

Eco Oil lists on NSX

19 Apr 2012 - Story by Desie Heita



WINDHOEK - Namibians wanting to own shares in a future oil company – if oil is discovered in the following years – should dash to the Namibia Stock Exchange (NSX) for stock in Eco Oil and Gas (Eco Namibia), which was listed yesterday.

The parent company of Eco Oil and Gas, Eco Atlantic was listed on the Toronto Stock Exchange earlier this year.

A cautionary notice though: this is an ideal opportunity for speculative buyers, people with an appetite for high risk.

But of course the risk presents the chance of cashing in big should the definite drilling results turn out positive when they become available in the next coming years, which may be five or more years to come.

Eco Namibia is the first oil and gas exploration company to list on NSX, among 16 petroleum exploration companies hunting for oil in the country.

They want to raise capital for the most expensive stage of exploration, carrying out seismic studies and drilling in the Atlantic waters where they hold exploration licences for three blocks not far off the Torra Bay and Henties Bay shoreline.

Analysts at local brokerage firm IJG Securities say while the company's shares on the NSX "clearly hold high levels of risk, the idea of hydrocarbons present offshore Namibia is not unfounded".

Local owners of the company include Namibian businessman Naeman Amalwa, former cabinet minister Helmut Angula, fishing magnate Jose Luis Bastos, and businesswoman Phillipine Angula – who are all Namibians aboard the newly listed Eco Namibia outfit.

State-owned National Petroleum Corporation of Namibia (Namcor) also has a 10 percent carried interest in Eco licences.

“The NSX listing provides our shareholders and other stakeholders exposure to Namibian and South African region investments and finance. Being publicly traded provides local Namibians a wonderful opportunity to participate in new developments of the oil and gas sector in the country we all care for so much,” said Gil Holzman, president and chief executive officer of Eco Atlantic, the Toronto listed entity that wholly owns the Namibian listed Eco Namibia.

There is already one company that has started with drilling, Enigma, and the drilling results, if favourable, are most likely to influence Eco Namibia’s share price on the NSX.

Eco Namibia says it has already spent over US\$50 million in initial desktop studies reviewing all available data, and analysts says the range of risk on two of Eco’s exploration licences “is not something out of the ordinary in the wildcat exploration play”.

The success and potential wealth for investors in the newly listed Eco Namibia depends on the company’s management ability to secure the required financing and successful obtaining of seismic data, as well as commencing with drilling from 2014 onwards.

The Minister of Trade and Industry, Dr Hage Geingob, said the “next few years will hopefully be transformational for the sector and we are optimistic that Namibia will not only be self-sufficient, but will also become a competitive global exporter of petroleum”.

There is strong conviction of the presence of oil at the Walvis and Orange basins, based on the fact that the two basins mirror the Santos and Campos basins in Brazil where the biggest crude oil discoveries have been made in recent years.

Hundreds of millions years ago, Africa and Brazil were one continent; hence tectonic plates are the same. Exploration companies are now pumping millions of dollars in an effort to crack open the black gold.