

# Mongolia

Operational Update 2025  
Look ahead 2026



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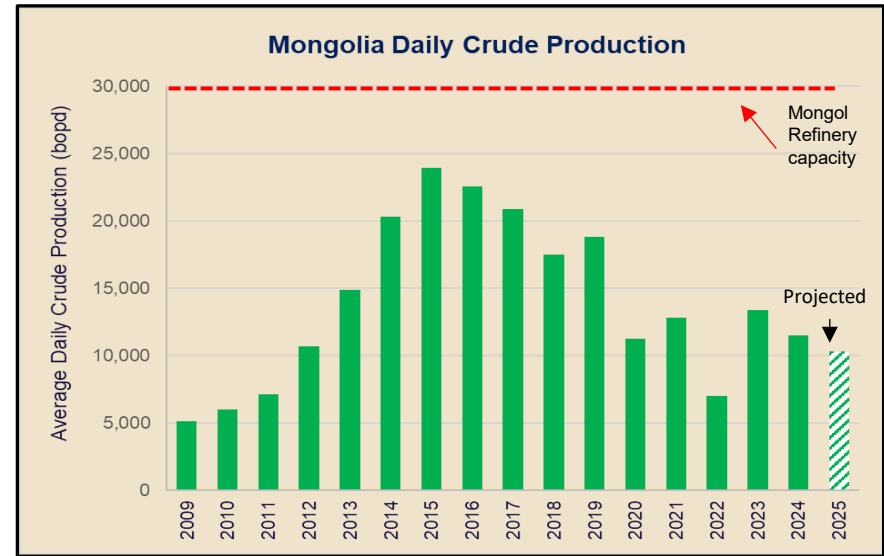
# Mongolia Oil Industry

## New government prioritising energy independence

- Focused on invigorating the oil sector and on Renewable Energy
- Mongolia's average daily crude production to October 2025 averaged 10,273 bopd<sup>1</sup>
- PetroChina (Blocks XIX & XXI) operates c.90% of the country's production which is trucked to Chinese refineries
- Mongolia's refined product consumption to October 2025 was c.56,000 bopd<sup>1</sup>
- Government seeking to increase exploration and production to meet domestic demand and fill the Mongol Refinery which is under construction

## Mongolian Refinery status

- \$1.7bn<sup>2</sup> loan from India
- Latest published schedule has refinery operational by 2028<sup>3</sup>
- Requires 30,000 bopd feedstock. Current domestic production is less than half that and declining
- Block XX production will help meet this demand
- Pipeline construction from Mongol Refinery to Block XIX completed and pump stations are being constructed
- Pipeline will offer a more cost effective off-take than current trucking



Company generated diagram data source MRPAM Monthly Statistics Report October 2025



Picture of 20" pipeline installation en route to Block XX

# Heron Field - Status

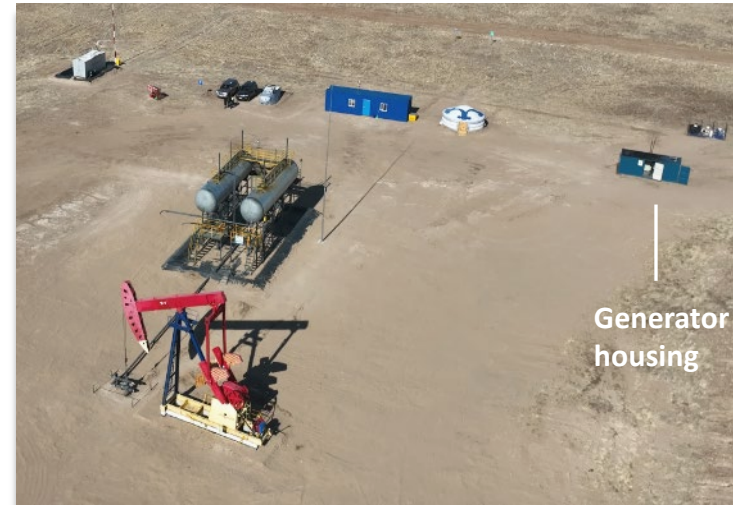
## Heron-1

- Production to date c. 70,000 bbls with water cut c.3% and no free water observed to date
- Well currently delivering c. 135-145 bopd
- Production stable in-line with offset wells and forecast
- Performance indicates well stimulation accessed underlying Sand B which is contributing to production
- Oil transported 25km to Block XIX facilities with over 330 loads delivered to date
- 10kV electric powerline project completed and connected to grid. Now online delivering c.15% reduction in daily operating costs, significant reduction in emissions and fuel handling
- Operations run by Petro Matad's Mongolian field team

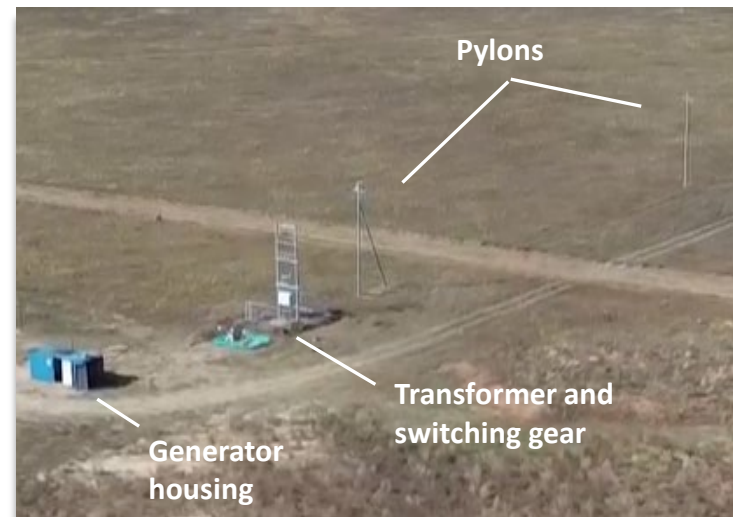
## Heron-2

- Flow test production rates remained low with stimulation and acid wash fluids being recovered along with some oil. No definitive determination of well productivity potential as yet
- Well now shut-in for winter but echometer fluid level readings being acquired as weather allows

Heron Production Facilities



Powerline Installation to Heron Production Facilities



# Gazelle Field - Status

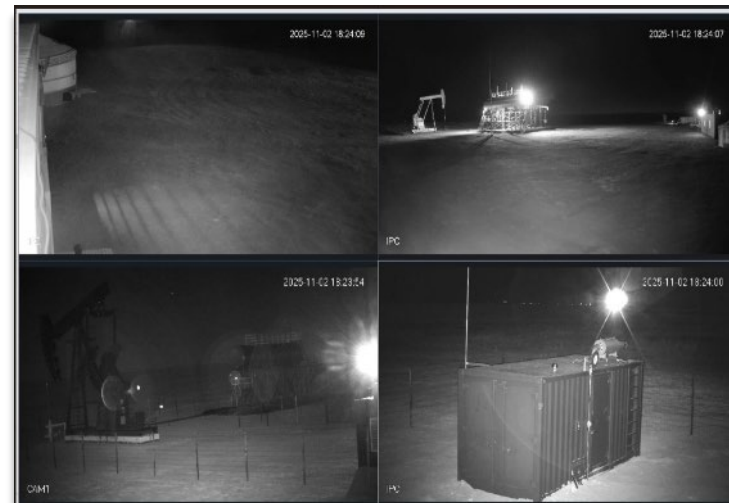
**Gazelle Production Facilities**



## Gazelle-1

- Well test started early October 2025
- Perforated 8m zone and rates over 400 bopd achieved of c.40-43° API crude
- Well completed and surface infrastructure installed
- First oil 31 October 2025
- Initial production c.200 barrels/day via natural flow to surface
- Beam pump now in use with well cleaning-up. Good quality reservoir confirmed
- Formation water is being produced along with the oil and evaluation underway to determine how best to maximise the oil rate whilst minimising the water
- Oil transported to Block XIX facilities. Block XIX operator agreed to accept the oil without assay but preparations in hand to send a sample for analysis
- Reserves Report in draft for proven reserves certification
- Gazelle operations managed by the team based at Heron-1

**Gazelle Wellsite Monitored by CCTV**

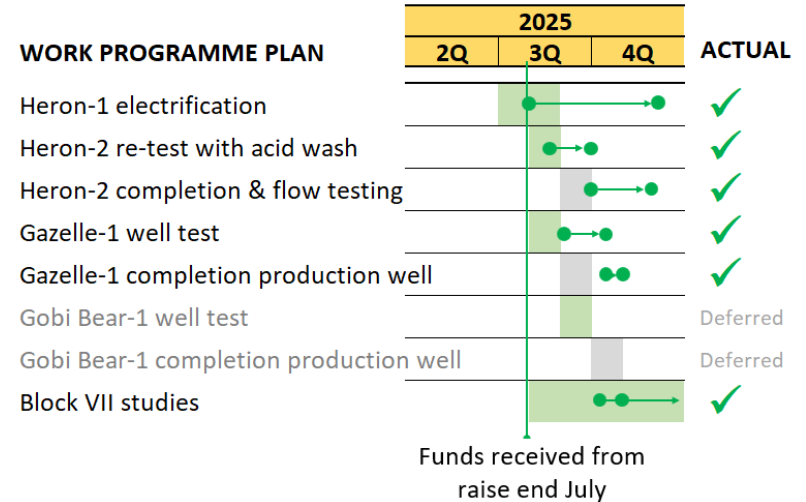


# Block XX 2025 Work Programme Activity

## 2025 Work Programme Plan and Actual

### 2025 Work Programme

- Work started in July upon receipt of funds raised
- Electrification project delays due to complex bureaucratic process were overcome and system now online
- Rig equipment issues delayed Heron-2 test programme so a completion was run and temporary facilities installed
- Gazelle-1 in production 45 days after start of well test
- Gobi Bear-1 well test deferred to 2026 due to focus on getting Gazelle-1 on stream



### Oil Sales

- Heron and Gazelle crude is treated and stored in Block XIX facilities and exported to refinery in China
- Total oil sales revenue net to Petro Matad for 2025 expected to be >\$2.5MM<sup>1</sup>
- PetroChina's issues on its tax liability under the oil sales agreement largely resolved
- Lessons learned from the first year of production, processing and export being incorporated into an updated agreement for 2026

### Gazelle Crude Sample and Density Measurement



# 2026 Preparations in Hand

## Block XX

- Capital programme options being developed in parallel with farm out discussions
- Production enhancement opportunities being finalised

## Heron Field

- Continue production from Heron-1. De-wax the well for pump efficiency and flow assurance
- Complete Heron-2 retest and review options. Working up a potential radial drilling programme option for the well
- Finalise drilling locations for potential 2026 drilling
- Finalise scope of possible 3D seismic acquisition

## Gazelle Field

- Continue production from Gazelle-1. Monitor water/optimize oil rate. Perform crude assay
- Review economics of option to connect to power grid
- Finalise drilling locations for potential 2026 drilling

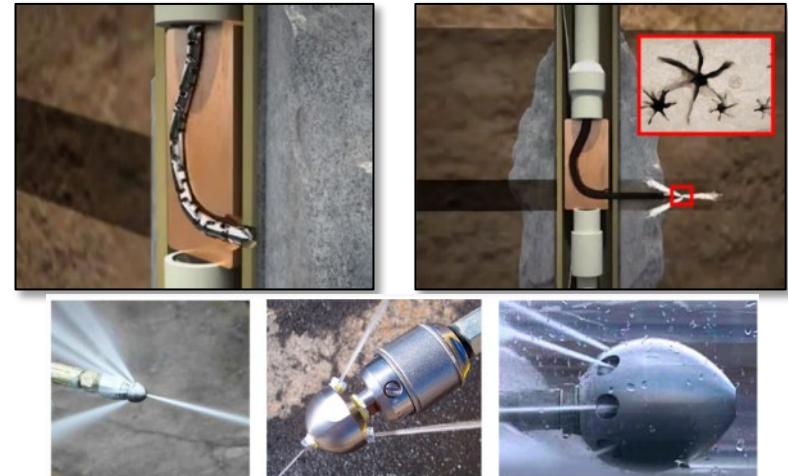
## Gobi Bear-1

- Perform well flow test to determine if oil pay is present
- Complete for production if test successful

## Block VII

- Re-process existing 2D seismic data
- Gravity modelling, geochemistry on well samples

## Radial/Jet Drilling



## 2026 Work Programme Nominal Timeline

| WORK PROGRAMME                   | 2026                                |    |    |    |
|----------------------------------|-------------------------------------|----|----|----|
|                                  | 1Q                                  | 2Q | 3Q | 4Q |
|                                  | <i>Well Work Operational Window</i> |    |    |    |
| Heron and Gazelle production     |                                     |    |    |    |
| Heron-1 de-wax                   |                                     |    |    |    |
| Heron-2 pump out testing         |                                     |    |    |    |
| Heron-2 radial drilling test*    |                                     |    |    |    |
| Heron and Gazelle Drilling*      |                                     |    |    |    |
| 3D Seismic Acquisition*          |                                     |    |    |    |
| Gazelle electrification          |                                     |    |    |    |
| Gobi Bear-1 flow test/completion |                                     |    |    |    |
| Block VII studies                |                                     |    |    |    |

\*subject to ongoing farm-out discussions

# Block VII

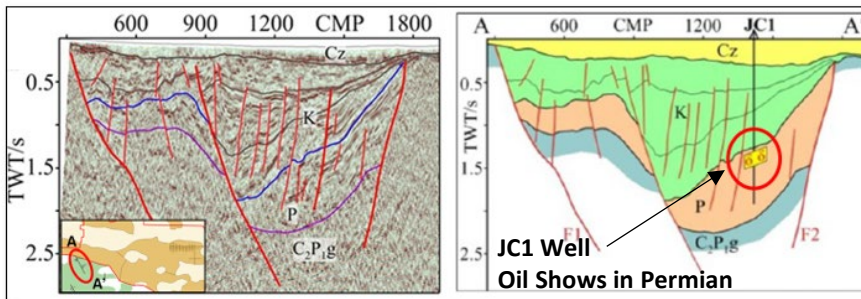
## Borzon Block VII signed January 2025

- 41,141 km<sup>2</sup> area located in southern Mongolia adjacent to hydrocarbon bearing Yin'e basin in China
- Fiscal terms are very attractive compared to most other international jurisdictions
- 8-year exploration period with two, 2-year extensions. Initial 2-year period work commitment \$980k<sup>1</sup>
- Exploration Licence issued 31 October 2025

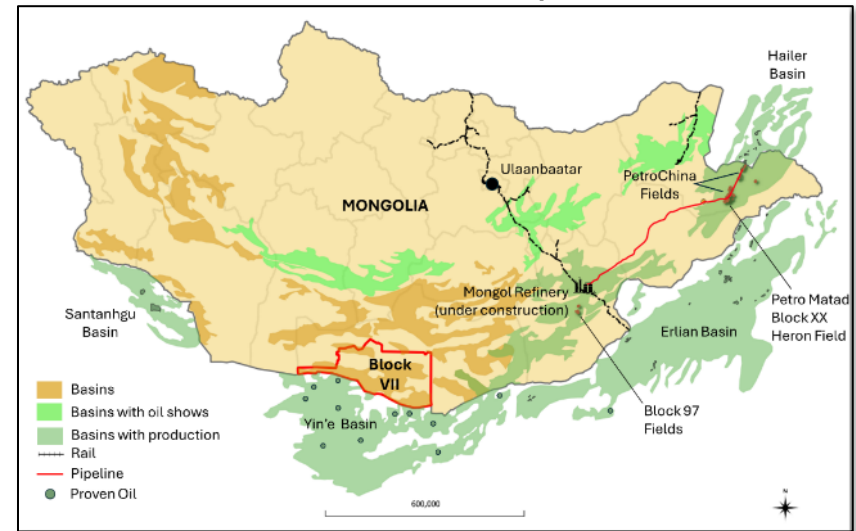
## Hydrocarbon Potential

- Gravity data clearly shows extension of proven hydrocarbon sub-basins in the Yin'e Basin into Block VII
- JC1 well in Judong Sag had oil shows in Permian aged rocks plus Permian and Lwr Cretaceous source rocks
- Gravity data modelling ongoing to establish basin architecture and thickness of sediment fill
- Seeking a partner

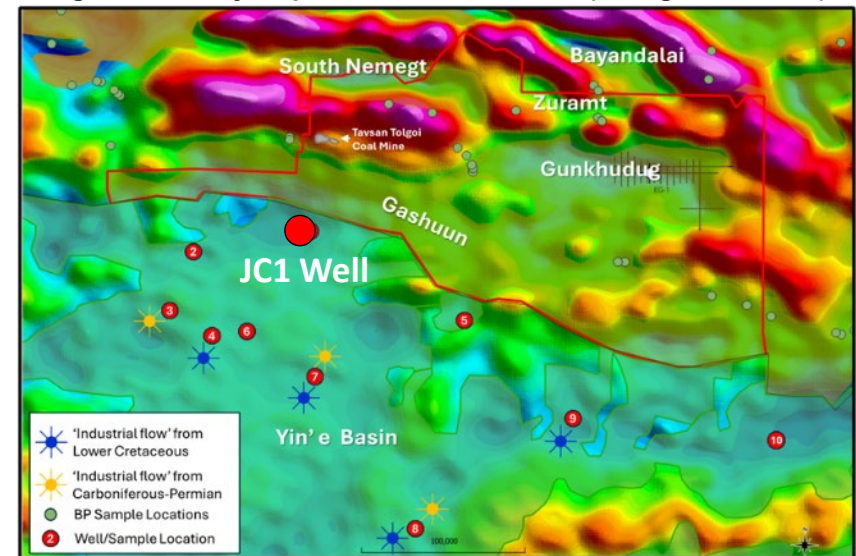
## Seismic Line and Cross Section in Judong Sag - JC1 Well Location



## Block VII Location Map



## Regional Gravity Map Show Basin Outlines (blue/green colour)



1. Includes both work programme funds and PSC fees

# Oil Sales Agreement

- Good progress has been made over the last few weeks on the rewording of the Oil Sales Agreement with PetroChina
- Once complete, this will remove the withholding of revenue applied and secure payment of the amount withheld to date
- Only the relatively minor matter of tax payable on processing fees remains to be agreed
- The Oil Sales Agreement for 2026 is being prepared incorporating the amendments to the 2025 contract

**Tanker at Block XIX TA-1 Facility Offloading Point**



**Tanker at Block XIX TA-1 Facility Weighbridge**





## 'State Policy on Energy Sector' and Mongolia's Vision 2050

Together serves as a road map for Mongolia's power sector.

### Highlights of the policy

#### **Transition to Renewable Energy**

- Increasing renewable energy sources to reach 30% of Mongolia's energy mix by 2030, reducing reliance on coal

#### **Energy Export Potential**

- Developing Mongolia as an energy exporter by leveraging resources like wind and solar, particularly from the Gobi Desert, with plans to connect to regional power grids in Asia

#### **Self-Sufficiency in Power Supply**

- Expansion of existing power plants, new transmission lines, substations, and energy sources will ensure that Mongolia's domestic electricity needs are fully met by 2030

#### **Public and Private Investment**

- Encouraging foreign and domestic investment through public-private partnerships and supportive legal frameworks

#### **Climate Action and Carbon Neutrality**

- Mongolia is committed to implementing measures to mitigate climate change, aiming to achieve a net-zero balance of greenhouse gas emissions by enhancing absorption and reducing emissions

## Energy Reform

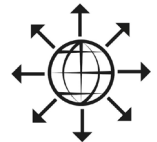
**2025 – 2030**

**Fully meet domestic demand**



**2030 – 2040**

**Energy-exporting country**



**2040 – 2050**

**Net-Zero**



## **SRE JV formed in 1Q23**

Good timing given government's strong focus on energy independence and renewable energy in particular

Experienced renewables team working full time originating business, developing projects and interacting with stakeholders

Four projects currently on the books

### **1. Oyu Tolgoi Green Hydrogen**

- 24MW of renewable power (wind and solar) to generate green hydrogen for use at the huge OT copper mine
- MoUs, exclusivity, grant funding all in place. Feasibility studies complete
- Government and OT reaffirmed desire to move ahead in 4Q25

### **2. Choir Battery Energy Storage System (BESS)**

- Government has increased scope to 100MW in two key locations.
- SRE partnering with ZTT

### **3. Export to China**

- MoU with China's SPIC for 1.5GW firm plus 1.5GW contingent projects
- Collaborating with other major players interested in major export projects

### **4. 200MW Hybrid project in partnership with Tsetsens Mining & Energy (TME)**

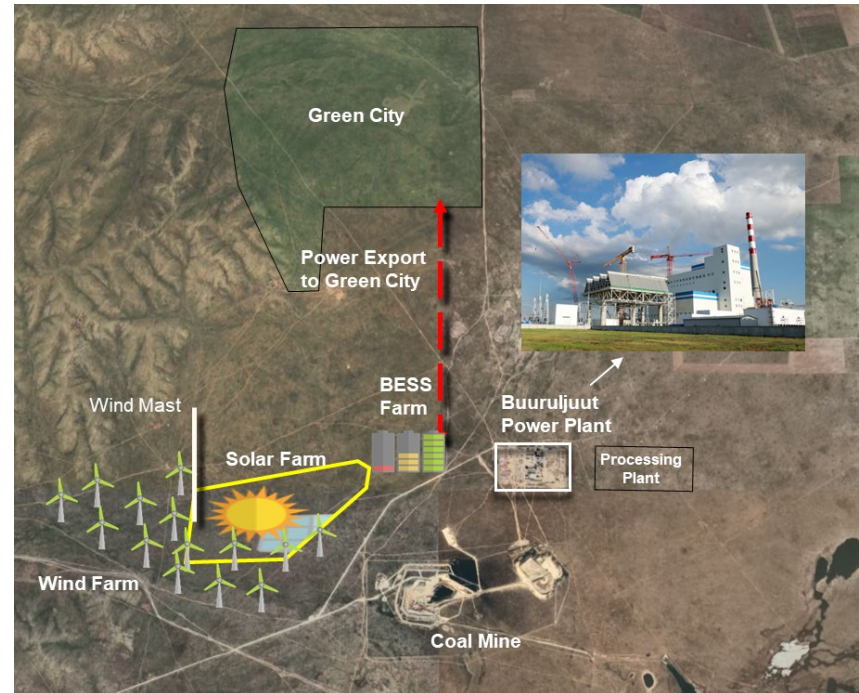
- SRE prioritising this project as counterparty is very active and supportive
- PPA in place will only need amendment
- Targeting ready to build in 2026

- SunSteppe in partnership with Tsetsens Mining & Energy (TME), is developing a Hybrid Energy Project in Tuv Province, ~100km SE of Ulaanbaatar
- The project will integrate 100MW of solar PV, 100MW of wind generation, and 80MW of battery storage creating one of the country's most advanced hybrid renewable assets. It will deliver reliable green power to a new green city development, a major mining complex, and the national grid.
- The project is being developed under an MoU signed in late 2024 with TME, the owner of a 600MW independent power plant (IPP) project
- 300MW of coal fired power already commissioned. 200MW of the remaining committed power to be switched to renewable energy

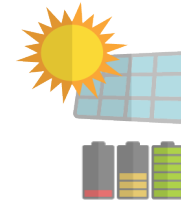
The Hybrid project will be delivered in phases:

- Phase 1: 100 MW solar PV plant (target ready to build 3Q26 and construction completion Q3Q27)
- Phase 2: 100MW wind power plant (target completion 4Q28)
- Each phase will be developed together with a dedicated battery energy storage system (BESS).

Hybrid Project Layout



**Phase 1**  
Commence  
Q3, 2027



100MW  
40MW

**Phase 2**  
Commence  
Q4, 2028



100MW  
40MW

## An ideal site selection for hybrid renewable project development

### High Solar Resource

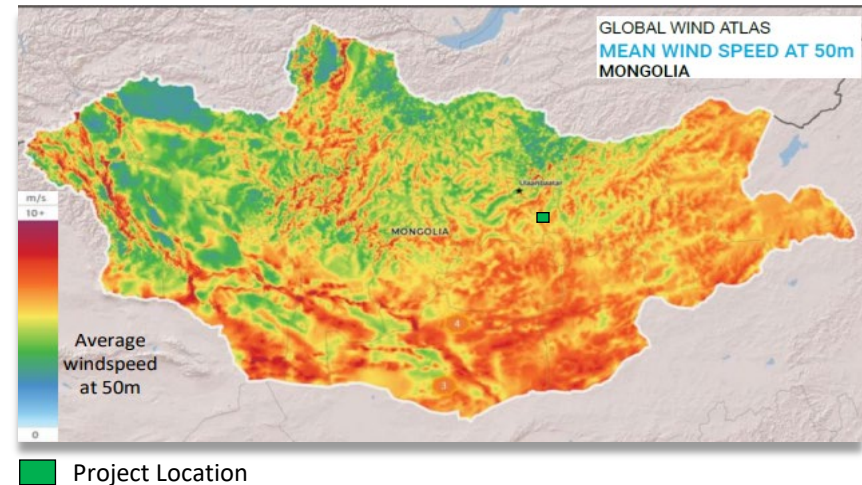
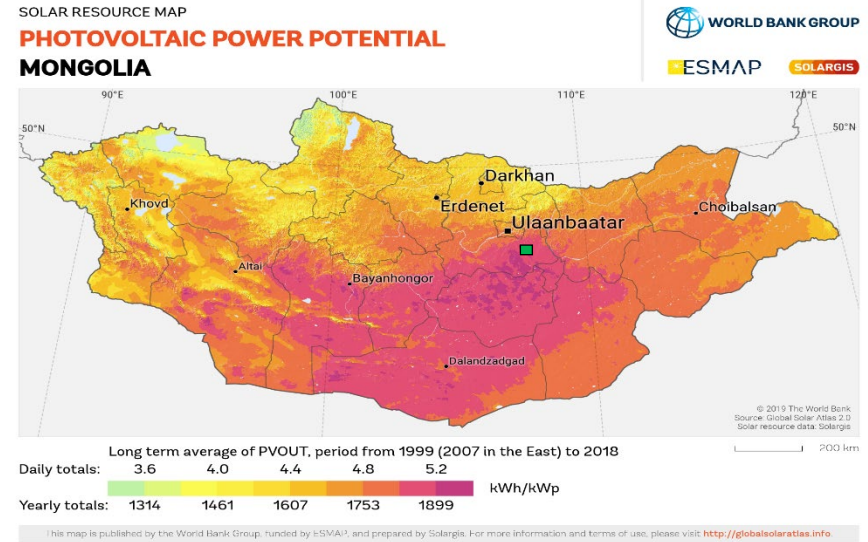
- Tov aimag lies in a 4.4–4.8 kWh/kWp/day solar zone, equal to 1,600–1,750 kWh/kWp/year, making it one of Mongolia’s strongest solar regions.

### Strong Wind Potential

- National wind assessments classify Tov aimag within a 200–400 GW wind potential zone, indicating moderate-to-excellent wind resources suitable for large-scale power generation.

### Ideal for Hybrid Development

- The combination of high solar irradiation and excellent wind speeds ensures strong year-round energy production and maximizes the performance of the project’s hybrid system.



## Phase 1: 100 MW Solar PV.

- Approvals, the revision of the existing power purchase agreement and ready to build status targeted by 3Q26 with construction completion then forecast by late 2027
- Land for Phase 1 secured on TME's existing licensed area

## Phase 2: 100 MW Wind Power

- Completion targeted in late 2028
- Key aspects of the project have already been completed, including the technical and commercial feasibility study and the necessary environmental study
- The grid-connection study in progress by Mongolia's National Dispatching Center
- For Phase 2, wind resource assessment has identified priority areas and land applications are being prepared. A 120-meter wind mast has just been installed
- SRE has already engaged with multilateral financial institutions which have expressed interest in providing up to 70% project finance debt and with international investors who are also showing interest in the equity component
- Upon obtaining the construction license (targeted by the end of 2026) SRE will move into formal EPC and financing negotiations

Recently Installed 120m Wind Mast



# Thank you

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