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1 October 2024

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

Heron-2 drilling results.

Petro Matad Limited (AIM: MATD), the AIM quoted Mongolian oil company, announces that Heron-2, the first development well to be drilled on the Petro Matad operated Heron Oil Field in Block XX in the Tamsag Basin of eastern Mongolia, has reached TD and wireline logging has been completed.

Highlights

- Heron-2 reached a total depth (TD) of 2,908m seven days ahead of schedule.
- An oil zone of 18m gross thickness was encountered which wireline logging indicates is very likely the same stratigraphic unit as that successfully tested in the Heron-1 discovery well.
- Production casing has been run in preparation for a well testing programme.

Drilling and logging results

The Heron-2 well reached TD seven days ahead of schedule following a smooth drilling operation with no safety or environmental issues. It encountered the primary target Cretaceous Lower Tsagaantsav Formation on prognosis. Oil and gas shows were observed from the top of the formation and an 18m thick interval of sandstone was penetrated in a similar stratigraphic position to the sandstone in Heron-1 that flowed good oil rates on well test. This interval was encountered at a depth of 2816m in Heron-2, 16m shallower than in the Heron-1 well and drilling mud was lost to the formation at the top of the unit, as it was in Heron-1, indicating a zone with good permeability.

Petrophysical evaluation of the wireline logs indicates that oil is present to the base of the sand and there is net oil pay within it of more than 5 metres. Log correlation indicates that this sandstone is very likely to be the same stratigraphic unit as the one tested successfully in Heron-1. It also has similar log calculated porosity.

Casing has been run to TD and preparations are being made for a well testing and stimulation programme over the pay zone with the ambition, in the event of successfully achieving a commercial flow rate, to put the well on stream as soon as possible. Recent heavy rains in the area have caused some logistical difficulties but the Company remains focused on getting the testing programme completed expeditiously and, based on the results, will then determine if time and weather will permit getting the well on production before the 2024 winter operational shut down in late November. The well test operations are expected to be completed during the month of October.

Mike Buck, CEO of Petro Matad, said:

"We are encouraged by the results of Heron-2 so far. Reservoir variability is one of the main uncertainties in the Tamsag Basin, so to have found what looks very much like the same unit in Heron-2 that proved productive in the Heron-1 discovery well is pleasing. Testing operations will determine the well deliverability and the forward programme thereafter. We are keen to maintain the momentum generated in the last few months."

Further operational updates will be provided in due course.

- 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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