



Mongolia: Low Cost, Multi-well Onshore Exploration

March 2019



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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, 3 blocks in Mongolia, 100% working interest, >60,000 km²
 - Basins geologically similar to prolific producing basins in N China
- \$35MM capital raising in 2018 to fund a 6 well onshore exploration programme in 2018/2019
- 2 wildcat wells drilled so far, one with encouraging shows of oil and gas. Post-well analyses underway
- 2019 4 well programme targeting 286 MMbo Mean prospective recoverable resources
- Drilling to start in Q2'19 with 3 wells in Block XX including near field exploration and appraisal wells adjacent to producing fields
 - Targeting cumulative Mean prospective recoverable resources of 86 MMbo
 - 2-rig strategy adopted to improve chances of completing operations before winter and to optimise opportunity for 2019 appraisal drilling in the event of success in Block XX
 - First well will be an appraisal of a structure with oil proven on neighbouring block
 - Within 20 km of production infrastructure with spare processing and export capacity
 - Immediate production of discoveries possible, generating revenue from 2020
 - Excellent development economics and material value creation in the success case
- 4th well in Block V to target prospect with 200 MMbo+ resource potential in high-graded basin. Technical work underway to rank targets and confirm drilling location

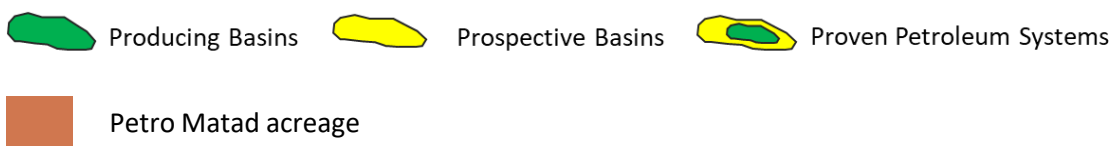
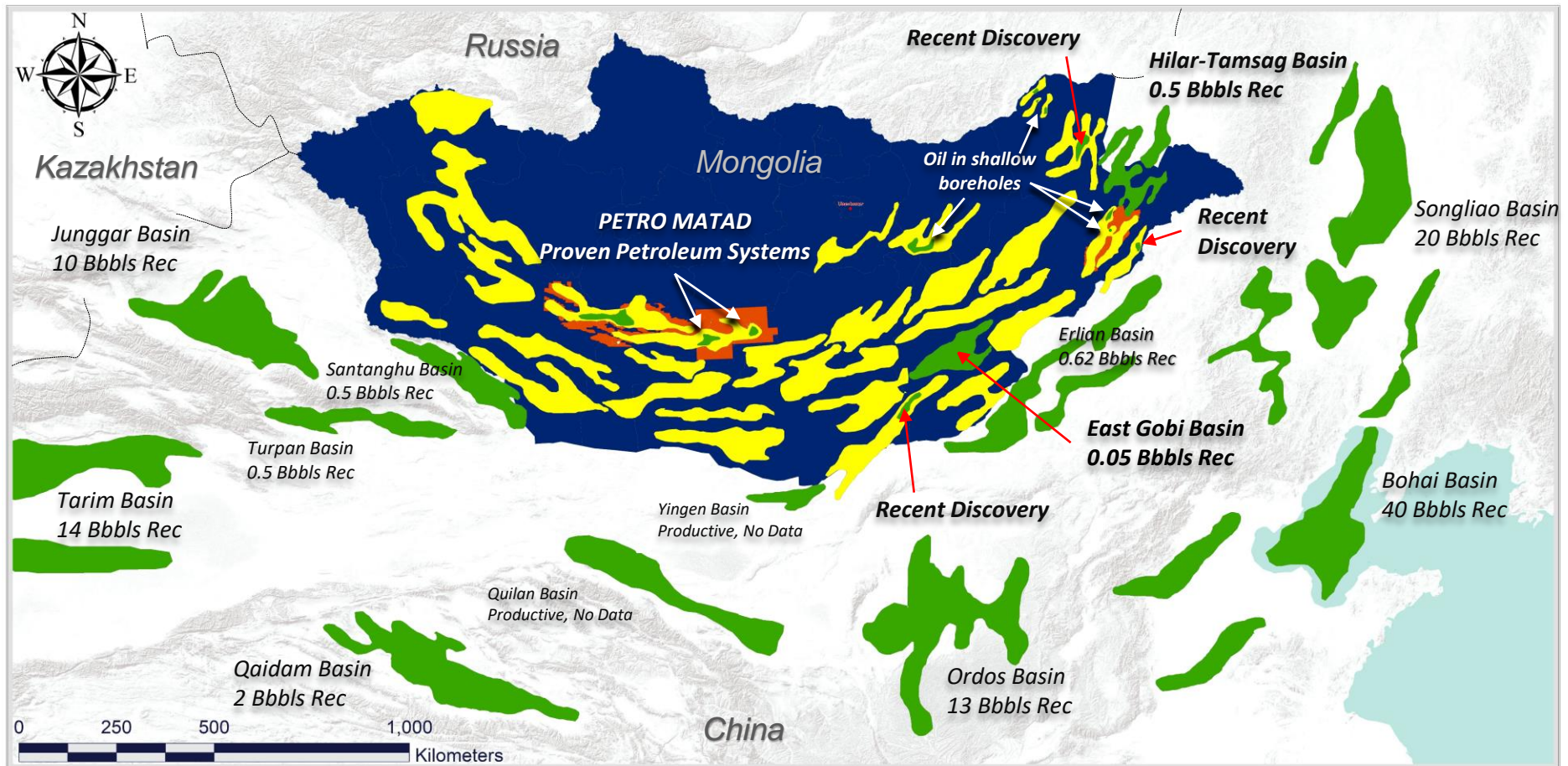
Mongolia Overview

- Stable Central Asian democracy after 70 years as a Soviet satellite
- Very little petroleum exploration activity in Mongolia in 20th Century due to previous geopolitical constraints despite having numerous prospective basins adjacent, and geologically similar, to prolific oil producing basins in China
- Produces 17,000 barrels of oil/day (2018) 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. Work has commenced on a 30,000 bopd refinery and the search for new reserves to fill it has been prioritised

Attractive Fiscal Terms – in the top 5 of most attractive African/Asian PSC 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%

Proven Petroleum System in Mongolia and China



References

- The Cretaceous Play and the exploration potential of the East Gobi Basin, Mongolia. 2015, Qin Et al.
- Analysis of the distribution of onshore sedimentary basins and hydrocarbon potential in China. 2015. Jiang Z. Et Al
- Tellus Database Contract: ca 2012, CGG Robertson's www.cgg.com.

2018/2019 Work Schedule

Block	Activity	2018						2019											
		Q3			Q4			Q1		Q2		Q3		Q4					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
XX	Seismic Reprocessing																		
	Re-interpretation/mapping																		
	Drilling Location Definition																		
	Permitting/Contracting																		
	Heron-1																		
	Gazelle-1																		
	Red Deer-1																		
V	Snow Leopard -1 Drilling																		
	Post-Well Studies																		
	Re-interpretation/mapping																		
	Drilling Location Definition																		
	Permitting/Contracting																		
	Well 4																		
IV	Wild Horse -1 Drilling																		
	Post-Well Studies																		

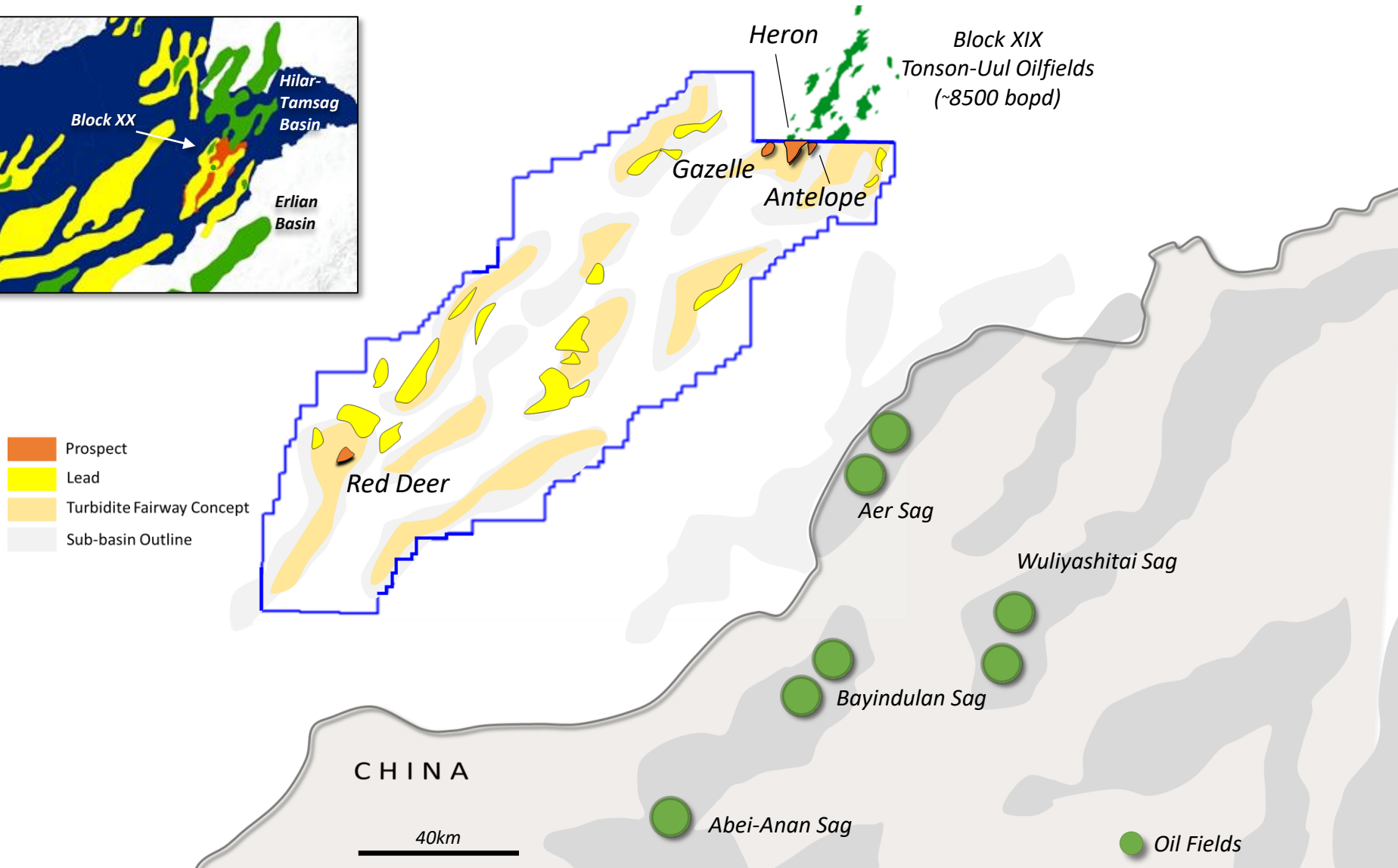
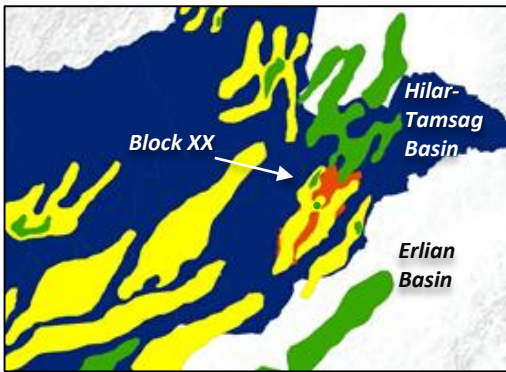
 Wells

2019 Programme - Block XX

Near Field Exploration and Appraisal

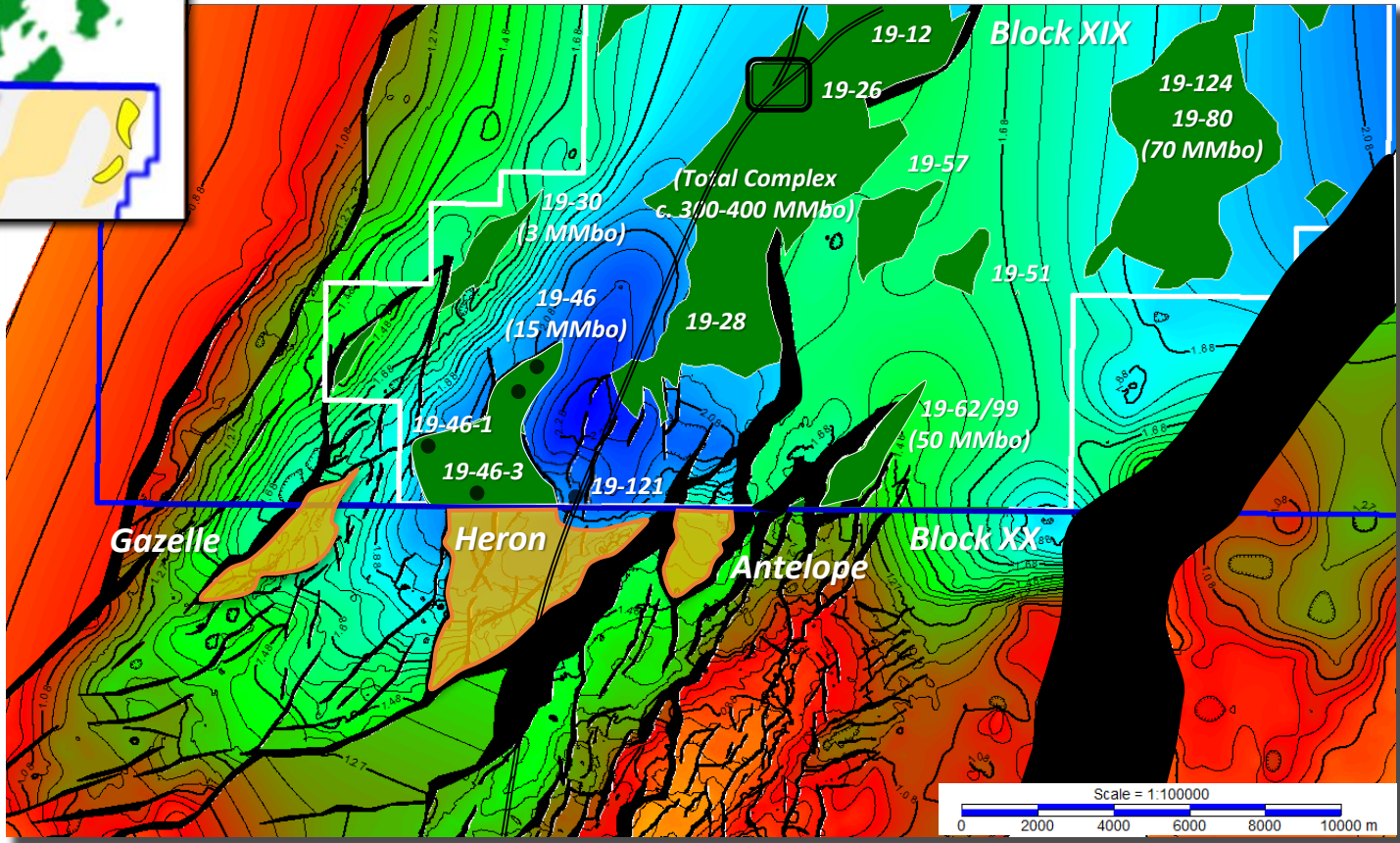
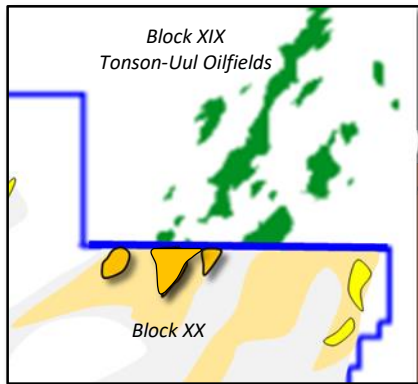


Block XX Proximity to Producing Basins



Near Field Exploration and Appraisal - Block XX North

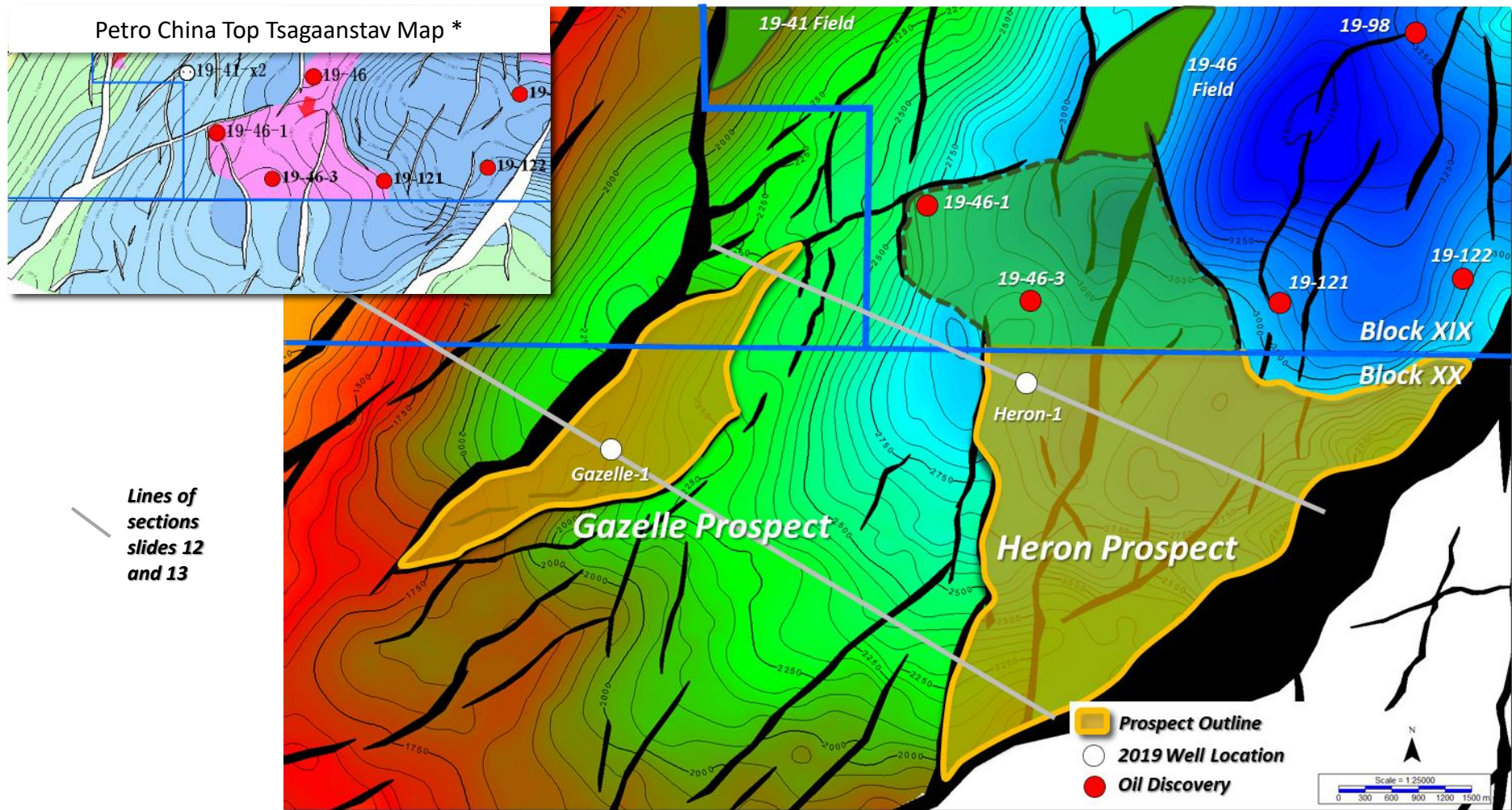
Revised Regional Top Lower Tsagaantsav Fm Time Structure Map



* All resource numbers quoted are based on Company's internal estimates and published data
 * MMbo values are STOOIP in Blk XIX

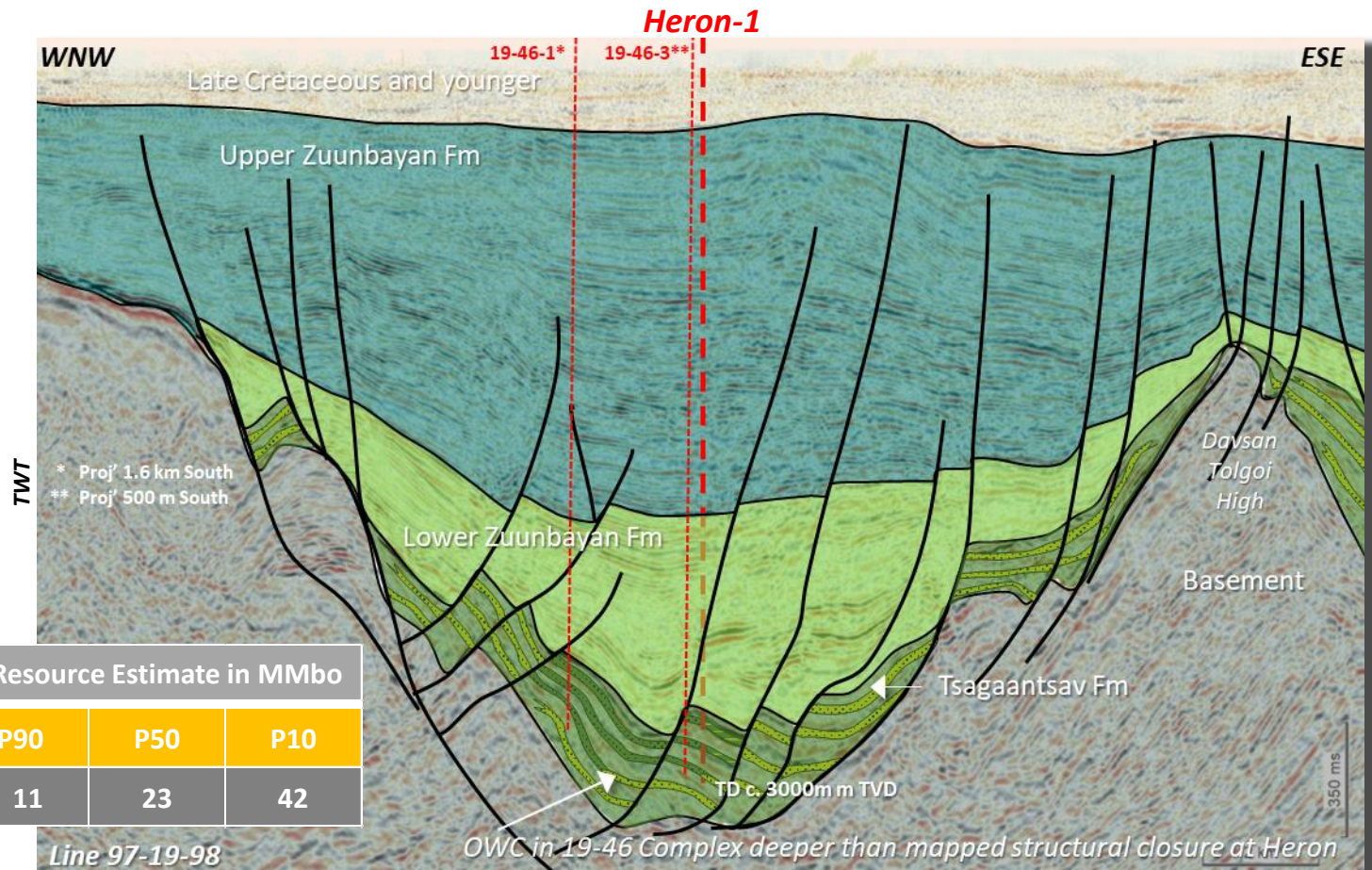
Revised Mapping North Block XX

- Mapping and available well data indicate 19-46 field, 19-46-1 and 19-46-3 discoveries are part of the same oil accumulation
- 19-46-1/3 structure clearly extends up-dip into Block XX. Heron well located to appraise the structure



Heron Prospect - Block XX North

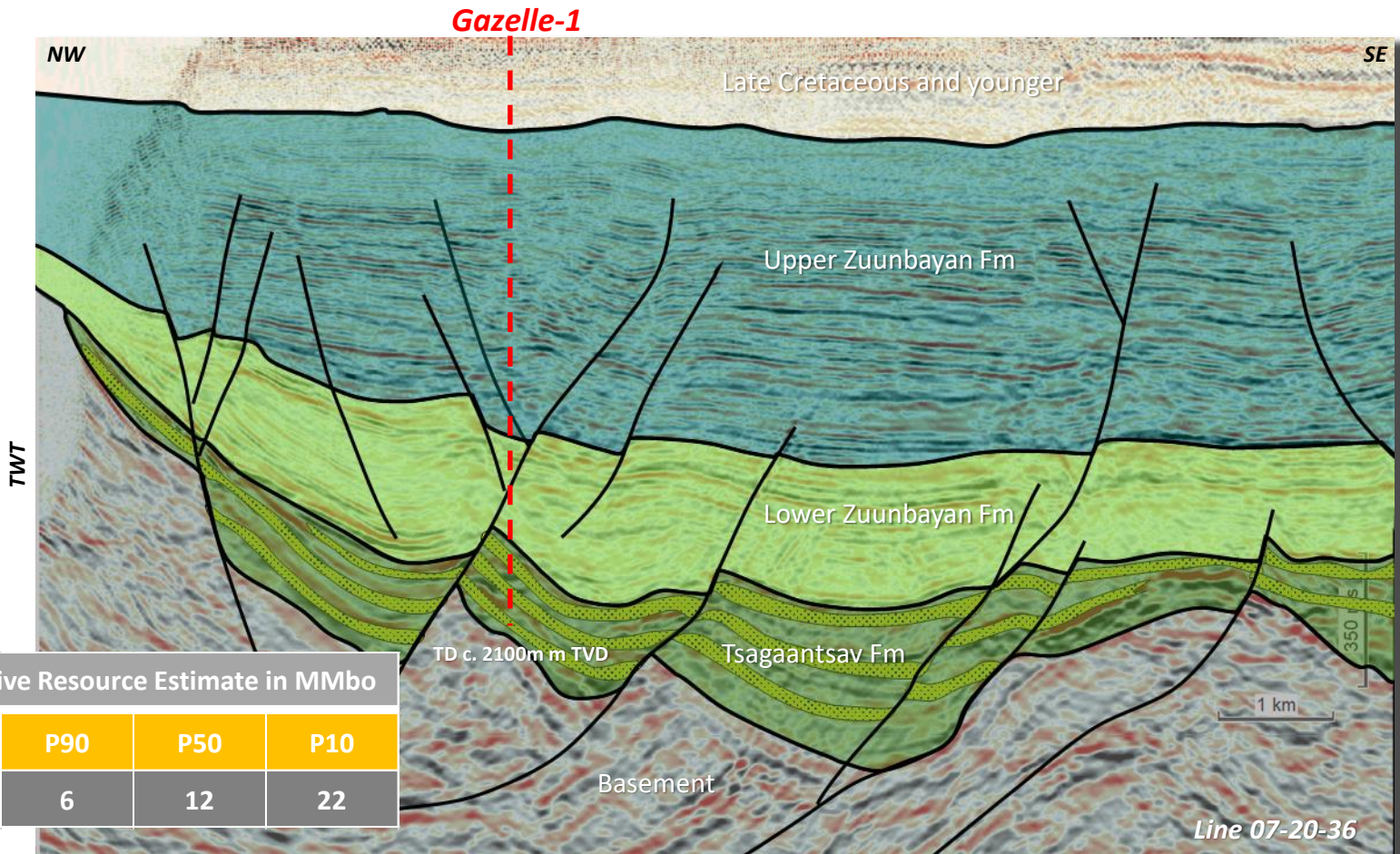
- Revised mapping following seismic reprocessing clearly shows 19-46-3 discovery extends into Block XX
- Larger trap area of Heron Prospect confirmed by revised mapping
- Commercial flow rates achieved in '19-46 Area' wells
- Total STOOSP of Heron Prospect increased to 157 MMbo
- Adjacent infrastructure facilitates quick development in the event of success



All resource numbers quoted are based on Company's internal estimates

Gazelle Prospect - Block XX North

- ❑ Revised mapping following seismic reprocessing confirms trap configuration and resource potential
- ❑ Located immediately up-dip of proven oil and ideally placed capture migration from kitchen to the northeast
- ❑ Structural configuration the same as 19-30 Oilfield on strike to North which is PetroChina's best producing field. Reservoir improves westwards, favouring Gazelle
- ❑ Adjacent infrastructure facilitates quick development in the event of success



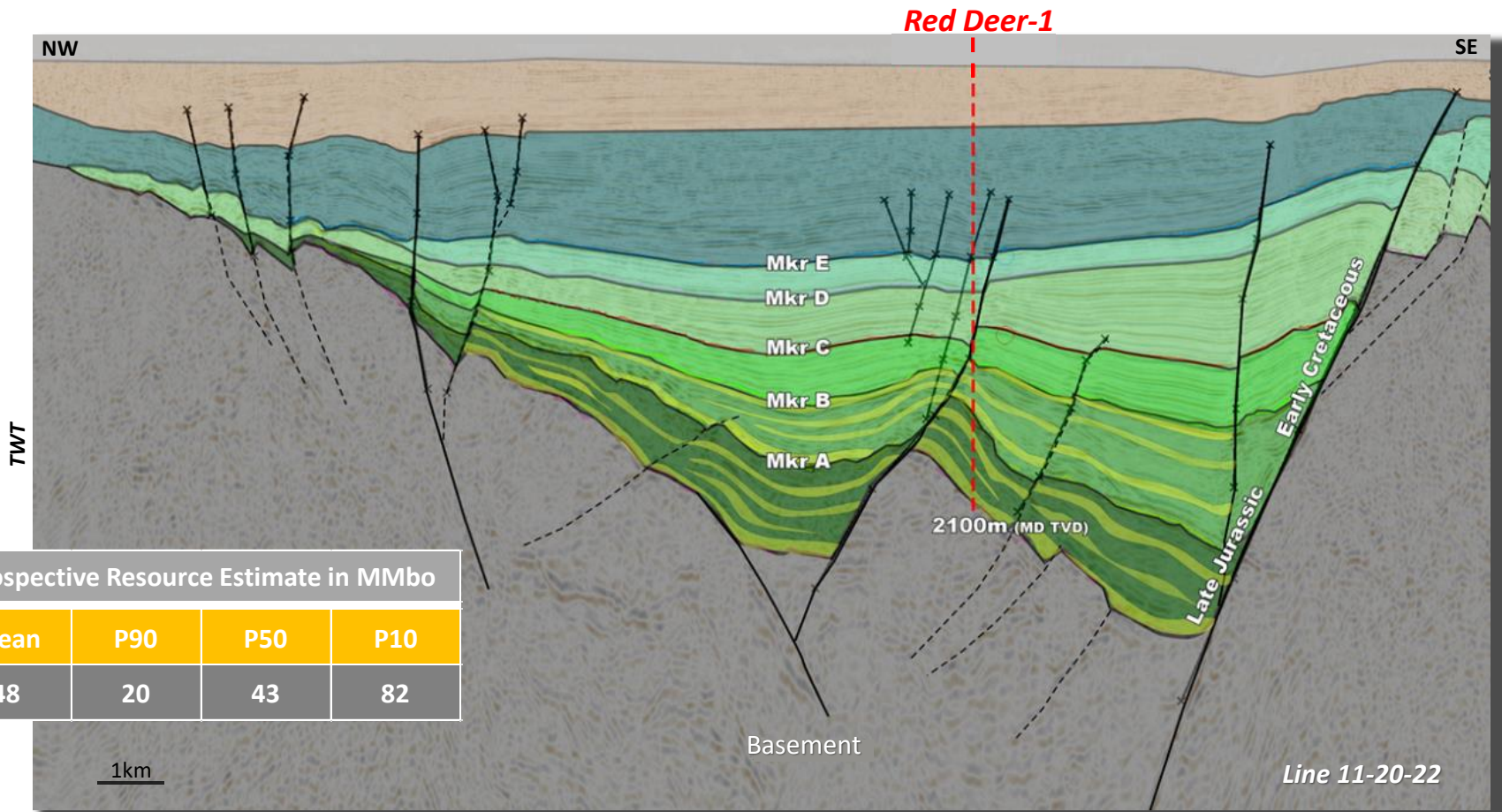
Prospective Resource Estimate in MMbo

Mean	P90	P50	P10
13	6	12	22

▪ All resource numbers quoted are based on Company's internal estimates

Red Deer Prospect - Block XX Southwest

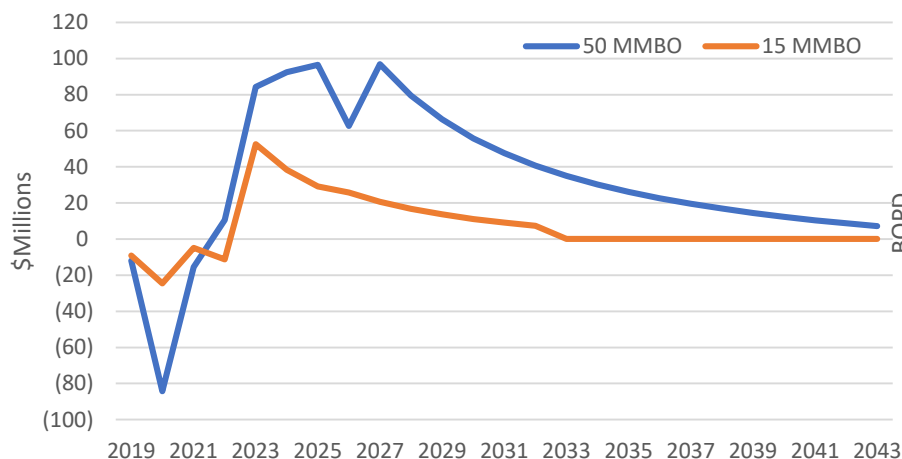
- New basin opening well in Asgat Sag, 100km southwest of existing production
- Targeting Early Cretaceous Petroleum System proven in surrounding basins
- Outcrop and shallow borehole data confirm presence of oil prone source rocks
- Basin centre 3-way dip fault bounded closure
- Attractive resource size with significant follow up potential



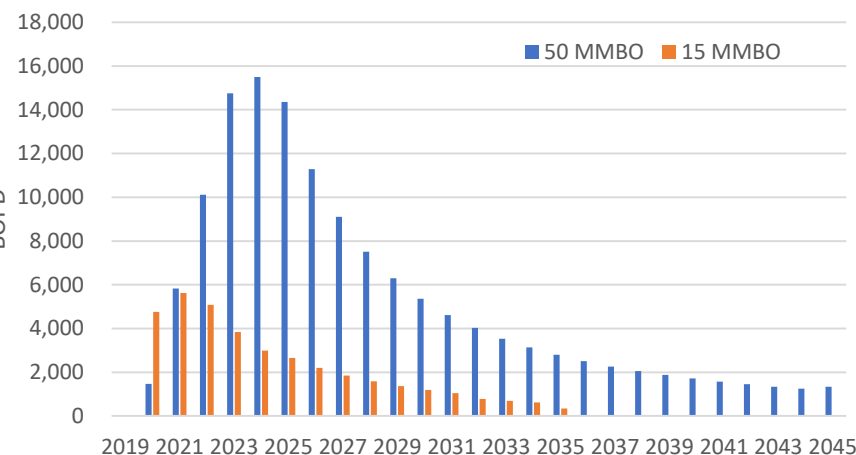
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Block XX Success Case Economics

Contractor Net Cash Flow



Gross Production

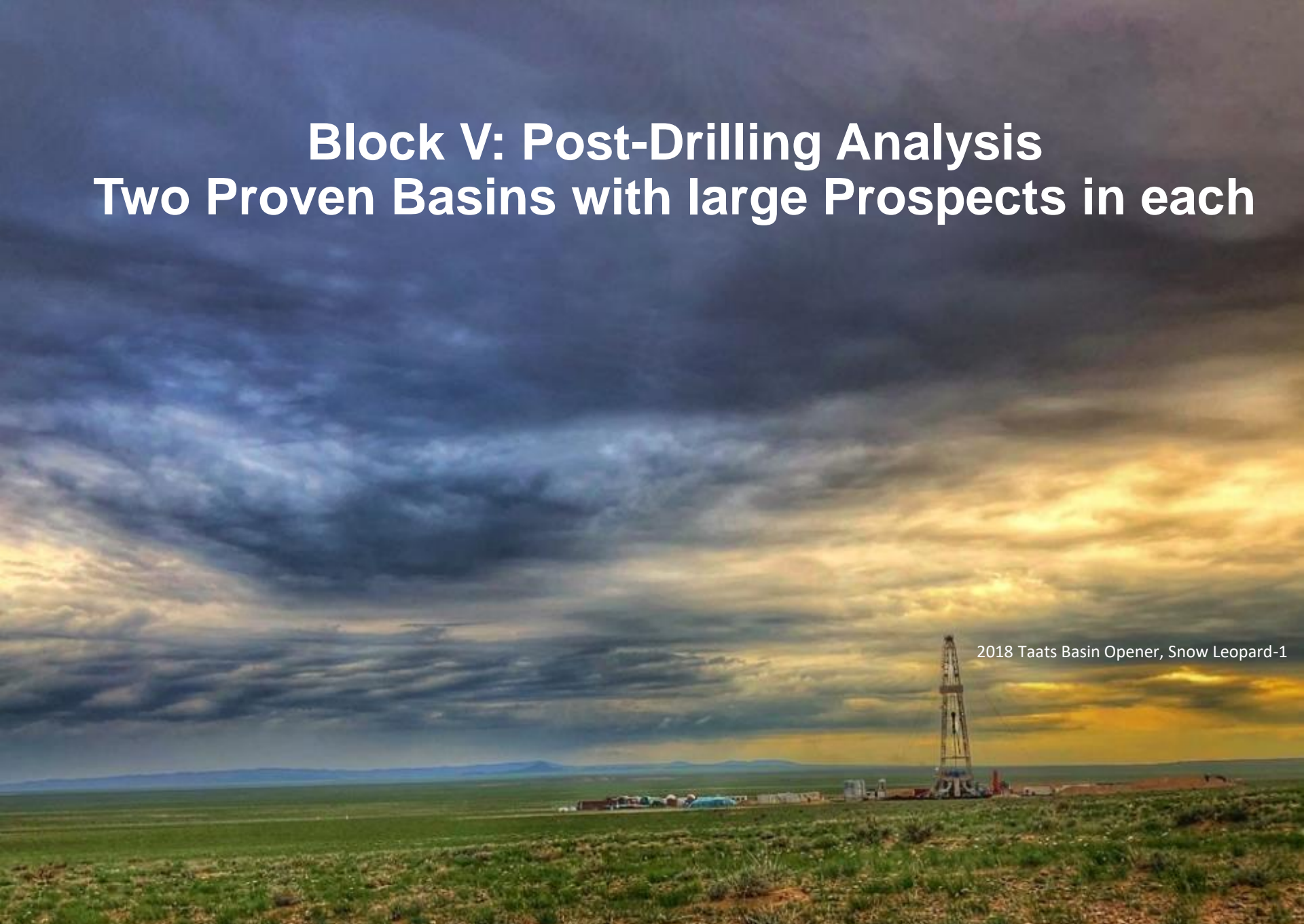


- 5% crude differential discount to Brent prices assumed based on pricing of adjacent production
- 50 MMbo case assumes own production facilities are constructed
- 15 MMbo case assumes minimal facilities (pumps and tanks) and export via truck to Block XIX facilities
- Trucking costs \$9/bbl based on Petro China operation (cost recoverable as operating expense)
- Maximum capex exposure of \$45MM for the 15MMbo case and c.\$100MM for the 50MMbo case
- Well by well development offers a low capex alternative to bring fields close to infrastructure on stream immediately

Case	15 MMBO	50 MMBO
NPV ₁₀ (\$MM)	76	299
IRR %	37	39
Sensitivities (NPV ₁₀ \$MM)		
Oil price +10%/-10%	108/48	402/205
Costs -10%/+10%	97/54	364/228
Production +10%/-10%	108/48	402/205

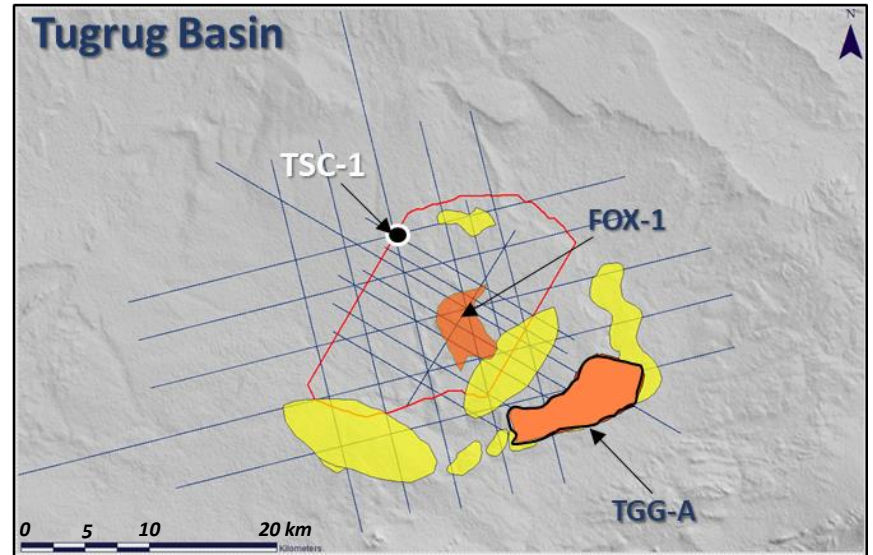
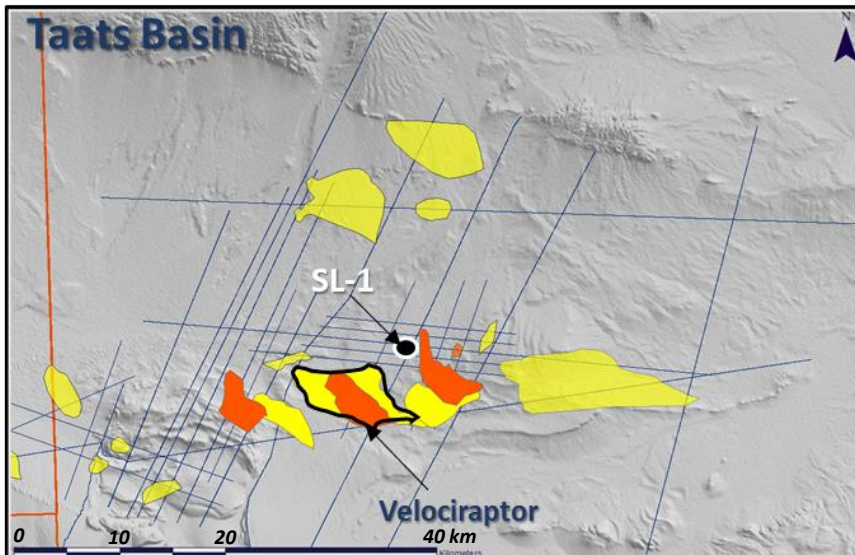
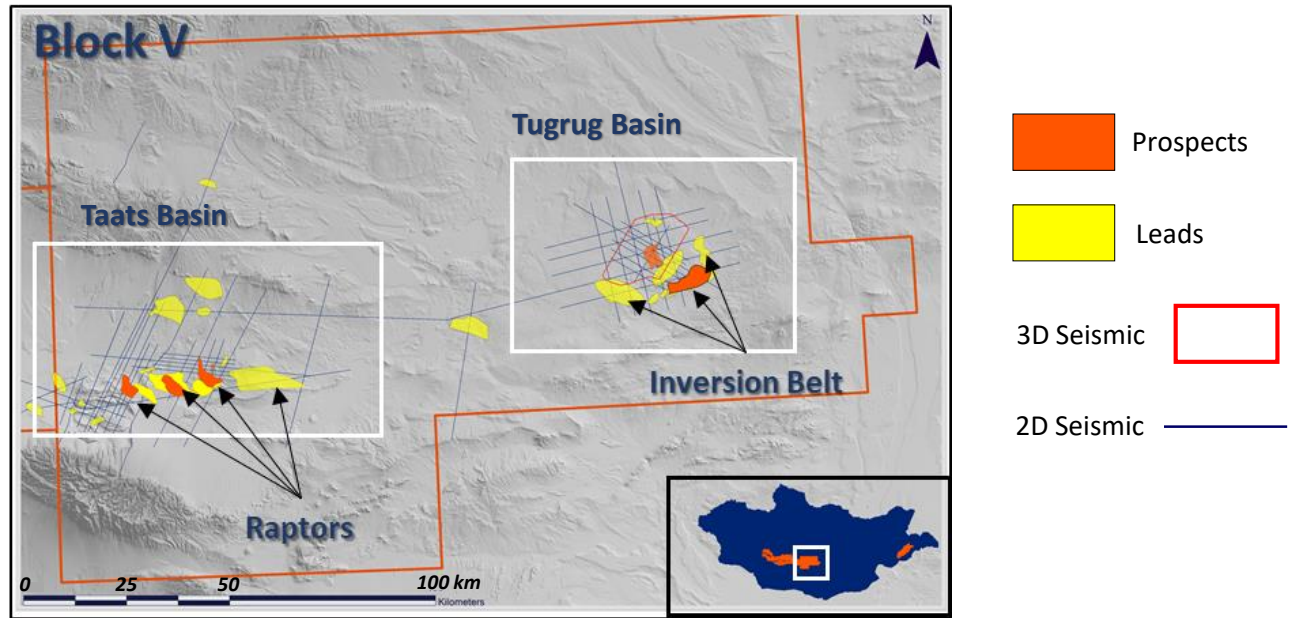
Block V: Post-Drilling Analysis

Two Proven Basins with large Prospects in each

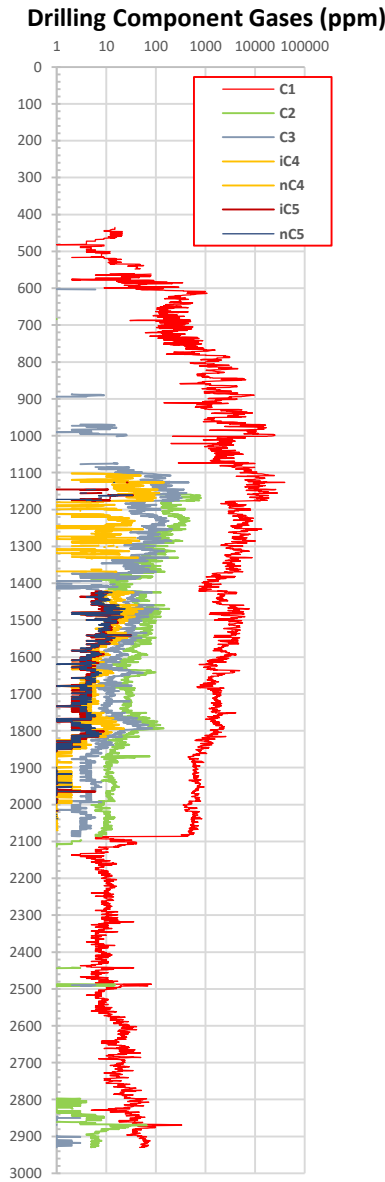
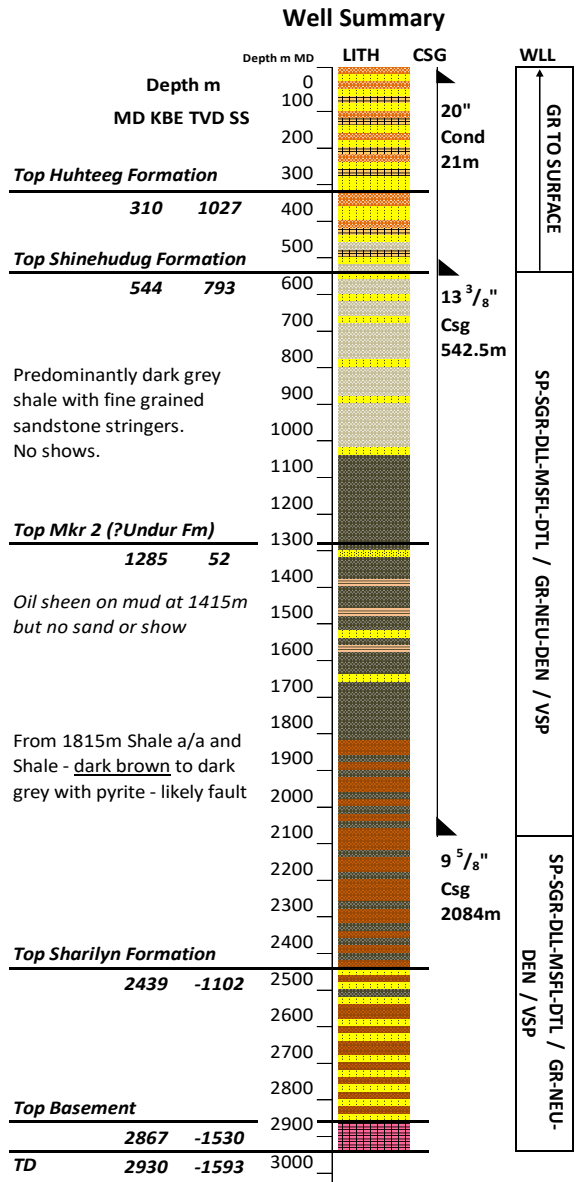


2018 Taats Basin Opener, Snow Leopard-1

Block V Prospects & Leads Portfolio



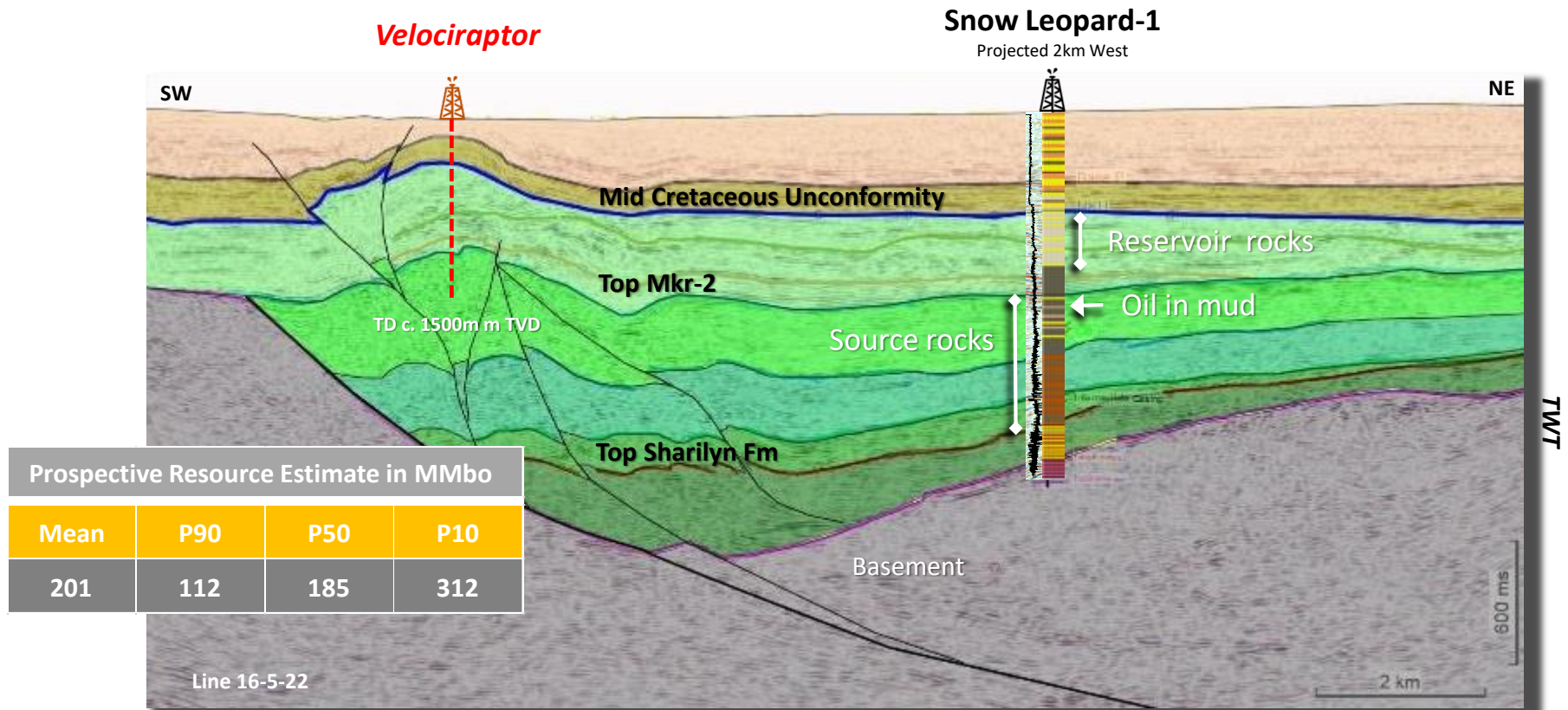
Snow Leopard-1 Results Summary



- Gases to C₅ from 1100m encouraging for source rock development
 - Oil in mud at 1415m confirmed as migrated light oil from a mature source rock
 - Striped seismic signature below MKR2 level associated with high organic content of claystones rather than with hoped for reservoir development
 - Good sand development in deeper Sharilyn Fm target but no shows observed
 - Granite basement slightly shallower than prognosed
- Initial post-well evaluation:**
- Age dating confirms Late Jurassic/Early Cretaceous proven play
 - Thick sequence of source rocks developed. Early mature in well, peak mature in basin centre
 - Active Petroleum System present
 - Lack of sand in Undur Fm and trap failure (Sharilyn Fm may be too sandy for fault seal) likely reasons for absence of oil accumulation

Velociraptor Prospect - Block V

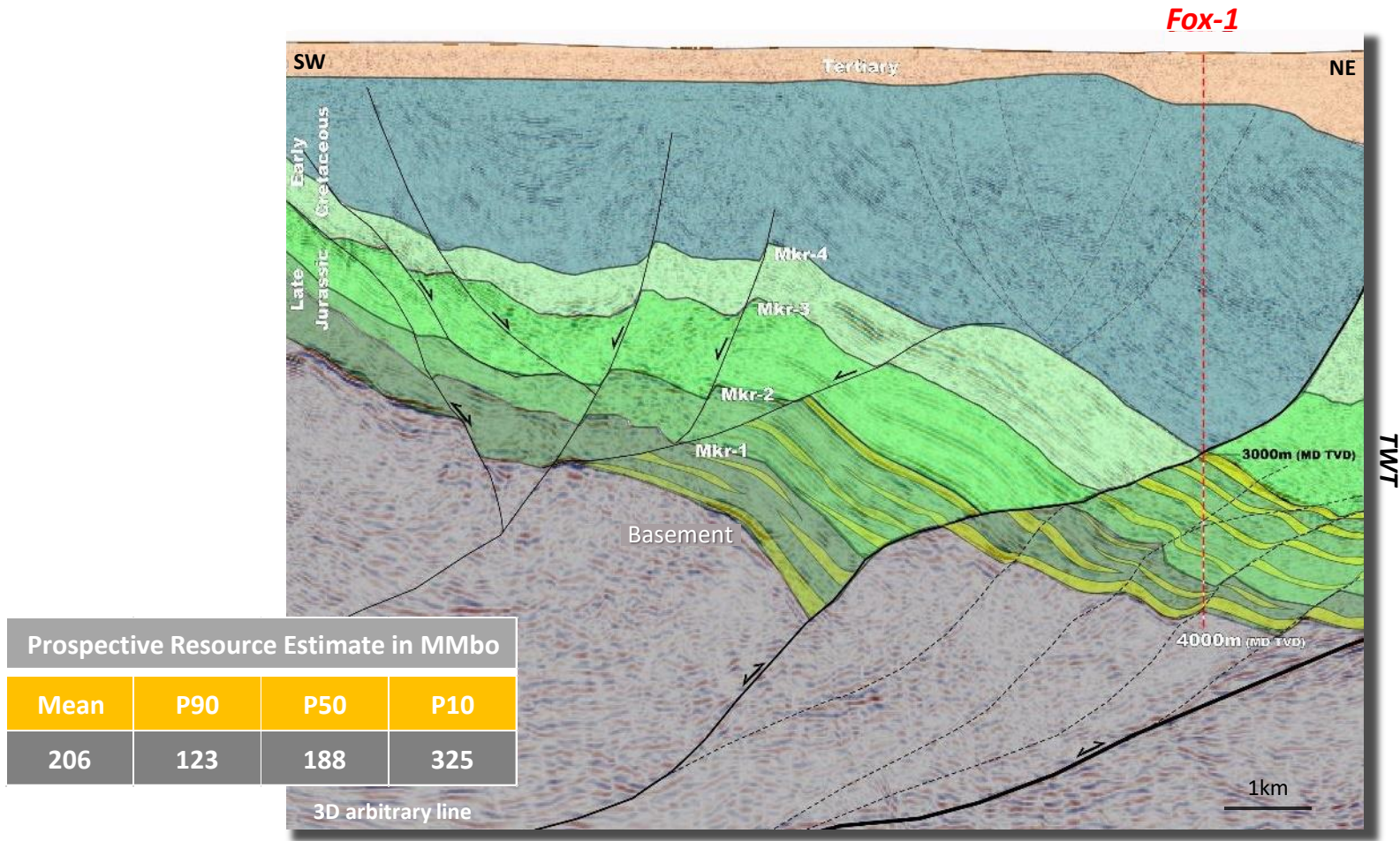
- ❑ 4-way dip closure over thick depocentre
- ❑ Source intervals seen in SL-1 thicken into depocentre, short vertical migration pathways into Raptor Trend
- ❑ Shallow, good quality, sandstone reservoirs seen in SL-1. sourced from basin bounding fault scarp - Raptor Trend well located for thick reservoir units
- ❑ Requires only a shallow well to test largest closure at Velociraptor with 201 MMbo potential
- ❑ Multiple upside potential on Raptor Trend (~400 MMbo) and in Taats and Tugrug Basins



▪ All resource numbers quoted are based on Company's internal estimates

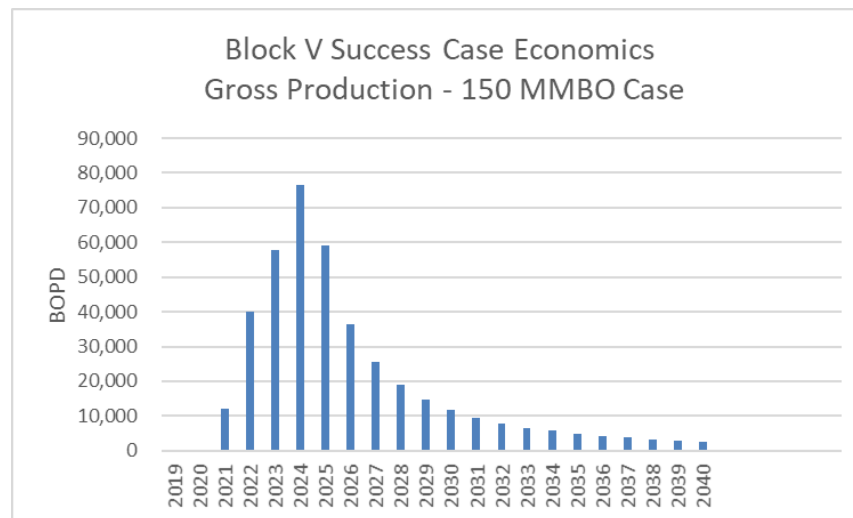
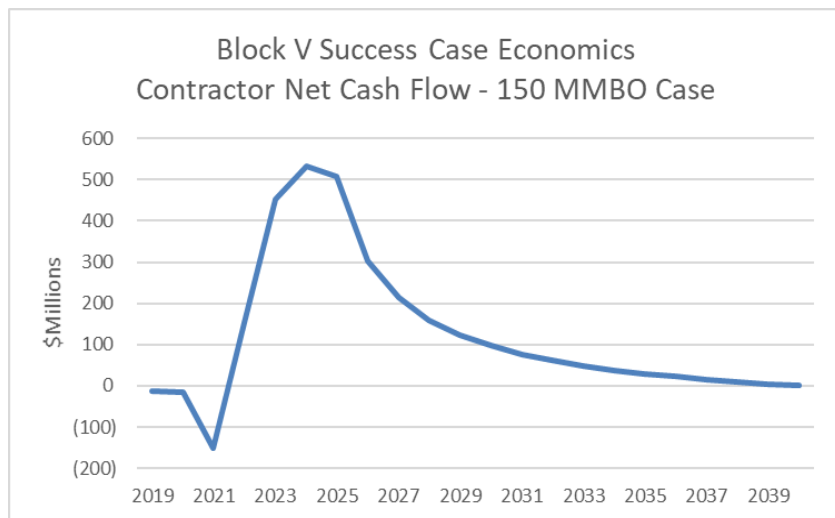
Fox Prospect - Block V

- ❑ Basin centre 3-way dip fault closure with multiple targets, 206 MMbo mean resource potential
- ❑ Oil shows in TSC-1 core 8km northwest prove active petroleum system in the basin
- ❑ Basin margin follow on potential being evaluated
- ❑ Additional stratigraphic upside potential mapped



▪ All resource numbers quoted are based on Company's internal estimates

Block V Success Case Economics – 150 MMBO



- Early production via trucking to Chinese refineries
- Reserves would justify pipeline and will further support development/upgrade of domestic refining capacity
- 5% crude differential discount to Brent prices assumed
- Operating costs estimated at \$11.50/bbl

Block V - 150 MMBO Recoverable Case	
NPV ₁₀ (\$MM)	1297
IRR %	119
Sensitivities (NPV ₁₀ \$MM)	
Oil price +10%/-10%	1,528/1,078
Costs -10%/+10%	1,385/1,192
Production +10%/-10%	1,522/1,083

Conclusions

- Fully funded for remaining 4 wells of 6 well drilling programme 2018/19
- Portfolio balanced between near field exploration/appraisal and high impact prospects with drilling to start in Q2 2019 and rig contracting nearing completion

2019 Programme – Block XX

- 3 wells planned in Block XX, two of which are in a proven, producing basin
- Heron-1 will appraise a structure already proven productive on adjacent Block XIX and is located c.1km from the closest oil well
- Cumulative Prospective Resource of 86 MMbo recoverable targeted. Success case economics show potential for significant value creation
- Nearby infrastructure has spare capacity for processing and export allowing for early test production and rapid commercial development

Block V

- Prospect selection in Block V under evaluation incorporating the encouraging results of Snow Leopard 1
- Two prospects (Fox and Velociraptor) each with c. 200 MMbo potential in basins with proven petroleum systems

Overall

- Excellent success case economics for all targets. Proven export route, pricing and market in China with a domestic market developing in Mongolia through refinery construction

Appendix

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: Shinezaya Batbold

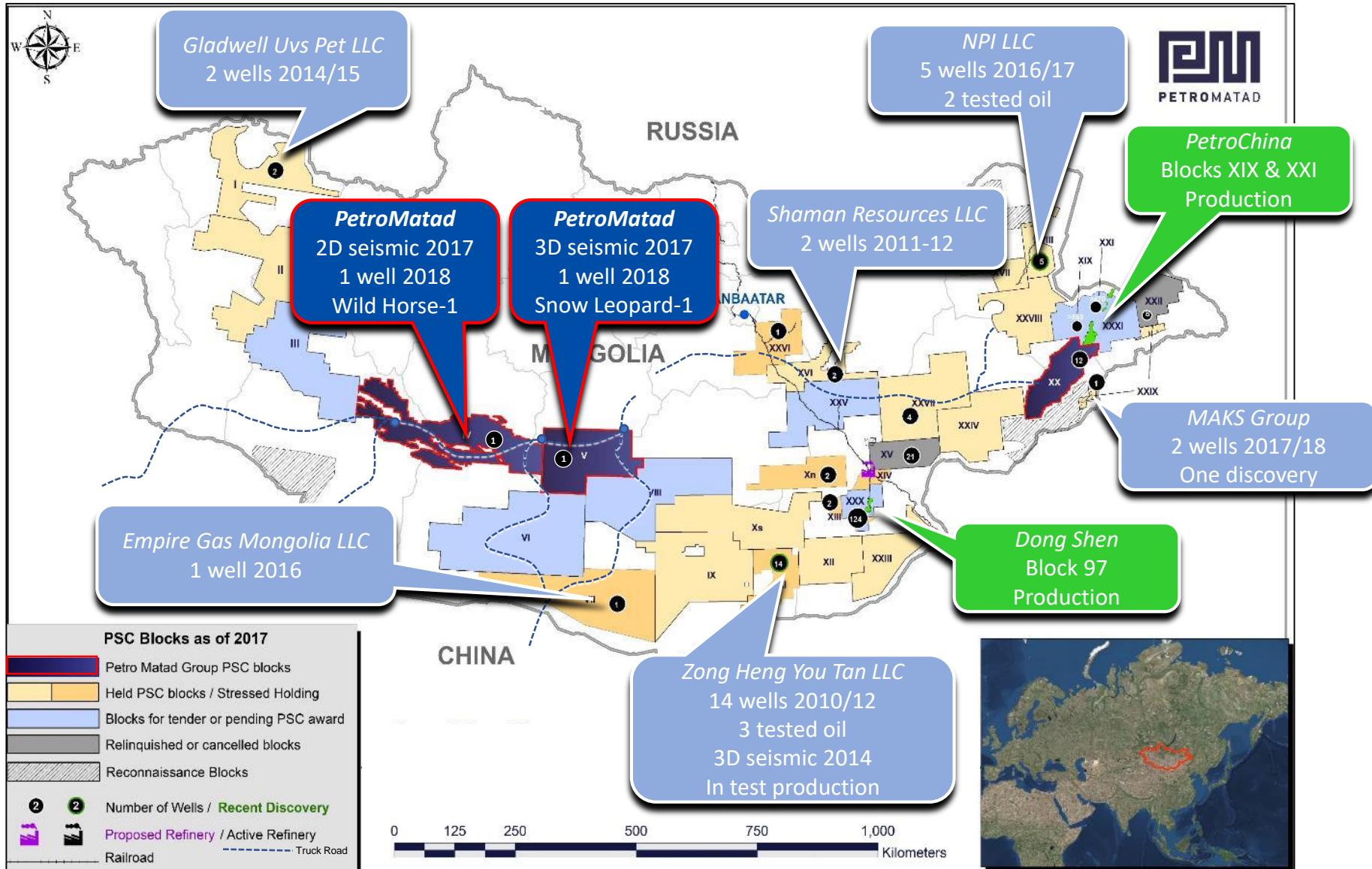
- CEO of Petrovis Venture Capital LLC
- Currently holds a number of board and chair positions in diversified business sectors in Mongolia



Non-Executive Director: Tim Bushell

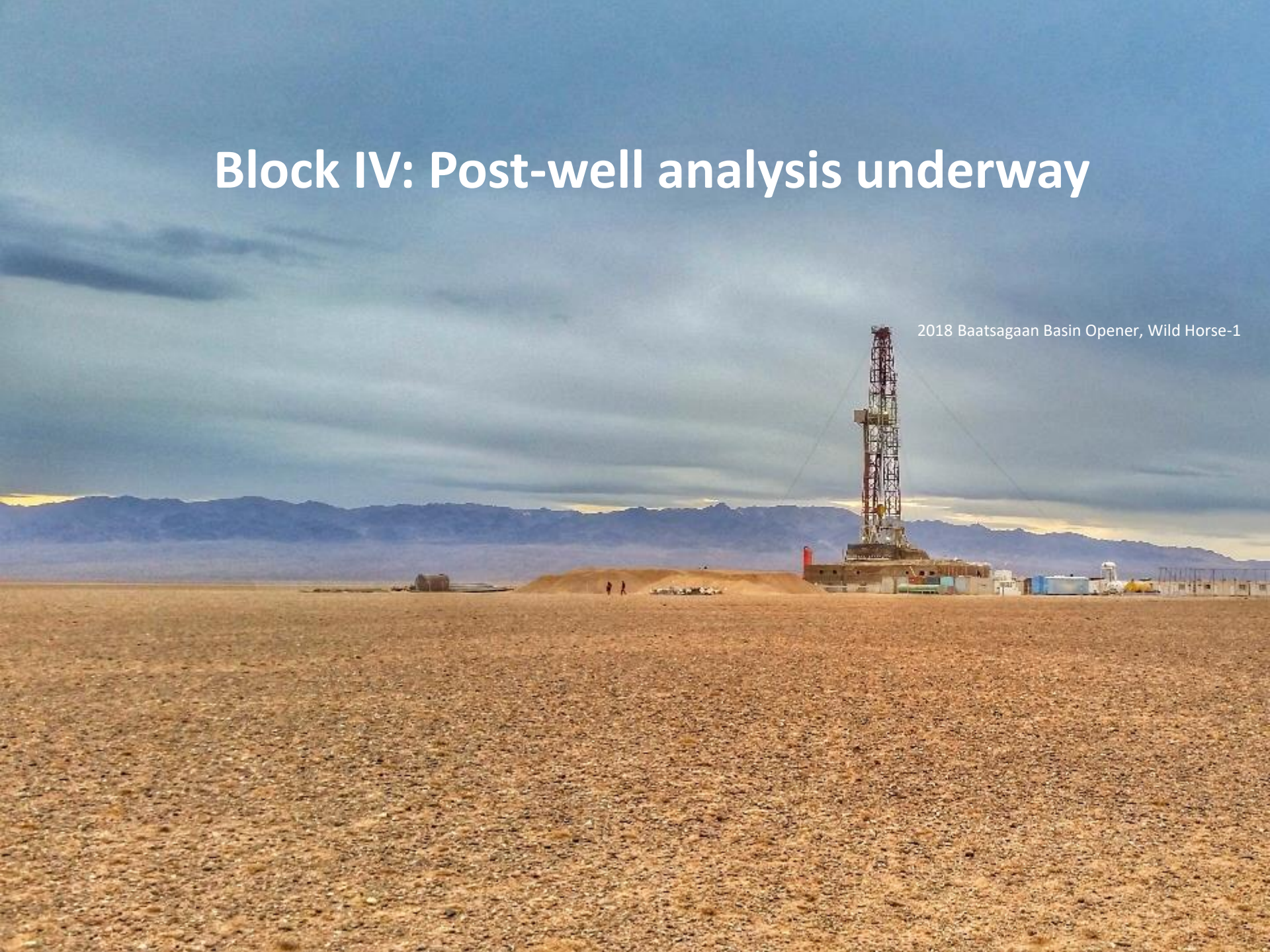
- 35 years of international E&P experience including 10 years as CEO of Falklands Oil and Gas Ltd
- Directly involved in the discovery of more than 700 million barrels of recoverable reserves in S Atlantic and Norway

Acreage Map and Recent Activity

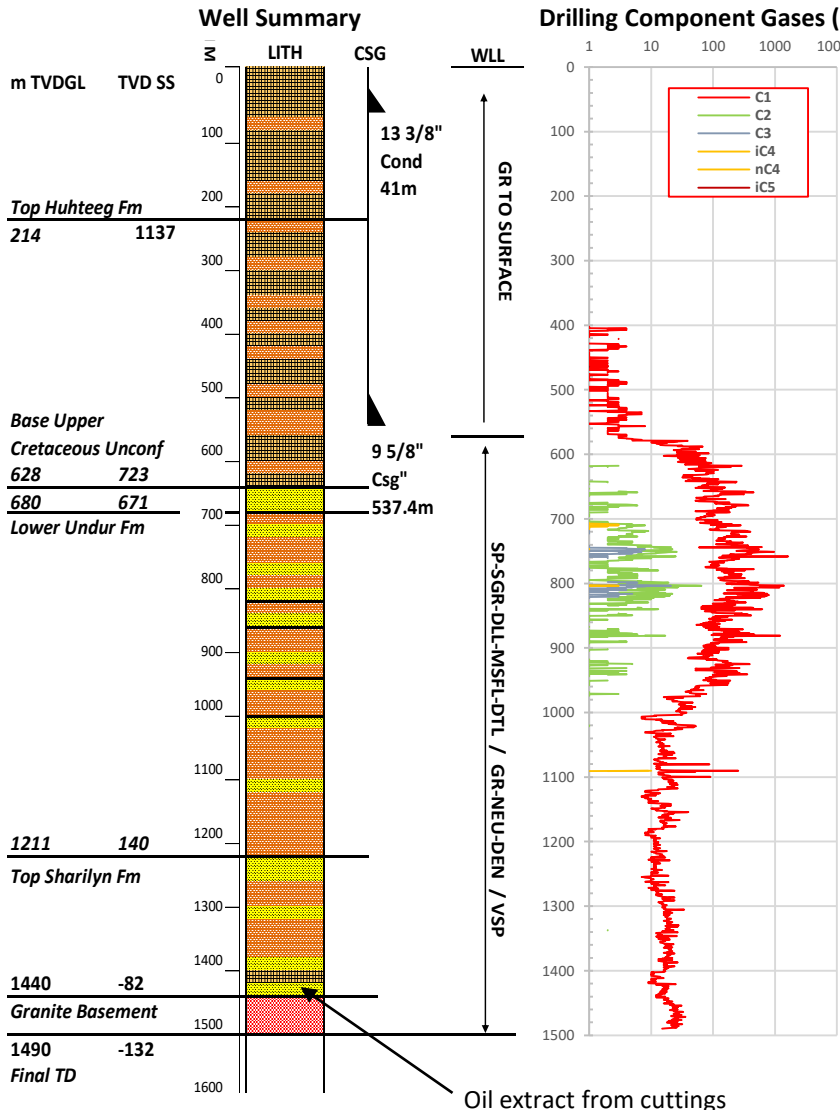


Block IV: Post-well analysis underway

2018 Baatsagaan Basin Opener, Wild Horse-1



Wild Horse-1 Results Summary



- Sand development below unconformity with best drilling gas levels and to C₄ across this interval
- Prospectivity of this interval will be evaluated on the basin margins
- Sands below 1200m well developed
- Coarser, conglomeratic sandstone below 1400m within an overall sandy package
- Granite basement encountered at 1440m MD significantly shallower than prognosis
- Oil extract obtained from sample at base of well

Initial post-well evaluation:

- Base Upper Cretaceous unconformity is a regional seal
- Thermogenic gases migration along unconformity
- Target interval has had significant burial prior to uplift
- Sediments under the unconformity provisionally dated as Early to Mid Jurassic - older than prognosed
- Oil extract hints at source rocks presence in basin

Block IV Prospects & Leads Portfolio

