

PETRO MATAD

OIL & GAS

22 October 2024

MATD.L

2.38p

Market Cap: £35.3m

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	£26.6m
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
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Heron – preparing the bunting

After many delays and setbacks, Petro Matad has announced that it is ready to start production at the Heron-1 well pad in Mongolia on or before 25 October. This is exciting news as it will allow the company to start generating cash flow, which can be utilised to ramp up production at the Heron oil field and invest in its other businesses, and hence start building significant shareholder value.

- Heron – getting ready.** The construction and installation of equipment at the Heron-1 well pad has now been completed. Commissioning of this equipment is ongoing and Petro Matad's operational team is at site to make sure all the logistics are in place to start production on or before 25 October. Once production is started, management will get a better understanding of the performance of the wells. The crude will be transported to PetroChina existing facilities on Block XIX, which is 20km to the north, where it will be processed, exported and sold. Here, the agreement with PetroChina is close to final form with all fees agreed (with the exception of the administration fee to be paid). Although it might take some time to get sign-off for the agreement from PetroChina's headquarters, Petro Matad, PetroChina and MRPAM (Mineral Resources and Petroleum Authority of Mongolia) have agreed to start operations. Separately, management is working hard to get the Heron-2 well ready for production ahead of the winter operational shutdown.
- Start-up ceremony.** Petro Matad will host a delegation, headed by the Ministry of Industry and Mineral Resources, at a start-up ceremony on 25 October. This delegation will include senior officials of the Ministry and MRPAM, provincial and district governors and representatives of PetroChina. Although this is a ceremonial start up, we believe that it shows that all parties are working on getting start-up of the Heron oil field.
- Conclusion.** This will be a landmark moment for Petro Matad. The company can now start production. which should generate cash flow. This will be used to ramp up production further at the Heron field through the drilling of further production wells on the field. This will also help the company develop its oil and gas operations, with management eager to build up its exploration portfolio in the ongoing licencing rounds. This will also give the company the ability to fund works at its renewable JV, SRE (SunSteppe Renewable Energy). SRE currently has two main projects – Oyu Tolgoi gold and copper mine and Choir Battery Energy Storage – which can be moved forward to a stage where they are internationally bankable and at a build-ready status. The start of oil production at the Heron field has the ability to add significant shareholder value.

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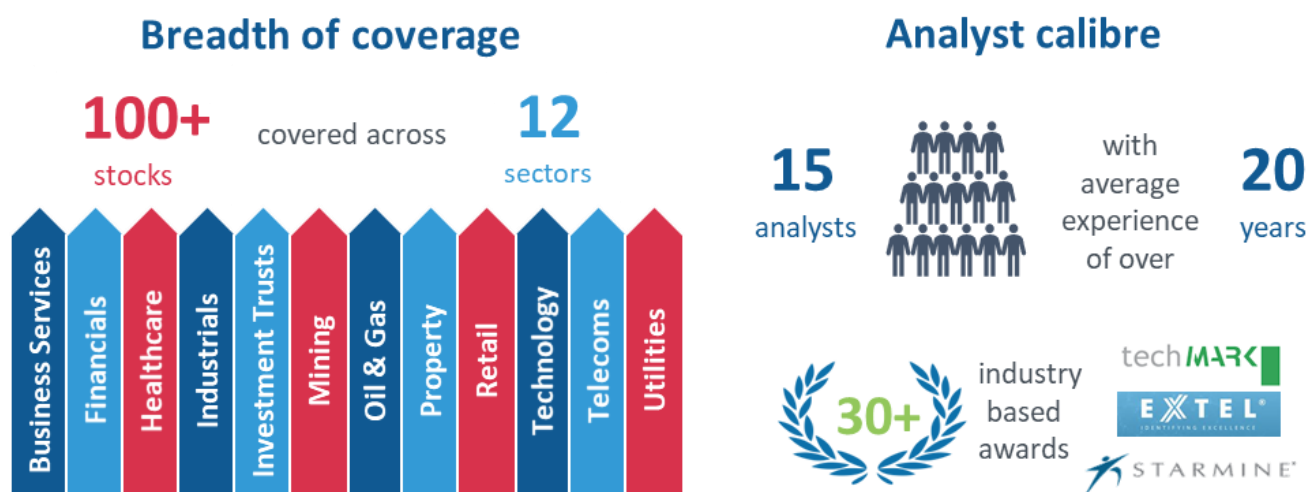
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