

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

Block XX Drilling Programme

Petro Matad is pleased to announce that the initial contract has been signed with DQE International (DQE) to drill up to two exploration wells on the Company’s Block XX. DQE is the drilling and oilfield services subsidiary of CNPC Daqing Petroleum, and has extensive experience of drilling in the Tamsag basin, of which Block XX is a part.

The drilling rig to be used is currently in the locality and is being mobilised to Block XX, with spudding of the first well to occur as soon as is possible. The DQE rig is partially winterised and, under normal Mongolian weather conditions, is expected to allow drilling to continue until mid-December.

The first well to be drilled is Davsan Tolgoi 4 (DT-4). This well will test a four-way fold closure that is part of a fault block prospect named Davsan Tolgoi West¹. The Davsan Tolgoi West prospect is separate from the Greater Davsan Tolgoi prospect, where DT-1, DT-2, and DT-3 (the “Three Well Programme”) were drilled by Petro Matad earlier this year.

DT-4 is 3.4kms west of DT-1, 3.7kms south of the boundary between Block XX and Block XIX, and has a total depth of 2,020m, 730m deeper than DT-1.

Davsan Tolgoi West was estimated prior to the 2010 drilling campaign to have a mean unrisked resource of 21MMBO in the Tsagaantsav Formation and a probability of success of 38%.

Each of the wells drilled in the Three Well Programme encountered significant hydrocarbons in the Tsagaantsav Formation, de-risking hydrocarbon migration and charge elements for the Greater Davsan Tolgoi prospect. They also encountered oil and gas shows in the Upper Zuunbayan Formation. The Three Well Programme has achieved the Company’s primary 2010 exploration objectives for evaluating the 121.5MMBO unrisked resource for the Tsagaantsav Formation at the Greater Davsan Tolgoi prospect.

By drilling DT-4, the Company will evaluate a second prospect within the current inventory of fourteen leads and prospects in Block XX. This will include the further testing of the migration aspect successfully tested in Greater Davsan Tolgoi, and assess the possibilities of charge for other leads and prospects further to the west and south of Davsan Tolgoi West.

The wells drilled in 2010 will provide the basis for ongoing revisions to the 3D seismic interpretation, reservoir volume estimates, and the design of an appraisal programme for 2011. When DT-4 is completed, Petro Matad will have tested a total of 142.5MMBO (121.5MMBO in Greater Davsan Tolgoi and 21MMBO in Davsan Tolgoi West) from a total pre-drill inventory of 882 MMBO mean recoverable resource for all prospects and leads so far identified on Block XX.

DT-4 is scheduled to be completed before mid-December, but mid-winter conditions in Mongolia are unpredictable and can be severe. Accordingly the Company is reluctant to forecast the possibility of commencing what would be a fifth well, DT-5, in calendar year 2010 although the contract with DQE extends to drill a further well using the same rig.

¹ In early Company literature, the prospect was sometimes named the Davsan Tolgoi North Prospect.

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 10,340km² in the far eastern part of the country. The two other Blocks, IV and V are located in central Mongolia and jointly cover 71,040km².

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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