STIFEL

UK Energy & Power
Industry Update

May 9, 2022 **Oil & Gas Exploration and Production**

Upping our oil and gas prices: tighter energy markets likely to last into 2024-25

Summary

We increase our oil price and UK gas price assumptions; this leads to two recommendation changes and changes to our NAVs and target prices (see Figure 1, p.4 for more detail). We see energy markets remaining tighter then previously expected into 2024/2025; for oil, we increase our long-term oil price assumptions from $65/bbl to $70/bbl for 2024 onwards, reflecting higher longer-term risks to supply. We also now expect high UK gas prices to persist into 2025.

Key Points

Our commodity price forecasts rise as follows:

2022E: from $75/bbl to **$95/bb**l; UK gas rises from 125p/therm to **175p/therm**

2023E: from $70/bbl to **$85/bbl;** UK gas rises from 95p/therm to **125p/therm**

2024E: from $65/bbl to **$70/bbl;** UK gas rises from 55p/term to **75p/therm**

2025+: from $65/bbl to **$70/bbl:** UK gas unchanged at 55p/therm

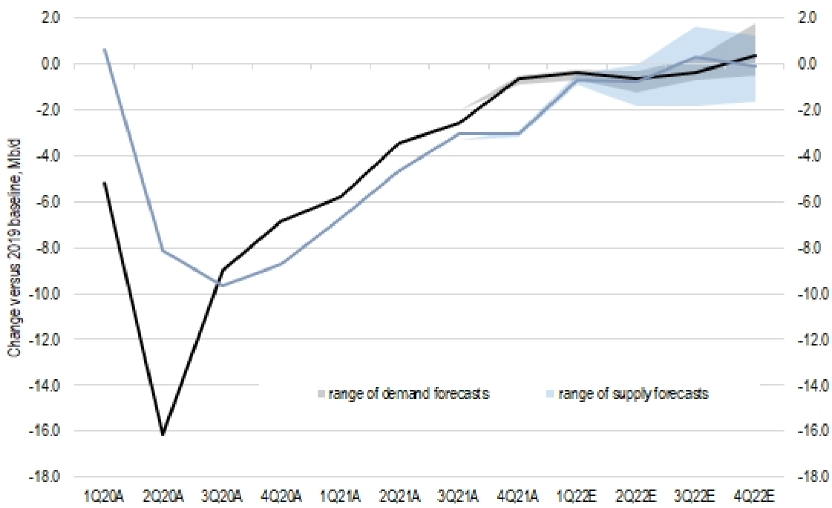
We make three recommendation changes:

- **Tullow Oil: we upgrade from Sell to Hold**, new target price 68p
- **AkerBP: we upgrade from Sell to Hold**, new target price NOK355

Oil - it's all about the geopolitics

- **Risks to oil supply from geopolitics 10x the size of risks to oil demand from a slowing global economy.** Since December 2021, demand forecasts from the major forecasters (OPEC, EIA, IEA) have reduced by c.0.5-0.8Mb/d, but this has been more than matched by a reduction of c.0.8M b/d in supply forecasts, indicating a tightening market despite higher oil prices. The range of supply forecasts has also increased markedly, indicating significant uncertainty in the global oil supply/demand balance.

Oil market now tighter in 2022 than previously forecast; uncertainty especially on supply also increased



Source: OPEC, EIA, IEA, Stifel estimates

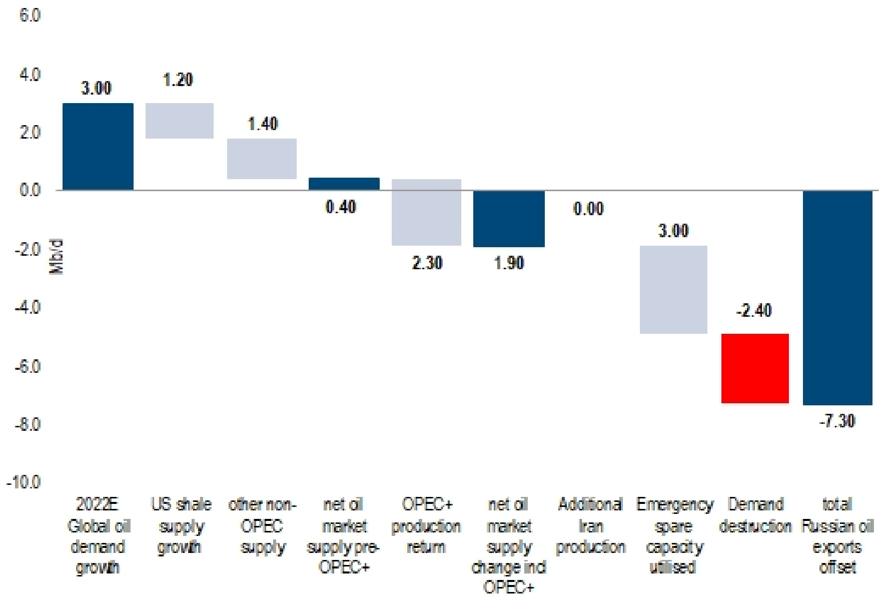
- **The tail risk of $200/bbl oil has not gone away.** Recent research (link) looked at whether Russian oil could be backed out of the global oil market entirely. We think that it would require 2-3Mb/d of demand destruction, which, in our view, would need prices similar to those seen in

Chris Wheaton | +44 (0) 20 7710 7623 | chris.wheaton@stifel.com
David Round | +44 (0) 20 3465 1106 | david.round@stifel.com
UK Sales Desk | +44 (0) 20 7710 7600

Completed: 9 May 2022 02:10EDT
Disseminated: 9 May 2022 02:10EDT

mid-2008, the last time the oil market saw significant price-driven demand destruction, and $140/bbl in 2008, adjusted for inflation, is $200/bbl now. We show the 2022E oil market balance below, highlighting the potential c.2.5Mb/d of demand destruction required to hold demand at c.97-98Mb/d - the same level as in 2017 - vs c.100Mb/d demand currently forecast in 2022.

Oil market needs to price c.2.5Mb/d of demand from the market to avoid using Russian oil

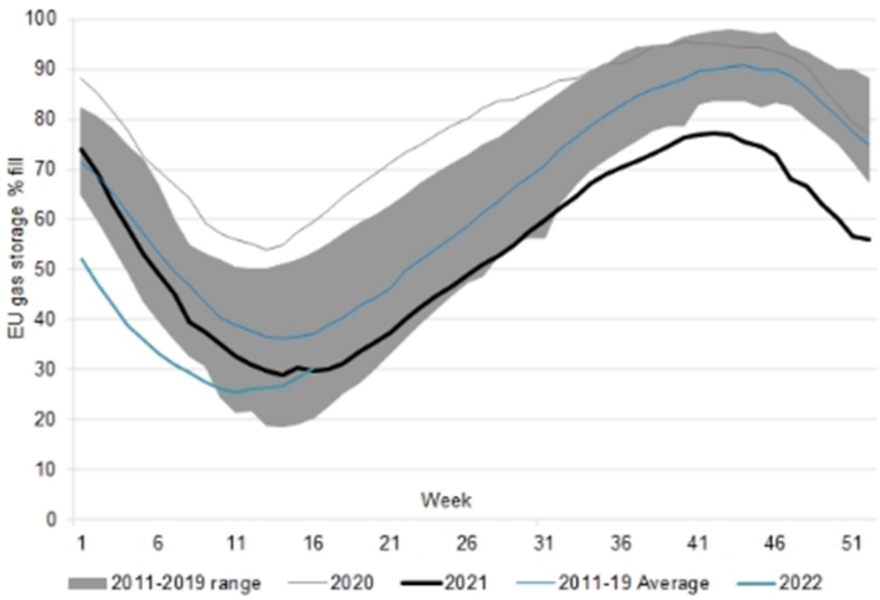


Source: IEA, EIA, OPEC, Stifel estimates

Gas: market responding to all-time-high prices

- **The EU gas market has eased from its extreme tightness that persisted from 2H21 into March 2022**, though is still below its long-term (2011-2019) average. This is a combination of a number of factors, including demand destruction from both warmer-than-average weather and much higher gas prices, e.g. nitrogen fertiliser companies cut production as early as December 2021, and much higher LNG imports into the EU. Current EU gas storage levels are shown below.

EU gas storage levels improving from 2021-22 winter crisis, but still only back to 2021 levels



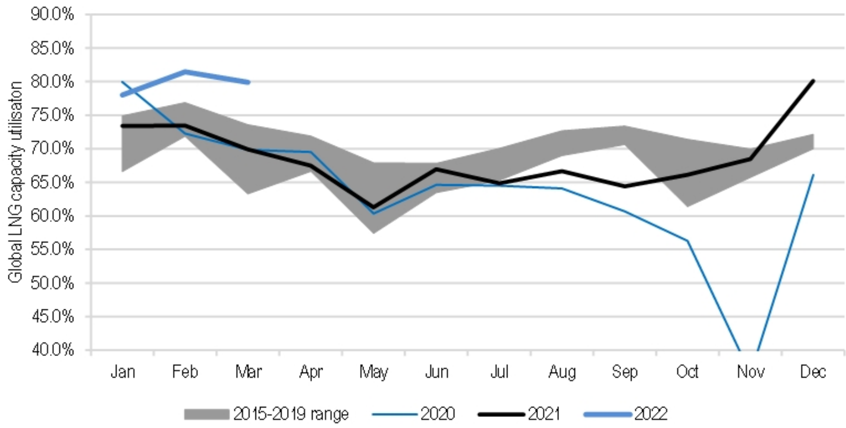
Source: Bloomberg

However, we still think European gas prices will remain high through the rest of 2022 and 2023 for two reasons:

- **As discussed in research back in January (link), there is still the risk of the war in Ukraine disrupting gas imports into Europe,** disruption which we think the global LNG industry would be unable to fully offset, and we believe that European gas prices will retain this geopolitical risk premium for the foreseeable future.
- **LNG prices, which we think have the major role in setting EU gas prices, as LNG is the marginal source of gas, we expect to remain high**, however, as European demand continues to compete with Asian demand. The EU decision to mandate an 80% fill level for gas storage by 1 October also adds a price-insensitive element to LNG demand.

No more incremental LNG can be supplied. The global LNG industry has been struggling with uptime and being able to produce the LNG its customers need - a combination of issues with maintenance on ageing fleet of liquefaction capacity, but also decline of supply of natural gas feedstock after years of under-investment. With record-high LNG margins, the industry has stepped up to c.80% capacity output in 1Q22 (as shown below), and we estimate that the vast majority of this increase in output (c.10Mte total across Jan-March) has flowed into Europe, with Asian LNG purchasers facing the winter 2022/23 with no additional supply secured so far this year and ongoing continued competition for LNG from Europe.

Global LNG industry seeing some uptime rebound despite record-high prices, but at "glass ceiling" of 80%



Source: Bloomberg, Stifel estimates

What's changed?

The change in commodity price forecasts drives changes in target prices and recommendations as detailed below:

Figure 1: Summary of target price and recommendation changes

Company	Price	New Target Price	% Up/down side	Prior Target Price	% change	Rating	Prior Rating if changed
Aker BP	NOK356	NOK355	-0.3%	NOK270	31.5%	HOLD	SELL
Capricorn Energy	206p	241p	17.0%	217p	11.1%	HOLD	
Deltic Energy	3.0p	4.3p	43.3%	4.3p	0.0%	BUY	
Diversified Energy Co	123p	160p	30.1%	160p	0.0%	BUY	
Eco (Atlantic)	32p					SUSPENDED	
Energean	1286p	1400p	8.9%	1350p	3.7%	BUY	
Genel Energy	196p	185p	-5.6%	160p	15.6%	HOLD	
GeoPark	$16	$18	14.6%	$15	20.0%	BUY	
Gulf Keystone	269p	280p	4.1%	260p	7.7%	BUY	
Harbour Energy	500p	750p	52.0%	630p	19%	BUY	
Hurricane Energy	10p					SUSPENDED	
I3 Energy	28p	35p	25.0%	30p	16.7%	BUY	
Jadestone Energy	102p	125p	22.5%	110p	13.6%	BUY	
Longboat Energy	68p	120p	76.5%	120p	0.0%	BUY	
Lundin Energy	SEK424	SEK430	1.4%	SEK350	22.9%	HOLD	
PetroTal	38p	76p	100.0%	64p	18.8%	BUY	
Reabold Resources	0.4p	1.9p	375.0%	1.5p	26.7%	BUY	
SDX Energy	9p	29p	222.2%	42p	-31.0%	BUY	
Serica Energy	360p	453p	25.8%	440p	3.0%	BUY	
Tullow Oil	57p	68p	19.3%	44p	54.5%	HOLD	SELL
Wentworth Resources	22p	39p	77.3%	37p	5.4%	BUY	

Source: Refinitiv Eikon prices as of close 5 May 2022, Stifel estimates

We increase our oil price forecasts for 2022 to $95/bbl from $75/bbl, 2023E to $85/bbl from $70/bbl and 2024E+ to $70/bbl from $65/bbl. This compares with c.$102/bbl Brent year-to-date and c.$100/bbl average for 2022E implied by the oil futures market.

We make bigger changes to our gas price forecasts, as we expect the market dislocation to last for longer than in the oil market. We raise our 2022E prices from $125p/therm to 175p, 2023E from 95p to 125p/therm, and 2024E from 55p to 75p/therm.

These changes are summarised below:

Figure 2: Increasing forecast commodity prices; increasing gas prices more than oil

Commodity	2022E	2023E	2024E	2025+
Brent oil $/bbl	95	85	70	70
Prior	75	70	65	65
% change	+27%	+21%	+8%	+8%
UK Nat Gas p/therm	175	125	75	55
Prior	125	95	55	55
% change	+40%	+32%	+36%	-
US Nat Gas $/Mcf	4.25	3.75	3.25	3.25
Prior	3.75	3.00	3.00	3.00
% change	+13%	+25%	+8%	+8%

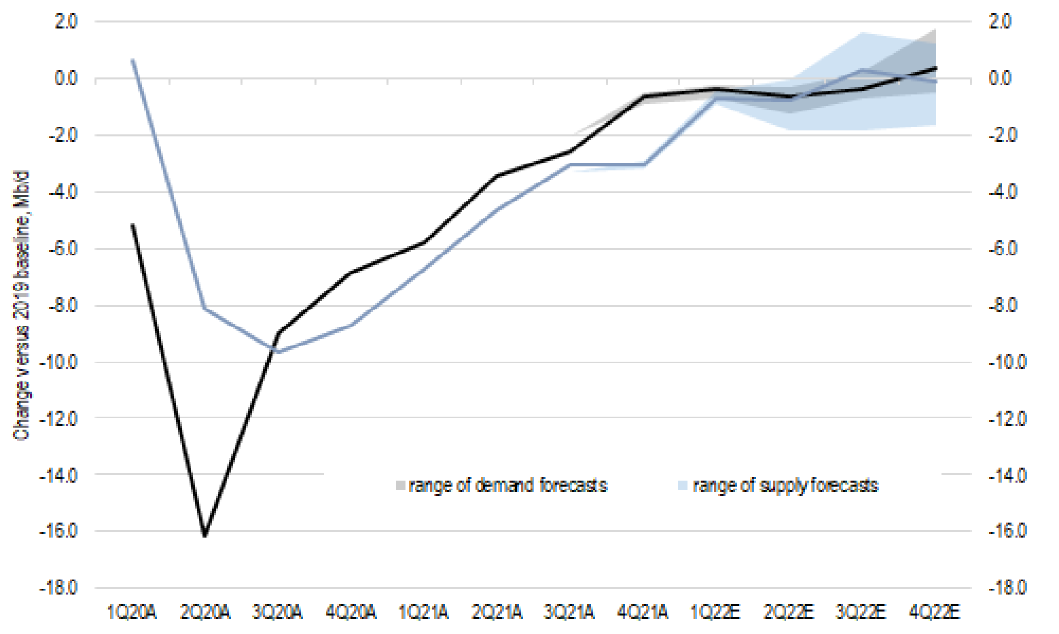
Source: Stifel estimates

Key points on oil & gas supply/demand/price outlook

Oil: it's all about the geopolitics

Risks to oil supply from geopolitics are 10x the size of the risks to oil demand from a slowing global economy. We update the supply/demand balance from the major forecasters (IEA, EIA, OPEC) below, and it is noticeable that since December, demand forecasts have reduced by c.0.5-0.8Mb/d, but that this has been more than matched by a reduction of c.0.8M b/d in supply forecasts, indicating a tightening market despite higher oil prices, and that the range of supply forecasts has increased markedly, indicating the significant uncertainty in the global oil supply/demand balance. We illustrate this below:

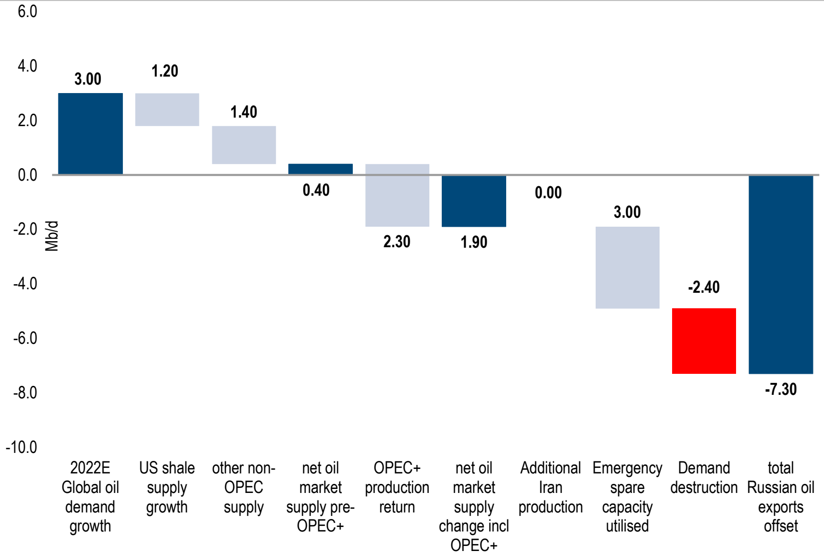
Figure 3: Oil market now tighter in 2022 than previously forecast; uncertainty especially on supply also increased



Source: OPEC, EIA, IEA, Stifel estimates

- **The tail risk of $200/bbl oil has not gone away.** Recent research (link) looked at whether Russian oil could be backed out of the global oil market entirely. We think that it would require 2-3Mb/d of demand destruction, which, in our view, would need prices similar to those seen in mid-2008, the last time the oil market saw significant price-driven demand destruction, and $140/bbl in 2008, adjusted for inflation, is $200/bbl now. We show the 2022E oil market balance below, highlighting the potential c.2.5Mb/d of demand destruction required - essentially holding demand at c.97-98Mb/d, roughly where oil consumption was in 2017 - vs the c.100Mb/d of demand currently forecast for 2022E:

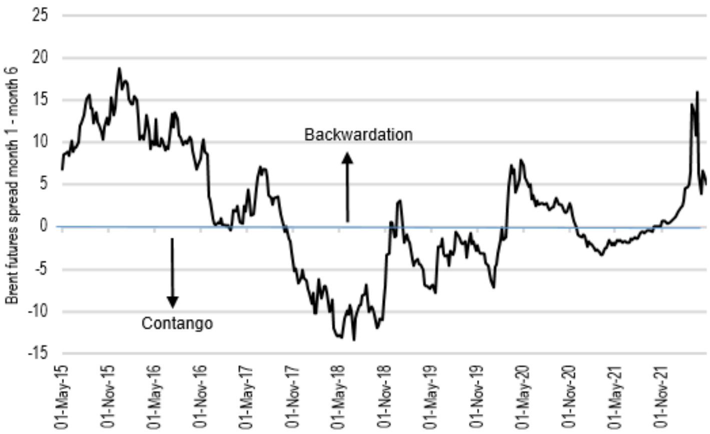
Figure 4: Oil market needs to price c.2.5Mb/d of demand from the market to avoid using Russian oil



Source: IEA, EIA, OPEC, Stifel estimates

This fear of oil market disruption can be seen in the spread between the one-month and six-month Brent futures (a measure of oil market tightness, as demand for oil now pushes month one prices up relative to month six), which although lower than initial crisis highs, is still elevated vs their medium-term averages:

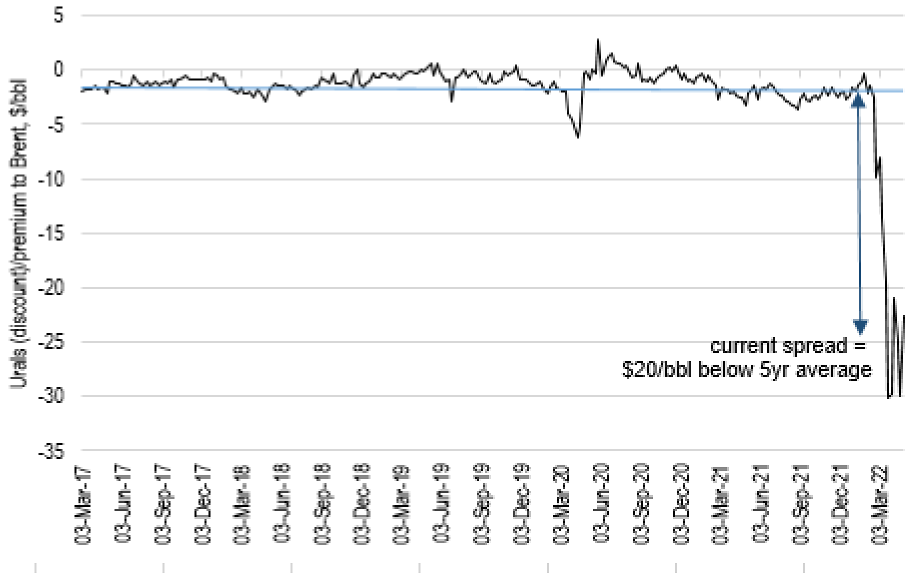
Figure 5: Brent futures spread is indicating growing fears of a tight oil market



Source: Bloomberg

We also note that the oil market is likely already seeing significant volumes of Russian oil being removed from the market - the price difference of Russian Urals crude (the benchmark for Russia's West Siberia oil production) and Brent has expanded to an all-time high of $23/bbl, as shown below - this compares to a five-year average discount of c.$1.20/bbl:

Figure 6: Urals oil not selling in world markets despite historically enormous discounts vs Brent



Source: Bloomberg

Gas: LNG acting as the transmission mechanism for global gas price reflation

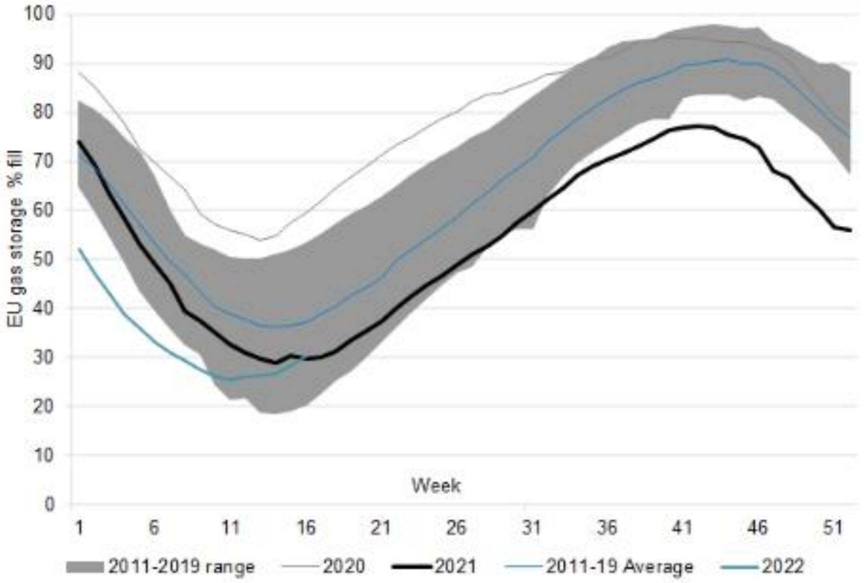
We think the era of gas price deflation that has existed broadly since 2005 has come to an end, for two reasons:

- The substantial amounts of US natural gas being produced as associated gas alongside shale oil production at a cost at the very bottom of the global gas cost curve have been curtailed thanks to capex restraint in the US shale industry (see discussion above). This means the US is no longer a source of deflation through cheap LNG exports.

- The global LNG industry is not able to respond with additional volumes to fully meet the gap between rising demand and constrained supply, and this is creating a shortage of flexible gas supply volumes in both key LNG markets of Europe and Asia.

However, market response to all-time-high prices means that the EU gas market has eased from its extreme tightness that persisted from 2H21 into March 2022, though is still below its long-term (2011-2019) average. This is due to a combination of a number of factors, including demand destruction from both warmer-than-average weather and much higher gas prices, e.g. nitrogen fertiliser companies cut production as early as December 2021, and much higher LNG imports into the EU. Current EU gas storage levels are shown below:

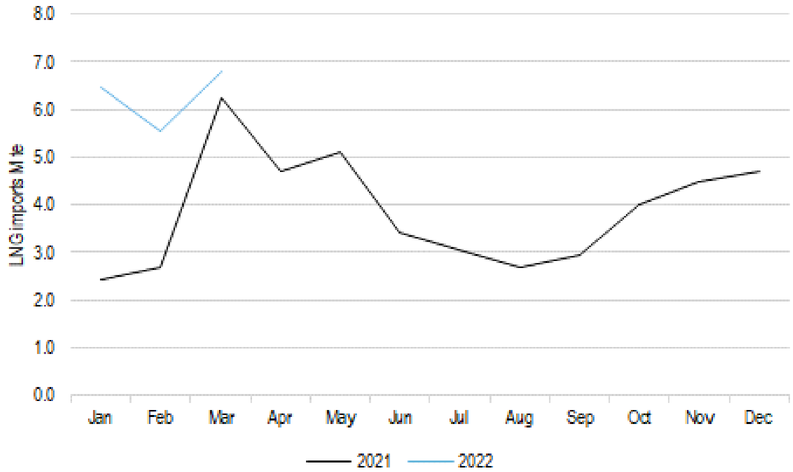
Figure 7: EU gas storage levels improving from 2021-22 winter crisis, but still only back to 2021 levels



Source: Bloomberg

We think the majority of this is through higher imports of LNG, with EU+UK imports of LNG running c.50% above 2021 levels for the first three months of 2022, as shown below:

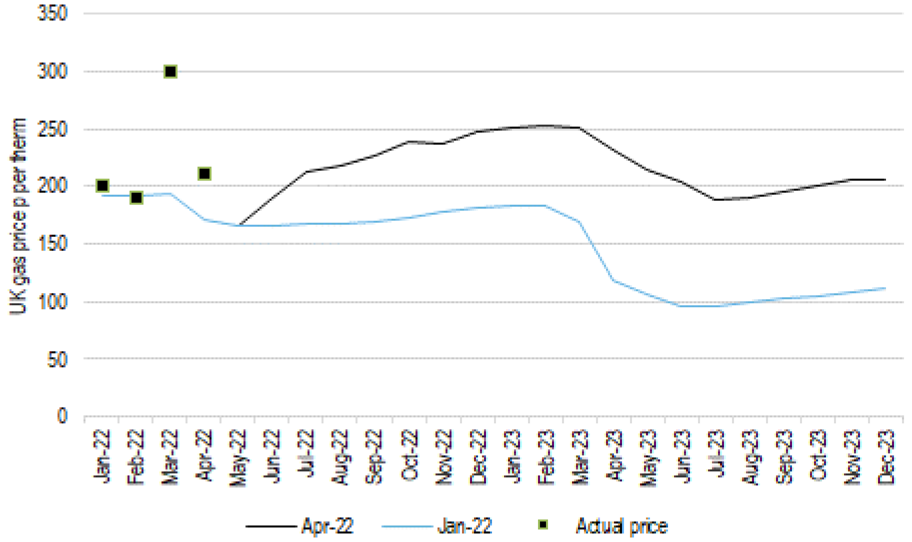
Figure 8: European LNG imports up sharply in 1Q22, driving improvement in gas storage levels



Source: Bloomberg

This has started to have an effect on both spot and forward gas prices, with prices easing from March highs as fears over geopolitical disruption to gas supplies into Europe peaked, but with prices still several times the long-run average. The current forward curve, against that at end-January, is shown below:

Figure 9: UK gas price forward curve now includes a substantial geopolitical risk premium versus start of January



Note: April actual gas price is average month to date. Source: Bloomberg

However, we still think European gas prices will remain high throughout the rest of 2022 and into 2023 for two reasons:

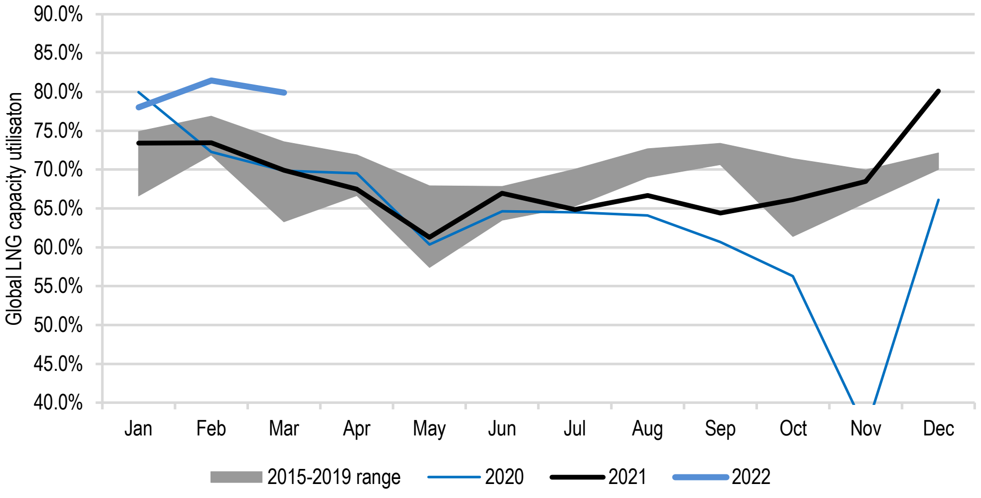
1) As discussed in research back in January (link), there is still the risk of the war in Ukraine disrupting gas imports into Europe, disruption that we think the global LNG industry would be unable to fully offset, and we believe that European gas prices will retain this geopolitical risk premium for the foreseeable future.

2) LNG prices - which we think have the major role in setting EU gas prices, as LNG is the marginal source of gas - we expect to remain high, however, as European demand continues to compete with Asian demand. The EU decision to mandate 80% fill level for gas storage by 1 October also adds a price-insensitive element to LNG demand.

The global LNG industry has been struggling with uptime and the ability to produce the LNG its customers need - a combination of issues with maintenance on ageing fleet of liquefaction capacity, but also decline of supply of natural gas feedstock after years of under-investment. Global uptime for the industry in 2021 was c.68%, below historical averages, and once Qatar and US production volumes are stripped out (both of which have high uptime vs global averages), the rest of the industry, about two-thirds of global liquefaction capacity, was running at only 50% uptime, which illustrates the problem the LNG industry has in supplying its customers.

However, with record-high LNG margins, the industry has stepped up to c.80% capacity output in 1Q22 (as shown below), and we estimate that the vast majority of this increase in output (c.10Mte total across Jan-March) has flowed into Europe, with Asian LNG purchasers facing winter 2022/23 with no additional supply secured so far this year and ongoing continued competition for LNG from Europe.

Figure 10: Global LNG industry seeing some uptime rebound despite record high prices, but at "glass ceiling" of 80%

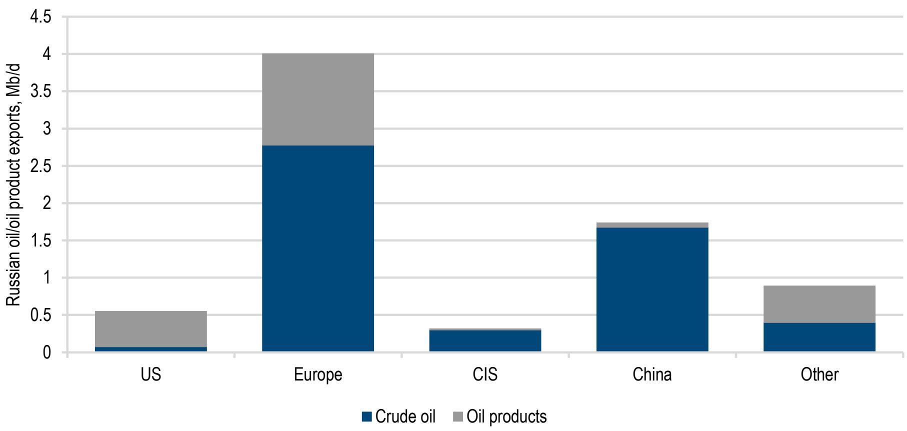


Source: Bloomberg, Stifel estimates

Therefore, we expect the LNG price crunch to continue through 2022, and for this to keep gas prices elevated in both Europe and Asia throughout this summer and into winter 2022/23E as Asia enters the market for LNG supplies for winter 2022/23. We also expect a more volatile gas price in the future, with potentially large spikes in prices in winter depending on weather-related demand.

Diesel, we think, is the next pinch-point in commodity supply. The EU's plan to eliminate imports of Russian crude oil may get most headlines but it is the ban on imports of refined products by end-2022 that we believe is most concerning. Europe imports significant amounts of diesel and part-refined fuel oil, which is then subsequently refined into diesel, especially from Russia (where the oil industry has spent much of the last two decades investing in refineries to produce European-specification fuels to export into Europe). Figure 11 below illustrates the issue, with Russia supplying c.30% of European demand in 2020 (4Mb/d of c.13Mb/d) including 1-1.5Mb/d of refined products:

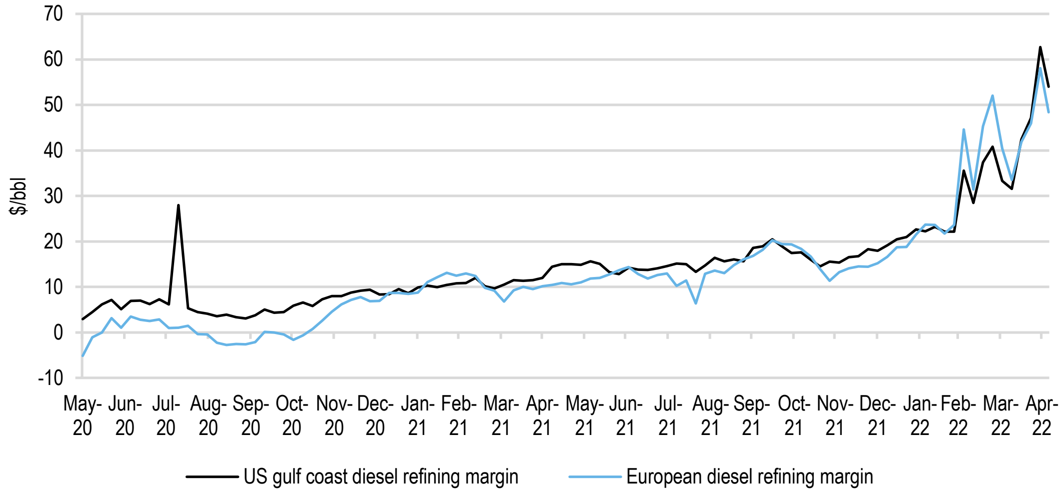
Figure 11: Russia's main oil export market is Europe, then China



Source: Stifel estimates

We already think Russian refined product imports into Europe are under a de facto embargo, as refining margins for diesel in both the US and Europe are rising sharply as shown below, evidence we think of lack of supply:

Figure 12: Atlantic basin diesel refining margins starting to show significant rises as Russian exports end



Source: Bloomberg

Company-specific commentary

In this section, we summarise valuation updates and key drivers for 2022 for the companies under our coverage: **Updated financial models are available on request.**

AkerBP (upgrade from Sell to Hold, TP from NOK270 to NOK355)

- There are two drivers to our change in NAV and target price and thus recommendation. The increases to our commodity price forecasts adds NOK31 to our NAV, reflecting the relatively high tax take in Norway. However, the recent changes to the Norwegian tax system, implemented in order to support the longevity of Norway's oil industry, have a much larger effect on our NAV, increasing it by another c.54NOK. Combined, this increases our NAV from NOK272 to NOK NOK357, and we move our target price to NOK355. We also note that NOK74 or c.20% of our NAV is derived from our estimate of the NPV of future tax allowances, which given the nature of the tax system is hard to calculate accurately and may be subject to change again in the future. With our revised target price offering less than 10% upside to the current share price, we move to a Hold rating.

Figure 13: Risked NAV of NOK357, up from NOK272 previously

Country / Region	Asset	Unrisked gross mmboe	Interest %	Unrisked net mmboe	Risk %	Risked net mmboe	NPV $/boe	Unrisked NPV $m	Unrisked NPV NOK/sh	Risked NPV $m	Risked NPV NOK/sh
Norway	Alvheim	83	80%	66	100%	66	14.2	939	13	939	13
Norway	Volund	6	100%	6	100%	6	(5.6)	(33)	(0) -	33	(0)
Norway	Vilje	13	47%	6	100%	6	14.1	86	1	86	1
Norway	Boyla	9	80%	7	100%	7	13.4	97	1	97	1
Norway	Valhall/King Lear	453	90%	408	100%	408	8.2	3,323	47	3,323	47
Norway	Edvard Grieg	229	65%	149	100%	149	7.5	1,111	16	1,111	16
Norway	Ula/Tambar/Oda	24	53%	43	100%	43	9.9	180	3	180	3
Norway	Skarv	520	24%	124	100%	124	8.2	1,015	14	1,015	14
Norway	Ivar Aasen	80	36%	29	100%	29	10.4	302	4	302	4
Norway	Johan Sverdrup	2,748	32%	868	100%	868	9.7	8,447	120	8,447	120
Norway	NOAKA	625	67%	419	100%	419	5.3	2,212	32	2,212	32
Norway	Garantiana/Gohta/Filicudi			71	100%	71	14.7	1,044	15	1,044	15
Norway	Gina Krog/Atla/Enoch		various	7	100%	7	12.0	84	1	84	1
Present value of G&A, post tax								(138)	(2)	(138)	(2)
NPV of claimed merger synergies								800	11	800	11
NPV of tax allowances								5,169	74	5,169	74
2022E dividend payable- assumes deal closes end 3Q								813	12	813	12
Adjusted net (debt)/cash (YE22e)								(4,108)	(59)	(4,108)	(59)
Core NAV		**4,789**		**2,202**		**2,202**		**21,343**	**304**	**21,343**	**304**
Norway	Lundin development portfolio	2,243	32.9%	739	72%	528	7.9	4,162	59	2,976	42
Norway	Alvheim area 2C	50	65.0%	33	75%	24	9.2	299	4	224	3
Norway	Ula/Tambar 2C	28	80.0%	22	75%	17	14.6	326	5	244	3
Norway	Aerfugl phase 2	119	23.8/30%	28	75%	21	14.1	398	6	298	4
Norway	Valhall area 2C	18	90.0%	17	75%	12	(21.6)	(357)	(5) -	268	(4)
Norway	Ivar Aasen area 2C	74	36.2%	27	75%	20	11.4	303	4	227	3
Core + Contingent assets		**7,321**		**3,067**		**2,825**		**26,475**	**377**	**25,046**	**357**
										-	-
Exploration- 5 targets				**351**		**129**		**2,458**	**35**	**900**	**13**
Total NAV		**7,321**		**3,418**		**2,953**		**28,933**	**412**	**25,946**	**370**

Source: Stifel estimates

Capricorn Energy (Hold, TP up from 217p to 241p)

- Capricorn is well-placed, in our view, to continue the transformation of the business, with a forecast $780M in cash post capital return (pre-buyback) on balance sheet by the end of 2022E. However, we continue to see the immediate upside from Egypt as being limited, and think it will take exploration spend (and quick conversion of exploration into production) to grow value in Egypt. Meanwhile, the other lever of value creation can be through redeploying that cash into further asset acquisitions. While our NAV increases to 241p per share, we retain our Hold rating. Our revised NAV is shown below:

Figure 14: Risked NAV increases from 217p to 241p

Country	Asset	Unrisked gross	Interest	Unrisked net	Risk	Risked net	NPV	Unrisked NPV		Risked NPV	
		mmboe	%	mmboe	%	mmboe	$/boe	$m	p/sh	$m	p/sh
Egypt	Obaiyed	68	50%	34	100%	34	3.6	122	28	122	28
Egypt	BED	27	50%	14	100%	14	6.5	88	20	88	20
Egypt	NEAG	15	26%	4	100%	4	6.0	23	5	23	5
Egypt	AESW	105	20%	21	100%	21	3.5	74	17	74	17
Egypt	NM	33	50%	17	100%	17	5.9	98	23	98	23
Egypt	NAES	4	50%	2	100%	2	(6.1)	(13)	(3)	(13)	(3)
Egypt	Total Western Desert	253	36%	91	100%	91	4.3	392	90	392	90
Net (debt)/cash YE22E								781	180	781	180
Egypt contingent payments NPV								(50)	(11)	(50)	(11)
UK disposal contingent payments NPV								79	18	79	18
Present value of G&A								(252)	(58)	(252)	(58)
Core NAV		**253**		**91**		**91**		**951**	**219**	**951**	**219**
Egypt 2C upside		88	48%	42	50%	21	4.1	86	20	43	10
Senegal contingent disposal payments					50%			91	21	45	10
UK	Agar/Plantain	30	50%	15	20%	3	3.5	53	12	11	2
Core + Contingent assets		**371**		**149**		**115**		**1,181**	**272**	**1,050**	**241**
Egypt	Exploration assets	800	50%	400	25%	100	3.0	1,200	276	300	69
UK	Diadem	35	50%	18	25%	4	15.0	263	60	66	15
Mexico	Block 10- Saasken- discovery	80	15%	12	35%	4	2.5	30	7	11	2
Exploration		**915**		**430**		**109**		**1,493**	**343**	**376**	**86**
Total NAV		**1,286**		**578**		**224**		**2,673**	**615**	**1,426**	**328**

Source: Stifel estimates

Deltic Energy (Buy, TP 4.3p)

- Events in recent months have provided a timely reminder of the importance of gas within the UK's energy mix and Deltic has put itself into a strong position to capitalise on this. Our longer-term gas prices are unchanged; therefore, we see no direct impact to Deltic's valuation, although we would highlight that we recently revised up our NAV on the back of refined development costs and improved line of sight to additional drilling with Capricorn Energy. We eagerly await the drilling of Pensacola, the significance of which is evident when you consider the interested parties (Shell farmed into the prospect in 2019 and Capricorn has positioned itself for follow-on drilling). Whilst the Selene well remains uncommitted, we remain hopeful this can be added to the forward programme, along with a potential well at Plymouth. Exploration is inherently risky but we see upside to our risk-adjusted NAV of 4.3p, with a success case potentially delivering over 20p/sh.

Figure 15: Risked NAV of 4.3p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	**p/sh**	**$m**	**p/sh**
	Admin & Decom.	(24)	(1.3)	(24)	(1.3)
	Net Cash/(Debt)	13	0.7	13	0.7
	Exploration	(1)	(0.1)	(1)	(0.1)
Core NAV		**(13)**	**(0.7)**	**(13)**	**(0.7)**
Core NAV + Contingent assets		**(13)**	**(0.7)**	**(13)**	**(0.7)**
UK	Pensacola	88	4.6	48	2.6
UK	Selene	172	9.0	34	1.8
UK	Plymouth	82	4.3	8	0.4
UK	Cadence	174	9.2	4	0.2
Exploration		**516**	**27.2**	**94**	**5.0**
Total NAV		**503**	**26.5**	**81**	**4.3**

Source: Stifel estimates

Diversified Energy (Buy, TP 160p)

- Investors' narrow focus on only the most leveraged names to commodity prices is making Diversified look an even more compelling investment proposition. Its hedged position means it doesn't have the same torque to prices as some peers but this is a name that is already expected to deliver close to a 30% FCF yield in 2022 and its increasing exposure to the Central Region positions the company to capitalise on increased international demand for US gas. We still believe there is some overhang due to market concerns around emissions; in our view, this is unwarranted and will unwind as the company continues to execute on its emissions-targeting strategy. Furthermore, M&A continues to be an avenue for additional value, particularly if prices remain robust and Diversified can exploit synergies and production enhancement opportunities. We tweak up US gas prices, although this is offset by widened differentials in Appalachia. Our target price is unchanged at 160p/sh.

Figure 16: Risked NAV of 160p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	p/sh	$m	p/sh
Appalachia	Appalachia	2,065	180	2,065	180
Southern Assets	Indigo	165	14	165	14
Southern Assets	Blackbeard	333	29	333	29
Southern Assets	Tanos	204	18	204	18
Southern Assets	Tapstone	263	23	263	23
Southern Assets	East Texas	50	4	50	4
Appalachia	Midstream	352	31	352	31
	Admin & Decom.	(124)	(11)	(124)	(11)
	Net Cash/(Debt)	(1,154)	(101)	(1,154)	(101)
	Other	(537)	(47)	(537)	(47)
Core NAV		**1,617**	**141**	**1,617**	**141**
Southern Assets	Acquisition	196	17	78	7
Appalachia	Appalachia Upside	344	30	137	12
Core NAV + Contingent assets		**2,156**	**188**	**1,832**	**160**
Exploration		**-**	**-**	**-**	**-**
Total NAV		**2,156**	**188**	**1,832**	**160**

Source: Stifel estimates

Energean (Buy, TP up from 1,350p to 1,400p)

- Energean's exposure to commodity prices is often overlooked given the contracting terms in Israel, but it does stand to benefit from improved pricing, particularly in Egypt and Italy, where the Cassiopea project remains on-track for start-up in the next few years. We think Energean offers some of the most tangible upside across our coverage as projects are de-risked and low-risk exploration supports an extended production profile at Karish and potentially additional developments. The Athena exploration well, which is currently drilling, is an important well that could partially de-risk up to ~100 bcm. We understand the market's caution around Karish start-up timing but see this purely as a short-term sentiment risk; the project will come on-stream hopefully later this year and with it, Energean will offer some of the leading cash flows and shareholder returns in the sector.

Figure 17: Risked NAV of 1,399p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	p/sh	$m	p/sh
Israel	Karish & Karish North	3,903	1,570	3,903	1,570
Greece	Prinos	22	9	22	9
Egypt	Abu Qir	248	100	248	100
UK	UK	(83)	(33)	(83)	(33)
Italy	Italy	365	147	365	147
Croatia	Croatia	(1)	(0)	(1)	(0)
	Admin & Decom.	(250)	(101)	(250)	(101)
	Net Cash/(Debt)	(2,282)	(918)	(2,282)	(918)
	Exploration	(160)	(64)	(160)	(64)
	Tax loss uplift and hedging	207	83	207	83
Core NAV		**1,969**	**792**	**1,969**	**792**
Israel	Israel	1,648	663	991	399
Greece	Greece	524	211	204	82
Egypt	NEA NI	118	48	106	43
UK	Glengorm	77	31	27	11
Italy	Cassiopea	240	97	180	73
Core NAV + Contingent assets		**4,577**	**1,841**	**3,477**	**1,399**
Israel	Israel	5,107	2,055	2,554	1,027
Exploration		**5,107**	**2,055**	**2,554**	**1,027**
Total NAV		**9,684**	**3,896**	**6,031**	**2,426**

Source: Stifel estimates

Genel Energy (Hold, TP up from 160p to 185p)

- We would ordinarily expect to be more positive on a stock that we expect to deliver over $250 million of free cash flow this year (>35% yield) but the situation is that we still await the clarity and reassurance required over the Sarta development. Without significant contributions from Sarta, the desire to maintain momentum in the business would fall on the increasingly mature Tawke licence; we would still forecast a few years of impressive cash flows but after that, declines could become more evident and, in our view, the story would continue to struggle to attract investor attention vs peers. We include 31p/sh in our NAV for Sarta and we estimate an upside success case could add ~85p/sh, so the risk-reward, in our view, looks reasonable and we retain our Hold rating. A resolution of the dispute with the KRG over Miran/Bina Bawi represents a risk to our Hold rating, although we have no visibility over this process and we assume a conclusion to arbitration (or otherwise) may be some way off.

Figure 18: Risked NAV of 187p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	p/sh	$m	p/sh
KRI	Taq Taq 1P Genel	2	1	2	1
KRI	Tawke 1P Genel	389	104	389	104
	Admin & Decom.	(42)	(11)	(42)	(11)
	Net Cash/(Debt)	127	34	127	34
	Exploration	(10)	(3)	(10)	(3)
Core NAV		**466**	**124**	**466**	**124**
KRI	Taq Taq 2P Genel	29	8	14	4
KRI	Tawke 2P Genel	75	20	68	18
KRI	Sarta	147	39	118	31
KRI	Bina Bawi Phase 1	735	196	37	10
Core NAV + Contingent assets		**1,453**	**387**	**703**	$\boxed{\textbf{187}}$
KRI	Sarta Upside	297	79	89	24
Exploration		**297**	**79**	**89**	**24**
Total NAV		**1,749**	**466**	**792**	**211**

Source: Stifel estimates

GeoPark (Buy, TP up from $15 to $18)

- Production is ramping up, driven by long-awaited contributions from the CPO-5 drilling programme. Right now, the business offers many traits that should appeal to investors: a growing production base, a strong level of cash flows, material development opportunities at CPO-5 and exploration in Ecuador. The key tangible area of upside remains what can be unlocked from CPO-5 and we wait to see the extent to which reserves can be unlocked, and over what timeframe, as this has been an area of frustration in recent years.

Figure 19: Risked NAV of $18.2

Country	Asset	Unrisked NPV		Risked NPV	
		$m	$/sh	$m	$/sh
Colombia	LLA-34	1,591	26.2	1,591	26.2
Colombia	CPO-5	297	4.9	297	4.9
Colombia	Platanillo	107	1.8	107	1.8
Colombia	Other Colombia	65	1.1	65	1.1
Colombia	OBA 3rd Party Sales	18	0.3	18	0.3
Argentina	Argentina	62	1.0	62	1.0
Brazil	Brazil	13	0.2	13	0.2
Chile	Chile	70	1.2	70	1.2
	G&A Costs	(326)	(5.4)	(326)	(5.4)
	Net Cash/(Debt)	(643)	(10.6)	(643)	(10.6)
	Other	(294)	(4.8)	(294)	(4.8)
Core NAV		**960**	**15.8**	**960**	**15.8**
Colombia	CPO-5 Upside	421	6.9	147	2.4
Core NAV + Contingent assets		**1,381**	**22.7**	**1,108**	**18.2**
Exploration		**-**	**-**	**-**	**-**
Total NAV		**1,381**	**22.7**	**1,108**	**18.2**

Source: Stifel estimates

Gulf Keystone Petroleum (Buy, TP up from 260p to 280p)

- Gulf Keystone has now returned over 50% of its current market capitalisation to shareholders since 2019. Higher commodity prices as well as an asset that continues to exhibit sector-leading low decline characteristics continues to support a level of cash generation that comfortably exceeds the level currently required by the business. We therefore expect Gulf Keystone to continue to deliver sector-leading shareholder returns that should provide support for the share price, although in our view, confirmation of the Shaikan expansion and/or further disappointing drilling results could temper enthusiasm for the shares.

Figure 20: Risked NAV of 278p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	p/sh	$m	p/sh
KRI	Shaikan	929	322	836	290
	Admin & Decom.	(68)	(23)	(68)	(23)
	Net Cash/(Debt)	(28)	(10)	(28)	(10)
	Other				
Core NAV		**833**	**289**	**740**	**257**
KRI	Shaikan 75 kbopd	209	72	63	22
Core NAV + Contingent assets		**1,042**	**361**	**803**	**278**
Exploration		**-**	**-**	**-**	**-**
Total NAV		**1,042**	**361**	**803**	**278**

Source: Stifel estimates

Harbour Energy (Buy, TP up from 630p to 750p)

- In a cheap sector, Harbour Energy stands out as one of a small group of stocks that can generate its market cap in free cash flow to equity over four years 2021-2024E at $65-70/bbl oil. We also believe that the market under-appreciates the leverage the company has to European gas prices, which (as discussed above) we think could stay elevated for several years until new LNG capacity comes into the global LNG market in 2024/25.

- The company will shortly pay its first dividend, and is seeking authorisation from shareholders to start a share buyback, where we think the company could return up to $400M per year on top of a $200M dividend - combined, c.10% of current market cap. We see compelling value in the shares, on both an absolute and relative basis, in addition to the free option from redeployment of capital into value-creating acquisitions. Therefore, we retain our Buy rating with a revised target price of 750p, offering c.50% upside. Our revised NAV is shown below:

Figure 21: Risked NAV increases from 626p to 752, TP from 630p to 750p

Country	Asset	Unrisked gross mmboe	Interest %	Unrisked net mmboe	Risk %	Risked net mmboe	NPV $/boe	Unrisked NPV $m	Unrisked NPV p/sh	Risked NPV $m	Risked NPV p/sh
UK	AELE	47	79.2%	37	100%	37	18.2	672	54	672	54
UK	Catcher	53	50%	26	100%	26	14.3	377	30	377	30
UK	J-Area	148	67%	99	100%	99	14.2	1,403	112	1,403	112
UK	Greater Britannia (GBA)	65	75%	49	100%	49	10.7	528	42	528	42
UK	East Irish Sea (EIS)	18	100%	18	100%	18	13.4	245	20	245	20
UK	Beryl	95	38.5%	37	100%	37	14.9	544	44	544	44
UK	Buzzard	184	21.7%	40	100%	40	23.1	921	74	921	74
UK	Clair	832	7.5%	62	100%	62	16.0	999	80	999	80
UK	Elgin/Franklin	302	19%	58	100%	58	14.5	846	68	846	68
UK	Schiehallion	199	10%	20	100%	20	14.6	290	23	290	23
UK	Tolmount/Tolmount East	65	50%	33	100%	33	27.4	897	72	897	72
UK	Other UK	8	100%	8	100%	8	(15.9)	(134)	(11)	(134)	(11)
Indonesia	Combined portfolio	19	100%	19	100%	19	7.8	149	12	149	12
Vietnam	Chim Sao	11	53.1%	6	100%	6	(0.9)	(5)	(0)	(5)	(0)
Present value of G&A								(560)	(45)	(560)	(45)
Adjusted net (debt)/cash (YE22E)								(756)	(61)	(756)	(61)
NPV of UK tax losses								874	70	874	70
Core NAV		**2,046**		**513**		**513**		**7,291**	**584**	**7,291**	**584**
UK	Chrysaor UK portfolio	920	36%	330	50%	165	10.0	3,300	264	1,650	132
UK	Bressay	101	18%	19	25%	5	4.0	74	6	19	1
UK	Acorn CCS				50%			240	19	120	10
Norway	Grevling	33	35%	12	40%	5	4.5	52	4	21	2
Indonesia	Tuna	100	50%	50	50%	25	5.0	250	20	125	10
Mexico	Zama	784	12.5%	98	50%	49	3.5	342	27	171	14
Core NAV + Contingent assets		**3,984**		**1,021**		**761**		**11,550**	**924**	**9,397**	**752**
Indonesia	Andaman I/II/South	833	29%	242	20%	48	2.0	483	39	97	8
Mexico	Wahoo - Block 30	350	30%	105	30%	32	3.8	399	32	120	10
Exploration		**1,183**		**347**		**80**		**882**	**71**	**216**	**17**
Total NAV		**5,168**		**1,368**		**841**		**12,432**	**995**	**9,613**	**769**

Source: Stifel estimates

STIFEL

i3 Energy (Buy, TP up from 30p to 35p)

i3 has been one of the strongest performers in the sector YTD, partly driven by a depressed starting point, partly by exploiting its relatively unhedged position and partly from an uplift in reserves. We continue to believe that there is further share price appreciation to come; despite the re-rating, i3 still trades at a discount to our NAV, which isn't out of sync with peers, plus its real attraction is its ability to use its increasingly strong balance sheet to monetise what is a vast and, at these prices, highly economic resource base. Our NAV stands at 34p/sh; unrisked, this increases to over 50p/sh, which excludes any value for unbooked wells in Canada, which we estimate could add another ~20p/sh.

Figure 22: Risked NAV of 34p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	p/sh	$m	p/sh
Canada	Central Alberta	252	15	252	15
Canada	Wapiti	99	6	99	6
Canada	Simonette	66	4	66	4
Canada	Noel	17	1	17	1
Canada	Clearwater	8	0	8	0
Canada	Consolidation	10	1	10	1
	Net Cash/(Debt)	6	0	6	0
	Admin & Decom.	(71)	(4)	(71)	(4)
	Exploration	(10)	(1)	(10)	(1)
	Tax loss uplift and Hedges	(17)	(1)	(17)	(1)
Core NAV		**359**	**22**	**359**	**22**
Canada	South Simonette	271	16	149	9
UK	Serenity	223	13	56	3
Core NAV + Contingent assets		**852**	**51**	**564**	**34**
Exploration		**-**	**-**	**-**	**-**
Total NAV		**852**	**51**	**564**	**34**

Source: Stifel estimates

Jadestone Energy (Buy, TP up from 110p to 125p)

- Jadestone, despite fixed price gas projects in the portfolio (Lemang, Nam Du/U Minh) has better exposure to rising commodity prices than many realise, and the market gives it credit for. We increase our target price to 125p as a result, also noting that it is accumulating additional capital that can be deployed either across the portfolio, or inorganically. We still await a decision from the New Zealand government around the Maari transaction, but we remain of the view that OMV is committed to exiting the position; therefore, we believe it is more likely than not that the deal completes. On completion, we would expect to immediately add 11p/sh to our NAV, which would augment Jadestone's already attractive upside.

Figure 23: Risked NAV of 126p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	p/sh	$m	p/sh
Australia	Montara	443	71	443	71
Australia	Stag	78	12	78	12
Malaysia	Malaysia	49	8	49	8
New Zealand	Maari	184	29	110	18
	Net Cash/(Debt)	109	17	109	17
	Admin & Decom.	(222)	(35)	(222)	(35)
	Exploration	-	-	-	-
	Tax loss uplift and hedging	20	3	20	3
Core NAV		**661**	**105**	**587**	**94**
Australia	Montara Upside	87	14	35	6
Indonesia	Ogan Komering	(3)	(1)	(0)	(0)
Indonesia	Lemang	82	13	53	8
Vietnam	Nam Du U Minh Comb	108	17	65	10
Vietnam	Tho Chu	355	56	53	8
Core NAV + Contingent assets		**1,289**	**205**	**793**	**126**
New Zealand	Maari Upside	144	23	72	11
Exploration		**144**	**23**	**72**	**11**
Total NAV		**1,433**	**228**	**865**	**138**

Source: Stifel estimates

Longboat Energy (Buy, TP 120p)

- Longboat has potentially made two significant discoveries with just five wells, which is an impressive return for an exploration company, in our view. Whilst Egyptian Vulture needs to be proved up through appraisal, the recent Kveikje discovery is more straightforward with the key uncertainty being the extent of the attainable upside. In our view, the current share price implies very little for the upcoming very high-impact Cambozola and Copernicus wells, which we believe presents an opportunity for investors to get near-term option-like exposure to two potentially transformational events. Our risked total NAV of 120p/sh is unchanged; our unrisked NAV is over 350p/sh, around 5x the current share price.

Figure 24: Total Risked NAV of 119p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	p/sh	$m	p/sh
	Net Cash/(Debt)	35	46	35	46
	Admin & Decom.	(6)	(8)	(6)	(8)
	Exploration	(16)	(21)	(16)	(21)
	Tax Loss Uplift	-	-	-	-
Core NAV		**13**	**17**	**13**	**17**
Norway	Rodhette	11	14	1	1
Norway	Egyptian Vulture	32	41	16	21
Norway	Kveikje	16	21	10	13
Core NAV + Contingent assets		**71**	**93**	**40**	**52**
Norway	Cambozola	119	156	18	23
Norway	Copernicus	56	74	15	19
Norway	Egyptian Vulture Upside	45	59	18	24
Exploration		**221**	**289**	**51**	**66**
Total NAV		**292**	**382**	**91**	$\boxed{\textbf{119}}$

Source: Stifel estimates

Lundin Energy (Hold, TP up from SEK350 to SEK430)

- We expect the acquisition by AkerBP to complete on 30th June, following approval from the shareholders of both companies. Lundin shareholders will receive $2.2 billion cash plus 271.9 million AkerBP shares. We set our target price according to our AkerBP target price.

PetroTal (Buy, TP up from 64p to 76p)

- We update our estimates following the FY21 results announced on 28 April as well as reflect our new commodity price assumptions. We reduce our 2022 production forecasts by c.1.6kb/d or 10%, and 2023E by 1kb/d or c.6%, due to 1) assumptions of higher downtime in 2022E - increasing our assumption from 15% downtime to 25% to reflect the five-week shutdown in March/early April; 2) delay to the 2022E drilling programme having a knock-on effect on 2023E production rates. We do not see liquidity as an issue; we estimate the company will have c.$30M of unrestricted cash at end-2Q22E after the $20M bond repayment and after $35M capex in 2Q. Our revised NAV is shown below; our target price rises from 64p to 76p:

Figure 25: Risked NAV rises from 64p to 76p per share

Country	Asset/comment	Risked net mmboe	NPV $/boe	Unrisked NPV $m	Unrisked NPV p/sh	Risked NPV $m	Risked NPV p/sh
Peru	Bretana	78	12.6	984	79	984	79
NPV of tax losses				-	-	-	-
Present value of G&A post tax NPV10				(97)	(8)	(97)	(8)
Adjusted net (debt)/cash (YE22E)				60	5	60	5
Core NAV		**78**		**947**	**76**	**947**	**76**
Core + Contingent assets		**78**		**947**	**76**	**947**	**76**
Peru	Block 107- Constitution prospect	10	2.0	138	11	21	2
Exploration		**10**		**138**	**11**	**21**	**2**
Total NAV		**89**		**1,085**	**87**	**967**	**78**

Source: Stifel estimates

Reabold Resources (Buy, TP up from 1.5p to 1.9p)

- Reabold's asset value is largely driven by its two UK assets - West Newton onshore Yorkshire and the Victory gas project, West of Shetland. The value of West Newton increases due to our higher oil price assumptions; the change in our gas price assumptions has a smaller impact on the value of the Victory project as we estimate first gas no earlier than 2024, by which time we see gas prices normalising. Our revised NAV is shown below:

Figure 26: Risked NAV of 1.93p

Country / Region	Asset	Risked net mmboe	NPV $/boe	Unrisked NPV $m	Unrisked NPV p/sh	Risked NPV $m	Risked NPV p/sh
USA	California producing	0.3	24.1	7	0.06	7	0.06
Adjusted net (debt)/cash (YE22E)				5	0.04	5	0.04
Options proceeds				3	0.02	3	0.02
G&A (£1.5M/yr as perpetuity)				(20)	(0.17)	(20)	(0.17)
Core NAV		**0.3**		**(5)**	**(0.05)**	**(5)**	**(0.05)**
UK	West Newton - Kirkham Abbey	11	13.4	300	2.49	150	1.25
UK	Corallian based on Victory mid case	3.1	10.5	129	1.07	32	0.27
Romania	Parta Appraisal Programme	3	19.3	74	0.61	55	0.46
Core NAV + Contingent assets		**17**		**498**	**4.13**	**232**	**1.93**
UK	West Newton - Cadeby	11	11.8	500	4.15	125	1.04
Romania	Parta upside	11	11.0	482	4.00	121	1.00
USA	California upside	1	10.0	25	0.21	6	0.05
Exploration		**22**		**1,007**	**8.36**	**252**	**2.09**
Total NAV		**40**		**1,505**	**12.48**	**484**	**4.02**

Source: Stifel estimates

SDX Energy (Buy, TP down from 42p to 29p)

- Our NAV increase of 3p/sh due to commodity price increases is minor because the company's assets are largely fixed-price gas and this is much more substantially offset by the downgrade to our production and cash flow assumptions from South Disouq, which reduces our NAV by 14p per share. This follows the disappointing production guidance for South Disouq issued at the start of 2022, with field production entering decline c.18months earlier than we anticipated. We note that this disappointing asset performance and the lack of significant exploration success increases the strategic uncertainty over the business. While the company can remain at least cash flow neutral for the foreseeable future, it accelerates the strategic question of what to reinvest into. Our revised NAV is shown below:

Figure 27: Risked NAV of 29p per share

Country	Asset	Risked net mmboe	NPV $/boe	Unrisked NPV $m	Unrisked NPV p/sh	Risked NPV $m	Risked NPV p/sh
Egypt	Meseda	3	9.5	27	11	27	11
Morocco	Morocco	1.8	22.3	39	16	39	16
Egypt	South Disouq+Sobhi	2	5.0	9	4	9	4
Egypt	Warda	0.9	5.0	4	2	4	2
Present value of G&A				(19)	(8)	(19)	(8)
Adjusted net (debt)/cash (FY 2022E)				10	4	10	4
Core NAV		**7**		**71**	**29**	**71**	**29**
Egypt	Mohsen	1.2	4.0	10	4	5	2
Exploration		**9**		**77**	**31**	**72**	**29**

Source: Stifel estimates

Serica Energy (Buy, TP up from 440p to 453p)

- We had already increased our gas price forecasts for Serica in previous research, but our oil price forecast increases also increase our NAV from 440p to 453p per share.

Figure 28: Risked NAV rises from 440p to 453p per share

Country	Asset/comment	Risked net mmboe	NPV $/boe	Unrisked NPV $m	Unrisked NPV p/sh	Risked NPV $m	Risked NPV p/sh
UK North Sea	Bruce/Keith/Rhum incl R3 well	30	23.3	706	193	706	193
UK North Sea	Erskine	2	25.4	39	11	39	11
UK North Sea	Columbus	3	26.6	67	18	67	18
2022E Cash dividends paid				33	9	33	9
Present value of G&A post tax NPV10				(86)	(24)	(86)	(24)
Adjusted net (debt)/cash (YE22E)				900	246	900	246
Core NAV		**34**		**1,659**	**453**	**1,659**	**453**
Core + Contingent assets		**34**		**1,659**	**453**	**1,659**	**453**
UK North Sea	North Eigg- drilling mid-22	12	15.7	742	203	185	51
Exploration		**12**		**742**	**203**	**185**	**51**
Total NAV		**46**		**2,400**	**656**	**1,844**	**504**

Source: Stifel estimates

- **We see the North Eigg exploration well, which we expect to see results from 3Q22E, as being the next potential leg of value creation.** The exploration well is planned to be drilled in 2022 at a cost we estimate at c.£45M (100% Serica, included in our estimates for 2022). The prospect is a gas accumulation that lies very close (c.1.5km) west of the Rhum field with a P50 size of c.350Bcf (c.58M boe). Development - if exploration is successful - would be a tieback to the

Bruce platform, and therefore could be developed quickly, with first gas possible we believe in late 2024. At our revised gas price forecast, we estimate an unrisked value of c.200p per share for the prospect.

Tullow Oil (upgrade from Sell to Hold, TP from 44p to 68p)

- Unsurprisingly, given the financial leverage in the company - the highest leverage of any stock in our coverage - the change in our commodity price assumptions has a significant positive effect on the equity value. We also note that excluded from our target price and core + contingent NAV is any value for the Kenya development project, which is made more attractive by higher oil prices and could therefore have a higher probability of finding partners to fund the development. If that project were fully unrisked, it could add up to 90p per share in additional equity value. Our revised NAV is shown below:

Figure 29: Risked NAV increases from 44p to 68p

Country	Asset	Unrisked NPV		Risked NPV	
		$m	p/sh	$m	p/sh
Ghana	Jubilee 2P	2,474	128	2,474	128
Ghana	TEN 2P	926	48	926	48
West Africa	Various	336	17	336	17
Net (debt)/cash (YE22E)		(2,114)	(109)	(2,114)	(109)
Present value of G&A post tax NPV10		(375)	(19)	(375)	(19)
Core NAV		**1,247**	**64**	**1,247**	**64**
Uganda	Sold for $500M + $75M contingent + royalty				
Hammerhead	Guyana (Miocene)- discovery	279	14	70	4
Kenya	Assume worth zero	719	37	-	-
Core + Contingent assets		**2,244**	**116**	**1,316**	**68**
Guyana	Kanuku: Beebei-Potaro	240	12	48	2
Suriname	Exited Suriname 2H21		-	-	-
Exploration		**3,482**	**180**	**1,434**	**2**
Total NAV		**5,726**	**296**	**2,751**	**70**

Source: Stifel estimates

Wentworth Resources (Buy, TP increased from 37p to 39p)

- 2022 has started as 2021 finished, with record demand for gas from the Mnazi Bay field. Wentworth remains well-positioned as one of the two gas suppliers into a structurally growing gas market in Tanzania. With gas prices linked to US CPI, higher US inflation should also drive higher gas prices in the medium term, and this causes us to increase our NAV slightly from 37p to 39p, with our target price also increasing to 39p. We leave our Buy rating unchanged; our NAV is shown below:

Figure 30: Risked NAV increased from 37p to 39p per share

Country	Asset	Unrisked gross mmboe	Interest %	Unrisked net mmboe	Risk %	Risked net mmboe	NPV $/boe	NPV $/mcf	Unrisked NPV $m	Unrisked NPV p/sh	Risked NPV $m	Risked NPV p/sh
Tanzania	Mnazi Bay - limited investment case	45	32%	14.2	100%	14	3.7	0.61	52	22	52	22
Present value of G&A									(29)	(12)	(29)	(12)
Adjusted net (debt)/cash (2022E)									33	14	33	14
2022E dividends payable									3.9	2	3.9	2
Core NAV		**45**		**14**		**14**			**60**	**25**	**60**	**25**
Tanzania	Mnazi Bay - investment upside	54	32%	17	80%	14	2.4	0.40	42	18	34	14
Contingent assets		**54**		**17**		**14**			**42**	**18**	**34**	**14**
Tanzania	Mnazi Bay exploration	256	85%	218	25%	54	1.0	0.17	218	91	54	23
Exploration		**256**		**218**		**54**			**218**	**91**	**54**	**23**
Total NAV		**355**		**249**		**83**			**319**	**133**	**148**	**61**
Core NAV + contingent assets + G&A (excl Exploration)		**99**		**32**		**28**			**102**	**42**	**93**	**39**

Source: Stifel estimates

Appendix

Figure 31: Target price methodologies and risks for stocks under coverage

Company	Ticker	Target Price Methodology/Risks
AkerBP ASA	AKRBP.NO	We set our target priced based off a target dividend yield of 5% based on a 2022E dividend. Risks to our valuation are primarily: (1) oil prices; (2) operational performance; and (3) capital allocation decisions.
Cairn Energy PLC	CNE.LN	Our target price is set with reference to Core NAV + Contingent Assets. The key business risks for Cairn are: 1) reinvestment of its disposal proceeds and cash payments from the Indian tax claim resolution process; 2) delivery of cost savings, production growth and resource base expansion from its newly acquired Egyptian assets.
Deltic Energy Plc	DELT.LN	Our target price is predominantly based on a risked NAV of Selene + Pensacola net of corporate items assuming 55p/therm long-term gas prices. The key risk is adverse exploration and appraisal drilling.
Diversified Energy Company PLC	DEC.LN	Our target price is set with reference to Core NAV. The key risk is a reduction in US benchmark, Appalachia and Southern US regional natural gas prices. While we only attribute small value to future acquisitions, the company's roll-up strategy means it could stand to be affected by negative developments in the asset M&A market.
Eco (Atlantic) Oil & Gas Ltd.	ECO.LN	NA
Energean plc	ENOG.LN	Our target price is set broadly in line with risked Core NAV + Contingent assets, determined using a series of DCF models. We use a Brent oil price assumption of US$65/bbl long-term (US$75 in 2022). Key risks include commodity price falls and operational delays or cost overruns at the company's development assets, notably in relation to its project offshore Israel.
Genel Energy plc	GENL.LN	Our target price is set at risked core NAV + contingent assets (15% WACC). Risks to our thesis include significantly better/worse than expected production performance, commodity price movements, geopolitical developments including terrorist activity and currency movements.
GeoPark Ltd	GPRK.US	Our target price is set with reference to the value of Core NAV + Contingent assets, calculated using DCF models of business assets constructed by Stifel. Key risks include lower-than-expected commodity prices and weaker-than-expected production performance at the key asset, LLA-34. The business is also exposed to regulatory and fiscal risk, notably in Colombia where its principal asset is located.
Gulf Keystone Petroleum Ltd	GKP.LN	Our target price is set in line with our core + contingent NAV, which is net of G&A costs. Key risks include Iraqi Kurdistan geopolitical risks, oil payment risks, geological risks and commodity prices.
Harbour Energy plc	HBR.LN	We value the company based on the risked NAV of the newly combined Premier Oil/Chrysaor asset base. Downside risks include sustained low oil and gas prices and adverse asset performance across the combined portfolio.
Hurricane Energy	HUR.LN	NA
I3 Energy plc	I3E.LN	Our target price is set in line with risked Core NAV + Contingent assets, determined using a DCF of individual asset models. We use a Brent oil price assumption of US$65/bbl long term (US$75 in 2022). Key risks include commodity price falls, reservoir performance and inflation, particularly around the company's retirement obligations.
Jadestone Energy Inc.	JSE.LN	Our target price is derived from a DCF-based net asset value calculation, with the development assets assigned a probability of go-ahead. Risks include deal completion, poor operating performance from the producing assets, legal risks from historical liabilities at the Montara field, and risks from any future asset acquisitions.
Longboat Energy plc	LBE.LN	We set our target price in line with our total NAV, which is based on a risked assessment (NPV10) of the value of the upcoming exploration programme, adjusted for balance sheet items. Our assumptions are based on Brent of $65/bbl, gas prices of 55p/therm and typical tieback economics. Key risks include unsuccessful exploration wells, weakening commodity prices and cost inflation in Norway.
Lundin Energy AB	LUNE.SS	Our target price is set using a 12-month forward EV/DACF of 6x. Key downside risks include oil prices materially lower than our expectations ($65/bbl long term), as well as operational integrity and production performance of the key assets, notably the Johan Sverdrup oilfield.
PetroTal Corporation	PTAL.LN	We set our target price using a NPV10 valuation of the assets. Key risks include (1) lower-than-expected production from the field development wells; (2) lower oil prices causing reduced cash flows; (3) disruption due to pipeline shutdown or local operational issues.
Reabold Resources plc	RBD.LN	We value Reabold based on DCF models of the company's assets assuming a $65/bbl long-term oil price (2021 at $67 per barrel) and a discount rate of 10% for UK/US and 12% for Romania. The key risk to a positive thesis would be a lack of technical success in upcoming appraisal flow tests at the West Newton oilfield, onshore UK, or Corallian to fail to sell its Victory gas development.
SDX Energy Plc	SDX.LN	Our target price is set at Core NAV + Contingent Assets, net of G&A costs. This is calculated from a DCF of the company's assets. The key risk is a decline in production from the producing asset base. Commodity price declines could materially impact the business as well as a deterioration in the political and/or economic situation in Egypt and/or Morocco.
Serica Energy plc	SQZ.LN	Our target price is set using our DCF-based NAV valuation of the assets. We see two main risk factors now: 1) asset reliability: the Bruce platform processes and exports the gas in the Rhum field, so maintenance downtime will reduce the NPV of the assets; 2) commodity price risk: gas, not oil, is the key commodity risk with 80%-plus of the resource base in gas.
Tullow Oil plc	TLW.LN	We value Tullow on a Net Asset Value basis with target price set equal to core NAV + contingent assets. Risks are primarily oil prices and political risk in Ghana, given the concentration of producing assets in one country.
Wentworth Resources plc	WEN.LN	Our target price is set at Core NAV + contingent assets, net of G&A costs. Key risks include the demand outlook for natural gas in Tanzania, legislative risk in the country's upstream sector and the ability of counterparties to pay for gas deliveries.

Source: Stifel

Important Disclosures and Certifications

We, Chris Wheaton and David Round, certify that our respective views expressed in this research report accurately reflect our respective personal views about the subject securities or issuers; and we, Chris Wheaton and David Round, certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Our European Policy for Managing Research Conflicts of Interest is available at www.stifel.com/institutional/ImportandDisclosures.

For applicable current disclosures for all covered companies please visit the Research Page at www.stifel.com or write to the Stifel Research Department at the following address.

Stifel Research Department
Stifel Nicolaus Europe Limited
150 Cheapside
London, EC2V 6ET

The equity research analyst(s) responsible for the preparation of this report receive(s) compensation based on various factors, including Stifel's overall revenue, which includes investment banking revenue.

Investment Rating System

Our investment rating system is defined as follows:

Buy - We expect a total return of greater than 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

Speculative Buy[1] **-** We expect a total return of greater than 30% over the next 12 months, with total return equal to the percentage price change plus dividend yield, accompanied by substantially higher than normal risk including the possibility of a binary outcome.

Hold - We expect a total return between -5% and 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

Sell - We expect a total return below -5% over the next 12 months with total return equal to the percentage price change plus dividend yield.

Occasionally, we use the ancillary rating of **Suspended (SU)** to indicate a long-term suspension in rating and/or target price, and/or coverage due to applicable regulations or Stifel policies. Alternatively, **Suspended** may indicate the analyst is unable to determine a “reasonable basis” for rating/target price or estimates due to lack of publicly available information or the inability to quantify the publicly available information provided by the company and it is unknown when the outlook will be clarified. **Suspended** may also be used when an analyst has left the firm.

[1] This rating is only utilised by Stifel Canada.

Of the securities we rate, 57% are rated Buy, 1% are rated Speculative Buy, 25% are rated Hold, 1% are rated Sell and 16% are rated Suspended.

Within the last 12 months, Stifel or an affiliate has provided investment banking services for 21%, 6%, 0% and 9% of the companies whose shares are rated Buy (includes Speculative Buy), Hold, Sell and Suspended respectively.

Within the last 12 months, Stifel or an affiliate has provided material services for 34%, 71%, 21%, 30% and 15% of the companies whose shares are rated Buy, Speculative Buy, Hold, Sell and Suspended respectively.

Additional Disclosures

Please visit the Research Page at www.stifel.com for the current research disclosures and respective target price methodology applicable to the companies mentioned in this publication that are within the Stifel coverage universe. For a discussion of risks and changes to target price including basis of valuation or methodology please see our stand-alone company reports and notes for all stocks.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are as of the date of this publication and are subject to change without notice. These opinions do not constitute a personal recommendation and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Stifel or any of its affiliates may have positions in the securities mentioned and may make purchases or sales of such securities from time to time in the open market or otherwise and may sell to or buy from customers such securities on a principal basis; such transactions may be contrary to recommendations in this report. Past performance should not and cannot be viewed as an indicator of future performance. Unless otherwise noted, the financial instruments mentioned in this report are priced as of market close on the previous trading day and presumed performance is calculated always over the next 12 months.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

References to "**Stifel**" (collectively "Stifel") refer to SFC and other associated affiliated subsidiaries including (i) Stifel, Nicolaus & Company, Incorporated ("**SNC**"); (ii) Keefe, Bruyette & Woods, Incorporated ("**KBWI**''), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("**SEC**") and members of the Financial Industry National Regulatory Authority ("**FINRA**"), respectively; (iii) Stifel Nicolaus Canada, Incorporated. ("**Stifel Canada**"), which is authorised and regulated by Investment Industry Regulatory Organization of Canada ("**IIROC**"), and also trades under the names "**Stifel GMP**" and/or "**Stifel FirstEnergy**"; (iv) Stifel Nicolaus Europe Limited ("**SNEL**"), which is authorised and regulated by the Financial Conduct Authority ("**FCA**") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("**KBW Europe**"); and (v) Stifel Europe Bank AG ("**SEBA**"), which is regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin") and is a member of Deutsche Boerse and SIX Swiss Exchange and (vi) Stifel Schweiz AG ("**STSA**"), which is representative of SEBA in Switzerland and regulated by the Eidgenössische Finanzmarktaufsicht ("**FINMA**"). SNEL, SEBA and STSA are collectively referred to as **Stifel Europe**.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Global Research Notes: Stifel Global Research (Cross-Border Research) notes are intended for use only by Institutional or Professional Clients. Research analysts contributing content to these reports are subject to different regulatory requirements based on the jurisdiction in which they operate. Clients seeking additional information should contact the Stifel entity through which they conduct business.

SEBA & STSA Sponsored research: At SEBA & STSA, analysts may produce issuer paid research ('sponsored research'). This research is produced by analysts in accordance with local regulatory requirements relating to such research. In certain jurisdictions, this issuer paid research may be deemed to be independent research albeit not produced to the same conflicts of interest standards required by all jurisdictions for independent research. Where research has been paid for by an issuer, this will be clearly labelled. Please see our European Policy for Managing Research Conflicts of Interest for additional information.

Country Specific and Jurisdictional Disclosures

United States: Research produced and distributed by Stifel Europe is distributed by Stifel Europe to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended. SNC may also distribute research prepared by Stifel Europe directly to US clients, including US clients that are not Major US Institutional Investors. In these instances, SNC accepts responsibility for the content. Stifel Europe is a non-US broker-dealer and accordingly, any transaction by a US client in the securities discussed in the document must be effected by SNC. US clients wishing to place an order should contact their SNC representative.

UK: This report is distributed in the UK by SNEL, which is authorised and regulated by the Financial Conduct Authority (FCA). In these instances, SNEL accepts responsibility for the content. Research produced by Stifel Europe is not intended for use by and should not be made available to retail clients as defined by the FCA.

European Economic Area (EEA): This report is distributed in the EEA by SEBA, which is authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"). In these instances, SEBA accepts responsibility for the content. Research produced by Stifel Europe is not intended for use by and should not be made available to retail clients as defined under MiFID II.

The complete preceding 12-month recommendations history related to recommendation(s) in this research report is available at https://stifel2.bluematrix.com/sellside/MAR.action

Australia: Research produced by Stifel is distributed by SNEL under the Australian Securities and Investments Commission ("ASIC") Class Order [CO 03/1099] exemption from the requirement to hold an Australian Financial Services Licence ("AFSL"). This research may only be distributed to a "Wholesale Client" within the meaning of section 761G of the Corporations Act 2001 (Cth).

Brunei: This document has not been delivered to, registered with or approved by the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance or the Autoriti Monetari Brunei Darussalam. This document and the information contained within will not be registered with any relevant Brunei Authorities under the relevant securities laws of Brunei Darussalam. The interests in the document have not been and will not be offered, transferred, delivered or sold in or from any part of Brunei Darussalam. This document and the information contained within is strictly private and confidential and is being distributed to a limited number of accredited investors, expert investors and institutional investors under the Securities Markets Order, 2013 ("Relevant Persons") upon their request and confirmation that they fully understand that neither the document nor the information contained within have been approved or licensed by or registered with the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance, the Autoriti Monetari Brunei Darussalam or any other relevant governmental agencies within Brunei Darussalam. This document and the information contained within must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the document or information contained within is only available to, and will be engaged in only with Relevant Persons.

Canadian Distribution: Research produced by Stifel Europe is distributed in Canada by SNC in reliance on the international dealer exemption. This material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a "permitted client" as defined under applicable Canadian securities laws.

Republic of South Africa: Research produced by Stifel is distributed by SNEL to "Clients" as defined in FSCA FAIS Notice 20 of 2018 (the "FAIS Notice") issued by the Financial Sector Conduct Authority. Research distributed by SNEL is pursuant to an exemption from the licensing requirements under Section 7(1) of the Financial Advisory and Intermediary Services Act, 2002.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

The recommendation contained in this report was produced at 9 May 2022 02:10EDT and disseminated at 9 May 2022 02:10EDT.

Additional Information is Available Upon Request