

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

Petro Matad is pleased to announce that drilling operations at the Company's Davsan Tolgoi-4 well ("DT-4") have recommenced following the winter shut down.

In early December 2010 the Company suspended the drilling of the DT-4 at a depth of 1,271 metres and an orderly shutdown and hibernation was successfully carried out. In the last few weeks the Company and its drilling contractor, DQE International, have been undertaking preparatory work including the reinstatement of the drilling team and operational camp.

As previously announced the rig remained on-site throughout the winter months, it has now been re-commissioned, serviced and tested and is currently working on cleaning out the hole ahead of further drilling. Night time temperatures are still below zero, but 24 hour operations are anticipated to commence tomorrow and drilling towards the target depth of 2,020 metres is scheduled to recommence over the weekend.

Further announcements will be released in due course.

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.

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