

# SINTANA ENERGY INC (TSX-V:SEI)

October 16, 2025

Share price: C\$0.52

Target: N/A

## Widening high impact exploration footprint with deeper relationship with Chevron

- Sintana is acquiring Challenger Energy in an all-share transaction under which Challenger shareholders will receive 0.4705 new Sintana shares for each Challenger share held. Challenger shareholders will hold ~25% of the combined entity on completion.
- Challenger holds interests in two exploration licences, offshore Uruguay. The transaction is strategically compelling, creating a combined entity with a diversified portfolio of high-impact exploration licences spanning both sides of the South Atlantic conjugate margin. Sintana's balance sheet would also be boosted by Challenger's US\$9 mm net cash.
- Uruguay is an emerging basin that has become an exploration hotspot for large independents and supermajors in under three years with Chevron, Shell, Apache and YPF now holding licences. Challenger was the first company to enter Uruguay in 2020.
- Challenger holds a 40% WI in AREA OFF-1 with Chevron as operator (60% WI). Challenger also holds a 100% WI in AREA OFF-3. A farm-out process is expected to commence in 4Q25.
- Chevron is a strategic partner to Sintana across multiple Namibian licences, including PEL 82 and PEL 90, where Sintana holds an effective ~5% interest in each. The presence of a common partner across assets in both Namibia and Uruguay, at varying stages of maturity, could offer financial flexibility to Sintana. While Chevron's carry continues in Challenger's OFF-1 license and Sintana's PEL 82, Sintana will be required to fund its share of drilling costs at PEL 90, currently anticipated for 2H26.
- Important newsflow for the combined entity includes (1) a farm-out of PEL 83 by Galp, potentially by YE25, (2) the results on ongoing exploration drilling on BWE's PPL003 licence, (3) farm-out of OFF-3 and (4) drilling at PEL 90 in 2H26.
- Pending the completion of the transaction, we are withdrawing our target price and forecasts.

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### Resources

Challenger's WI Pmean prospective resources are estimated at 1,180 mmboe. Based on Galp's reported 0.7 bnboe contingent resources for Mopane based on operations through November 2024 (equating to essentially the first 2.5 wells), we estimate ~43 mmboe net contingent resources to Sintana for PEL 83 on the same basis. Using prospective resource disclosures from Pancontinental and Corcel, and assuming PEL 90 holds a similar volume to AREA OFF-3, we estimate Sintana's net prospective resources at ~248 mmboe. Under the 25%/75% split in the combined entity, Sintana has effectively exchanged ~11 mmboe contingent resources and ~62 mmboe prospective resources across Namibia and Angola, in return for ~885 mmboe prospective resources in Uruguay.

## Merger with Challenger Energy

Sintana is acquiring Challenger Energy in an all-share transaction under which Challenger shareholders will receive 0.4705 new Sintana shares for each Challenger share held. Challenger shareholders will hold ~25% of the combined entity on completion. Challenger holds interests in two exploration licences with a gross area of 19,000 km<sup>2</sup> offshore Uruguay.

- AREA OFF-1: Challenger holds a 40% WI, with Chevron as operator (60%). Chevron is funding a US\$35 mm 3D seismic program, and—subject to a positive outcome—will carry 50% of Challenger's share of costs for the first exploration well, capped at US\$20 mm net. The block is located ~100 km offshore in water depths of 80–1,000 m, and is estimated to contain ~2 bnboe Pmean prospective resources, with ~800 mmboe net to Challenger.
- AREA OFF-3: Challenger holds a 100% WI in this block, which spans water depths of 20–1,000 m. The licence benefits from extensive legacy 2D and 3D seismic coverage, and was previously held by bp. A farm-out process is expected to commence in 4Q25. Multiple prospects have been identified, with up to 980 mmboe of potential recoverable resources, including ~380 mmboe best estimate prospective resources across two shallow-water targets—Benteveo and Amalia.

The transaction is strategically compelling, creating a combined entity with a diversified portfolio of high-impact exploration licences spanning both sides of the South Atlantic conjugate margin.

### Timetable, recommendation and key conditions

The merger has been recommended by the Challenger board. Sintana has received irrevocable undertakings to vote in favour of the transaction in respect of a total of 85.3 mm Challenger Shares, representing 34.2% of the issued Challenger shares.

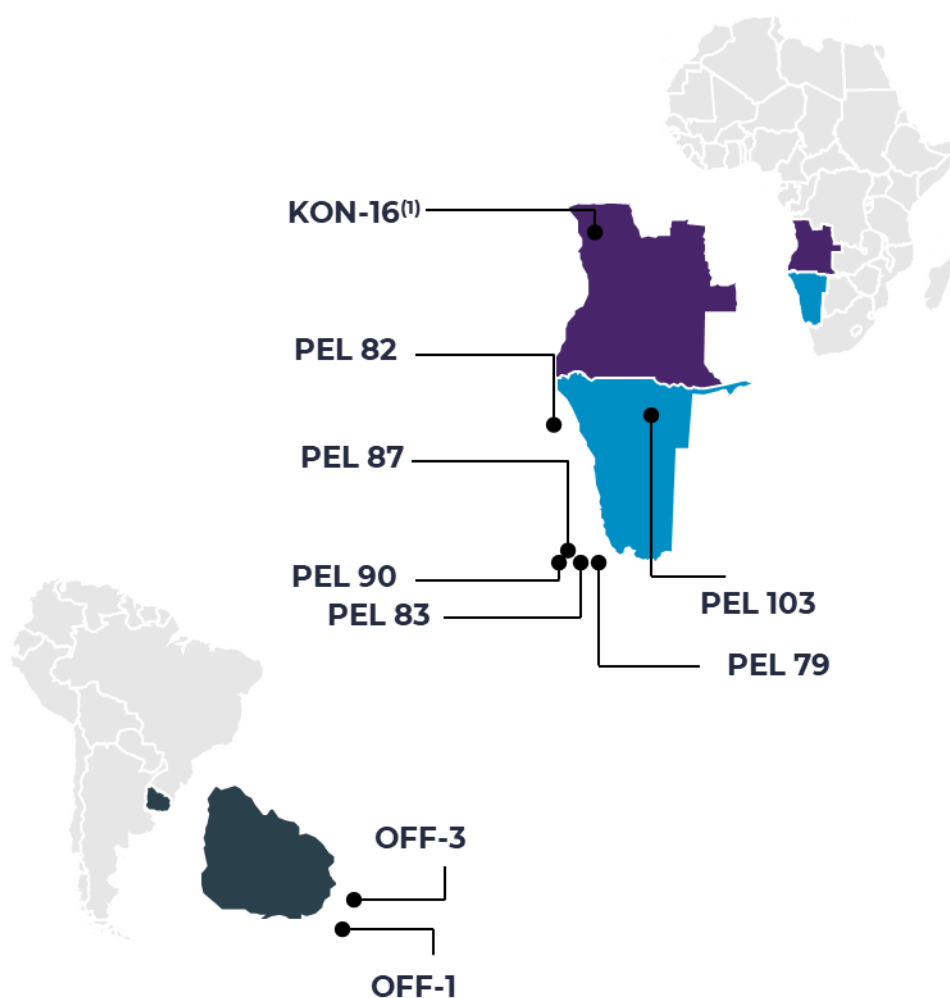
The transaction is expected to complete in 4Q25. Sintana also expects to start trading on AIM in 4Q25. The transaction has to be approved by Challenger shareholders and is also conditional upon the consent of the Uruguay regulator, ANCAP.

**Figure 1. Challenger's licences**



Source: Company

**Figure 2. Sintana/Challenger assets**



Source: Company

## Reflections on resources

Challenger's exploration portfolio includes an estimated ~2 bnboe of Pmean gross prospective resources at AREA OFF-1, equating to ~800 mmboe net to its 40% WI, and ~380 mmboe at AREA OFF-3, bringing total WI prospective resources to ~1,180 mmboe.

For Sintana, Galp has reported ~0.7 bn contingent resources net to their 80% WI at Mopane, which suggests ~43 mmboe net to Sintana's interest in PEL 83. Using gross best-case prospective resources from Pancontinental (PEL 87: 2.3 bnboe), Corcel (Angola: 744 mmboe), and assuming PEL 90 holds volumes comparable to AREA OFF-3 (~2 bnboe), Sintana's net prospective resources are estimated at ~248 mmboe.

No prospective resource estimates have been disclosed for PEL 82, 79, or 103, given their early-stage status. On this basis, Challenger holds ~932 mmboe more net prospective resources than Sintana.

**Figure 3. Prospective resources**

Country/Asset	Prospective resources (mmbbl)			Source
	Gross (mmboe)	WI (%)	WI (mmboe)	
CHALLENGER				
AREA OFF-1	2,000	40.0%	800	Challenger
AREA OFF-3	380	100.0%	380	Challenger
Total			1,180	
SINTANA				
KON 16	744	5.0%	37	Corcel
PEL 87	2,300	4.9%	113	Pancontinental
PEL 90	2,000	4.9%	98	Assuming = OFF-1
PEL 82	?			
PEL 103	?			
PEL 79	?			
Total			248	

Source: Company



Post completion, Challenger and Sintana's shareholders will hold respectively ~25% and ~75% of the combined entity. Under this 25%/75% split, Sintana has effectively exchanged ~11 mmboe contingent resources and ~62 mmboe prospective resources (25% of 43 mmboe contingent resources and 248 mmboe) across Namibia and Angola, in return for ~885 mmboe prospective resources (75% of 1,180 mmboe) in Uruguay.

## Upcoming newsflow

There are multiple catalysts for the combined entity including drilling and outcomes of farm-out processes. Important newsflow includes (1) a farm-out of PEL 83 by Galp, potentially by YE25, (2) the results on ongoing exploration drilling on BWE's PPL003

licence by YE25, (3) farm-out of OFF-3 due to start before YE25 and (4) drilling at PEL 90 expected in 2H26.

**Figure 4. Newsflow**

Permit / AREA	H1/24	H2/24	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26
PEL 79	Acquired 100% in PEL 79	Evaluate Data & Plan Work Programs			Extended 2nd term for 12 months	Evaluate Data & Plan Future Drilling Programs		
PEL 82	Chevron Acquired 80%		Evaluate Data & Plan Work Programs		Evaluate Data & Plan Future Drilling Programs			
PEL 83	Mopane-1X & 2X Drilled	Mopane-1A & 2A Drilled	Mopane-3X Discoveries	Galp Farm-out Process	Evaluate 3D Seismic/Drilling Data/Farm-out and Plan Additional Work Programs			
PEL 87	3D AVO/Prospect Evaluation, Seismic License Issued		Woodside opts out of Farm-in <sup>(1)</sup>	PCL Farm-out Process	PCL Farm-out Process, Evaluate Data & Plan Future Drilling Programs			
PEL 90	Evaluate Data & Plan Work Programs		Drilled Kapana-1X	Evaluate/Plan Work Programs	Evaluate Data & Plan Future Drilling Programs			
OFF-1	Chevron Acquired 60%		Evaluate Data, 3D Environmental Permitting		3D Seismic Acquisition and Processing			
OFF-3	Licence Signed	Phase 1 Technical Work Program				Farm-out Process	Partner Selection and Phase 2 Technical Work	

Source: Company

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