

BluEnergies Ltd.

BLU-TSXV	Rating BUY	Price: Mar-19 \$1.63	Target \$4.75	Total Rtn 191%
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BluEnergies Secures Top Bid in Gulf of America Lease Sale, Engages Independent Houston Firm for Reserve Evaluation

Bottom Line:

BluEnergies announced it was the successful top bidder in BOEM's March 11, 2026 Gulf of America lease sale, securing a 100% working interest in the SS-59 block. The Company has also engaged a third-party Houston-based engineering firm to conduct an independent reserve evaluation. We view these developments as positive news for the stock increasing the scope of activities and potentially moderating risk.

Key Points

SS-59 lease acquisition. BLU secured a 100% working interest in SS-59, a 5,000-acre block under a 5-year term in shallow water (<20 feet) in the Crown Royal prospect. The bid was placed through Focus Exploration LLC (Houston, TX). Official lease signing with the Bureau of Ocean Energy Management (BOEM) is expected within several weeks.

Crown Royal prospect geology. The play straddles two 5,000-acre blocks (SS-59 and SS-52) offshore Louisiana. The primary target is a channel levee complex containing 5 objective sand intervals between 11,600 and 17,180 feet. Texaco drilled the prospect in 1987, proving oil and gas-bearing sands across all 5 intervals with flow test rates of 1,398 bbl/d of light oil and 5.54 MMcf/d of gas from 2 of the 5 zones. Both tested zones are over-pressured.

Historical context and current opportunity. Texaco did not complete the 1987 discovery due to low commodity prices (\$20/bbl oil, \$2.00/Mcf gas) and poor-quality 2D seismic. Multiple 3D seismic surveys have since been acquired, enabling a fully integrated evaluation. Existing production infrastructure is now within 10 miles.

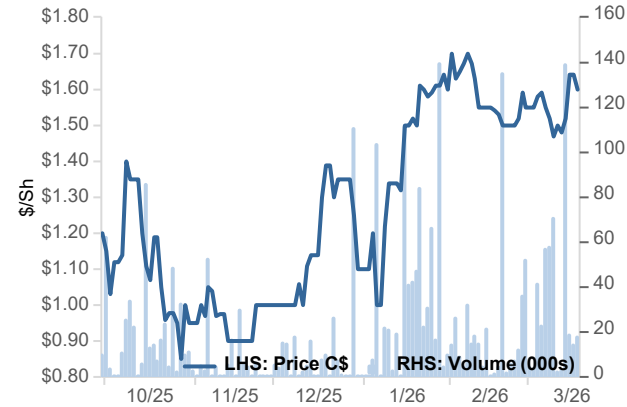
Independent reserve evaluation. BLU has engaged a Houston-based third-party engineering firm to conduct an independent valuation of Crown Royal (SS-59) oil and gas reserves to support future drilling and development planning.

Positive impact. We view this as a positive development for the Company which adds a new lower risk development opportunity to its portfolio.

Important Disclosures: See pages 2-3

E&P

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Source: FactSet

Company Data			C\$
Dividend	\$0.00	Shares O/S (mm)	72.3
Yield	0.0%	Market Cap (mm)	\$109.9
EV (mm)	\$107.1	Net Debt (mm)	NA

Valuation

We have used a total risked NAV, which assumes a base case estimate of the prospective resource potential on BluEnergies' Reconnaissance License area. In arriving at our \$4.75/share target price, we have risked the upside potential by a 7.25% chance of commercialization.

Company Description

BluEnergies is a junior oil and gas explorer that holds a Reconnaissance License for three offshore Liberian blocks (~2.2 million acres). The Company has recently signed a partnership agreement with TotalEnergies with the goal of proving up drilling prospects and once confirmed will lead to exploration and appraisal drilling.

Our Thesis

BluEnergies is uniquely positioned as the only junior public company with meaningful exposure to potentially giant oil discoveries in offshore Liberia. We believe the risks have been mitigated significantly with its partnership with TotalEnergies.

Important Disclosures

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RATING	COVERED COMPANIES
BUY	3
HOLD	
SELL	

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