

Eco Atlantic Oil and Gas

Updated CPR leads to upgrades to our NAV

New prospects added to the Competent Persons Report leading to upgrades

Eco (Atlantic) have announced there have been 4 new Tertiary prospects added with a total of 186mmboe of gross risked prospective resource including the Hammerhead extension with an >80% chance of success. There is also a new Upper Cretaceous prospect with 135mmboe risked. The CPR validates that the Hammerhead discovery has de-risked the Tertiary prospects on the block. As a result, we are increasing our risked NAV by 20p/sh to 119p/sh.

Two upcoming drilling catalysts from June

The current plan by the partners includes the drilling of two wells by Q3 '19. The Jethro Prospect is located in the north-eastern part of Orinduik Block. It is a Tertiary age lead and will be the target of the first well drilled by Eco and its partners, planned for mid-June 2019. The Stena Forth drillship will be used for the drilling operations with an estimated net cost to Eco of <US\$7m. If successful, the well will be cased and tested with a view to being a producer. Jethro is a sandstone stratigraphic trap that, based on several seismic attributes, is analogous to the Hammerhead discovery nearby. It is worth 74p/sh to Eco or close to 90p/sh when the Jethro Extension is included. There are a number of candidates for a second well with some of the prospects having >£2/sh of unrisked value.

CPR updates to existing prospects

The main change to the existing prospects is an increase in the risked volumes of the KB Tertiary prospect as a result of a higher chance of success (28% from 21%) and a higher recoverable volume (350mmboe from 243mmboe) due to a higher gas oil ratio and higher net to gross pay assumption. There was a slight increase in the Jimmy MJ-4 prospect, but all the others remained the same. In total, the risked size of the existing prospects increased to 675mmboe from 627mmboe.

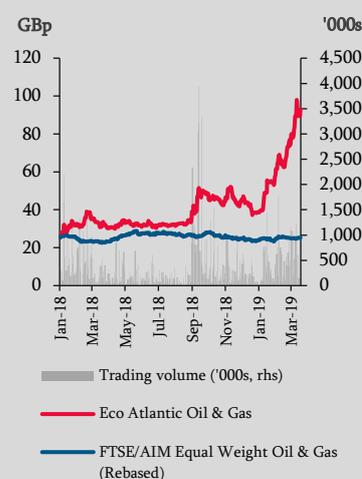
Valuation sees a ~20% upgrade to risked NAV

We are increasing our risked NAV by 20p/sh to 119p/sh following the new CPR that was released today. The new CPR sees 5 new prospects being added (4 of which are Tertiary which have been de-risked by Exxon's Hammerhead discovery that is thought to extend onto the Eco block) as well as 2 of the existing prospects increasing in size on a risked basis. In total, there has been 369mmboe of gross risked resource added or +59%. We have added the most material prospects to our valuation.

H&P Advisory Ltd is a Retained Advisor to Eco Atlantic Oil and Gas. The cost of producing this material has been covered by Eco Atlantic Oil and Gas as part of a contractual engagement with H&P; this report should therefore be considered an "acceptable minor non-monetary benefit" under the MiFID II Directive

GICS Sector	Materials
Ticker	AIM:ECO
Market cap 15-Mar-19 (US\$m)	191.9
Share price 15-Mar-19 (GBP)	89.5

Risked NAV	p/sh
Core	8
Guyana exploration	97
Namibia exploration	14
Total NAV	119



Anish Kapadia

Research Analyst

T +44 (0) 207 907 8500

E anish@hannam.partners

Hamish Clegg

Sales

T +44 (0) 207 907 8582

E hc@hannam.partners

Jay Ashfield

Sales

T +44 (0) 207 907 2022

E ja@hannam.partners

Angus McCaffrey

Sales

T +44 (0) 207 907 2023

E am@hannam.partners

H&P Advisory Ltd

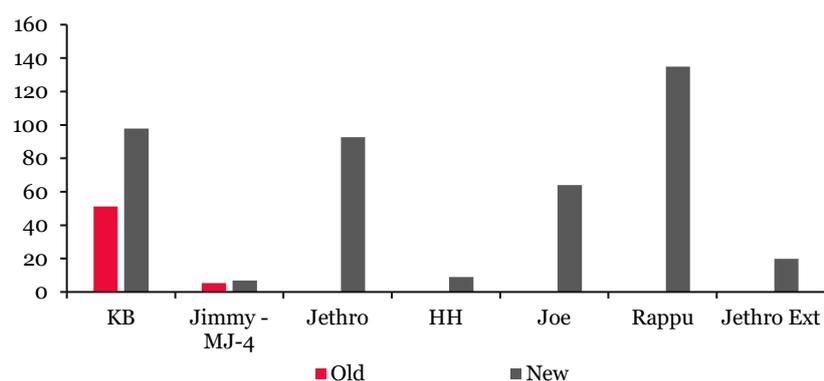
2 Park Street, Mayfair
London W1K 2HX

Valuation

Asset	Country	Interest	Net		Unrisked	Unrisked	Geological	Commercial	Risked	Risked
			Mmboe	US\$/boe	US\$m	p/sh			CoS	CoS
2019 G&A and Opex					-3.1	-1.4			-3.1	-1.4
Warrants and options					2.0	0.9			2.0	0.9
End '17 cash					19.8	8.8			19.8	8.8
End '17 w/c					0.1	0.0			0.1	0.0
Core NAV					18.8	8.4			18.8	8.4
Exploration										
Osprey	Namibia	58%	163.9	4.7	763.8	339.6	18%	30%	21.1	9.4
Hammerhead/Aurituk	Guyana	15%	1.7	5.2	8.5	3.8	81%	75%	5.2	2.3
Jethroe	Guyana	15%	32.2	5.2	165.7	73.7	43%	75%	46.9	20.9
Jethro Ext	Guyana	15%	6.9	5.2	35.6	15.8	43%	75%	5.8	2.6
Iatuk	Guyana	15%	94.1	5.2	484.5	215.4	22%	33%	30.6	13.6
KD	Guyana	15%	100.1	5.2	515.7	229.3	22%	33%	32.9	14.6
KG	Guyana	15%	95.1	5.2	489.6	217.7	22%	33%	30.9	13.8
Joe	Guyana	15%	22.2	5.2	114.6	50.9	43%	50%	19.3	8.6
Rappu	Guyana	15%	80.3	5.2	413.8	184.0	25%	50%	46.6	20.7
Guy, Sharon, Tamar	Namibia	Varies							10.0	4.4
Exploration NAV					2,991.8	1,330.2			249.4	110.9
Total NAV					3,010.6	1,338.6			268.2	119.2
Other prospects	Guyana	15%	242.8	5	1,250.3	555.9	Varies	Varies	53.1	23.6

Source: H&P estimates, Company Data

Increase in risked gross prospective resource (mmboe) since last CPR



Source: CPR Report

Investment Summary

Eco Atlantic Oil and Gas (Eco) is a frontier exploration focused company with significant potential exploration upside in Guyana and Namibia. It is a lean organisation with a highly experienced management team, has a proven track record of exercising farm-outs, is fully funded for its current planned activity and beyond, has an early mover advantage in its blocks and we think management would sell for the right price.

The Updated CPR: Eco (Atlantic) have announced there have been 4 new Tertiary prospects added with a total of 186mmboe of gross risked prospective resource including the Hammerhead extension with an >80% chance of success. There is also a new Upper Cretaceous prospect with 135mmboe risked. The CPR validates that the Hammerhead discovery has de-risked the Tertiary prospects on the block. The Hammerhead discovery is less than 7km east of the Orinduik Block boundary and has proven that the Tertiary section has commercial accumulations of hydrocarbons in stratigraphic sand traps. The bulk of the Tertiary age Hammerhead accumulation is on the neighbouring Stabroek Block, but an estimated 1kmsq is on the Orinduik Block and thus becomes an excellent analog for Tertiary age leads and prospects.

Valuation: Our risked NAV for Eco is 119p/sh, which includes a core value of 8.4p/sh (cash/farm-in proceeds), with the remainder based on risked exploration of the main prospects recently updated in the company CPR. Eco is funded for its two exploration wells and will have cash left over for further exploration. Given the exploration only nature of the company, comparative multiple valuations aren't appropriate.

Good time to invest in exploration: We believe that it is a favourable time to invest in exploration, as the lack of drilling success in the last 5 years has meant that investor sentiment is low at a time when major oil companies are looking to rebuild exploration portfolios after huge cuts in spending. Lower costs of obtaining exploration acreage and drilling creates a better value proposition. Exploration gives investors exposure to uncorrelated returns that aren't available from US E&Ps. Exploration success rates should improve as operators are now more capital disciplined forcing them to only drill their best wells.

What are explorers chasing: Liza (Guyana) and Lula (Brazil) are examples of the huge value creation that is possible through frontier exploration. Exxon has discovered >4Bboe in Guyana to date and may still find significantly more. Assuming an un-risked valuation of ~\$5/boe - there is potentially \$20B+ of value, which was de-risked by an initial well that likely cost ~\$100mm.

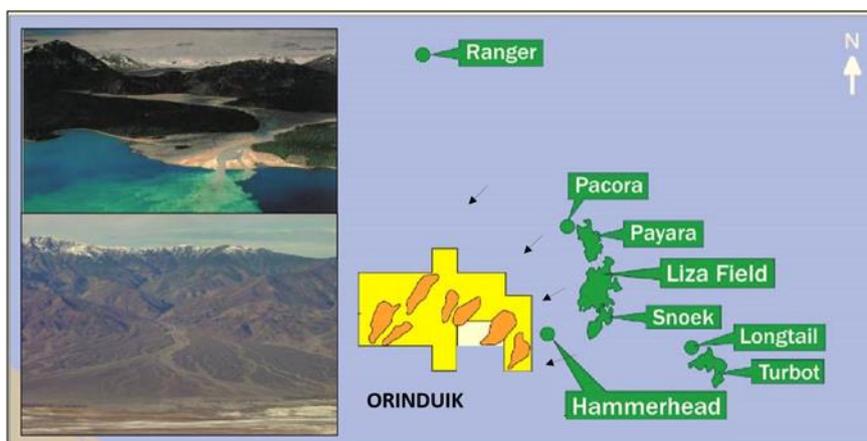
Location, location, location: There have been many non-commercial wells drilled in both Namibia and the Guiana-Suriname basin so being in the right place is important. We see Eco as well positioned in both basins. In Guyana it is up dip of and on trend with the significant discoveries made by Exxon next door. In Namibia it was an early mover, allowing it access to its preferred blocks and its blocks can be de-risked by wells on adjacent blocks over the next year.

Plenty of catalysts: we see a catalyst rich next 12 months for the stock, which is important for exploration companies to get credit from the market. Eco's performance year to date is testament to that. The main catalysts surround farm-out activity, drilling near its blocks, de-risking of Eco's prospects, a potential new country entry and ultimately drilling of its prospects in 2019.

Eco Atlantic Guyana Overview

The company currently has a 40% working interest in the Orinduik licence, with Tullow Oil owning the remaining 60% and acting as operator. Eco Atlantic is in the process of farming down its 40% interest to TOTAL, which will see Eco reduce its working interest to 15%, once necessary approvals are granted. This massive 1,800sqkm licence is in the Guyana-Suriname Basin, up dip from Exxon's Stabroek licence where, to date, nine discoveries have been made with the combined gross recoverable resource being >4Bboe. The first well is planned for Q3'19.

The Orinduik licence is located on the shelf and so in areas will have relatively shallow water depths of approximately 70m compared to Exxon's licence where the water depth is >1,500m. Eco's licence is located up dip of the Liza discoveries and it is believed that the oil will have migrated from the source of the Exxon's discoveries up through Eco's licence and will hopefully be trapped in structures on the licence.



Source: Company Presentation

As might be expected, the industry is once again excited by the region. To this end, Eco announced in September 2017 a farm-out deal. TOTAL took an option to acquire a 25% stake in the Orinduik licence, reducing Eco's stake to 15% from 40%. TOTAL paid an option fee of US\$1mm and then, subject to the processing of the 3D seismic data (which was completed and delivered in September '18), had 120 days to exercise the option but did so almost immediately, netting Eco a further cash payment of US\$12.5mm by YE'18.

The announced updated CPR shows an increase in Gross Prospective Resources P50 (Best) to 3,981 MMBOE (from previous 2,913 MMBOE). Following the completion of the processing of 3D seismic and the reported regional Tertiary aged discoveries, including Exxon's Hammerhead discovery, the company and its partners (Tullow – 60% Operator, Total – 25%, Eco – 15%) have completed a further extensive evaluation and risking exercise on the leads and targets on the Orinduik Block following review and analysis of this additional information.

The updated CPR estimates an increase in Gross Unrisked Prospective Resources P50 (Best) to 3,981.9 MMBOE on the Block, implying Net (15%) 597.3 MMBOE to Eco, identified across a total of 15 Leads on the Orinduik Block.

The first drill target scheduled for June is Jethro, on which Gustavson has firmed up their estimate to contain 214.5 MMBOE (P50) at 43.2% Chance of Success. The partners are in the process of approving a second well and we believe the risking will be in the same range as for Jethro.

Orinduik CPR – March 2019

Lead (1 of 3)	KB	DJ	KG	Kumaka - KD	IatukD
Trap (%)	70	70	80	80	80
Seal (%)	50	40	40	40	40
Reservoir (%)	80	75	70	70	70
Presence of HC (%)	100	100	100	100	100
Overall	28.0%	21.0%	22.4%	22.4%	22.4%
P50 Gross Unrisked Prospective Resources (mmboe)	349.5	150	633.5	667.5	627.2
Riskied size	98	32	142	150	140

Lead (2 of 3)	KC	Amatuk	MJ-3	Jimmy - MJ-4	KC-A
Trap (%)	80	80	80	80	80
Seal (%)	40	40	40	40	35
Reservoir (%)	60	60	60	60	60
Presence of HC (%)	100	100	100	100	100
Overall	19.2%	19.2%	19.2%	19.2%	16.8%
P50 Gross Unrisked Prospective Resources (mmboe)	41.1	228.3	230.1	35.5	63.5
Riskied size	8	44	44	7	11

Lead (3 of 3)	Jethro	HH	Joe	Rappu	Jethro Ext
Trap (%)	90	90	90	70	90
Seal (%)	60	90	60	60	60
Reservoir (%)	80	100	80	60	80
Presence of HC (%)	100	100	100	100	100
Overall	43.2%	81.0%	43.2%	25.2%	43.2%
P50 Gross Unrisked Prospective Resources (mmboe)	214.5	11	148.3	535.6	46.1
Riskied size	93	9	64	135	20

Source: Eco Atlantic March 2019 CPR

Disclaimer

This Document has been prepared by H&P Advisory Limited (“H&P”). It is protected by international copyright laws and is for the recipient’s use in connection with considering a potential business relationship with H&P only. This Document and any related materials are confidential and may not be distributed or reproduced (in whole or in part) in any form without H&P’s prior written permission.

By accepting or accessing this Document or any related materials you agree to be bound by the limitations and conditions set out herein and, in particular, will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this disclaimer including, without limitation, the obligation to keep information contained in this Document and any related materials confidential.

This Document does not represent investment research for the purposes of the rules of the Financial Conduct Authority (“FCA Rules”). To the extent it constitutes a research recommendation, it takes the form of NON-INDEPENDENT research for the purposes of the FCA Rules. As such it constitutes a MARKETING COMMUNICATION, has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of dissemination of investment research.

The information contained herein does not constitute an offer or solicitation to sell or acquire any security or fund the acquisition of any security by anyone in any jurisdiction, nor should it be regarded as a contractual document. Under no circumstances should the information provided in this Document or any other written or oral information made available in connection with it be considered as investment advice, or as a sufficient basis on which to make investment decisions. This Document is being provided to you for information purposes only.

The distribution of this Document or any information contained in it and any related materials may be restricted by law in certain jurisdictions, and any person into whose possession this Document or any part of it comes should inform themselves about, and observe, any such restrictions.

The information in this Document does not purport to be comprehensive and has been provided by H&P (and, in certain cases, third party sources) and has not been independently verified. No reliance may be placed for any purposes whatsoever on the information contained in this Document or related materials or in the completeness of such information.

The information set out herein and in any related materials reflects prevailing conditions and our views as at this date and is subject to updating, completion, revision, verification and amendment, and such information may change materially. H&P is under no obligation to provide the recipient with access to any additional information or to update this Document or any related materials or to correct any inaccuracies in it which may become apparent.

Whilst this Document has been prepared in good faith, neither H&P nor any of its group undertakings, nor any of its or their respective directors, members, advisers, representatives, officers, agents, consultants or employees makes, or is authorised to make any representation, warranty or undertaking, express or implied, with respect to the information or opinions contained in it and no responsibility or liability is accepted by any of them as to the accuracy, completeness or reasonableness of such information or opinions or any other written or oral information made available to any party or its advisers. Without prejudice to the foregoing, neither H&P nor any of its group undertakings, nor any of its or their respective directors, members, advisers, representatives, officers, agents, consultants or employees accepts any liability whatsoever for any loss howsoever arising, directly or indirectly, from use of this Document and/or related materials or their contents or otherwise arising in connection therewith. This Document shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

All statements of opinion and/or belief contained in this Document and all views expressed and all projections, forecasts or statements regarding future events or possible future performance represent H&P’s own assessment and interpretation of information available to it as at the date of this Document. This Document and any related materials may include certain forward-looking statements, beliefs or opinions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that any of the results and events contemplated by the forward-looking statements contained in the information can be achieved or will, in fact, occur. No representation is made or any assurance, undertaking or indemnity given to you that such forward looking statements are correct or that they can be achieved. Past performance cannot be relied on as a guide to future performance.

This Document is directed at persons having professional experience in matters relating to investments to whom Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (“FPO”) applies, or high net worth organisations to whom Article 49 of the FPO applies. The investment or investment activity to which this communication relates is available only to such persons and other persons to whom this communication may lawfully be made (“relevant persons”) and will be engaged in only with such persons. This Document must not be acted upon or relied upon by persons who are not relevant persons.

This Document is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. In particular, the information contained in this Document is not for publication, release or distribution, and may not be taken or transmitted into: (i) the United States or its territories or possessions, or distributed, directly or indirectly, in the United States, its territories or possessions or to any U.S. person as such term is defined in Regulation S of the Securities Act; or (ii) Australia, Canada, Japan, New Zealand or the Republic of South Africa. Any failure to comply with this restriction may constitute a violation of United States, Canadian, Japanese, New Zealand or South African securities law. Further, the distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this Document comes are required to inform themselves about, and observe, any such restrictions.

H&P may from time to time have a broking, corporate finance advisory or other relationship with a company which is the subject of or referred to in the Document.

This Document may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor’s. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omission (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including lost income or profits and opportunity costs or losses caused by negligence) in connection with any use of their content including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

In H&P’s view this material is considered as “acceptable minor non-monetary benefit” under MiFID II as it is either: (i) “non-substantive short-term market commentary”; and/or (ii) making a brief reference to existing H&P research and, as such, is in-and-of-itself non-substantive; and/or (iii) paid for by a corporate issuer or potential corporate issuer as part of a contractual engagement with H&P.

H&P Advisory Ltd is registered in England No.11120795. Registered Office: 2 Park Street, London W1K 2HX. H&P Advisory Ltd is authorised and regulated by the Financial Conduct Authority (Firm Reference Number 805667).

Hannam & Partners
2, Park Street Mayfair London
W1K 2HX