



PETROMATAD
Corporate Presentation

High Impact Exploration in Mongolia



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Board of Directors



Chief Executive Officer: Mike Buck

- 38 years of international E&P experience including 9 years as COO of Salamander Energy
- Proven track record of exploration success in S. America, N. Africa and Asia. Directly involved in the discovery of more than one billion barrels of recoverable reserves
- Managed major development projects in Libya, Pakistan and Iran



Chief Financial Officer: John Henriksen

- 40 years of upstream E&P experience in Canada, UK, Southeast Asia, Central Asia
- 5 years in Mongolia with Petro Matad



Non-Executive Chair-person: Enkhmaa Davaanyam

- 20 years of energy, mining and infrastructure project management
- CEO of Petrovis Group, Mongolia's largest fuel importation and distribution company



Non-Executive Director: Dr. Oyungerel Janchiv

- 35 years in downstream experience in Mongolia
- Founder and Chair-person of Petrovis Group



Non-Executive Director: Tim Bushell

- 35 years of international E&P experience including 10 years as CEO of Falklands Oil and Gas Ltd
- Directly involved in the discovery of more than 700 million barrels of recoverable reserves in S Atlantic and Norway

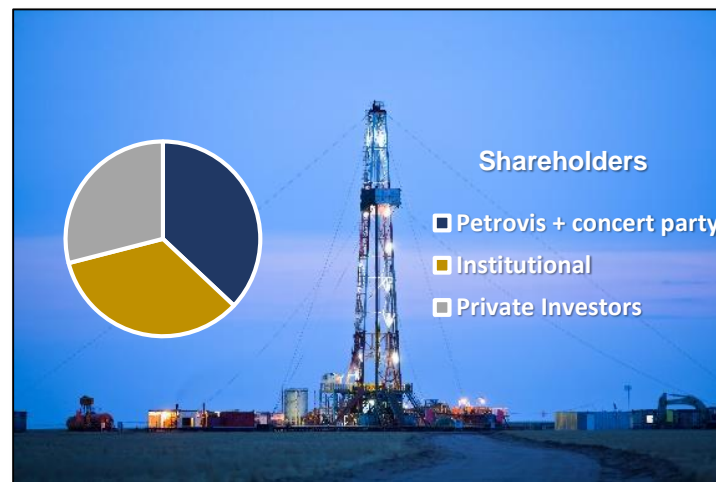
Corporate Overview

Petro Matad Limited

- London, AIM Listed (MATD). Mongolia focused
- Experienced Board and Management Team
 - Track record of discovering and monetizing oil/gas fields
- Large acreage position held 100%, >60,000 km²
 - Including proven productive and undrilled basins geologically similar to prolific basins in N China
- Entering a transformational period of operational activity
 - Multi-well drilling campaign with low risk, near field targets and high impact basin opener wells

Petrovis

- Petro Matad's major shareholder (Petrovis Matad 28%)
- Mongolia's largest fuel provider
- Founding stakeholder and supportive throughout, having injected \$17.5MM into the company in the last 9 years including the largest tranche of the January 2018 equity raise
- Aspirations to participate in development of domestic Mongolian refining business



Market Statistics

As of (31 May 2018)

Listing	AIM (MATD)
Shares Outstanding	525,312,857 *
Share Price	9.45p
Market Cap.	£49.64MM
Net Cash (End May 2018)	\$16.7MM

* Fully diluted shares: 529,703,764 taking into account Options and Conditional Share Awards. Excluding June 2018 fundraising contingent upon EGM approval 3/7/18.

Extending and Expanding a Transformative Programme

Petro Matad is funded for a 4 well programme in 2018

- Snow Leopard 1 (Block V) targeting c.90MMbo, spudding July 2018
- Wild Horse 1 (Block IV) targeting c.480MMbo, spudding September 2018
- Near field Gazelle prospect (Block XX) targeting c.13MMbo with opportunity for rapid commercialization. Spudding Q4 2018. Second near field target selection underway - to be drilled in Q4 2018

Newly acquired 3D seismic and further Block XX technical work has identified two new targets

- New 3D seismic defines the Fox prospect in Block V. c.200MMbo in a basin with a proven petroleum system
- New Red Deer prospect in Block XX. c.48MMbo within easy reach of existing infrastructure
- Additional funding of \$17MM¹ to drill both prospects in H1 2019 using rigs contracted for 2018 operations

Refreshed farm out process in 2018 ongoing

- Seeking a partner to expand the exploration programme in 2019 and beyond
- A number of potentially interested parties
- Need to agree any deal before spud

Additional equity funding

- Raised \$17MM¹ to secure rig contract extensions and to drill two high impact wells on Fox and Red Deer prospects in 1H 2019. Will fund the company through 2019 to complete the drilling and evaluate results
- 6 wells to be drilled in 12 month period, 5 of which are in risk independent basins
- Total prospective resources targeted c.850MMbo ranging from near field E&A to basin opener potential

** All resource estimates are based on Company's estimates.*

¹ Fundraise subject to approval at EGM 3/7/18

Mongolia Overview

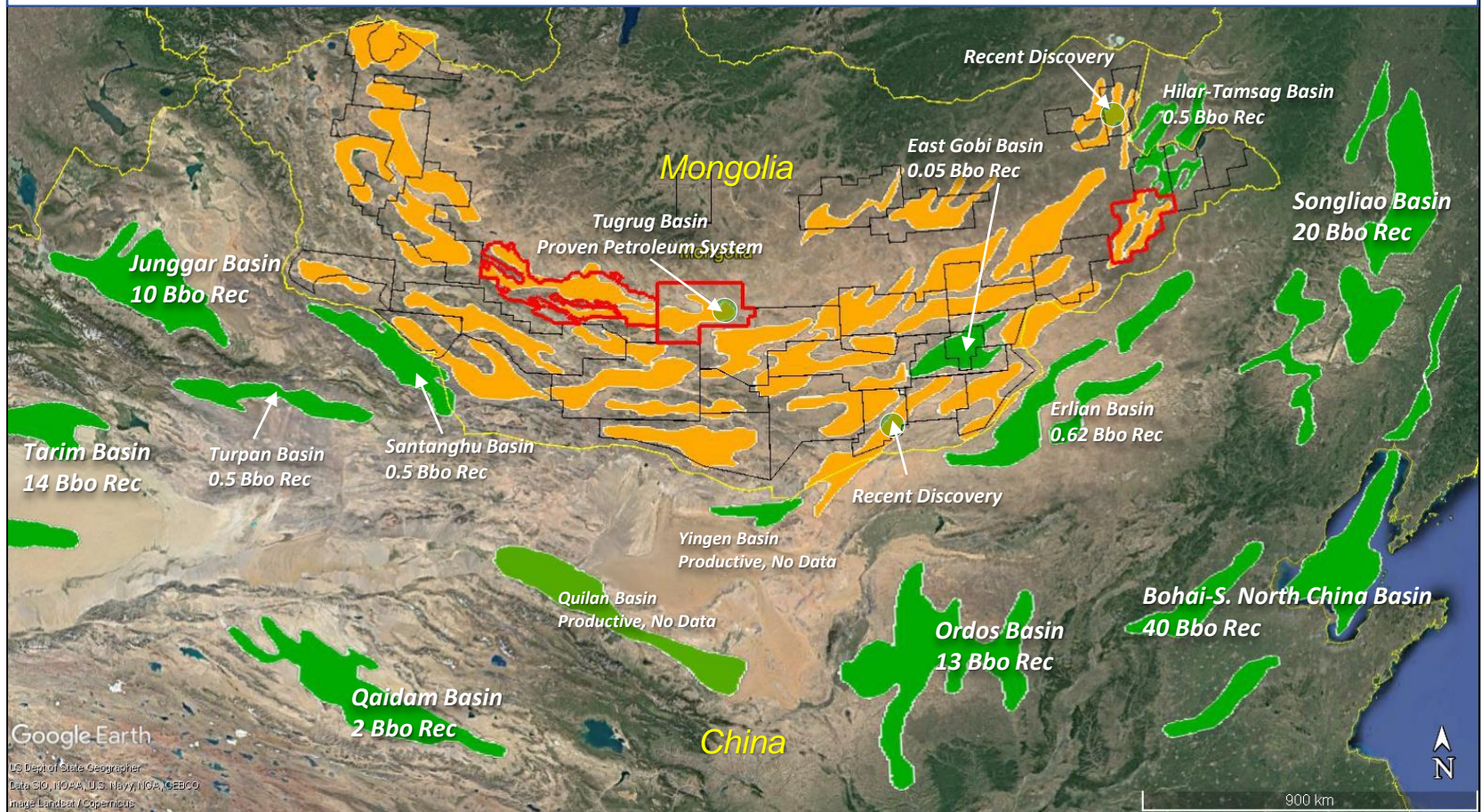
- Central Asia's only democracy after 70 years as a Soviet satellite
- Annual GDP is \$12Bn and to date is heavily reliant on the mining sector
- Produces 21,000 barrels of oil/day (2017) from fields close to Chinese border including from Blocks XIX and XXI adjacent to Petro Matad's Block XX
- Exports 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 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

Attractive Fiscal Terms

Exploration Term	12 to 14 years
Exploitation Term	35 Years (25+5+5)
Royalty	5 to 8%
Corporate tax	0%
Contractor Profit Oil share	45 to 60%
Gross contractor take	c. 55%

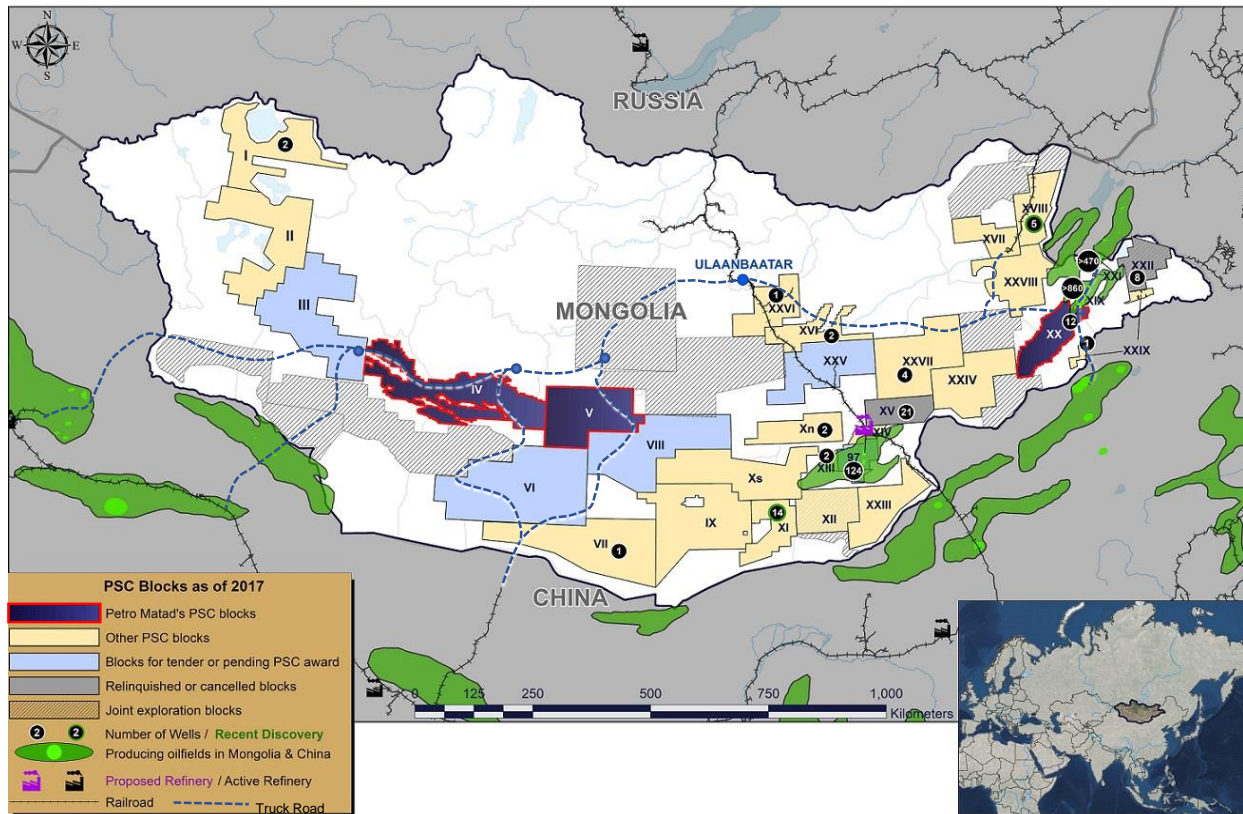
China: The Proven and Prolific Analogue

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 in China. 2015, Jiang Z. Et Al
 - Company internal estimates

Regional E&P: Activity and Infrastructure



Mongolian production

- In South and East
- Main fields discovered in 1990s, now operated by Petro China

Limited Exploration

- Outside of the producing areas very limited drilling
- Only 3 exploration wells to date in all of Western Mongolia
- Very limited involvement of international E&P community

BG farm in to Blocks IV/V

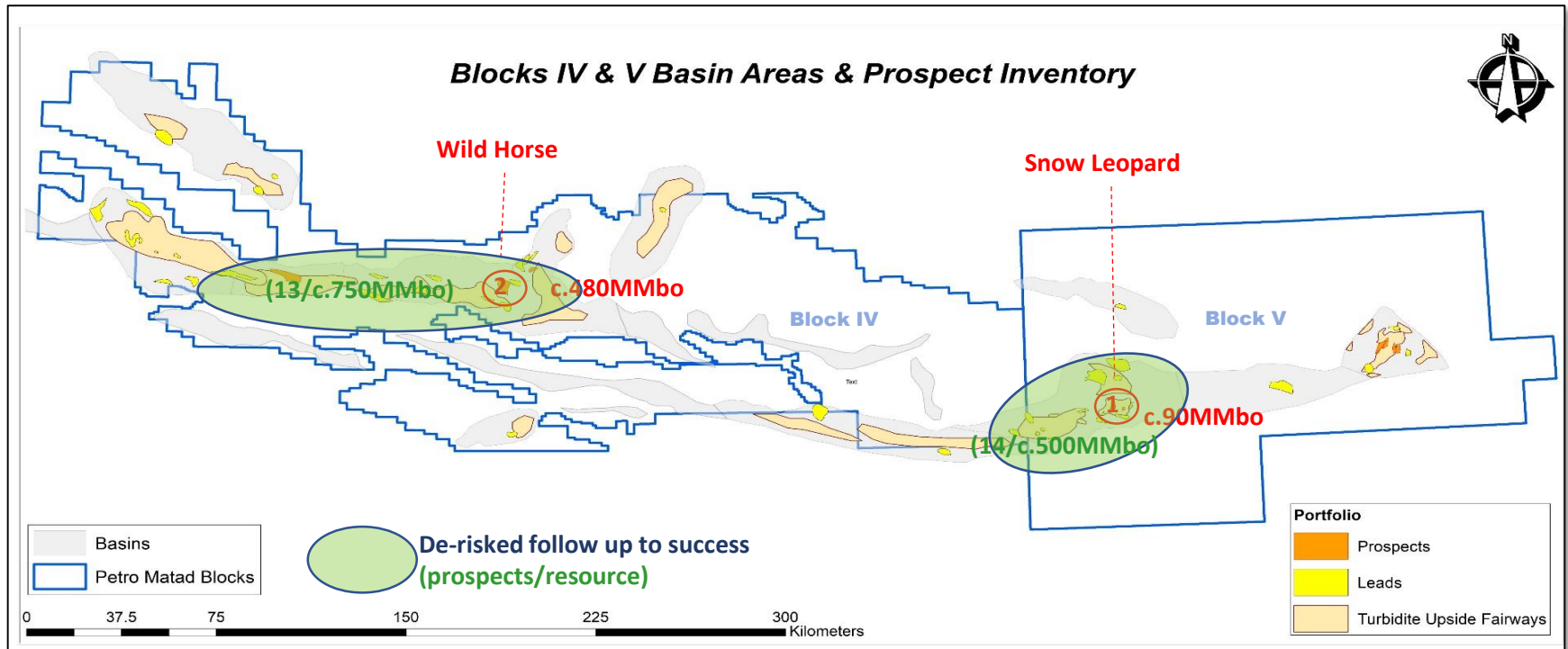
- BG farmed in to Blocks IV/V in 2014 underlining the technical attraction and resource potential
- Shell pulled out after the BG take over as part of its rationalization programme

Asset Overview



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

2018 Programme: Blocks IV & V: High Impact Exploration



- 12 prospective basins
- Source and reservoir outcrops on basin flanks
- 4 core holes (3500m of core) with oil shows
- Blockwide gravity and magnetics, 11,000km FTG, 4000km 2D seismic, 200km² 3D
- Multi-billion barrel in place potential *
* Based on Company's estimates
- Inventory of 55 Prospects and Leads *
- Recoverable potential > 2Bbo *
- 2 targets selected for drilling
- Risk independent - drilling back to back from Q3 2018
- c.570MMbo (mid case) combined recoverable potential *
- Extensive portfolio of follow up targets, de-risked upon success

2018 Programme

Block XX: Low Risk E&A Adjacent to Production

5 Lease line prospects, 3 high-graded: Gazelle, Heron, Antelope

- Covered by 2D and 3D seismic
- Continuations of producing trends/structures on Block XIX
- Internal estimates of 50-75% chance of success *

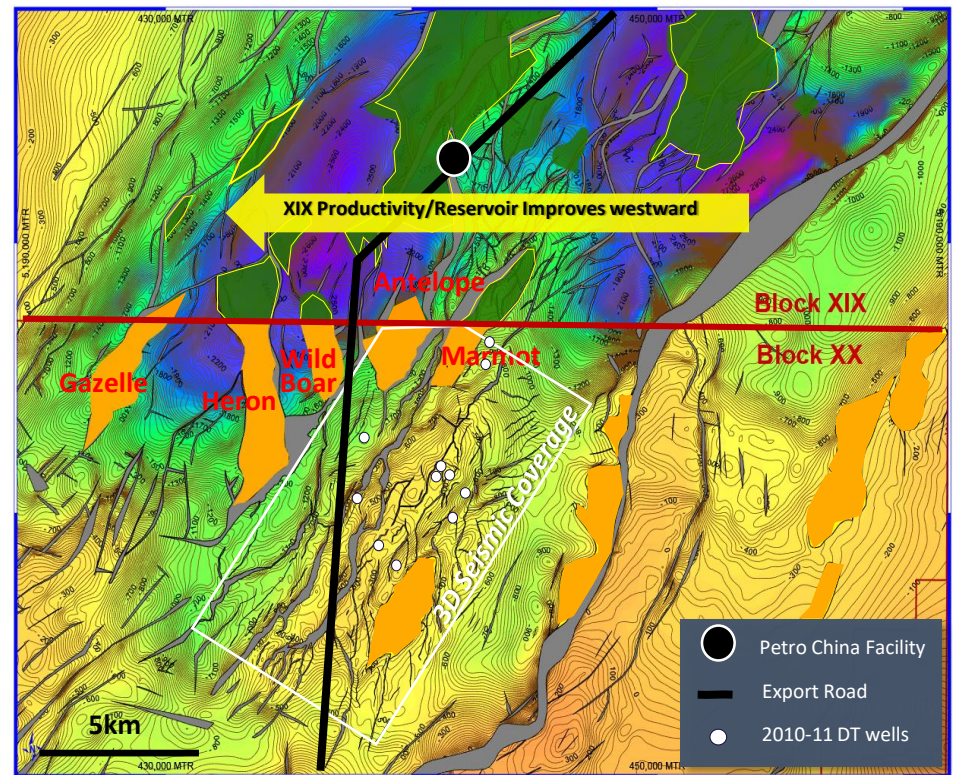
c.15 - 28MMbo recoverable potential *

- Low cost drilling \$2 - 2.5MM/well *
- 3 structures with oil proven on Block XIX
- Close to facilities and export route with spare capacity

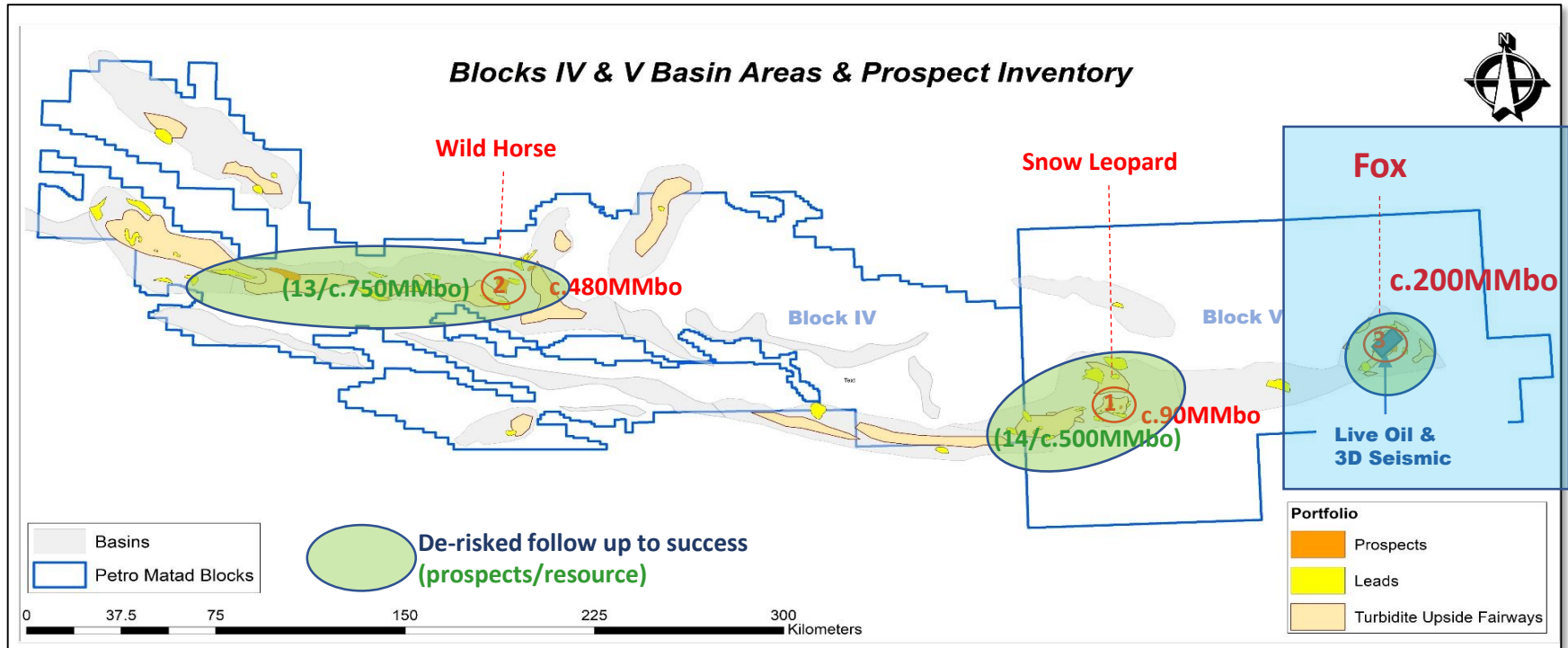
Gazelle Prospect drill-ready

- Expected to spud late Q3/early Q4 2018
- c.13MMbo most likely resource potential *
- Second well target being worked up
- Equipment available in country for well testing as may be required

* Based on Company's estimates



New Target: Fox Prospect, Tugrug Basin, Block V



- Fox prospect located in eastern Block V in the Tugrug Basin
- Very well defined on new, high quality 3D seismic
- Structure centrally located in a basin with a proven petroleum system
- 200MMbo prospective resource potential*
- High quality 3D shows stratigraphic as well as structural trapping potential

* Based on Company's estimates

Proven Petroleum System: Tugrug Basin

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 2-5% TOC

Live oil staining in sand and basement

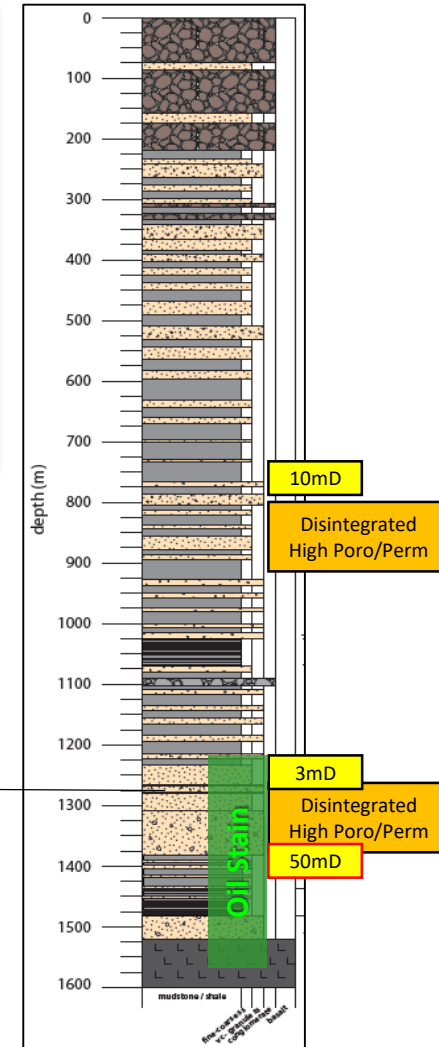
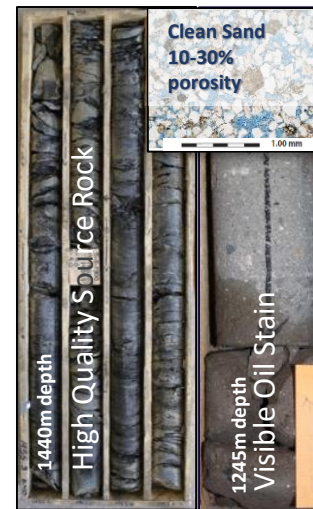
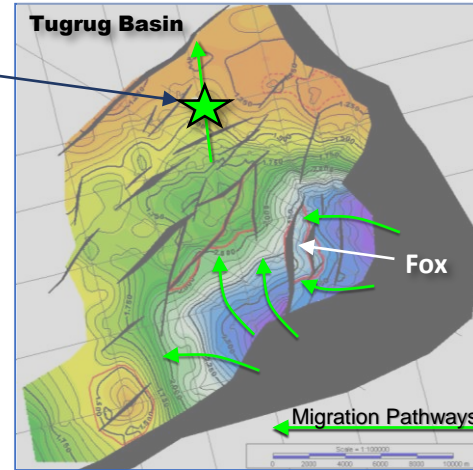
- Pervasive oily fluid inclusions observed in sands
- Source rock in well is immature, so oil has migrated to this location
- Oil extracted not biodegraded indicating currently active migration
- Derived from a brackish lacustrine source

Core hole gives good tie to seismic

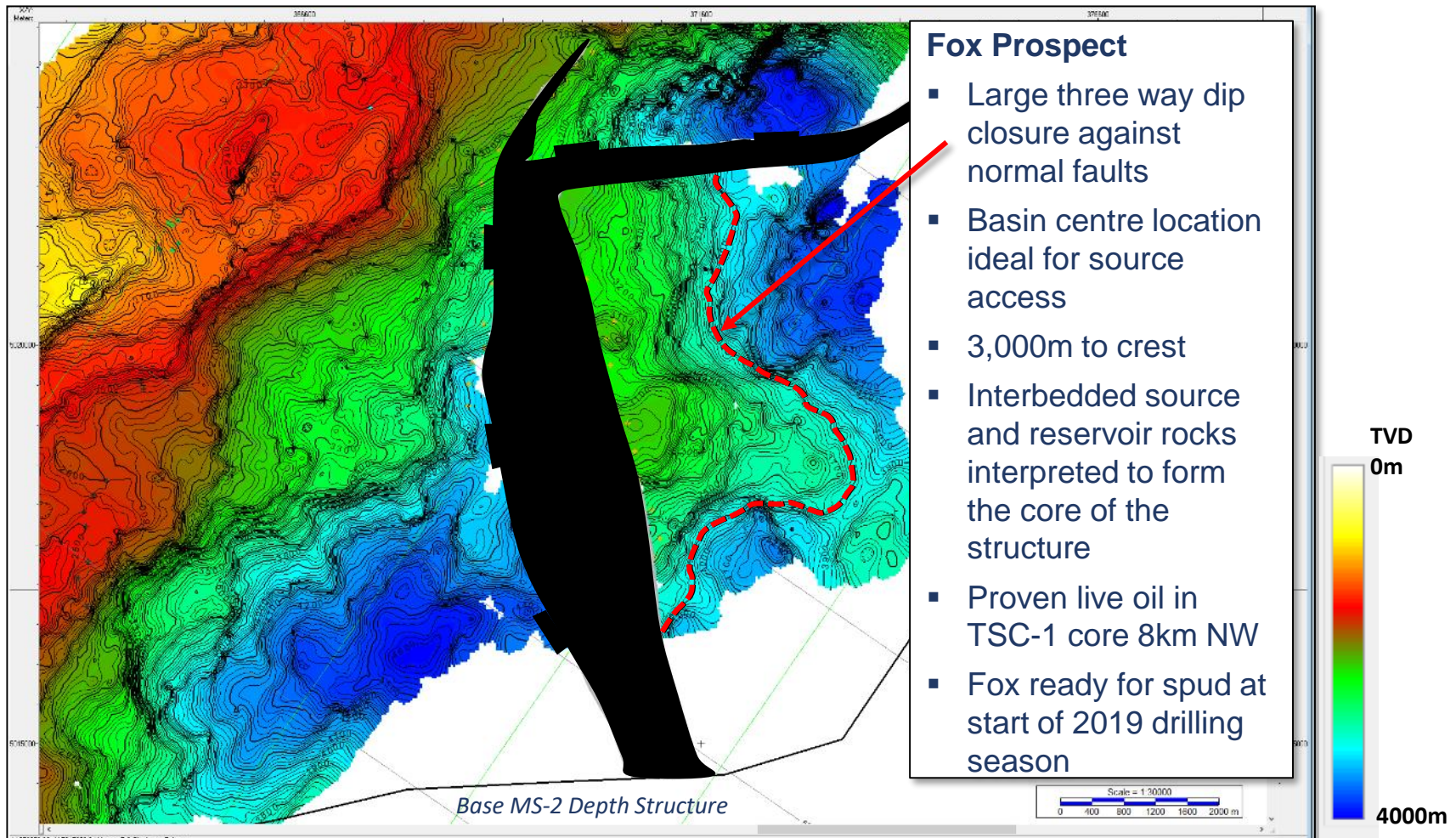
- Penetration of basement gives confident tie to seismic
- Seismic shows source and reservoir units thickening in to basin

Core hole eliminates play risk for the Fox area

- Chance of success is solely prospect specific
- Very unusual for the first well in an undrilled area



Fox Prospect Matured to Drillable Status

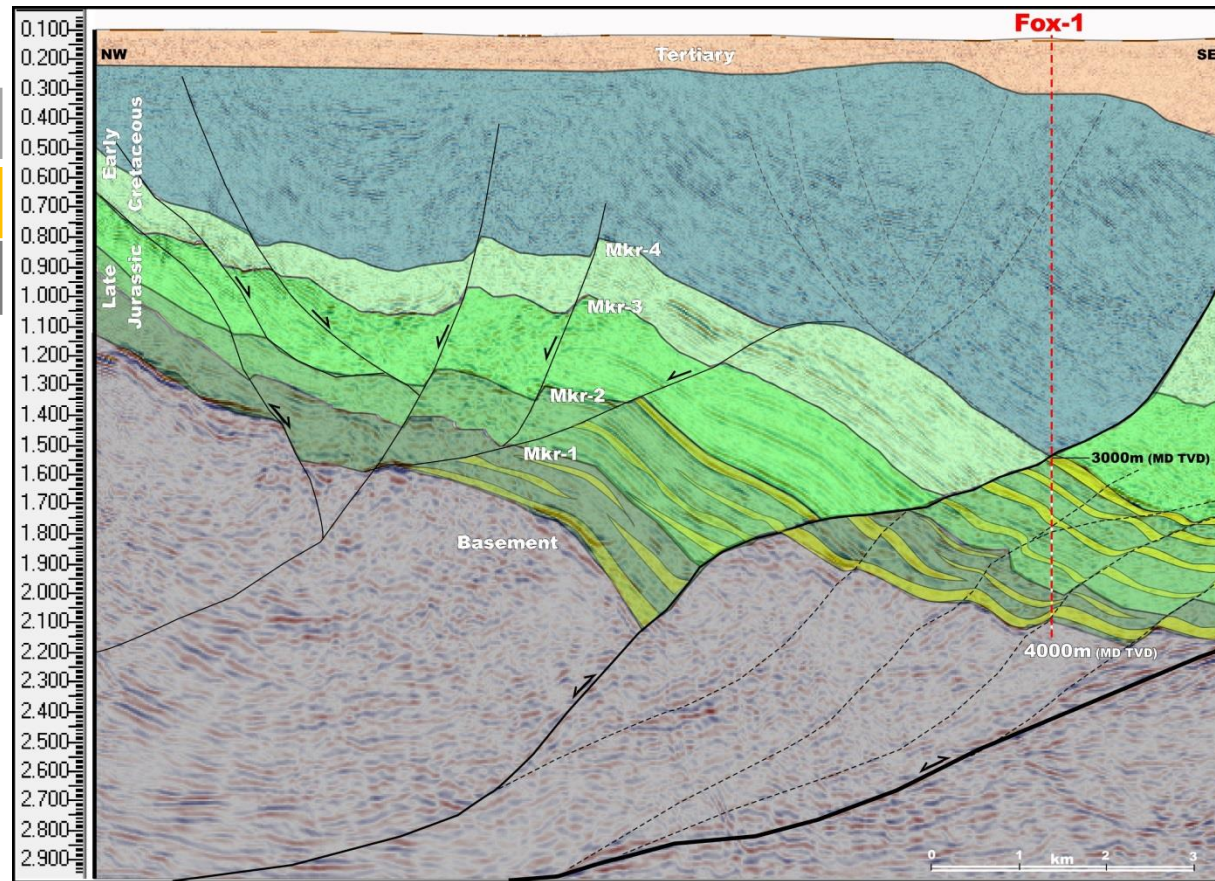
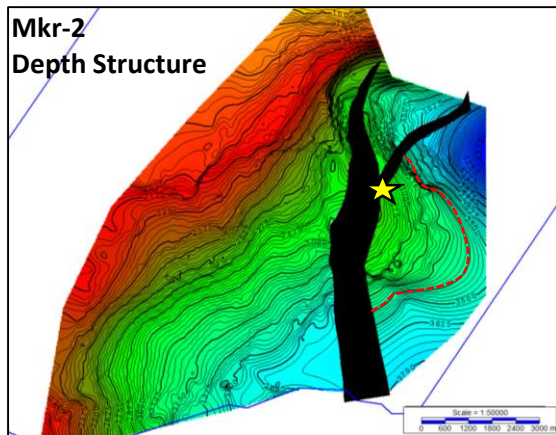


Fox Prospect on the 3D Seismic

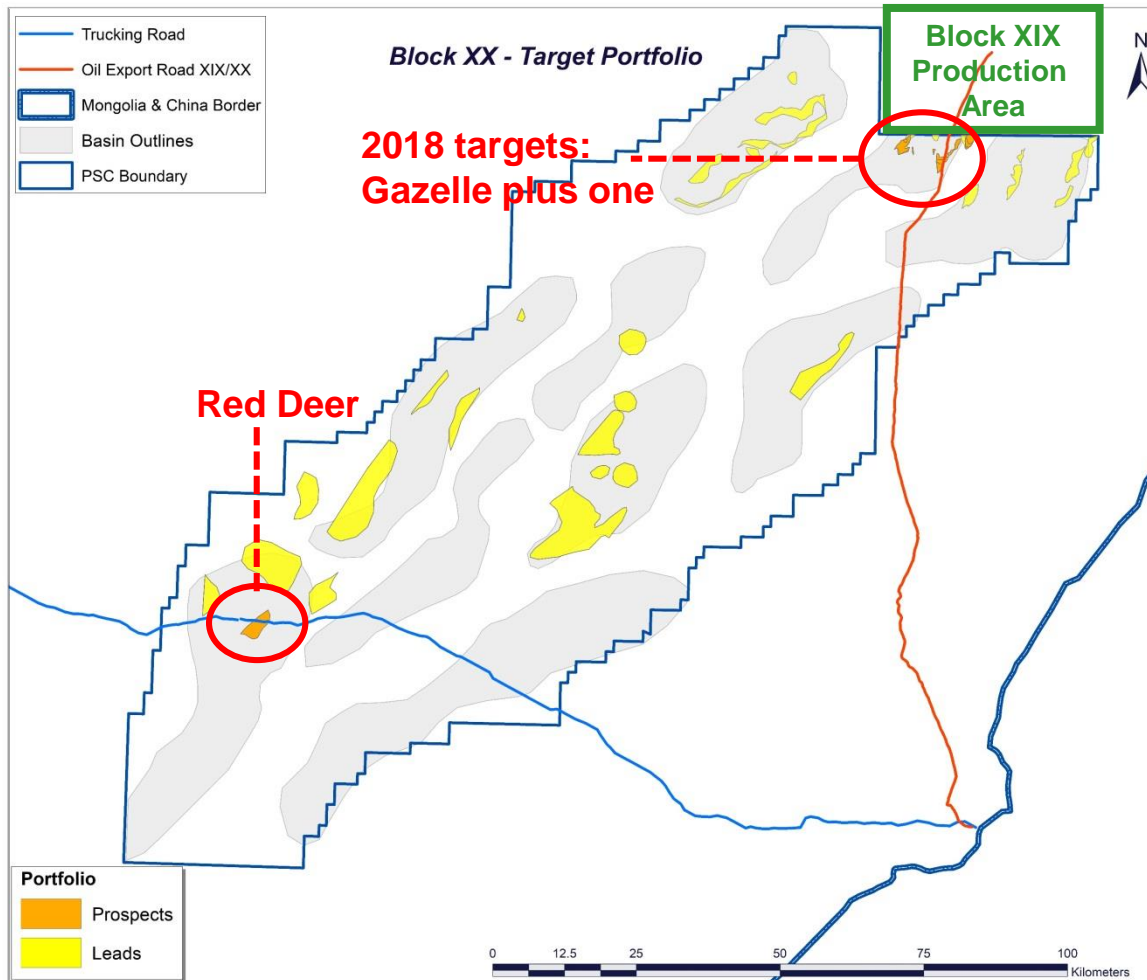
Reservoir: Early Cretaceous/Late Jurassic age. Seismically tied to TSC core hole
 Source: Organic rich mudstones interbedded with reservoirs
 Seal: Intra-formational shales and large offset on bounding faults promote sealing

Prospective Resource Estimate in MMbo

Mean	P90	P50	P10
206	123	188	325



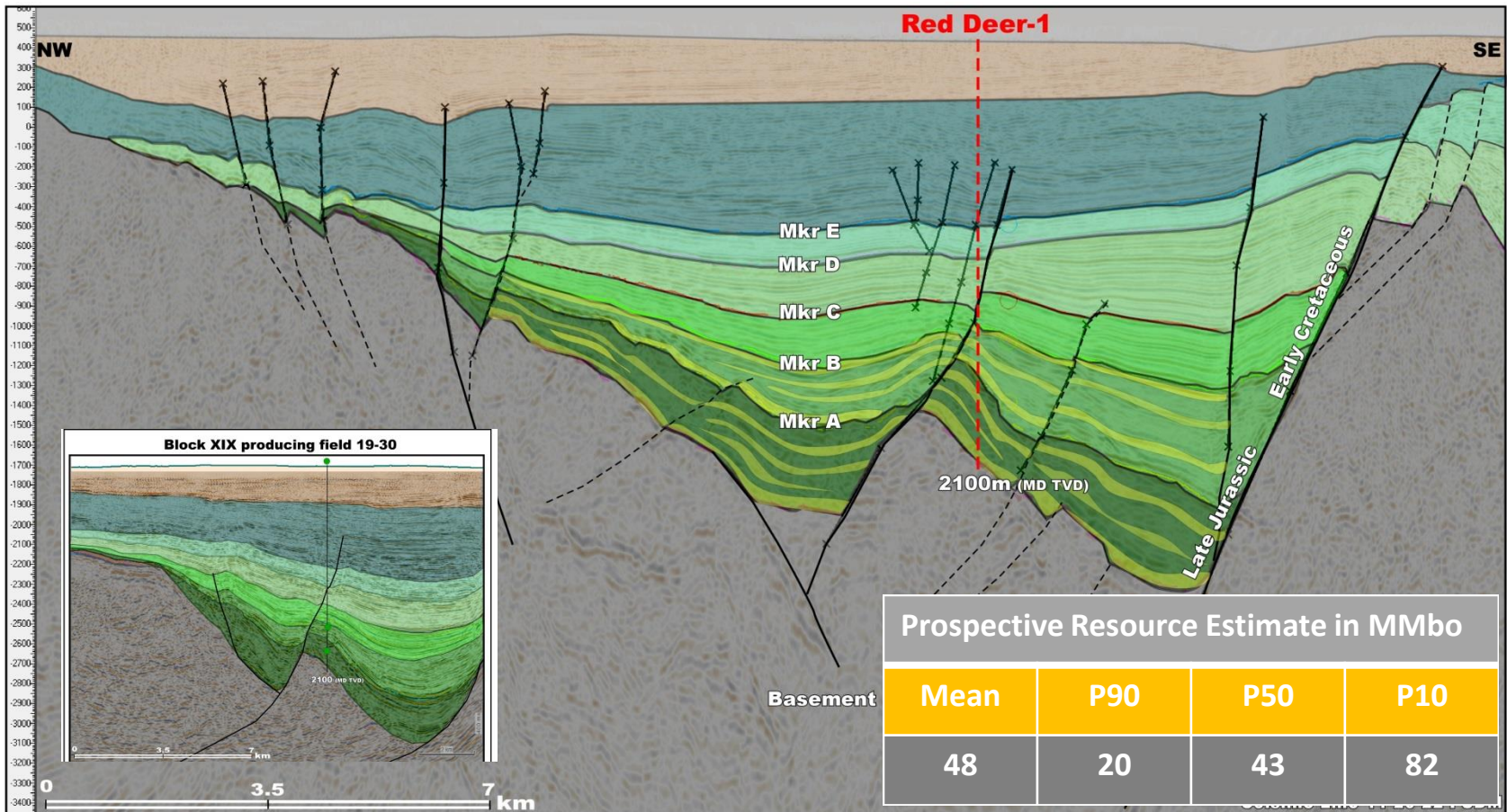
Red Deer Prospect, Block XX



- Multiple Basins in Block XX
- Interpreted to share the geology of the producing Tamsag Basin to the Northeast
- 2018 drilling targets in the proven basin to the North
- Sizeable prospects and leads identified in the undrilled basins to the South
- Red Deer high-graded
- Proven trapping style, sizeable resource potential
- Follow up potential in the same basin and surrounding basins
- Prospect located on main East/West trucking road
- c.140km from Block XIX facilities
- c.145km from oil export border crossing

Red Deer Prospect – Matured to Drillable Status

- Basin centre structure analogous to proven structures in producing Tamsag Basin (Block XIX)
- 2,100m TD, stacked pay potential
- Drillable with the same rig that will drill 2018 wells
- Ready to spud at start of 2019 drilling season



Commercial Details



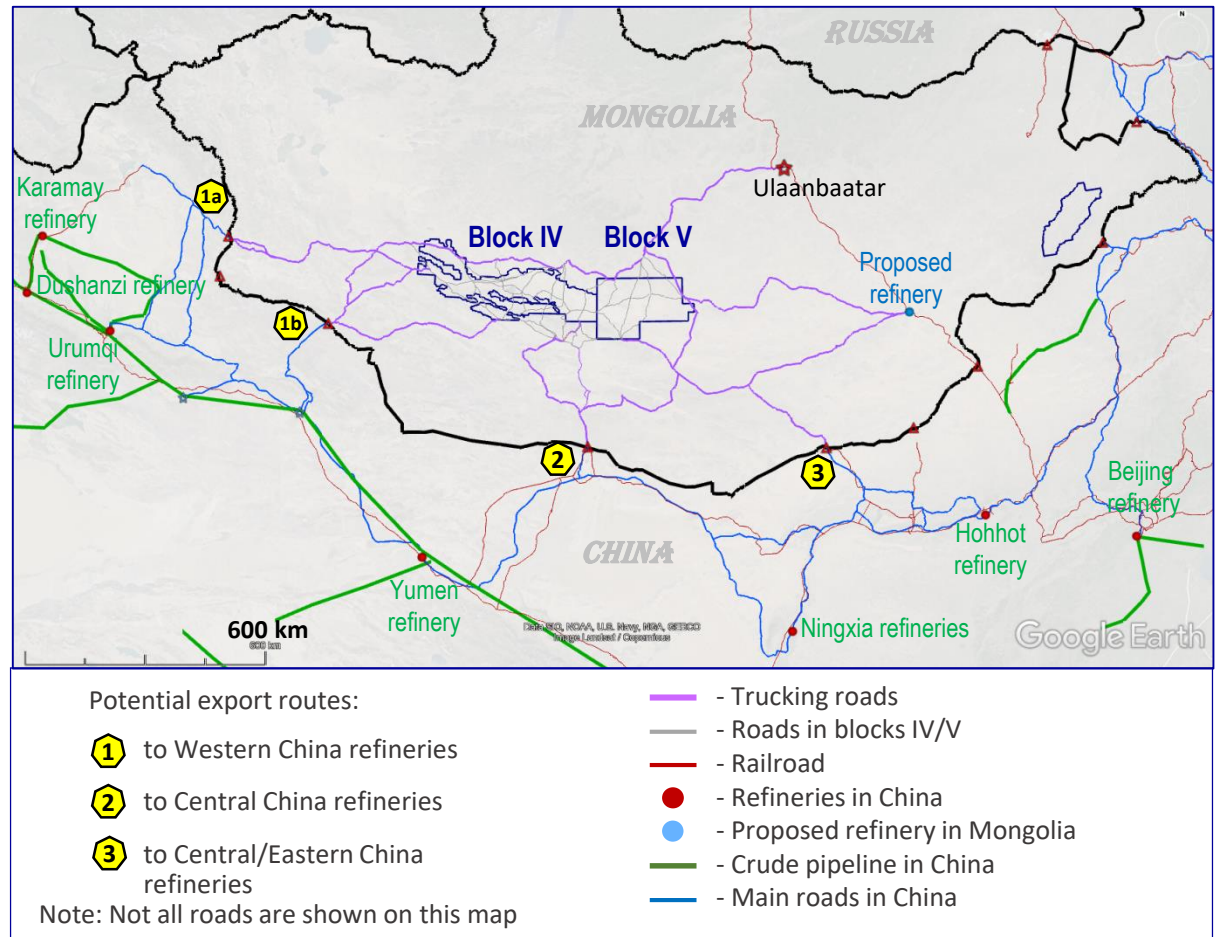
Block XX: Route to Market

- Neighbouring Blocks XIX and XXI production exported via dedicated trucking road
- Export costs are in the \$5/bbl to \$8/bbl range
- Export in China continues by road, rail or pipeline depending on final destination
- Crude sold to Chinese refiners
- Price is benchmarked to Daqing crude (Brent minus c.10 to 15%)
- XIX/XXI production has declined 12% from a peak of c.23,000 bopd so there is spare capacity in the system
- Future production in North Block XX would be developed through a processing/export agreement with Petro China
- Red Deer Prospect c.145 km from oil export border crossing



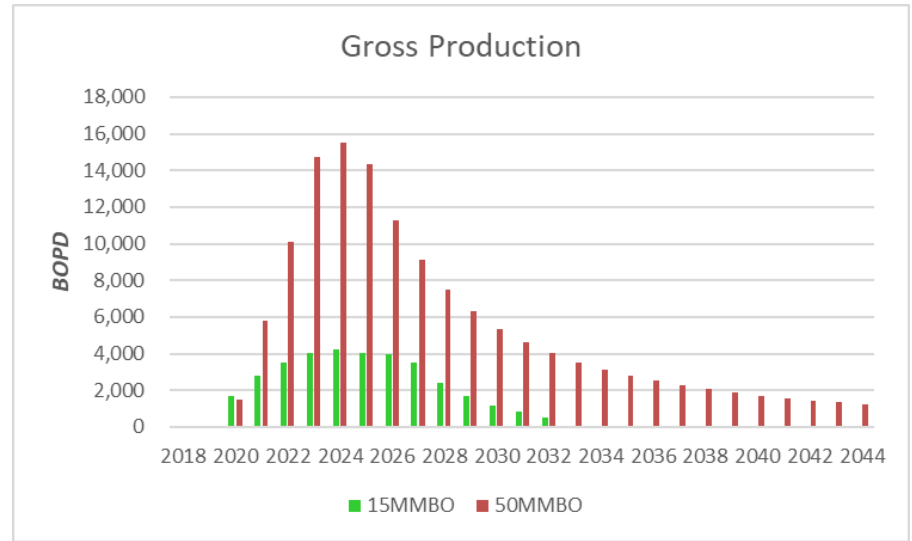
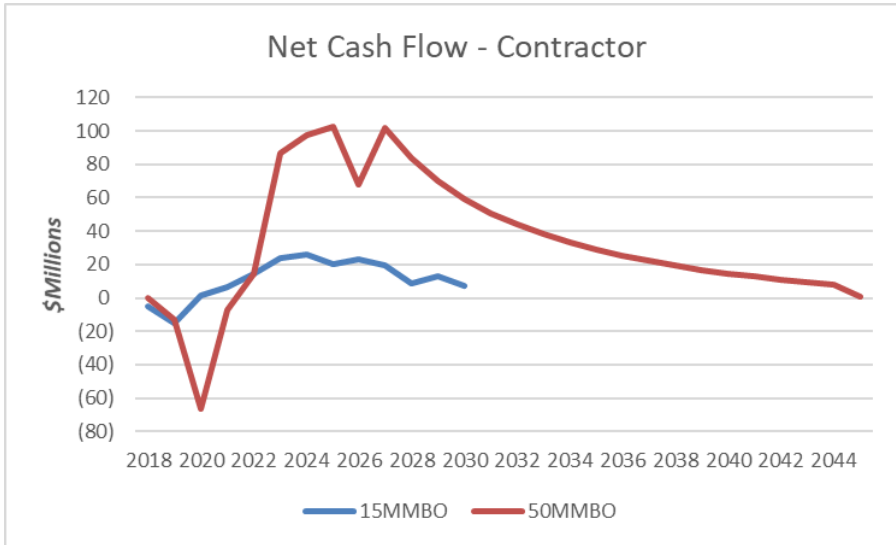
Block IV/V: Route to Market

- Early production from Blocks IV/V is assumed exported by truck to refineries/buyers in China
- Three routes are available, suited to the western, north-central and eastern refineries
- Trucking costs are assumed to be in the \$5/bbl to \$8/bbl range
- Depending upon reserves size, Block IV/V production could meet/expand the needs of the proposed domestic refinery (30,000 bopd)
- As crude sold from Blocks IV/V will include the Mongolian government's share, it is expected that similar terms to Block XIX sales will apply with oil price benchmarked to globally traded crude and any discount dependent upon crude assay/quality



Source: Company

Success Case Economics: Block XX



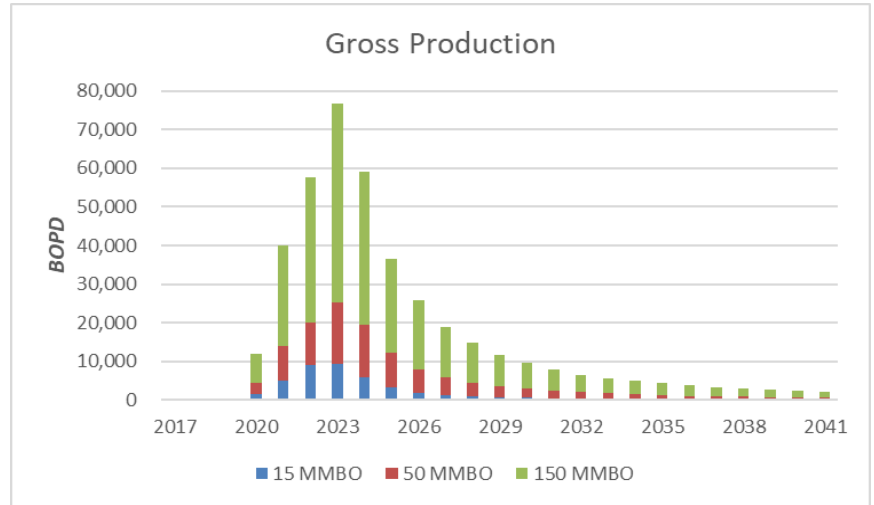
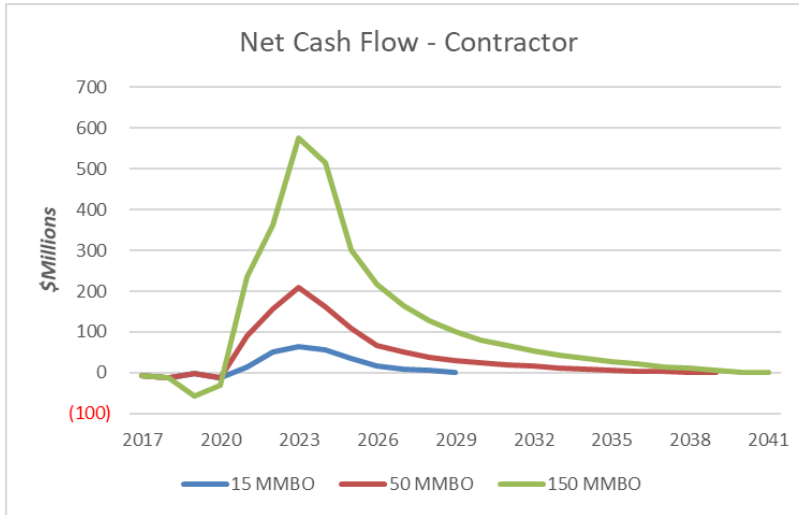
- 15 MMBO case based on success at Gazelle and a second prospect. 40 development wells, cost \$2MM/well, productivity on start up 240 bopd per well
- 50 MMBO case based on success at Red Deer. 120 development wells at \$2MM/well on start up of 240 bopd per well.
- Immediate appraisal and completion of all wells^x
- Install pumps, tanks and export via truck to Block XIX facilities^x

Case	15 MMBO	50 MMBO
NPV ₁₀ (\$MM)	80	312
IRR %	42	48
Sensitivities (NPV ₁₀ \$MM)		
Oil price +10%/-10%	91/35	409/224
Costs -10%/+10%	82/39	370/248
Production +10%/-10%	91/35	409/224

* All economics based on Company's internal estimates

^x Assumptions based on Company's belief and intention

Success Case Economics: Blocks IV/V



- Base Case and High case resource potential consistent with 2018 targets
- Development well count: Base 36, High 117
- Early production via trucking to Chinese refineries ^x
- High case reserves will justify pipeline and will support development of domestic refining capacity

* All economics based on Company's internal estimates

^x Assumptions based on Company's belief and intention

Cases	50MMBO Recoverable	150MMBO Recoverable
NPV ₁₀ (\$MM)	451	1270
IRR %	100	114
Sensitivities (NPV ₁₀ \$MM)		
Oil price +10%/-10%	525/383	1,482/1,075
Costs -10%/+10%	476/423	1,343/1,187
Production +10%/-10%	522/384	1,475/1,080

Conclusion – Extending and Expanding a Transformative Programme

Fully funded 2018/2019¹ drilling programme targeting c.850MMbo

- Blocks IV/V: 3 high impact basin opener exploration with evidence of working petroleum systems
- Block XX: 2 near field exploration and appraisal targets. Low cost to drill, quick to monetise. 1 basin opener well with high value potential
- Synergy realised through utilizing already contracted rigs
- 6 wells, 5 risk independent basins, c.850MMbo targeted in a 12 month campaign

Attractive economics

- Attractive fiscal terms, low cost drilling and operating environment
- Success case economics Blocks IV/V: NPV10 ranging from \$450MM to >\$1.2Bn
- Success case economics Block XX with NPV10 of \$80MM for near field targets and \$312MM for Red Deer
- Potentially transformational for the company

** All resources and economics based on Company's internal estimates. ¹ Fundraise subject to approval at EGM 3/7/18*

2018/2019¹ Work Programme

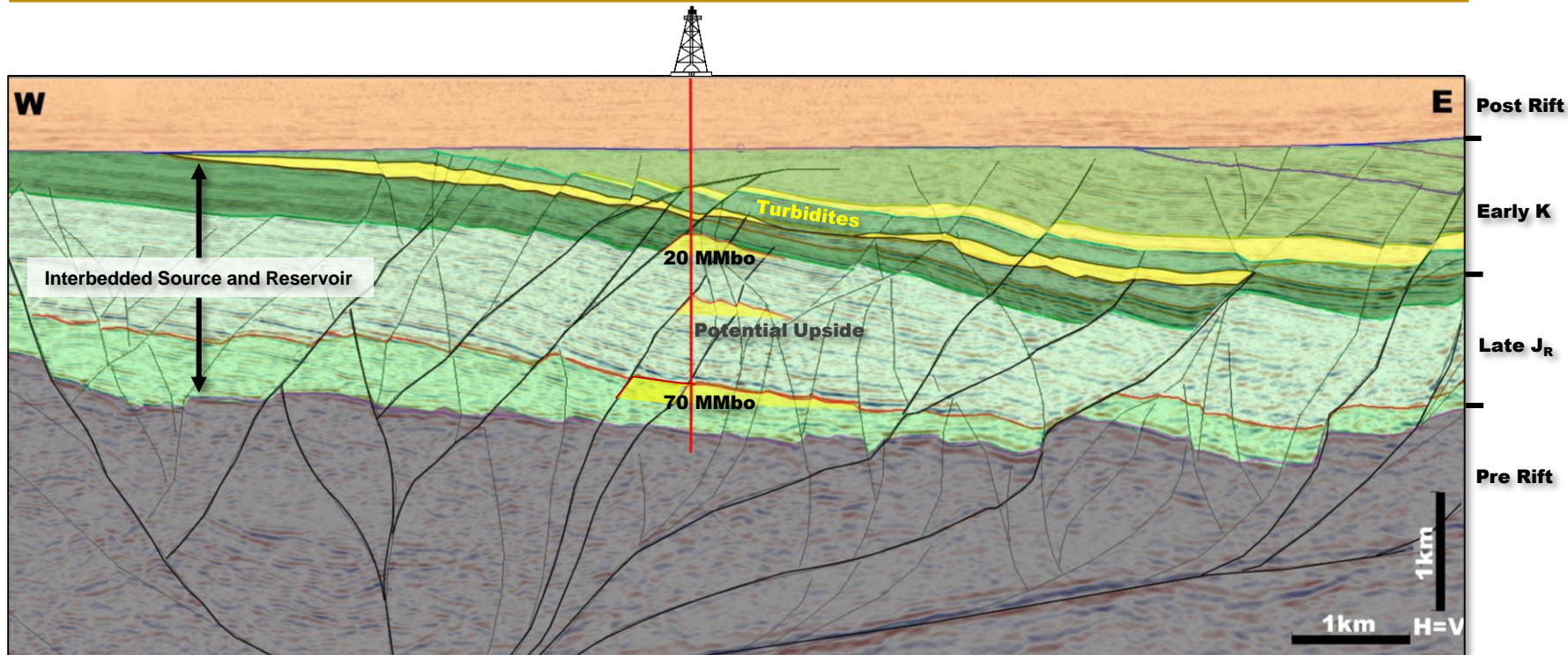
- 6 well programme – fully funded
- Break in the drilling programme due to winter weather shut down
- 5 risk independent basins, 850MMbo targeted
- Company funded through 2019¹ to complete evaluation of drilling programme and to plan the next phase

			2018				2019				Costs
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	\$MM
	<i>Block</i>	<i>Depth-m</i>									
Snow Leopard-1	V	3300									6.0
Wild Horse-1	IV	2000									4.2
Well 3: Gazelle	XX	2500									2.5
Well 4: TBD	XX	2000									2.0
Well 5: Fox	V	4000									9.0
Well 6: Red Deer	XX	2100									2.9
PSC Costs	All										1.8
Salaries and G&A	All										6.8
Contingency											0.8
Total											36.0

¹ Fundraise subject to approval at EGM 3/7/18

Appendix – 2018 Drilling Targets

First Well 2018: Snow Leopard Prospect, Block V

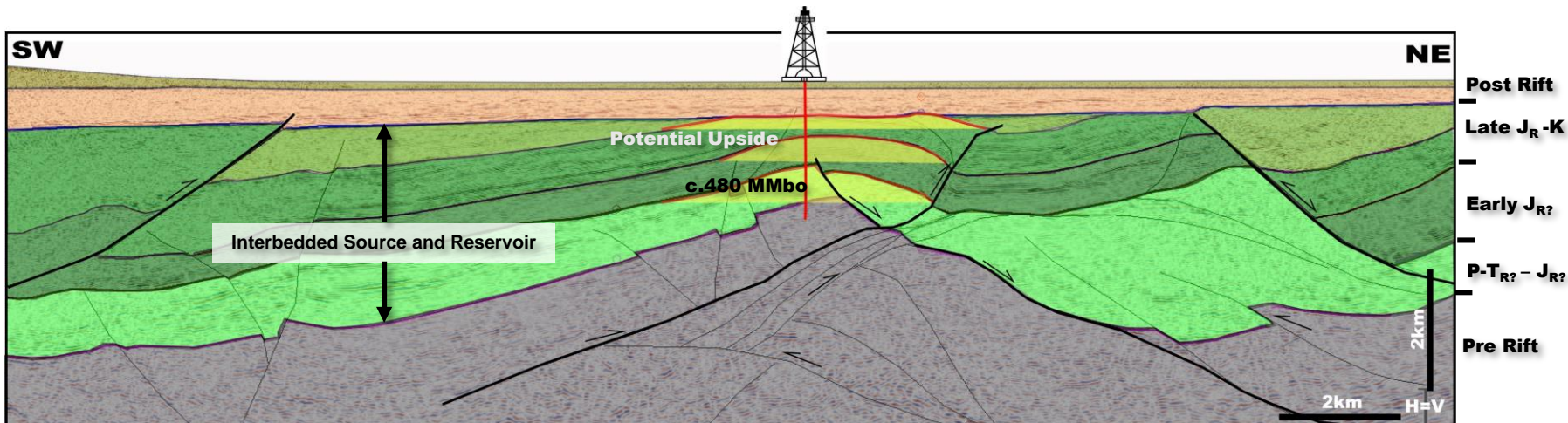


Large upside potential in trapping style proven productive in Mongolia

- Snow Leopard has 2 main target sections with c.90MMbo recoverable potential (mid case) *
- 3 or more additional stacked pay zones identified as potential upside
- If shallow turbidite concept is proven then a large (200+ MMbo) combination trap play opens *
- TD 3350m. Well cost c.\$7MM *
- Success de-risks 14 prospects/leads with resource potential of c.500MMbo *

* Based on Company's estimates

Second Well 2018: Wild Horse Prospect, Block IV

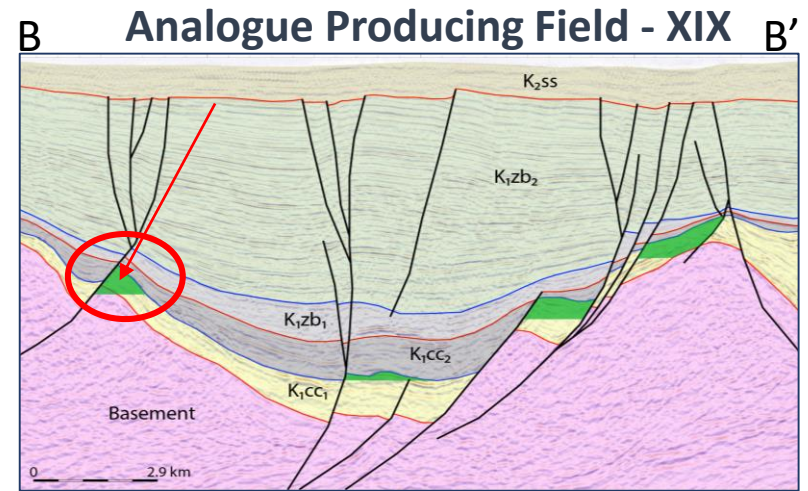
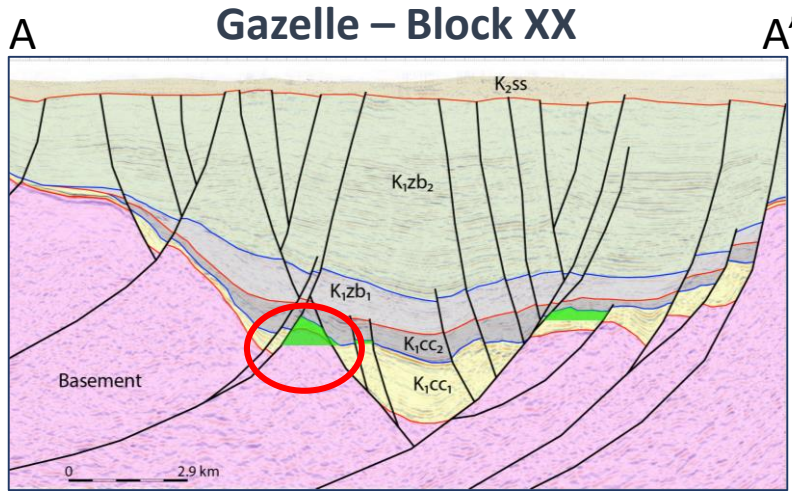


Updip of largest identified source kitchen area with migration focus into the structure

- Prominent structure with large c.480MMbo (mid case) recoverable potential *
- Four way dip, fault bounded and subcrop trapping components
- Significant section within closure with stacked pay potential
- “Soft” amplitude anomalies in the subcrop trap may be indicative of hydrocarbon trapping, possibly gas
- TD 2000m. Well cost c.\$4MM *
- Success de-risks 13 prospects/leads with resource potential of c.750MMbo *
- A must-drill prospect and ideally located for a basin opener well *

* Based on Company's estimates

Block XX: Gazelle Prospect



On trend with the best producers in Block XIX

- Prospect well located for good reservoir
- Depth to target 2200m
- Drilling cost ~\$2.5MM *
- Internal estimate of chance of success better than 1 in 2
- Recoverable reserves estimated at c.13MMbo (most likely case) *
- Drill in 4Q2018 with potential to be on stream within 12 to 18 months if successful *

* Based on Company's estimates

