

# PETRO MATAD

## OIL & GAS

7 October 2024

### MATD.L

2.6p

Market Cap: £38.6m

#### 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	£29.8m
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](http://petromatadgroup.com)

PETRO MATAD IS A RESEARCH CLIENT OF  
PROGRESSIVE

#### ANALYSTS

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## Progress on Heron, pause at Gobi Bear

Petro Matad has issued an update this morning. The group has seen progress at the Heron field, with MIMR (Ministry of Industry and Mineral Resources) and MCUD (Ministry of Construction and Urban Development) agreeing to reclassify the well pads so that they do not require permitting. This has allowed the start of construction of the facilities at the Heron-1 well, which should allow production to start in October. Preparations to test the Heron-2 well are underway. The Gobi Bear exploration well has been drilled with some positive signs and will be analysed before assessing the forward programme. Momentum is clearly building in the Mongolian operations and Petro Matad is moving closer to generating cash flows.

- Heron-1 – moving ahead.** Petro Matad had previously suffered delays in obtaining a permit to build long-term production facilities at the Heron-1 well site. MIMR and MCUD have approved the company's proposal to reclassify the well pads so they do not require construction permitting. Management had looked at using temporary production equipment but has now started construction of long-term production facilities, and it is expected that production at the well could start during October.
- Cooperation with Block XIX.** Petro Matad continues to sort out commercial details with the operator of Block XIX, which lies 20km to the north of the Heron field. This covers the mechanism for the processing, storage, export and sale of the Heron crude oil production through the facilities located on Block XIX. The details have now been provided and are in line with management expectations. Once the agreement is in a final form, it will be presented to MRPAM (Mineral Resource and Petroleum Authority of Mongolia) for approval.
- Heron-2 – testing.** Petro Matad is finalising a test programme on the Heron-2 well that will cover a reservoir stimulation operation followed by flow testing. Assuming that commercial flowrates are achieved, management would hope that it can bring this well onstream in November ahead of the operational shutdown in late November. DQE, the drilling contractor, will stack the drilling rig at the well location and can be readily available for the company to use in 2025.
- Gobi Bear – looking intriguing.** Petro Matad has completed the drilling and logging of the Gobi Bear exploration well in the south west of Block XX. This was probing a significant structure with potential recoverable resources of 90mmbbl. There was good sand formation and faint oil shows were seen. Wireline logs indicate that there may be a hydrocarbon charge in the sand of the primary target but the absence of good oil shows has led to some uncertainty. The well has been suspended and management will review the information from well samples taken here and data from other wells in the Tamsag Basin to refine its interpretation before assessing the forward programme.
- Conclusion.** After many delays and disruptions, it is exciting to see the momentum continue to build in Petro Matad's operations. The Heron oil field is moving closer to the start of production, which should enable the company to start generating significant cash flow and shareholder value.

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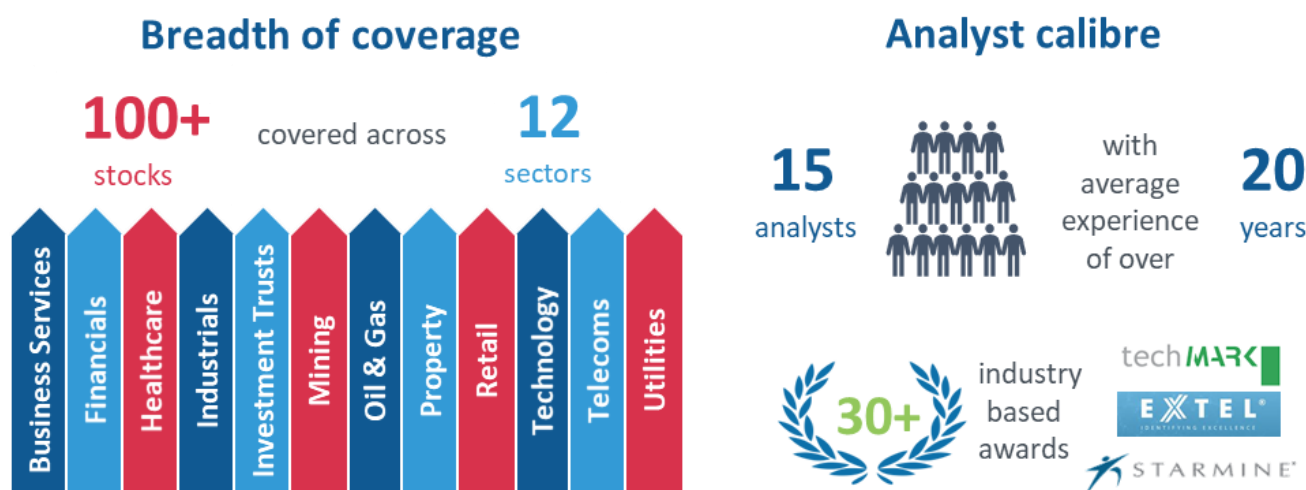
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