

5 October 2026

INITIATION

Rec: BUY

AIM: 1947

Price: 9.25p

Target

16.2p

Shallow Water, Deep Value

Net Asset Value

Full 2P value	26.4p
Target price	16.2p
Upside to 2P value	185%
Upside to target price	75%

Valuation Metrics

EV/EBITDA 2027e	2.3x
EV/2P reserves	\$6.84/boe

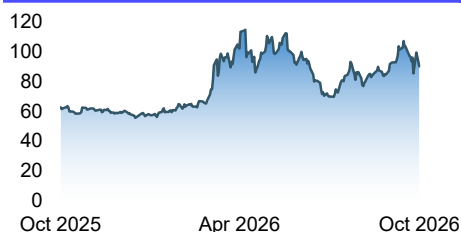
Market Data

Price	9.25p
Market cap	£60.2m

Key Assumptions

Oil price (WTI)	\$75/b
Oil price inflation	2%

Oil Price (\$/b; WTI)



1947 Oil & Gas has listed on the AIM market in conjunction with its \$65 million acquisition of Renaissance Offshore, an established oil producer in the shallow waters of the US Gulf of America. Backed by an exceptional management team, 1947 Oil & Gas is executing a compelling shallow-water US Gulf of America consolidation strategy. Our 16.2p target price implies 75% upside, while the value of the company's booked proven and probable (2P) reserves equates to 26.4p, implying 185% upside from the development of established reserves from existing infrastructure. We assume an undemanding \$75/b oil long-term oil price in our valuation.

Led by Proven Industry Veterans

Executive Chairman Tim Duncan founded and built Talos Energy (NYSE: TALO; \$2.7 billion) into a leading independent oil and gas company. He grew the production of Talos Energy to ~100,000 boe/d offshore in the Gulf of America, mainly in deeper waters, providing the blue-print for the shallow water strategy of 1947 Oil & Gas. Jeff Currie, Non-Executive Director and former Global Head of Commodities Research at Goldman Sachs, is widely regarded as one of the world's foremost commodity strategists, bringing unparalleled market expertise and strategic insight to the board. President and Founder Ivan Murphy has an established track record of successful value creation and deal-making in the natural resources sector. Among his notable achievements, he founded Cove Energy, which was acquired for £1.2 billion, delivering one of the most successful outcomes for shareholders among AIM-listed oil and gas companies.

Shallow Water Gulf of America Oil Accumulator

We believe 1947 Oil & Gas will become the dominant accumulator of producing oil assets in the shallow Gulf of America by exploiting its competitive advantages and a pronounced gap in the market – expect more value accretive acquisitions.

Compelling Long-term Organic Growth

We expect 1947 Oil & Gas to grow production from ~3,000 boe/d in 2026 to ~5,200 boe/d in 2028 through the low-risk development of its proven and probable ("2P") reserves, generating \$146.3 million of EBITDA between the completion of its first acquisition and year-end 2028.

Bullish Oil Market, Potential for Historic Price Spike

Even before the conflict in the Middle East, in our view, years of underinvestment in oil production and strong demand growth had created bullish conditions. The conflict has cut critical oil supplies, causing inventories to plummet to near emergency levels – not yet reflected in oil prices in our view. We expect Iran to continue to impede oil flows and see risks of extreme energy shortages and commensurately high oil prices. We expect a transformational, sustained, upward rerating of the oil sector.

Timing & Momentum

The IPO of 1947 Oil & Gas represents the largest and most successful IPO of its kind on the AIM market of the LSE in recent years. We believe that the company is now strategically poised, with a listing, production and cashflow to capture organic growth, inorganic growth, the benefits of a rising oil price and a sector rerating – expect positive momentum for 1947 as macro and company specific factors combine advantageously.

Brendan Long, CFA

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1947 Oil & Gas – Valuation, Financial and Operational Summary

Capital Structure and Enterprise Value

Share price (p)	9.25
Shares outstanding (m)	651.1
Market cap (£m)	60.2
Warrants and options outstanding (m)	186.5
Fully diluted shares outstanding (m)	837.6
Fully diluted market capitalisation (£m)	77.5
Fully diluted market capitalisation (\$m)	104.6
Debt (\$m)	-
Working capital upon admission (\$m)	(11.8)
PV asset retirement obligations (\$m)	62.7
Assumed cash from warrant and option exercise (\$m)	(20.8)
Enterprise value (\$m)	134.7

Valuation Metrics

EV/2027 EBITDA (x)	2.3
P/E 2027 (x)	3.1
EV/2P reserves (\$/boe; net)	6.84
Upside relative to 2P value	185%
Upside relative to Target Price	75%

Key Macro Assumptions

	4Q 2026e	2027e	2028e	2029e
Oil price (\$/b; WTI)	75.00	75.81	77.33	78.87
Nat. gas pr. (\$/mmbtu)	3.25	3.29	3.35	3.42
USD:GBP	1.35	1.35	1.35	1.35

Operational Summary and EBITDA per BOE Analysis

	4Q 2026e	2027e	2028e	2029e
Oil prod (b/d; net)	2,788	3,864	4,510	4,831
BOE prod (boe/d; net)	3,162	4,429	5,199	5,589
% oil	88%	87%	87%	86%
# Recompletions	1	2	2	2
# Sidetrack wells	-	1	1	1
Revenue (\$/boe)	67.68	68.28	69.77	71.01
Bonus costs (\$/boe)	-	(0.18)	(0.45)	-
Prod. costs (\$/boe)	(32.14)	(24.26)	(21.35)	(20.59)
Ins. & bond. (\$/boe)	(4.51)	(3.24)	(2.78)	(2.63)
G&A (\$/boe)	(5.36)	(3.93)	(3.38)	(3.21)
Cash opex (\$/boe)	(42.01)	(31.62)	(27.95)	(26.43)
EBITDA (\$/boe)	25.67	36.67	41.82	44.58
EBITDA (\$m)	7.5	59.3	79.6	90.9

Target price (NPV10; \$75/b WTI oil price inflated at 2% p.a.)

	Source of Resource Estimate	Class.	Oil net (mil. b)	BOE net (mil. boe)	Full Success Case Value (\$m; NPV10)	Value / Barrel of Liquids (\$/bbl)	Full Success-Case Value (p/sh)	Risking Factor (%)	Risked Target Price (p/sh)	Peak Production net (boe/d;yr)
	(org.)	(SPE)								
Current production	Crest CB	2P	10.1	11.5	97	9.63	8.6	100%	8.6	3,032; 2026
2P Growth	NSAI	2P	5.8	8.2	231	39.86	20.4	50%	10.2	6,027; 2029
Total 2P asset value			15.9	19.7	329	20.66	29.1		18.8	
Balance sheet adjustments:										
Working capital upon admission (\$m)					12		1.0		1.0	
Debt (\$m; excludes short-term notes payables included in WC)					-		-		-	
PV asset retirement obligations (\$m)					(63)		(5.5)		(5.5)	
Assumed cash from warrant and option exercise (\$m)					21		1.8		1.8	
Full success-case net asset value and target price					298		26.4		16.2	

Summary Income Statement (\$m)

	4Q 2026e	2027e	2028e	2029e
Revenues	19.7	110.4	132.8	144.9
Cash costs	(10.7)	(44.8)	(46.8)	(47.4)
Depreciation	(3.9)	(21.4)	(25.2)	(27.1)
Gross profit	5.2	44.2	60.8	70.4
G&A	(1.6)	(6.4)	(6.4)	(6.6)
Operating profit	3.6	37.8	54.3	63.9
Interest expense	(0.1)	(0.3)	(0.3)	(0.3)
P&A accretion	(0.8)	(3.2)	(3.2)	(3.3)
Tax	-	(0.1)	(0.3)	(0.3)
Net income	2.7	34.3	50.5	60.0
EPS (fully diluted; p)	n.a.	3.0	4.5	5.3

Summary Balance Sheet (\$m)

	4Q 2026e	2027e	2028e	2029e
Cash	6.8	31.1	76.0	133.2
ARO sinking fund	1.3	7.2	13.1	19.0
Receivables	14.0	19.1	19.3	18.1
Long-term assets	199.7	200.3	198.5	195.4
Total assets	221.9	257.6	307.0	365.7
Payables	4.0	5.6	5.9	5.9
Asset retire. oblig.	63.0	64.1	65.4	66.7
Other liabilities	8.0	8.0	8.0	8.0
Total liabilities	75.0	77.8	79.3	80.7
Equity	146.8	179.8	227.7	285.0
Total liabs. & equity	221.9	257.6	307.0	365.7

Summary Cashflow Statement (\$m)

	4Q 2026e	2027e	2028e	2029e
Op. cashflow	6.9	56.9	77.0	88.4
Change in work. cap.	(1.5)	(3.4)	(0.0)	1.3
Dividend	-	(1.3)	(2.6)	(2.6)
Cash from financing	-	-	-	-
Capital expenditure	(4.1)	(22.0)	(23.4)	(23.9)
ARO sinking fund	(1.0)	(5.9)	(5.9)	(5.9)
Change in cash	0.3	24.3	45.0	57.2

Asset Location: Gulf of America, USA



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Valuation

Target Price

Our valuation is premised on the assumptions provided in Table 1.

Table 1 Energy Prices and Macro Assumptions

	4Q 2026e	2027e	2028e	2029e	Inflation Rate
Oil price (\$/b; WTI)	75.81	77.33	78.87	80.45	2%
Natural gas price (\$/mmbtu; HH)	3.29	3.35	3.42	3.49	2%
GBP:USD (forex; x)	1.35	1.35	1.35	1.35	n.a.

Source: Crest Corporate Broking

Target Price

Our valuation is premised on the application of a 10% discount rate to determine the present value of future cashflows.

We estimate that the proven and probable reserves (2P) of 1947 Oil & Gas have a full unrisks valuation of \$329 million, which after adjusting for balance sheet items equates to a value of 26.4p (Table 2).

Our target price includes 100% of the value of current production and 50% of the value of production growth from 2P reserves (Table 2).

Table 2 Target Price

	Source of Resource Estimate	Class. (SPE)	Oil net (mil. b)	BOE net (mil. boe)	Full Success Case Value (\$m; NPV10)	Value / Barrel of Liquids (\$/bbl)	Full Success- Case Value (p/sh)	Risking Factor (%)	Risked Target Price (p/sh)	Peak Production net (boe/d;yr)
Current production	Crest CB	2P	10.1	11.5	97	9.63	8.6	100%	8.6	3,032; 2026
2P Growth	NSAI	2P	5.8	8.2	231	39.86	20.4	50%	10.2	6,027; 2029
Total 2P asset value			15.9	19.7	329	20.66	29.1		18.8	
Balance sheet adjustments:										
Working capital upon admission (\$m)					12		1.0		1.0	
Debt (\$m; excludes short-term notes payables included in WC)					-		-		-	
PV asset retirement obligations (\$m)					(63)		(5.5)		(5.5)	
Assumed cash from warrant and option exercise (\$m)					21		1.8		1.8	
Full success-case net asset value and target price					298		26.4		16.2	

Source: Crest Corporate Broking; NSAI

Oil Price Sensitivity Analysis

Under a low oil price environment of \$65/b, we expect the company to have sufficient operating cashflow to fund our assumed growth trajectory while growing cash flow (Table 3).

Table 3 Low Oil Price Sensitivity

		2027e	2028e	2029e
Oil price assumption; WTI	(\$/b)	65.70	67.02	68.36
Production	(boe/d)	4,429	5,199	5,589
Oil production	(b/d)	3,864	4,510	4,831
Revenue	(\$m)	96.1	115.7	126.3
Cash operating costs	(\$m)	(44.5)	(45.9)	(47.4)
G&A	(\$m)	(6.4)	(6.4)	(6.6)
ARO expenditure (contingency)	(\$m)	(2.0)	(2.0)	(2.0)
Taxes	(\$m)	(0.1)	(0.3)	(0.3)
Cashflow from operations	(\$m)	43.2	61.1	70.1
Changes in working capital	(\$m)	(1.0)	(0.1)	1.3
Capex	(\$m)	(22.0)	(23.4)	(23.9)
Sinking fund (contingency)	(\$m)	(5.9)	(5.9)	(5.9)
Free cash flow	(\$m)	14.3	31.4	41.3
Assumed dividend	(\$m)	(1.3)	(2.6)	(2.6)
Free cash after dividend	(\$m)	12.9	28.8	38.7

Source: Crest Corporate Broking

Under a high \$85/b oil price the company would, based on our estimates, quickly attain a position of considerable balance sheet strength (Table 4).

Table 4 High Oil Price Sensitivity

		2027e	2028e	2029e
Oil price assumption; WTI	(\$/b)	85.92	87.64	89.39
Production	(boe/d)	4,429	5,199	5,589
Oil production	(b/d)	3,864	4,510	4,831
Revenue	(\$m)	124.7	149.8	163.4
Cash operating costs	(\$m)	(48.3)	(50.7)	(47.4)
G&A	(\$m)	(6.4)	(6.4)	(6.6)
ARO expenditure (contingency)	(\$m)	(2.0)	(2.0)	(2.0)
Taxes	(\$m)	(0.1)	(0.3)	(0.3)
Cashflow from operations	(\$m)	67.9	90.4	107.2
Changes in working capital	(\$m)	(5.4)	(0.1)	1.0
Capex	(\$m)	(22.0)	(23.4)	(23.9)
Sinking fund (contingency)	(\$m)	(5.9)	(5.9)	(5.9)
Free cash flow	(\$m)	34.5	60.7	78.1
Assumed dividend	(\$m)	(1.3)	(2.6)	(2.6)
Free cash after dividend	(\$m)	33.2	58.1	75.5

Source: Crest Corporate Broking

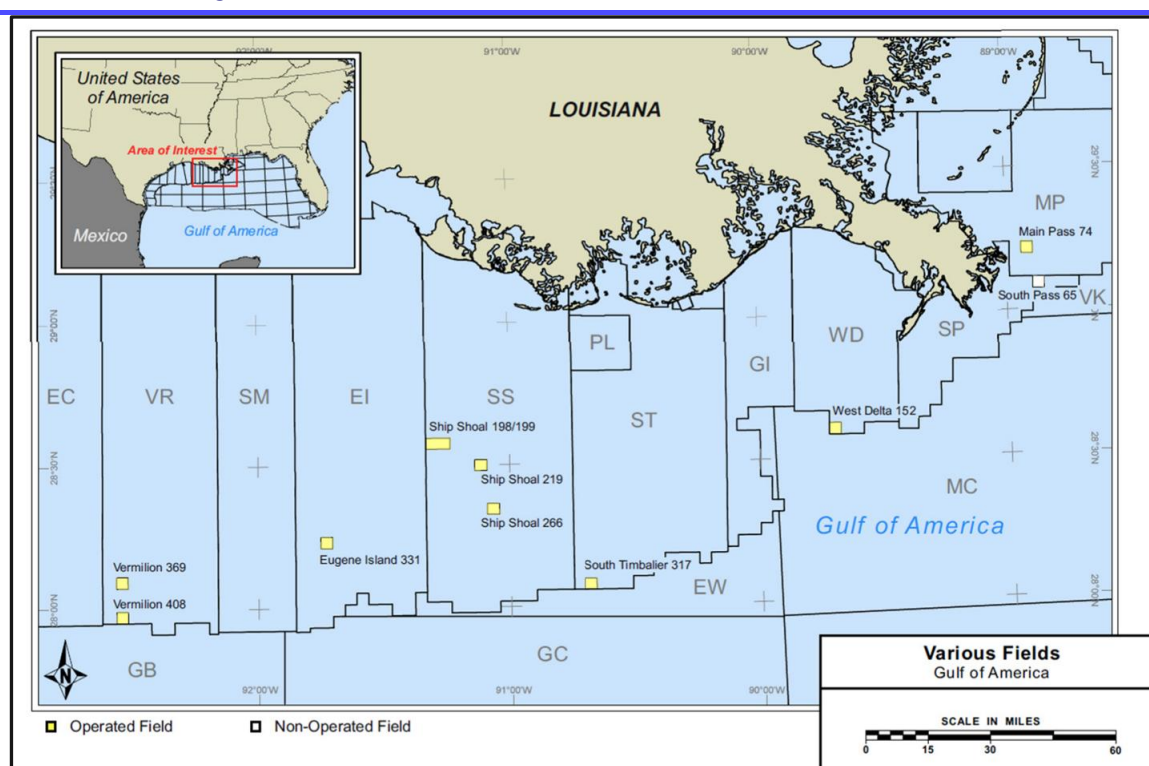
Asset Overview – First Acquisition

Asset Description

Renaissance Offshore is the first acquisition of 1947 Oil & Gas. The company intends to grow further via acquisitions of similarly oil-weighted producing assets in the shallow US Gulf of America with upside potential.

Renaissance Offshore produces from 11 shallow water fields from 23 platforms and 88 wells. The substantial entirety of the company's production is from federal waters offshore the state of Louisiana (Figure 1).

Figure 1 Producing from the Shallow Waters of the Gulf of America



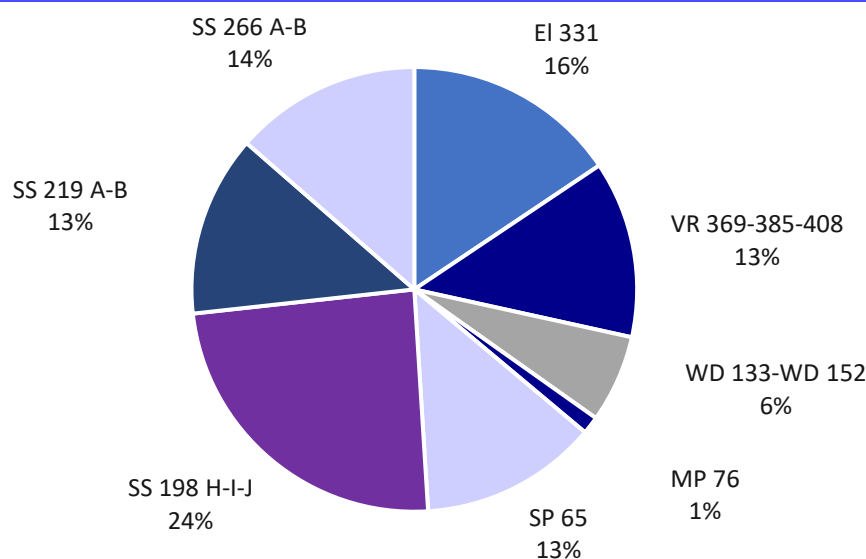
Source: NSAI

The company operates the entirety of its producing assets in which it holds 100% interests (with the exception of the South Pass 65 block in which it holds a 50% non-operating interest).

Production Forecasts

The company, in keeping with US practice, reports production net of royalties. For reference, the royalty rate of 12.5% applies to the substantial entirety of the company's production.

The production of 1947 Oil & Gas is broadly diversified across its productive platforms (Figure 2). The company's production consists of circa 90% oil and 10% natural gas. We expect the oil-to-gas ratio to evolve modestly over time as slightly gassier production is brought onstream. We expect the company to remain one of the most oil weighted companies in the US pursuant to its oil focused strategy.

Figure 2 Diversified Production (2020–2025)

Source: 1947 Oil & Gas

Our base case production profile and the corresponding work program is provided in Table 5.

Table 5 Crest Corporate Broking Assumed Work Program and Production Forecast

	4Q 2026e	2027e	2028e	2029e	Total
# recompletions	1	2	2	2	7
# sidetrack wells	-	1	1	1	3
Oil production (b/d; net)	2,788	3,864	4,510	4,831	n.a.
Gas production (mcf/d; net)	2,242	3,392	4,133	4,551	n.a.
BOE production (boe/d; net)	3,162	4,429	5,199	5,589	n.a.
Capex (\$m)	4.1	22.0	23.4	23.9	73.5

Source: Crest Corporate Broking

Our high confidence in the growth outlook for 1947 Oil & Gas is further supported by i) higher than expected oil prices, which will facilitate the kick-starting of self-funded growth, and ii) the company's reported working capital of \$11.8 million at the time of admission, which we expect will likewise ensure funding to kick-start a compelling self-funded growth engine.

NSAI Reserve Estimates

The ultimate oil and gas recoveries expected from our production forecasts are consistent with the proven and probable (2P) reserve estimates for 1947 Oil & Gas as determined by Netherland Sewell and Associates (Table 6).

Table 6 Reserve Estimates for 1947 Oil & Gas as Determined by NSAI

	Oil	Natural Gas	BOE
	<i>(mmb)</i>	<i>(mmcf)</i>	<i>(mmboe)</i>
2P producing reserves	5.6	2.9	6.1
2P non-producing	3.0	1.7	3.3
2P undeveloped	7.2	18.0	10.2
Total 2P reserves	15.9	22.6	19.7

Source: NSAI

The company does not intend to grow by exploring for new reserves. The entirety of our valuation is premised on the exploitation of known reserves that are either already producing or awaiting development via recompletions or sidetrack wells.

Netherland Sewell & Associates was founded in 1961 and is an established and globally recognised leader in the evaluation of oil and gas properties. We acknowledge that their senior engineering and geological team made themselves available in Houston as part of our due diligence exercise to assist in our understanding of the 1947 Oil & Gas investment opportunity.

Operational Characteristics

Oil-weighting

We cannot over-emphasize the importance of 1947 Oil & Gas' exceptionally high oil weighting of circa 90% by production.

This transforms the company's operating margins positively while it also contributes to the exceptionally high returns from investments in workovers and drilling new wells (or sidetrack wells).

For reference, based on the conventional conversion metric of equating 1 barrel of oil equivalent ("boe") to 6,000 cubic feet of natural gas, the price of oil is circa 500% higher than the price of natural gas in the US – oil producers are inherently advantaged relative to natural gas producers across the board due to that reality.

Fixed-cost Production

The substantial entirety of the company's costs are fixed; therefore, increased production and rising oil prices translate directly to increased bottom-line profitability and cashflow.

For perspective, the most significant variable costs for 1947 Oil & Gas relate to marketing, tolling and third-party infrastructure costs, all of which are modest in relation to the price of oil.

Existing Infrastructure

The outstanding economic returns from workovers and sidetrack wells across the company's asset base are underpinned by the existence of fully funded and operational production

infrastructure. This enables reserves to be converted into production rapidly and at minimal capital cost, with no requirement for additional infrastructure investment.

Exceptionally Robust Returns on Growth Capex

Due to the operational characteristic of its assets, the company's investments to grow production are expected to provide exceptionally attractive returns (Table 7).

Table 7 Returns on Capex – Exceptionally Robust at \$75/b WTI

		Net Oil Production			MOIC	IRR	Month of First Payout
		Initial Rate	Expected Ultimate Recovery	Percent Oil			
	Capex (\$m)	(b/d)	(kb)	(%)	(x)	(%)	(month)
Recompletion	4.1	350	476	91%	5.8	671%	6
Sidetrack well	14.5	752	971	80%	3.1	307%	10

Source: Crest Corporate Broking Research

From this perspective, shareholders stand to benefit significantly from an accelerated work program.

For reference, Renaissance Offshore operated under a “harvest” mode philosophy stemming from its roots as a private equity backed operating company. For that reason, its assets have been starved of growth capital. We believe this is typical of the smaller operating companies in the shallow Gulf of America, creating scope for 1947 Oil & Gas to acquire additional assets with tremendous low-risk, high-return growth potential.

Production Growth Strengthens Cost Structure

Pursuant to the fixed cost nature of its operations, production growth is expected to significantly strengthen (lower) the company's cost structure on a per barrel basis as shown in Table 8.

Table 8 Production Growth Expected to Significantly Reduce Opex per BOE

	4Q 2026e	2027e	2028e	2029e
Production (boe/d)	3,162	4,429	5,199	5,589
All-in cash costs per annum (\$m; inclusive of G&A)	n.m.f.	(51.1)	(53.2)	(53.9)
All-in cash costs per boe (\$/boe)	42.01	31.62	27.95	26.43
EBITDA per boe (\$/boe)	25.67	36.67	41.82	44.58
EBITDA (\$m)	n.m.f.	59.3	79.6	90.9
Assumed oil price (\$/b)	75.00	75.81	77.33	78.87

Source: Crest Corporate Broking Research

Initial Public Offering and Use of Funds

Background on Acquisition of Renaissance Offshore

Ivan Murphy, President and Founder of 1947 Oil & Gas, founded Cove Energy, which delivered one of the best financial returns for shareholders on the AIM market (see the section entitled *Proven Leadership Team*).

Mr. Murphy has been the principal driving force behind the creation of 1947 Oil & Gas and the acquisition of Renaissance Offshore.

Mr. Murphy and Non-Executive Director Jeff Currie, who is widely recognized as the leading commodity market strategist globally (see the section entitled *Proven Leadership Team*), developed a counter-cyclical strategy to establish a vehicle capable of capturing opportunities in the oil sector. This strategy was founded on their conviction that oil prices were poised to rise – an outlook that proved prescient.

Renaissance Offshore was acquired for \$65 million, pursuant to the IPO of 1947 Oil & Gas, with a deferred bonus consideration amounting to 25% of the value of production above an oil price of \$75/b for three years (factored into all financial estimates).

Critically Brian Romere, President and CFO of Renaissance Offshore, and Larry Tolleson, Chief Operating Officer of Renaissance Offshore, have joined the leadership team of 1947 Oil & Gas – providing continuity and deep experience (see the section entitled *Proven Leadership Team*).

Initial Public Offering – £50 million raised at 10p per share

Upon admission to trading on 28 September 2028 the company will have 651.1 million shares outstanding. A summary of the shareholder structure and the share placings pursuant to the IPO is provided in Table 9.

Table 9 Shareholder Structure Pursuant to IPO

	# million	
Number of previously existing ordinary shares	120.6	18.5%
Number of placing shares issued on Admission	297.5	45.7%
Number of ordinary shares issued to founders / advisors on Admission	30.5	4.7%
Number of consideration shares issued to Vendor on Admission	202.5	31.1%
Total number of ordinary shares in issue on Admission	651.1	100.0%

Source: 1947 Oil & Gas

Pursuant to funds raised from the IPO, 1947 Oil & Gas had a working capital balance of \$11.8 million upon admission.

Notably, 1947 Oil & Gas raised £7.2 million pursuant to a pre-IPO capital raise (April–June 2026). Equity raised in the pre-IPO and the IPO has been applied to fund the \$65 million consideration for Renaissance Offshore and for working capital/general corporate purposes.

Proven Leadership Team

Tim Duncan, Executive Chairman

Mr. Duncan was the founder, CEO & President of Talos Energy (NYSE: TALO; \$2.7 billion) from 2012 through to 2024. Mr. Duncan founded Talos Energy with the backing of Apollo Global Management and Riverstone Holdings and he listed it on the New York Stock Exchange in 2018. From its founding, Talos Energy grew production to ~100,000 boe/d – all offshore in the Gulf of America, mainly in deeper waters. Growth was achieved through i) eleven key acquisitions, and ii) organically through drilling and workover activity. Talos Energy's production consists 72% of oil, making it one of the most oil weighted oil and gas companies operating in the US. By virtue of its oil weighting and its operational efficiency, Talos Energy has a top decile EBITDA margin amongst US oil and gas producers. Notably, alongside strong growth and shareholder value creation, Mr. Duncan built Talos Energy's strong reputation for operational excellence, conservative financial stewardship, and responsible regulatory engagement. The blue-print for 1947 Oil & Gas in the shallow waters of the Gulf of America is modelled on the success Mr. Duncan achieved at Talos Energy mainly in the deeper waters of the Gulf of America.

Mr. Duncan is a board member of Expand Energy (NASDAQ: EXE; \$20.1 billion), which was created through the merger of Chesapeake Energy and Southwestern Energy. Expand Energy is the largest producer of natural gas in the Western Hemisphere (total production of 7.4 bcfe/d; 1.2 million boe/d; 93% natural gas), with very significant production sourced from the onshore Haynesville and Appalachia resource plays in the US.

Mr. Duncan began his career as a reservoir engineer before becoming instrumental to the success of Warburg Pincus backed Gryphon Exploration, which was exited via a sale to Woodside and, subsequently, to the success of Phoenix Exploration, which was backed by Riverstone Holdings and Pine Brook Road Partners and exited via a sale to Apache.

Mr. Duncan holds a Bachelor of Science in Petroleum Engineering from Mississippi State University and an MBA from the University of Houston.

Jeff Currie, Non-Executive Director and Founder

Mr. Currie is the Chief Strategy Officer at the Carlyle Group, one of the world's largest multinational alternative asset management and private equity firms with \$475 billion of assets under management. Mr. Currie was the Global Head of Commodities Research at Goldman Sachs, where he was employed for nearly three decades. Mr. Currie is a regular guest on the world's leading media platforms where his views are sought in relation energy and commodity markets. Mr. Currie benefits from a wealth of strong industry relationships built up over decades following the energy and commodity sectors. Mr. Currie offers unparalleled strategic insight and leadership to the board of 1947 Oil & Gas on matters relating to energy commodities and financial market positioning.

Mr. Currie holds a PhD in Economics from the University of Chicago, a Master's Degree in Economics from the University of Chicago and a Bachelor's Degree in Economics from Pepperdine University.

Ivan Murphy, Co-President & Founder, Executive Director

Mr. Murphy has a multi-decade track record of successfully creating shareholder value within the resources sector. Notably, Mr. Murphy was a founder of Cove Energy PLC, which raised £42 million in September 2009 at 20p per share to fund the company's acquisition of an 8.5% interest in the Rovuma Area 1 offshore Mozambique. In August 2012, Cove Energy was acquired for 240p per share (£1.2 billion) by Thailand's state oil company, namely, PTT Exploration and Production, after having outbid Shell to acquire the company – one of the most financially rewarding results ever achieved on the AIM market. Mr. Murphy is the Executive Chairman of London Stock Exchange listed Harena Rare Earths PLC. Mr. Murphy brings extensive M&A origination, deal structuring and London capital markets execution experience, which has underpinned the creation, value capture and growth trajectory of 1947 Oil & Gas.

Mr. Murphy holds a Bachelor's Degree in Economics from University College Cork.

Brian Romere, Co-President and Chief Financial Officer

Mr. Romere has been the Chief Financial Officer of Renaissance Offshore since 2011 and has assumed the role of Co-President and Chief Financial Officer at 1947 Oil & Gas, providing continuity and conservative financial stewardship – noting that Renaissance Offshores has no financial indebtedness or hedges. Mr Romere brings over three decades of experience in energy finance and offshore operations. He was the Chief Financial Officer of Anglo-Suisse Offshore Partners, a Director at E&Y Corporate Finance, and Chief Financial Officer of King Ranch Oil & Gas.

Mr. Romere holds a BBA (Accounting) from Texas A&M University and an MBA from the University of Texas at Austin.

Larry Tolleson, Chief Operating Officer

Mr. Tolleson has been the Vice President of Operations & Drilling at Renaissance Offshore since 2014. He brings over 40 years of experience in oil & gas operations, with substantial experience focused on the offshore Gulf of America. He began his career with Marathon Oil and has held roles at Meridian Oil, Petsec Energy, Unocal, Devon Energy and Chalkar Energy. He brings extensive operating experience in drilling, field operations, and production management.

Mr Tolleson is an engineering graduate from Louisiana Tech.

Oil Market Outlook

We believe that Jeff Currie, Non-Executive Director of 1947 Oil & Gas, is the leading commodity market strategist globally (Figure 3). He is the former and longstanding Global Head of Commodities Research at Goldman Sachs.

He is outspokenly bullish on oil prices and premises that view foundationally on i) structural underinvestment in the oil and gas sector and the limited production growth obtainable from US shale oil, and ii) strong demand growth for energy driven by relentless economic and demographic forces, exacerbated by the energy intensity of AI.

Figure 3 Jeff Currie, the Most Recognized Energy Commodity Strategist Globally: Bullish on Oil



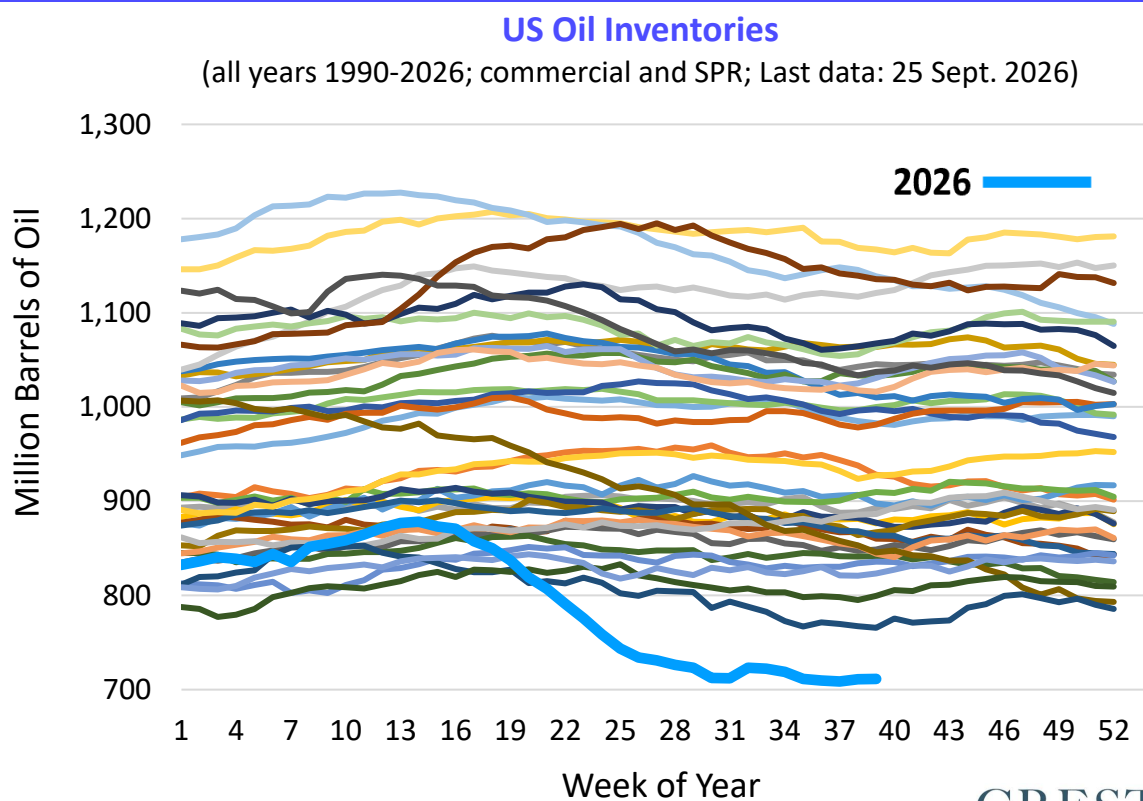
Source: Various

The conflict in the Middle East has blocked shipping through the Strait of Hormuz preventing one-fifth of the world's oil supplies from reaching markets (Figure 4). We expect Iran to continue to block or significantly impede oil supplies through the strait for the foreseeable future – the new normal. Mr. Currie's high-conviction assessment is that the market has yet to price in the severity of the new reality for oil markets – an opportunity.

Figure 4 Strait of Hormuz

Source: Crest Corporate Broking; CIA World Factbook

Oil inventory levels have plummeted to near-emergency levels (Figure 5). We foresee a further reduction in oil inventories because oil supplies from the Middle East are still being significantly impeded.

Figure 5 US Oil Inventories

CREST
CORPORATE BROKING

Source: Crest Corporate Broking; US EIA

The International Energy Agency has stated that “we are in the midst of the greatest energy security crisis the world has ever faced.”

We foresee risks of extreme energy shortages and a commensurate spike in oil prices.

We believe that a transformational upward rerating of the oil sector is a precondition for the establishment of sustainable global energy security.

For more in-depth and up-to-date commodity market commentary follow Mr. Currie on X: @CommodMkt

Strategy and Competitive Advantages

Strategy

1947 Oil & Gas intends to grow through the acquisition of shallow oil producing assets in the US Gulf of America.

We highlight that the company already has a pipeline of multiple potential acquisitions that are comparable to that of Renaissance Offshore.

Notwithstanding the considerable potential for 1947 Oil & Gas to grow production and to create value organically, we believe that acquisitions, by virtue of the scale that they deliver, will be the primary source of production growth and value creation for the shareholders of 1947 Oil & Gas.

Dividend

1947 Oil & Gas is a growth company, not a harvester. Nevertheless, the generous cash generation from its existing production and future growth are expected to provide ample cash to i) fund growth, ii) strengthen the balance sheet with additional cash for acquisitions, and iii) fund a dividend.

The company has communicated that it intends to introduce a dividend after its 1H 2027 results are published.

We are expecting a dividend of circa 0.3p/sh to 0.5p/sh, which would translate into a 3% to 5% dividend yield. In our modelling we have assumed a dividend of 0.3p/sh per annum equating to \$2.6 million per annum.

Given the very high returns on invested capital that can be achieved through organic growth, we believe that the dividend will be modest and remain modest in relation to the company's free cash flow.

Competitive Advantages

We believe the following factors will underpin the success of the acquisition strategy of 1947 Oil & Gas:

Limited buyers: We believe there are a limited number of acquirers for assets in the shallow US Gulf of America producing less than 10,000 boe/d because

- i) We do not believe private equity is currently acquiring, or funded to acquire, producing assets in the Gulf of America;
- ii) To our knowledge there are no listed oil & gas companies with a comparable strategy focused on growing oil production in the shallow waters of the Gulf of America. Notably, NYSE listed Talos Energy has an explicit strategy focused on production growth exclusively in "Deepwater basins" in the Gulf of America where projects have scale that is meaningful relative to their significantly higher market cap and production levels;
- iii) We observe that American capital being allocated to the oil and gas sector is almost exclusively being channelled into onshore shale oil plays; and

- iv) For the large established incumbents pursuing growth strategies in the Gulf of America, we believe, the assets being targeted by 1947 Oil & Gas are subscale and not of strategic interest.

Regulatory constraints: Whereas the financial attractiveness of acquiring assets for significantly below their intrinsic value may be obvious, to acquire and operate offshore oil & gas platforms in the US Gulf of America requires the buyer to meet stringent criteria set by the regulators (Bureau of Offshore Energy Management; Bureau of Safety and Environmental Management). That restriction reduces the number of buyers capable of making bids for offshore assets in the Gulf of America.

Plugging and abandonment liabilities: All prior owners of offshore oil & gas platforms in federal waters of the US are jointly and severally liable for the abandonment liabilities of assets they held. Likewise, the Bureau of Offshore Energy Management can require acquirers of offshore oil and gas assets to take measures to reduce the risks of defaulting on abandonment liabilities. The excellent reputations of both Renaissance Offshore and Tim Duncan as responsible operators in respect of abandonment liabilities are of critical importance to sellers and to the regulators. Likewise, the debt-free balance sheet of 1947 Oil & Gas is a critical advantage. Finally, both Renaissance Offshore and Tim Duncan have excellent standing and reputations in the surety bond market, which is often a necessary precondition to successfully acquire offshore oil and gas assets in the Gulf of America. Critically in relation to the strategy of 1947 Oil & Gas, we believe that for many sellers of oil and gas assets in the Gulf of America ensuring the buyer is a high-quality buyer, such as 1947 Oil & Gas, is more important than price maximisation.

Comparable Companies Valuation

We believe that Talos Energy, founded and grown by 1947 Executive Chairman Tim Duncan, into a NYSE listed oil company (TALO;NYSE; market cap: \$2.7 billion) producing circa 100,000 boe/d provides, by far, the best valuation reference for 1947 Oil & Gas (Table 10). We note that, we believe, the growth outlook for 1947 Oil & Gas is more obvious than that of Talos Energy given that 1947 Oil & Gas is starting from a lower production base and concentrating on shallow water production growth, where deals, we expect, will be priced the most attractively. From that perspective, we would expect over time for 1947 Oil & Gas to trade a premium to Talos Energy.

Table 10 **Comparable Companies Valuation (\$75/b WTI +2% p.a.; closing prices on 2 October 2026)**

	Assumed			Price /	EV /	
	Share	Market	Enterprise	Crest CB	Crest CB	EV /
	Price	Capitalisation	Value*	NAV	2027E	2P
	(local)	(\$m; diluted)	(\$m)	Estimate	EBITDA	Reserves
				(x)	Estimate	(\$/boe)
1947 Oil & Gas	p9.25	104.6	134.7	57%	2.3	7.35
Talos Energy	\$16.78	2,910.4	5,245.3	74%	3.3	16.91
<i>1947 Oil & Gas implied potential rerating</i>				+29%	+43%	+130%

Notes:

* EV estimates include asset retirement obligations (1947: \$63m; Talos: \$1,394m)

Sources: Crest Corporate Broking Research, 1947 Oil & Gas, Talos Energy

Focusing on the EV/EBITDA multiples, we expect significant share price appreciation for 1947 Oil & Gas on the basis that i) it will rerate upward relative to peers, ii) the sector itself will rerate upwards pursuant to a sector rotation into energy/fossil fuels, iii) oil prices can be expected to strengthen and, iv) the equity market can be expected to increasingly appreciate the long-term structural nature of energy shortages.

We have included asset retirement obligations in our peer valuation analysis (\$63 million for 1947 Oil & Gas; \$1,294 million for Talos Energy), treating them comparably to financial debt. We have also applied a consistent oil price assumption (\$75/b for WTI, +2% p.a.) for our valuations and EV/EBITDA multiple analysis. We believe that this approach is a prerequisite to make meaningful valuation comparisons in the oil and gas sector.

Table 11 Talos Energy – Crest Corporate Broking Valuation and Financial/Operating Summary

Capital Structure and Enterprise Value		Key Macro Assumptions				
Share price (\$; TALO, NYSE; close 1 October 2026)	16.78		2024A	2025A	2026E	2027E
Shares outstanding (m)	167.0	Oil price (\$/b; WTI)	76.63	65.49	81.12	75.00
Market capitalisation (\$m)	2,801.7	Nat. gas pr. (\$/mmbtu)	2.24	3.56	3.51	3.29
Diluted shares outstanding (m)	173.4					
Diluted market capitilisation (\$m)	2,910.4	Operational Summary and Cashflow per BOE Analysis				
Cash (\$m)	(577.6)		2024A	2025A	2026E	2027E
Investments and restricted cash (\$m)	(203.8)	Oil prod (kb/d; net)	65.8	65.9	69.7	80.4
Cash consideration for Na Kika acquisition (closing in 2026)	475.0	BOE prod (kboe/d; net)	92.6	94.6	94.8	107.7
Debt (\$m)	1,228.8	% oil	71%	70%	74%	75%
Asset retirement obligations (\$m)	1,394.1	% current hedge book	0%	0%	16%	14%
Hedging liability (Crest Sec. estimate; \$m)	18.4					
Enterprise value (\$m)	5,245.3	Revenue (\$/boe)	58.23	51.57	65.70	60.69
		Opex (\$/boe; LOE)	(16.70)	(15.84)	(17.07)	(15.87)
		G&A (\$/boe)	(5.95)	(4.50)	(4.47)	(3.82)
		Oth. cash opex (\$/boe)	3.19	(0.06)	(0.36)	(0.01)
		Cash opex (\$/boe)	(19.46)	(20.40)	(21.90)	(19.70)
		EBITDA* (\$/boe)	38.77	31.17	43.80	40.99
		EBITDA* (\$m)	1,314	1,076	1,516	1,612
		*before hedging				
Valuation Metrics						
EV/2027 EBITDA (x)	3.3					
P/E 2027 (x)	11.4					
EV/2P reserves (\$/boe; net)	16.91					
Upside relative to Full Value Estimate	70%					
Upside relative to Fair Value Estimate	36%					

Fair Value Estimate (NPV10; \$75/b WTI oil price inflated at 2% p.a.)

Source of Resource		Oil		BOE		Crest CB Full Success Case Value		Full Success Case Value		Crest Sec. Risked Fair Value		Peak Production	
Estimate	Class.	net		net		Value	Value / Barrel of Liquids	Value		Estimate		net	
(org.)	(SPE)	(mil. b)		(mil. boe)		(\$m; NPV10)	(\$/bbl)	(\$/sh)		(\$/sh)		(kboe/d;yr)	
Core NAV (+ Na Kikka)	Crest CB	2P	196.3	266.7		5,753	29.31	33.2	100.0%	33.2		112;2028	
2P Growth	NSAI	2P	37.0	43.5		930	25.12	5.4	50.0%	2.7		111.8; 2029	
Daenerys	Crest CB	prospective	26.7	40.5		610	22.84	3.5	10.0%	0.4		n.a.	
Asset value			260.0	350.7		7,293	28.05	42.0		36.2			
Balance sheet adjustments:													
Cash (\$m)						578		3.3		3.3			
Investments and restricted cash						204		1.2		1.2			
Net cash consideration for Na Kika acquisition						(475)		(2.7)		(2.7)			
Debt						(1,229)		(7.1)		(7.1)			
Asset retirement obligation						(1,394)		(8.0)		(8.0)			
Heding asset (liability; Crest CB estimate)						(18)		(0.1)		(0.1)			
Full value and risked fair value						4,958		28.59		22.74			

Summary Income Statement (\$m)

	2024A	2025A	2026E	2027E
Revenues	1,974	1,780	2,274	2,386
Lease op. exp.	(566)	(547)	(591)	(624)
Gross profit	1,408	1,233	1,683	1,762
G&A	(202)	(155)	(155)	(150)
Depreciation	(1,024)	(1,056)	(948)	(1,062)
Operating profit	182	22	580	551
Other expenses	(254)	(626)	(606)	(296)
Profit before tax	(71)	(604)	(26)	254
Tax	(5)	109	20	-
Other	-	(1)	(0)	-
Net income	(76)	(496)	(6)	254
EPS (fully diluted)	(0.44)	(2.83)	(0.03)	1.47

Summary Balance Sheet (\$m)

	2024A	2025A	2026E	2027E
Cash	108	363	430	1,267
Other short-term assets	551	478	510	515
Long-term assets	5,532	4,711	4,607	4,025
Total assets	6,192	5,552	5,547	5,807
Debt	1,221	1,226	1,229	1,229
Asset retire. oblig.	1,150	1,332	1,392	1,417
Other liabilities	1,061	826	793	773
Total liabilities	3,432	3,384	3,413	3,419
Equity	2,760	2,168	2,134	2,388
Total liabs. & equity	6,192	5,552	5,547	5,807

Sources: Crest Corporate Broking Research; Talos Energy

Summary Cashflow Statement (\$m)

	2024A	2025A	2026E	2027E
Op. cashflow	956	1,028	1,182	1,321
Change in work. cap.	7	(92)	(98)	(4)
Cash from financing	436	(165)	(67)	-
Capital expenditure	(1,320)	(547)	(950)	(480)
Change in cash	78	225	68	837

Core Asset Location: Gulf of America, USA

Regional Geology

Petroleum Geology of the World's First Offshore Oil Discovery (1947)

1947 Oil & Gas was named after the year in which the first ever offshore oil well was drilled. That well, the Kermac No 16 well, was drilled in the immediate vicinity of the company's Ship Shoal producing assets.

The geology of the company's producing assets is broadly consistent with the successful geological target of the original Kermac 16 well, drilled in 1947.

Reflecting on the first offshore well ever drilled, Dean McGee of Kerr-McGee Oil Industries Inc. stated: "We decided to explore the areas where the really potential prolific production might be – salt domes – the good ones on land were gone, but we could move out in the shallow water and, in effect, get into a virgin area where we could find the real class-one type salt dome prospects" (*source: American Oil & Gas Historical Society*).

Figure 6 Kermac No. 16



Source: AOGHS.org

Based on this insight, in 1947, Kerr-McGee drilled the Kermac No. 16 well 10 miles offshore Louisiana in almost 20 feet of water. The Kermac No. 16 well produced oil on test at a prolific rate of 960 b/d. The well produced from stacked unconsolidated Miocene aged sandstone intervals. The Kermac No. 16 well itself produced 1.4 million barrels of oil before being shut-in by 1984.

The substantial entirety of the production within the portfolio of 1947 Oil & Gas is produced from salt dome geological structures of the broad geological family of the original 1947 offshore oil discovery made by Kerr-McGee.

Petroleum System

The Mississippi river system drains the essential entirety of the American midcontinent's fluvial sedimentation into the Gulf of America. This has provided i) colossal volumes of rich organic matter able to generate oil and natural gas, and ii) sand suitable for the formation of high-quality oil & gas sandstone reservoirs.

Figure 7 River Systems of the US, Scaled by Flow

Source: Pacific Institute

A stratigraphic column for the US Gulf of America is provided in Figure 8.

Figure 8 Stratigraphic Column, US Gulf of America

SYSTEM	SERIES	STAGE	GROUP OR FORMATION	RESERVOIRS		SOURCE ROCK	
				Gas	Oil	Shale	Coal
TERTIARY	QUAT.	Holo.	Undifferentiated	▲	●		
	PLEI.	Undifferentiated	Undifferentiated	▲	●		
	NEOGENE	Piacenzian	Undifferentiated	▲	●		
		Zanclean	Undifferentiated	▲	●		
	MIOCENE	Messinian	Fleming	▲	●		
		Tortonian	Fleming	▲	●		
	PALEOGENE	Serravalloian	Fleming	▲	●		
		Langhian	Fleming	▲	●		
	Oligocene	Burdigalian	Fleming	▲	●		
		Aquitanian	Fleming	▲	●		
	Eocene	Chattian	Catahoula	▲	●		
		Rupelian	Anahuac Frio	▲	●		
	Paleocene	Priabonian	Vicksburg	▲	●		
		Bartonian	Jackson	▲	●	■	★
	Paleocene	Lutetian	Claiborne	▲	●	■	★
		Ypresian	Wilcox	▲	●	■	★
	Paleocene	Thamnetian	Midway			■	
		Selandian	Midway			■	
CRETACEOUS	UPPER	Maastrichtian	Navarro	▲	●		★
		Campanian	Taylor	▲	●	■	
		Santonian	Austin/Tokio/ Eutaw	▲	●	■	
		Turonian	Eagle Ford/ Woodbine/Tuscaloosa	▲	●	■	
	LOWER	Cenomanian	Washita	▲	●		
		Albian	Fredericksburg	▲	●	■	
		Aptian	Trinity	▲	●		
		Barremian	Sligo (Pettet)	▲	●		
	UPPER	Hauterivian	Hosston (Travis Peak)	▲	●	■	★
		Valanginian	Cotton Valley	▲	●	■	
JURASSIC	UPPER	Berriasian	Bossier	▲	●	■	
		Tithonian	Haynesville/ Gilmer	▲	●	■	
		Kimmeridgian	Smackover Norphlet	▲	●	■	
	MID.	Oxfordian	Louann Salt				
		Callovian	Werner				
TRIA.	UP.	Hettangian	Eagle Mills				

Source: NSAI

The reserves being exploited by 1947 Oil & Gas consist of Miocene aged sandstone reservoirs created by salt dome structures of deeper Jurassic Louann Salt depositional origin (Figure 9). Pursuant to that geological setting, the company's reserves are characterised as i) consisting of stacked targets ii) having irregular pressures between targets, and iii) benefiting from steady declines associated with active aquifers.

Figure 9 Salt Dome Cross Section

Source: Louisiana State Exhibit Museum

P&A Management 101 and Considerations for 1947 Oil & Gas

Accounting for Abandonment Liabilities

Oil & gas companies are required to report the liability associated with the retirement of long-lived assets on their balance sheets. This is ubiquitous for all oil & gas companies that report under US GAAP or IFRS. The drilling of oil and gas wells and the construction of associated processing facilities creates an associated abandonment liability. Abandonment liabilities are reported on the balance sheet from the moment the well is drilled or the associated facilities are constructed.

The reported value of abandonment liabilities on a company's balance sheet are determined by i) assessing the costs at the current time of retiring the relevant assets, ii) determining when the assets will be retired based on production profiles and related regulations, iii) inflating the costs to a future date based on inflationary assumptions, and iv) discounting the future expected costs of asset retirement to determine a present value estimate. The exact mechanics of this approach may vary; however, the underlying principles are accepted and ubiquitously applied to all oil & gas companies that report under US GAAP or IFRS.

P&A Liabilities and Net Asset Values

We believe that the present value of plugging and abandonment ("P&A") liabilities should be treated similarly to financial debt in the determining of the net asset value attributable to shareholders.

Our approach is to i) determine the present value of the oil and gas asset, ii) before adjusting that value to reflect financial debts, plugging and abandonment liabilities and other balance sheet items as necessary to, iii) establish the value net to shareholders (see our Summary page or Table 2).

For the avoidance of doubt, we believe it is best practice to always reflect abandonment liabilities (like financial debt) in a company's enterprise value. We believe this is essential for the purposes of assessing EV to EBITDA multiples or to make comparative valuations using EV multiples.

This is our generic approach, which we apply ubiquitously to value oil & gas companies.

Generally, we prefer to use the abandonment liability as reported on a company's balance sheet because that figure will have been rigorously determined and audited.

1947 Oil & Gas' Plugging and Abandonment Liabilities

We have applied the \$62.7 million abandonment liability estimate as reported on the audited balance sheet of Renaissance Offshore for the purposes of our net asset value determination for 1947 Oil & Gas.

We cross checked that estimate against our own estimate of the present value of the company's abandonment liabilities premised on the CPR prepared by NSAI and established a near-exact match.

We have a heightened confidence in the abandonment liability estimates of 1947 Oil & Gas because the company took the extra measure of engaging a third party, namely, Delta Decom, LLC, to estimate abandonment costs. We further note that abandonment operations are recurrent, normal activities in the shallow waters of the Gulf of America for which there is competitive pricing and a broad array of service providers – high-quality cost estimates can be established for abandonment liabilities in the shallow waters of the US Gulf of America, in our opinion.

Finally, it is noteworthy that based on the CPR prepared by NSAI significant, required abandonment liabilities are expected to be incurred starting only in 2035, with the bulk of the expenditures expected to occur starting from 2038. The company's intention is to grow production to further push out related costs.

P&A Liabilities Background

In federal waters, where 1947 Oil & Gas has the vast majority of its production, wells must be plugged and offshore platforms abandoned within five years of being designated "idle", unless an extension is granted by the Bureau of Ocean Energy Management. For platforms, abandonment includes restoring the seabed to its original condition.

In federal waters, plugging and abandonment liabilities are joint and several and extend to all current and former owners if subsequent owners default on their obligations. As a result, an owner of a small working interest in an offshore oil and gas asset could become liable for 100% of the plugging and abandonment costs despite having held the asset only briefly and many years earlier. The chain and scope of liability are not limited by regulatory protections.

The Bureau of Ocean Energy Management may also require owners of offshore oil and gas assets to provide third-party financial assurances to ensure plugging and abandonment liabilities are adequately funded.

For these reasons, plugging and abandonment liabilities are a key consideration for sellers of oil and gas assets and for successful operations more broadly in the Gulf of America. We see the excellent standing of 1947 Oil & Gas on matters relating to P&A management as a key competitive advantage for the company.

Best Practice P&A Management

Renaissance Offshore and Tim Duncan have longstanding reputations of keeping ahead of plugging and abandonment risks, applying practices that supersede regulatory requirements. This approach reduces risk in an absolute sense while enhancing their reputations for responsible stewardship amongst stakeholders.

As one example, Renaissance Offshore applies the practice of plugging wells permanently to isolate downhole zones that they have determined to be uneconomic. This reduces downhole risks and eliminates the risks of complicated end of life plugging operations due to downhole deteriorations.

Renaissance Offshore and Tim Duncan have established reputations for excellence in the proactive management of plugging and abandonment risks – reputations that confer critical advantages.

Reef in Place Legislation (1.4p per share upside)

The “reef in place” concept is the idea that when offshore oil and gas platforms reach the end of their productive life, some or all of the structure can be left in the water and converted into an artificial reef rather than being completely removed. Proponents maintain that many aging platforms already support established communities of fish, corals, crustaceans, and other marine life, and that retaining the structure can preserve habitat, support commercial and recreational fisheries, and reduce decommissioning costs.

The concept has been supported on a bi-partisan basis in the US Congress.

If the “reef in place” concept becomes accepted practice or prescribed by law, it would significantly reduce the costs of platform removal for offshore oil and gas companies.

We see positive momentum for the “reef in place” concept and believe it is possible that Congress enacts a law that supports the concept in the near-term.

As a rule of thumb, plugging and abandonment costs relate roughly one-half to wells and one-half to structures. It is estimated that the application of the “reef in place” concept would reduce the abandonment costs relating to structures by roughly one-half. In effect, the enactment of “reef in place” legislation could reduce plugging and abandonment liabilities – all in – by circa one-quarter, which represents a potential positive catalyst for 1947 Oil & Gas (+ circa 1.4 p per share).

Surety Bonds Background

Surety bonds play an important role in the US Gulf of America for oil and gas producers. In particular, surety bonds play a critical role in the acquisition and operation of offshore oil and gas assets in the Gulf of America. Surety bonds provide financial assurance that future decommissioning obligations, including plugging and abandonment liabilities, will be performed even if the asset owner is unable to meet those obligations.

A surety bond is a three-party agreement involving:

- i) **The Principal**, the offshore oil and gas company that owns and operates the producing assets and is responsible for satisfying the associated decommissioning obligations;

- ii) **The Obligee**, either the Bureau of Ocean Energy Management, which can require financial assurance for offshore decommissioning liabilities; or a previous owner of the assets that has required the purchaser to provide bonding as a condition of the sale transaction, thereby protecting the seller against the risk of future residual decommissioning liability.
- iii) **The Surety**, A specialist surety or insurance company that guarantees the Principal's performance of its decommissioning obligations, or the payment of associated costs, up to the penal sum of the bond.

The Principal pays the Surety an annual premium, typically ranging from approximately 1% to 3% of the bonded amount, depending on the credit profile of the Principal, the characteristics of the underlying assets, and prevailing market conditions.

Importantly, a surety bond is not traditional insurance. The Principal remains ultimately responsible for the underlying obligation. If the Surety is required to make a payment under the bond, it generally has full rights of indemnification and recovery against the Principal.

The Surety continuously evaluates the creditworthiness and financial strength of the Principal and may require collateral support where it believes the risk profile warrants additional protection. Such collateral can take various forms, including cash, letters of credit, or other approved security arrangements.

As offshore assets mature and approach the end of their productive lives, it is increasingly common for Principals and Sureties to establish structured funding arrangements, including sinking funds or other reserve mechanisms, to progressively fund anticipated decommissioning liabilities and reduce the Surety's exposure over time.

The Obligee has the ability to release an existing surety bond and accept replacement security. Subject to the terms of the applicable agreements and regulatory requirements, a Principal is typically able to replace one Surety with another, provided the replacement Surety is acceptable to the Obligee. In practice, where the replacement Surety is of comparable financial strength and standing, such consent is generally expected to be granted. This provides the Principal with important flexibility and promotes competition within the surety market, helping to ensure fair commercial treatment and continued access to bonding capacity.

Contingencies in our Financial Projections

We have assumed, as a contingency, that the company will occur \$2.0 million of costs per annum related to asset retirements. These costs relate to decisions to retire assets early to reduce risks and apply best practices. For example, the non-producing down-hole section of a well might be plugged with cement during a workover operation before it is strictly required from a regulatory perspective to do so.

We have assumed that 1947 Oil & Gas will fund \$5.9 million per annum into a sinking fund in support of its surety bonds.

P&A Management to Create a Competitive Advantage

Renaissance Offshore and Tim Duncan have longstanding and strong relationships in the surety market. We believe that this is a critically important strategic advantage in a context where support from the surety market is essential to successfully acquire offshore oil & gas assets in the Gulf of America.

Likewise, both Renaissance Offshore and Tim Duncan have strong relations with the Bureau of Ocean Energy Management, which is essential as that regulator is entitled to demand surety bonds.

Pursuant to the same logic, from a Surety perspective, a strong balance sheet is also a critically important advantage for offshore oil & gas companies in the US Gulf of America.

The fact that 1947 Oil & Gas is being launched from a foundation of trust, built over decades through responsible P&A stewardship and stakeholder relationship management by Renaissance Offshore and Tim Duncan, translates into tangible competitive advantages for the company.

Due to the heightened risks related to P&A liabilities, we believe that for many sellers the trustworthiness of the acquirer is of paramount importance even relative to price.

As 1947 Oil & Gas grows, we believe its competitive advantages will strengthen further because both scale and a growth trajectory are advantageous in the surety market. As a result, we believe that 1947 Oil & Gas will become the acquirer of choice for those wishing to dispose of shallow water oil production in the Gulf of America, from the perspective of both the surety providers, the regulators and the sellers.

These considerations support our expectation that 1947 Oil & Gas will become the dominant accumulator of producing oil assets in the shallow Gulf of America.

Research Analyst Disclosures

Brendan Long, CFA

Brendan Long has over 20 years of experience valuing oil & gas projects globally. He has worked for many of the most well-known financial organizations supporting the oil & gas sector including Scotia Capital, BNP Paribas and Bank of Scotland. He holds an MSc. in Finance from the London School of Economics, a Certificate in Petroleum Reservoir Evaluation from the Harold Vance Department of Petroleum Engineering of Texas A&M University, a Masters from Sciences-Po, Paris and he is a Certified Financial Analyst (CFA) charterholder.

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