CREST
CORPORATE BROKING

1947 OIL & GAS

AIM: 1947
Price: 9.48p

Target
19.4p (16.2p)

2 November 2026

Rec: **CONVICTION BUY**

TP Upgrade

We are increasing our TP for 1947 Oil and Gas from 16.2p to 19.4p (+20%) to reflect the strength in oil markets, increasing our assumed WTI oil price from $75/b to $80/b. The change in our assumptions reflects i) a WTI spot price regularly trading above $100/b, ii) a surge in the futures market for WTI for delivery in 2027 to $90/b, and iii) an increased recognition of the structural strength in oil markets into 2027 and beyond. We take the opportunity to assess 1947 Oil & Gas' valuation relative to that of the most comparable peer, namely, Talos Energy, which further underpins our CONVICTION BUY recommendation.

Oil Prices – Recognition of Structural Strength

We believe that oil prices will rise considerably in the mid-term due to a structural undersupply caused by underinvestment in the sector and due to war-related supply disruptions; however, we have applied a conservative oil price for our valuation of 1947 Oil & Gas to align ourselves with market perceptions. We now see financial markets rerating their outlook for oil: We highlight that many of the most recognized global banks have increased their oil price forecasts in the last two months, notably, Morgan Stanley, UBS, Goldman Sachs, HSBC, ANZ, Bank of America, and Citi, amongst others – recognition of a structural tightening of oil markets. Reinforcing a structurally bullish outlook, Fatih Birol Head of the International Energy Agency stated on 26 October 2026: "I don't see any credible pathway that the markets will go next year, where we were before this war has started." Most importantly, we observe the price of WTI crude oil in the futures market for 2027 has risen to $90/barrel, with the spot price for WTI regularly trading above $100/b. We expect that this TP upgrade reflecting the recognition of the structural strength in oil markets to be the first of several of its kind over the mid-term as financial markets further appreciate the tightness in oil markets and the structural nature of that tightness.

1947 Oil & Gas Organic Growth Outlook for 2027

As a reminder, we had assumed that 1947 Oil and Gas would complete one workover program before the 2026 year-end: The company announced on 26 October 2026 that it had successfully completed one workover program – encouraging. We assume that the company completes two workovers in 2027 and one sidetrack well (with timing dependent on rig availability). Those assumptions form the basis of our 37% increase in production for 2027 to circa 4,400 boe/d (circa 87% oil). We believe the base is set to achieve that target – this is high impact growth. If the company achieves our production growth estimates over the next three years that would capture our full 2P value estimate of 30.5p – expect organic value creation.

Investment Thesis – Growth from a Proven Blueprint

The company intends to grow its oil weighted production in the shallow waters of the Gulf of America via i) organic growth and ii) value-accretive acquisitions. We expect the company to exploit its unique competitive advantages and the strong reputation of its board to become the dominant acquirer of producing assets in its area of operation. Tim Duncan, Executive Chairman of 1947 Oil & Gas, founded, listed and grew Talos Energy (TALO NYSE; mkt cap: $3.0bn) into a company producing circa 100,000 boe/d in the deep waters of the Gulf of America: Acting as Executive Chairman of 1947 Oil & Gas, he intends to apply the same blueprint – we see delivery.

Net Asset Value

Full 2P value	30.5p
Target price	19.4p
Upside to 2P value	222%
Upside to target price	105%

Valuation Metrics

EV/EBITDA 2027e	2.1x
EV/2P reserves	$6.97/boe

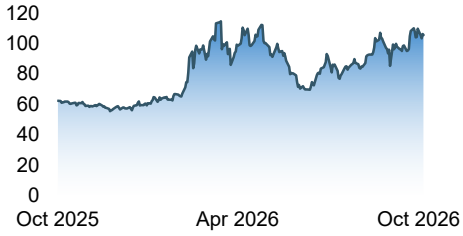
Market Data

Price	9.48p
Market cap	£62m

Key Assumptions

Oil price (WTI)	$80/b
Oil price inflation	2%

Oil Price ($/b; WTI)



Brendan Long, CFA

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1947 Oil & Gas – Valuation, Financial and Operational Summary

Capital Structure and Enterprise Value

Share price (p)	9.48
Shares outstanding (m)	651.1
Market cap (£m)	**61.7**
Warrants and options outstanding (m)	186.5
Fully diluted shares outstanding (m)	837.6
Fully diluted market capitalisation (£m)	79.4
Fully diluted market capitalisation ($m)	107.2
Debt ($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)	**137.3**

Valuation Metrics

EV/2027 EBITDA (x)	2.1
P/E 2027 (x)	2.7
EV/2P reserves ($/boe; net)	6.97
Upside relative to 2P value	222%
Upside relative to Target Price	105%

Key Macro Assumptions

	4Q 2026e	2027e	2028e	2029e
Oil price ($/b; WTI)	87.27	80.86	82.48	84.13
Nat. gas pr. ($/mmbtu)	3.15	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 ($/boe)	**78.22**	**72.69**	**74.24**	**75.56**
Bonus costs ($/boe)	(2.65)	(1.28)	(1.48)	-
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)	**(44.66)**	**(32.72)**	**(28.98)**	**(26.43)**
EBITDA ($/boe)	**33.56**	**39.97**	**45.26**	**49.12**
EBITDA ($m)	**9.8**	**64.6**	**86.1**	**100.2**

Target price (NPV10; $80/b WTI oil price inflated at 2% p.a.)

	Source of Resource Estimate (org.)	Class. (SPE)	Oil *net* (mil. b)	BOE *net* (mil. boe)	Full Success Case Value ($m; NPV10)	Value / Barrel of Liquids ($/bbl)	Full Succes-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	124	12.29	11.0	100%	11.0	*3,032; 2026*
2P Growth	NSAI	2P	5.8	8.2	251	43.28	22.2	50%	11.1	*6,027; 2029*
Total 2P asset value			**15.9**	**19.7**	**375**	**23.59**	**33.2**		**22.1**	
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					**345**		**30.5**		**19.4**	

Summary Income Statement ($m)

	4Q 2026e	2027e	2028e	2029e
Revenues	22.8	117.5	141.3	154.1
Cash costs	(11.4)	(46.5)	(48.7)	(47.4)
Depreciation	(3.9)	(21.4)	(25.2)	(27.1)
Gross profit	**7.5**	**49.5**	**67.3**	**79.7**
G&A	(1.6)	(6.4)	(6.4)	(6.6)
Operating profit	**5.9**	**43.2**	**60.9**	**73.2**
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	**5.0**	**39.6**	**57.1**	**69.3**
EPS (fully diluted; p)	*n.a.*	*3.5*	*5.0*	*6.1*

Summary Cashflow Statement ($m)

	4Q 2026e	2027e	2028e	2029e
Op. cashflow	9.2	62.2	83.5	97.6
Change in work. cap.	(1.5)	(4.4)	(0.1)	1.2
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	**2.6**	**28.6**	**51.5**	**66.3**

Summary Balance Sheet ($m)

	4Q 2026e	2027e	2028e	2029e
Cash	9.1	37.7	89.2	155.5
ARO sinking fund	1.3	7.2	13.1	19.0
Receivables	14.0	20.3	20.6	19.3
Long-term assets	199.7	200.3	198.5	195.4
Total assets	**224.1**	**265.5**	**321.4**	**389.2**
Payables	4.0	5.9	6.1	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**	**78.1**	**79.5**	**80.7**
Equity	149.1	187.4	241.9	308.5
Total liabs. & equity	**224.1**	**265.5**	**321.4**	**389.2**

Asset Location: Gulf of America, USA



Sources: Crest Corporate Broking Research; 1947 Oil & Gas; Bloomberg

Peer Comparison – Talos Energy

Tim Duncan is the founder of Talos Energy (TALO, NYSE; mkt cap: $3.0bn), which he listed on the NYSE in 2012 before growing its production to circa 100,000 boe/d, in the deep waters of the Gulf of America. As mentioned, his intention is to apply the growth blueprint of Talos Energy to 1947 Oil and Gas, focusing on the shallow waters of the Gulf of America.

We highlight that 1947 Oil and Gas trades at a discount to Talos Energy across all metrics – creating a value disconnect, and a compelling opportunity (Table 1).

Table 1 1947 Oil and Gas Peer Valuation Comparison (based on Crest CB $80/b WTI oil price assumption)

	Share Price (local)	Mkt. Cap. Diluted ($m)	EV* ($m)	Price / Crest CB 2P Val. Estimate (x)	Price / Crest CB TP Estimate (x)	EV* / Crest CB 2027E EBITDA Estimate (x)	EV* / 2P Reserves ($/boe)
1947 Oil & Gas	9.48	107	137	31%	49%	2.1	7.35
Talos Energy	18.23	3,162	5,497	65%	73%	3.1	17.72
1947 Oil & Gas implied potential rerating				**+110%**	**+49%**	**+47%**	**+141%**

Notes:

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

Source: Crest Corporate Broking; Talos Energy, 1947 Oil and Gas, Bloomberg

We believe that 1947 should trade at a premium to Talos Energy because:

i) We believe 1947 Oil and Gas has a more obviously value accretive M&A outlook: Specifically, from its lower production base, 1947 Oil and Gas is expected to execute significantly value accretive acquisitions in the shallow waters of the Gulf of America which are sub-scale for large companies such as Talos Energy.

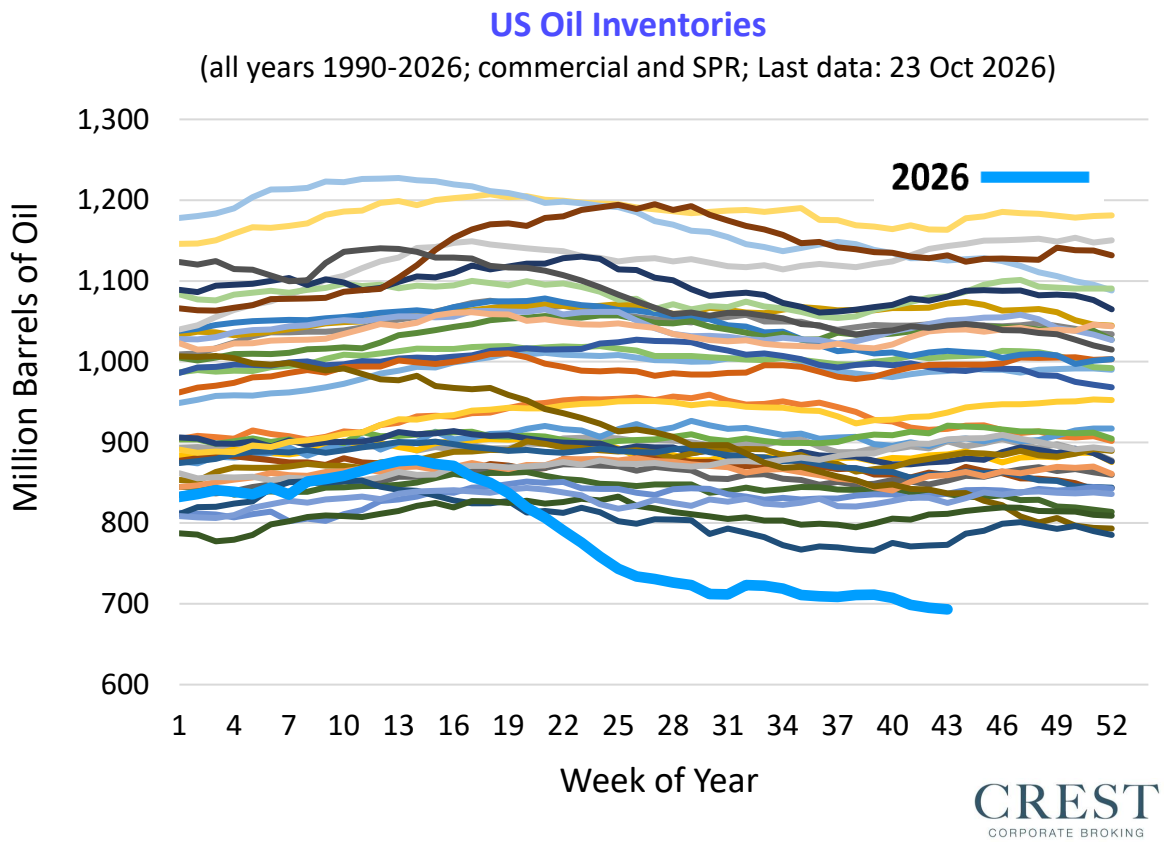
ii) We believe that 1947 Oil and Gas has a more obvious organic growth trajectory which we expect to unlock significant value: Specifically, the upside between our full 2P valuation and our fair value estimate (TP) for Talos Energy amounts to 12% ($27.96 per share vs. $25.00 per share), whereas that figure is a much more significant 57% for 1947 Oil and Gas (30.5p per share vs. 19.4p per share). The comparison underlines the degree to which Talos Energy is already producing its 2P reserves, whereas 1947 Oil and Gas is only producing a fraction of its 2P reserves providing a high-quality, low-risk growth trajectory via the exploitation of booked reserves, specifically through workovers and sidetrack drilling.

See Summary Page (page 2; 1947 Oil and Gas) and Appendix 2 (page 5; Talos Energy) for further analysis.

Appendix 1 – US Oil Inventories

We observe that US oil inventories, a leading global indicator of market conditions, continue to fall relentlessly even in the autumn months during which inventories typically build (Figure 1).

Figure 1 **US Oil Inventories**



Source: Crest Corporate Broking; US EIA

Appendix 2 – Talos Energy, Crest Corporate Broking Research

Capital Structure and Enterprise Value

Share price ($; TALO, NYSE)	18.23
Shares outstanding (m)	167.0
Market capitalisation ($m)	3,043.8
Diluted shares outstanding (m)	173.4
Diluted market capitilisation ($m)	3,161.8
Cash ($m)	(577.6)
Investments and restricted cash ($m)	(203.8)
Cash consideration for Na Kika acquisition (closing in 2026)	475.0
Debt ($m)	1,228.8
Asset retirement obligations ($m)	1,394.1
Hedging liability (Crest Sec. estimate; $m)	74.7
Enterprise value ($m)	**5,553.1**

Valuation Metrics

EV/2027 EBITDA (x)	3.1
P/E 2027 (x)	8.1
EV/2P reserves ($/boe; net)	17.90
Upside relative to Full Value Estimate	53%
Upside relative to Fair Value Estimate	37%

Key Macro Assumptions

	2024A	2025A	2026E	2027E
Oil price ($/b; WTI)	76.63	65.49	85.48	80.00
Nat. gas pr. ($/mmbtu)	2.24	3.56	3.41	3.29

Operational Summary and Cashflow per BOE Analysis

	2024A	2025A	2026E	2027E
Oil prod (kb/d; net)	65.8	65.9	69.7	80.4
BOE prod (kboe/d; net)	92.6	94.6	94.8	107.7
% oil	*71%*	*70%*	*74%*	*75%*
% current hedge book	*0%*	*0%*	*16%*	*14%*
Revenue ($/boe)	**58.23**	**51.57**	**69.28**	**64.56**
Opex ($/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**	**47.38**	**44.86**
EBITDA* ($m)	**1,314**	**1,076**	**1,640**	**1,764**

**before hedging*

Fair Value Estimate (NPV10; $80/b WTI oil price inflated at 2% p.a.)

	Source of Resource Estimate (org.)	Class. (SPE)	Oil net (mil. b)	BOE net (mil. boe)	Crest CB Full Success Case Value ($m; NPV10)	Value / Barrel of Liquids ($/bbl)	Full Succes-Case Value ($/sh)	Risking Factor (%)	Crest Sec. Risked Fair Value Estimate ($/sh)	Peak Production net (kboe/d;yr)
Core NAV (+ Na Kikka)	Crest CB	2P	196.3	266.7	6,460	32.91	37.2	100.0%	37.2	*112;2028*
2P Growth	NSAI	2P	37.0	43.5	472	12.76	2.7	50.0%	1.4	*111.8; 2029*
Daenerys	Crest CB	prospective	26.7	40.5	310	11.60	1.8	10.0%	0.2	*n.a.*
Asset value			**260.0**	**350.7**	**7,241**	**27.85**	**41.8**		**38.8**	
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)					**(75)**		(0.4)		(0.4)	
Full value and risked fair value					**4,850**		**27.96**		**25.00**	

Summary Income Statement ($m)

	2024A	2025A	2026E	2027E
Revenues	1,974	1,780	2,398	2,538
Lease op. exp.	(566)	(547)	(591)	(624)
Gross profit	**1,408**	**1,233**	**1,807**	**1,914**
G&A	(202)	(155)	(155)	(150)
Depreciation	(1,024)	(1,056)	(948)	(1,062)
Operating profit	**182**	**22**	**704**	**702**
Other expenses	(254)	(626)	(647)	(314)
Profit before tax	**(71)**	**(604)**	**57**	**388**
Tax	(5)	109	20	-
Other	-	(1)	(0)	-
Net income	**(76)**	**(496)**	**77**	**388**
EPS (fully diluted)	*(0.44)*	*(2.83)*	*0.44*	*2.24*

Summary Balance Sheet ($m)

	2024A	2025A	2026E	2027E
Cash	108	363	462	1,463
Other short-term assets	551	478	561	535
Long-term assets	5,532	4,711	4,607	4,025
Total assets	**6,192**	**5,552**	**5,630**	**6,024**
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	2,217	2,605
Total liabs. & equity	**6,192**	**5,552**	**5,630**	**6,024**

Summary Cashflow Statement ($m)

	2024A	2025A	2026E	2027E
Op. cashflow	956	1,028	1,265	1,455
Change in work. cap.	7	(92)	(149)	26
Cash from financing	436	(165)	(67)	-
Capital expenditure	(1,320)	(547)	(950)	(480)
Change in cash	**78**	**225**	**100**	**1,001**

Core Asset Location: Gulf of America, USA



Sources: Crest Corporate Broking Research; Talos Energy

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 Scotiabank, 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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