

22 May 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

- Rig arrival and Velociraptor 1 spud are forecast during the first half of June.
- Mobilization of site construction equipment to the Velociraptor 1 well location has commenced.
- Documentation proposing the certification of the Block XX Exploitation Area as Special Purpose Land for submission to Cabinet is being prepared by the ministries responsible.
- Negotiations with the Government for a new block in Mongolia's 2023 Exploration Tender Round are continuing.

Block V Exploration

Mobilisation of equipment to prepare the drilling location and to set-up the camp for Velociraptor 1 operations has commenced. All required equipment for the well is in the country. The water source well for the operation has also been prepared for production. All activities are planned to be completed in advance of rig arrival which is forecast by contractor Major Drilling to arrive at site in early June and to spud the well by the middle of the month. The Velociraptor 1 well is expected to reach the prognosed total depth of circa 1500 metres in circa 30 days following which the well will be logged and the results evaluated. In the event of encouragement in the well, the rig contract allows for follow up with an appraisal well. All permits are in place for Velociraptor 1 and the contingent appraisal drilling.

Velociraptor 1 is targeting an inversion anticline with recoverable resource potential of 200 million barrels and the adjacent Oviraptor and Tsagaanraptor prospects would be significantly de-risked by success and have the potential to triple the resource potential on the exciting Raptor Trend. Whilst there has been very little exploration drilling done in this part of Mongolia, Velociraptor 1 is located 7 km south of the Snow Leopard 1 well drilled by Petro Matad in 2018. This well found excellent oil source rocks and oil shows and proved that there is a working petroleum system in the Taats Basin in which the Velociraptor prospect is well located to receive hydrocarbon charge.

With the well cost estimated to be less than \$2 million, with attractive fiscal terms and a low cost onshore operating environment, Velociraptor 1 is an excellent opportunity in global oil exploration.

A further notification will be issued once Velociraptor 1 has spudded.

Block XX Exploitation Licence

Documentation prepared by the Ministry of Mining and Heavy Industry (MMHI) for submission to Cabinet to secure approval to certify the Block XX Exploitation Area as a Special Purpose Area was completed. However, the Ministry of Construction and Urban Development has insisted that as the ministry responsible for land issues, the Cabinet submission must come from them. As a result, they are repeating the step of asking all other ministries for comments after which we expect they will make the submission. The loss of more time whilst this is done is frustrating but highlights the fact that this is the first oil project to be put through this bureaucratic process based on regulations introduced in 2017 and the authorities involved have no obvious precedent to follow. The Company continues to push at all levels to underscore the importance of this licence for the Company and industry in Mongolia.

At the local level, the Company continues to engage with stakeholders and has also offered support to the province which is suffering from wildfires on the steppe due to recent dry conditions.

2023 Exploration Licencing Round

Negotiations with the Mineral Resources and Petroleum Authority of Mongolia (MRPAM) on the application for a block in Phase 1 of the 2023 open tender exploration licencing round continue. Discussions on changes to the Production Sharing Contract (PSC), on the proposed work programme and on fiscal terms have been completed. This part of the process involved a visit to the UK and to the Isle of Man by representatives of MMHI and MRPAM and we were honoured to be accompanied on the trip to the Isle of Man by the Mongolian Ambassador to the UK. Petro Matad continues to review other blocks in the tender round with a view to potentially submitting further block applications on those it high grades.

Mike Buck, CEO of Petro Matad, said:

"Preparations to drill Velociraptor 1 are well advanced and we are excited to spud in June and to explore the potential of the Raptor Trend.

"It is highly frustrating that the good work done by MMHI on the certification of the Block XX Exploitation Area as Special Purpose Land is now having to be repeated, but it is essential that the process is followed in full compliance with legislation. Shareholders can be assured that we are continuing to provide all input and assistance to the authorities in securing the certification.

"The recent visit to UK with senior representatives of MMHI and MRPAM provided an excellent opportunity to further strengthen our relationships with both organisations and we were honoured to be joined by H.E. Ambassador B. Enkhsukh, Mongolia's ambassador to the UK, on the visit to the Company's corporate agents in the Isle of Man."

Mongolia's ambassador to the UK, on the visit to the Company's corporate agents in the Isle of Man.

- 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.

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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