

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

Petro Matad announces that the Company's Davsan Tolgoi-6 well ("DT-6") reached a total depth of 1,923m in volcanic basement rocks below the Tsagaantsav objectives. Drilling has been terminated, wireline logging completed, the petrophysics analysed and the well cased and cemented. The DT-6 well did not encounter hydrocarbons.

DT-6 was drilled in the centre of a large paleovalley seismic anomaly in the Uppermost Tsagaantsav Formation, located 404m lower than the oil accumulations encountered in DT-1 and DT-2. The well encountered this primary objective at depths between 1,532m and 1,690m where the reservoir rock exhibited good reservoir development, but negligible hydrocarbon saturation. The petrophysical analysis delineates approximately 33.8m of reservoir quality sandstone with up to 22% porosity and approximately 16% average porosity.

Integration of the preliminary DT-6 and revised DT-5 results with the 3D seismic interpretation demonstrate that reservoir properties for these wells lie within the expected statistical range for the Company's Uvgan Gol prospects within the Uppermost Tsagaantsav paleovalley play. The distribution of reservoir and non-reservoir rocks within the paleovalley sequence is typical for paleovalley stratigraphic plays that exhibit complex reservoir distribution. The presence of significant hydrocarbon saturation at DT-5 and its absence at DT-6 will require adjustment to the initial trap model for Uvgan Gol Prospect.

The Company is currently preparing the location for its Davsan Tolgoi 7 ("DT-7") well which will test the Davsan Tolgoi Mod Prospect. The Mod Prospect is a fault and fold structural trap that is situated 2.25km southeast and approximately 360m higher than the DT-6 location. DT-7 will evaluate both Uppermost Tsagaantsav and Lower Tsagaantsav as primary objectives.

Petro Matad CEO, Douglas McGay stated "The absence of hydrocarbons in DT-6 is disappointing, but when taken into the context of the previous five successful wells and the complex nature of the Davsan Tolgoi Prospect, represents a statistically acceptable result. The Company is pursuing an evolving, but aggressive exploration programme on Davsan Tolgoi and the data from this and previous wells is assisting our exploration professionals in their understanding of the Prospect, and the location of future drilling."

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 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.

Further information:

Petro Matad Limited
Douglas J. McGay - CEO
+976 11 331099

Westhouse Securities Limited
Richard Baty/Petre Norton
+44 (0)20 7601 6100