

# PETRO MATAD

## OIL & GAS

14 June 2023

MATD.L

4.75p

Market Cap: £52.9m

### SHARE PRICE (p)



Source: LSE Data (priced as at prior close)

### KEY DATA

Net (Debt)/Cash	\$12.0m (at 03/02/23)
Enterprise value	£42.9m
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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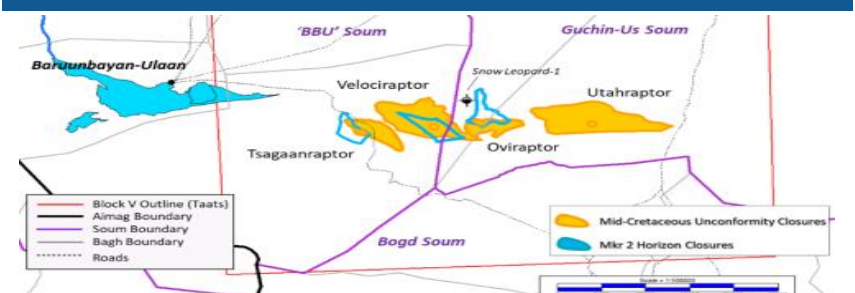


## Velociraptor-1 spuds

Petro Matad announced this morning that it has spudded the Velociraptor-1 exploration well, located in Block V in central Mongolia, where the company has a 100% working interest. Velociraptor-1 is expected to take approximately 30 days to drill and could prove transformational for the outlook of the company. This well is probing a prospect with mean prospective recoverable resource potential of 200 mmbbl. Success would provide a step change in Petro Matad's resource base and also de-risk the other prospects within the licence, which have an additional 375 mmbbl of prospective resources.

- Velociraptor – a 200 mmbbl prospect.** The prospect is located in the Taats Basin in Block V, where Petro Matad has a 100% working interest, and is an inverted anticline prospect that could have 200 mmbbl of mean prospective recoverable resources. This prospect is 7km south of the Snow Leopard-1 well, which had good oil shows and proved the presence of a working petroleum system within the basin. Management believes that this well has a 20% chance of success, which is a relatively high chance of success for a frontier exploration well. The Velociraptor-1 well is expected to take approximately 30 days to reach a total depth of c.1,500 metres with an estimated cost of US\$2m. Within the rig contract, there is the ability to immediately drill a follow-up appraisal well on the structure. Permits are already in place for a contingent appraisal well.
- Follow-up potential.** Success at the Velociraptor well would significantly de-risk other prospects within the basin. Management has identified significant adjacent prospects, such as Oviraptor and Tsagaanraptor, which have additional mean prospective resources of 375 mmbbl. On success at Velociraptor, the company would look to secure an exploitation area that would include these exploration prospects, which could then be drilled in subsequent years.
- 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. Failure at this well would remove the risky valuation from our RENAV. For further details, please see our recent note [Activity set to pick up in 2023](#).

### BLOCK V PROSPECT MAP



Source: Petro Matad.

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