

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

Operational Update

Petro Matad announces that the Company's Davsan Tolgoi-11 well ("DT-11") reached a total depth of 1,220m in metamorphic basement rocks below the Tsagaantsav objective. Logging, casing and cementing operations have been completed.

DT-11 was drilled 225m south of the DT-1 well that was abandoned in August after testing revealed probable formation damage due to an inadequate cement bond (see RNS 1970N, 30 August 2011 and RNS 9542N, 9 September 2011).

DT-11 encountered the Uppermost Tsagaantsav paleovalley sequence at 1,074m depth with fair and good oil shows from 1,078m to 1,084m in both cuttings and in the conventional core that was recovered from 1,078.6m to 1,087m. Oil shows in the core included strong hydrocarbon odour, dark brown oil staining, dull golden to bright yellow fluorescence and yellow to white streaming cut.

A thin sequence of the Lower Tsagaantsav was penetrated from 1,134m to the top of basement at 1,151m with no indications of hydrocarbons.

Petrophysical analysis indicates a total of 14.5 meters of net pay. The pay zones are divided into three test intervals: 1,076m-1,084m, 1,100m-1,102m, and 1,127m-1,134m in the upper, middle and lower part of the Uppermost Tsagaantsav paleovalley sequence, respectively.

As reported in the Company's interim results statement, DT-11 will be the last well to be drilled by Petro Matad during 2011. The Company's contractor, DQE International has stacked its rig on site ready for recommencement of drilling activity for Petro Matad in 2012.

Petro Matad CEO, Douglas McGay stated "We are pleased that the efficient drilling and sound mechanical condition of the DT-11 replacement well will permit us to fully test the same Uppermost Tsagaantsav reservoir encountered in DT-1. We expect testing to commence in the near future."

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 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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