

Mongolia

Development Opportunity with Exploration Upside

Block XX (Exploitation Licence):

- Commercialisation of low cost / high impact development of Heron field (Est. 25 - 60 MMbbls 3P Resources)
- Initial cash flow from completion of Heron-1 discovery well scheduled Q3~2022
- Upside 200 MMbo appraisal & exploration near-field drilling targets

Block V:

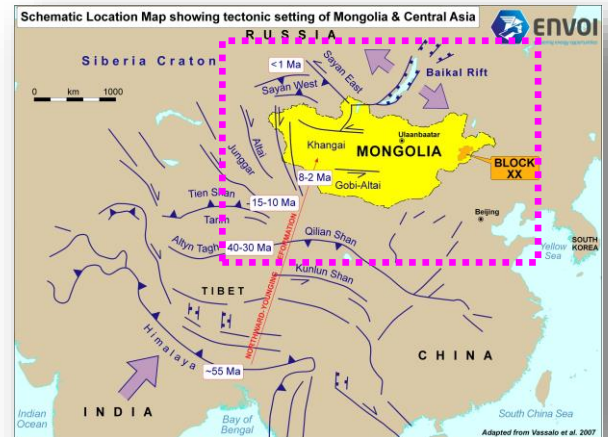
- Exploration drilling on Raptor Trend with total 580 MMbo resource potential
- Well costs under US\$ 1.5 Million

Introduction: Petro Matad Ltd, the London AIM listed company, has commissioned Envoi to identify a strategic partner to join them in the appraisal and development of two discoveries made in 2019 in the northern part of their 100% owned and operated Block XX PSC and also wildcat exploration in its operated Block V PSC located in central Mongolia, a region virtually unexplored but with proven petroleum systems.

Block XX (Exploitation Licence - Heron Development):

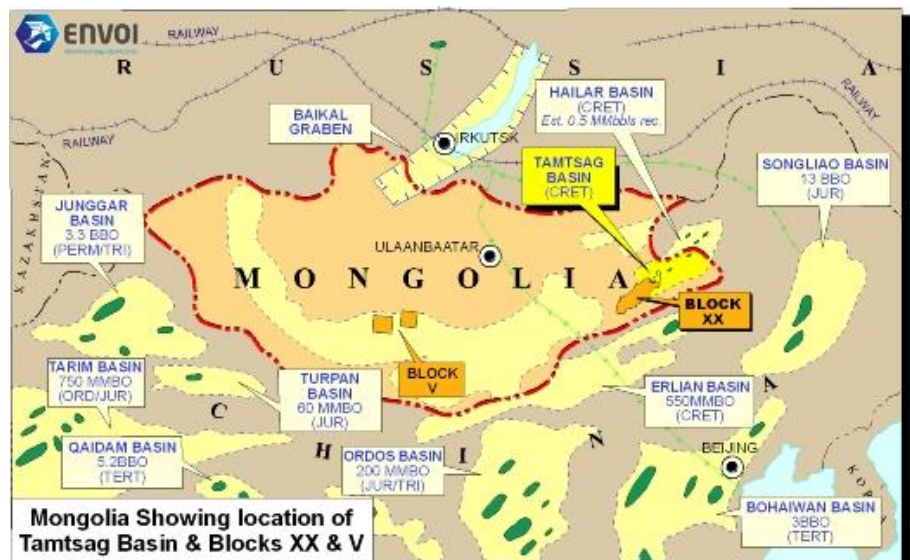
Situated in the Tamtsag Basin of NE Mongolia, which is historically the most productive part of the country, Block XX lies at the southern end of the basin where Petro Matad successfully discovered oil in their Gazelle-1 and Heron-1 wells in 2019. The Heron well tested over 800 bopd from closure estimated to contain ~200 MMbo STOIP if its southerly stratigraphic extension is confirmed by the appraisal drilling planned.

Following award of an initial 25 year Exploitation Licence (EL) in July 2021 of which covers an area of 218 km² carved out of the original Block XX area, incorporating the 3D defined Heron and Gazelle discoveries together with other 2D defined exploration upside, PetroMatad is now focused on completing the Heron-1 discovery well in Q3~2022 to start production and generate early cash flow. Initially, oil will be exported via tanker to refineries in China (likely in co-operation with PetroChina who produce the majority of the country's oil from its Toson Uul field complex immediately north of Block XX). However, once the new Mongol Refinery is completed (scheduled in 2024) all crude production in Mongolia will, by law, have to be refined there and transported from the Tamtsag



area by a planned pipeline connection. PetroMatad is expecting progressive appraisal and development drilling to include water injection and modern completion technologies, will facilitate an initial 200 bopd from the newly completed Heron-1 to be ramped-up over time to a plateau of 9,000 bopd. A new 3D seismic survey is also being planned over the field and extending over the rest of the EL area only currently covered by 2D data. This will significantly aid the placement of new appraisal and development drilling as well as the location for new exploration wells within the EL to access the material upside resource potential of the 2D prospectivity currently mapped.

Planned development of the Heron discovery is scheduled to progressively unlock the estimated 25 MMbbl (P50) recoverable resource that was independently assessed by Leap Energy in a CPR completed in February 2020. It is expected that modern completion, development and stimulation technologies could further unlock as much as 60 MMbbls (3P) resource potential.





Even though Mongolia is remote, drilling costs and associated facilities are low by comparison with elsewhere in the world and a well can be drilled to ~3,000 m for as little as US\$ 2 million dry hole, or stimulated and completed for under US\$ 4 million. Scoping economics indicate that a minimum commercial threshold can be achieved in fields as small as 10 MMBO recoverable and at modest commodity prices.

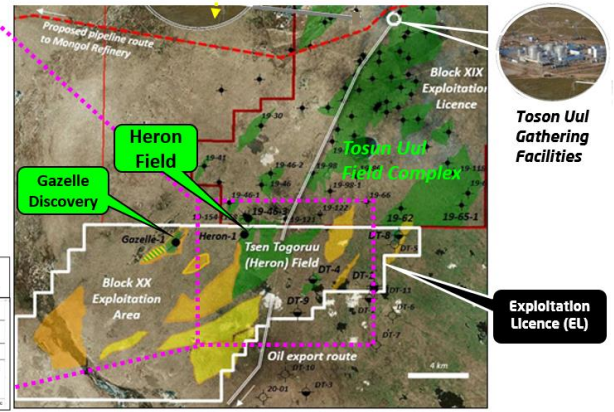
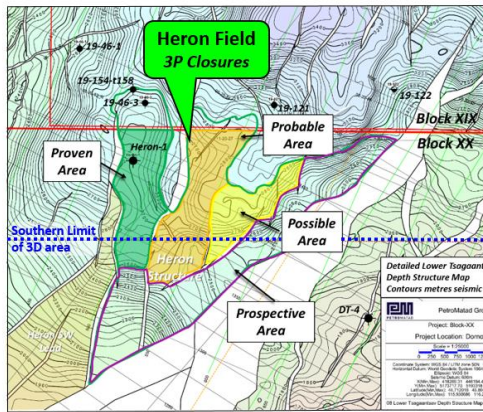
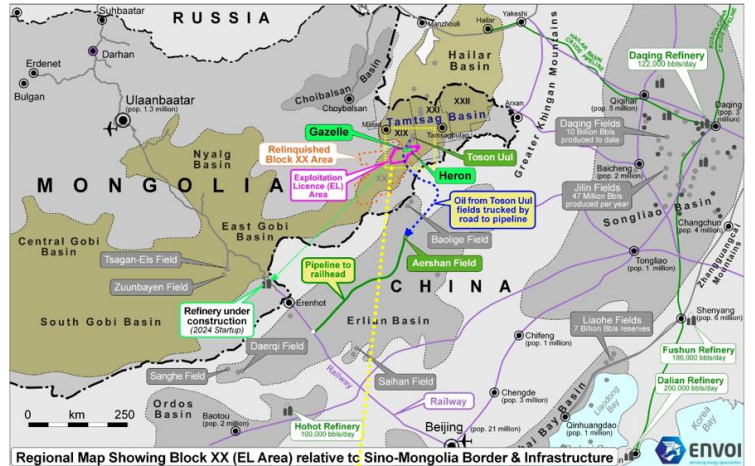
Recent equity research by Progressive has estimated that using US\$ 60 / bbl price benchmark, Heron's base case resource alone could now generate an NPV10 of around US\$ 120 million. If the field's upside is realised this could increase to over US\$ 220 million NPV10. The undrilled exploration upside mapped to the south within the EL area could add a further US\$ 120 million NPV, if exploration drilling is successful. These economics are based on a modest US\$ 60/bbl oil price, where it is estimated that just a 10% increase in the price of oil increase the NPV by 40%. With a commodity price at the time of writing over US\$ 100 bbl, this would have a significant positive impact on the economics and particularly for the initial cash flow from the Heron-1 recompletion planned for mid-2022.

Block V (Exploration Upside): Petro Matad's other block in central Mongolia, offers follow-on opportunity as exploration there has already proved the presence of active petroleum systems with field studies, coreholes and the first modern exploration wells drilled in Central Mongolia, comprising the Snow Leopard-1 and Wild Horse-1 wells drilled in 2018. Petro Matad has since high graded the Raptor Trend located in the Taats Basin for exploration drilling with the initial well targeting 200 MMbo resource potential of the Velociraptor Prospect. Follow on potential of 380 MMbo has been identified in satellite structures. Well costs to test Velociraptor prospect are estimated to be only US\$ 1.4 million.

Block XX (Exploitation Licence) Summary showing Location of mapped Heron Field closures relative to Tosun Uul field, gathering facilities & regional export infrastructure



Prepared by
ENVOI



Opportunity: A material share of Petro Matad's 100% working interest in both Block XX Exploitation Licence and Block V PSCs is available in return for funding the planned 2022 /23 appraisal and development drilling programme, plus the new 3D seismic in the Block XX with an option to participate in the Block V exploration well.

Further Information: Access to some the key data on this opportunity can be made available online after execution of a Confidentiality Agreement (CA). Serious parties will be invited for a presentation and full data review including the existing workstation seismic, in either Petro Matad's Mongolian or Envoi's London offices.

All expressions of interest and requests for more information, including a copy of the CA, should be made through Envoi.

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