

The following amendments have been made to the 'Final results for year ended 31 December 2024' announcement released on 26 June 2025 at 7:00am under RNS No 45960.

In Note 19 of the Notes to the Consolidated Financial Statement, the minimum exploration work obligations figures were miscategorised and have been updated to reflect that by agreement with the Mongolian authorities the remaining Block XX exploration commitment of US 5.2 million can be spent within the 25 year term of the Exploitation License and so has now been correctly categorised as a commitment in 'greater than 5 years'.

Also, recognizing that the Company introduced phasing of the commitment into the contract for the recently signed Block VII, the amount included for that block is only for the first 2 years representing phase 1 of the PSC. The commitment quoted in note 2c has also been revised to reflect the correct categorisation.

All other details remain unchanged.

The full amended text is shown below.

26 June 2025

**Petro Matad Limited**  
**("Petro Matad" or the "Company")**  
**Final results for year ended 31 December 2024**

Petro Matad Limited ("Petro Matad" or "the Company"), the AIM quoted Mongolian oil company, announces its audited final results for the year ended 31 December 2024. All monetary values are expressed in United States dollars unless otherwise stated.

**2024 Operational Highlights**

- The Company successfully began oil production from its Heron-1 discovery well in October 2024, which was a significant milestone after continued negotiations with Ministry of Industry and Mineral Resources (MIMR) and Mineral Resources and Petroleum Authority of Mongolia (MRPAM)
- The Heron-2 well spudded on 8 September 2024 and although drilling results were encouraging, on test the productive potential was significantly lower than rates observed at Heron-1. The well was suspended pending further analysis. The Gobi Bear-1 exploration well was also drilled with ambiguous results and a zone of interest is the subject of further study.
- In 2024, Sunsteppe Renewable Energy (SRE) increased its portfolio with the addition of two new high-graded projects. The portfolio now includes the 24MW Oyu Tolgoi (OT) mine Green Hydrogen demonstration project; the Choir 50MW Battery Energy Storage System; a 1,500MW export to China project and a 200MW Hybrid project associated with an operating power plant, all of which offer double digit rates of return.
- The Company participated in Mongolia's Exploration Licensing round and awards were still pending at year-end. Block VII, the Company's top-ranked block, was awarded to Petro Matad on 16 January 2025.

**Mid-2025 operational update**

- Heron-1 has continued to produce through 2025 initially on natural flow and now using artificial lift and to date the well has produced over 45,000 barrels.
- An oil sales agreement was signed with neighbouring operator PetroChina and Petro Matad received the first payment for production in June 2025. A 30% revenue withholding pending confirmation on certain potential concerns raised by PetroChina is being addressed as a priority.
- Work on Block VII is underway with encouraging results so far. Data on the seismic and drilling operations by the previous operator are being incorporated into the Company's first phase evaluation.
- The Company's renewable energy joint venture, Sunsteppe, continues to work on its four high-graded projects and is in discussion with debt providers and potential equity partners.
- Recognising an improvement in the business environment in Mongolia, Petro Matad has stepped up efforts to find farm-in partners for its upstream oil projects in order to accelerate development and production with the goal of increasing shareholder value.

**2024 Financial Highlights**

- During 2024 the Company executed an oversubscribed equity raise for gross proceeds of 9.4 million to fund its 2024 work programme.
- As of 31 December 2024, the Group's cash position was 3.65 million (inclusive of Financial Assets) (31 December 2023: 4.5 million).
- The Group's net loss after tax for the twelve months ended 31 December 2024 was 10.92 million (31 December 2023: loss 5.9 million).

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

*"After many years, 2024 finally saw Petro Matad start oil production from the Heron-1 well so becoming only the third producer in the country. While the Heron-2 well did not meet our expectations, we are working on a programme to determine the potential of the well as an oil producer or alternatively as a water injector.*

*Our renewables joint venture, Sunsteppe, made good progress in 2024 and the portfolio includes projects ranging from 24MW to 1,500MW. The Mongolian government has prioritised energy independence and is focused on progressing renewable energy export to China. Sunsteppe is well placed to be a serious player in this sector.*

*We are aware and appreciative of our shareholders' patience through the delays our projects have suffered and of their continuing support."*

**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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**Annual Report and Accounts**

The Company's statutory annual report and accounts will be dispatched electronically to shareholders shortly and will be posted to shareholders who have elected to receive hard copies of the Annual Report. Additional copies of the Annual Report may be requested directly from the Company and an electronic copy will be available on the Company's website [www.petromatadgroup.com](http://www.petromatadgroup.com).

**Annual General Meeting ("AGM")**

A notice of the Company's AGM will be distributed in due course and made available on the Company's website [www.petromatadgroup.com](http://www.petromatadgroup.com).

**Directors' Statement 2024**

**Summary**

2024 was a transformational year for Petro Matad, with the Company becoming the third oil producer in Mongolia, with the startup of production operations in Block XX in eastern Mongolia, adding to the Company's traditional exploration activities. Delays that the Company had suffered in previous years were resolved with decisive input from the government and this heralded a push by the authorities to improve the business environment in the oil sector and the energy sector in general. The Company was navigating a number of Mongolian regulatory processes for the first time and we hope that this ground-breaking experience will ease

intergovernmental regulatory processes for the first time and we hope that this ground-breaking experience will ease the process for future business collaboration with the government.

During the reporting period in 2024, the Company had a busy operational year and achieved a significant milestone with first oil produced from the Heron-1 discovery well. This was achieved with the support of both local and central government agencies and Ministries in overcoming land access and various construction permitting issues. While still waiting for State Special Purpose certification of Block XX from central government, an agreement was made with Matad Soum allowing access to the area of the Heron-1 well pad and also at the planned Heron-2 and Gobi Bear-1 well locations. With these permissions in-place, the completion of Heron-1 as a production well was completed by early August. Installation of the surface facilities was threatened with further delay until the Minister of Industry and Mineral Resources and the Minister of Construction and Urban Development took action to amend relevant construction permitting regulations allowing the Heron-1 surface facilities to be installed and first oil to flow on 24 October. Initial production rates from the well were as expected at 200-250 bopd with oil being transported to PetroChina's processing facilities in Block XIX 20km to the north for storage prior to export. With production commenced, discussions with PetroChina to finalise an Oil Sales Agreement involving processing, transportation and sale finally gained some traction with the counterparty and the principles of the contract were largely agreed by year-end.

Post the reporting period, the Oil Sales Agreement was signed and in June 2025 Petro Matad received the first payment for commercial sale of its production from Block XX and whilst there are still some issues raised by the counterparty to resolve, the Company looks forward to routine monthly payments under the agreement going forward.

In parallel with completion and production operations at Heron-1, drilling activities at the Heron-2 appraisal well and the Gobi Bear-1 exploration well using funds raised in mid-2024 commenced on 8 and 21 September respectively using two rigs and drilling crews from DQE International. Heron-2 was located a little less than 1km to the south of Heron-1 with the expectation of encountering a similar reservoir thickness and quality as at Heron-1. While a thicker reservoir section was encountered up dip of the depth in Heron-1 and with oil shows observed, on test the well did not achieve commercial flow rates following stimulation and was suspended in mid-November pending evaluation of the well data. Initial assessment pointed to a reduction in reservoir permeability in the Heron-2 section being the reason for the low oil rate. This was the primary risk recognised before drilling as reservoir variability is well known and documented in the basin in neighbouring blocks. Gobi Bear-1 was located some 13km to the southwest of the Heron-1 discovery targeting the same age reservoir within a large combination structural/stratigraphic trap formed by shallowing and thinning of sediments towards the basin margin. The well encountered a good quality, thick reservoir sequence but with only patchy oil shows. However, petrophysical evaluation identified a possible zone of interest and the well was suspended in early October without testing pending geochemical analysis of well cuttings aimed to determine if moveable oil is present within the reservoir section.

It is a reflection of the professionalism and dedication of Petro Matad staff that the simultaneous operations of completing Heron-1 and installing facilities, drilling and testing Heron-2 and drilling Gobi Bear-1, were successfully completed without any environmental or safety incidents occurring and with the work done on time and within budget.

The Company's central Mongolian exploration acreage, Block V, was returned to the government at the end of July upon the expiry of the exploration term with all work commitments fulfilled and all required documentation shared with the Mineral Resources and Petroleum Authority of Mongolia (MRPAM) and relevant Ministries. The establishment of a government working group to approve the relinquishment is the last step of the process and this was ongoing at year-end.

The Company's applications for two blocks offered in Mongolia's Exploration Licensing round were still pending at year-end with the area of one of the blocks still yet to be finalised. Block VII, the Company's top-ranked block, was awarded to Petro Matad on 16 January 2025.

Sunsteppe Renewable Energy (SRE), the Company's renewables Joint Venture was very active through the year and identified several attractive project opportunities. The two exclusively held projects high-graded in 2023 advanced in 2024 working through the permitting and detailed design stages and are continuing to progress. Numerous other initiatives were generated by the renewables team with exclusivity on two more projects being achieved in 2024/25.

## **2024 Review**

### **Permitting: Block XX Exploitation Area - Land access**

The land access dispute that hitherto had prevented the Company's access to the Heron development location since late 2019 was finally resolved locally with an agreement reached with the Matad Soum and land agencies. Discrete areas around the Heron-1 well site and the location of the planned Heron-2 and Gobi Bear-1 wells required to allow Petro Matad to conduct operations were approved on 27 May 2024 for a five year period. This was in parallel with the State Special Purpose land certification process that continued to be addressed by central government and was still ongoing at year-end. Certification was finally achieved post the reporting period on 5 February 2025, making Block XX the first oil exploitation area in Mongolia to have been given State Special Purpose status. The newly appointed Minister of Industry and Mineral Resources finalised the Tripartite Agreement with the Provincial Governor, the absence of which had been holding up operations and the State Special Purpose certificate was issued by the Central Land Agency. Under the Land Law, as State Special Purpose land, it will be the responsibility of the Ministry of Industry and Mineral Resources (MIMR) to secure the land access for all areas within the Block XX Exploitation Area required for operations and thus a much more streamlined process in securing land access is expected in future. This expectation was born out in the first quarter of 2025 when land access was granted without obstruction for two new areas of potential operation in Block XX.

### **Health Safety Security and Environment (HSSE)**

The HSSE Management System (HSSE MS) of the Company is designed to adhere to best practices set by the

The HSE Management System (HSE MS) of the Company is designed to adhere to best practices set by the International Association of Oil and Gas Producers (IOGP).

According to Mongolian national and international best practices, all reported HSSE incidents are thoroughly investigated, documented, and classified in accordance with IOGP guidelines. Moreover, the lessons learned from these incidents are openly shared through the management review process. The Company is pleased to report that Petro Matad, together with its sub-contractors, adhered to all Mongolian laws and national standards throughout its 2024 operations. Importantly, there were no environmental incidents, lost time incidents, or recordable incidents during the year. We are pleased to report that the Dornod Aimag Environment Committee awarded Petro Matad an overall score of 97% on the Block XX Environmental Implementation Report for operational year 2024, which is the highest score ever granted to any company operating in Dornod Province.

The Company is fully committed to environmental protection and consistently strives to implement all necessary measures to fully comply with national and international best practices, with ISO 14001 serving as the benchmark.

With Petro Matad transitioning to become a producer, it was essential that all aspects of the production operations -including personnel conduct, equipment integrity, and environmental safeguards- would be managed in strict compliance with both Mongolian national legislation and applicable international safety standards. All production and supporting equipment at the Heron-1 wellsite are maintained under a routine servicing and preventative maintenance schedule, fully in accordance with the original manufacturers' specifications. This ensures optimal functionality, prolongs equipment lifespan, and mitigates risks related to mechanical failure, emissions, and operator safety. In line with Mongolian regulatory requirements, comprehensive safety and operational signage has been installed across the production site. This includes clearly displayed hazard warnings, safe operating procedures, emergency contact information, and access restrictions, all of which promote situational awareness and guide safe conduct on-site.

Operator activities are carried out in strict accordance with Mongolia's Occupational Health and Safety (OHS) regulations. Where relevant, operational practices are also aligned with international best practices as outlined by IOGP, reinforcing our commitment to globally recognized safety benchmarks.

### **Operations**

Block XX: The Company had contracts in place and equipment procured in readiness for when access to land was agreed and operations at Heron-1 could be commenced. With the agreement with the Matad Soum finalised on 27 May 2024 that allowed access and operations to commence at the Heron-1 wellsite and at the Heron-2 and Gobi Bear-1 well locations, the Company immediately issued mobilisation notices to DQE International and related subsidiaries for a testing rig, two drilling rigs and well testing and stimulation equipment for the planned 2024 programme. At Heron-1, completion operations started on 22 July and a reservoir stimulation programme was successfully performed which confirmed the reservoir's potential for commercial flow rates even after a shut-in period of 5 years. The production string and wellhead were installed by 15 August in readiness for the installation of the surface equipment. Being the Company's first installation of oil production facilities it became apparent when seeking construction permit approval that the existing regulations did not address oil production facilities and that they required updating. The Company was actively pursuing this process with representations to the Ministry of Construction and Urban Development (MCUD) but in parallel, with the assistance of the Minister MIMR and the Minister MCUD the regulations were updated on 30 September 2024 significantly streamlining the approvals process. This then allowed the Company to proceed with installation of production facilities which were completed on 24 October when first oil was produced from the Heron-1 well. The Company was pleased to be able to recruit production operators from the local communities and a field-based Production Operations team was established to oversee production operations and crude transportation.

Initial well production rates were in line with expectations with the well capable of producing under natural flow and with low water cut. Produced crude oil is transported to PetroChina's Block XIX TA-1 oil facility some 20km to the north for processing and storage prior to export to Chinese refineries. By year-end there were c.13,000 barrels of crude in storage awaiting export once the Oil Sales Agreement between the Company, and PetroChina was in-place.

In parallel to operations at Heron-1, the planned drilling activities at Heron-2 and Gobi Bear-1 commenced on 8 and 21 September respectively using two rigs and drilling crews from DQE International. Heron-2 was located a little less than 1km to the south of Heron-1 with the expectation of encountering a similar reservoir thickness and quality as at Heron-1. The well reached Total Depth (TD) of 2,908m in just 16 days after spud and following wireline logging, casing was run to TD and 8m of perforations were made in the casing across the identified reservoir section. The reservoir was then successfully stimulated but it became apparent during the flow-back operations that flowing rates were significantly lower than those observed in Heron-1. Subsequently swabbing operations recovered oil but at low volumes. Although a thicker reservoir section, up dip of Heron-1 was encountered with similar wireline log derived porosities it appeared that there is a marked reduction in reservoir permeability in Heron-2 and hence the low oil rate achieved. Such variation in reservoir quality is a known uncertainty in the basin and post-well studies were initiated to attempt to understand the result at Heron-2. The well was suspended on 16 November pending future operations, re-testing and/or water injectivity testing in the 2025 operational season.

Gobi Bear-1 was an exploration well located some 13km to the southwest of the Heron-1 and Gazelle-1 discoveries targeting the same age reservoir within a large combination structural/stratigraphic trap formed by shallowing and thinning of sediments towards the basin margin. The well was drilled with a smaller rig than that used at Heron-2 given the shallower targets. TD was reached at 1805m on 2 October in just 11 days and encountered a thick sandstone section within which wireline logging confirmed a total of 34m of reservoir quality sandstones within a gross interval of 70m between 1,558m and 1,628m and computed to have 13% average porosity which is consistent with the productive reservoirs in the basin. The resistivity log profile suggested the sands may contain a hydrocarbon charge. Oil shows were however only patchy across this interval casting some doubt on the presence of moveable oil in the well. The well was suspended

without testing and the rig released on 5 October. Subsequent geochemistry work on drill cuttings has concluded that migrated oil is present in the well and this is a positive result although it is not definitive and work continued beyond the reporting period including reviewing the log interpretation to determine the forward programme for the well.

Block V: The exploration term for this block expired on 29 July 2024. The Company fulfilled and exceeded the contractual obligations on the block and supplied MRPAM with all relevant documentation and completed restoration works at the Velociraptor-1 well site. A working group comprising representatives of MRPAM, MIMR and other agencies was established to give the final approval for the return of the acreage to the State and their work was ongoing at year-end.

#### **2024 Exploration Licencing Round**

The Company submitted applications for two blocks offered in the MRPAM promoted exploration licensing round. Working groups, comprising experts from MRPAM and MIMR were established and the Company successfully completed negotiations on the terms of the PSC and work programmes for each block. The Company focused on blocks in Mongolia that contain extensions of basins proven productive for oil across the international border in China. The government's approval process for the award of new exploration licences continued through 2024 and was ongoing at year-end. As subsequently reported, the Company was awarded Block VII on 16 January 2025 located in southernmost Mongolia. This was the Company's top-ranked block having extensions of plays proven in adjacent Chinese basins. The initial work programme comprises field work and desk-top studies and these are ongoing in parallel with the formalities required to secure the formal government approved Exploration Licence.

#### **Sunsteppe Renewable Energy (SRE)**

The Company's renewable energy vehicle, Sunsteppe Renewable Energy (SRE), made very good progress through the year. The feasibility study for the Green Hydrogen demonstration project for Oyu Tolgoi mine was completed and submitted to Oyu Tolgoi. The Choir 50MW/150MWh battery energy storage facility in central Mongolia is also progressing.

SRE's small but active team has made a big impact in-country and with potential international partners and lending banks. With the government's new focus on renewable energy projects including large export to China opportunities, SRE's opportunity set has grown to the extent that in 2024 it added two new exclusive projects to its portfolio. One is a 1.5GW export to China project in collaboration with a major Chinese utility. The other is a 200MW hybrid wind/solar project. These sizeable projects show the potential of the renewables sector in Mongolia and with its growing connections, SRE is well-placed to take a leading role in the Mongolian renewable energy project development market.

#### **Community Relations**

The Company takes its responsibilities in community engagement and community relations very seriously. In advance of any work programme activity being undertaken, the Company ensures that it obtains the necessary approvals from MRPAM and all other relevant authorities. Company staff participate in joint meetings with the regulator and the local communities to present and discuss planned activities. In addition to meeting local government officials, the socialisation programmes will typically include town hall meetings where questions from local residents are answered. Company representatives will also meet with nomadic herders who may be in proximity to planned operations to ensure all parties are listened to. Representatives from the Relations team are stationed at site during all operational activities.

A focused programme of community projects is undertaken in areas where operations are conducted, and this is done in cooperation with local government. The Company views engagement with local communities as key to conducting safe and successful operations that will in turn benefit the local area.

#### **Social impact**

In the winter of 2023-2024, Mongolia experienced severe winter conditions, known as dzud, particularly in the eastern provinces, including Dornod province. Petro Matad financed a donation including 132 tonnes of fuel, wrapped hay, livestock cover blankets, winter working gloves and food supplies under our corporate social responsibility awareness programme. These donations were handed over to the Emergency Commission of Matad Soum who were responsible for the distribution of the goods to Matad Soum residents impacted by the dzud.

In conjunction with the 100<sup>th</sup> year anniversary of Matad Soum's establishment, celebrations were held and Petro Matad funded the construction of a basketball court and children's playground with the work being executed by a local company.

#### **Conclusions**

In the first half of 2024 the Company vigorously pursued solutions to the Block XX land access issue working closely with MRPAM, MIMR and local communities. The securing of local land approvals in 2024 enabled the Company to carry out its intended work programme through the second half of the year. The highlight of this activity was putting onstream and start up of oil production from the Heron-1 discovery well. Heron-2 delivered a result that was below expectation but work continues to determine the best use for this well. Gobi Bear-1 demonstrated once again that small rigs can be used for highly cost-effective operations on shallower wells and the ambiguous result is intriguing. The Block XX 2024 operations were completed within budget, without any HSSE incident and with excellent cooperation with the local community which is a significant achievement for the Company's Mongolian staff especially given the adversities faced in the region in previous years. With the award of Block VII in January 2025, the Company is looking forward to high grade the prospectivity of the block for an impactful exploration programme in future years.

The improvement in the business environment in Mongolia in 2024 with government taking a more proactive approach particularly in the energy sector highlighted the opportunities to the Company of looking to bring in partners to accelerate oil production operations and enhance shareholder value. This is being pursued.

Meanwhile, the renewable energy possibilities of Mongolia combined with SRE's exciting start has given the Company some good options going forward.

#### **Acknowledgements**

The Company is very appreciative of the support and collaboration shown by MRPAM and MIMR through the long struggle to secure land access and the start-up of productions operations. The Company is also grateful to neighbouring operator PetroChina for the cooperation and collaboration they have shown in offering Block XX a route to commercialisation.

The Directors would like to reiterate their appreciation to the staff of Petro Matad who have continued to work with enthusiasm, diligence, and dedication, sometimes in highly frustrating circumstances. Shareholders' continued support is also highly appreciated.

### **Consolidated Statement of Profit or Loss and Other Comprehensive Income** **For the year ended 31 December 2024**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
		<b>'000</b>	<b>'000</b>
<b>Continuing operations</b>			
<b>Revenue</b>			
Operating income	4(a)	626	-
Cost of Goods Sold	4(a)	(172)	-
		<b>454</b>	<b>-</b>
Interest income	4(a)	193	216
Other income	4(a)	1	135
		<b>194</b>	<b>351</b>
<b>Expenditure</b>			
Consultancy fees		(124)	(136)
Depreciation and amortisation	4(b)	(463)	(190)
Employee benefits expense	4(c)	(2,271)	(2,076)
Exploration, exploitation and evaluation expenditure	4(d)	(5,044)	(2,212)
Other expenses	4(e)	(3,662)	(1,663)
<b>(Loss)/Profit from continuing operations before income tax</b>		<b>(10,916)</b>	<b>(5,926)</b>
Income tax expense	5	-	-
<b>(Loss)/Profit from continuing operations after income tax</b>		<b>(10,916)</b>	<b>(5,926)</b>
<b>Net (loss)/profit for the year</b>		<b>(10,916)</b>	<b>(5,926)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations, net of income tax of Nil (2023: Nil)		2	26
<b>Other comprehensive (loss)/income for the year, net of income tax</b>		<b>2</b>	<b>26</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(10,914)</b>	<b>(5,900)</b>
 (Loss)/Profit attributable to owners of the parent		 <b>(10,916)</b>	 <b>(5,926)</b>
Total comprehensive (loss)/income attributable to owners of the parent		<b>(10,914)</b>	<b>(5,900)</b>
 <b>(Loss)/Earnings per share (cents per share)</b>			
Basic (loss)/earnings per share	6	<b>(0.8)</b>	(0.5)
Diluted (loss)/earnings per share	6	<b>(0.8)</b>	(0.5)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the*

## Consolidated Statement of Financial Position

As at 31 December 2024

		Consolidated	
	Note	31 Dec 2024 '000	31 Dec 2023 '000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	1,987	503
Trade and other receivables	8	698	438
Prepayments	9	123	159
Financial assets	10	968	3,529
Inventory	11	223	215
<b>Total Current Assets</b>		<b>3,999</b>	<b>4,844</b>
<b>Non-Current Assets</b>			
Exploration and evaluation assets	12	15,084	15,275
Investment in SunSteppe		663	946
Property, plant and equipment	13	510	239
Right-of-Use asset	13	103	99
Petroleum asset	13	503	-
<b>Total Non-Current Assets</b>		<b>16,863</b>	<b>16,559</b>
<b>TOTAL ASSETS</b>		<b>20,862</b>	<b>21,403</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	961	348
Lease liability	14	109	-
<b>Total Current Liabilities</b>		<b>1,070</b>	<b>348</b>
<b>Non-Current Liabilities</b>			
Decommissioning Provision	15	562	-
<b>Total Non-Current Liabilities</b>		<b>562</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,632</b>	<b>348</b>
<b>NET ASSETS</b>		<b>19,230</b>	<b>21,055</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	16	169,009	160,176
Reserves	17	448	243
Accumulated losses		(150,227)	(139,364)
<b>TOTAL EQUITY</b>		<b>19,230</b>	<b>21,055</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2024

		Consolidated	
	Note	31 Dec 2024 '000	31 Dec 2023 '000

<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(9,994)	(3,590)
Interest received		192	102
<b>Net cash flows (used in)/provided by operating activities</b>	7	<b>(9,802)</b>	<b>(3,488)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(344)	(28)
Proceeds from sale of financial assets		2,561	(2,512)
Investment in SunSteppe		283	(946)
Proceeds from the sale of property, plant and equipment		-	-
<b>Net cash flows used in investing activities</b>		<b>2,500</b>	<b>(3,486)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		9,390	6,523
Capital raising cost		(557)	(404)
Payments of lease liability principal		(49)	(144)
<b>Net cash flows from financing activities</b>		<b>8,784</b>	<b>5,975</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>1,482</b>	<b>(999)</b>
Cash and cash equivalents at beginning of the year		503	1,476
Net foreign exchange differences		2	26
<b>Cash and cash equivalents at the end of the year</b>	7	<b>1,987</b>	<b>503</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

		<b>Consolidated</b>			
		<i>Attributable to equity holders of the parent</i>			
		Issued Capital	Accumulated Losses	Other Reserves Note 16	Total
	Note	'000	'000	'000	'000
<b>As at 1 January 2023</b>		<b>154,057</b>	<b>(133,440)</b>	<b>8</b>	<b>20,625</b>
Net loss for the year		-	(5,926)	-	(5,926)
Other comprehensive income		-	-	26	26
<b>Total comprehensive gain/(loss) for the year</b>		<b>-</b>	<b>(5,926)</b>	<b>26</b>	<b>(5,900)</b>
Issue of share capital	16	6,523	-	-	6,523
Cost of capital raising	16	(404)	-	-	(404)
Share-based payments	16 & 17	-	-	211	211
Exercise of Conditional Share Awards	16, 17 & 18	-	-	-	-
Expiry of Options	17 & 18	-	2	(2)	-
<b>As at 31 December 2023</b>		<b>160,176</b>	<b>(139,364)</b>	<b>243</b>	<b>21,055</b>
Net loss for the year		-	(10,916)	-	(10,916)
Other comprehensive income		-	-	2	2
<b>Total comprehensive gain/(loss) for the year</b>		<b>-</b>	<b>(10,916)</b>	<b>2</b>	<b>(10,914)</b>
Issue of share capital	16	9,390	-	-	9,390
Cost of capital raising	16	(557)	-	-	(557)
Transfer of Petro Matad Singapore		-	53	-	53
Share-based payments	17 & 18	-	-	203	203
Exercise of Conditional Share Awards	16, 17 & 18	-	-	-	-
Expiry of Options	17 & 18	-	-	-	-
<b>As at 31 December 2024</b>		<b>169,009</b>	<b>(150,227)</b>	<b>448</b>	<b>19,230</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1 Corporate information

The financial report of Petro Matad Limited (Company) for the year ended 31 December 2024 was authorised for issue in accordance with a resolution of the Directors dated 25 June 2025 which was approved on 26 June 2025.

This financial report presents the consolidated results and financial position of Petro Matad Limited and its subsidiaries.

Petro Matad Limited (Company) incorporated in the Isle of Man on 30 August 2007 has six wholly owned subsidiaries, which are: Capcorp Mongolia LLC, Petro Matad LLC and Petro Matad Energy LLC (incorporated in Mongolia), Central Asian Petroleum Corporation Limited (Capcorp) and Petromatad Invest Limited (both incorporated in the Cayman Islands), and Petro Matad Energy Limited (incorporated in Isle of Man). Petro Matad Limited owns 50% of Sunsteppe Renewable Energy Pte. Ltd. (formerly known as Petro Matad Singapore Pte. Ltd.), which is incorporated in Singapore, which is owned jointly together with Sunsteppe Energy LLC to pursue renewables energy projects. The Company and its subsidiaries are collectively referred to as the "Group". The Group's principal activity in the course of the financial year consisted of oil exploration and development and investment in renewable projects in Mongolia.

Petrovis Matad Inc. (Petrovis) is a major shareholder of the Company, holding approximately 17.61% of the shareholding at the year end of 2024.

## 2 Summary of material accounting policies

### (a) Basis of preparation

This financial report complies with International Financial Reporting Standards (IFRS) as adopted by the European Union.

This financial report has been prepared on a historical cost basis, except where otherwise stated. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

### (b) Statement of compliance

This general-purpose financial report has been prepared in accordance with the requirements of all applicable IFRS as adopted by the European Union and related Interpretations and other authoritative pronouncements.

### (c) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group generated a loss of 10.92 million for year 2024 (2023 Loss: 5.93 million) and experienced net cash outflows

The Group generated a loss of 10.92 million for year 2024 (2023 Loss: 3.33 million) and experienced net cash outflows from operating activities of 9.69 million (2023 Outflow: 3.49 million). In addition, as outlined in Note 19(b) the Group is required to meet minimum exploration commitments on its Block XX and Block VII Production Sharing Contract (PSC) of approximately 5.65 million. The Company previously reached an agreement with the Mineral Resources and Petroleum Authority of Mongolia (MRPAM) that the underspent minimum exploration commitment in Block XX can be transferred to and spent on exploration and appraisal activities during the exploitation period, which has commenced as the application for a 25-year Exploitation Licence (EL) for Block XX was approved in July 2021. The Company raised an additional 9.4 million in July 2024, which provided sufficient working capital for ongoing operations including the drilling of an exploration well and an appraisal well in Block XX, completion and commencement of production of the Heron-1 discovery well, and investing in renewable energy projects through its interest in Sunsteppe Renewable Energy Pte. Ltd.

The Company believes that the current cash balance is sufficient to continue operations until at least July 2026. The commencement of production operations in late 2024 has provided the Company with a revenue source which enhances the Company's ability to remain a going concern. It is also important to note that the Company can access loans up to 1.5 million from Petrovis under an existing loan agreement.

Cumulative expenditures to end 2024 in Block V exceed financial commitments by 5.1 million. The Block V PSC exploration term expired in July 2024, and the block has been fully relinquished with no outstanding commitments remaining. The Company is awaiting final approval of the relinquishment by the Mongolian Government.

The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash to meet their working capital requirements for the twelve-month period from the date of signing the financial report.

#### **(d) Application of new and revised Accounting Standards**

##### *Accounting Standards that are mandatorily effective for the current reporting year*

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020.

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

##### *Standards and Interpretations in issue not yet adopted*

At the date of authorisation of the financial statements, the Group has not applied the new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective. Based on a preliminary review of the standards, interpretations and amendments, the Directors do not anticipate a material change to the Group's accounting policies, however further analysis will be performed when the relevant standards are effective.

#### **(e) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

## **2 Summary of material accounting policies (continued)**

### **(f) Foreign currency translation**

#### *Functional and presentation currency*

Both the functional and presentation currency of Petro Matad Limited is United States Dollars (USD). The Cayman Islands and Singaporean subsidiaries' functional currency is USD. The Mongolian subsidiaries' functional currency is Mongolian Tugrugs (MNT) which is then translated to the presentation currency, USD.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal on the net investment.

#### *Translation of subsidiaries' functional currency to presentation currency*

The results of the Mongolian subsidiaries are translated into USD (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at the reporting date.

Exchange differences resulting from the translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in Mongolian subsidiaries are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. If a Mongolian subsidiary was sold, the proportionate share of exchange difference would be transferred out of equity and recognised in profit and loss.

### **(g) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **(h) Trade and other receivables**

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 60 days overdue. The amount of the impairment loss is the amount by which the receivable carrying value exceeds the present value of the estimated future cash flows, discounted at the original effective interest rate.

#### **(i) Plant and equipment**

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset and is currently estimated to be an average of 6 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

##### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

#### **(j) Financial instruments**

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instruments. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instruments are classified at 'Fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

##### *Classification and subsequent measurement*

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortization of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carry amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial

venture entities as being subject to the requirements of accounting standards specifically applicable to financial statements.

**(i) Financial assets at fair value through profit and loss or through other comprehensive Income**

Financial assets are classified at 'Fair value through profit or loss' or 'Fair value through other comprehensive Income' when they are either held for trading for purposes of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss if electing to choose 'fair value through profit or loss' or other comprehensive income if electing 'fair value through other comprehensive income'.

**(ii) Financial Liabilities**

The Group's financial liabilities include trade and other payables, loan and borrowings, provisions for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries & associates.

**(j) Financial instruments (continued)**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

*Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipts of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(k) Inventory**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**(l) Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred by the Group is expensed separately for each area of interest. The Group's policy is to expense all exploration and evaluation costs funded out of its own resources.

**(m) Exploration and evaluation assets**

Exploration and evaluation assets arising out of business combinations are capitalised as part of deferred exploration and evaluation assets. Subsequent to acquisition, exploration expenditure is expensed in accordance with the Group's accounting policy.

**(n) Impairment of tangible and intangible assets other than goodwill**

At each reporting date, the Group assesses whether there is any indication that tangible and intangible asset may be

impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount for each asset or cash generating unit to determine the extent of the impairment loss (if any). Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the assets (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of impairment loss is treated as a revaluation increase

Impairment review for deferred exploration and evaluation assets is carried out on a project-by-project basis, where each project representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances apply:

- Unexpected geological occurrences that render the resource uneconomic;
- Title to asset is compromised;
- Variations in prices that render the project uneconomic; or
- Variations in the currency of operation.

#### **(o) Trade and other payables**

Trade and other payables are initially recognised at fair value. After initial recognition, trade and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(p) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time-value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **(q) Leases**

##### *The Group as lessee*

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### *The Group as lessor*

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. When a contract is determined to include lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

#### **(r) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **(s) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

##### *Operating Revenue*

Revenue is recognized when produced oil reaches the TA-1 central facility in Block XIX which is designated as the sales point.

##### *Interest revenue*

Revenue is recognised on an accrual basis using the effective interest method.

#### **(t) Share-based payment transactions**

The Group provides to certain key management personnel share-based payments, whereby they render services in exchange for rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by use of the Black Scholes model.

In determining the fair value of the equity-settled transactions, vesting conditions that are not market conditions are not taken into account.

The cost of equity-settled transactions is recognised as an expense on a straight-line basis, together with a corresponding increase in equity, over the period in which they vest.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects:

- the extent to which the vesting period has expired; and
- the number of awards that, in the opinion of the Directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at the reporting date. The impact of the revision of original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

#### **(u) Income tax**

##### *Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### *Deferred tax*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) that affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or



substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *Current and deferred tax for the year*

Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity/other comprehensive income, in which case the deferred tax is also recognised directly in equity/other comprehensive income, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

### **(v) Earnings per share**

Basic earnings per share is calculated as net profit attributable to owners of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to owners of the parent, adjusted for:

- Costs of servicing equity (other than dividends);
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the conversion of dilutive potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### **(w) Significant accounting judgments, estimates and assumptions**

In applying the Group's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions.

Any revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are the most critical estimates and judgments made by management in applying the accounting policies and have the most significant effect on the amounts recognised in the financial statements.

#### *Share-based payments*

The Group measures the cost of equity-settled transactions with Directors and employees at the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model. One of the inputs into the valuation model is volatility of the underlying share price which is estimated on the historical share price.

#### *Recovery of the exploration and evaluation assets*

The ultimate recoupment of the exploration and evaluation assets is dependent upon successful development and commercial exploitation or alternatively the sale of the respective areas of interest at an amount at least equal to book value. At the point that it is determined that any capitalised exploration and evaluation expenditure is not recoverable, it is written off.

## Going Concern

The Group assesses the going concern of the Group on a regular basis, reviewing its cash flow requirements, commitments and status of PSC requirements and funding arrangements. Refer to Note 2(c) for further details.

### 3 Operating segments

Operating segments have been identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the Board receives financial information on a consolidated basis similar to the financial statements presented in the financial report, to manage and allocate their resources. Based on the information provided to the Board of Directors, the Group has one operating segment and geographical segment, being Mongolia; as such no separate disclosure has been provided.

31 Dec 2024 '000	31 Dec 2023 '000
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### 4 Revenues and expenses

#### (a) Revenue

Operating income - Oil sale revenue	626	-
Cost of Goods Sold:		
Transportation and services	(131)	-
Royalty paid to MRPAM	(41)	-
	<u>454</u>	<u>-</u>
Interest income	193	216
Other income:		
Other income	1	135
	<u>194</u>	<u>351</u>

#### (b) Depreciation and Amortization

Depreciation of assets over useful life

Amortization of evaluation assets on unit of production basis

Depreciation - Property and Plant Equipment	72	52
Depreciation - Right-of-Use asset	154	138
Depreciation - Petroleum Asset (Decommissioning Reserve)	46	-
Capitalized - Petroleum Asset	191	-
	<u>463</u>	<u>190</u>

#### (c) Employee benefits expense

Included in employee benefits expense are the following:

Wages and salaries	1,886	1,676
Bonuses	-	11
Non-Executive Directors' fees (including Directors of affiliates)	146	142
Consultancy fees	36	36
Share-based payments	203	211
	<u>2,271</u>	<u>2,076</u>

#### (d) Exploration, exploitation and evaluation expenditure

Exploration, exploitation and evaluation expenditure relates to the following PSCs:

Block XX - Exploitation	5,037	262
Block V - Exploration	7	1,950
	<u>5,044</u>	<u>2,212</u>

#### (e) Other expenses

Included in other expenses are the following:

Administration costs	1,043	827
Sunsteppe cost	1,738	200
PSC administration costs	201	335
Production bonus	500	-
Audit fees	64	72
Travel expenses	116	229
	<u>3,662</u>	<u>1,663</u>

	31 Dec 2024	31 Dec 2023
Note	'000	'000

## 5 Income tax

Income tax recognised in the statement of profit or loss:

Tax expense/(benefit) comprises:

Current tax expense/(benefit)	-	-
Deferred tax expense/(benefit) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(benefit) reported in the statement of profit or loss	<u>-</u>	<u>-</u>

The prima facie income tax benefit on pre-tax accounting loss from continuing operations reconciles to the income tax expense/(benefit) in the financial statements as follows:

Net (loss)/profit for the year		(10,916)	(5,926)
Income tax benefit calculated at 10%	(i)	1,091	593
Effect of different tax rates on entities in different jurisdictions	(ii)	(293)	(115)
Change in unrecognised deferred tax assets		(798)	(478)
		<u>-</u>	<u>-</u>

(i) The tax rate used in the above reconciliation is the corporate tax rate of 10% payable by Mongolian corporate entities on taxable profits up to 6 billion MNT under Mongolian tax law.

(ii) Petromatad Invest Limited and Capcorp are exempt of Mongolian corporate tax on profits derived from the sale of oil under their PSCs once production commences and are subject to Cayman Islands income tax at a rate of 0%. As a consequence, no provision for Mongolian corporate tax or Cayman Islands current tax or deferred tax has been made in the Company's accounts in relation to them.

Petro Matad Limited and Petro Matad Energy Limited are subject to Isle of Man income tax at a rate of 0%. As a consequence, no provision for Isle of Man current tax or deferred tax has been made in the companies' accounts.

## 6 (Loss)/Earnings per share

The following reflects the loss and share data used in the total operations basic and diluted (loss)/earnings per share computations:

31 Dec 2024	31 Dec 2023
-------------	-------------

	cents per share	cents per share
Basic (loss)/earnings per share	<u>(0.8)</u>	<u>(0.5)</u>
Diluted (loss)/earnings per share	<u>(0.8)</u>	<u>(0.5)</u>
	'000's	'000's
The loss and weighted average number of ordinary shares used in the calculation of basic and diluted (loss)/earnings per share are as follows:		
Net (loss)/profit attributable to owners of the parent	<u>(10,916)</u>	<u>(5,926)</u>
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share (in thousands)	<u>1,299,390</u>	<u>1,090,898</u>
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share (in thousands)	<u>1,299,390</u>	<u>1,090,898</u>

31 Dec 2024	31 Dec 2023
'000	'000

## 7 Cash and cash equivalents

Cash at bank and in hand	<u>1,987</u>	<u>503</u>
	<u>1,987</u>	<u>503</u>

Cash at bank and in hand earns interest at fixed and floating rates based on prevailing bank rates, and the fair value of the above cash and cash equivalents is 1,987,000 (2023: 503,000) due to the short-term nature of the instruments.

### Reconciliation from the net gain/(loss) after tax to the net cash flows from operations:

Net (loss)/gain after tax	(10,916)	(5,926)
<i>Adjustments for:</i>		
Depreciation and amortisation	463	190
Share based payments	203	211
Decommissioning Provision	13	-
Unrealised foreign exchange (gains)/ losses	1	(3)
Transfer of Petro Matad Singapore	53	-
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	(260)	2,169
Decrease/(increase) in prepayments	36	(21)
Decrease/(increase) in inventory	(8)	-
Increase/(decrease) in trade and other payables	613	(108)
Net cash flows used in operating activities	<u>(9,802)</u>	<u>(3,488)</u>

### Non-cash investing and financing activities

There were no non-cash investing or financing activities undertaken in the 2024 financial year or prior year (2023: 0.00).

## 8 Trade and other receivables

### Current

Other debtors	<u>698</u>	<u>438</u>
	<u>698</u>	<u>438</u>

All amounts are recoverable and are not considered past due or impaired.

2024 account receivables include the oil sales revenue due from PetroChina Daqing Tamsag for the crude oil produced for the period from October to December 2024 and stored at the TA-1 central facility in Block XIX to be sold to the buyer.

## 9 Prepayments

Prepayments	123	159
-------------	-----	-----

123	159
<b>123</b>	<b>159</b>

## 10 Financial assets

Long Term Deposits	<b>968</b>	3,529
	<b>968</b>	<b>3,529</b>

The Group holds term deposits with an average weighted interest rate of 6.73%. The deposits have maturity dates greater than 3 months. None of these assets had been past due or impaired at the end of the reporting period.

<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
<b>'000</b>	<b>'000</b>

## 11 Inventory

Raw materials	<b>223</b>	215
	<b>223</b>	<b>215</b>

Inventory is mainly consumables, including casing, mud and drilling materials purchased for Block XX.

## 12 Exploration and evaluation assets

Exploration and evaluation assets	<b>15,084</b>	15,275
	<b>15,084</b>	<b>15,275</b>

The exploration and evaluation asset arose following the initial acquisition in February 2007 of 50% of Petromatad Invest Limited, together with acquisition on 12 November 2007 of the remaining 50% not already held by the Group, for a consideration of 23,340,000 ordinary shares credited as fully paid up and with an estimated fair value of 0.50 per share, taking into account assets and liabilities acquired on acquisition. This relates to the exploration and evaluation of PSC Block XX.

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation or alternatively the sale of the respective areas of interest at an amount at least equal to book value.

Management have reviewed for impairment indicators on Block XX and no impairment has been noted.

With the commencement of production in Block XX, the Group has commenced amortization of the asset utilizing the unit of production basis.

## 13 Property, plant and equipment, Right-of-Use asset and Petroleum asset

Plant and equipment at cost	<b>583</b>	939
Accumulated depreciation and impairment	<b>(73)</b>	(700)
	<b>510</b>	<b>239</b>
Right-of-Use asset	<b>137</b>	132
Accumulated depreciation - Right-of-Use asset	<b>(34)</b>	(33)
	<b>103</b>	<b>99</b>
Petroleum asset	<b>549</b>	-
Accumulated depreciation - Petroleum asset	<b>(46)</b>	-
	<b>503</b>	<b>-</b>

Reconciliation of carrying amounts at the beginning and end of the year:

	Plant and equipment Total '000	Right-of- Use asset Total '000	Petroleum asset Total '000	Total '000
As at 1 January 2023 (net of accumulated depreciation)	261	92	-	353
Additions	28	144	-	172

Foreign exchange	2	1	-	3
Depreciation charge for the year	(52)	(138)	-	(190)
<b>As at 31 December 2023 (net of accumulated depreciation)</b>	<b>239</b>	<b>99</b>	<b>-</b>	<b>338</b>
Additions	344	158	549	1,051
Foreign exchange	-	-	-	-
Depreciation charge for the year	(73)	(154)	(46)	(273)
<b>As at 31 December 2024 (net of accumulated depreciation)</b>	<b>510</b>	<b>103</b>	<b>503</b>	<b>1,116</b>

The following useful lives are used in the calculation of depreciation: Plant and equipment - 2 to 10 years.

	31 Dec 2024	31 Dec 2023
	'000	'000

#### 14 Trade and other payables (current)

Trade payables	961	348
Lease liability	109	-
	<b>1,070</b>	<b>348</b>

Trade payables are non-interest bearing and are normally settled within 60 day terms.

#### 15 Decommissioning Provision (Non-current)

Decommissioning Provision	562	-
	<b>562</b>	<b>-</b>

The Group recognizes a provision for the present value of the estimated cost to dismantle and decommission production wells and facilities. This estimated cost is capitalized as part of the petroleum asset and depreciated over its useful life. The provision is reviewed annually and adjusted to reflect changes in cost estimates, scope, or applicable discount rates.

#### 16 Issued capital

Ordinary Shares  
1,483,883,601 shares issued and fully paid  
(2023: 1,113,883,601)

	169,009	160,176
	<b>169,009</b>	<b>160,176</b>

##### Movements in ordinary shares on issue:

	Number of Shares	Issue Price	'000
As at 1 January 2023	898,761,649		154,057
Placement shares through Shore Capital on 10 Feb 2023 (note (a))	94,787,994	0.030	2,866
Placement shares through Zeus on 10 February 2023 (note (b))	67,000,626	0.030	2,027
Direct subscription shares on 10 February 2023 (note (c))	33,333,332	0.031	1,025
Open Offer shares on 10 February 2023 (note (d))	20,000,000	0.030	605
Capital raising cost			(404)
As at 31 December 2023	<b>1,113,883,601</b>		<b>160,176</b>
Placement shares through Shore Capital on 1 July 2024 (note (e))	189,311,666	0.025	4,802
Placement shares through Zeus on 1 July 2024 (note (f))	117,381,250	0.025	2,981
Direct subscription shares on 1 July 2024 (note (g))	43,307,084	0.025	1,100
Open Offer shares on 1 July 2024 (note (h))	20,000,000	0.025	507
Capital raising cost			(557)
As at 31 December 2024	<b>1,483,883,601</b>		<b>169,009</b>

(a) On 10 February 2023, the Company concluded a placing by issuing 94,787,994 shares at a price of GBP0.025 per share arranged through its nominated adviser, broker and joint book runner for the purposes of the Placing, Shore Capital Stockbrokers.

(b) On 10 February 2023, the Company concluded a placing by issuing 67,000,626 shares at a price of GBP0.025 per

share arranged through its broker and joint book runner for the purposes of the Placing, Zeus Capital.

- (c) On 10 February 2023, the Company issued 33,333,332 shares through direct subscriptions at a price of GBP0.025 per share.
- (d) On 10 February 2023, the Company issued 20,000,000 shares to shareholders at a price of GBP0.025 per share through a retail offering on the Bookbuild platform.
- (e) On 1 July 2024, the Company concluded a placing by issuing 189,311,666 shares at a price of GBP0.020 per share arranged through its nominated adviser, broker and joint book runner for the purposes of the Placing, Shore Capital Stockbrokers
- (f) On 1 July 2024, the Company concluded a placing by issuing 117,381,250 shares at a price of GBP0.020 per share arranged through its broker and joint book runner for the purposes of the Placing, Zeus Capital.
- (g) On 1 July 2024, the Company issued 43,307,084 shares through direct subscriptions at a price of GBP0.020 per share.
- (h) On 1 July 2024, the Company issued 20,000,000 shares to shareholders at a price of GBP0.020 per share through a retail offering.

## 17 Reserves

A detailed breakdown of the reserves of the Group is as follows:

	Merger reserve '000	Equity benefits reserve '000	Foreign currency translation '000	Total '000
As at 1 January 2023	831	545	(1,368)	8
Currency translation differences	-	-	26	26
Expiry of Options	-	(2)	-	(2)
Exercise of Awards	-	-	-	-
Share based payments	-	211	-	211
<b>As at 31 December 2023</b>	<b>831</b>	<b>754</b>	<b>(1,342)</b>	<b>243</b>
Currency translation differences	-	-	2	2
Expiry of Options	-	-	-	-
Exercise of Awards	-	-	-	-
Share based payments	-	203	-	203
<b>As at 31 December 2024</b>	<b>831</b>	<b>957</b>	<b>(1,340)</b>	<b>448</b>

### Nature and purpose of reserves

#### *Merger reserve*

The merger reserve arose from the Company's acquisition of Capcorp on 12 November 2007. This transaction is outside the scope of IFRS 3 'Business Combinations' and as such Directors have elected to use UK Accounting Standards FRS 6 'Acquisitions and Mergers'. The difference, if any, between the nominal value of the shares issued plus the fair value of any other consideration, and the nominal value of the shares received in exchange are recorded as a movement on other reserves in the consolidated financial statements.

#### *Equity benefits reserve*

The equity benefits reserve is used to record the value of Options and Conditional Share Awards provided to employees and Directors as part of their remuneration, pursuant to the Group's Long-Term Equity Incentive Plan (Plan or Group's Plan). Refer to Note 18 for further details of these plans.

#### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## 18 Share based payments

### (a) Long Term Equity Incentive Plan (Plan or Group's Plan)

The Group provides long term incentives to employees (including Executive Directors), Non-Executive Directors and consultants through the Group's Plan based on the achievement of certain performance criteria. The Plan provides for share awards in the form of Options and Conditional Share Awards. The incentives are awarded at the discretion of the Board, or in the case of Executive Directors, the Remuneration Committee of the Board, who determine the level of award and appropriate vesting, service and performance conditions taking into account market practice and the need to recruit and retain the best people.

Options may be exercised, subject only to continuing service, during such period as the Board may determine. Options have a term of 10 years.

Conditional Share Awards shall vest subject to continuing service and appropriate and challenging service and performance conditions determined by the Remuneration Committee relating to the overall performance of the Group.

Conditional Share Awards based on performance conditions will vest on achievement of the following performance conditions:

- 25% vest on the first discovery of oil on a commercial scale, determined by management as being 5 July 2021 upon the award of the Exploitation License;
- 25% vest on the first production of oil on a commercial scale, estimated by management as to be achieved prior to 30 June 2025; and
- 50% vest on the Company achieving the sale of 1 million barrels of oil, estimated by management as being by 31 December 2026.

Other Conditional Share Awards have service conditions tied to employment continuity and are available for vesting in three equal annual instalments on various dates.

### (b) Option pricing model

The fair value of Options granted is estimated as at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the Options were granted.

Following table summarizes Options granted during 2023, along with relevant details in relation to the grant.

	29 May 2023
Options Granted	12,147,000
Share price at grant date	0.0593
Expected Volatility (%)	55
Risk-free interest rates (%)	4.5%
Exercise Price (in GBP)	0.0480
Estimate fair value of option	0.0407

Options granted above are exercisable as follows:

- 33% one year after grant date
- 33% two years after grant date
- 34% three years after grant date

No Options have been issued during 2024.

### (c) Movement in Share Options

The weighted average fair value for all Options in existence as at 31 December 2024 is 0.04 (2023: 0.04).



	Opening balance at 1 January 2023	Granted during the year	Lapsed during the year	Exercised during the year	Closing balance as at 31 December 2023	Exercisable as at 31 December 2023
Grant of options on 9 July 2013	50,000	-	(50,000)	-	-	-
Grant of options on 29 May 2023	-	12,147,000	(759,000)	-	11,388,000	-
	<b>50,000</b>	<b>12,147,000</b>	<b>(809,000)</b>	<b>-</b>	<b>11,388,000</b>	<b>-</b>
Weighted Average Exercise Price (cents per option)	6.33	5.93	5.56	-	5.93	-

	Opening balance at 1 January 2024	Granted during the year	Lapsed during the year	Exercised during the year	Closing balance as at 31 December 2024	Exercisable as at 31 December 2024
Grant of options on 29 May 2023	11,388,000	-	-	-	11,388,000	-
	<b>11,388,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,388,000</b>	<b>-</b>
Weighted Average Exercise Price (cents per option)	5.93	-	-	-	5.93	-

**(d) Share Options Contractual Life**

The weighted average remaining contractual life of outstanding share Options is 8.4 year (2023: 9.4 years).

**(e) Conditional Share Awards pricing model**

The fair value of Conditional Share Awards granted is estimated as at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the Awards were granted.

No awards were granted in 2023 and 2024.

**(f) Movement in Conditional Share Awards**

The weighted average fair value for all Awards in existence as at 31 December 2024 is 0.84 (2023: 0.84).

<b>Consolidated</b>	Opening balance at 1 January 2023	Granted during the year	Exercised during the year	Lapsed during the year	Closing balance as at 31 December 2023	Exercisable as at 31 December 2023
Grant of Conditional Share Awards on 3 Jun 2008	123,750	-	-	-	123,750	-
Grant of Conditional Share Awards on 8 Apr 2009	60,000	-	-	-	60,000	-
Grant of Conditional Share Awards on 9 Jul 2010	214,500	-	-	-	214,500	-
Grant of Conditional Share Awards on 6 Apr 2011	18,000	-	-	-	18,000	-
Grant of Conditional Share Awards on 5 Jul 2011	135,000	-	-	-	135,000	-
Grant of Conditional Share Awards on 22 Nov 2011	37,500	-	-	-	37,500	-
Grant of Conditional Share Awards on 5 Dec 2011	21,450	-	-	-	21,450	-
Grant of Conditional Share Awards on 25 Apr 2012	75,000	-	-	-	75,000	-
Grant of Conditional Share Awards on 4 Dec 2012	2,250	-	-	-	2,250	-
Grant of Conditional Share Awards on 9 Jul 2013	90,000	-	-	-	90,000	-
	<b>777,450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>777,450</b>	<b>-</b>
Weighted Average Exercise Price (cents per award)	1.00	-	-	-	1.00	-

<b>Consolidated</b>	Opening balance at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	Closing balance as at 31 December 2024	Exercisable as at 31 December 2024
Grant of Conditional Share Awards on 3 Jun 2008	123,750	-	-	-	123,750	-

Grant of Conditional Share Awards on 8 Apr 2009	60,000	-	-	-	60,000	-
Grant of Conditional Share Awards on 9 Jul 2010	214,500	-	-	-	214,500	-
Grant of Conditional Share Awards on 6 Apr 2011	18,000	-	-	-	18,000	-
Grant of Conditional Share Awards on 5 Jul 2011	135,000	-	-	-	135,000	-
Grant of Conditional Share Awards on 22 Nov 2011	37,500	-	-	-	37,500	-
Grant of Conditional Share Awards on 5 Dec 2011	21,450	-	-	-	21,450	-
Grant of Conditional Share Awards on 25 Apr 2012	75,000	-	-	-	75,000	-
Grant of Conditional Share Awards on 4 Dec 2012	2,250	-	-	-	2,250	-
Grant of Conditional Share Awards on 9 Jul 2013	90,000	-	-	-	90,000	-
	<u>777,450</u>	-	-	-	<u>777,450</u>	-
Weighted Average Exercise Price (cents per award)	1.00	-	-	-	1.00	-

**(g) Conditional Share Awards Contractual Life**

The weighted average remaining contractual life of outstanding Conditional Share Awards is 3.5 years (2023: 4.5 years).

**(h) Summary of Share Based Payments**

A reconciliation of all share-based payments made during the year is as follows:

	Note	31 Dec 2024 '000	31 Dec 2023 '000
Vesting of Options and Awards	17	<u>203</u>	<u>211</u>
		<u>203</u>	<u>211</u>
	Note	31 Dec 2024 '000	31 Dec 2023 '000
Lapsed Options	17	<u>-</u>	<u>(2)</u>
		<u>-</u>	<u>(2)</u>

**19 Commitments and contingencies**

**(a) Operating lease commitments**

Operating leases relate to premises used by the Group in its operations, generally with terms between 2 and 5 years. Some of the operating leases contain options to extend for further periods and an adjustment to bring the lease payments into line with market rates prevailing at that time. The leases do not contain an option to purchase the leased property.

	31 Dec 2024 '000	31 Dec 2023 '000
<b>Operating Leases:</b>		
Within one year	66	-
After one year but not more than five years	-	-
Greater than five years	-	-
	<u>66</u>	<u>-</u>

**(b) Exploration expenditure commitments**

Petromatad Invest Limited and Capcorp have minimum spending obligations, under the terms of their PSCs on Blocks XX and V with MRPAM.

On 16 January 2025, the Company signed a PSC for petroleum exploration Borzon Block VII with the Government of Mongolia. The Table below includes PSC fees and minimum exploration work obligations of Borzon VII block.

The amounts set out below do not include general and administrative expenses.

31 Dec 2024	31 Dec 2023
----------------	----------------

	2023 '000	2022 '000
<b>Production Sharing Contract Fees:</b>		
Within one year	360	200
After one year but not more than five years	657	434
Greater than five years	1,345	1,433
	<u>2,362</u>	<u>2,067</u>
<b>Minimum Exploration Work Obligations:</b>		
Within one year	236	-
Greater than one year but no more than five years	250	-
Greater than five years	5,168	6,449
	<u>5,654</u>	<u>6,449</u>

### (c) Contingencies

On 5 August 2016, Shell through its Affiliate company announced it would be withdrawing from Blocks IV and V in West/Central Mongolia. As part of the negotiations leading to formal Mongolian Government approval of the reassignment of interest from Shell's Affiliate to the Company's Affiliate, Shell agreed to a payment of 5 million to be remitted to the Company's Affiliate upon such government approval being received. A condition to the payment by Shell is that the proceeds are required to be repaid to Shell by the Company in the event a farmout is concluded in future prior to the development of either Block IV or V. Block IV has since been relinquished by the Company in its entirety and Block V is in process of formal processes for final relinquishment. As a result, the conditional payment is no longer applicable. The 5 million payment from Shell was received on 1 February 2017.

## 20 Related party disclosures

The immediate parent and ultimate controlling party of the Group is Petro Matad Limited.

The consolidated financial statements include the financial statements of Petro Matad Limited and the subsidiaries listed in the following table:

		Equity Interest	
	Country of Incorporation	2024 %	2023 %
Central Asian Petroleum Corporation Limited	Cayman Islands	100	100
Capcorp Mongolia LLC	Mongolia	100	100
Petromatad Invest Limited	Cayman Islands	100	100
Petro Matad LLC	Mongolia	100	100
Sunsteppe Renewable Energy Pte. Ltd. (formerly Petro Matad Singapore Pte. Ltd.)	Singapore	50	100
Petro Matad Energy Limited	Isle of Man	100	100
Sunsteppe Power LLC	Mongolia	50	50

### Subsidiary Details

Central Asian Petroleum Corporation Limited (Capcorp) was acquired on 12 November 2007. Petro Matad Limited holds 43,340,000 ordinary shares of 0.01 each.

Capcorp Mongolia LLC is 100% owned by Capcorp. Capcorp holds 1,000,000 ordinary shares of MNT150 each.

Petromatad Invest Limited was acquired on 12 November 2007. 25,000 shares of 1 each held by Capcorp was transferred to Petro Matad Limited on 25 November 2019 resulting in Petro Matad Limited holding 50,000 shares of 1 each.

Petro Matad LLC is 100% owned by Petromatad Invest Limited. Petromatad Invest Limited holds 15,000 ordinary shares of MNT10,000 each.

Petro Matad Singapore Pte. Ltd was 100% owned by Petro Matad Limited which held 50,000 ordinary shares of SG 1. On 20 February 2024, the Company transferred 50% of Petro Matad Singapore Pte. Ltd to Sunsteppe Energy LLC and is currently holding 25,000 ordinary shares of SG 1. Petro Matad Singapore Pte. Ltd has also been renamed as Sunsteppe Renewable Energy Pte. Ltd. Sunsteppe Power LLC which was previously owned 50% by Petro Matad LLC has been transferred to Sunsteppe Renewable Energy Pte. Ltd as a wholly owned subsidiary.

transitioned to Enkhmapp Renewable Energy, Inc. Ltd as a wholly owned subsidiary.

Petro Matad Energy Limited is 100% owned by Petro Matad Limited. Petro Matad Limited holds 50,000 Ordinary shares of 1 each.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Petrovis Matad Inc. (Petrovis) is a major shareholder of the Company, holding approximately 17.61% of the shareholding at year end of 2024.

## 21 Key management personnel

### (a) Details of Directors

The names of the Company's Directors, having authority and responsibility for planning, directing and controlling the activities of the Group, in office during 2023 and 2024, are as below:

The Directors were in office until the date of this report and for this entire period unless otherwise stated.

#### *Directors*

Enkhmaa Davaanyam	Non-Executive Chairperson
Timothy Paul Bushell	Non-Executive Director
Michael James Buck	Chief Executive Officer
Shinezaya Batbold	Non-Executive Director

### (b) Compensation of Directors

	Consolidated	
	31 Dec 2024 '000	31 Dec 2023 '000
Short-term employee benefits	711	672
Share based payment expense	4	15
	<u>715</u>	<u>687</u>

### (c) Other key management personnel transactions

There were no other key management personnel transactions during the year (2023: Nil).

## 22 Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short-term deposits classified as loans and receivables financial assets.

The main purpose of these financial instruments is to raise capital for the Group's operations.

The Group also has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Board is responsible for identification and control of financial risks. The Board reviews and agrees policies for managing each of these risks as summarised below.

## Risk Exposures and Responses

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rate. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does therefore not incur interest on overdue balances.

The following table sets out the carrying amount of the financial instruments that are exposed to interest rate risk:

		31 Dec 2024	31 Dec 2023
	Weighted Average Int. rate	'000	'000
<b>Financial Assets</b>			
Cash and cash equivalents	0.00%	1,987	503
*Other financial assets	5.60%	968	3,529
		<b>2,955</b>	4,032
Trade and other receivables	0%	698	438
		<b>3,653</b>	4,470
<b>Financial Liabilities</b>			
Trade and other payables	0%	961	348
Lease liability		109	-
		<b>1,070</b>	348
<b>Net exposure</b>		<b>2,583</b>	4,122

\*Other financial assets are comprised of cash deposits placed in the banks for terms exceeding 90 days.

### Sensitivity Analysis

If the interest rate on cash balances at 31 December 2023 and 2024 weakened/strengthened by 1%, there would be no material impact on profit or loss. There would be no effect on the equity reserves other than those directly related to other comprehensive income movements.

### Foreign currency risk

As a result of operations overseas, the Group's statement of financial position can be affected by movements in various exchange rates.

The functional currency of Petro Matad Limited and presentational currency of the Group is deemed to be USD because the future revenue from the sale of oil will be denominated in USD and the costs of the Group are likewise predominately in USD. Some transactions are however dominated in currencies other than USD. These transactions comprise operating costs and capital expenditure in the local currencies of the countries where the Group operates. These currencies have a close relationship to the USD and management believes that changes in the exchange rates will not have a significant effect on the Group's financial statements.

The Group does not use forward currency contracts to eliminate the currency exposures on any individual transactions.

The following significant exchange rates applied during the year:

USD	Average rate 2024	2023	Spot rate at the balance date 2024	2023
Mongolian Tugrug (MNT) 1	3,390.02	3,465.85	3,420.25	3,410.69
Australian Dollar (AUD) 1	1.515831	1.506204	1.535120	1.468020
Great British Pound (GBP) 1	0.782606	0.804479	0.785108	0.785462

### Sensitivity Analysis

A 5% strengthening/weakening of the MNT against USD at 31 December 2023 and 2024 would not have a material effect on profit and loss or on equity.

### Price risk

The Group's exposure to price risk is minimal as the Group is currently not revenue producing other than from interest income.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk on its cash and cash equivalents and other receivables as set out in Notes 7 and 8 which also represent the maximum exposure to credit risk. The Group only deposits surplus cash with well-established financial institutions of high quality credit standing.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group.

*Maximum exposure to credit risk at reporting date:*

	Note	31 Dec 2024 '000	31 Dec 2023 '000
<b>Financial Assets</b>			
Trade and other receivables	8	698	438
<b>Net exposure</b>		<b>698</b>	<b>438</b>

*Impairment Losses:*

None of the Group's receivables are past due at 31 December 2024 (2023: Nil)

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to ensure that sufficient funds are available to allow it to continue its exploration and development activities.

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted maturities of the financial assets including interest that will be earned on those assets.

	Weighted average interest rate	6 months or less '000	6-12 months '000	1-5 years '000	over 5 years '000	Total '000
Cash and cash equivalents	0.00%	1,987	-	-	-	1,987
Trade and other receivables	-	698	-	-	-	698
Financial Assets	6.73%	968	-	-	-	968
<b>As at 31 December 2024</b>		<b>3,653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,653</b>
Cash and cash equivalents	0.00%	503	-	-	-	503
Trade and other receivables	-	438	-	-	-	438
Financial Assets	6.74%	3,529	-	-	-	3,529
<b>As at 31 December 2023</b>		<b>4,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,470</b>

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	31 Dec 2024 '000	31 Dec 2023 '000
6 months or less	1,070	348
6-12 months	-	-
1-5 years	-	-
over 5 years	-	-
	<b>1,070</b>	<b>348</b>

All of the Group's amounts payable and receivable are current.

Further, the Group has exploration expenditure commitments on its PSCs as disclosed in Note 19(b).

#### **Fair Value of Financial Assets and Liabilities**

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group approximate their carrying value due to their short term duration.

Fair Value Hierarchy as at 31 December 2024				
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Trade and other receivables	-	698	-	698
<b>Total</b>	-	<b>698</b>	-	<b>698</b>
<b>Financial Liabilities</b>				
Trade and other payables	-	961	-	961
Lease liability	-	109	-	109
<b>Total</b>	-	<b>1,070</b>	-	<b>1,070</b>

Fair Value Hierarchy as at 31 December 2023				
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Trade and other receivables	-	438	-	438
<b>Total</b>	-	<b>438</b>	-	<b>438</b>
<b>Financial Liabilities</b>				
Trade and other payables	-	348	-	348
<b>Total</b>	-	<b>348</b>	-	<b>348</b>

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

## **23 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Group and the Group's capital is regularly reviewed by the Board. The capital structure of the Group consists of cash and bank balances (Note 7) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in Notes 16 and 17). This is reviewed by the Board of Directors as part of their regular Board meetings.

The Group monitors its capital requirements based on the funding required for its exploration and development activities in Mongolia and operations of the Company.

The Group is not subject to externally imposed capital requirements.

## **24 Events after the reporting date**

Block XX Special Purpose Area status obtained in February 2025.

On 16 January 2025, the Company signed a PSC for a new petroleum exploration Borzon Block VII block with the Government of Mongolia.

On 14 April 2025, Petro Matad Energy LLC was incorporated in Mongolia as a wholly owned subsidiary of Petro Matad Energy Limited as the local operator company of Borzon Block VII.

On 28 April 2025, Petro Matad LLC and PetroChina Daqing Tamsag, the operator of neighbouring Block XIX, signed the Oil Sales Agreement covering storage, processing, transport and export of Block XX crude oil production.

## 25 Auditors' remuneration

The auditor of Petro Matad Limited is Hall Chadwick (WA) Pty Ltd.

	31 Dec 2024 '000	31 Dec 2023 '000
<b>Amounts received or due and receivable by Hall Chadwick (WA) Pty Ltd:</b>		
- an audit or review of the financial report of the entity and any other entity in the Group	41	41
- other services in relation to the entity and any other entity in the Group	-	-
	<u>41</u>	<u>41</u>
<b>Amounts received or due and receivable by Deloitte Onch Audit LLC for:</b>		
- an audit or review of the financial report of subsidiary entities	23	23
- other services in relation to the subsidiary entities	-	-
	<u>23</u>	<u>23</u>
<b>Amounts received or due and receivable by Deloitte Infinity Assurance LLP for:</b>		
- an audit or review of the financial report of subsidiary entities	-	8
- other services in relation to the subsidiary entities	-	-
	<u>-</u>	<u>8</u>
	<u>64</u>	<u>72</u>

## 26 Other Information

*Registered Office:*

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IM1 1EQ

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