

Eco (Atlantic) Oil and Gas Ltd. Announces Sale of 6.25% WI in Block 3B/4B

11.07.2023 | [ACCESS Newswire](#)

Sale of 6.25% WI in Block 3B/4B to [Africa Oil Corp.](#) for up to \$10.5m

TORONTO, July 11, 2023 - [Eco \(Atlantic\) Oil & Gas Ltd.](#) ("Eco," "Eco Atlantic," "Company," or together with its subsidiaries, the "Group") (AIM:ECO)(TSXV:EOG), the oil and gas exploration company focused on the offshore Atlantic Margins, is pleased to announce that it has signed a legally binding Letter of Intent (the "Agreement") pursuant to which its wholly owned subsidiary, Azinam Limited ("Azinam"), will farm out 6.25% Participating Interest in Block 3B/4B, offshore South to Africa Oil SA Corp, a wholly owned subsidiary of Africa Oil Corp. ("Africa Oil") (the "Acquisition"). Pursuant to the terms of the LOI, the completion of the Acquisition is subject to the satisfaction of customary conditions precedent including, but not limited to, the receipt of requisite regulatory approvals from the government of South Africa and the TSX Venture Exchange (the "TSXV").

The consideration for the Acquisition is up to US\$10.5m in cash, payable conditional on certain milestones as set out below:

- US\$2.5m within 30 days of signing of the LOI;
- US\$2.5m upon government approval for the transfer of the 6.25% interest in Block 3B/4B to Africa Oil;
- US\$4m upon the completion of targeted farm out to a third party; and
- US\$1.5m upon spud of the first exploration well in Block 3B/4B

On closing of the Acquisition, which is subject, amongst other things, to Section 11 approval for the transfer from the government of South Africa, TSXV approval and customary pre-emption provisions, the Block 3B/4B interests of the JV partners in Block 3B/4B will be as follows:

- Africa Oil SA Corp, a wholly owned subsidiary of Africa Oil Corp. and the Operator of the Block, holding a 26.25% Participating Interest;
- Azinam Limited, a wholly owned subsidiary of Eco Atlantic, holding a Participating Interest of 20%; and
- Ricocure (Proprietary) Limited, holding the remaining 53.75% Participating Interest.

The JV partners continue to progress the collaborative farm-out process, as previously announced, for up to a 55% gross working interest in the Block, with various potential parties.

As announced on 21 March 2023, the application process for a permit to drill one well and one contingent well (and potentially up to five wells) within an area of interest in the north of Block 3B/4B remains underway.

Completion of previously announced acquisition of additional interest in Block 3B/4B, South Africa

Further to the Company's announcement of 27 June 2022, the Company can confirm that it will issue 1,200,000 new common shares of no par value in the Company ("Common Shares") to Lunn Family Trust in place of the US\$500,000 cash consideration due in respect of the acquisition of the 6.25% interest in Block 3B/4B from Lunn Family Trust ("Consideration Shares"). The Consideration Shares represent the full and final component of the completion consideration in respect of the acquisition announced on 27 June 2022 and there are no additional shares or cash due to the seller.

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

"We are very pleased to agree this transfer of a portion of our WI on the Block to our strategic alliance

partner Africa Oil. The restructure of the WI will result in Africa Oil holding 26.25% and Eco 20% and will strengthen the JV position amid ongoing negotiations with third parties to farm into the Block and execute a drilling campaign. Since Africa Oil is already established as JV partner and Operator on the Block, receipt of the requisite regulatory approval for the transfer is expected to be straight forward.

"We look forward to continuing our work with the South African government and regulatory bodies in terms of our Environmental Authorisation process and in the active exploration of Block 3B/4B. The initial cash to be received from Africa Oil will enable Eco Atlantic to fund its growth opportunities elsewhere and with no shareholders dilution, while maintaining a strategic and considerable 20% working interest in this highly prospective Block (pre farm out to a third party)."

Related Party Transaction

AIM Rules Disclosure

Africa Oil is a substantial shareholder in Eco, holding more than 10% of the Company's issued share capital, and Keith Hill, a director of Africa Oil, is also a non-executive director of the Company. Africa Oil is therefore a related party as defined by the AIM Rules for Companies. Accordingly, the Acquisition by Africa Oil is a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The independent Directors for the purposes of the Acquisition, being all of the Directors other than Keith Hill, having consulted with the Company's nominated adviser, Strand Hanson Limited, consider that the terms of the Acquisition to be fair and reasonable insofar as Eco's shareholders are concerned.

TSXV Disclosure

Due to the inclusion of Africa Oil Corp. (and by virtue of a mutual director Keith Hill) the Proposed Transaction will constitute a Non-Arm's Length Transaction (as such term is defined in the policies of the TSXV) and a "related party transaction" in accordance with Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). However, the Proposed Transaction will be exempt from the formal valuation and the minority shareholder approval requirements of MI 61-101 because at the time the transaction was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeded 25% of Eco's market capitalization.

Admission and Total Voting Rights

Application has been made for admission of the 1,200,000 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 in the Consideration Shares will commence, on or around 8:00 a.m. on 14 July 2023.

On Admission, the enlarged issued share capital of the Company will be 366,882,014 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.

****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

Alice Carroll, Head of Corporate Sustainability

+44(0)781 729 5070

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

James Harris
James Bellman

Berenberg (Broker) +44 (0) 20 3207 7800

Matthew Armitt
Detlir Elezi

Echelon Capital (Financial Adviser N. America Markets)

Ryan Mooney +1 (403) 606 4852
Simon Akit +1 (416) 8497776

Celicourt (PR) +44 (0) 20 7770 6424

Mark Antelme
Jimmy Lea

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).

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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SOURCE: [Eco \(Atlantic\) Oil & Gas Ltd.](#)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/448023--Eco-Atlantic-Oil-and-Gas-Ltd.-Announces-Sale-of-6.25Prozent-WI-in-Block-3B-4B.html>

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