

**Petro Matad Limited (“Petro Matad” or the “Company”)
Operational Update**

Petro Matad (AIM:MATD) is pleased to provide an update on its exploration activities in Mongolia.

Drilling of DT-2

The drilling of Petro Matad’s Davsan Tolgoi-2 well (“DT-2”) is still in progress. Operations are progressing normally after delays due to mechanical problems, which have been resolved.

Currently the well is at the intermediate casing point, matching the pre-drilling prognosis, of 1,091.5 metres below surface. The intermediate section will now be logged, cased and cemented before proceeding with the remainder of the well. A further announcement will be made when the Company has reached target depth and when initial findings are known.

Analysis of 2D seismic and laboratory test results from samples taken at DT-1

As previously announced, samples from Petro Matad’s DT-1 well were forwarded to Weatherford International’s laboratories in the United States for reservoir and oil characterisation. This work is still ongoing and results are expected to be announced in the next 3 to 4 weeks.

Blocks IV and V geophysical surveys

The 345kms of 2D seismic survey on the Company’s Blocks IV and V was completed on 17 September 2010. The data from the seismic acquisition has been forwarded for processing in the US after which it will undergo interpretation by Petro Matad’s technical team. The infill gravity survey is ongoing.

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.

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 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 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.