject to partner approval. The Jabillo-1 well is currently being drilled on the Canje Block utilizing the Stena Carron drillship with results expected in July. The Sapote-1 well is scheduled to be drilled later this year in Q3 by the Stena DrillMax in the eastern portion of the Canje Block, which Eco will also have exposure to through its now shareholding in JHI.

Highlights of the Transaction

- Exploration: near-term exposure to low risk, high impact two-well drilling programme in Canje Block offshore Guyana led by ExxonMobil.
- Funded: from existing cash and an expected private placement of shares to Africa Oil and Charlestown Energy, leaving Eco with strong cash reserves for future exploration wells on Orinduik.
- Board representation: Eco Atlantic Board member Keith Hill will join the JHI Board as Eco's nominee with immediate effect.
- Future Collaboration: the transaction allows both Eco and JHI the opportunity for future cooperation in their shared focus exploring for hydrocarbons on the highly prospective Guyana-Suriname basin.

Terms of the Transaction

Eco has subscribed for 5,000,000 new common shares in JHI at a price of US\$2.0 per share, representing 6.4% of JHI's enlarged share capital (the 'JHI Investment'), and has been issued a warrant to subscribe for a further 9,155,471 new common shares in JHI at an exercise price of US\$2.0 per share for a period of eighteen months (the 'JHI Warrant'). If the JHI Warrant is exercised in full, Eco will hold an interest, ceteris paribus, of 10% in JHI on a fully diluted basis.

As at 31 December 2020, JHI had net assets of approximately US\$46.3 million and recorded a net loss of approximately US\$8.28 million.

The two well drilling program currently underway on the Canje Block offers Eco near-term, low-risk exploration drilling catalysts with significant upside. JHI is carried on the costs for the drilling of the first well, Jabillo-1 and would also be carried for an offsetting appraisal well in the case of a discovery on Jabillo-1. The Canje Block partners have also committed to drill the Sapote-1 well later this year in Q3 2021.

Led by ExxonMobil as Operator and technical lead, the wells offer an opportunity to participate in an anticipated extension of the Stabroek Block Oil Discovery trend building on the over 9 billion BOE barrels equivalent offshore Guyana already discovered.

Eco Atlantic has funded the JHI Investment through its own cash reserves, and intends to complete an associated private placement with its strategic partner Africa Oil Corp. ('Africa Oil') and with Charlestown Energy Partners LLC ('Charlestown Energy'), a Private Equity firm based in New York, USA (the 'Proposed Subscription'), to raise additional funds of approximately 6.1m CAD (US\$4.9m). Pursuant to the Proposed Subscription, Africa Oil intends to subscribe for 5,945,913 new common shares in Eco at a price of 0.41 CAD per new common share (the 'Subscription Price') and will be granted the same number of warrants to acquire common shares at the Subscription Price with a two-year duration, and Charlestown Energy intends to subscribe for 9,000,000 new common shares at the Subscription Price and will be issued the same number of warrants on equivalent terms. The Proposed Subscription will be conditional on approval by the TSX Venture Exchange and admission of the Subscription Shares to trading on TSX and on AIM.

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

'After a period of thorough technical analysis of the Canje block, by both our team at Eco and our strategic partners at Africa Oil Corp we are delighted to advise the market on this exciting transaction, and to be back drilling with results expected imminently.

'The carried Jabillo-1 well is underway and is expected to reach target in the coming few weeks, providing our shareholders with high impact near term catalysts.

'I want to thank the teams at Eco, Africa Oil and JHI for their hard work and collaboration over the past months in bringing this deal to execution.

'While we eagerly anticipate resuming drilling activity on our Orinduik block next year, pending partner approvals, and we have made sure to preserve sufficient funding for that, we are very excited that we now have two imminent Guyana wells in our portfolio as well as additional multiple prospects inventory on the Canje Block. Since 2014, Eco has strongly focused on the hydrocarbon potential offshore Guyana, and this strategic deal with JHI marks the beginning of a wider presence and potential increased future collaboration in the basin.'

Keith Hill, Non-Executive Director of Eco Atlantic and President and CEO of Africa Oil, further commented:

'We are very pleased to have Eco team up with the two most knowledgeable operating partners in the basin and believe the Canje Block has the potential to hold resources comparable to the world class Stabroek Block which is undoubtedly the most successful exploration campaign in recent history. Combining this with the holdings in the Orinduik Block, Eco is well positioned to be part of the historic oil development in Offshore Guyana.'

****ENDS****

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

Eco Atlantic Oil and Gas

c/o Celicourt +44 (0) 20 8434 2754

Gil Holzman, CEO

Colin Kinley, COO

+44(0)781 729 5070 | +1 (416) 318 8272

Alice Carroll, Head of Marketing and IR

Strand Hanson Limited (Financial & Nominated Adviser) +44 (0) 20 7409 3494

James Harris

James Bellman

Berenberg (Broker)

+44 (0) 20 3207 7800

Matthew Armitt

Emily Morris

Detlir Elezi

Celicourt (PR)

+44 (0) 20 8434 2754

Mark Antelme

Jimmy Lea

Ollie Mills

Hannam & Partners (Research Advisor)

Neil Passmore

+44 (0) 20 7905 8500

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.

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 TOQAP Guyana B.V. ('TOQAP') a company jointly owned by Total E&P Guyana B.V. (60%) and Qatar Petroleum (40%) 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 twenty discoveries have been announced and over 9 billion BOE 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 heavy 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 Solear Ltd., Solear is an independent private clean energy investment company focused on low cost, high yield solar development projects in southern Europe. Solear offers investors exposure to a portfolio of pre-construction opportunities across the renewable energy value chain, from Ready-to-Build to early-stage development.

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