

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

Issue of Equity to EBRD, Exercise of Options and Relinquishment of Part of Block XX

Following the Company’s announcement of 24 September 2010, Petro Matad announces that it has today issued 3,367,003 new ordinary shares of US\$0.01 each in the Company (the “EBRD Shares”) at a price of 135 pence per share to the European Bank for Reconstruction and Development (the “EBRD”).

Petro Matad also announces that it has today issued 490,500 new ordinary shares of US\$0.01 each in the Company as a result of the exercise of options by certain directors and employees pursuant to the Company's Long Term Equity Incentive Plan (the “Option Shares”).

Details of the options exercised by the Directors are as follows:

Director	Amount	Exercise Price
Oyungerel Janchiv	62,500	US\$0.75
Oyungerel Janchiv	62,500	£0.11
Douglas McGay	87,500	US\$0.75
Douglas McGay	87,500	£0.11
Sarangua Davaadorj	37,500	US\$0.75
Sarangua Davaadorj	37,500	£0.11

Application has been made for the EBRD Shares and the Option Shares to be admitted to AIM. It is expected that trading will commence in the EBRD Shares and the Option Shares at 8.00 a.m. on or around 15 October 2010.

The EBRD Shares and the Option Shares will, following allotment, rank *pari passu* in all respects with the existing issued ordinary shares.

Shares in issue

Following the issue of the EBRD Shares and the Option Shares, the Company will have 183,042,827 ordinary shares in issue.

Changes to notifiable holdings following the issue of the EBRD Shares and the Option Shares

The following changes have occurred to notifiable holdings as a result of the issue of the EBRD Shares and the Option Shares:

	Previous Shareholding	New Shareholding	Percentage of Petro Matad's Issued Share Capital
EBRD	28,374,107	31,741,110	17.34%
Oyungerel Janchiv	6,335,000	6,460,000	3.53%
Douglas McGay	3,800,000	3,975,000	2.17%
Sarangua Davaadorj	0	75,000	0.04%

Relinquishment of part of Block XX

The Company has relinquished 20.7% of the original area of Block XX, as required by Mongolian law. Block XX is now 10,343.15 km² in area. Surface geology, 2D seismic, gravity, and magnetic surveys confirm that the relinquished areas are un-prospective for hydrocarbons, and are underlain by "basement" rocks and areas of shallow sedimentary fill above basement rocks.

Further information about the Company:

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Note to Editors:

About Petro Matad Limited

Petro Matad is the parent company of a group focused 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 approximately 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.