

For immediate release

14 February 2023

Petro Matad Limited
("Petro Matad" or the "Company")
Operational Update

Petro Matad (AIM: MATD), the AIM quoted Mongolian oil company, provides the following operational update.

Key Company Updates

- Progress being made to register Block XX Exploitation Area as special purpose land
- High impact exploration drilling on the Velociraptor prospect scheduled for Q2 2023
- Application submitted for a new block in Mongolia's 2023 Exploration Tender Round with plans for more during the year
- Joint venture established with an active and successful renewable energy project developer to pursue opportunities in Mongolia's high potential renewables sector
- Successfully closed a recent equity capital fundraise round totalling \$6.6 million

Block XX Exploitation Licence

The Mongolian government's process to certify Petro Matad's Block XX Exploitation Licence area as special purpose land is progressing although more slowly than the Company was initially advised. We continue to press for rapid action at all levels and this remains our number one priority. Formal correspondence from central, provincial and district authorities has been sent to the relevant agencies as required by the legally prescribed process ahead of submission of the certification to cabinet for approval.

Contracts with the in-country well testing and completion contractors are in place for the completion work required on Heron 1. Discussions with Petro China on oil processing, export and sales are ongoing with the facilitation of industry regulator, the Mineral Resources and Petroleum Authority of Mongolia ("MRPAM").

Negotiations with DQE Drilling ("DQE"), the main provider of drilling services in Mongolia, have been completed and the contract for a multi-well development drilling programme is with DQE's head office for review and approval after which we plan to seek the approval of MRPAM. We have also been approached by other service providers looking to enter the oil sector in Mongolia and we are reviewing their credentials and equipment to see if they may offer a competitive solution for our needs now or in the future.

Block V Exploration

With the conclusion of our recent equity raise we are now preparing to drill the Velociraptor 1 well. With mean prospective resource potential of 200 million barrels recoverable and 380 million barrels recoverable of follow up potential in adjacent structures, the well will have a transformational impact for Mongolia as well as for the Company in the event of success.

We expect the well will be closely watched by the global E&P community as it has significance not only for the Company's Block V but also for the many lightly explored or unexplored basins of southern and western Mongolia that constitute one of the largest remaining unexplored onshore exploration frontiers on the planet.

The rig contract has been signed with Major Drilling, an internationally active Canadian company that has been operating in Mongolia for over 20 years. Discussions with the contractor are underway to confirm a spud date during the second quarter of 2023. The well has a proposed total depth (TD) of 1500m and is expected to take c.30 days to drill. The well will be within the prospective target section from c.600m until TD and will have a suite of conventional wireline logs run. In the event of encouragement, an appraisal well will be planned and testing operations will then be conducted. With a domestic oil refinery under construction and with domestic oil production forecast to fall short of meeting the refinery's needs, Petro Matad is seeing strong government support for its exploration efforts.

In addition, the Company is stepping up its community interaction in Block V to capitalise on the existing goodwill and to ensure that we continue to be accepted as a cooperative, constructive and trustworthy partner.

2023 Exploration Licencing Round

MRPAM's Exploration Licencing round offering 14 blocks in prospective fairways across the southern half of Mongolia is in progress. Petro Matad has submitted an application for one of the blocks offered in Phase 1 of the process and hopes to be called to negotiate commercial terms and work programme in due course. The Company has identified three other blocks that are scheduled for release in phases 2 and 3 of the round during 2023 and will be doing the necessary technical work to determine if these blocks merit applications being submitted. Petro Matad has a significant competitive advantage as the country's leading explorer with a skilled and experienced team and an extensive database built up over many years of activity.

Renewable Energy Opportunities in Mongolia

Following the Company's review of the renewable energy sector in Mongolia and the recent changes in government strategy, the Company sees significant opportunity for a nimble and entrepreneurial operator to be successful in the country. The government's energy strategy calls for an increase in the contribution of renewable energy to its overall electricity supply from c.10% now to 30% by 2030, to be fully self-sufficient and to be exporting power to its neighbours and potentially

beyond by the end of the decade.

Petro Matad is forming a joint venture with a very active and successful Mongolian renewable energy project developer called SunSteppe Energy ("Sunsteppe"). The combination of SunSteppe's expertise, contacts and track record with Petro Matad's project execution experience and in-country support functions will give the joint venture an excellent capability to compete in the country's growing renewables sector and to benefit from the early entrant advantages that the Company sees are on offer. Mongolia has huge renewable energy generation potential from solar and wind projects. The country has large areas of very lightly inhabited land and a firm commitment from the government to improve the environment and the wellbeing of its population, to reduce its emissions and to become an exporter of clean energy.

The joint venture being established will be called SunSteppe Renewable Energy and it is looking to develop multiple projects to construction ready status within the next 24 months. Priority projects have already been identified in solar supplied battery storage to help improve Mongolian grid efficiency and in clean energy supply to mining projects in the South Gobi region. Projects identified range in size from a few tens of megawatts to hundreds of megawatts.

Mike Buck, CEO of Petro Matad, said:

"Whilst we are pleased to see the process for special purpose certification of Block XX moving forward, we are disappointed with the pace and have made this abundantly clear to the authorities. Our recent interactions with the local authorities have given us renewed hope that we may be able to secure local land use approvals and we are pursuing these in parallel with the certification process.

We are very excited about the prospectivity in Block V and are looking forward to drilling Velociraptor 1 during the second quarter. This low cost well is targeting big resource potential and will have a huge financial impact for Petro Matad if it comes in.

We are also enthusiastic to get involved in the renewable energy sector in Mongolia through the SunSteppe Renewable Energy joint venture. Our Mongolian partners in this endeavour bring a wealth of experience and we have high hopes that it will generate attractive opportunities in the near term.

Our recent equity raise has given the Company the financial firepower it needs to maintain the Company's operational capability, to execute a high impact exploration programme, to start production from our existing discovery once permits are secured, to pursue new acreage and to expand activities into renewables. We look forward to a busy and rewarding 2023."

- Ends -

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All Reserves and Resources definitions and estimates shown in this report are based on the 2018 SPE/AAPG/WPC/SPEE Petroleum Resource Management System ("PRMS").

Technical information in this news release has been reviewed by the Company's Technical Manager, Mr. Jerry Smart. He has over 40 years of industry experience in oil and gas exploration and production with LASMO, Eni, Salamander Energy and Ophir Energy. He holds a B.Sc. in Geology from King's College, London.

Glossary

Mean The arithmetic mean of quantities of petroleum estimated, as of a given date, to be potentially Prospectiverecoverable from undiscovered accumulation by application of a future development project Resources

About Petro Matad

Petro Matad is the parent company of a group focussed on oil exploration, as well as future development and production in Mongolia. At the current time, Petro Matad holds 100% working interest and the operatorship of two Production Sharing Contracts with the Government of Mongolia. Block XX has an area of 218 square kilometres in the far eastern part of the country and Block V has an area of 7,937 square kilometres in the central western part of the country.

Petro Matad Limited is incorporated in the Isle of Man under company number 1483V. Its registered office is at Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ.

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