

Eco (Atlantic) Oil and Gas Ltd. Announces Strategic Acquisition

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Strategic Acquisition Offshore South Africa and Namibia 2022 Drilling Programme

TORONTO, January 10, 2022 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) (AIM: ECO, TSX ? V: EOG), the oil and gas exploration company focused on the offshore Atlantic Margins, announces today that it has signed a Memorandum of Understanding ("MOU") to acquire 100% of Azinam Group Limited ("Azinam") (the "Acquisition"), including Azinam's entire offshore asset portfolio, in return for a 16.65% equity stake in the enlarged Group on completion of the Acquisition.

Highlights

- Acquisition of a material offshore petroleum exploration asset base in Namibia and South Africa
- Consideration in the form of new common shares to Azinam Holdings Limited (the "Vendor") who will own 16.65% of the enlarged Group
- The Vendor will also be issued warrants in the Company, exercisable only upon a producible commercial discovery
- The transaction strengthens the Groups strategic partnership with Africa Energy and Africa Oil
- Clear drilling programme with an exploration well planned to be drilled on Block 2B - South Africa in H2 2022
- The deal is expected to complete by 31 January 2022 subject, inter alia, to the signing of a Share Purchase Agreement and satisfactory completion of due diligence by Eco and any requisite approvals
- Discussions are already underway with Eco's key existing stakeholders in relation to underwriting the funds required to participate directly in the 2022 Block 2B South Africa drilling programme.

Information on the Acquisition

Azinam is a wholly owned subsidiary of Azinam Holdings Limited (the "Vendor"), which is majority owned by Seacrest Capital Group ("Seacrest"). Azinam has successfully built a material offshore petroleum assets base in Namibia and South Africa. Pursuant to the MOU and subject, inter alia, to the signing of a binding share purchase agreement and completion of the Acquisition, Eco Atlantic will issue to the Vendor such number of new common shares in Eco as provides the Vendor with 16.65% of Eco's share capital as enlarged by such issue ("Enlarged Share Capital"), providing for a cashless acquisition to become the sole owner of Azinam's entire African portfolio.

Offshore South Africa, Orange Basin, Eco Atlantic will acquire 50% Working Interest ("WI") and Operatorship in Block 2B, where Africa Energy Corp. and Panoro Energy ASA maintain Working Interests. Eco will also acquire a material Working Interest of 20% in the deepwater 3B/4B Block and the shallow water and Nearshore 3B/4B Blocks where the Company will strengthen its ongoing strategic partnership with Africa Oil Corp. as the Operator and 20% Working Interest partner.

Offshore Namibia, Eco will acquire additional Working Interests in its current oil blocks where Azinam is a partner, being Petroleum Exploration Licenses ("PELs") #97, #98 and #99. Eco's resultant net Working Interest in these PELs will be 85% on completion. Working Interest on these Blocks are the same as its existing interest in PEL #100, and Eco is the Operator on all four PELs.

Completion of the Acquisition ("Completion") is subject, inter alia, to the signing of a Share Purchase Agreement and satisfactory completion of due diligence by Eco (which is nearing completion) by 31 January 2022 (or such later date as may be agreed) and any requisite approvals from the Government of South Africa, the Government of Namibia and the TSX Venture Exchange.

Gil Holzman Co-Founder and CEO of Eco Atlantic commented:

"We are delighted to update the market on this exciting transaction and welcome the stronger alignment with Africa Oil Corp. and the broader Lundin Group through direct partnership in Blocks 3B/4B and 2B.

"The acquisition strengthens our long-term and strategic position in Namibia, giving us 85% and Operatorship in four highly prospective blocks, and gives us added versatility as we look to partner with a major player to help accelerate further exploration activities in the country's burgeoning energy industry.

"As we have always stated in our corporate strategy, our goal is to build a portfolio that will offer shareholders near-term exposure to high impact drilling catalysts. The Azinam acquisition requires no cash funding to close, and positive discussions have been ongoing with Eco's key existing stakeholders in relation to underwriting the funds required to participate directly in 2022 South Africa drilling activity.

"We anticipate that our drilling in South Africa this year will be closely followed by an exploration well in Guyana. These activities come at a time when global discovered resources volumes and access to energy in southern Africa is at an all-time low and hydrocarbons are desperately required as the world navigates the path of successfully achieving the energy transition. We firmly believe that companies such as ours that explore for oil in and around emerging economies will play a vital role in reducing energy poverty.

"We are looking forward to commencing with our drilling campaigns planned in the prospective Block 2B in South Africa and in Guyana this year and beyond, and we will continue to further build our corporation to offer additional exploration catalysts as and when we believe these opportunities will be value accretive to our stakeholders."

Colin Kinley, Co-Founder and COO of Eco Atlantic commented:

"Much of the engineering and geological and geophysical work on the Gazania-1 well has been completed during the past year, so we are stepping into an active plan, which has the potential to offer shareholders additional near term catalysts. We have an experienced team of exploration specialists who are working to finalize the well planning and we benefit from having excellent support from our JV Partners at Africa Energy from their Cape Town base. We have already held meetings with the engineering contractor, the JV Partners and with the proposed rig contractor who currently is holding a slot for us while we seek to conclude the Acquisition and finalise our plans. Block 2B already has a previous light oil discovery - as there was an offsetting strat well, A-J1, drilled in 1988 that proved the presence of high quality oil in the area. We are excited to move ahead on planning the targeted well, having done extensive evaluation of this specific region over the past six years and are familiar and confident with its prospectivity."

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

"The recent string of industry exploration successes, led by Guyana/Suriname but also in Ivory Coast, Ghana and offshore Brazil, has refocused attention on frontier basins in the southern Atlantic. With the addition of the Azinam acreage, we now hold some of the highest potential acreage in many of these proven and developing areas. The Orange Basin has two high profile wells currently drilling, namely the TotalEnergies Venus-1 and Shell Graff-1 wells, and success in either or both of these wells could make it one of the hottest exploration destinations in the world".

"The Gazania-1 well is planned to be drilled this year on Block 2B in South Africa in a rift basin that shows remarkably similar characteristics to the Lokichar Basin in Kenya. It's location in shallow water would facilitate a fast-track development with favourable economics. Africa Oil is very supportive of this acquisition and will actively assist Eco in its near-term exploration and any corporate initiatives."

Further information on the Acquisition

On completion of the Acquisition, Eco Atlantic will issue to the Vendor such number of new common shares in Eco as provides the Vendor with 16.65% of Eco's then Enlarged Share Capital. In addition, the Vendor will

be issued warrants over new common shares in Eco, exercisable only in case of a producible commercial discovery on Block 2B or Block 3B4B, as follows: 20,000,000 warrants exercisable at a price of CAD\$1.00 per share during the twenty-four month period immediately following Completion, and 20,000,000 warrants exercisable at a price of CAD\$1.50 per share during the thirty-six month period immediately following the Completion, such exercise dates to be extended in the event a well is not drilled on Block 2B or Block 3B4B, until such time as a well is drilled on either Block and a producible commercial discovery declared.

In addition, the Vendor will enter into a lock-in agreement to restrict the sale of the consideration shares until the earlier of: the spudding of a well on Block 2B; or, 6 months following Completion in respect of a third of the consideration shares, with two equal further tranches being released from the lock-in 12 and 18 months following Completion

As at 30 September 2021, Azinam had total assets of approximately US\$16 million, and in the nine months to 30 September 2021 recorded net income of approximately US\$1.26 million.

A further announcement will be issued on closing of the Acquisition.

Drilling Planned 2022 Block 2B - South Africa:

With Operatorship and a 50% WI acquired in Block 2B, Eco joins block partners Africa Energy Corp. - 27.5% WI (Carried), Panoro 2B Limited - 12.5% WI and Crown Energy AB - 10% WI (Carried) (the "JV Partners").

Block 2B already has a previous light oil discovery - as there was an offsetting strat well, Soekor A-J1, drilled in 1988 that proved the presence of high quality oil in the area. Thick reservoir sandstones were intersected between 2,985 meters and 3,350 meters. The well was tested and flowed 191 barrels of oil per day of 36 degree API oil from a 10 meter sandstone interval at about 3,250 meters. The 686 square kilometre 2013 3D seismic data confirmed the up-dip prospectivity of the A-J1 discovery and significant further prospectivity.

In Block 2B, Azinam and the JV Partners have secured a contract with NRG Well Management Ltd, an international well engineering and project management company headquartered in Aberdeen, Scotland, to complete well design engineering and to assist with critical path well planning. The JV Partners have defined proposed drilling targets, completed a seabed survey, conducted a semi-submersible rig tender and begun negotiations to secure critical equipment, including securing a wellhead, and negotiating a rig contract. Eco will step into the role of Operator to drill this well. The Gazania-1 exploration well, expected to be drilled in H2 2022, will target JV Partners' estimates of 349 Million Barrels of Oil (Best Estimate - Gross Prospective Resources) in relatively shallow water depths of less than 200 metres. Block 2B is located in the Orange Basin in South Africa and covers an area of 3,062 km². The Block is located approximately 300 kilometres north of Cape Town with water depths ranging from 50 to 200 meters. Discussions are ongoing with Eco's key existing stakeholders in relation to underwriting the funds required to participate directly in the 2022 South Africa drilling activity.

Block 3B/4B:

Eco Atlantic have acquired 20% WI in Blocks 3B/4B and Nearshore 3B/4B Offshore South Africa. Eco joins partners Africa Oil Corp. who is Operator of the Block (20% WI) and Ricocure (Pty) Ltd (60% WI carried). Partners in Block 3B/4B are currently reprocessing a large 3D seismic survey that will be used to high-grade leads towards a drilling prospect. Block 3B/4B is located in South Africa Orange Basin directly south of the currently drilling Namibia Orange Basin wells - Graff-1 (Shell) and Venus-1 (Total Energies).

Guyana Update:

In Guyana, Eco and its JV partners firmly believe that the Orinduik Block offers significant upside and are focused on the careful selection of stacked drilling target locations in the Cretaceous light oil. We will update the market on the 2022 target selection and drilling plans on the block once finalized. On Canje Block, where Eco holds 6.4% in JHI Associates Inc., which holds a 17.5% WI, the Operator, ExxonMobil, and JV partners including TotalEnergies continue to evaluate the 2021 drilling programme technical results.

Guyana continues to be one of the most prolific exploration regions in the world, with over ten billion barrels of oil discovered in the last six years, and in addition two new significant oil discoveries were announced last week by the ExxonMobil led consortium on the Stabroek Block north of Orinduik Block.

****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.

About Eco Atlantic:

Eco Atlantic is a TSX-V and AIM quoted Atlantic margin focused Oil & Gas Exploration Company with offshore license interests in Guyana, Namibia, and South Africa. Eco aims to deliver material value for its stakeholders through its role in the energy transition to explore for low carbon consuming oil and gas in stable emerging markets near to infrastructure.

Offshore Guyana in the proven Suriname-Guyana Basin, the Company holds a 15% Working Interest in the 1,800 km² Orinduik Block Operated by Tullow Oil, and also indirectly through a 6.4% shareholding in JHI Associates Inc. a private company which holds a 17.5% WI in the 4,800km² Canje Block Operated by

ExxonMobil. In Namibia, the Company holds Operatorship and 85% Working Interests in four offshore Petroleum Licences: PEL's: 97, 98, 99 and 100 totalling 28,593 km² in the Walvis Basin.

Offshore South Africa, Eco holds Operatorship and 50% WI of Block 2B, and 20% Working Interest of Blocks 3B/4B and Nearshore 3B/4B, totalling some 21,603 km².

Eco Atlantic is also a 100% 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.

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