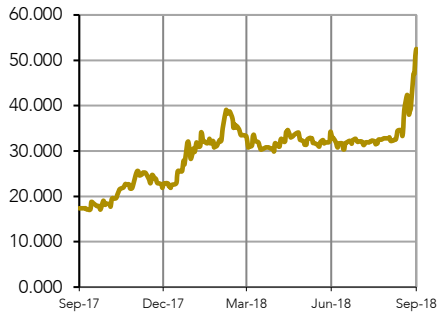
OIL & GAS FLASHNOTE

Eco (Atlantic) Oil & Gas (ECO LN)

13 September 2018

Stock Data	
Share Price:	52.50p
Market Cap (M):	£83.6m
EV (M):	£76.02m
Free float	66%
Liquidity (30 day ave)	787,436

Price Chart



52 Week Range

17.125p — 52.50p — 54.75p

Company Summary

Eco (Atlantic) Oil & Gas is an exploration company with assets in Guyana and Namibia

Guyana updates

Event

Eco (Atlantic) Oil & Gas ("Eco" or the "Company") has announced that Total has elected to exercise its option to acquire a 25% working interest in the Orinduik Block from Eco. Subject to regulatory approvals, Eco's working interest will reduce to 15%. Total will pay an option exercise payment of US$12.5m, which Eco estimates will be sufficient to recoup the cost of the recently acquired 3D seismic and to cover the net cost of two exploration wells on the licence.

Earlier in the week, Eco also announced that Gustavson Associates LLC has finalised a CPR on the Orinduik Block. The report estimates a gross P50 prospective resource estimate of 2,913mmboe (437mmboe net to Eco) attributable to 10 leads. The probability of success is estimated at 16-22%.

Comment

These announcements demonstrate that the highly prospective potential of the Orinduik Block is also backed by third party analysis. Exploration potential remains high risk, but the rewards are material, even after reducing its interest to 15%. Drilling results on neighbouring licences provides evidence that a working hydrocarbons system exists in a variety of different play types, with at least of one of these seen to extend updip and into the Ordinduik Block. Drilling is planned to commence in mid 2019. With the additional funds due from the exercise of the Total option, Eco remains in a very strong financial position and fully funded for all current planned activity.

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Research Disclosures

William Arnstein

Will is a CFA charterholder and has more than 10 years' experience as a sell-side equity research analyst having previously worked at Dresdner Kleinwort, Jefferies International and finnCap. In his last role, he co-founded the Oil & Gas franchise at finnCap and later became Head of Oil & Gas, where he also coordinated corporate finance and corporate broking in addition to his responsibilities as a Research Director. During his career, Will has worked closely with many international E&P companies, both listed and private, evaluating assets across the globe and has developed particular expertise in petroleum economics and asset valuation. In 2010, Will was awarded No.1 stock picker for the European energy sector in the FT/Starmine Awards.

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Sell	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

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Research disclosure as of 13 September 2018

Company Name	Disclosure
Eco (Atlantic) Oil & Gas (ECO LN)	1,2,5,7,8

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