Mongolia
Under Explored, Highly Prospective, Low Cost On Shore Oil

The Prolific Central Asia Lacustrine Play
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Mongolia Overview

- Central Asia's only democracy after 70 years as a Soviet satellite
- Annual GDP is $12Bn and to date is heavily reliant on the mining sector
- Produces 21,000 barrels of oil/day (2017) from fields close to Chinese border
  - including from Blocks XIX and XXI adjacent to Petro Matad’s Block XX
- Exports 100% of produced crude to China at a price benchmarked to globally traded crude
- Pays a high price for refined products from Russia which has a monopoly on supply
- Energy independence a priority for the government
- Petro China, Sinopec, Petro Matad are the only internationally recognized E&P players operating in country
- Very little petroleum exploration activity
  - despite having numerous prospective basins adjacent, and geologically similar, to prolific oil producing basins in China
Company Overview

**Petro Matad Limited**
- London, AIM Listed (MATD)
- Proven Operator, Mongolia Focused
- Large acreage position ~15 Million Acres (>60,000km²) @ 100%
  - Including proven productive and undrilled basins geologically similar to prolific basins in N China
- Entering a transformational period of operational activity
  - 4 well drilling campaign with low risk, near field targets and high impact basin opener wells
  - Extensive follow-up target portfolio

**Petrovis**
- Petro Matad’s major shareholder
- Mongolia’s largest fuel importation and distribution company
- Founding stakeholder and supportive throughout the company’s life
- Aspirations to participate in development of domestic Mongolian refining business
Petro Matad Acreage Position
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15 Million Acres
60,000 km
Held 100%

Blocks

North Sea oil and gas fields

Natural gas fields
Oil/condensate
Mixed fields
New discoveries of oil and gas fields since 2000 (not yet in production)

Scotland
British sector
Dutch sector
German sector
Norwegian sector
Danish sector

MONGOLIA

RUSSIA

CHINA

600km

2/8/2018
China: The Proven Prolific Analog

Productive and Prospective Basins of East-Central Asia

References:
- The Cretaceous Play and the exploration potential of the East Gobi Basin, Mongolia. 2015, Qin et al.
- Tellus Database, CGG Robertsons
- Analysis of the distribution of onshore sedimentary basins and hydrocarbon potential Z. Et Al.
- Company internal estimates in China. 2015. Jiang
The Rocks

Late Jurassic - Early Cretaceous Mega-Sequence (MS2)

- Extensional lake basins preserved the geologic components for the proven productive oil province of the China-Mongolia region
- This system generates the giant oil fields of Eastern China and has been proven productive in Eastern Mongolia as well
- Source rocks are world class oil shales. They are thick, rich and have very high oil generation potential
- Reservoir rocks are interbedded with the source rock and have high porosity and good permeability potential
- The oil shales also act as effective top seals and create effective seals across faults

Source, Reservoir, and Seal in Place
Proven Petroleum System – Western Basins

TSC-1: Stratigraphic core hole (TD: 1,603m)
- Situated on basin margin
- Proved source and reservoir presence
- High porosity sands (10-30%). Good permeability in basal sands (50md+)
- 40m of good quality source rock with 3-5% TOC

Live oil staining in sand and basement
- Pervasive oily fluid inclusions observed in sands
- Source rock in well is immature, so oil has migrated to this location
- Oil extracted not biodegraded indicating currently active migration
- Derived from a brackish lacustrine source

Core hole gives good tie to seismic
- Penetration of basement gives confident tie to seismic
- Seismic shows source and reservoir units thickening in to basin

Core hole eliminates play risk for the Falcon area
- Chance of success is solely prospect specific
- Very unusual for the first well in an undrilled area
Basin Opener Opportunity – Western Basins

- 12 prospective basins
- Source and Reservoir Proven in outcrops and core
- 4 core holes (3500m of core) with oil shows
- Blockwide gravity and magnetics, 11,000km FTG,
  - 200km$^2$ 3D
- Multi-billion barrel in place potential *

- Inventory of 55 Prospects and Leads *
- First 2 targets identified
- Risk independent - drilling back to back from Q2 - 2018
- Extensive portfolio of follow up targets, de-risked upon success

**Recoverable potential > 2Bbo** *Based on Company’s estimates*
Under-Explored, Proven Productive, with Routes to Market
Conclusion

**Low cost, onshore, oil exploration**

- Near field exploration and appraisal targets. Low cost to drill and quick to monetise
- High impact basin opener exploration with evidence of working petroleum systems
- Geologically analogous to proven productive basins in Northern China

**Petro Matad – well positioned**

- Petro Matad’s in-country reputation and experience make it an industry leader in Mongolia
- Supported by major shareholder, Petrovis, a key player in the Mongolian energy sector
- Entering an exciting and potentially transformative operational season in 2018/19
Thank You

Photo overlooking a portion of the Taats Basin, Block V.
One of twelve prospective basins in Petro Matad’s Western Acreage