

Mongolia

Under-Explored

Highly Prospective

Low Cost Onshore Oil



PETROMATAD
Corporate Presentation
March 2018



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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 1 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. Non-Executive Director of Rockhopper, Point Resources and Genel Energy
- 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
- Large acreage position held 100%, >60,000 km²
 - Including proven productive and undrilled basins geologically similar to prolific basins in N China
- Recent \$16MM placing with institutional investors fully funds a transformational period of operational activity
 - 4 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 importation and distribution company
- Founding stakeholder and supportive throughout the company's life
- Aspirations to participate in development of domestic Mongolian refining business
- Participated in the recent fund raising
- Petro Matad's directors/staff also participated in the fund raising

Market Statistics

As of (March 12th, 2018)

Listing	AIM (MATD)
Shares Outstanding	520 million
Share Price	12p
Market Cap.	£62.4MM
Net Cash (YE 2017)	\$4.7MM
2018 fund raise	\$16MM net

Transformative 2018 Work Programme

Established platform and refreshed management team with a track-record of delivery

- Over 160 years' experience in oil & gas industry on Board
- Proven track record of success with over 1.5bn barrels of recoverable reserves discovered
- New mandate from shareholders to exploit considerable acreage position and prospectivity

Block XX (100% WI)
Low Risk appraisal opportunity close to infrastructure for rapid exploitation

- 15-28MMbo recoverable potential *
- Low cost drilling (\$2-3MM per well) *
- Drilling extensions of proven and producing oil trends
- Close to processing/export facilities accessing Chinese refineries
- 2 wells to be drilled in 2018

Blocks IV/V (100% WI)
High impact, low cost multi-well exploration

- Proven source and reservoir >2Bbo recoverable potential *
- Geologically analogous to proven, prolific basins in China
- 2 wells to be drilled in 2018
- Risk independent prospectivity - drilling order focused on near term impact
- Low cost drilling (\$4-7MM per well) *

Near Term Commerciality

- Block XX – adjacent infrastructure allows immediate appraisal and completion of successful wells and truck based export
- Block IV & V – early production via trucking to Chinese market
- Cash flow generative in 2020/2021 in the success case *

** Based on Company's estimates*

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

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%

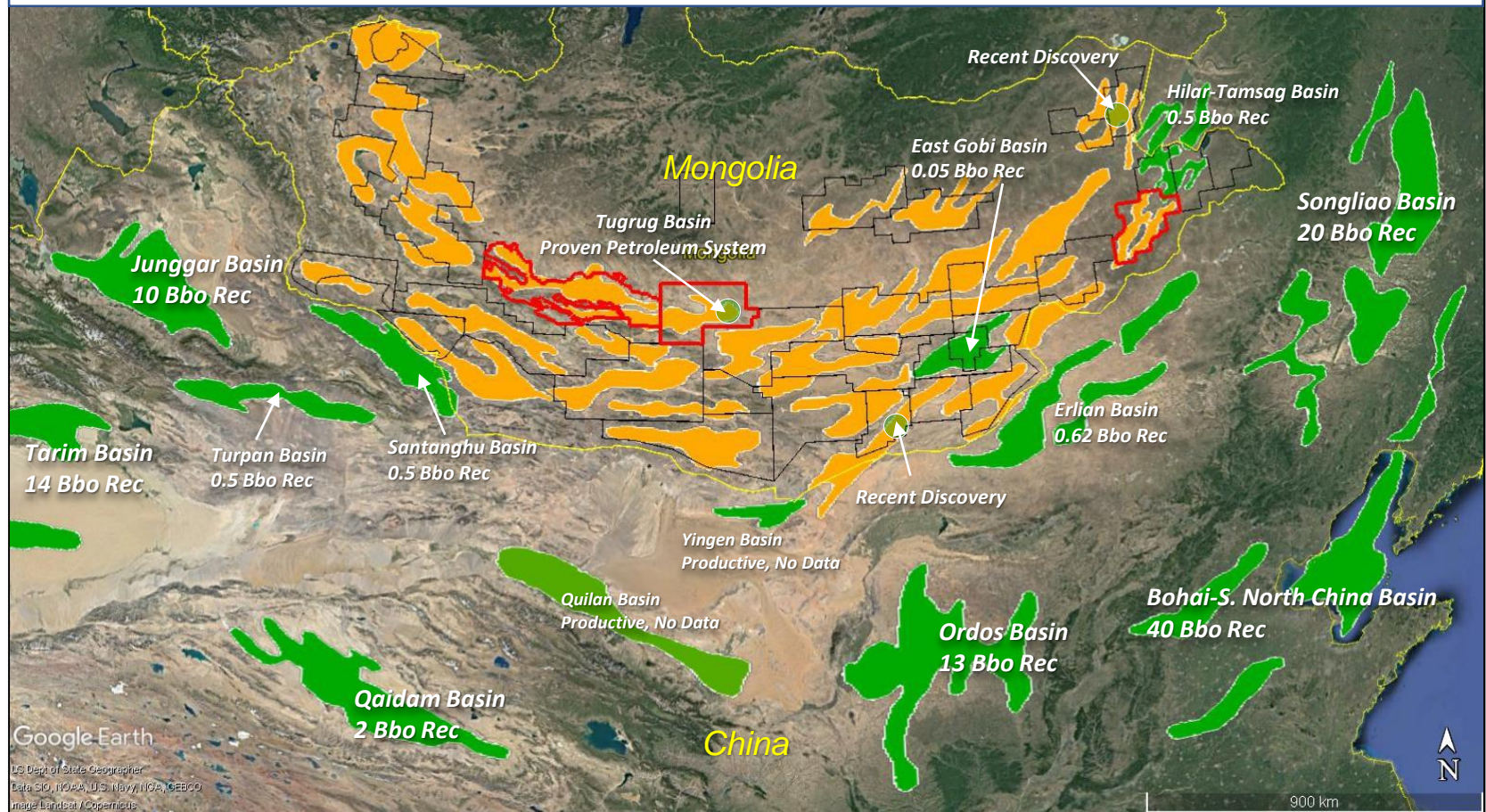
Asset Overview



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

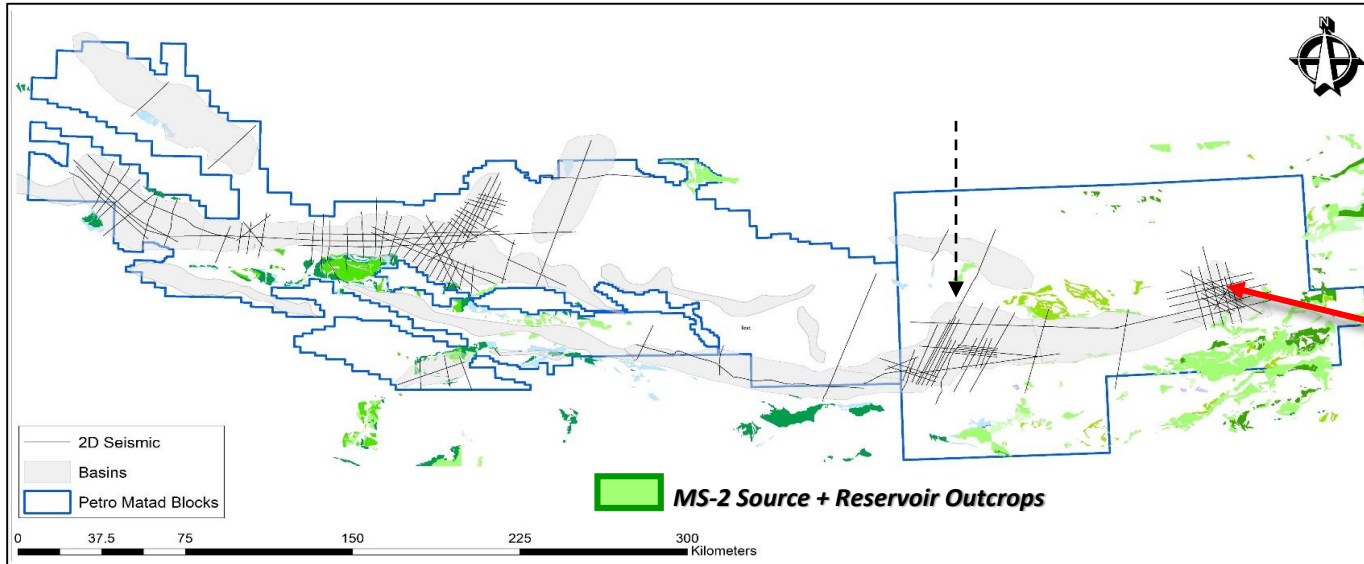
China: The Proven and Prolific Analogue

Productive and Prospective Basins of East-Central Asia

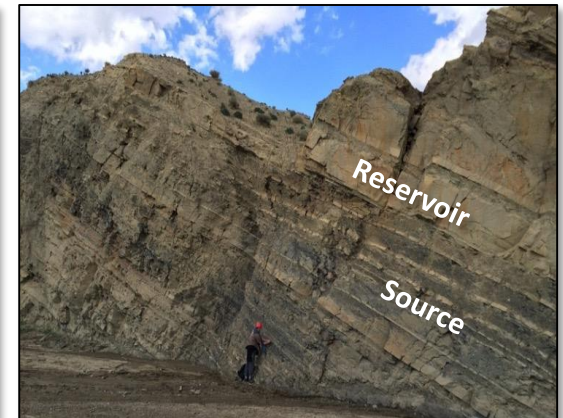
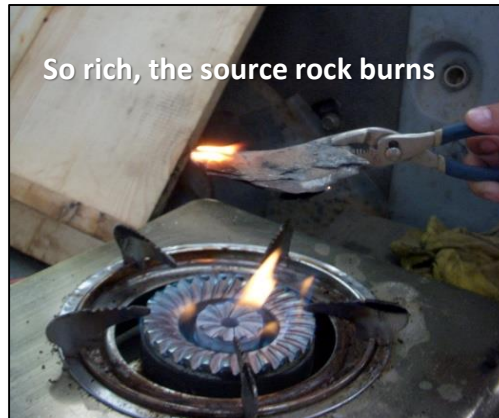


- References:
- The Cretaceous Play and the exploration potential of the East Gobi Basin, Mongolia. 2015, Qin Et al
 - Tellus Database, CGG Robertsons
 - Analysis of the distribution of onshore sedimentary basins and hydrocarbon potential in China. 2015, Jiang Z. Et Al
 - Company internal estimates

Proven Petroleum Systems Blocks IV/V



Oil stained reservoir in TSC 1 core hole



Block XX: Low Risk E&A Adjacent to Production

5 Lease line prospects

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

15-28MMbo recoverable potential *

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

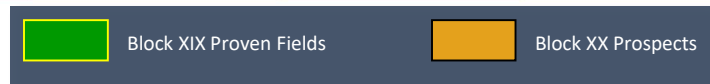
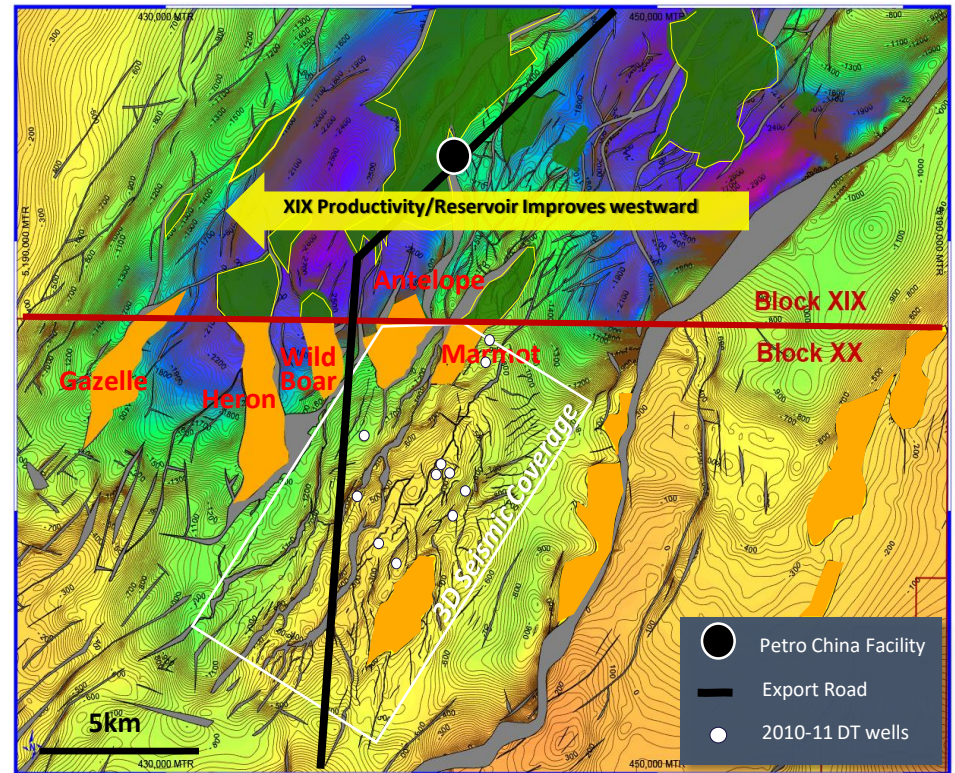
Significant Running room on Block XX

- Additional structures mapped in N Block XX
- Extensive exploration potential to the South

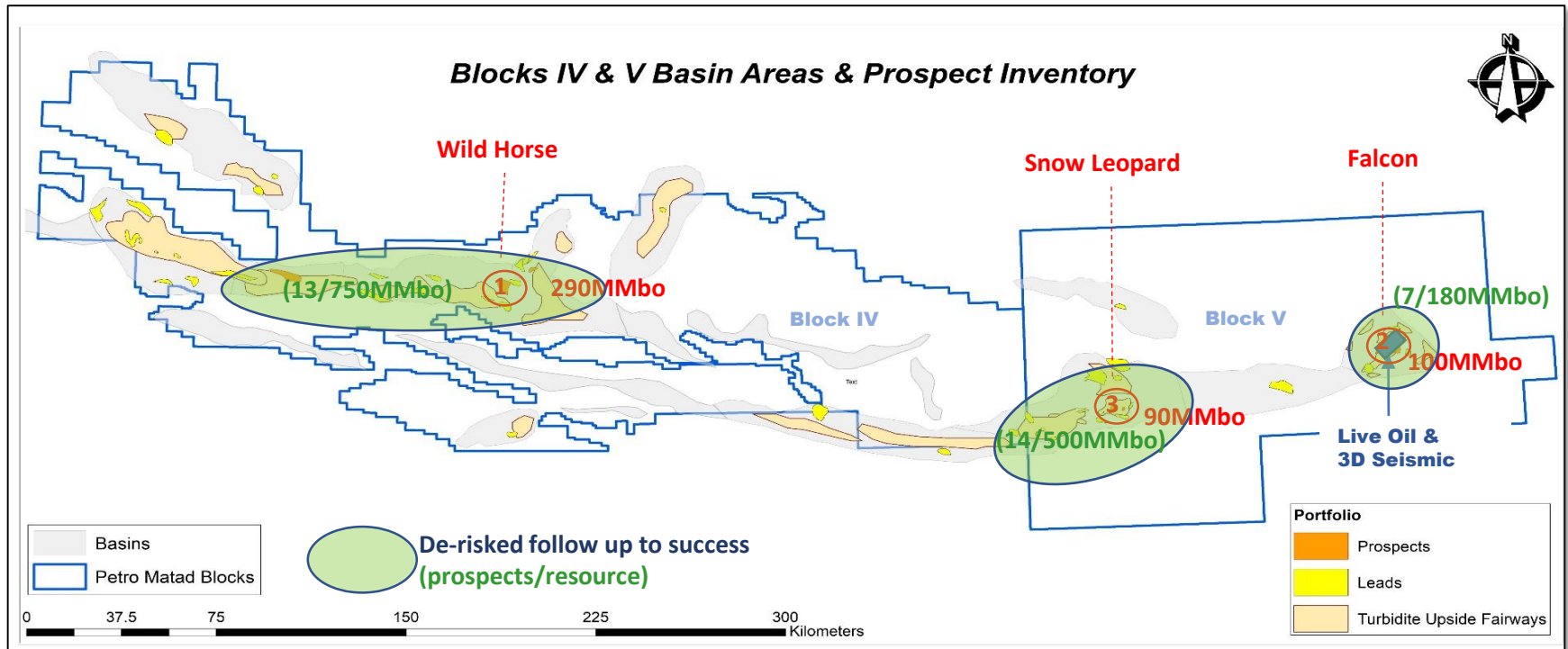
Previous drilling on Block XX

- 11 wells drilled on Block XX targeted a play not proven in neighbouring Block XIX
- Focused on a large, bald high too far from source
- Source confirmed, some oil recovered (32° API)
- Reservoir proven on trend with western prospects

* Based on Company's estimates



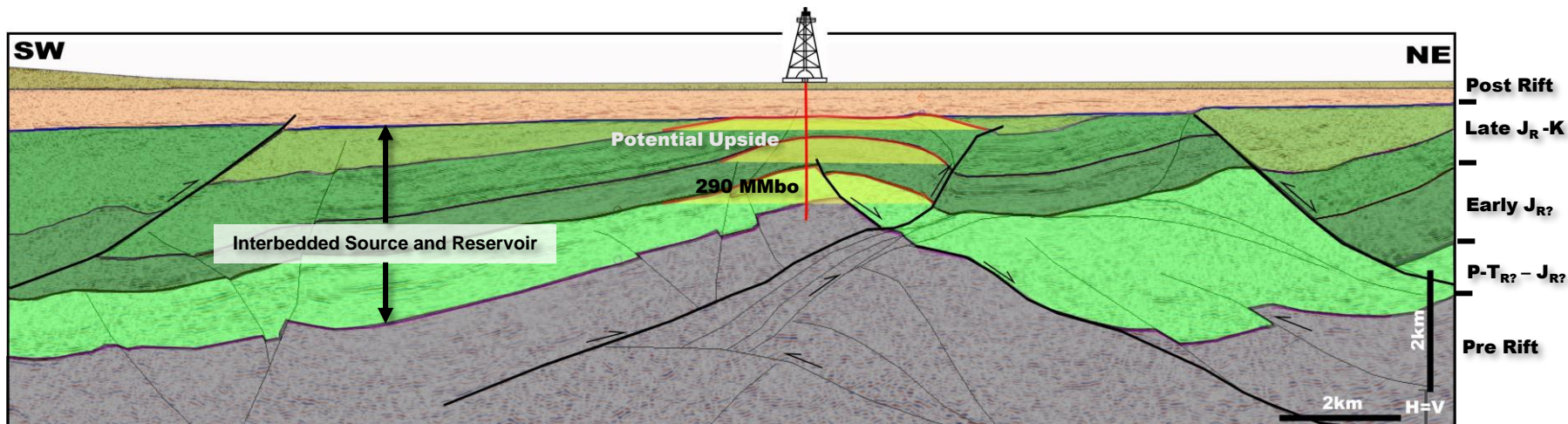
Blocks IV & V: High Impact Exploration



- 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 *
- 55 Prospects and Leads. Recoverable potential > 2Bbo *
- First 2 firm targets identified, third target contingent on results/funding
- Risk independent - drilling back to back from 2Q 2018
- 390MMbo (mid case) combined recoverable potential for first two targets *
- Extensive portfolio of follow up targets, de-risked by success

* Based on Company's estimates

First Well: Wild Horse Prospect - Baatsagaan Basin Block IV

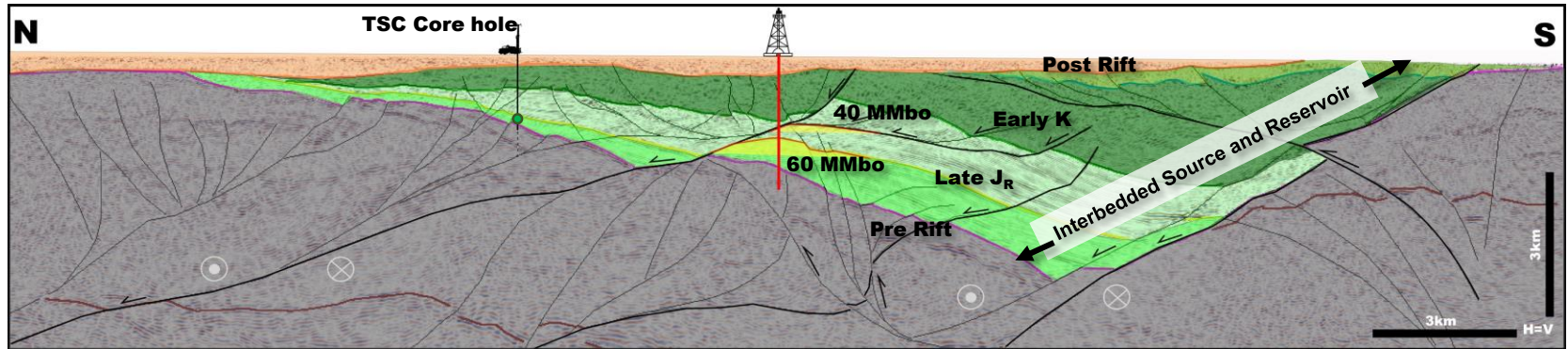


Updip of largest identified source kitchen area with migration focus into the structure

- Prominent structure with large 290MMbo (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
- TD 1850m. Well cost c.\$4MM *
- Success de-risks 13 prospects/leads with resource potential of 750MMbo *
- A must-drill prospect and ideally located for a basin opener well *

* Based on Company's estimates

Second Well: Falcon Prospect - Tugrug Basin Block V



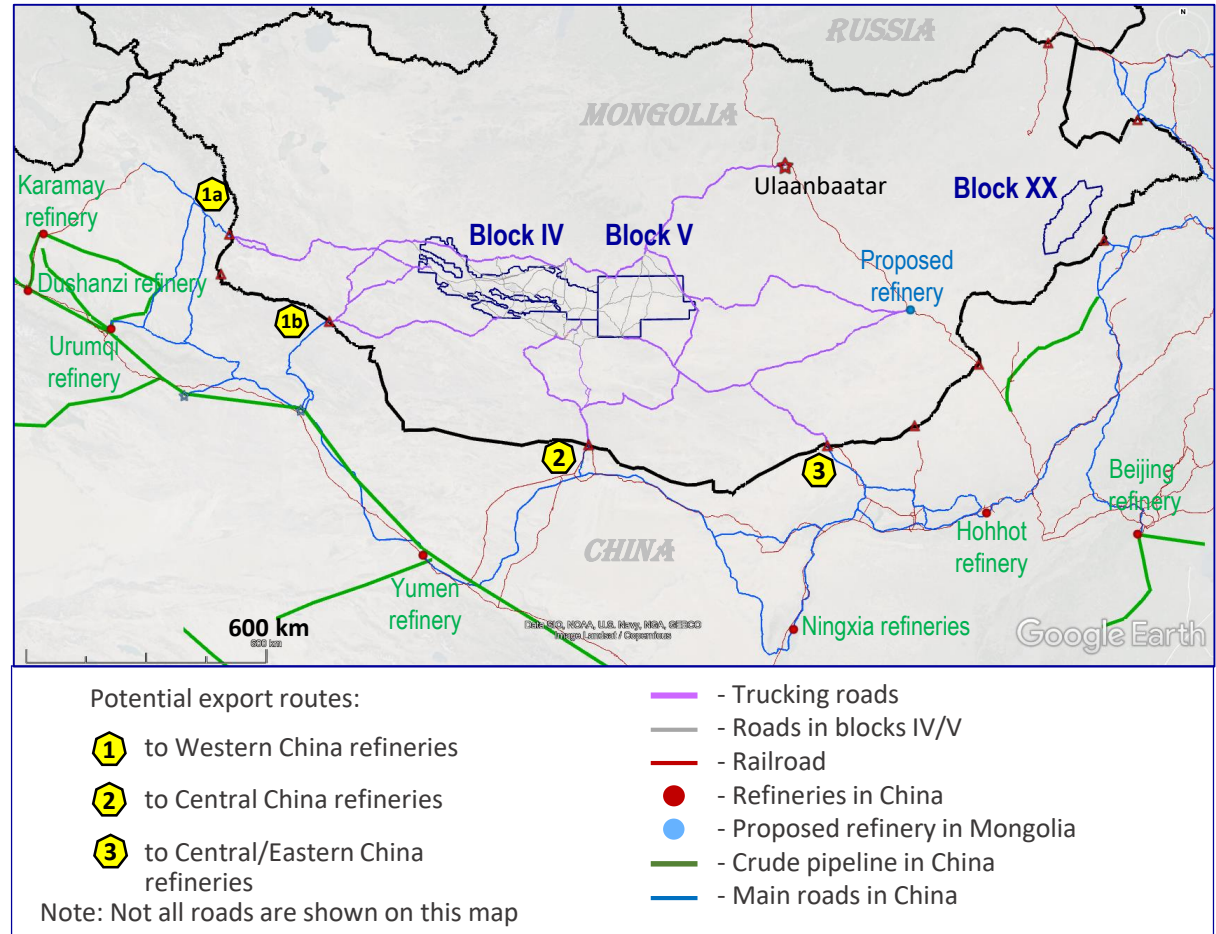
Play is proven by oil staining in sands of nearby core hole

- Source, reservoir and seal proven in place
- Source rock and live oil recovered from TSC core hole
- Surface detection of microseeps shows excellent correlation with subsurface structure
- Migration focused into the Falcon cluster of prospects
- 100MMbo recoverable potential in the Falcon fault block and adjacent compartments (mid case) *
- 3D seismic underway to constrain fault mapping, determine best well location and define turbidite play potential
- TD 3300m. Well cost c.\$7MM *
- Success de-risks 7 prospects/leads with resource potential of 180MMbo *

* Based on Company's estimates

Route to Market

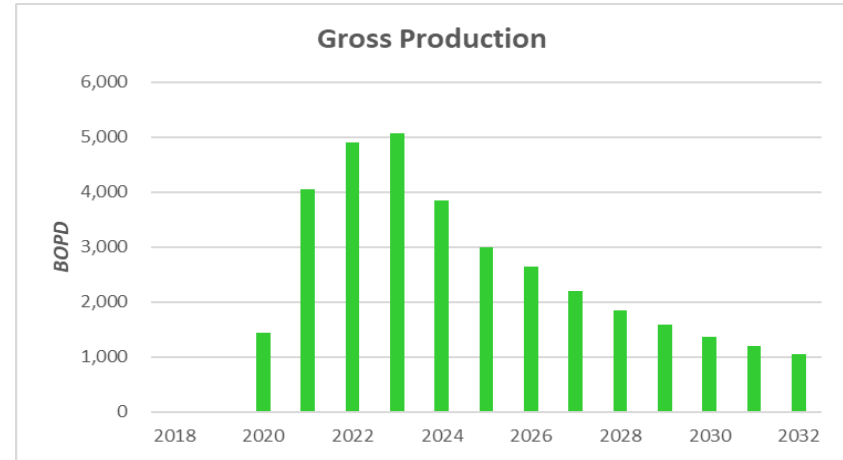
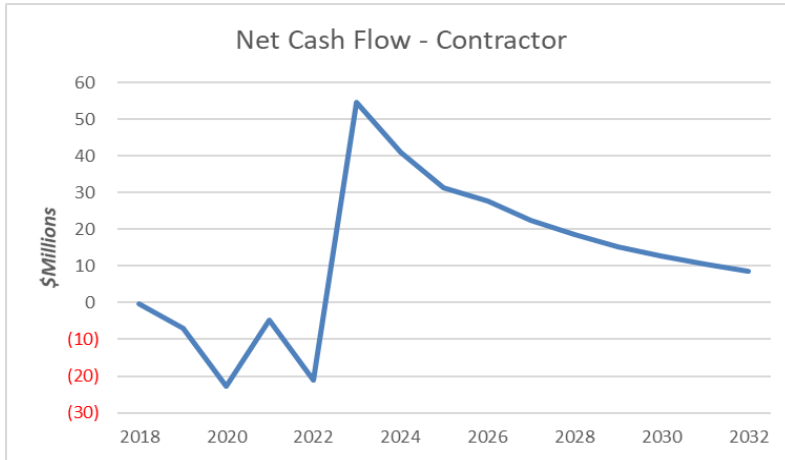
- Existing production adjacent to Block XX is trucked to Chinese refineries
- Sold at a price benchmarked to globally traded crude
- Trucking costs (up to \$8/bbl) are cost recoverable under the PSC
- Block XX would most efficiently share the export infrastructure. Spare capacity exists
- Early production from Blocks IV/V can also be exported by truck to refineries/buyers in China
- Routes are available, suited to the western, north-central and eastern refineries
- Depending upon reserves size, Block IV/V production could meet the needs of the proposed domestic refinery (30,000 bopd)
- Pipeline would be justified if reserves are large enough (> 100MMbo)



Commercial Details



Success Case Economics: Block XX

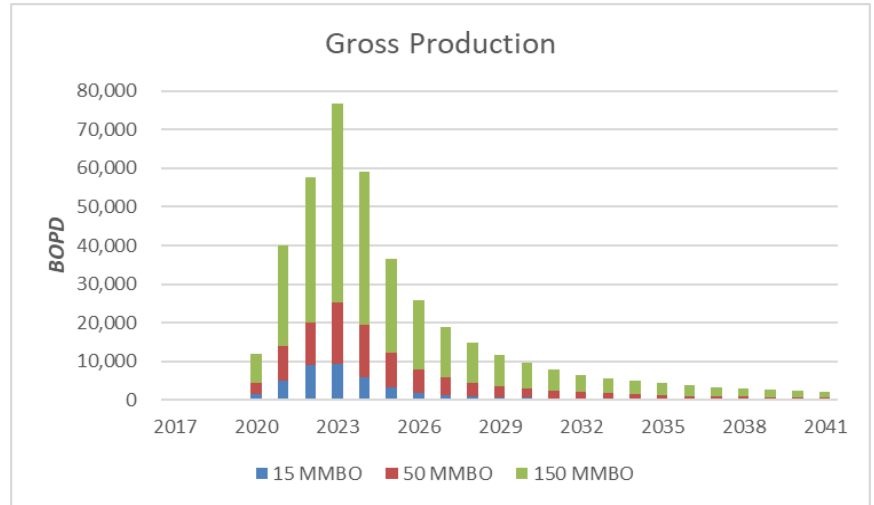
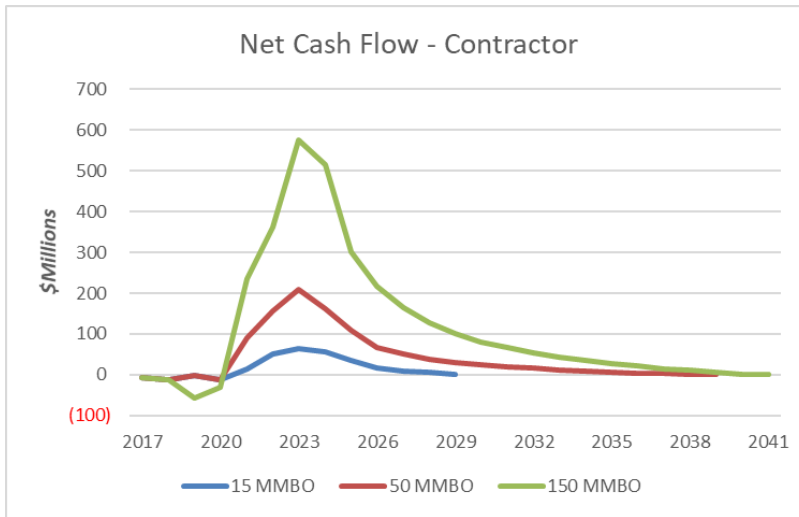


- Based on success at Gazelle and one other prospects
- Immediate appraisal and completion of all wells
- Install pumps, tanks and export via truck to Block XIX facilities
- 40 development wells, cost \$2MM/well, productivity on start up 240bopd per well

Case	15 MMBO Recoverable
NPV ₁₀ (\$MM)	80
IRR %	42
Sensitivities (NPV ₁₀ \$MM)	
Oil price +10%/-10%	109/53
Costs -10%/+10%	99/59
Production +10%/-10%	109/53

* All economics based on Company's internal estimates

Success Case Economics: Blocks IV/V



- Base Case and High case resource potential consistent with 2018 targets
- Development well count: Base 36, High 117, c.650bopd/well assumed
- Early production via trucking to Chinese refineries
- High case reserves will justify pipeline and will support development of domestic refining capacity

Cases	BASE: 50MMBO Recoverable	HIGH: 150MMBO Recoverable
NPV ₁₀ (\$MM)	451	1270
IRR %	100	114
Sensitivities (NPV ₁₀ \$MM)		
Oil price +10%/-10%	525/383	1482/1075
Costs -10%/+10%	476/423	1343/1187
Production +10%/-10%	522/384	1475/1080

* All economics based on Company's internal estimates

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

Attractive economics

- Attractive fiscal terms
- Low cost drilling and operating environment
- Success case economics of Block XX near field targets show NPV10 of \$80MM and IRR of 42%
- Basin opener prospects have NPV10 of >\$450MM and IRR of c.100%
- Potentially transformational for the company

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
- Forward programme includes multiple catalysts for significant value additions

** All economics based on Company's internal estimates*

2018 Work Programme

- Petro Matad intends to embark on a 4 well drilling programme in 2018
- Rig is contracted, certified and stored in country at zero day rate until mobilisation
- Mobilisation scheduled for late 1Q 2018
- First well planned to spud in 2Q 2018
- Cash at YE2017: \$4.7MM
- \$16MM raised for very active 2018 programme

2018 Firm Work Programme								
				2018				Estimated Costs-\$m
				Q1	Q2	Q3	Q4	
	<i>Block</i>							
Well 1: Wild Horse-1	IV	1850m	F					4.0
Well 2: Falcon-1	V	3000m	F					7.0
Well 3: Gazelle	XX	2500m	F					2.5
Well 4: TBD	XX	2000m	F					2.0
PSC Costs	All		F					1.7
G&A / Corporate	All		F					3.5
								<u>20.7</u>