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## **Petro Matad Limited**

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

#### **Operational Update**

LONDON, 12 December 2025: Petro Matad Limited, the AIM quoted Mongolian oil company, is pleased to provide the following operational update.

##### **Key updates**

- Heron-1 and Gazelle-1 have produced well through November making it Petro Matad's most productive month to date.
- Heron-2 re-test shut in for the winter.
- The rewording of the Oil Sales Agreement is being finalised with PetroChina in order to remove its partial withholding and secure payment of the withheld amount. Only the matter of tax on processing fees remains to be resolved and this is relatively minor. The 2026 Oil Sales Agreement is being prepared incorporating the amendments to the 2025 contract.
- A proposal to farm-in to Block XX has been received and is under discussion.
- SunSteppe Renewable Energy is progressing three projects and is focusing efforts to expedite its 200MW hybrid project to ready-to build-status during 2026.

##### **Block XX production**

Heron-1 continues to deliver stable production in line with the Company's forecasts, with no free water detected. Meanwhile, Gazelle-1 started up in early November and, after a few initial teething problems were overcome, has made November 2025 Petro Matad's most productive month to date.

Gazelle-1 was brought onstream at 200 barrels per day and the surface facilities have run well. The well tests on Gazelle-1 saw no free water but some water during production has been seen along with a higher wax content than we see in the Heron-1 oil. Rate tests are in hand to determine how best to optimise oil production and minimise water encroachment and an assay of the Gazelle oil is planned to investigate any differences in its chemistry from other Block XX and Block XIX oils. Meanwhile, the oil is being accepted into the Block XX facilities and exported, with Gazelle-1 now delivering a welcome revenue increase in short order.

The Heron-2 re-test continued through the month using the beam pump and the temporary surface facilities installed. Pump outs have been efficient in recovering the fluid previously injected into the well and the oil content of the recovered fluid has been increasing as expected. However, the refill of the well which determines how frequently the pump outs can be conducted has been slow indicating either some down hole obstruction or low formation deliverability. The operation of the temporary facilities is impacted by low temperature and with winter conditions having now set in, the well has been suspended until the spring without delivering a definitive result on the well's potential performance. Work on the data recovered during the operation will be evaluated in the next months to determine next steps.

##### **Oil Sales Agreement**

Good progress has been made over the last few weeks on the rewording of the Oil Sales Agreement with PetroChina and this is now being finalised. Once complete this will remove the withholding of revenue applied and secure payment of the amount withheld to date. Only the relatively minor matter of tax payable on processing fees remains to be agreed and we have presented various options to PetroChina to resolve this and we are hopeful it will soon be agreed. The Oil Sales Agreement for 2026 is being prepared incorporating the amendments to the 2025 contract.

##### **Block XX farm-out**

We have received a proposal from one of our counterparties to farm-in to Block XX. We have hosted their due diligence visit to Mongolia and to the Block XX facilities, and discussions are continuing, focused on bringing this potential cooperation to a mutually agreeable conclusion. Meanwhile we continue to follow up on leads with two other potentially interested parties.

##### **Block VII**

In house studies continue and field work was conducted which included the recovery of cuttings samples from the only well drilled so far in the block. Our efforts to find a farm-in partner for Block VII continue, and we are focused on operators active in northern China immediately over the border from Block VII where the shared basins are already producing oil.

##### **SunSteppe Renewable Energy**

SunSteppe Renewable Energy (SRE) has made progress through the year on its portfolio of large-scale renewable energy projects that we believe have high value potential and can have a significant impact on Mongolia's energy transition goals.

*200MW Hybrid Renewable Energy Project*

SRE is developing a Hybrid Energy Project in Tuv Province under an exclusive MoU signed in late 2024 with Tsetsens Mining and Energy LLC (TME), the owner of a 600MW independent power project. 300MW of coal fired power has already been commissioned by TME and, in partnership with SRE, a renewable energy project for 200MW of solar, wind and battery storage is being developed in two phases:

- Phase 1: 100MW Solar PV. Approvals, the revision of the existing power purchase agreement and ready-to-build status are targeted by 3Q 2026. With funding being pursued in parallel, construction completion could be achievable in late 2027.
- Phase 2: 100MW Wind Power will follow with construction completion possible by late 2028.

The project is designed to supply clean energy to TME's planned "Green City" and its adjacent mining processing complex, to provide power to Mongolia's national transmission network and to advance the country's long-term decarbonisation target. Key aspects of the development work have already been completed, including the technical and commercial feasibility study and the necessary environmental study. A required grid-connection study is being conducted, as regulations require, by Mongolia's National Dispatching Centre. Land for Phase 1 has been secured on TME's existing licensed area. For Phase 2, a wind resource assessment has identified priority areas and land applications are being prepared. Meanwhile, a 120 metre wind mast will be erected during December to commence gathering wind data which will be required in order to secure equity investors and debt providers for the project.

SRE has already engaged with multilateral financial institutions which have expressed interest in providing up to 70% project finance debt as well as with international investors who are showing interest in the equity component. Upon obtaining the construction license (targeted in 2Q 2026) SRE will move into formal EPC and financing negotiations.

#### *Mongolia's First Green Hydrogen Project*

SRE is leading Mongolia's first green hydrogen initiative with the huge Oyu Tolgoi copper mine. The pilot system includes a first phase with 3MW of electrolyser capacity generating c.160 tonnes of green hydrogen annually. The second phase increases the project to 24MW of hybrid wind-solar power supply. This pioneering development could facilitate the introduction of fuel-cell transportation and will reduce the carbon footprint of the mine's operations and improve sustainability.

SRE has brought together a strong partnership on the project including MoUs with Mongolia's Ministry of Energy and Japan's Overseas Environmental Cooperation Centre (OECC), an exclusive arrangement with Oyu Tolgoi and a 4 million grant from the Japanese government. A further grant application is planned. SRE and OECC have also organised high-level missions to Japan for key government leaders, including Mongolia's Deputy Prime Minister, to visit green hydrogen projects already in operation.

The project has moved more slowly than originally hoped but recently Oyu Tolgoi leadership and Mongolia's Deputy Prime Minister met and reaffirmed their commitment to advance the pilot project.

#### *Utility-Scale Battery Energy Storage System (BESS)*

SRE has been pursuing a 50MW BESS project at Choir, a key location on the Mongolian national grid which is critical for improving grid resiliency and supporting the deployment of renewable energy. After some delays within the Ministry of Energy, they have now announced an auction-based procedure for licensing large-scale government led battery storage with two 100MW BESS projects scheduled to be offered, one at Choir, expanding on the 50MW project SRE proposed, and the other at Mandalgovi in 2026.

To strengthen SRE's competitive readiness, an MoU has been signed with ZTT International, one of the top Chinese EPC contractors and the one that built Mongolia's first utility-scale BESS financed by the Asian Development Bank. With SRE having the only approved feasibility study for Choir and ZTT having a proven track record of project delivery in Mongolia, the partnership is well placed to be highly competitive in this process.

#### *Export to China*

SRE is also playing a central role in Mongolia's emerging renewable energy export strategy. The 1.5GW Cooperation Agreement with China's State Power Investment Corporation (SPIC) - one of China's largest state-owned utilities with over 100GW of operational capacity - sets SPIC as the long-term investor and SRE as its local developer.

SRE has also collaborated with ACWA Power (of Saudi Arabia) on a multi-gigawatt renewable export study which has confirmed Mongolia's strong competitiveness as a future clean-energy exporter to regional markets, including China. Transmission and grid-integration work as part of this study is continuing.

These partnerships place SRE at the forefront of Mongolia's ambition to become a regional clean-energy supplier, accelerating alignment with the country's Vision 2050 agenda and recognising the rising demand from neighbouring industrial centres.

In 2025, Mongolia intensified its government-to-government engagement with China on cross-border electricity trade. High-level diplomatic meetings in September and November underscored both countries' commitment to expanding cooperation in infrastructure, trade, and renewable energy. These developments have created a strong policy foundation for launching formal negotiations on clean-power exports beginning in 2026.

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

"We have had Petro Matad's most productive month to date as a result of Gazelle-1, our second producer, coming onstream and we are delighted to have established reliable operations and export of this production before the onset of winter. We are also pleased to have seen tangible progress in resolving the issue of the revenue withholding with PetroChina.

On the project to farm out Block XX, we are encouraged by the progress and by the proposal we have received. We are working hard to secure a good deal for Petro Matad and in parallel we continue to work on engaging counterparties that may be interested in Block VII and will update shareholders as we progress.

SRE is making quite an impact on the Mongolian renewables scene and whilst some of the projects have moved more slowly than we had hoped, we are very hopeful that the 200MW Hybrid project with TME can be brought quickly to ready-to-build status during the coming year."

Further operational updates will be provided in due course.

- Ends -

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**About Petro Matad**

Petro Matad is the parent company of a group focused on oil exploration, development and production in Mongolia. Currently, Petro Matad holds a 100% working interest and the operatorship of the Matad Block XX Production Sharing Contract with the government of Mongolia. Block XX has an area of 214 square kilometres in the far eastern part of the country. The Company also holds a 100% working interest and operatorship of the Borzon Block VII Production Sharing Contract with an area of 41,141 square kilometres in southern central Mongolia. The Company also has a 50% holding in the SunSteppe Renewable Energy joint venture pursuing utility scale renewable energy projects in 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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