

Petro Matad Limited

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

Interim results for the six months ended 30 June 2025

LONDON, 29 September 2025: Petro Matad Limited, the AIM quoted Mongolian oil company, is pleased to announce its unaudited interim results for the six months ended 30 June 2025 ("1H 2025").

Financial Highlights

- Petro Matad's cash balance at 30 June 2025 was USD 2.37 million (USD 1.7 million in cash and USD 0.67 million in Financial Assets), comparing to USD 1.93 million (USD 0.77 million in cash and USD 1.16 million in Financial Assets) on 30 June 2024.
- The Group posted a loss of USD 1.7 million for the 6-month period ended 30 June 2025, which compares to a loss of USD 2.56 million for the comparable period in 2024.

Operational Highlights

- Production began from Heron-1 well in October 2024, with Petro Matad receiving the first oil revenues in its history, with average production for 1H 2025 of 165 barrels of oil per day (bopd) and a 3% water cut.
- An oil sales agreement was negotiated with Block XIX operator, PetroChina, and signed in late April 2025 after which sales revenue payments began in mid-June 2025. After delays and continued pressure from Petro Matad, PetroChina has now advised that they will begin payment of 100% of the invoiced payments once the oil sales agreement has been amended. This amendment is now being prepared.
- During 1H 2025, Petro Matad re-vitalised farm-in partner discussions for Block XX and the Company has now reached the stage of detailed technical and commercial negotiations with one party.
- The Company also signed a new Exploration and Production Sharing Contract (PSC) for Block VII and expanded its renewable energy initiative, signing an exclusive agreement to develop a 200MW hybrid wind and solar project.

Financial Summary 1H 2025

Petro Matad began production from the Heron-1 well in Block XX, eastern Mongolia, in October 2024. During the first half of 2025 production averaged 165bopd and the Company received the first oil revenues in its history. Net revenue that Petro Matad received during the reporting period for production from start up to the end of April 2025 was USD 0.81MM with an average realised oil price of USD 62.9 per barrel (bbl). As announced previously, 30% of total sales revenue was withheld by PetroChina pending confirmation that there would be no tax impact on them resulting from the oil sales agreement signed between Petro Matad and PetroChina. Post the reporting period, payment for 70% of the invoiced amounts was received in August for production in the months of May and June, and in September for July's production totaling USD 0.33MM net to Petro Matad. The realised oil price for May was USD 60.7/bbl, USD 65.2/bbl for June and USD 64.4/bbl for July.

The Group posted a loss of USD 1.70 million for 1H 2025, which compares to a loss of USD 2.56 million for the comparable period in 2024. The Company's cash balance at 30 June 2025 was USD 2.37 million (USD 1.70 million in cash and USD 0.67 million in Financial Assets), which compares to a cash balance of USD 1.93 million (USD 0.77 million in cash and USD 1.16 million in Financial Assets) on 30 June 2024.

As previously announced, the Company raised gross proceeds of GBP 3 million (c. USD 4.2 million) through the Placing of 323,250,000 new Ordinary Shares, Subscriptions for 32,169,117 new Ordinary Shares by each of a director and shareholder of the Company, and completion of a Retail Offer totaling 19,497,678 Ordinary Shares. All shares were issued at a price of 0.8 pence. The net proceeds of the capital raising will primarily be used to reduce oil production operating expenditure at Heron-1 through a switch from diesel fired power to lower cost grid electricity, to investigate the potential to increase Block XX production in 2025 by re-testing the Heron-2 well, testing of the Gazelle-1 oil discovery and of the Gobi-Bear 1 exploration well, the development of renewable energy projects, and to work-up exploration opportunities in Block VII.

Operational Summary 1H 2025 and look ahead

Having resolved the longstanding land issue that had delayed production start up on the Heron oil discovery in Block XX in eastern Mongolia, production start up was finally achieved in October 2024 with oil being transported to the neighbouring TA-1 facilities in Block XIX for processing, storage and export to China. After an initial period of natural flow from Heron-1 of in excess of 200 bopd, the well was put on artificial lift and the pumped production stabilised in the range of 150 to 160 bopd.

An oil sales agreement was negotiated with Block XIX operator, PetroChina, and finally signed in late April 2025 after

which sales revenue payments began in mid June 2025 with the receipt of proceeds for production from the start up to the end of April 2025. Payments were subject to PetroChina's 30% withholding.

Post the reporting period, payments were received for the months of May, June and July with the withholding still applied. In September Petro Matad provided PetroChina with feedback received from the Mongolian tax authorities and further comfort that there were no tax implications from the oil sales agreement. PetroChina has now advised that they will begin payment of 100% of the invoiced amounts once the oil sales agreement has been amended to incorporate wording on the comfort the Company has provided. This amendment is now being prepared.

During 1H 2025 the Company announced a re-vitalised initiative to find a farm-in partner for Block XX and has been in discussion with several potential counterparties. The interaction with one of these companies has reached the stage of detailed technical and commercial negotiations.

In January 2025 the Company announced the signing of a new Exploration and Production Sharing Contract (PSC) for Block VII in the southern central part of Mongolia. This large block is adjacent to producing fields across the border in China and was signed for a very low initial financial commitment to ensure that the exploration dollars spent here will be based on the results of technical evaluation rather than being an upfront financial obligation. The Company is actively engaged in a farmout process for Block VII seeking a technically and financially competent partner to share the risk and reward on this exciting new area.

The Company's renewable energy initiative conducted by its Sunsteppe Renewable Energy Joint Venture continued to expand its portfolio and signed an exclusive agreement to develop a 200MW hybrid wind and solar project to supply the Mongolian national grid.

Looking ahead to the second half of 2025, after the successful equity raise in July, the Company has embarked on a low cost well testing programme in Block XX seeking to add production in the near term. A re-test of the Heron-2 well following acidisation of the reservoir to improve near well bore permeability is ongoing. The small workover rig has now moved to perform a well test on the oil zones interpreted from logs to be present in the Gazelle-1 well and this will be followed by a test of the Gobi Bear-1 exploration well which has a zone of interest identified on logs and supported by extraction of migrated oil from drill cuttings. In addition, the Heron-1 well site is being connected to the national electricity grid. The provincial power station has recently been upgraded and, by means of a short transmission line extension, can now supply Block XX with lower cost electricity to replace the more expensive diesel fired power currently in use. A 15% reduction in operating expense is targeted from this project.

Some of the proceeds of the mid-year equity raise are directed at development of Sunsteppe's new 200MW Hybrid project as, with a power purchase agreement already in place and only in need of amendment, this project could be brought to ready-to-build status rapidly. Work is also planned to start on land acquisition and data gathering for Sunsteppe's 1.5GW firm (plus 1.5GW contingent) project in cooperation with the large Chinese utility company SPIC. Sunsteppe is also engaged in discussions with other companies looking at entering and investing in the renewable energy sector in Mongolia.

Mike Buck, CEO of Petro Matad, said:

"The start up of production in Block XX in 2024 took far too long but we are delighted to have finally achieved it and now to be receiving oil sales revenue for the first time in the Company's history. Over the last few months we have prioritised our efforts to remove PetroChina's withholding of 30% of our sales revenue and after the recent meeting with PetroChina we are hopeful that this matter will soon be resolved.

In the field we are working hard to complete our 2025 well test programme and at the same time, our renewables joint venture is growing into a potentially very valuable part of our business.

I would like to thank the entire Petro Matad and Sunsteppe teams for their continued efforts. We are particularly pleased to see our oil production crew working so well at Heron-1. All members of the team are Mongolian and most were hired from the communities in the area of our operations."

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Further information please contact:

Petro Matad Limited

Mike Buck, CEO

+976 7014 1099 / +976 7575 1099

Shore Capital (Nominated Adviser and Broker)

Toby Gibbs
Harry Davies-Ball

+44 (0) 20 7408 4090

Zeus (Joint Broker)

Simon Johnson
Louisa Waddell

+44 (0) 20 3829 5000

FTI Consulting (Communications Advisory Firm)

Ben Brewerton
Christopher Laing

+44 (0) 20 3727 1000

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

Petro-Canada Limited is incorporated in the Isle of Man under company number 1400V. Its registered office is at Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ.

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2025

	30 Jun 2025 '000	Consolidated 30 Jun 2024 '000
Continuing Operations		
Revenue		
Operating income	1,403	-
Cost of goods sold	(384)	-
	<u>1,019</u>	<u>-</u>
Interest income	17	102
Other income	-	-
	<u>17</u>	<u>102</u>
Expenditure		
Consultancy fees	(69)	(65)
Depreciation and amortisation	(649)	(105)
Employee benefits expenses	(726)	(869)
Exploration, exploitation and evaluation expenditure	(84)	(1)
Other expenses	(1,178)	(1,626)
Profit/(Loss) from continuing operations before income tax	<u>(1,670)</u>	<u>(2,564)</u>
Income tax expense	-	-
Profit/(Loss) from continuing operations after income tax	<u>(1,670)</u>	<u>(2,564)</u>
Net Loss	<u>(1,670)</u>	<u>(2,564)</u>
Other comprehensive income/(loss)		
Exchange rate differences on translating foreign operations	(30)	13
Other comprehensive income/(loss), net of income tax	<u>(30)</u>	<u>13</u>
Total comprehensive loss	<u>(1,700)</u>	<u>(2,551)</u>
Profit/(Loss) attributable to owners of the parent	<u>(1,700)</u>	<u>(2,564)</u>
Total comprehensive income/(loss) attributable to owners of the parent	<u>(1,700)</u>	<u>(2,551)</u>
Earnings/(loss) per share (cents per share)		
- Basic and diluted earnings/(loss) per share	(0.11)	(0.23)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	30 Jun 2025 '000	Consolidated 31 Dec 2024 '000	30 Jun 2024 '000
ASSETS			
Current Assets			
Cash and cash equivalents	1,702	1,987	772
Trade and other receivables	991	698	344
Prepayments	149	123	143
Financial assets	670	968	1,160
Inventory	216	223	217
Total Current Assets	<u>3,728</u>	<u>3,999</u>	<u>2,636</u>
Non-Current Assets			
Exploration and evaluation	14,661	15,084	15,275
Investment in SunSteppe	483	663	793
Property, plant and equipment	442	510	222
Right-of-Use asset	42	103	43
Petroleum asset	393	503	-
Total Non-Current assets	<u>16,021</u>	<u>16,863</u>	<u>16,333</u>
TOTAL ASSETS	<u>19,749</u>	<u>20,862</u>	<u>18,969</u>
LIABILITIES			
Current liabilities			
Trade and other payables	1,567	961	263
Lease liability	38	109	-

Total Current Liabilities	1,605	1,070	263
Non-Current Liabilities			
Decommissioning provision	563	562	-
Total Non-Current Liabilities	563	562	-
TOTAL LIABILITIES	2,168	1,632	263
NET ASSETS	17,581	19,230	18,706
EQUITY			
Issued capital	169,009	169,009	160,176
Reserves	469	448	405
Accumulated losses	(151,897)	(150,227)	(141,875)
TOTAL EQUITY	17,581	19,230	18,706

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

	Consolidated	
	30 Jun 2025	30 Jun 2024
	'000	'000
Cash flows from operating activities		
Payments to suppliers and employees	(1,892)	(2,339)
Oil sale revenue	1,177	-
Interest received	17	102
Net cash flows from/ (used in) operating activities	(698)	(2,237)
Cash flows from investing activities		
Purchase of property, plant and equipment	(16)	(10)
Proceeds from sale of financial assets	298	2,369
Investment in SunSteppe	180	153
Net cash flows from/ (used in) investing activities	462	2,512
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Capital raising costs	-	-
Payments of lease liability principal	(19)	(19)
Net cash flows from/ (used in) financing activities	(19)	(19)
Net increase/(decrease) in cash and cash equivalents	(255)	256
Cash and cash equivalents at beginning of period	1,987	503
Net foreign exchange differences	(30)	13
Cash and cash equivalents at end of period	1,702	772

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

	Consolidated			
	<i>Attributable to equity holders of the parent</i>			
	Issued Capital	Accumulated Losses	Other Reserves	Total
	'000	'000	'000	'000
As at 1 January 2024	160,176	(139,364)	243	21,055
Income/(Loss) for the period	-	(2,564)	-	(2,564)
Other comprehensive income	-	-	13	13
Total comprehensive income/(loss) for the period	160,176	(141,928)	256	18,504
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Cost of capital raising	-	-	-	-
Transfer of Petro Matad Singapore	-	53	-	53
Share based payments	-	-	149	149
As at 30 June 2024	160,176	(141,875)	405	18,706

As at 1 January 2025	169,009	(150,227)	448	19,230
Income/(Loss) for the period	-	(1,670)	-	(1,670)
Other comprehensive income	-	-	(30)	(30)
Total comprehensive income/(loss) for the period	169,009	(151,897)	417	17,530
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Cost of capital raising	-	-	-	-
Share based payments	-	-	51	51
As at 30 June 2025	169,009	(151,897)	469	17,581

1. CORPORATE INFORMATION

The financial report covers the consolidated entity of Petro Matad Limited and its controlled entities.

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.

Petro Matad Limited trades on the Alternative Investment Market (AIM), which is a sub-market of the London Stock Exchange, under the symbol MATD. Its major shareholder is Petrovis Matad Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Petro Matad Limited as at 31 December 2024. The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2024.

It is also recommended that the half-year financial report is considered together with any public announcements made by Petro Matad Limited and its controlled entities during the half-year ended 30 June 2025.

(a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The half-year financial report has been prepared on a historical cost basis, except where stated.

The financial report is presented in US dollars, and all values are rounded to the nearest thousand dollars ('000).

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group for the half-year period ended 30 June each year.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into

accounting control, potential voting rights that presently are exercisable or convertible are taken into account. 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.

3. CONTRIBUTED EQUITY

	CONSOLIDATED	
	30 Jun 2025	31 Dec 2024
	'000	'000
Ordinary shares (i)		
1,483,883,601 shares issued and fully paid.		
(31 Dec 2024: 1,483,883,601)		
	169,009	169,009
	169,009	169,009

(i) Ordinary shares

Full paid ordinary shares carry one vote per share and carry the right to dividends.

<i>Movement in ordinary shares on issue</i>	Number of Shares	Issue Price	'000
At 1 January 2025	1,483,883,601		169,009
No transactions during the period	-	-	-
At 30 June 2025	1,483,883,601		169,009

4. RESERVES

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

Consolidated	Merger reserve '000	Equity benefits reserve '000	Foreign currency translation '000	Total '000
As at 30 June 2024	831	903	(1,329)	405
Currency translation differences	-	-	(11)	(11)
Expiry of Options	-	-	-	-
Share based payments	-	54	-	54
As at 31 December 2024	831	957	(1,340)	448
Currency translation differences	-	-	(30)	(30)
Share based payments	-	51	-	51
As at 30 June 2025	831	1,008	(1,370)	469

5. EARNINGS/(LOSS) PER SHARE

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

	CONSOLIDATED	
	30 June 2025	30 June 2024
Basic earnings/(loss) per share		
Total basic earnings/(loss) per share (US cents per share) (note a)	(0.11)	(0.23)
Diluted earnings/(loss) per share		
Total diluted earnings/(loss) per share (US cents per share) (note b)	(0.11)	(0.23)
(a) Basic earnings/(loss) per share		
The profit/(loss) and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
Net profit/(loss) attributable to ordinary shareholders (US '000)	(1,670)	(2,564)
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	1,483,884	1,113,884
(b) Diluted earnings/(loss) per share		
The profit/(loss) and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:		
Net profit/(loss) attributable to ordinary shareholders (US '000)	(1,670)	(2,564)
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	1,483,884	1,113,884

Share Options and Conditional Share Awards could potentially dilute basic loss per share in the future, however they have been excluded from the calculation of diluted loss per share because they are anti-dilutive for both years presented.

6. EVENTS AFTER THE REPORTING DATE

On 18 July 2025, the Company concluded a placing by issuing 323,250,000 shares at a price of GBP0.008 per share arranged through Shore Capital Stockbrokers and Zeus Capital.

On 18 July 2025, the Company issued 32,169,117 shares through direct subscriptions at a price of GBP0.008 per share.

On 18 July 2025, the Company issued 19,497,678 shares to shareholders at a price of GBP0.008 per share through a retail offering.

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