

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

Davsan Tolgoi-1 Exploration Well Update

Petro Matad (AIM: MATD) wishes to provide an update on the progress of the Davsan Tolgoi-1 ("DT-1") exploration well.

DT-1 is currently drilling with oil shows in what is interpreted to be the Lower Zuunbayan Formation. The good to fair hydrocarbon shows were encountered on 12 July 2010 at 1,075m measured depth, in an 8 meter-thick sandstone zone near the top of the Lower Zuunbayan Formation. Drilling has temporarily paused at 1,093m for a bit change.

DT-1 is the first exploration well to be spudded as part of Petro Matad's 2010 drilling programme on its Production Sharing Contract on Block XX in Eastern Mongolia, one of three PSCs owned and operated by the Company in Mongolia. The well was spudded on 23 June 2010 as the initial test of the Davsan Tolgoi prospect on Block XX. The planned total depth is 1,440m.

No testing is currently scheduled to be undertaken in this horizon and drilling operations are continuing with the Company anticipating to reach total depth within the next week to ten days.

Commenting on the drilling report the Company's CEO, Douglas McGay, said "These shows are encouraging because the Lower Zuunbayan and Upper Tsagaantsav formations are considered secondary objectives for this well. The well is currently 22m high to the 3D seismic prognosis toward the deeper Lower Tsagaantsav Formation that remains the Company's primary objective for DT-1. We believe the occurrence of hydrocarbons above the primary objective is both encouraging and significant.

"Drilling is progressing well and we look forward to providing a further announcement 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.

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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