

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

Signing of Drilling Agreement and Appointment of Rodney Graham as Head of Operations

Drill programme and schedule

Petro Matad is pleased to announce that its wholly owned subsidiary, Petromatad Invest Limited, has entered into a drilling agreement with Ansai Yuehua Oil Tech Company Ltd (Menggu Yuehua Company) (“Ansai Yuehua”) which will enable drilling to commence on a multi-well drilling programme in the Company’s Davsan Tolgoi Prospect on Block XX in Eastern Mongolia.

The Company recently commissioned an independent well drilling consultancy, IPS Australasia Pty Ltd (“IPS”), to undertake a study for an accelerated well drilling proposal in the Company’s Davsan Tolgoi Prospect on Block XX. The resultant report was positive and indicated that a programme could be initiated in 2009 with all safety, environmental and engineering matters catered for within budget.

Petro Matad also commissioned its subsurface technical consultants, Isis Petroleum Consultants Pty Ltd (“Isis”), to evaluate and make recommendations on potential drilling locations in the north-east of Block XX.

Isis recommended a multi-well drilling programme, with all proposed wells located within the Davsan Tolgoi Prospect (the location of the 2008 3D seismic data set). A variety of play types have been matured to prospect status and they include anticlinal closures, horst blocks and rotated fault blocks.

The initial well in the drilling programme is designated Davsan Tolgoi-1 (“DT-1”). The DT-1 well is located updip and 5 km from the nearest oil discovery well and 10 km updip from the Tolson Uul Oil Field in the adjacent Block XIX. The DT-1 well is located on an independent anticlinal closure within the larger Davsan Tolgoi Prospect.

The drilling agreement with Ansai Yuehua was executed on 19 October 2009 and provides for the drilling of the first well on Block XX with the option to continue the drilling agreement on the same terms until the completion of work on up to five additional wells, approval being given on a progressive basis. IPS has been commissioned to supply all necessary supervisory personnel on behalf of Petro Matad, and has also been completing well engineering designs and all other procedures and documentation in respect of the proposed drilling.

Under the terms of the drilling agreement, Ansai Yuehua shall provide the drilling rig to Petromatad Invest Limited by 30 October 2009 and drilling is scheduled to continue until winter weather conditions prohibit. Ansai Yuehua is obliged to maintain the equipment during the winter shutdown period until the recommencement of operations in the following spring.

Commenting on the drill agreement, Petro Matad’s CEO Douglas McGay said:

“We are delighted to announce that the Company has signed a drilling contract with Ansai Yuehua. The decision to engage Ansai Yuehua follows a lengthy consultation and review process, with the Petroleum Authority of Mongolia consulted and involved. Ansai Yuehua has been able to satisfy all of our pre-conditions and checks, and I am looking forward to our Company working with them on this project. A rig has already been mobilised to Davsan Tolgoi, and site construction works are advancing.”

Further appointment and award

Award to General Manager B Dendevchuluun

On 21 October 2009, the Minister for Energy and Resources vested Petro Matad’s General Manager Mr B Dendevchuluun with Mongolia’s “Order of the Red Banner of Labor” award. Mr Dendevchuluun has been a leading figure in the Mongolian petroleum sector for many decades, as a practicing geophysicist as well as achieving distinguished service in private business and governmental positions.

Appointment of Rodney Graham

Petro Matad is also pleased to announce the appointment of geo-scientist Mr Rodney W. Graham to its management in the position of “Head of Operations”. Mr Graham has a MSc in geology and has been operating in the resources sector of Mongolia for the past 9 years. He has an extensive understanding of Mongolian geology, and a number of years of managing field operations, ranging from conceptual reconnaissance exploration through to drilling programmes, using both Mongolian professionals and contractors and international consultants.

Douglas McGay, said:

“The Company is excited that the Mongolian people have recognised the valuable contribution of a lifetime’s work in the petroleum sector undertaken by our General Manager, Mr Dendev. He is a deserving recipient of one of Mongolia’s highest civil awards, and we are proud to have Mr Dendev as part of our senior management, particularly as he was the conceptual originator of our application for Matad Block XX.

“We welcome Rod to the Petro Matad team at an exciting and busy time for the Company. Throughout a distinguished career Rod has developed an unparalleled knowledge of Mongolian geology, and his field and contract skills have already been of significant value to the group in helping to finalise the drill contract and in coordinating the ground works at the drill site.”

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

About Ansai Yuehua

Ansai Yuehua is a privately owned Chinese oil and natural gas drilling company that has been operating for 4 years in China and 2 years in Mongolia. It is based in Yanan, Shanxi Province China and owns 3 drilling rigs. They have successfully undertaken more than 30 exploration and development wells both in Mongolia for other PSC holders and also in China.

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