

Eco (Atlantic) Oil and Gas Ltd. Announces Unaudited Results and Corporate Update

27.02.2023 | [ACCESS Newswire](#)

Unaudited Results for the three and nine months ended 31 December 2023

Corporate and Operational Update

TORONTO, February 27, 2023 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) ("Eco," "Eco Atlantic," "Company," or together with its subsidiaries, the "Group") (AIM:ECO)(TSX?V:EOG), the oil and gas exploration company focused on the offshore Atlantic Margins, is pleased to announce its results for the three and nine months ended 31 December 2022, and to provide a corporate and operational update.

Highlights:

Financials (as at 31 December 2022)

- The Company had cash and cash equivalents of US\$14.5 million and no debt as at 31 December 2022.
- The Company had total assets of US\$68.0 million, total liabilities of US\$17.8 million and total equity of US\$50.1 million as at 31 December 2022.

Operations:

South Africa

Block 2B

- In November 2022, the JV Partners submitted a Production Right Application to the Petroleum Agency of South Africa ("PASA"), based on the existing oil discovery of AJ-1 and potential future operations.
- Following the drilling of the Gazania-1 well in November 2022, further analysis of the well data is being undertaken to determine next steps on the Block.
- Eco and its JV partners continue to believe that Block 2B contains considerable hydrocarbon resources and further updates will be made in due course on how the JV partners will look to deliver value from the licence for the benefit of all stakeholders.

Block 3B/4B

- In December 2022, Eco received regulatory approval from the Department of Mineral Resources and Energy ("DMRE") of South Africa and Petroleum Agency South Africa ("PASA") in respect of its acquisition of an additional 6.25% participating interest in the Block (the "Acquisition"), giving Eco an overall interest of 26.25%.
- As the final instalment of the share consideration due in respect of the Acquisition, Eco is issuing an additional 1,666,666 common shares to the Lunn Family Trust, the Vendor (the "Final Consideration Shares").
- The Company and its JV partners are progressing plans to conduct a two-well campaign on Block 3B/4B and in addition continue to progress the collaborative farm-out process, up to 55% gross working interest in the Block, with various potential parties.
- The JV Partners have selected a leading South African environmental consulting firm to conduct a comprehensive Environmental and Social Impact Assessment (ESIA) process commencing in March 2023 in preparation for permitting and drilling activity on the Block.
- Africa Oil Corp. the Operator of the Block is preparing a new 51-101 Competent Person's Report following the completion of the 3D data reprocessing and targets and leads identification.

Namibia

- Namibia witnessed some of the largest oil exploration discoveries in the world in 2022 and with significant exploration activity set to continue this year, the Company believes that its highly strategic acreage in-country will remain of considerable interest to operators looking to enter the region.
- Eco continues to explore possible farm out opportunities with its four licences in the region and will update investors on developments accordingly.

Guyana

- Eco and its JV partners on the Orinduik Block, offshore Guyana, continue to work towards identifying the optimal drilling target and Eco plans to drill at least one well into a light oil Cretaceous target in the next 12-18 months.
- With an excess of 11 billion barrels of oil discovered in Guyana to date, the region has become one of the most prolific hydrocarbon basins in the world. Eco continues to work towards unlocking the potential of the Orinduik Block as fast as practically possible.

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

"We have had a busy start to the year, and I am pleased to report substantial progress across a number of fronts in our exciting exploration portfolio.

Following our drilling campaign on Block 2B, offshore South Africa, in Q4 2022, we continue to analyse the well data obtained from the Gazania-1 well. We remain of the view that considerable untapped potential remains in the asset and we are working with our partners on the Block to plan our next steps, in order to deliver value for all stakeholders.

Significant progress continues to be made on Block 3B/4B, offshore South Africa, with a number of workstreams progressing well. As we have said previously, we are conducting a farm out process on the licence and we are looking ahead to commencing a two well drilling program once ESIA is completed and permits obtained.

Both Guyana and Namibia continue to yield sizeable discoveries, and we are seeing unprecedented levels of interest for exploration assets in these regions. As such, we continue to progress our highly strategic acreage positions in both Guyana and Namibia and we look forward to updating the market on our farm out program in Namibia and our plans for a drilling campaign in Guyana as soon as practically possible.

We remain excited about the potential for 2023 and we look forward to keeping all stakeholders updated throughout the course of the year."

Admission of the Common Shares

Application has been made for admission of the Final Consideration Shares, which will rank pari passu with existing Common Shares, to trading on AIM ("Admission"). It is expected that Admission will become effective, and trading will commence on or around 8.00 a.m. on 3 March 2023.

Following Admission of the Consideration Shares, the enlarged issued share capital of the Company will be 367,348,680 Common Shares. The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company.

The Company's unaudited financial results for the three and nine months ended 31 December 2022, together with Management's Discussion and Analysis as at 31 December 2022, 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

December 31, 2022 (Unaudited)	March 31, 2022 (Audited)
Assets	
Current Assets	
Cash and cash equivalents	14,461,888
Short-term investments	55,266
Government receivable	42,468
Amounts owing by license partners, net	4,279,350
Accounts receivable and prepaid expenses	788,597
Assets held for sale	2,061,734
Total Current Assets	19,662,569
Non-Current Assets	
Investment in associate	9,000,254
Petroleum and natural gas licenses	30,753,034
Total Non-Current Assets	40,030,196
Total Assets	67,979,813
Liabilities	
Current Liabilities	

Accounts payable and accrued liabilities	17,003,778	1,931,823
Current liabilities related to assets held for sale		473,254
Warrant liability	3,241,789	3,241,762
Total Current Liabilities	17,842,567	5,646,839
Total Liabilities	17,842,567	5,646,839
Equity		
Share capital	21,570,983	63,141,609
Shares to be issued		20,766,996
Restricted Share Units reserve	433,153	267,669
Warrants	14,778,272	7,806,000
Stock options	2,560,023	958,056
Foreign currency translation reserve	(1,846,026)	(1,309,727)
Accumulated deficit	(67,359,159)	(51,408,662)
Total Equity	50,137,246	40,221,941
Total Liabilities and Equity	67,979,813	45,868,780

Income Statement

Three months ended		Nine months ended	
December 31,		December 31,	
2022	2021	2022	2021
Unaudited		Unaudited	
Revenue			
Interest income	-	93,183	8,435
36,731	-	93,183	8,435

Operating expenses:				
Compensation costs	116,651	697,106	526,738	
Professional fees	79,763	591,767	261,262	
Operating costs net	179,885	32,921,918	597,703	
General and administrative costs	121,569	728,846	430,926	
Share-based compensation	2,373	2,236,011	14,083	
Foreign exchange loss	(12,235)	642,117	40,987	
Total operating expenses	488,006	37,817,765	1,871,699	
Operating loss	(488,006)	(37,724,582)	(1,863,264)	
Fair value change in warrant liability	1,236,827	2,402,973	1,874,016	
Share of losses of companies accounted for at equity	-	(276,908)	-	
Net profit (loss) for the period from continuing operations	748,821	(35,598,517)	10,752	
Gain (loss) from discontinued operations, after-tax	(512,778)	(351,980)	(1,000,969)	
Net profit (loss) for the period	236,043	(35,950,497)	(990,217)	

Foreign currency translation adjustment	16,803	35,160	(536,299)	26,925
Comprehensive profit (loss) for the period	(19,436,749)	271,203	(36,486,796) (963,292
Basic and diluted net loss per share attributable to equity holders of the parent	(0.055)	(0.002)	(0.104
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	365,355,650	199,893,636	344,158,567	194,041,560	

Cash Flow Statement

Nine months ended December 31, 2022	2021
(Unaudited)	(Unaudited)
Cash flow from operating activities	
Net loss from continuing operations	(65,598,517
Net loss from discontinued operations	10,752
	(651,980
	(1,000,969

Items not affecting cash:		
Share-based compensation	2,236,012	14,083
Depreciation and amortization		57,187
Accrued interest		8,535
Revaluation of warrant liability	(2,402,973)	(1,874,016)
Share of losses of companies accounted for at equity	276,908	-
Changes in non-cash working capital:		
Government receivable	(14,981)	12,444
Accounts payable and accrued liabilities	15,243,249	145,697
Accounts receivable and prepaid expenses	7,969,314	(59,781)
Reallocation to discontinued operations cashflows	(71,294)	-
Advance from and amounts owing to license partners	(12,878,306)	(298,337)
	(25,692,568)	(2,984,405)

Net change in non-cash working capital items relating to discontinued operations	(158,842)	-
		-
Cash flow from investing activities		
Investment in- associate	(10,000,000)	
Short-term investments	(2,648)	1,500,022
	(2,648)	(8,499,978)
Cash flow from investing activities	(10,002,648)	-
- discontinued operations		
Cash flow from financing activities		
Proceeds from private placements, net	35,666,089	-
Issuance of- shares	4,793,789	
Exercise of stock options	71,388	
	35,666,089	4,865,177
Increase (decrease) in cash and cash equivalents	11,559,353	(6,619,206)
Foreign exchange differences	(38,209)	46,000

Cash and cash equivalents at beginning of period 11,807,309

Cash and cash equivalents at end of period 5,234,103

Supplementary disclosure of cash flow information:

Significant non-cash transactions

Issuance of shares in respect of farm out agreement	8,500,000	-
	8,500,000	-

Notes to the Financial Statements

Basis of Preparation

The Condensed Interim 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.

****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 (as amended).

Notes to editors:

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 intensity oil and gas in stable emerging markets close to infrastructure.

Offshore Guyana in the proven Guyana-Suriname Basin, the Company holds a 15% Working Interest in the 1,800 km² Orinduik Block Operated by Tullow Oil. In Namibia, the Company holds Operatorship and an 85% Working Interest in four offshore Petroleum Licences: PELs: 97, 98, 99, and 100, representing a combined area of 28,593 km² in the Walvis Basin.

Offshore South Africa, Eco is Operator and holds a 50% working interest in Block 2B and a 26.25% Working Interest in Block 3B/4B operated by Africa Oil Corp., totalling some 20,643km².

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