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Oil price, Predator, Sound, Far - And finally...

WTI \$52.05 +63c, Brent \$57.32 +98c, Diff -\$5.27 +35c, NG \$1.84 +1c

Oil price

As expected the oil price did indeed end the week up, WTI +\$1.75 and Brent a good dollar higher actually going into backwardation again. There are some who feel that the Chinese numbers for Covid-19 are starting to look as if they have peaked, the WHO however disagree. You pays your money....

In the meantime the Opec+ technical committee has recommended a cut of 600,000 b/d until the end of the 2nd quarter which whilst not yet approved by Russia, it surely will be.

Predator Oil & Gas

Predator announced on Friday that it had raised £3.56m through a placing at 4p which was 'significantly oversubscribed' by existing shareholders, including management as well as new entrants to the register. Predator is now in a very strong position indeed, it is fully funded for the drilling of the Moulouya well onshore Morocco which it is now 'rapidly progressing' towards spudding and able to get a hot rig from in-country saving time and money.

In addition it will be able to upscale the potential for profits from the CO2 EOR project onshore Trinidad as well as earmarking some cash for general working capital. Raising the money and going ahead with the Morocco well also facilitates the earlier return to the company of the first \$1m of the \$1.5m Bank Guarantee in place with ONHYM after completion of the drilling operations.

Raising this money is a significant achievement in this market and shows that investors are prepared to commit funds to companies that are leading the way in areas such as CO2 EOR which in Predator's case could be very substantial indeed as they upscale the project. Equally so, if successful in Morocco, where they have a large number of prospects, they would be supplying a domestic market crying out for gas and paying top dollar for it with help from ONHYM and maybe also a farminee.

This raise was done with modest dilution, something management takes very seriously and on this occasion believes is justifiable on the basis that this 'transforms' the company's finances and allows it to pursue a very low cost, attractive value proposition in Morocco where the prospect is very large as well as accelerating and thus potentially delivering scale-able profits from the CO2 EOR project. This gives Predator considerable appeal against its peer group beating a number on commitment to ESG and will come out sooner rather than later as the greenest of the E&P stocks.

Sound Energy

Sound has announced that the HOT announced on 6/11/19 with regard to its Eastern Moroccan portfolio in which the purchaser was given exclusivity until 14/2/20, whilst that company has concluded technical and due diligence satisfactorily has not yet demonstrated to Sound's satisfaction that they have proof of funds and have not yet gone to an SPA.

Share Information

Code:

Listing:

Sector:

Website:

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Discussions continue but no longer on an exclusive basis and may or may not conclude. In the meantime Sound has started the process for an innovative, cost efficient, fast-track micro LNG scheme able to target first LNG in 2021 and can be done alongside the full FDP and will generate early cash flows from the concession.

Sound has current cash of \$7.3m which is sufficient to meet working capital requirements through to a micro-cap LNG production plan FID before the end of Q2 2020. Whilst this is undoubtedly a setback to the company it seems that the company is making the best of alternatives which still exist and prove that there is a profitable asset at the centre of this.

Far Limited

After all the comings and goings over the last few weeks with the raise for the development of Senegal and the kicking from the Arbitrators etc it is good to see Far MD Cath Norman buying shares personally on Friday, St Valentines Day...

And finally...

The England cricket tour to South Africa ended yesterday with England taking the last T20 match to win that series 2-1. Another exciting game with both sides scoring more than 200 runs. Next stop Sri Lanka...

In the footy there were few surprises, the Canaries held Liverpool to 0-1 but there were wins for the Gooners, Spurs and Burnley, Chelski v the Red Devils tonight.

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