

**Petro Matad Limited ("Petro Matad" or the "Company")  
DT-4 Operational Update**

Petro Matad is pleased to announce that the Company's Davsan Tolgoi-4 well ("DT-4") has reached the Lower Tsagaantsav reservoir objective and has begun coring operations.

The Lower Tsagaantsav sandstone reservoir was encountered on 2 May 2011 at 1,798 metres. This was preceded by an abrupt build-up in gas content that was maintained throughout the Lower Zuunbayan seal reaching a maximum amount at 1,798 metres ahead of entering the Lower Tsagaantsav sandstone reservoir. Sample returns at 1,798 metres consisted of coarse sandstone with good inferred porosity and live oil shows.

Coring operations commenced on 3 May 2011. Two lengths of core have been recovered to date.

The first 8 metres of core from 1,798m to 1,807m consisted of medium to coarse sandstone grading to conglomerate, with local bleeding live oil and with patchy dark yellowish brown oil staining throughout. The core has a moderate to strong hydrocarbon odour, patchy bright yellow direct fluorescence and slow streaming milky white fluorescence; each physical characteristics that are consistent with the existence of oil.

The second length, from 1,807m to 1,814m has yet to be completely logged at this time.

Based on the latest reprocessing of the 3D seismic data, it is estimated that the Lower Tsagaantsav Formation is approximately 210m thick at this location. Drilling operations are continuing, with decisions on the amount of coring and the changeover to normal drilling routines to be made as the well progresses. Those decisions will be based upon the amount and type of hydrocarbon saturation, if any, and the reservoir characteristics that are encountered.

After reaching TD at a planned depth of 2,020m, the well will be prepared for downhole wireline logging. A further news release will be made in due course.

Technical information in this news release has been reviewed by the Company's Exploration Manager, Dr James Coogan. Dr Coogan is a petroleum geologist with 29 years of experience in North American and international exploration and development. He is a member of the American Association of Petroleum Geologists and the Geological Society of America.

#### 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 10,340km<sup>2</sup> in the far eastern part of the country. The two other Blocks, IV and V are located in central Mongolia and jointly cover 71,040km<sup>2</sup>.

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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