

Mongolia



APPEX 2017 CONFERENCE, LONDON



Onshore Frontier Exploration

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Contents:

- Introduction to Mongolia
- Regional Setting and Proven Oil Province
- Exploration Database and Petroleum Geology
- Play Potentials & Upcoming Exploration Campaign
- Opportunity Highlights and Conclusion



Country Introduction:

- Mongolia became a democracy in 1990 following 70 years as a Soviet satellite
- Mongolia is a rich natural resource province, mineral industry driven economy.
- Mongolia currently imports 100% of it's refined petroleum from Russia.
- And exports 100% of it's produced crude to China.
 - This unsustainable system has instigated plans for a domestic refining sector.
- Investment climate is stable and favorable due to new investment and petroleum laws

Mongolia



Heart of Central Asia

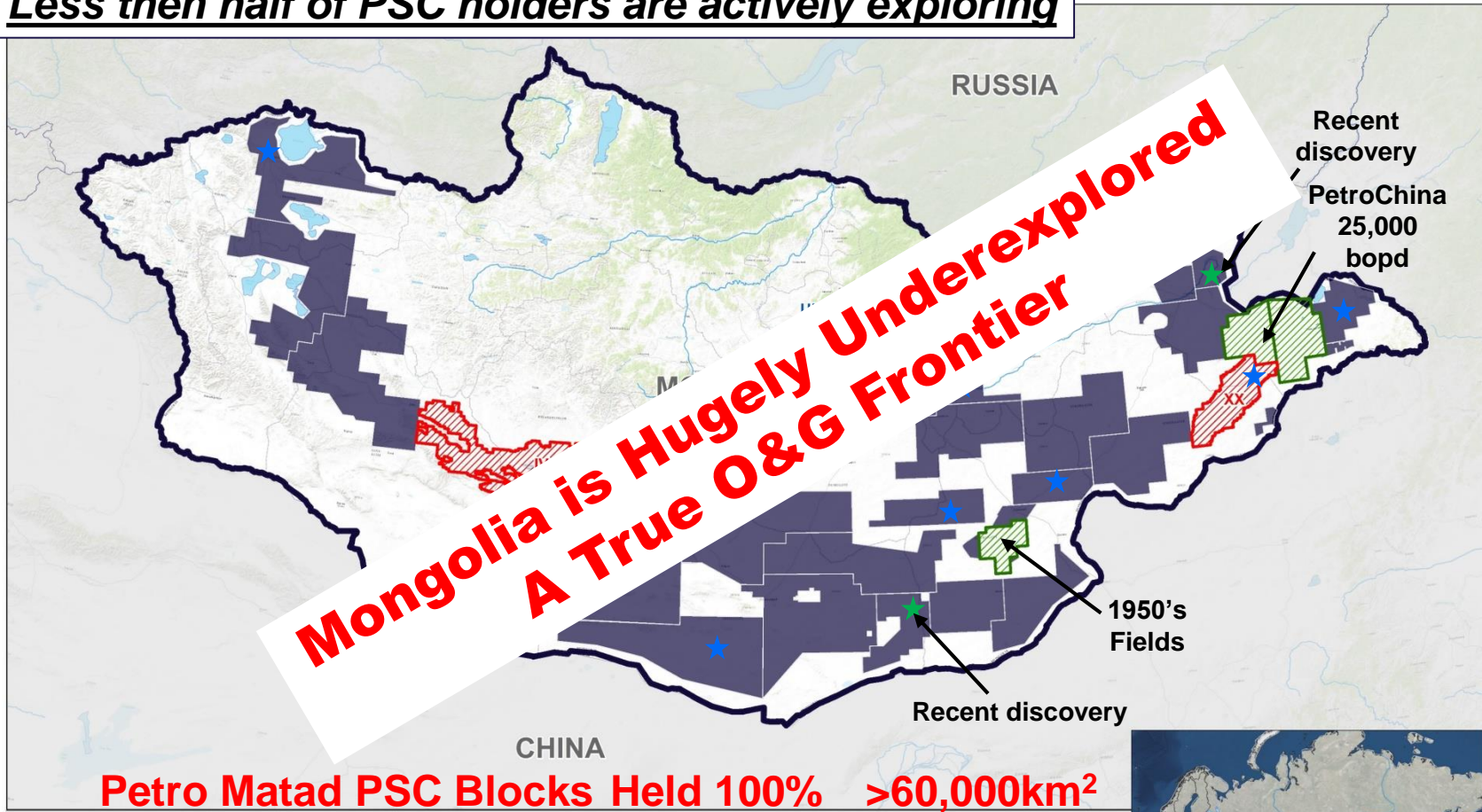
Vast: 1.6 Million km²

Neighbouring 2 world economic superpowers

High demand Chinese energy market

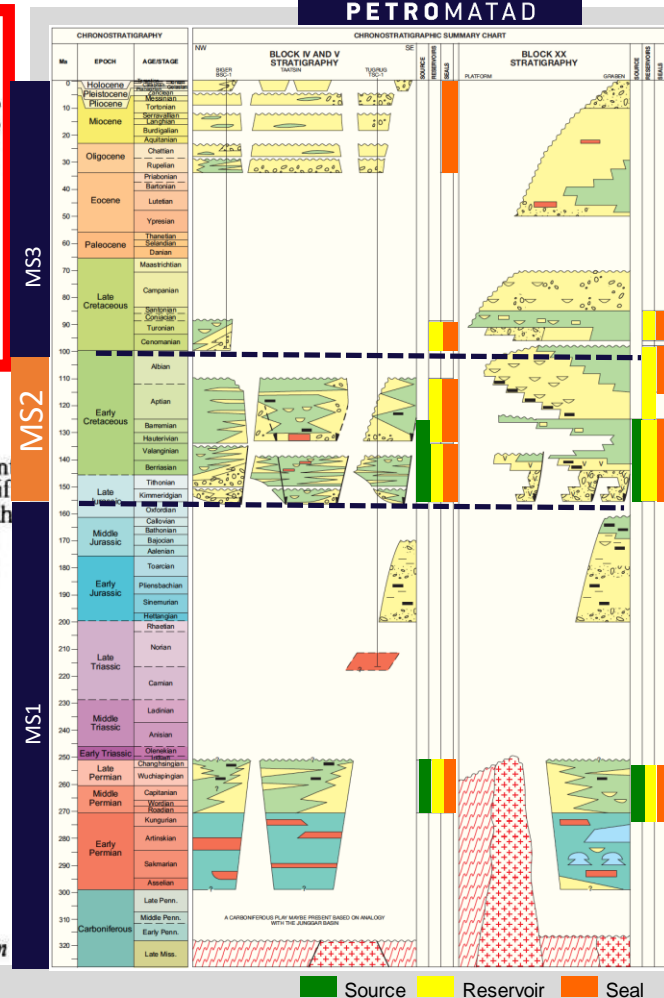
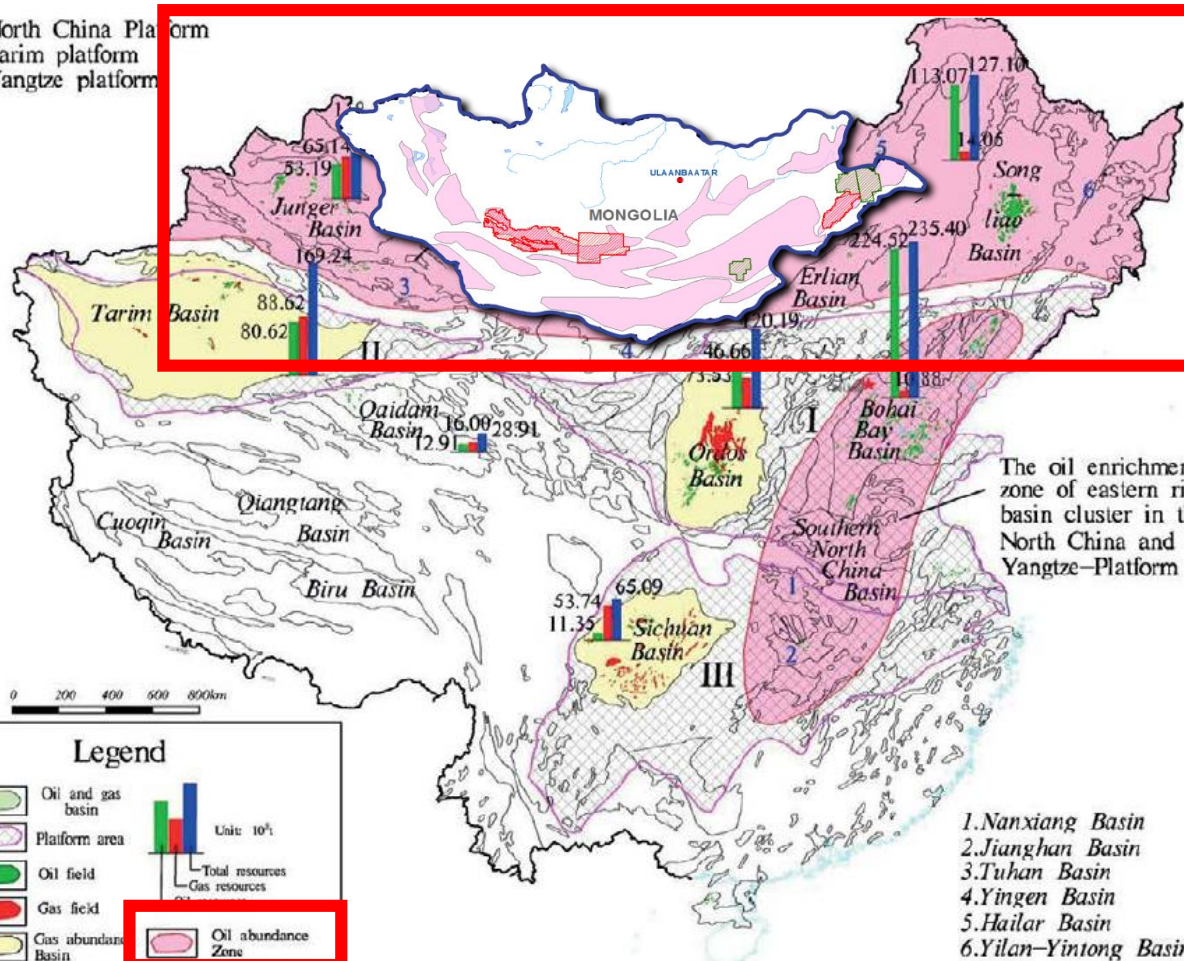
Petro Matad Acreage

31 PSC Blocks 25 Awarded 21 Companies
Less than half of PSC holders are actively exploring



Analogue in Abundance

I—North China Platform
II—Tarim platform
III—Yangtze platform

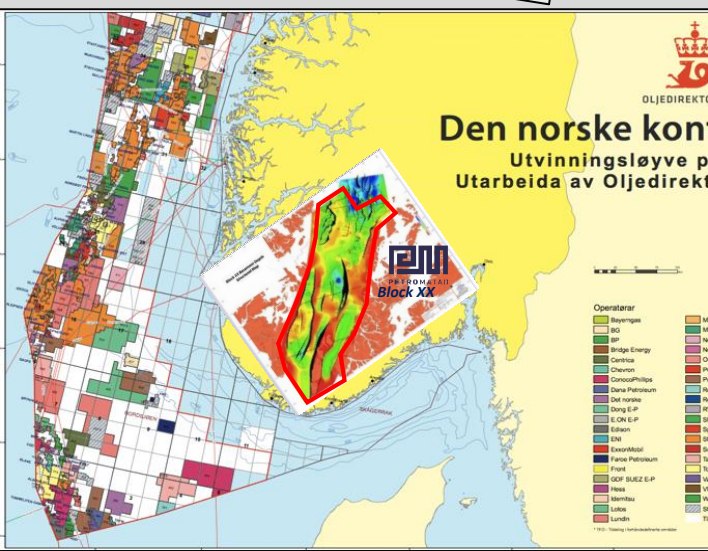
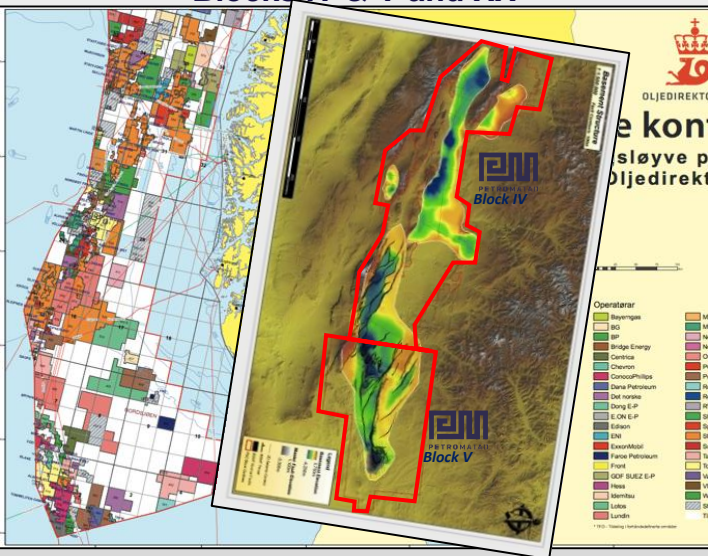


- 67% of the China's total Onshore oil reserves ~330 BBbbls
- Prolific Chinese Rift Basins are directly analogous in time, basin fill and geometry

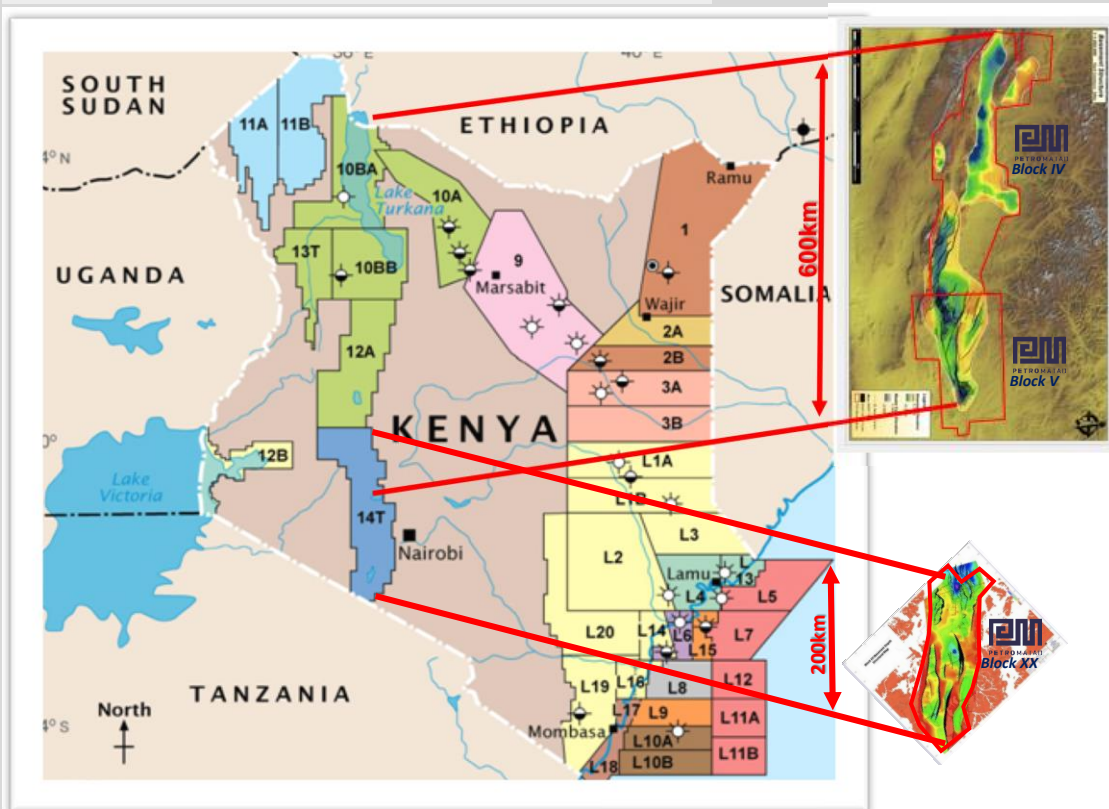
SOURCE, RESERVOIR, TRAP AND SEAL IN PLACE

Acreage Comparison

Norwegian North Sea
VS
Blocks IV & V and XX



Kenyan EAR Blocks
VS
Blocks IV & V and XX



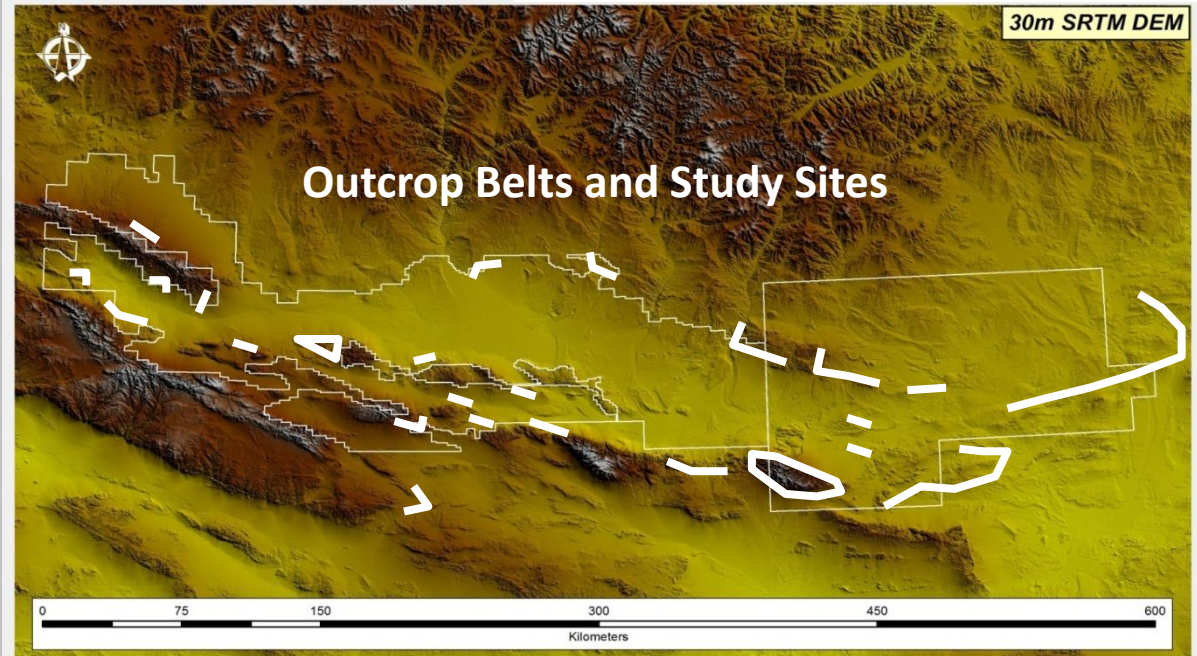
Areal Comparison of Petro Matarad Acreage to Norwegian North Sea & East African Rift Oil Province

Block Outlines to Scale

Outcrop Geology (2010-2016)



- >2,000 Samples
- 15kms of measured stratigraphic sections
- 20kms structural transects



Source Rock

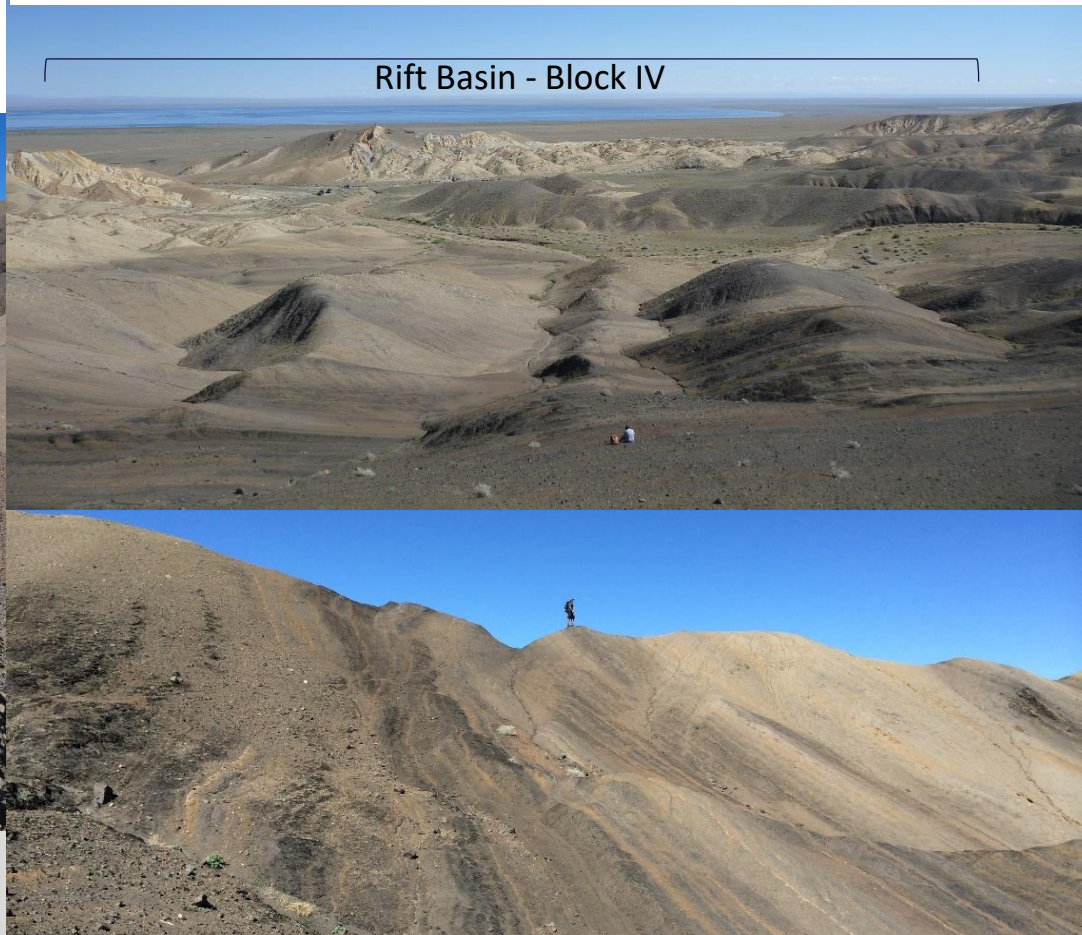
WORLD CLASS LACUSTRINE OIL SHALE:



**Cored Rich Shale
Block V**



Igniting Oil Shale



Rift Basin - Block IV

- *Up to 900m net shale*
- *3-27% TOC, ave 15.1% TOC*
- *Kerogen Type I & II, max HI = 800-900*
- *c.0.6 VRo% at outcrop*
- *Potential for shale oil in basin centres*

Reservoir Rock

Extensive Turbidite Assemblages in SR



Thick Deltaic Packages



Interbedded Fluvial-Lacustrine Sands






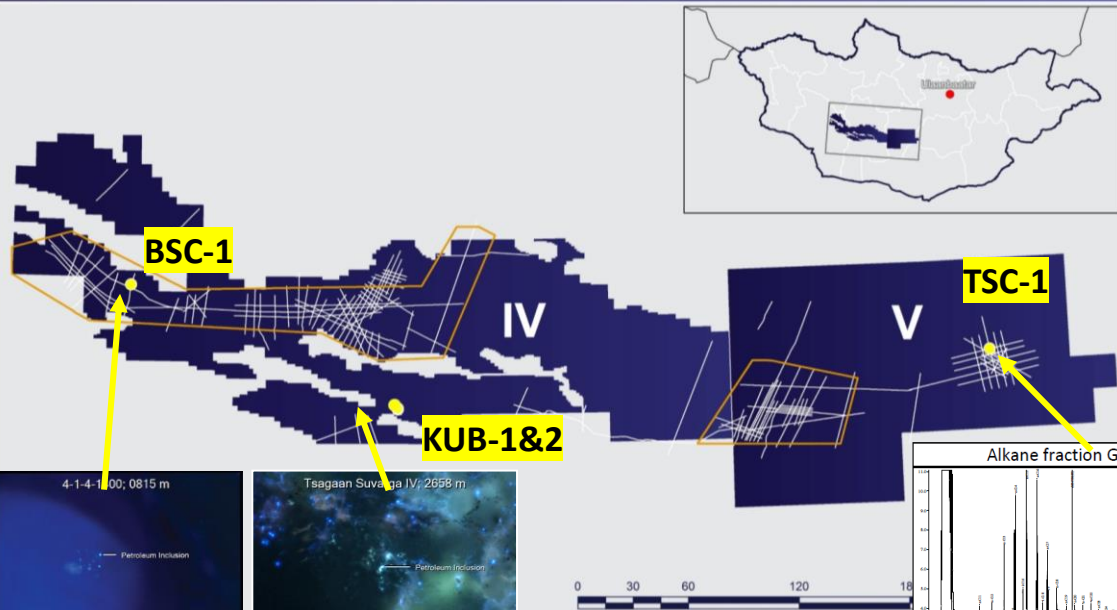
High porosity fluvial-lacustrine sand systems

- *Extensive in outcrop*
- *Interbedded with source rocks*
- *Laterally continuous*
- *10-30% porosity, high permeability*
- *Clean granitic sediment source, CaCO_3 cement*

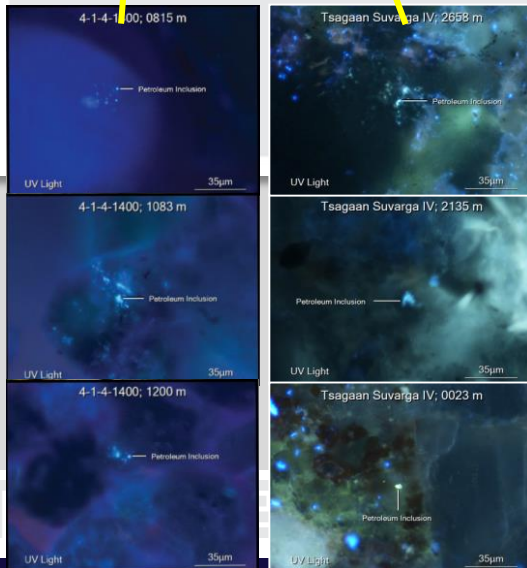
Database & Hydrocarbon Indicators

Blocks IV and V

-  FTG and HRAM Surveys
-  2D Seismic
-  Stratigraphic Core-hole

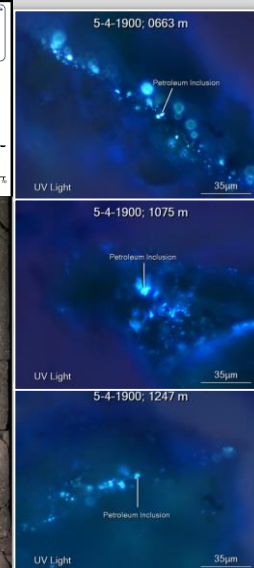
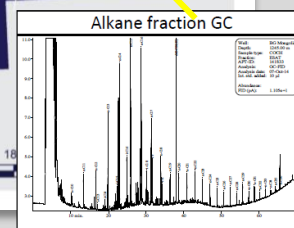


- Blockwide Gravity
- 4,000km 2D Grid (2010-2016)
- 11,000km² FTG
- 4 Strat Cores (3500m core)
- 2,000+ Field Samples



Block IV

- Oily fluid Inclusions in BSC-1 Core hole as well as inverted basin outcrop section



Block V

- Oil stain in TSC-1 Core hole
- Oily fluid inclusions also identified throughout the core

2017/18 Drilling Option Tugrug TG

PSDM Line 13-5-4R10

NNW

TSC-1

TG prospect

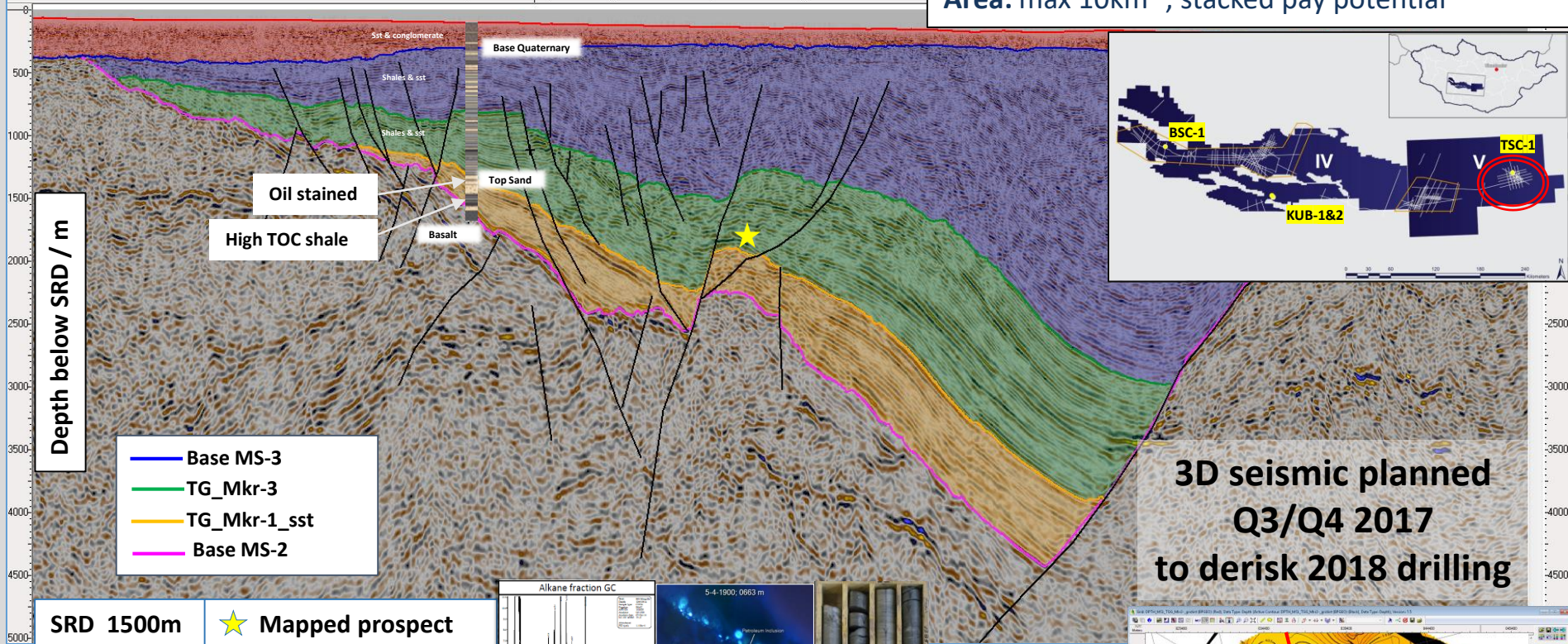
Trap: faulted anticline & structural nose, updip from significant kitchen

Reservoir MS-2, thick proven good porous reservoir in TSC-1 with fresh oil stain

Seals intra formation shales

Main risk: trap definition (new 3D to derisk)

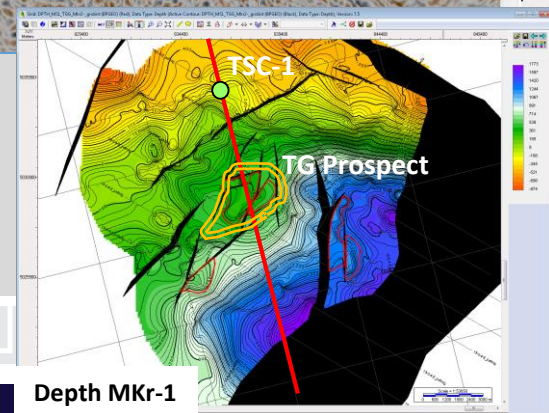
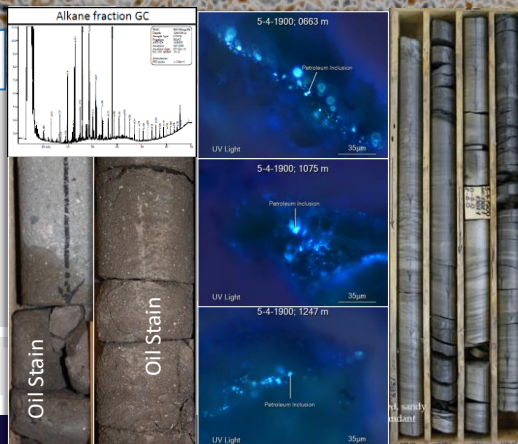
Area: max 10km², stacked pay potential



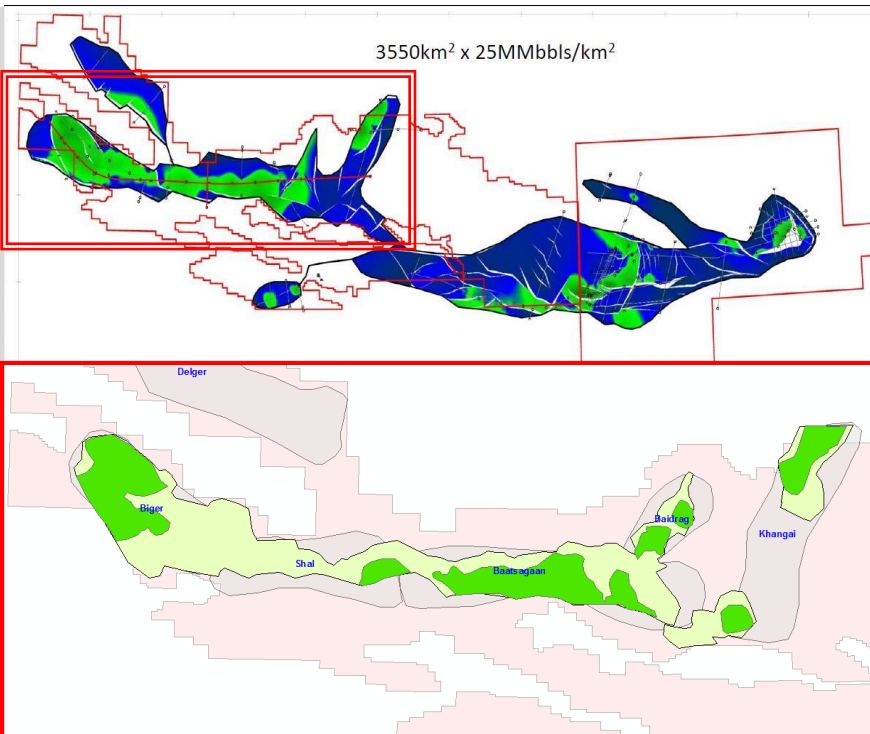
3D seismic planned
Q3/Q4 2017
to derisk 2018 drilling

TSC-1 Core Hole (1660m MD)

- Proven fresh oil in 50md reservoir
- Oil Maturity VRo% 0.7, Low wax
- Proven 40m excellent SR
- 5% TOC HI 600 VRo% 0.6



Modelled Mature Kitchens



- Map highlighting BLK IV & V areas in excess of c.0.7% VRo%.
- PSM Play Fairway evaluation based on modelled source yields from seismic, outcrop and core hole data

Map highlighting BLK IV areas in excess of c.0.7% VRo%.

- Dark green: Optimal Basin Centre & Unconventional potential Play Areas
- Light Green: P10 Upside kitchen areas

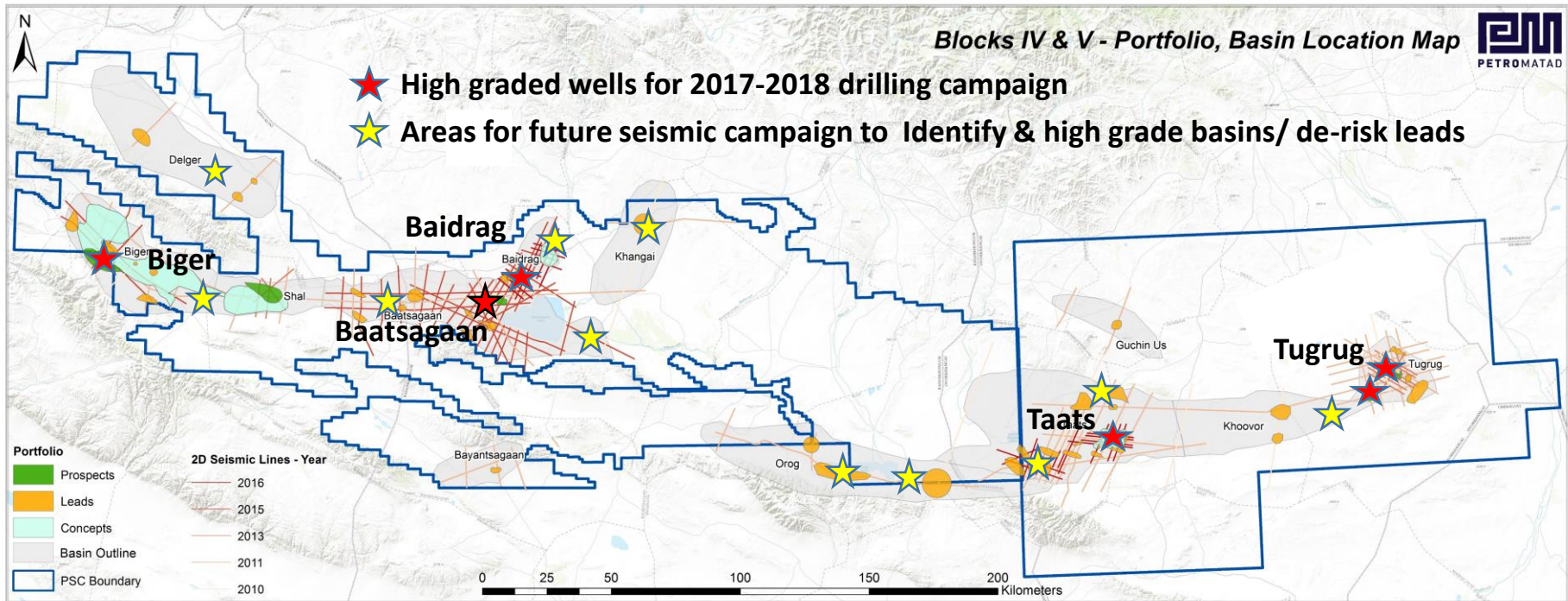
Predicting Potential Undiscovered Resources in Syn-Rift Play (Sequence MS2)

- Basin Modelling and Play Analysis work indicates (Sequence MS2) expulsion of ca. **90 Billion Barrels** of hydrocarbons in high graded 6 basins (12 basins identified), 10% to 25% presumed trapped & retained.
- Further upside potential exists in the deeper Permian-Jurassic play (Sequence MS1).

P50 Conventional Play: Potential Undiscovered Rec' Resources ~2 Billion Barrels oil

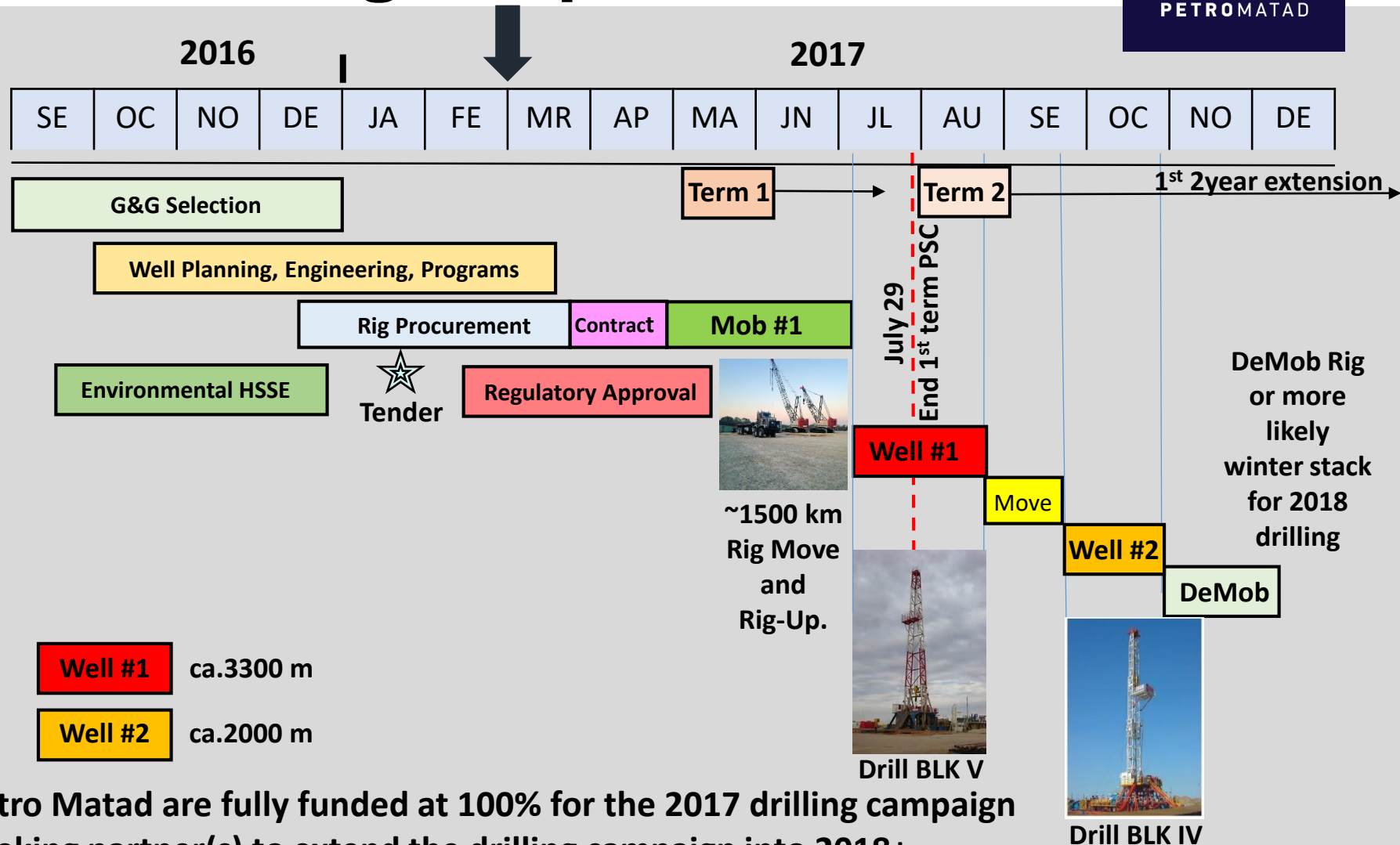
Hybrid & Shale Oil plays: Additional significant Bbo recoverable resource potential

Growing Diversified Exploration Portfolio with Drillable Prospects



- 5 basins (with more extensive data coverage) have robust prospect targets and will be tested in the 2017 & 2018 exploration drilling campaign.
- Growing exploration portfolio with significant number of leads & prospects.
- First 2 wildcat wells scheduled to be drilled in 2017. To test best & different basins
- Tender Out with prequalified drilling contractors. Contract Rig & Services early April 2017
- Additional 3D & 2D seismic will be acquired to high-grade prospects for 2018+ drilling.

2017 Drilling Timeline: Two Firm High Impact Wells



- Petro Matad are fully funded at 100% for the 2017 drilling campaign
- Seeking partner(s) to extend the drilling campaign into 2018+

Opportunity Highlights



- ✓ FRONTIER exploration, UNDRILLED basin opener, VAST acreage position.
- ✓ World Class source rocks PROVEN
- ✓ Reservoir and hydrocarbons PROVEN
- ✓ New high quality 2D seismic and FTG datasets
- ✓ P50 2 Billion bbl Rec' Conventional Play Potential
- ✓ Significant Billion bbl Rec' Unconventional Play Upside
- ✓ Drill-ready prospect inventory; two firm low cost, high impact wells in 2017
- ✓ 3D seismic and more wells planned for 2017/18/19
- ✓ Energy starved Chinese and domestic markets
- ✓ Fiscally attractive and supportive Government
- ✓ Robust Economics, high RoR > 30%, In a success case 1st production target Q4 2019
- ✓ PROVEN Operator looking to FARM DOWN

Thank You



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