

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

Petro Matad provides an update on its operations at its Davsan Tolgoi Project, part of the Company's Production Sharing Contract (PSC) on Block XX in eastern Mongolia.

The Company has completed the analysis of the initial test results for the Davsan Tolgoi 8 well (DT-8). The DT-8 well did not flow under natural pressure and Petro Matad is considering a stimulation programme to enable further assessment of the well and local reservoir.

Testing of DT-8 was conducted from 15-28 September 2011. Two zones in the Uppermost Tsagaantsav Formation were tested, including a primary test objective between 1,711m and 1,720m and a secondary interval from 1,773m to 1,779m. Limited oil and water analyses were received on 14 October 2011.

A small amount of oil and water was recovered from the 1,711m-1,720m primary zone. Pressure build-up data indicate low permeability for the zone with some permeability impairment from exposure to drilling fluids. These results are being compared to initial flow results for other low permeability and fluid-sensitive Tsagaantsav reservoirs in the region.

The presence of oil in this zone and the petrophysical log characteristics support consideration of this zone as a candidate for future stimulation.

No formation fluid was recovered from the deeper secondary test interval between 1,773m and 1,779m. Pressure build-up data indicates that this interval is tight and the interval is not being considered for stimulation.

Petro Matad CEO Doug McGay said "The DT-8 test is a continuation of Petro Matad's initial assessment of the flow characteristics of Tsagaantsav reservoirs. We are finding that the completion characteristics of both the Uppermost and the Lower Tsagaantsav reservoirs are similar to neighbouring producing areas where fracture stimulation is needed to overcome the permeability challenges associated with fluid-sensitive clay and volcanic-derived cements in these complex reservoirs."

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 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 10,340km² in the far eastern part of the country. The two other Blocks, IV and V are located in central Mongolia. Block IV covers approximately 29,000km² and Block V covers approximately 21,150km².

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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