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Petro Matad Limited
('Petro Matad' or the 'Company' or the 'Group')
Operational Update

LONDON, 30 May 2025: Petro Matad Limited, the AIM quoted Mongolian oil company is pleased to provide the following operational update.

Key Company Updates

- The invoices for Block XX Heron 1 production from October 2024 to end April 2025 have been processed by PetroChina and are ready for payment. Prior to making payment, PetroChina has asked Petro Matad to get confirmation from the authorities that there will be no customs, VAT or tax charges levied resulting from the Oil Sales Agreement. That engagement is underway and if the response is slow in coming, Petro Matad and PetroChina are discussing payment of the majority of the amount due with a percentage withheld pending confirmation.
- Pumping at Heron 1 is now in operation to lift oil to surface with the well delivering c. 160 barrels of oil per day (bopd) with very low water cut below 6 %.
- Evaluating the merits of converting Heron 2 into an injection well to provide reservoir pressure support to Heron 1 to enhance productivity and recovery.
- Tenders for connection of Heron 1 to the local electricity grid to offset diesel usage are under evaluation.
- Gazelle 1 well test planning is ongoing with potential to put the well on production immediately if the test is successful.
- Gobi Bear 1 geochemistry study has confirmed the presence of migrated oil in the reservoir section.
- Block VII Environmental Baseline Study completed, 2025 budget approved and technical evaluation ongoing and attractive exploration targets identified.
- Discussions with potential partners on Block XX are ongoing.

Operational Update

Block XX

Oil sales

Invoices for payment for production from the October 2024 start-up of Heron 1 to the end of April 2025 have been processed for payment. Prior to making payment, PetroChina has asked Petro Matad to get confirmation from the authorities that there will be no customs, VAT or tax charges levied resulting from the Oil Sales Agreement. The engagement with the authorities is underway. The Company's tax experts have been of the view throughout the negotiations of the agreement that no such charges are applicable under law and by precedent but if confirmation from the authorities is slow in coming, Petro Matad and PetroChina are discussing payment of the majority of the amount due with a percentage withheld pending confirmation.

Heron 1

After several months of production from Heron 1 on natural flow, the reservoir pressure has declined in line with the trend seen in Block XIX production wells and the originally installed beam pump to lift oil to surface is now in operation. The pumped production rate of the well is averaging circa 160 bopd with low water cut below 6%. Based on the results of successful reservoir pressure support programmes applied in Block XIX, we are reviewing the merits of converting the Heron 2 well into a water injector. Pressure support can enhance daily production and overall recovery.

The project to tie-in the Heron 1 wellsite to the nearby and recently upgraded electricity grid, to offset diesel use for power generation and so reduce operating costs, has reached the tender evaluation stage. If the commercial bids are attractive, we anticipate completing the connection during the summer months.

Potential to add more production in 2025

The planning for a well test on the Gazelle 1 oil discovery is ongoing. With a successful test, production via the nearby Heron 1 facilities would follow while the necessary certification work is completed to allow a full development of the accumulation. Meanwhile, a geochemistry study on cuttings samples from the Gobi Bear 1 well has concluded that migrated oil is present in the reservoir section. Whilst not a conclusive indicator of moveable oil in the well, this is a positive result and the petrophysical evaluation of the Gobi Bear 1 logs is being revisited to determine the zones with the best potential for oil pay and the optimal intervals for well testing. Success in a test at Gobi Bear 1 could add significant reserves in Block XX and the well could also be put on production through the Heron 1 facilities in short order.

Sequential well intervention activities on Heron 2, Gazelle 1 and Gobi Bear 1 offer a highly cost-effective way to further evaluate these wells. All three are cased to bottom and suspended so the cost to re-enter and perform well tests is low given that a small workover rig can execute the programme.

Block VII

An Environmental Baseline Study for the newly signed Block VII has been completed and this and additional documentation have been sent to the relevant ministries for approval after which the formal Exploration Licence will be issued. The 2025 work programme and budget comprising studies and fieldwork have also been approved by the Mongolian regulator, the Mineral Resources and Petroleum Authority of Mongolia (MRPAM).

In parallel with these legal requirements, Petro Matad has been working on the existing data. Examination of the data available on the well drilled by the previous operator confirms that it did not reach its target depth before it was abandoned. Drilling conditions appear to have been benign, as they generally are in southern Mongolia, and the abandonment seems to have been the result of equipment related and financial issues. The existing 2D seismic data is under review with indications of a large structure in the northeastern part of the block and this will be the subject of further work.

Mike Buck, CEO of Petro Matad, said:

"We are pleased to have agreed the amounts payable for Heron-1 production. We are working hard with PetroChina and the Mongolian authorities to get the first payment made and we look forward to a smooth monthly payment process thereafter. Meanwhile, our production operations continue and, as anticipated, after a period on natural flow, Heron 1 is now behaving more like the offset wells in the basin and artificial lift is now in operation. Although the pumped rate is lower than the rate on natural flow, we are pleased that the well is continuing to deliver and is doing so at a very low water cut.

We continue preparations for some low-cost well work for 2025 to support and potentially enhance production and Block VII appears to have some exciting potential. Our efforts to bring in partners are continuing in parallel."

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, 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. The Company 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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