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Petro Matad Limited
18 June 2025

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Petro Matad Limited

('Petro Matad' or the 'Company' or the 'Group')

Production Revenue Received

LONDON, 18 June 2025: Petro Matad Limited, the AIM quoted Mongolian oil company is pleased to provide the following update.

Under its Oil Sales Agreement, Petro Matad has received from PetroChina partial payment of its invoice for Block XX oil production from the October 2024 start-up of Heron 1 to the end of April 2025. Gross proceeds of 1.18 million were received representing 70% of the invoiced amount. PetroChina has withheld 30% pending confirmation from the Mongolian tax authorities that there will be no customs, VAT or other tax charges levied on them in their role as processor and transporter of the oil. After payment of royalty and the government's share of the revenue, Petro Matad's net receipt from this payment is 0.81 million.

The invoice for production in the month of May has been submitted as per the terms of the agreement and is being processed.

Petro Matad is discussing the oil sales arrangements with the tax authorities to secure the confirmation PetroChina has requested. In the Company's view, the law and precedent are clear that customs duties and VAT do not apply under the Production Sharing Contract. PetroChina's processing and transportation of Block XX production as third-party business is something new for Mongolia but with services being charged at cost and representing a very small element of the overall value, there should be no, or minimal, tax impact. As such, Petro Matad views the withholding of 30% in no way representative of any uncertainty that remains, but in the spirit of collaboration shown by the parties to the agreement and in the interests of starting receipt of funds from commercial oil sales, the withholding has been acknowledged until the tax authorities have provided their guidance.

Mike Buck, CEO of Petro Matad, said:

"We are delighted to have received the first payment for Heron 1 oil under our oil sales agreement. The withholding of funds for matters raised by Petro Matad during months of discussion that were only declared by the counterparty to be of concern at the last minute is frustrating but we are working diligently to secure the confirmation that PetroChina has requested so that the withheld amount can be paid and future invoices can be paid in full."

Further operational updates will be provided in due course.

- Ends -

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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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