

# PETRO MATAD

## OIL & GAS

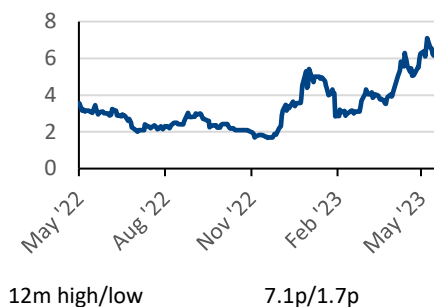
22 May 2023

**MATD.L**

6.15p

Market Cap: £68.5m

### SHARE PRICE (p)



Source: LSE Data (priced as at prior close)

### KEY DATA

Net (Debt)/Cash	\$12.0m (at 03/02/23)
Enterprise value	£58.5m
Index/market	AIM
Next news	Finals, June
Shares in Issue (m)	1,113.9
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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## Ready for the raptor

This morning Petro Matad, the Mongolia-focused E&P company, announced that it has commenced mobilising equipment to allow it to spud the Velociraptor-1 exploration well in the first half of June. The prospect is located on Block V, where the company has a 100% working interest. Management believes that this well could have a 20% chance of success and, with potential recoverable resources of 200 mmbbl, could prove to be transformational for the company. Success would also de-risk additional adjacent prospects in the licence.

- Mobilisation.** Management has started mobilising the equipment to prepare the drilling location and set-up camp ahead of drilling of the Velociraptor-1 exploration well. The drilling rig is expected to be on site in early June, ahead of spudding the well in the middle of the month. The well is expected to take approximately 30 days to drill, with an estimated cost of under US\$2m.
- Velociraptor.** The prospect is located in Block V, where Petro Matad has a 100% working interest, and is an inversion anticline that could have recoverable resources of 200 mmbbl. Velociraptor-1 is located close to the Snow Leopard well, which proved that there is a working petroleum system in the basin. On this basis, management believes that the well has a 20% chance of success, which is a relatively high chance of success for a frontier exploration well. Should Petro Matad find encouragement with this initial well, there is, within the rig contract, the ability to immediately drill a follow-up appraisal well on the structure. All the permits are in place to drill the exploration well and the contingent appraisal well.
- Follow-up potential.** Should the company be successful in the Velociraptor-1 well, there is significant potential in adjacent prospects, which would have been significantly de-risked. The adjacent prospects, such as Tsagaanraptor and Oviraptor, could contain a further 380 mmbbl of potential recoverable resources.
- Other.** Petro Matad also noted in its press release that it has continued to see delays in obtaining land access for Block XX, which is required to move the Heron discovery forward to production. The Mongolian Ministry of Construction and Urban Development has insisted that the application should come from them rather than from the Ministry of Mining and Heavy Industry, and has asked all ministries for comments, repeating the work already done, before it will make a submission. On the new licensing round application, Petro Matad is making progress having completed discussions on the PSC terms and proposed work programme. We are hopeful that the company will be awarded new permits, allowing it to continue to build its acreage portfolio.
- Valuation.** As previously reported, our RENAV (Risky Exploration Net Asset Value) stands at 58.7p/share, of which the risky value of Velociraptor is 32.0p/share. Success or failure at this well will therefore have a major impact on future valuations of the company. In the event of a successful well, not only would resources be added from Velociraptor but also the adjacent prospects would be materially de-risked (see our recent note, [Activity set to pick up in 2023](#)).

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