

# PETRO MATAD

## OIL & GAS

19 September 2024

### MATD.L

2.35p

Market Cap: £34.9m

#### SHARE PRICE (p)



12m high/low 4.5p/2.3p

Source: LSE Data (priced as at prior close)

#### KEY DATA

Net (debt)/cash	\$10.5m (at 31/12/23)
Enterprise value	£26.1m
Index/market	AIM
Next news	AGM, April '25
Shares in issue (m)	1,483.9
Chairman	Enkhmaa Davaanyam
Chief Executive	Mike Buck
Head of Finance	Tamir Battogtokh

#### COMPANY DESCRIPTION

Petro Matad is a UK-listed exploration company that is focused on Mongolia.

[petromatadgroup.com](http://petromatadgroup.com)

PETRO MATAD IS A RESEARCH CLIENT OF  
PROGRESSIVE

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## Interims and Heron update

Petro Matad has this morning released its interim results and an operational update on the Heron-1 well. The interims are of minor import as the news has been covered over the year to date. However, on Heron-1, Petro Matad has encountered some delays in getting a permit to install long-term production facilities. This is not a major setback as the company will use temporary facilities in the short-term. The company has also reached an agreement in principle to sell and export through the facilities in the adjacent block XIX. This should allow production to start in October.

- Long-term facilities delay – not the end of the world.** Petro Matad has announced that it has suffered from delays in obtaining the permit for the construction of long-term production at Heron-1. There is a new provincial Governor, appointed in September, and he has said that he needs time to review the application. There is no indication how long this review will take. In the light of this, Petro Matad has proposed temporary facilities to be positioned on the well site. This has been agreed by the industry regulator, MRPAM (Mineral Resource and Petroleum Authority of Mongolia). This is expected to be completed within three weeks and will allow Petro Matad to start producing and generating cash flow from the Heron oil field.
- Agreement in principle on oil sales.** Petro Matad has held high level meetings with the operator of Block XIX, 20 km to the North of the Heron field. The companies have agreed in principle the mechanism for processing, storage, export and sale of the Heron crude through the facilities located on Block XIX. This will be incorporated into a cooperation agreement which will be presented to MRPAM for its approval. This should allow sales of oil to start in October.
- Interim Results.** Petro Matad has also released its interim results. These have little impact given that the main driver will be getting Heron on stream, allowing the generation of cash flow. The group posted a loss of US\$2.6m compared to a loss of US\$1.9m in the previous year. The group had cash balances at the end of June of US\$1.9m but has subsequently raised some US\$9.4m (pre costs) which should give management sufficient funds for the development of the Heron oil field, exploration of the Gobi Bear prospect and development of the exciting renewable energy projects in Mongolia, through SunSteppe Renewable Energy.
- Conclusion.** Although the delay to the permit for the long-term production facilities at the Heron oil field is unwelcome, management is moving the project forward and, with the use of temporary facilities, should soon be able to start production. The agreement in principle with the operator of Block XIX is a useful positive, and will allow Petro Matad to quickly move to monetise its production. This should see the company begin to generate cash flow, a useful step in terms of both growth and maturity of the group, and long term shareholder value.

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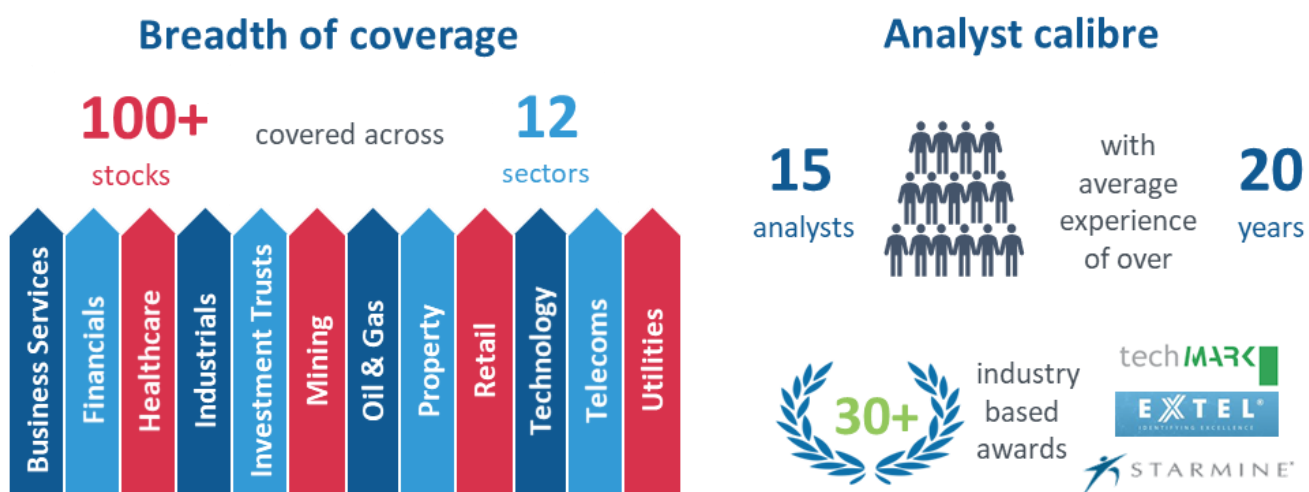
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