

## **Petro Matad Limited ("Petro Matad" or the "Company") Operational Update**

Petro Matad (AIM: MATD) is pleased to provide an update on its drilling activities on the Davsan Tolgoi Prospect on Block XX in Eastern Mongolia.

Drilling operations on the DT-5 well were completed on 2 June 2011 at a depth of 1,954m below surface. Wireline logging has been completed and the logs have been petrophysically assessed. Numerous thin zones of calculated moveable hydrocarbons were identified, with a cumulative net pay of 3m at the upper contact of the Lower Tsagaantsav, at 1,707m. This zone will be tested in due course.

As noted in the news release dated 19 May, DT-5 was drilled to test a portion of the paleovalley-filling Uvgan Gol horizon as well as the underlying Lower Tsagaantsav. The well confirmed the presence and configuration of the paleovalley; however, the Uvgan Gol horizon consisted of non-reservoir shales and tight sandstones. The net pay zone at 1,707m is within Lower Tsagaantsav sandstones beneath the basal contact of the Uvgan Gol horizon.

No oil shows were observed during drilling, and petrophysical results indicate low porosity and permeability throughout the entire Tsagaantsav at this locality. The well will be tested during 2011 and, as it is felt likely that stimulation will be required to induce flow at this location, a stimulation contract is being prepared with contractor DQE International.

The drill rig is now being moved to the DT-6 site approximately 2.3km SSE of DT-1. DT-6 will test a thick section of the Uppermost Tsagaantsav (Uvgan Gol horizon) within a well-defined northeast-trending paleovalley, as well as the underlying Lower Tsagaantsav formation.

Petro Matad CEO Douglas McGay said "It is pleasing that our Davsan Tolgoi drilling programme continues to yield positive drilling results, with testable zones in each of the five wells drilled to date. The preliminary results from DT-5 illustrate that whilst hydrocarbons are present in the Lower Tsagaantsav formation, the Uvgan Gol paleovalley fill varies from the high porosities and permeabilities seen in DT-1 and DT-2 to the low porosity and permeability seen in DT-5.

"As witnessed in Block XIX, the Block immediately north operated by Daqing Oilfields, reservoirs within the Tamsag Basin are not uniform and we have always expected to see variations in well results during the exploration phase. It is gratifying to see the presence of hydrocarbons in the Lower Tsagaantsav formation continuing to be relatively predictable."

Technical information in this news release has been reviewed by the Company's Chief Geophysicist, Dr. Kurt Constenius. Dr. Constenius is a geophysicist and petroleum geologist with 30 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 10,340kml in the far eastern part of the country. The two other Blocks, IV and V are located in central Mongolia and jointly cover 71,040kml.

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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