

# SATURDAY'S WEEKLY NEWS ROUND-UP

09:00 23 Mar 2019

## Proactive's weekly oil & gas highlights: Solo Oil, Sound, Eland, Block Energy, Union Jack Oil, 88 Energy, Eco Atlantic, Hurricane Energy

Solo Oil PLC's (LON:SOLO) management has set out its stall, revealing plans to acquire its way to 5,000 barrels of production per day.

Gas assets in Tanzania - stakes in Ruvuma and Kiliwani North - are still deemed 'core' to the business but the intention is to acquire new projects and become an operator, not just an investor in other company's projects.

This fundamental change in approach will give the company greater control over the outcome of its investment decisions, Solo said.

It noted that its approach to acquisitions will be disciplined and future transactions will be "delivered by capital efficient transactions". Specifically, Solo said it is targeting acquisitions that can attract a wide audience of non-equity funding partners, through transaction structures that limit or negate the need to raise equity.

The focus will be on building cash flow and a self-sustaining business, it added. Solo highlighted that it has already screened fifteen potential acquisitions across a number of geographies and this remains active in more than one ongoing processes.

### Sound Energy PLC (LON:SOU)

It told investors it is financially well positioned for the remainder of 2019, as it reported results for last year. The explorer said that it ended December with £20.5m of cash.

It invested some £12.4m during 2018, with most of the funds spent on the TE-9 and TE-10 wells operations. In the year, there was a £12.2m injection of funds raised by the issue of equity.

Some £4.1m of exploration costs were reported, mainly related to TE-9 exploration well which did not encounter producible gas. TE-10 drilling did not begin until December. Admin costs came in at £8.9m, which was slightly higher than the year before.

Sound reported an £11.7m loss from continuing operations. During the year it disposed of its Italian assets via two-legged transactions, the portfolio was sold to Coro Energy in a paper deal and subsequently Sound released the equity across its shareholders.

Attentions are now focussed on Morocco and the Tendara assets, which comprise both the field development in production concession area and upside in the exploration area.

### Eland Oil & Gas PLC (LON:ELA)

The Nigeria oiler reported revenue of US\$169.2m - a company record - in what is described as a "ground-breaking" year.

Financial results for the 12 months ended 31 December, saw the Nigeria-focused producer make a maiden annual profit before tax of US\$77.6m. It highlighted "transformational" cash generation and earnings (EBITDA) of US\$104m, which equates to US\$40 per barrel.

### Share Information

#### MarketTopic Synopsis:

*The news roundups, which are broken down by the sector, provide investors with an opportunity to read a summary of the most interesting news of the past five days of trading in just one story as they prepare for another busy week.*

#### Author:

**Jamie Ashcroft**

**+44(0)1202770386**

**action@proactiveinvestors.com**

Operationally, the company saw oil output ramp-up substantially. Production for the whole year averaged 8,000 bopd net to Eland's Elcrest subsidiary. It exited 2018 with a net production rate of 13,240 bopd, with the underlying Opuama field flowing some 29,425 bopd gross, meanwhile, the peak rate measured was 13,986 bopd or 31,081 gross.

Ramp-up operations continue with additional wells due to come online in the future at the Ubima and Gbetiokun fields.

#### Block Energy Plc (LON:BLOE)

Block announced the completion of drilling in the West Rustavi Well 16a, which has encountered significant oil and gas shows. The company, in a statement, said that the well reached a total drilled depth of 2,659 metres, following successful horizontal sidetracking operations. Significant oil and gas shows were observed in the upper and middle Eocene formations, and, testing is due to start later this week.

The group aims to increase Block's gross production by 325 barrels of oil per day, which would correspond to an additional free cash flow of some US\$3.6mIn a year.

Now, the company will also move on to the next sidetrack candidate - it said it has primed the nearby Well 38 for the next programme.

Block noted that it is advancing the sidetrack campaign at West Rustavi in parallel with its ongoing multi-well workover programme at its Norio field, where it is incrementally increasing output from existing wells. It recently announced that production from Norio had increased four-fold to 60 bopd, and, as operations continue it is moving towards the company's breakeven production marker of 100 bopd.

#### Union Jack Oil PLC (AIM:UJO)

UJO conditionally raised £1.75mIn through a share sale with the funds earmarked for anticipated follow-up activities after a successful outcome in an upcoming well at the West Newton project.

The company has a stake in the West Newton-2 appraisal well which is expected to spud in April. The project is estimated to have 189bn cubic feet of gas resources, which is around 31.5mIn barrels of oil equivalent.

The company said in a statement that there is "compelling immediate and future economic value" in the development of the gas resource alone and added that the project also offers upside potential in an oil exploration target which underlies the gas. It noted that the lower Cadeby Reef oil exploration target has been estimated to have some 79.1mIn barrels of prospective resources.

#### 88 Energy Ltd (LON:88E)

The explorer presented a picture of a portfolio that retains multiple significant opportunities in Alaska, in the wake of the recent Winx-1 exploration well disappointment. In a statement, it highlighted that it is closer to a deal in a farm-out process to bring a partner into the exploration of conventional prospects in the Project Icewine area.

It said that a 'preferred bidder' has now been selected in the process, which launch last August, and, negotiations over a potential deal are now taking place - though, as is customary with such announcements, it cautioned that there is no guarantee that the parties will agree on terms or close out the transaction.

"The progression of the farm-out process to the preferred bidder phase is encouraging but no deal is done until it is done," said Dave Wall, 88 Energy chief executive.

#### Eco Atlantic Oil & Gas Ltd (LON:ECO) (CVE:EOG)

Eco revealed impressive findings of a new resource assessment for the Orinduik Block, offshore Guyana, ahead of exploration drilling later this year.

Consultant Gustavson Associates has estimated some 3.98bn barrels in prospective resources across 15 exploration areas, which for Eco's 15% stake in Orinduik, equates to 597.3mIn barrels net to the AIM-quoted firm.

Gustavson viewed a 'low case' estimate of 2.01bn barrels of prospective resources, and a 'high case' of 7.2bn - which net to Eco, amounted to 302mln to 1.08bn barrels.

The new assessment follows the completion of the 3D processing and an additional six months of interpretation work. It included processed data from a 2,550 square kilometre 3D seismic programme, and, insights gleaned from regional discoveries (such as Hammerhead) made by Exxon.

Hurricane Energy plc (LON:HUR)

It nudged higher on Tuesday as UK oil field developer confirmed that, after failed previous attempts, it has now hooked up the Aoka Mizu floating production vessel to the Lancaster field's infrastructure.

In a statement the company said that the vessel arrived at the field on March 17 and it was hooked up to the Lancaster turret mooring system on 19 March. It is now on station and securely moored, Hurricane added.

The offshore oiler will continue to press ahead with operations to start production in the coming months.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

### No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.