SINTANA ENERGY INC (TSX:SEI.V)

Share price: C$1.10

April 24, 2024

Target: C$1.60

Reloading in Namibia

- Sintana is acquiring up to 67% of Giraffe Energy from Crown Energy. Giraffe holds 33% interest in PEL79, located inboard of blocks operated by BW Energy, Rhino Resources and Shell. NAMCOR, Namibia's national company, holds 67% in the licence.
- The success at PEL83 has proven that the shallower water area in the Orange basin can be very attractive. PEL79 is one of the last remaining licenses in the basin not operated by a private operator. There is already over 4,760 km of 2D seismic, 1137 km2 of 3D seismic and 1 well with gas shows (Kudu source rock) on the licence. Sintana has partnered with the previous country manager of Galp to assess and acquire the asset.
- Sintana indicates that BW Energy has acquired 4,600 km2 of new 3D seismic over PEL3, located directly west of PEL79, in 2023 and has moved to initiate an oil-focused exploration campaign.
- Rhino Resources, operator of PEL85 which sits directly outboard to the west of the southern reach of PEL79, is progressing with the planning and contracting of a two-well campaign expected to start in 4Q24.
- There are very limited work program commitments through the remaining licence period.
- Pending further details on the prospectivity of PEL79, we re-iterate our target price of C$1.60 per share. We are not attributing any value yet to the potential material upside on PEL83.

Rating & target		Old	New
Target		C$1.60	n.c.
Yield			0%
Implied total return			45%
Share data	**2022**	**2023e**	**2024e**
Shares dil., mm	270	386	385
Mkt cap (FD), US$m	$23	$318	$339
EV, US$mm	$17	$314	$316
Financial data	**2022**	**2023e**	**2024e**
CFO, US$mm	($6)	($2)	($1)
Net capex, US$mm	$1	$0	$3
Net debt, US$mm	($6)	($4)	($23)
CFPS dil., US$/shr	($0.06)	($0.01)	($0.00)
EPS dil., US$/shr	($0.01)	$0.00	($0.00)
Valuation	**2022**	**2023e**	**2024e**
Share price, C$/shr	$0.11	$1.10	$1.10
EV/DACF	n.a.	n.a.	n.a.
Net asset value			
CNAV, C$/shr			$0.85
RENAV, C$/shr			$1.59
Unrisked NAV, C$/shr			$3.39
P/CNAV			1.3x
P/RENAV			0.7x
P/Unrisked NAV			0.3x

All figures in US$ unless otherwise noted

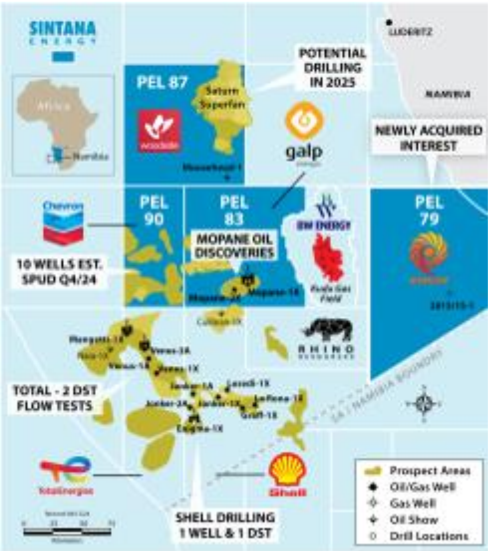
The transaction

Sintana is initially acquiring 49% of Giraffe for US$2 mm. Sintana has a 5 year option to acquire a further 18% for US$1 mm.

Value build-up

Our unrisked value of **each** of Sintana's 4.9% interest in PEL90 and PEL83 is C$0.86/sh and of Sintana's 7.3% interest in PEL87 is C$1.26/sh. Our valuation of PEL83 reflects only the 10 bn bbl of oil in place discovered so far. We value Sintana's interest in PEL79 at US$3 mm for the time being. Overall our ReNAV for Sintana is C$1.59/sh. The possible farm-out of Galp's interest in PEL83 could also be a rerating event.

Location of the acquired asset



Source: Company

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Prepared by Auctus Advisors LLP
See final two pages for important disclosures

Figure 1. Financial & operating information

Sintana Energy Inc. (SEIV)		Historical & Auctus Advisors Outlook					
Financial & Operating Information		**2022**	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**
Commodity Prices							
Brent	US$/bbl	$99.60	$82.10	$85.52	$74.97	$70.00	$70.00
Henry Hub	US$/mcf	$6.42	$3.00	$4.38	$5.50	$5.50	$5.50
USD / CAD	US$/C$	0.770	0.748	0.800	0.800	0.800	0.800
Production							
Oil & Gas	boe/d	0	0	0	0	0	0
Financials							
Cash Flow (CFO)	US$mm	($6)	($2)	($1)	($1)	($1)	($1)
CFPS - diluted	US$/shr	($0.06)	($0.01)	($0.00)	($0.00)	($0.00)	($0.00)
EBITDAX	a US$mm	($5)	($2)	($1)	($1)	($1)	($1)
E&D Capex	US$mm	$0.00	$0.29	$0.00	$0.00	$0.00	$0.00
A&D Capex, Net	US$mm	$0.86	$0.00	$2.50	$0.00	$0.00	$0.00
Total Net Capex	US$mm	$0.86	$0.29	$2.50	$0.00	$0.00	$0.00
Total Net Capex/CFO	x	-0.1x	-0.2x	-2.7x	0.0x	0.0x	0.0x
Leverage							
Net Debt	US$mm	($6)	($4)	($23)	($22)	($22)	($21)
Net debt/CFO (Trailing)	x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Entry Net Debt/CFO	x	($0)	n.a.	n.a.	n.a.	n.a.	n.a.
Capital Structure							
Basic Shares o/s @ YE	mm	270	271	362	362	362	362
Diluted Shares o/s @ YE	mm	270	386	385	385	385	385
Market Capitalization (fully diluted)	US$mm	$23	$101	$339	$339	$339	$339
Enterprise Value	US$mm	$17	$97	$316	$316	$317	$318
Dividends & Sustainability							
Dividends	US$mm	0	0	0	0	0	0
Dividends	C$/shr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Dividend Yield	%	0%	0%	0%	0%	0%	0%
Free Cash Flow	US$mm	($7)	($2)	($3)	($1)	($1)	($1)
Cash Use/CFO	%	-14%	-18%	-267%	0%	0%	0%
Performance							
Prod. Per Shr Growth (Y/Y) - dil.	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PPS Growth (Y/Y) DDA - dil.	b %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CFPS Growth (Y/Y) - dil.	%	52771%	-74%	-42%	-20%	0%	0%
CFPS Growth (Y/Y) DDA - dil.	b %	13881%	-93%	-50%	-24%	0%	0%
ROCE	%	-2%	-18%	-6%	-6%	-5%	-5%
Net Asset Value	c						
CNAV (Atax) - diluted	C$/shr	$0.85					
RENAV (Atax) - diluted	C$/shr	$1.59					
Unrisked NAV (Atax) - diluted	C$/shr	$3.39					
P/CNAV	x	1.3x					
P/RENAV	x	0.7x					
P/Unrisked NAV	x	0.3x					
Valuation		**2022.0x**	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**
Share Price, YE/Current	C$/shr	$0.11	$0.35	$1.10	$1.10	$1.10	$1.10
P/CF	x	-1.4x	-46.2x	-330.5x	-431.0x	-431.0x	-431.0x
EV/DACF	x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Target EV/DACF	x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

a) EBITDAX = Pre-Int. & Pre-Tax Cash Flow; b) DDA = Debt-and-Dividend-Adjusted

c) CNAV incl. 2P reserves, RENAV incl. 2P reserves + Risked LT inventory upside, ENAV incl. 2P reserves + Unrisked LT inventory upside

Source: Auctus advisors, Company Disclosures **Futures strip as of 24-Apr-24

Figure 2. NAV Table

Asset Valuation	WI Reserves and Resources (bcf)	CoS (%)	Unrisked (US$mm)	EMV (US$mm)	C$/Share (Risked)	C$/Share (Unrisked)	% Total
Net Cash/Debt YE24			17	17	0.06	0.06	4%
G&A			-2	-2	-0.01	-0.01	0%
Options and Warrants exercise			4	4	0.01	0.01	1%
PEL 83 (Namibia Offshore)	150.0	90%	250	225	0.78	0.86	49%
Total Core NAV			**269**	**244**	**0.85**	**0.07**	**53%**
PEL 90 (Namibia Offshore)	n.a.	33%	250	82	0.29	0.86	18%
PEL 87 (Namibia Offshore)	167.9	33%	364	76	0.26	1.26	17%
PEL 82 (Namibia Offshore)			4	4	0.02	0.02	1%
PEL 79 (Namibia Offshore)			2	2	0.01	0.00	0%
PEL 103 (Namibia Onshore)			0	0	0.00	0.00	0%
VMM 37 (Colombia)		50%	90	50	0.17	0.35	11%
Total Risked Exploration			**710**	**215**	**0.75**	**2.49**	**47%**
Total			**979**	**459**	**1.59**	**3.39**	**100%**
Unrisked NAV					**3.39**		
P/Core NAV				**130%**			
P/NAV				**69%**			
P/Unrisked NAV				**32%**			

Source: Auctus Advisors, Company Reports

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