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16 January 2025

#### Petro Matad Limited

("Petro Matad" or the "Company")

# Operational Update: Heron-1 production and the signing of a new Production Sharing Contract

Petro Matad Limited (AIM: MATD), the AIM quoted Mongolian oil company, provides the following update on production operations at the Heron-1 well in its Block XX Production Sharing Contract area in eastern Mongolia and on the signing of a new Production Sharing Contract.

### Highlights

- Heron-1 continues to flow oil to surface without the need for pumping.
- Produced oil is being transported and stored in the neighbouring Block XIX TA-1 facilities and to date 15,750 barrels have been delivered.
- Negotiations on the Cooperation Agreement are complete and it is now awaiting signature.
- Petro Matad has signed a new Production Sharing Contract (PSC) in Mongolia.

#### Heron-1 production

Production of oil from Heron-1 continues with the well on natural flow without the need for pumping. Stable production of over 200 barrels of oil per day is being maintained. At higher rates, reservoir sands are produced along with the oil and the installation of sand screens offers a cheap solution to this and will be programmed for the spring if the well continues to perform in this way. Surface modifications are also being reviewed with a view to capturing and using the associated gas that is produced along with the oil. The current inventory of Block XX oil in the TA-1 facilities in Block XIX stands at 15,750 barrels.

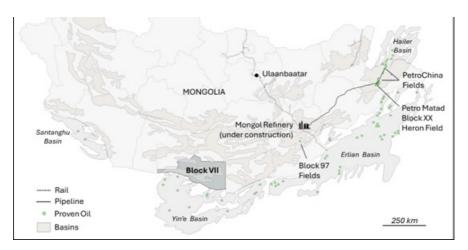
The terms of the Cooperation Agreement have been agreed by the parties involved and it is now awaiting signature by the operator of Block XIX. This is expected in February after which sales revenue will commence.

Under the Cooperation Agreement and applying the very favourable fiscal terms of the Block XX Production Sharing Contract, after payment of processing costs and transportation, and after the government's royalty and production share are deducted, Petro Matad will receive a net back of more than 40 per barrel based on a sales price of 70 per barrel. Block XX crude will be sold at the same price as Block XIX crude which is Daqing 33 minus /barrel. Daqing 33 is usually priced at a small discount to Brent, presently a 3.3% discount. At current oil prices the Block XX crude already in storage will generate revenue net to Petro Matad of circa 600,000.

#### Signing of Borzon Block VII, a new Production Sharing Contract in Mongolia

As previously reported, Petro Matad was selected as the contractor for two new exploration areas in Mongolia and the PSC for one of these, Borzon Block VII, has now been signed. The Company holds this acreage through its Isle of Man registered subsidiary Petro Matad Energy Ltd. which was established specifically for this purpose. Signing of the second PSC is awaiting Cabinet approval of the coordinates of a small, reserved area within the block.

The map below shows the location of Block VII.



Block VII comprises a very large area of some 41,141 square kilometres and is located in the south of Mongolia adjacent to the Yin'e and other basins across the border in northern China where oil and gas have been found in several plays. Importantly, in addition to the Jurassic/Cretaceous play already well known in Mongolia, oil has been found in older Triassic and Permian reservoirs that so far have not been explored in Mongolia. It is the extension of these oil prone basins into Block VII that make this block technically very attractive. Block VII has previously been lightly explored by other operators and has some 2D seismic coverage and limited well data. Geological outcrop information is plentiful.

Contractual and fiscal terms are very attractive compared to most other international jurisdictions. The financial commitment on Block VII is very low as Petro Matad has been able to incorporate into the eight-year exploration term a phasing of the work programme and the spend with the option to continue or relinquish in part or in full at the end of each phase. This keeps the commitment spend low until prospectivity is determined and further expenditure is then supported. In the first two-year phase on Block VII, the agreed work programme comprises field mapping and related studies designed to mature areas for future seismic acquisition and/or drilling at the Company's discretion in the following phases of the exploration term. The commitment spend for the first two-year phase including all PSC fees is 980,000 and overall expenditure under the contract for the full eight-year exploration period is 14.9 million.

The attractive risk profile, cheap operating environment and very low financial commitment make this block a good candidate for farmout and Petro Matad is prioritising the search for partners in parallel with the low cost exploration activities in phase 1 of the work programme. In-house technical work on Block VII has already commenced ahead of field work planned in Q2 2025.

## Mike Buck, CEO of Petro Matad, said:

"We are very pleased to see Heron-1 maintaining production and showing potential to increase its flow rate with some low cost modifications. It is also good to see a sizeable inventory of Block XX oil accumulating at TA-1 and we are pushing for sign off on the Cooperation Agreement to trigger the start of sales revenue.

The signing of Block VII adds some high quality exploration acreage to our portfolio. The reward potential and risk profile that Block VII offers are very attractive and we hope to be able to bring in partners to join us in exploring this exciting new area. We are also hopeful that the signing of our next new PSC will follow shortly and I look forward to updating shareholders".

Further operational updates will be provided in due course.

- Ends -

 $\label{prop:contact:prop:contact:} For further information please \ contact:$ 

Petro Matad Limited

Mike Buck, CEO +976 7014 1099 / +976 7575 1099

Shore Capital (Nominated Adviser and Joint Broker)

Toby Gibbs +44 (0) 20 7408 4090

Harry Davies-Ball

Zeus Capital Limited (Joint Broker)

Simon Johnson +44 (0) 20 3829 5000

Louisa Waddell

#### FTI Consulting (Communications Advisory Firm)

Ben Brewerton

+44 (0) 20 3727 1000

Christopher Laing

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, development and production in Mongolia. Currently, Petro Matad holds a 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. As a result of the contract award referenced herein, the Company now also holds a 100% working interest and operatorship of the Borzon Block VII Production Sharing Contract with an area of 41,141 square kilometres in southern central Mongolia.

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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