

## Surfing on the Guyana wave



*Eco Atlantic's transformational Jethro oil discovery had a pre-drill estimate of 220 mill boe gross and considerably derisks the Tertiary fairway, which holds 600 mill boe of additional upside potential. The partners have already commenced drilling of the next prospect, Joe-1, and we estimate a value potential of GBp 44/share if successful. In addition, deeper targets hold 3.2bn boe of gross unrisks prospective resources that have a lower chance of success but if successful on our estimates provides >5x upside to the current share price. With funding secured for another five wells, we believe Eco Atlantic is well positioned to maximise the value of its position in the world's hottest exploration region that at some point could lead to a sale of the company. BUY reiterated – TP up to GBp 200 (170)*

### Jethro discovery derisks 600 mill boe potential along the Tertiary fairway

Eco Atlantic's first well on the Orinduik block (15% WI) resulted in the Jethro discovery in mid-August, which had a pre-drill estimate of 220 mill boe gross according to the company. This led to a ~15% upwards revision of the unrisks resources estimate of the block and significantly derisks the remaining five prospects on the Tertiary fairway, where the Joe prospect commenced drilling on 27 August. The prospect has an unrisks resource estimate of 150 mill boe gross. Results from the well are expected in September and we estimate a value potential of GBp 44/share in case of success (~30% upside to the current share price). If the partners are successful in proving up the full potential of the Tertiary fairway, we estimate that our valuation of Eco Atlantic would increase to about GBp 240/share before attaching any value on the deeper potential at the block.

### Adjacent well could help derisk 3bn boe deeper potential by YE'19e

The rest of the Orinduik partners (excl. Eco Atlantic) also hold interests in the block to the south, where the Carapa-1 well is expected to be drilled by YE'19e. If successful, this would help derisk the shallow water Cretaceous fairway on Eco Atlantic's acreage that is yet to be tested. This section is estimated to hold about half of the 3.2bn boe of gross unrisks Cretaceous potential while the remaining future upside is in deeper waters where ExxonMobil has been highly successful on the adjacent Stabroek block (13 discoveries with a 90% success rate currently estimated at >6bn bbl). One of its Tertiary plays; Hammerhead, was discovered a year ago and is believed to extend into the Orinduik block. While several milestones remain and the uncertainty is high, we estimate >5x upside potential to the current share price if the deeper potential is proven up by future drilling success. We see downside to about GBp 50-70/share if all future exploration wells are unsuccessful.

### Attractive acquisition candidate – BUY/TP up to GBp 200 (170)

We estimate Eco Atlantic's NAV at GBp 202/share (Brent USD 65/bbl LT), which is up from previously GBp 170/share driven by the recent strong drilling results. As such, we reiterate our BUY recommendation and increase our TP to GBp 200. Eco Atlantic had USD 35m in cash and no debt as of 10 June after raising USD 17m of new equity in Apr'19. Management guides that this can fund the company for at least five additional wells after Joe-1, implying that Eco Atlantic likely is funded for its near to medium term activities. With its recent discovery and exposure to arguably the hottest exploration region in the world, we think Eco Atlantic could be an attractive acquisition target going forward. We view other large oil companies already present in the region as the most likely potential buyers, which among others includes Eco Atlantic's partners Total and Qatar Petroleum that currently have relatively low equity interests in the Orinduik block. The main risks to our positive view on Eco Atlantic are disappointing drilling results, lower oil prices and/or unforeseen negative political events in Guyana.

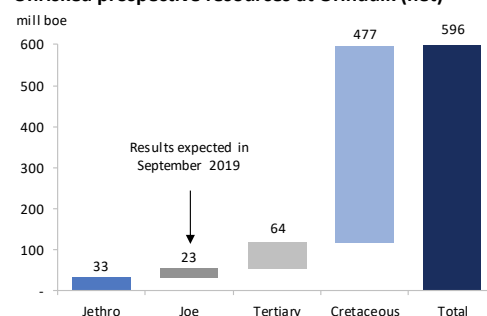
<b>Target price (GBp)</b>	<b>200</b>
Share price (GBp)	158
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Ticker	ECO.L, ECO LN
Sector	E&P
Shares fully diluted (m)	182.0
Market cap (GBpm)	287
Net debt (GBpm)	-25
Minority interests (GBpm)	0
Enterprise value 20e (GBpm)	274
Free float (%)	65

### Performance



Source: Factset

### Unrisks prospective resources at Orinduik (net)



Source: Pareto, Eco Atlantic

### Analysts

Tom Erik Kristiansen  
+47 24 13 21 86, tek@paretosec.com

Fridtjof Semb Fredricsson  
+47 24 13 21 49, fridtjof.semb.fredricsson@paretosec.com

## Company overview

Eco Atlantic Oil & Gas is an exploration company with assets in Guyana and Namibia. The company just announced the transformational Jethro oil discovery on the Orinduik block (15% WI), offshore Guyana – and is currently drilling the Joe-1 prospect. Eco Atlantic is dual-listed on TSX-Venture in Toronto and London AIM with a market capitalization of USD 340m. The company has no debt and a cash position of USD 35m as of 10 June 2019 with management estimating that the company is funded for five additional exploration/appraisal wells after the Joe prospect has been drilled. Earlier this year Eco Atlantic was recognized for the second consecutive year as a TSX Venture 50™ company, an annual ranking of top-performing companies on the TSX-V.

The company has attracted interest from several of its larger peers, which include a strategic investment of USD ~16m from Africa Oil Corp. and a USD 12.5m farm-in transaction with Total for the Orinduik Block. This has resulted in Africa Oil being the company's largest shareholder with 19% of the outstanding shares, while management and the board of directors own 14% in aggregate after participating in the April 2019 capital raise.

Eco Atlantic's interests (current working interest range is 15-80%) are in five blocks; offshore Guyana (Orinduik) and Namibia (Cooper, Sharon, Guy and Tamar). These cover a total area of 27,170km<sup>2</sup> (~6.7m acres) with an aggregate unrisks prospective resource best estimate of ~3bn boe net to the company.

### Geographical overview

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Source: Eco Atlantic

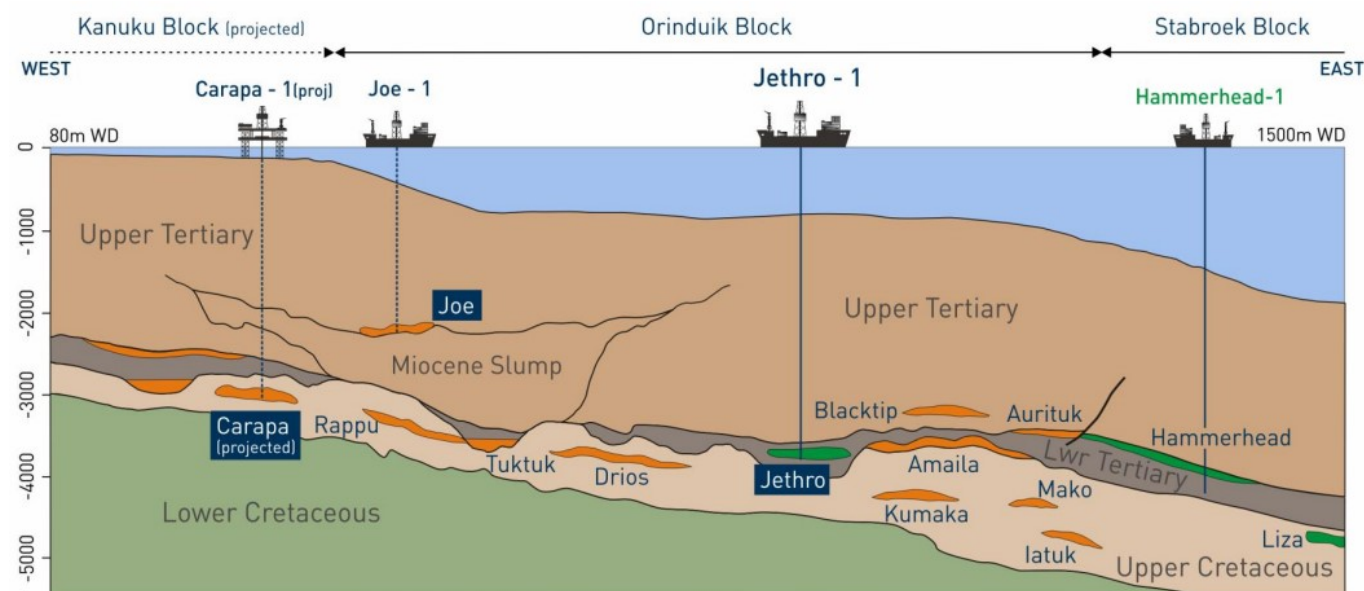
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## Jethro derisks future Tertiary wells and creates an M&A target

Eco Atlantic announced the major Jethro oil discovery in mid-August on the Orinduik block offshore Guyana, after the drillship encountered 55 meters of high-quality oil-bearing sandstone reservoir (net pay). The discovery had pre-drill expectations of 220 mill boe gross according to Eco Atlantic and the high quality reservoir results in limited appraisal drilling being required as well as improving development economics. The company has also identified several additional drilling targets with similar characteristics. The drillship immediately moved ~25km west to shallower waters and commenced drilling of the Joe prospect (also a Tertiary play which has been derisked by Jethro). The prospect has a pre-drill unrisked estimate of ~150 mill boe gross and a relatively high geological chance of success estimated at 43.2%. The company's CPR offers an estimate of ~800 mill boe of unrisked gross recoverable resources for the Tertiary fairway in total, significantly derisked by the Jethro discovery. Furthermore, the deeper Cretaceous targets has an estimated ~3.2bn gross of total unrisked resources. This potential is split approximately 50/50 between reservoirs located in shallower waters (jack up land) and targets in water depths similar to ExxonMobil's Hammerhead discovery that is believed to extend into the Orinduik block. In total, Eco Atlantic has about 600 mill boe of net unrisked potential on the block. The other partners are Tullow (60% WI and operator), Total (15% WI) and Qatar Petroleum (10% WI).

Eco Atlantic could also benefit from the third-party Carapa-1 well on the neighbouring Kanuku block. The rest of the Orinduik partners also have working interests here, in addition to the operator Repsol. The well is expected to be drilled later this year and could, in case of success, derisk similar plays in the Cretaceous fairway on the Orinduik block (mainly targets in the shallower waters although it also will provide information to better assess the deeper potential).

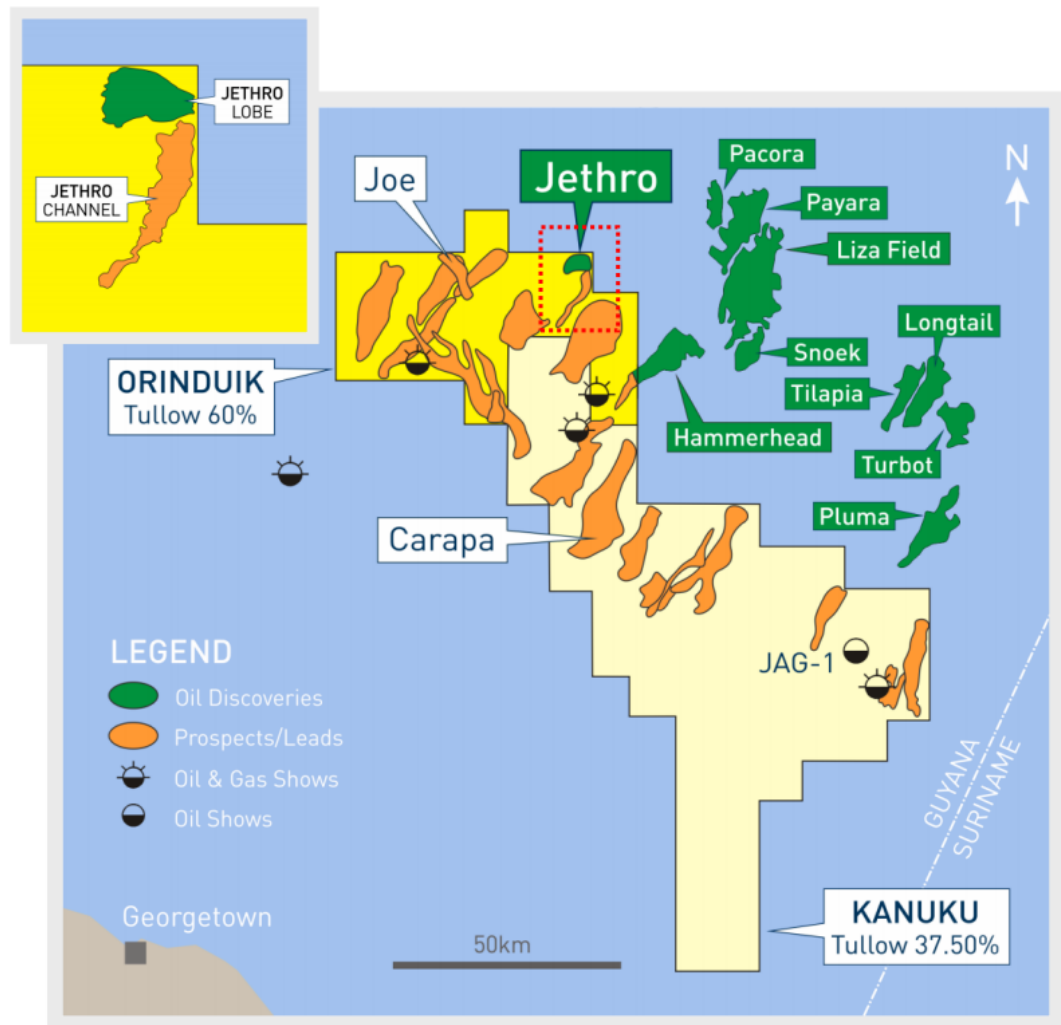
### Detailed Orinduik overview



Source: Tullow

Eco Atlantic is well positioned in Guyana, both geographically and in terms of the strength of the partnership. The Orinduik block is located adjacent to, and up-dip of, the Stabroek block – the greatest exploration story over the last decade with ExxonMobil's 13 discoveries to date totalling more than 6bn boe. While ExxonMobil's success is no guarantee for continued discoveries for Eco Atlantic, the high industry interest in Guyana could be beneficial for the company and make it an attractive acquisition target. Examples of this interest are Total's farm-in to the block in September 2018 and Qatar Petroleum's farm-in in July 2019.

## Orinduik and selected Stabroek discoveries



Source: Tullow

Eco Atlantic also holds working interests in four blocks offshore Namibia, of which it operates three blocks. These have an unrisks prospective resource estimate of 2.55bn barrels of oil net to Eco Atlantic. As such, the company also holds a significant acreage position with a high upside potential in Namibia although it should be noted that the company now is focused on preserving capital for activities on the Orinduik block. Eco Atlantic is therefore seeking to farm-down its high equity interests in several of the blocks in return for well carry. If successful, one or more exploration wells offshore Namibia could be added to the 2020 drilling campaign and as such represent other major potential triggers for the share price. While uncertain at this stage, the Osprey prospect on the Cooper block seems like the most likely drilling candidate post a potential future farm-down agreement.

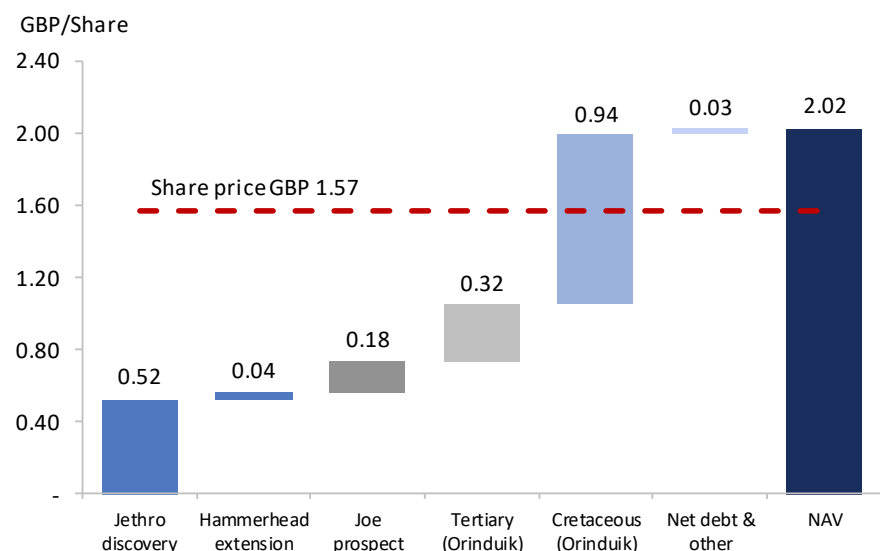
Namibia has seen a surge in activity in recent year, with ExxonMobil and Kosmos entering the country in 2018. Activity going forward is also expected to be high, with Total, ExxonMobil and Shell having drilling plans for exploration wells in 2019-20e. However, due to the uncertainty regarding Eco Atlantic's future activity in the country we have currently attached zero to value to this acreage.

## Valuation

We have valued Eco Atlantic using a risked valuation approach applied to the company's assets. The risked valuation starts with an unrisked valuation, which is subsequently risk-adjusted for commercial and technical uncertainty. The unrisked valuation for the company's exploration assets is based on a USD/bbl multiple derived from DCF analysis of how a development could look, multiplied by the predrill size estimate of the respective prospect. The DCF modelling is based on other large offshore developments including ExxonMobil's adjacent Liza development.

As can be seen from the chart below, we estimate Eco Atlantic's fully risked NAV at GBP 2.02/share. The recent Jethro discovery is currently valued at GBP 0.52/share, after applying an 20% discount for development risk. The Joe prospect have a similar commercial/development risking, but also needs to be adjusted for the geological chance of success resulting in a value of GBP 0.18/share. The Hammerhead extension from ExxonMobil's discovery on Stabroek is valued at GBP 0.04/share with a 50% risking discount. The rest of the Tertiary play is valued at GBP 0.32/share after applying an average risking discount of 75%. The Cretaceous play is currently valued at GBP 0.94/share after risking the targets with a high discount of 90%. When adjusting for net cash and outstanding options/warrants, we arrive at our fully risked NAV of GBP 2.02/share based on a long-term Brent price of USD 65/bbl.

### NAV\* overview

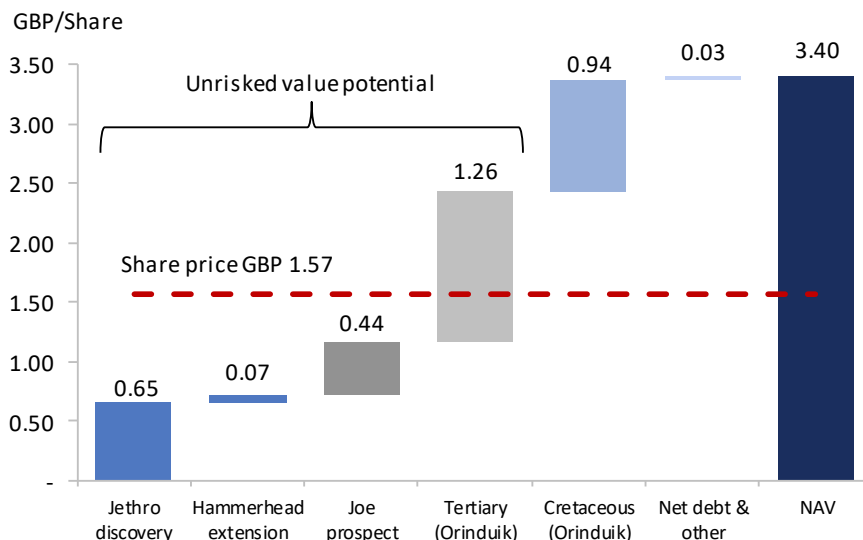


\*Based on Pareto Brent oil forecast of USD 66/bbl in 2019, USD 68/bbl in 2020, USD 60/bbl in 2021, USD 63/bbl in 2022 and USD 65/bbl thereafter. WACC 10%.

Source: Pareto

As shown on the next page, we see significant upside potential to our current valuation of Eco Atlantic if the partners are able to prove up more of the upside potential of the now partially derisked Tertiary interval. The unrisked estimates of Jethro, the Hammerhead extension and Joe would add GBP 0.13, GBP 0.03 and GBP 0.26 per share to our NAV, respectively. With drilling ongoing on the Joe-1 prospect (results expected in September) and appraisal activities likely to be undertaken at Jethro and Hammerhead in the near to medium term, we think the market may attach a higher valuation on these upsides going forward. A full derisking of the rest of the Tertiary fairway would add GBP 0.94/share and lift our valuation of Eco Atlantic to GBP 2.43/share prior to attaching any value on the deeper Cretaceous upside. Please note that this is contingent on further exploration success and thereby still subject to high uncertainty.

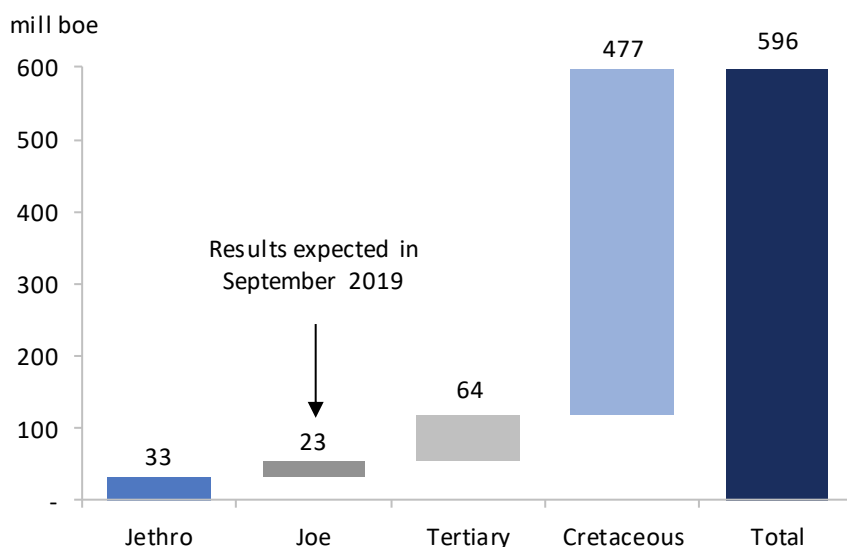
**NAV\* with the Tertiary plays unrisks**



\*Based on Pareto Brent oil forecast of USD 66/bbl in 2019, USD 68/bbl in 2020, USD 60/bbl in 2021, USD 63/bbl in 2022 and USD 65/bbl thereafter. WACC 10%  
 Source: Pareto

The deeper upside potential is as shown below much larger in terms of scale of the potential resources, but we as earlier mentioned still assume a high risking discount of 90% on this potential. However, it should be noted that this could materially decrease if the adjacent Carapa-1 well is successful.

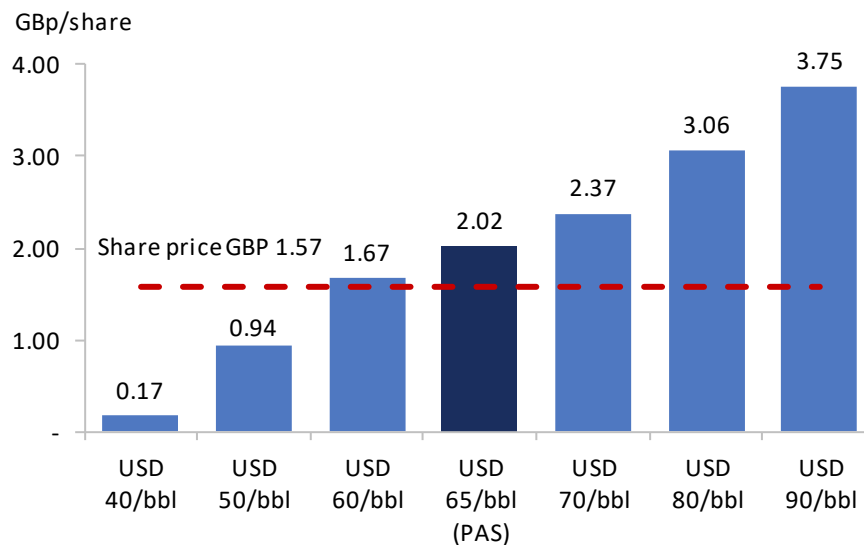
**Unrisks prospective resources (net to Eco Atlantic)**



Source: Pareto, Eco Atlantic

The valuation of Eco Atlantic is sensitive to future oil prices. As shown on the next page, we estimate that the company’s NAV changes by about GBP 0.7/share for a USD 10/bbl change in our long-term Brent oil price assumption. While we still estimate a positive value at Brent USD 40/bbl, it should be noted that lower oil price scenarios also could change the likelihood and/or timing of a potential development of the resources.

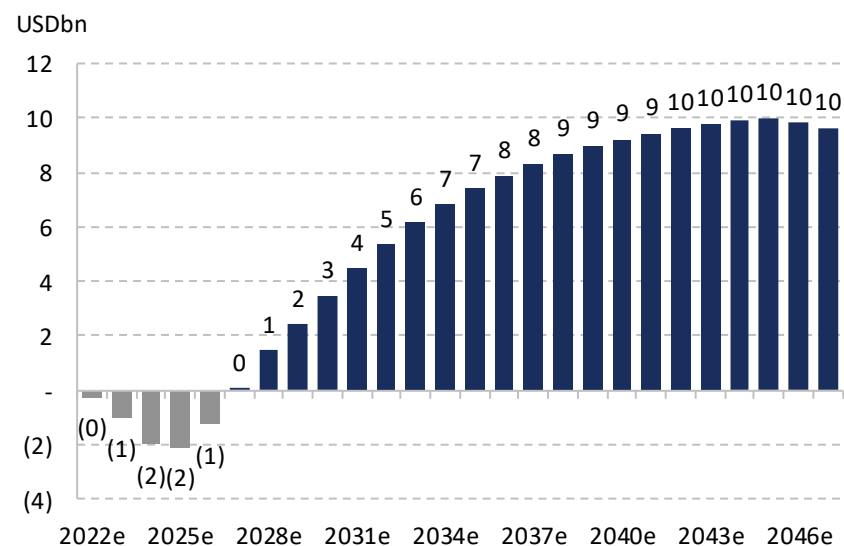
**NAV sensitivity to different Brent oil prices going forward**



Source: Pareto

We have based our key valuation assumption for Jethro and the exploration prospects on ExxonMobil’s contemplated development of the Liza field on the neighbouring Stabroek block and other large offshore developments. Our key assumptions are an FPSO development with USD 5bn of capex, of which approximately 50% are prior to first production, and opex of USD 15/bbl. High quality geology and a straight forward, attractive fiscal regime (as evidenced by ExxonMobil taking Liza from FID to first oil in what will likely be three years) results in a high value per barrel. The overview below shows our current estimated cumulative cash flow of a potential development of a 500 mill bbl development based on the abovementioned assumptions, which it should be noted are highly uncertain at this stage.

**Cumulative FCF of our assumed development scenario**



\*Based on Pareto’s oil price forecast shown on page 5

Source: Pareto

In our opinion, Eco Atlantic is likely to sell the company at some stage to avoid the long and more capital-intensive development phase often better suited for larger oil companies (which we think is a prudent strategy to maximise shareholder value). If successful, this will likely also create a cost of capital arbitrage as larger E&P companies normally have a much lower cost of capital than smaller E&Ps like Eco Atlantic.

## Key figures/Financing outlook

Management expects the company to be fully funded for five additional exploration/appraisal wells after Joe based on its cash position of USD 35m as of 10 June 2019. The partners led by Tullow is yet to announce its drilling plans for 2020 and beyond making future estimates of expenditures highly uncertain. Further, it should be noted that Eco Atlantic's future costs in addition to the activity level will depend on future rig rates and other services costs.

However, we still believe Eco Atlantic is funded for its near to medium term activities that importantly also could enable a sale of the company prior to any potential future equity dilution.

In the potential need for more external capital, we think Eco Atlantic is likely to benefit from its shareholder base. Africa Oil Corp. is the majority shareholder with 19% of the outstanding shares and is backed by the Lundin Group. In addition, key members of the board of directors and management team have substantial holdings (Chairman and COO at 5.5% each, CEO at 2.5%) totalling 14% that we view as a major positive for all shareholders going forward.

### Shareholder overview (as of August 2019)

	Shareholder	Shares	Percent
1	AFRICA OIL CORP.	33 952 851	18.78 %
2	MOSHE PETERBURG (CHAIRMAN)	9 958 499	5.51 %
3	COLIN BRENT KINLEY (COO)	9 870 528	5.46 %
4	TRENT LTD	6 750 000	3.73 %
5	INGOT CAPITAL MANAGEMENT PTY LTD	5 812 500	3.22 %
6	AZINAM LTD	5 125 000	2.83 %
7	GIL HOLZMAN (CEO)	4 457 493	2.47 %
8	REICHMAN G	3 747 913	2.07 %
9	SOLIDGATE TRADING LTD	2 897 651	1.60 %
10	TRECASTLE HOLDINGS LIMITED	2 751 143	1.52 %
	Sum Top 10	85 323 578	47.20 %
	Others	95 452 897	52.80 %
	<b>Total number of shares</b>	<b>180 776 475</b>	<b>100.00 %</b>

Source: Bloomberg



Key figures (please note that Eco Atlantic follows a divergent financial year, with FY'19 results being reported as of Q1'19)

P&L		2016	2017	2018	2019	2020e	2021e	2022e
Revenues	CADm	0.0	-	-	16.4	-	-	-
Operating costs	"	(0.0)	(0.0)	(0.0)	(11.4)	(9.3)	(6.0)	(6.0)
EBITDA	"	(5.1)	(4.0)	(8.4)	4.9	(9.3)	(6.0)	(6.0)
Depreciation & amortization	"	-	-	-	(0.8)	-	-	-
<b>EBIT</b>	"	<b>(5.1)</b>	<b>(4.0)</b>	<b>(8.4)</b>	<b>4.2</b>	<b>(9.3)</b>	<b>(6.0)</b>	<b>(6.0)</b>
Net financials	"	-	-	-	(0.0)	-	-	-
Profit before taxes	"	(5.1)	(4.0)	(8.4)	4.1	(9.3)	(6.0)	(6.0)
<b>Net profit</b>	"	<b>(5.1)</b>	<b>(4.0)</b>	<b>(8.4)</b>	<b>4.1</b>	<b>(9.3)</b>	<b>(6.0)</b>	<b>(6.0)</b>
-Tax rate	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EPS reported	CAD	(0.1)	(0.0)	(0.1)	0.0	(0.0)	(0.0)	(0.0)
<b>EPS adjusted</b>	"	<b>(0.1)</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>Capitalization</b>								
Share price	GBP	0.1	0.2	0.4	1.6	1.6	1.6	1.6
Market cap	"	9	20	46	298	298	298	298
Net interest bearing debt	"	(4)	(7)	(15)	(25)	(25)	(10)	1
Enterprise value	"	5	12	30	273	273	288	298
<b>EV to capital employed</b>	<b>x</b>	<b>8</b>	<b>18</b>	<b>40</b>	<b>2,135</b>	<b>21</b>	<b>13</b>	<b>11</b>
<b>Cash flow</b>								
Operating cash flow	CADm	(4.6)	(6.6)	(5.6)	10.1	(8.6)	(5.3)	(5.3)
Capital Expenditures	"	-	-	-	-	(13.3)	(9.3)	(5.3)
Acq. & sale of assets	"	(1.6)	0.1	(0.3)	-	-	-	-
Share issues, buy-backs & other	"	(0.8)	6.0	14.1	-	21.5	-	-
Net change in cash & liquid assets	"	(7.7)	3.1	8.0	10.7	(0.5)	(14.6)	(10.6)
Cash and liquid assets	CADm	4.2	7.3	15.2	25.0	24.5	9.9	(0.7)
<b>Key figures &amp; Assumptions</b>								
Brent oil price	USD/bbl	54	45	55	72	66	68	60
GBP/USD		0.72	0.77	0.77	0.77	0.77	0.77	0.77
CAD/USD		0.73	0.73	0.76	0.73	0.75	0.75	0.75
<b>Opex</b>								
G&A cash	USDm					(2)	(2)	(2)
G&A non-cash	"					(1)	(1)	(1)
Exploration costs	"					(5)	(3)	(3)
Other costs	"					-	-	-
<b>Total</b>	"					<b>(7)</b>	<b>(5)</b>	<b>(5)</b>
<b>Capex</b>								
Seismic & Technical work	USDm					-	-	-
Drilling	"					(10)	(7)	(7)
Other	"					-	-	-
<b>Total</b>	"					<b>(10)</b>	<b>(7)</b>	<b>(7)</b>

Source: Pareto

## Risky valuation details

## Detailed risky valuation\* overview

DISCOVERIES	Country	Play	mmboe	Unrisked Value			Risking factor	Risky Value		
				USDm	USD/boe	GBP/Share		USDm	USD/boe	GBP/Share
Jethro (15% WI)	Guyana	Tertiary	33	160	4.9	0.65	80%	128	3.9	0.52
Hammerhead extension (15% WI)	"	"	4	18	4.9	0.07	50%	9	2.4	0.04
<b>TOTAL DISCOVERIES</b>			<b>33</b>	<b>179</b>	<b>5.4</b>	<b>0.73</b>	<b>77%</b>	<b>137</b>	<b>4.2</b>	<b>0.56</b>
<b>FIRM EXPLORATION</b>										
Joe (15% WI)	Guyana	Tertiary	23	109	4.9	0.44	40%	44	1.9	0.18
<b>TOTAL FIRM EXPLORATION</b>			<b>23</b>	<b>109</b>	<b>4.9</b>	<b>0.44</b>	<b>40%</b>	<b>44</b>	<b>1.9</b>	<b>0.18</b>
<b>OTHER EXPLORATION</b>										
Jethro extension (15% WI)	Guyana	Tertiary	7	33	4.9	0.14	25%	8	1.2	0.03
Jimmy (15% WI)	"	"	5	26	4.9	0.10	25%	6	1.2	0.03
KB (15% WI)	"	"	52	252	4.9	1.02	25%	63	1.2	0.26
Rappu (15% WI)	"	Cretaceous	85	415	4.9	1.68	10%	41	0.5	0.17
KG (15% WI)	"	"	94	457	4.9	1.86	10%	46	0.5	0.19
Kumaka (15% WI)	"	"	99	481	4.9	1.95	10%	48	0.5	0.20
Iatuk-D (15% WI)	"	"	93	452	4.9	1.84	10%	45	0.5	0.18
KC (15% WI)	"	"	6	30	4.9	0.12	10%	3	0.5	0.01
MJ-3 (15% WI)	"	"	34	166	4.9	0.67	10%	17	0.5	0.07
DJ (15% WI)	"	"	22	108	4.9	0.44	10%	11	0.5	0.04
KC-A (15% WI)	"	"	9	46	4.9	0.19	10%	5	0.5	0.02
Amatuk (15% WI)	"	"	34	165	4.9	0.67	10%	16	0.5	0.07
Cooper - PEL 30 (57.5% WI)	Namibia		431	1,012	4.7	4.11	-	-	-	-
Sharon - PEL 33 (60% WI)	"		1,326	3,111	4.7	12.64	-	-	-	-
Guy - PEL 34 (50% WI)	"		790	1,854	4.7	7.53	-	-	-	-
<b>TOTAL OTHER EXPLORATION</b>			<b>3,088</b>	<b>8,605</b>	<b>2.8</b>	<b>34.96</b>	<b>4%</b>	<b>309</b>	<b>0.1</b>	<b>1.26</b>
<b>OTHER ASSETS</b>										
Cash YE'19e				18		0.07		18		0.07
Options/warrants exercise proceeds				3		0.01		3		0.01
Overhead & other				(15)		(0.06)		(15)		(0.06)
<b>TOTAL OTHER ASSETS</b>				<b>6</b>		<b>0.03</b>		<b>6</b>		<b>0.03</b>
<b>NET ASSET VALUE</b>				<b>8,721</b>		<b>35.4</b>		<b>360</b>		<b>2.02</b>
								<b>CoreNAV</b>	<b>50</b>	<b>0.58</b>

\*Based on Pareto Brent oil forecast of USD 66/bbl in 2019, USD 68/bbl in 2020, USD 60/bbl in 2021, USD 63/bbl in 2022 and USD 65/bbl thereafter. WACC 10%. Source: Pareto

## Risk factors

Eco Atlantic is exposed to several risk factors in its business operations. We do not attempt to cover all potential sources of risk, but will discuss some of the risk factors which are considered to be among the most significant:

- ▶ Geological risk
- ▶ Oil and gas price risk
- ▶ Financing risk & Financial market risk
- ▶ Country risk
- ▶ Majority shareholder and counter-party risk
- ▶ Environmental risk

### Geological risk

Eco Atlantic's operations are within exploration for oil and gas. There is no certainty that these efforts will lead to further discoveries, as there is a high degree of uncertainty prior to drilling. While believed to be derisked by previous drilling results and other analysis, each of the company's individual exploration prospects still have a relatively high probability of being unsuccessful. Further, if discoveries are made, there is a risk that these may be too small to hold commercial potential. The process of estimating hydrocarbon quantities is complex, and the level of success is dependent on Eco Atlantic's equipment, staff and its ability to interpret the data obtained. There is a high level of uncertainty related to such estimates, and there is therefore a risk that reserve or resource estimates may be revised down compared to early estimates as additional data becomes available. This could reduce the profitability and commerciality of a potential discovery.

### Oil and gas price risk

Eco Atlantic's business is highly dependent on the prices of oil and gas. Oil and gas prices are volatile, and it is nearly impossible to predict future price levels. If prices drop substantially, potential future discoveries may become unprofitable, depending on the level of costs related to the development and production of the potential discovery. Among the several factors that may affect oil and gas prices are global economic growth, political conditions, especially in the Middle-East and Africa, the ability of OPEC to influence production levels and prices, the level of global oil and gas exploration, government regulations, weather conditions and speculative activities. These are all variables beyond the company's control, and therefore impose a high level of business risk, as some projects may become unprofitable.

### Financing risk

As earlier mentioned, Eco Atlantic has an estimated funding need to complete the upcoming drilling campaign. While we believe that the financing will come in place without significant dilution to current shareholders, this may be wrong. Further, it will depend on many factors and potential unforeseen events. In addition, it will require additional financing to move forward towards the development and production phase if the company makes one or more commercial discoveries. This may require substantial amounts of additional capital, unless it sells all or a portion of these potential discoveries ahead of development in line with its current strategy.

The oil and gas industry is also exposed to the financial markets, through volatility in security markets, access to capital and liquidity constraints. In addition, the financial markets contribute to determining general economic growth, as they are highly influential on the global economy. Eco Atlantic is exposed to financial market risk, as oil and gas prices fluctuate based on developments in international security markets, and the demand of oil and gas is highly correlated with economic growth. Furthermore, disruptions in the financial markets may affect the financial condition of Eco Atlantic, as the company may be constrained

from obtaining proper equity and debt funding. While we believe the support from the Lundin Group and associated companies will remain present even in more challenging environments, this may be wrong. This may at some point constrain the company from meeting its spending commitments and from pursuing attractive investment opportunities.

**Country risk**

Eco Atlantic participates in oil and gas projects in countries such as Guyana and Namibia. Oil and gas exploration, development and production activities in such emerging markets are subject to significant political and economic uncertainties that may have a material adverse effect on the company. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or termination of existing or future licences and contracts, a change in crude oil or natural gas pricing policies, a change in taxation policies, and the imposition of currency controls. In addition, there may also be uncertainties related to the imposition of international sanctions in the countries in which the company operates. The uncertainties listed here, all of which are beyond the company's control, could have a material adverse effect on the company's business, prospects, financial position and/or results of operations.

**Majority shareholder and counter-party risk**

More than 30% of the company's outstanding shares are controlled by Africa Oil Corp. and management/board of directors. As a major shareholder, these companies/individuals will have the ability to significantly influence the outcome of matters submitted for vote by the company's shareholder. The commercial goals and interests of these companies combined and on an individual basis may not always be aligned with those of the other shareholders.

**Environmental risk**

Many of the activities and operations of the company are environmentally sensitive and cannot be carried out without prior approval from and compliance with all relevant authorities. The company may be liable for environmental rehabilitation, damage control and losses due to risks inherent in its activities, such as accidental spills, leakages or other unforeseen circumstances. If environmental laws are breached these could result in substantial fines and/or closure of the company's operations. The licences entered into by the company with governments contain obligations on the company to provide effective and safe system for disposal of water and waste oil, oil base mud and cuttings, to control the flow and prevent the escape of avoidable waste, to prevent damage to onshore lands and to trees, crops, buildings or other structures, to prevent damage to marine life and fishing activities. There is also a risk that the environmental laws and regulations may become even more onerous, increasing the company's operating costs.

<b>PROFIT &amp; LOSS (fiscal year) (GBPm)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>
Revenues			-	0	-	-	16	-
<b>EBITDA</b>			0	(5)	(4)	(8)	5	(9)
Depreciation & amortisation			-	-	-	-	(1)	-
<b>EBIT</b>			0	(5)	(4)	(8)	4	(9)
Net interest			-	-	-	-	(0)	-
Other financial items			-	-	-	-	-	-
<b>Profit before taxes</b>			0	(5)	(4)	(8)	4	(9)
Taxes			-	-	-	-	-	-
Minority interest			-	-	-	-	-	-
<b>Net profit</b>			0	(5)	(4)	(8)	4	(9)
EPS reported			0.00	(0.06)	(0.05)	(0.06)	0.03	(0.05)
<b>EPS adjusted</b>			0.00	(0.06)	(0.05)	(0.06)	0.03	(0.05)
DPS			-	-	-	-	-	-
<b>BALANCE SHEET (GBPm)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>
Tangible non current assets			0	0	-	-	-	13
Other non-current assets	-	-	3	3	1	1	1	1
Other current assets	-	-	-	-	-	-	0	0
Cash & equivalents			12	4	7	15	25	25
<b>Total assets</b>			15	7	9	17	27	40
Total equity			10	5	8	16	25	37
Interest-bearing non-current debt			-	-	-	-	-	-
Interest-bearing current debt			(1)	-	-	-	-	-
Other Debt	-	-	3	3	1	1	2	2
<b>Total liabilities &amp; equity</b>			13	7	9	17	27	40
<b>CASH FLOW (GBPm)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>
Cash earnings			(1)	(4)	(5)	(6)	5	(9)
Change in working capital			5	(1)	(2)	(0)	1	-
Cash flow from investments			-	(2)	0	(0)	-	(13)
Cash flow from financing			3	(1)	6	14	1	21
Net cash flow			12	(8)	3	8	11	(0)
<b>CAPITALIZATION &amp; VALUATION (GBPm)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>
<b>Share price (GBP end)</b>					25.6	38.6	157.5	157.5
Number of shares end period			60	62	93	126	190	190
Net interest bearing debt			(13)	(4)	(7)	(15)	(25)	(25)
<b>Enterprise value</b>					17	34	273	274
EV/Sales					-	-	16.7	-
<b>EV/EBITDA</b>					-	-	55.3	-
EV/EBIT					-	-	65.5	-
P/E reported					-	-	60.9	-
<b>P/E adjusted</b>					-	-	60.9	-
P/B					3.0	3.1	11.9	8.0
<b>FINANCIAL ANALYSIS &amp; CREDIT METRICS</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>
ROE adjusted (%)				-	-	-	20.1	-
Dividend yield (%)							-	-
EBITDA margin (%)			-	-	-	-	30.2	-
EBIT margin (%)			-	-	-	-	25.5	-
NIBD/EBITDA			(71.78)	0.82	1.80	1.82	(5.06)	2.64
EBITDA/Net interest			-	-	-	-	-	-

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## Appendix A

Disclosure requirements pursuant to the Norwegian Securities Trading Regulations section 3-10 (2) and section 3-11 (1), letters a-b

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – own a portion of the shares exceeding 5% of the total share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,010,630	9.63 %	SpareBank 1Østfold Akersl	1,140,010	9.20 %
Pareto Bank ASA	12,899,091	18.47 %	Sparebanken Vest	4,508,279	7.64 %

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Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,010,630	9.63 %	SpareBank 1Østfold Akersl	1,140,010	9.20 %
Pareto Bank ASA	12,899,091	18.47 %	Sparebanken Møre	311,739	3.15 %
Selvaag Bolig ASA	2,174,147	2.32 %	Sparebanken Sør	458,989	2.93 %
SpareBank 1BV	1,639,640	2.61 %	Sparebanken Vest	4,508,279	7.64 %
SpareBank 1Nord-Norge	1,917,976	1.91 %	Totens Sparebank	79,246	1.29 %
SpareBank 1SMN	1,878,192	1.45 %			

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Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
AF Gruppen	0	1,675	Golden Ocean Group	0	1,919	SailMar	0	130
Aker	0	702	Grieg Seafood	0	784	Sandnes Sparebank	0	23,832
Aker BP	0	8,480	Helgeland Sparebank	0	4,127	Scatec Solar	0	35,735
AKVA Group	0	2,100	Høegh LNG	0	6,509	Schibsted ASA B Aksjer	0	453
American Shipping Compar	0	3,105	Jæren Sparebank	0	500	Seadrill	0	14,772
Archer	0	60,770	Komplett Bank	0	117,387	Selvaag Bolig	0	5,000
Atea	0	450	Kongsberg Gruppen	0	5,901	SpareBank 1BV	0	17,700
Atlantic Sapphire	0	5,305	KWS	75	75	SpareBank 1Nord-Norge	0	26,500
Austevoll Seafood	0	5,815	Lerøy Seafood	0	36,210	SpareBank 1Ringerike Hadr	0	500
Avance Gas	0	5,051	Magseis Fairfield	0	12,659	SpareBank 1SMN	0	15,490
Axactor	0	8,963	Mowi	0	1,979	SpareBank 1SR-Bank	0	29,482
BASF	270	270	NORBIT	0	19,416	Sparebank 1Østfold Akersl	0	450
Bonheur	0	46,535	Nordic Semiconductor	0	6,000	SpareBank 1Østlandet	0	4,041
Borr Drilling	0	1,323	Norsk Hydro	0	129,797	Sparebanken Møre	0	6,550
BRABank	0	137,1000	Northern Drilling	0	6,060	Sparebanken Sør	0	41,680
BWLPG	0	2,069	Norwegian Air Shuttle	0	67,223	Sparebanken Vest	0	2,219
DNB	0	35,206	Norwegian Energy Compan	0	300	Sparebanken Øst	0	1,500
DNO	0	39,678	Ocean Yield	0	34,967	Stolt-Nielsen	0	900
Entra	0	14,362	Odffell Drilling	0	3,944	Storebrand	0	5,565
Equinor	0	8,788	Okeanis Eco Tankers	0	1,738	Subsea 7	0	5,990
Europris	0	10,850	Orkla	0	20,164	Telenor	0	1,911
Fjord1	0	51,550	Panoro Energy	0	5,670	TGS-NOPEC	0	2,111
Fjordkraft Holding	0	5,000	Pareto Bank	0	1013,966	XXL	0	8,879
Flex LNG	0	1,138	Pioneer Property	0	2,050	Yara International	0	17,150
Frontline	0	13,003	Protector Forsikring	0	14,567	Zenterio	0	78,865
Gjensidige Forsikring	0	7,734	REC Silicon	0	35,776			

This overview is updated monthly (last updated 20.08.2019).

\*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.



## Appendix B

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letters e-f, ref the Securities Trading Act Section 3-10

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

2020Bulkers	Gfinity Plc	Odfjell
Advanzia Bank	GG. St. Kongensgade 100 og 106	OKEA
African Petroleum Corporation	Hafslund E-CO	Okea AS
Agder Energi	Hert ha BSC GmbH	OkeanisEco Tankers
American Tanker	HKN Energy Ltd	Otiga Group
Andfjord Salmon	Hunter Group	Panoro Energy
APC Forsikringsmæglere A/S	Hörmann Industries	Pareto Bank
Bank Norwegian	Ice Group	Petroleum Geo-Services
Belships	Jactel AS	PetroTal
Bluewater Holding	KlavenessShip Holding	Point ResourcesAS
CentralNic Group	LifeFit	Qesterre Energy Corporation
DNOASA	Lundin Petroleum	Rødovre Port Holding A/S
Dof Subsea AS	Magseis	Shamaran Petroleum
Eco Atlantic Oil and Gas	Monobank ASA	Sparebank 1Østlandet
Exmar NV	Navig8	Sparebanken Vest
FFS Bidco	NGEx Resources	Stolt Nilsen
Flex LNG	Norbit Group	Union Maritime Limited
Floatel	Northmill Group AB	Vantage Drilling
Genel Energy	Nouveau Monde Graphite	

This overview is updated monthly (this overview is for the period 31.07.2018 – 31.07.2019).

## Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11(4)

### Distribution of recommendations

Recommendation	% distribution
Buy	65 %
Hold	32 %
Sell	4 %

### Distribution of recommendations (transactions\*)

Recommendation	% distribution
Buy	100 %
Hold	0 %
Sell	0 %

\* Companies under coverage with which Pareto Securities Group has on-going or completed public investment banking services in the previous 12 months

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### Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

### Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

Azelio	Green Landscaping Holding	Jetpak Top Holding AB	Sedana Medical
Bionvent	IRRAS AB	Mentice AB	ShaM aran Petroleum
Climeon			

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universes:

Cavotec	Saltängen Property Invest	Sedana Medical	Tethys Oil
Cibus Nordic Real Estate	SciBase Holding	ShaM aran Petroleum	Vostok Emerging Finance
Isofol Medical			

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None  
*This overview is updated monthly (last updated 20.08.2019).*

## Appendix E

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter d, ref the Securities Trading Act Section 3-10

### Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

2G Energy *	Freenet	MAX Automation SE	SCOUT24
Aixtron *	Gesco *	Merkur Bank	Siemens Healthineers AG
Baywa	GFT Technologies *	MLP *	SMT Scharf AG *
Biotest *	Gigaset *	MOBOTIX AG	Surteco Group *
Brenntag	Heidelberg Pharma *	OVH Holding AG	Syzygy AG *
CORESTATE Capital Holding S.A.	Hypoport AG	Procredit Holding *	TAKKT AG
Daldrup & Söhne	init	PSI SOFTWARE AG *	Vapiano
Demire	Intershop Communications AG	PWO *	va-Q-tec *
Epigenomics AG*	Leifheit	RIB Software *	Viscom *
Euromicron AG *	Logwin *	S&T AG *	windeln.de
Eyemaxx Real Estate	Manz AG *	Schaltbau Holding AG	

\* The designated sponsor services include a contractually agreed provision of research services.

## Appendix F

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter g, ref the Securities Trading Act Section 3-10

### Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and—in return—receives compensation.

Adler Modemaerkte	Eyemaxx Real Estate	Intershop Communications AG	OHB SE
Baywa	First Sensor	Leifheit	OVH Holding AG
BB Biotech	Godewind Immobilien AG	MAX Automation SE	Schaltbau Holding AG
comdirect	Hypoport AG	Merkur Bank	Siegfried Holding AG
Daldrup & Söhne	init	MOBOTIX AG	Vapiano

*This overview is updated monthly (last updated 20.08.2019).*