

**27 February 2023**

**ECO (ATLANTIC) OIL & GAS LTD.**

("Eco," "Eco Atlantic," "Company," or together with its subsidiaries, the "Group")

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

*Corporate and Operational Update*

**Eco (Atlantic) Oil & Gas Ltd. (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](http://www.ecoilandgas.com) and on Sedar at [www.sedar.com](http://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**

**March 31,  
2022**

	(Unaudited)	(Audited)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	14,461,888	3,438,834
Short-term investments	55,266	52,618
Government receivable	42,468	27,487
Amounts owing by license partners, net	4,279,350	-
Accounts receivable and prepaid expenses	788,597	257,911
Assets held for sale	-	2,061,734
<b>Total Current Assets</b>	<b>19,627,569</b>	<b>5,838,584</b>
<b>Non- Current Assets</b>		
Investment in associate	9,000,254	9,277,162
Petroleum and natural gas licenses	39,351,990	30,753,034
<b>Total Non-Current Assets</b>	<b>48,352,244</b>	<b>40,030,196</b>
<b>Total Assets</b>	<b>67,979,813</b>	<b>45,868,780</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	17,003,778	1,931,823
Current liabilities related to assets held for sale	-	473,254
Warrant liability	838,789	3,241,762
<b>Total Current Liabilities</b>	<b>17,842,567</b>	<b>5,646,839</b>
<b>Total Liabilities</b>	<b>17,842,567</b>	<b>5,646,839</b>
<b>Equity</b>		
Share capital	121,570,983	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	(87,359,159)	(51,408,662)
<b>Total Equity</b>	<b>50,137,246</b>	<b>40,221,941</b>
<b>Total Liabilities and Equity</b>	<b>67,979,813</b>	<b>45,868,780</b>

## Income Statement

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Unaudited		Unaudited	
<b>Revenue</b>				
Interest income	36,731	-	93,183	8,435
	36,731	-	93,183	8,435
<b>Operating expenses:</b>				
Compensation costs	217,192	116,651	697,106	526,738
Professional fees	131,188	79,763	591,767	261,262
Operating costs, net	19,880,507	179,885	32,921,918	597,703
General and administrative costs	120,692	121,569	728,846	430,926

Share-based compensation	484,125	2,373	2,236,011	14,083
Foreign exchange loss	(333,104)	(12,235)	642,117	40,987
Total operating expenses	20,500,600	488,006	37,817,765	1,871,699
<b>Operating loss</b>	<b>(20,463,869)</b>	<b>(488,006)</b>	<b>(37,724,582)</b>	<b>(1,863,264)</b>
Fair value change in warrant liability	556,277	1,236,827	2,402,973	1,874,016
Share of losses of company accounted for at equity	(92,303)	-	(276,908)	-
<b>Net profit (loss) for the period from continuing operations</b>	<b>(19,999,895)</b>	<b>748,821</b>	<b>(35,598,517)</b>	<b>10,752</b>
Gain (loss) from discontinued operations, after-tax	546,343	(512,778)	(351,980)	(1,000,969)
<b>Net profit (loss) for the period</b>	<b>(19,453,552)</b>	<b>236,043</b>	<b>(35,950,497)</b>	<b>(990,217)</b>
Foreign currency translation adjustment	16,803	35,160	(536,299)	26,925
<b>Comprehensive profit (loss) for the period</b>	<b>(19,436,749)</b>	<b>271,203</b>	<b>(36,486,796)</b>	<b>(963,292)</b>
Basic and diluted net loss per share attributable to equity holders of the parent	(0.055)	(0.002)	(0.104)	(0.005)
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	
	2022	2021
	(Unaudited)	(Unaudited)
<b>Cash flow from operating activities</b>		
Net loss from continuing operations	(35,598,517)	10,752
Net loss from discontinued operations	(351,980)	(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	(171,294)	-
Advance from and amounts owing to license partners	(12,878,306)	(298,337)
	(25,692,568)	(2,984,405)
<hr/>		
Net change in non-cash working capital items relating to discontinued operations	(458,842)	-
<b>Cash flow from investing activities</b>		
Investment in associate	-	(10,000,000)
Short-term investments	(2,648)	1,500,022
	(2,648)	(8,499,978)
<hr/>		
Cash flow from investing activities - discontinued operations	2,047,322	-
<b>Cash flow from financing activities</b>		
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
<hr/>		
<b>Increase (decrease) in cash and cash equivalents</b>	<b>11,559,353</b>	<b>(6,619,206)</b>
Foreign exchange differences	(536,299)	46,000
Cash and cash equivalents, beginning of period	3,438,834	11,807,309
<b>Cash and cash equivalents, end of period</b>	<b>14,461,888</b>	<b>5,234,103</b>
<hr/>		
<b>Supplementary disclosure of cash flow information:</b>		
<b>Significant non-cash transactions</b>		
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 km<sup>2</sup> 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 km<sup>2</sup> 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 20,643km<sup>2</sup>.

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