

PETRO MATAD

OIL & GAS

2 October 2024

MATD.L

2.3p

Market Cap: £34.1m

SHARE PRICE (p)



12m high/low 4.5p/2.1p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	\$10.5m (at 31/12/23)
Enterprise value	£25.4m
Index/market	AIM
Next news	AGM, April 2025
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

PETRO MATAD IS A RESEARCH CLIENT OF
PROGRESSIVE

ANALYSTS

Peter Hitchens

+44 (0) 20 7781 5304

phitchens@progressive-research.com



Heron-2 encouragement

Petro Matad has announced that the Heron-2 well has reached TD (total depth) and wireline logging has been completed. The well encountered the primary target on prognosis and initial logs have identified oil and gas shows. This well will now be tested with the hope that it could be onstream before the winter operational shutdown in late November. This is good news for Petro Matad in that the well was drilled ahead of schedule and moves the company closer to ramping up production at the Heron field, and to generating increasing cash flow.

- Drilled ahead of schedule.** Petro Matad has announced that the Heron-2 well has reached TD seven days ahead of schedule with no safety and environmental issues. This is encouraging as it suggests that the company could develop the Heron oil field quicker and more cheaply than originally forecast.
- Looking encouraging.** The well encountered the primary target in the Cretaceous Lower Tsagaantsav formation on prognosis. Good oil and gas shows were found in an 18-metre interval of sandstone, which was a similar stratigraphic position to the Heron-1 where the company achieved good flows of oil on the well test. Similar to the Heron-1 well, Petro Matad, saw some mud loss into the top of the formation, suggesting that there is a zone of good permeability. Reservoir variability is one of the key risks in this basin, and this well should ease many of these concerns.
- Testing.** Petro Matad has run casing through to TD and preparations are being made for a well testing and stimulation programme where it is hoped to achieve commercial flow rates. This has seen some difficulties due to the heavy rains in the area. Assuming that the well flows as expected, management will hope to get the well onstream ahead of the operational shutdown in late November.
- Gobi Bear drilling ahead.** Petro Matad is also drilling the Gobi Bear exploration well in the south west of the licence, a significant structure with the potential of recoverable reserves of 90 mmbbl. The well is shallow and expected to take a modest 20 days to drill at a cost of US\$1.5m. Gobi Bear is a relatively high-risk prospect with an estimated chance of success of approximately 15%, with the main risks being migration and trapping mechanism. This could prove to be potentially a very exciting well for shareholders, being a high potential impact but low-cost well.
- Momentum recovered.** After many delays and disruptions, it is good to see momentum return to Petro Matad's operations. The Heron-2 well offers encouragement that the group can start to build up production at the Heron field and enable it to start generating significant cash flow and shareholder value.

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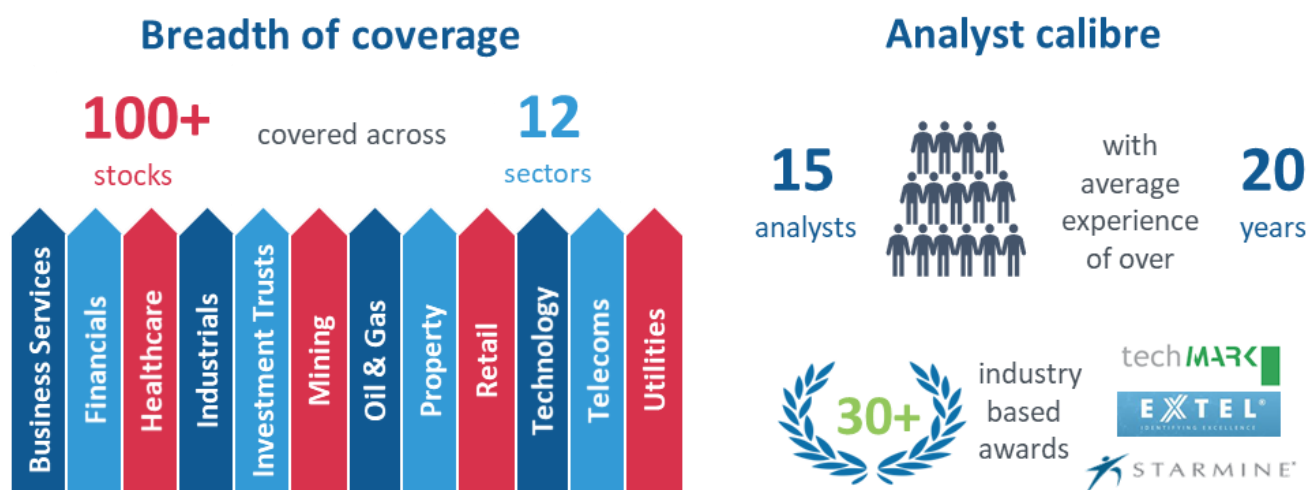
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To arrange a meeting with the management team, or for further information about Progressive, please contact us at:
+44 (0) 20 7781 5300
info@progressive-research.com