

Petro Matad Limited (“Petro Matad” the “Company”)

Drilling Update

Petro Matad advises that it has suspended operations at its Davsan Tolgoi-1 (“DT-1”) well site due to winter conditions. The DT-1 well is located on the Company’s Production Sharing Contract on Block XX in Eastern Mongolia.

As previously advised, a drilling agreement with Ansai Yuehua Oil Tech Company Ltd (“Ansai Yuehua”) was executed on 19 October 2009. Under the terms of the drilling agreement, Ansai Yuehua provided a drilling rig to Petro Matad by 30 October 2009.

A severe cold snap in the on-site weather from 30 October to 1 November precipitated an operational decision to suspend any commencement of drilling in 2009. The operator of the PSC to the north of Block XX, Daqing Oilfields is also shutting down in preparation for exiting its extensive operations for the winter period on 10 November.

Ansai Yuehua completed the provision of the drilling rig under the terms of its contract and the rig operations had reached a stage where the well could have been spud on 2 November. All extra site works including the drilling of a 260m deep water well, camp establishment and road and earthworks had also been completed.

The Company and its contractors are now preparing the site for a secure winter shutdown, with appropriate care, safety and maintenance through the next five months of the Mongolian winter.

Drilling is expected to commence in April 2010, as soon as weather conditions permit.

Commenting on the development, Petro Matad’s CEO Douglas McGay said:

“Ansai Yuehua’s and our other contractor and consultants’ performance in mobilising the rig, setting it up ready for drilling and completing all other preparatory work has been exceptional. Much was achieved in a short time. The Company is now in a position to refine operational matters, and be ready to drill DT-1 at the earliest possible weather opportunity in 2010.”

Note to Editors:

About Petro Matad Limited

Petro Matad is the parent company of a group focussed on oil exploration, as well as future development and production in Mongolia. The group holds the sole operatorship of three Production Sharing Contracts with the Government of Mongolia. The principal asset is the PSC for Block XX, a petroleum block of 14,250km² in the far eastern part of the country. The two other blocks, IV and V are located in central Mongolia and jointly cover 73,498km².

Petro Matad Limited is incorporated in the Isle of Man under company number 1483V. Its registered office is at Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ

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