

22 August 2024

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

Petro Matad Limited ("Petro Matad" or "the Company"), the AIM quoted Mongolian oil company, provides the following operational update.

Highlights

- The Heron-1 oil discovery well has been re-entered, stimulated and completed for production in a trouble free operation.
- Neighbouring operator PetroChina has provided oil storage tanks that will complete the surface configuration for the production well site facilities.
- DQE Drilling has been approved as the winning tenderer for the 2024 drilling programme and the rig to drill Heron-2 is expected to start mobilisation by the end of August with spud anticipated in mid-September. The smaller rig for Gobi Bear-1 well is expected to mobilise by mid-September and spud before month's end.

Heron-1 reservoir stimulation and down-hole completion

Work on the Heron-1 discovery well has been completed with the down-hole pump installed ready for production following a successful reservoir stimulation programme. The well was found to be in good condition and the perforated zone from 2834m to 2846m in the Lower Tsagaanstav Formation from which the well flowed at 821 bopd on test was successfully isolated and hydraulically stimulated. Pressure responses observed during the stimulation were consistent with a successful operation and oil was observed during the subsequent recovery of the stimulation fluid. All completion equipment has been demobilised and the well site prepared for the installation of production facilities.

Surface equipment installation and preparations for production

Already purchased production facilities are ready to be installed and neighbouring operator PetroChina has provided spare oil storage tanks at nominal cost which are now being integrity tested and which will complete the production site configuration. It is planned to install and commission the surface facilities during the current operational window and the approval process for the construction permit required for installation of the facilities is at an advanced stage.

Discussions with PetroChina and industry regulator, the Mineral Resources and Petroleum Authority of Mongolia (MRPAM), on processing, transport and sales of Block XX production are continuing. The sharing of facilities is covered under an MoU signed with PetroChina in 2021 and is fully supported by MRPAM.

Preparations for the 2024 drilling programme

The contract for the drilling of two wells in the Block XX Exploitation License area has been agreed with PetroChina's drilling subsidiary DQE Drilling and approved by MRPAM. Mobilisation of the rig to drill the Heron-2 well is planned to begin before the end of August with well spud expected by mid-September. Heron-2 will be drilled to a total depth of c.2,900m and the anticipated timing will allow for a full evaluation of the well results, flow testing and completion within the current operational window.

A smaller rig for the high impact, low cost Gobi Bear-1 exploration well is expected to mobilise to site in the first half of September and to spud before month's end. The planned total depth of 1,800m should be reached in good time to allow for logging and, if merited, testing before the normal winter operational shutdown in late November.

Mike Buck, CEO of Petro Matad, said:

"With the Heron-1 down-hole completion now ready for production startup, the well site has been prepared for the installation of the surface production facilities. We are pleased to have concluded our negotiations with DQE and look forward to continuing to work with them on the 2024 drilling programme.

The team is now working at pace to spud Heron-2 in mid-September and to secure the required construction permits for Heron-1."

Further updates will be provided as the 2024 work programme progresses.

- Ends -

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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 focused on oil exploration, as well as future development and production in Mongolia. Currently, Petro Matad holds 100% working interest and the operatorship of the Matad Block XX Production Sharing Contract with the government of Mongolia. Block XX has an area of 214 square kilometres in the far eastern 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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