

Eco (Atlantic) Oil and Gas Ltd. Announces Results for the Three Months Ended 30 June 2021

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Corporate and Operational Update

TORONTO, August 31, 2021 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) (AIM:ECO)(TSX?V:EOG), the 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 its results for the three months ended 30 June 2021, alongside a corporate and operational update.

Results Highlights:

Financials:

- Cash and cash equivalents of US\$4.85 million (including restricted deposits) and no debt as of 30 June 2021.
- Raised US\$4.9m in the form of a private placement in July 2021.
- Total assets of US\$17.9 million, total liabilities of \$2.7 million and total equity of US\$15.2 million as of 30 June 2021.

Operations:

Eco Atlantic Oil & Gas

- Orinduik Block offshore Guyana - all seismic data reprocessing completed and multiple light sweet oil drilling prospects are being reviewed by Eco and its licence partners (the "JV Partners"), with high-graded candidates being considered for the 2022 drilling programme. The intention is to provide further definition to the upper and lower Cretaceous interpretation and target selection for drilling. Target selection is expected in Q3 2021.
- Continuing to evaluate additional asset opportunities in both West Africa and South America with its strategic partner and substantial shareholder Africa Oil Corp - focus on near-term high-impact exploration opportunities.
- Closed transaction (28 June 2021) with JHI Associates Inc. ("JHI"), a private company and holder of 17.5% working interest ("WI") in the Canje Block offshore Guyana, to acquire up to a 10% interest in JHI on a fully diluted basis (the "JHI Transaction") and appointment of Keith Hill, a non-executive Director of the Company, to the board of directors of JHI.
 - The JHI Transaction increases Eco Atlantic's presence in the Guyana-Suriname basin, increasing its Guyana acreage exposure from 1,800 km² to 6,600 km² and providing exposure to near-term drilling, with one well drilled subsequent to the JHI Transaction on the Canje Block, Jabillo-1, and further well, Sapote-1, now drilling, and at least one planned on the Orinduik Block in 2022, subject to partner approval.
 - Received a detailed update from JHI regarding the Jabillo-1 well in the Canje Block, offshore Guyana on 5 July 2021, which reached its planned target depth and was evaluated, but did not show evidence of commercial hydrocarbons.
 - ExxonMobil spud the Sapote-1 well on the Canje block, offshore Guyana, on 29 August 2021, which is expected to reach target depth within 60 days. The Sapote-1 well is the second well in the drilling programme, following the Jabillo-1 well.

Outlook:

Guyana

- Guyana continues to be one of the most prolific exploration regions in the world, with over nine billion barrels of oil discovered in the last five years. Eco and the JV Partners* have already delivered two substantial oil discoveries on the Orinduik Block and the Block continues to offer significant upside potential. With the recent increase in oil prices, the JV Partners will revisit the Jethro discovery commercialisation potential.
- As previously reported, Eco is fully funded for further planned / near term drilling on the Orinduik Block and, with its JV Partners, is assessing all opportunities available to drill at least one exploration well into the light oil cretaceous stacked targets as soon as practical. The Company is fully aligned with its JV Partners on careful target selection for the next drilling campaign, based on the reprocessed 3D seismic data on the block and nearby oil discoveries. Eco expects to be able to update the market on further drilling plans later in Q3 2021.
- Posted by the Environmental Protection Agency ("EPA") Guyana on 8 August 2021, ExxonMobil applied for environmental authorisation for a 12-well Exploration and Appraisal Drilling Programme in the Canje Block, offshore Guyana in 2022.
- The JHI Transaction provides the Company with immediate exposure to an active drilling programme in the Canje Block offshore Guyana. JHI updated Eco on 29 August 2021 that the Block Operator ExxonMobil confirmed the spud of a second exploration well, Sapote-1. The well operations is planned to take up to 60 days.
- The Orinduik Block JV partners are Eco Atlantic (15% working interest ("WI")), Tullow Guyana B.V. ("Tullow") (Operator, 60% WI) and TOQAP Guyana B.V. ("TOQAP") (25% WI) a company jointly owned by TotalEnergies E&P Guyana B.V. (60%) and Qatar Petroleum (40%).

Namibia

- The Company's licences in Namibia cover approximately 28,593 km², with over 2.362 BBOE of prospective P50 resources.
- Eco has a strategically significant acreage position in-country and is progressing its various work programmes across its four blocks offshore Namibia. The Company has witnessed considerable interest from multiple international oil companies in Namibia.
- The Company continues to monitor upcoming drilling activity in the region, two high impact deepwater wells in southern Namibia, operated by TotalEnergies and Shell respectively have been confirmed to commence in Q4 2021.
- TotalEnergies Venus-1 well using the Maersk Venturer was pushed back in 2020 and now expected to spud in Q4 2021. It was reported on 17 August 2021, Shell Namibia have awarded the Valaris DS-10 the contract to drill Graff-1 well, expected to start in Q4 2021 with an estimated duration of 60 days.

Solear Ltd.

- Solear, a majority owned subsidiary of Eco, is an independent renewable energy company focused on grid-scale solar development projects in southern Europe.
- Solear's near-term objective is to develop its pipeline of solar assets with competitive rates of return through acquisition, development, and construction of solar assets, led by an experienced renewable energy team.

Corporate:

- Throughout the ongoing COVID-19 pandemic, Eco has prioritised the welfare of its employees and partners.
- The Company continues to keep a strict control over costs throughout the business, which continues to generate material savings, ensuring that Eco remains well capitalised with a strong balance sheet.

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

"It has been a busy period for Eco as we endeavour to realise significant value for shareholders from our world-class asset base. The JHI transaction ensured we have a near-term catalyst for potential drilling success and demonstrated our commitment to expanding our presence in Guyana, a proven and prolific hydrocarbon basin. We look forward to updating the market in due course on results from the Sapote-1 well and on timing of further drilling on the Orinduik Block, as we increase our presence and collaboration in the Guyana-Suriname Basin.

"With regard to the rest of our portfolio, we are excited about the outlook for the Company's significant

acreage in Namibia, as we continue to make progress across our four licences and await the two high-impact wells to be drilled by TotalEnergies and Shell in Q4 this year. We remain committed to delivering exploration success in Namibia and will update stakeholders in due course.

"We are upbeat about the Company's prospects for the rest of 2021 and are well placed to deliver long-term success into next year. We look forward to updating all stakeholders as we move forward."

The Company's unaudited financial results for three months ended 30 June 2021, together with Management's Discussion and Analysis for the three months to 30 June 2021, 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 US Dollars, unless otherwise stated.

Balance Sheet

	June 30, 2021 Unaudited	March 31, 2021 Audited
Assets		
Current assets		
Cash and cash equivalents	4,354,980	11,807,309
Short-term investments	52,618	1,552,640
Government receivable	2,083	22,697
Amounts owing by license partners, net	127,226	193,655
Accounts receivable and prepaid expenses	59,632	46,480
	4,596,539	13,622,781
Renewable energy licenses	1,395,739	1,411,186
Investment in associate	10,000,000	-
Right of use assets	328,773	332,495
Security deposit	495,391	490,455
Petroleum and natural gas licenses	1,072,260	1,072,260
Total Assets	17,888,702	16,929,177
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	384,241	501,022
Advances from and amounts owing to license partners, net	36,587	97,153
Receipt on account of shares	1,940,021	-

Short-term portion of lease liability	22,987	22,987
Total current liabilities	2,383,836	621,162
Lease liability	329,321	325,917
Total liabilities	2,713,157	947,079
Equity		
Share capital	59,099,725	59,099,725
Restricted Share Units reserve	267,669	267,669
Stock options	2,681,546	2,675,724
Foreign currency translation reserve	(1,184,848)	(1,198,097)
Non-controlling interest	(69,681)	(48,674)
Accumulated deficit	(45,618,866)	(44,814,249)
Total Equity	15,175,545	15,982,098
Total Liabilities and Equity	17,888,702	16,929,177

Income Statement

	Three months ended	
	June 30,	2021
	2021	2020
	Unaudited	Unaudited
Revenue		
Interest income	4,524	28,000
	4,524	28,000
Operating expenses:		
Compensation costs	246,178	170,000
Professional fees	70,681	32,000
Operating costs (Note 18)	441,597	510,000
General and administrative costs (Note 19)	108,397	87,000
Share-based compensation (Note 14(i))	5,822	12,000
Interest expense (Note 11)	3,404	-
Foreign exchange gain (loss)	(45,931)	9,000
Total expenses	830,148	830,000

Net loss for the period	(825,624)	(8)
Foreign currency translation adjustment	13,249	36
Comprehensive loss for the period	(812,375)	(7)
Net loss for the period attributed to:		
Equity holders of the parent	(804,617)	(8)
Non-controlling interests	(21,007)	-
	(825,624)	(8)
Basic and diluted net loss per share attributable to equity holders of the parent	(0.00)	(0)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	184,697,723	18

Cash Flow Statement

	Three months ended	
	June 30,	
	2021	2020
	Unaudited	
Cash flow from operating activities		
Net loss from operations	(825,624)	(804,866)
Items not affecting cash:		
Share-based compensation	5,822	12,643
Depreciation and amortization	19,169	-
Accrued interest	3,404	-
Changes in non-cash working capital:		
Government receivable	20,614	4,728
Accounts payable and accrued liabilities	(116,781)	33,469
Accounts receivable and prepaid expenses	(13,152)	-
Receipt on account of shares	1,940,021	-
Advance from and amounts owing to license partners	5,863	(13,280)
	1,039,336	(767,306)
Cash flow from investing activities		
Investment in associate	(10,000,000)	-
Short-term investments	1,500,022	-
	(8,499,978)	

-

Decrease in cash and cash equivalents	(7,460,642)	(767,306)
Foreign exchange differences	8,313	18,422
Cash and cash equivalents, beginning of period	11,807,309	18,667,016
Cash and cash equivalents, end of period	4,354,980	17,918,132

Notes to the Financial Statements

Basis of Preparation

The consolidated 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.

Events After the Reporting Period

a) Private Placement

On July 19, 2021, the Company closed a private placement financing with Africa Oil Corp. and Charlestown Energy Partners LLC issuing a total of 14,945,913 common shares and 14,945,913 share purchase warrants exercisable for 2 years at CAD\$0.47.

As a result of the financing, Africa Oil Corp.'s interest in the Company is 19.99%.

****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 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.

In Guyana, Eco Guyana holds a 15% Working Interest alongside TOQAP Guyana B.V. ("TOQAP") a company jointly owned by TotalEnergies 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. On 28 June 2021, Eco acquired a 6.4% interest, with the option to increase its stake to 10%, in JHI Associates Inc. a private company which holds a 17.5% WI in the 4,800km² Canje Block. The Canje Block is operated by ExxonMobil and is held by Working Interests partners Esso Exploration & Production Guyana Limited (35%), with TotalEnergies E&P Guyana B.V. (35%), JHI Associates (BVI) Inc. (17.5%) and Mid-Atlantic Oil & Gas Inc. (12.5%).

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. Joe-1 was the second discovery on the Orinduik Block and comprised of 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.

In Namibia, the Company holds interests in four offshore petroleum licences totalling approximately 28,593km² with over 2.362bboe of prospective P50 resources in the Walvis Basin. These four licences, Cooper, Guy, Sharon, and Tamar are being explored with industry partners with Eco Operating and maintaining an average 60% Working Interest. 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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