

Petro Matad Limited

Preliminary Results for year ended 31 December 2007

LONDON, 24 June 2008: Petro Matad Limited (“Petro Matad” or “the Company”), the AIM quoted Mongolian oil explorer, announces its audited results for the year ended 31 December 2007.

Highlights:

- Successful capital raising of US\$10 million, before expenses, through the issue of 20,000,000 new shares in February 2008
- Admission to AIM on 1 May 2008
- 130km² 3D seismic survey awarded to BGP, Inc. in June 2008

Douglas McGay, Chief Executive Officer of Petro Matad, commented:

“The group has commenced its 2008 exploration programme, primarily on prospect 8Ts and strong lead 6Ts. The programme comprises of 2D and 3D seismic surveys which will be analysed with the objective of identifying drill targets. The 2D acquisition programme was recently completed and analysis of this data has commenced.

“The Company is making good progress in its operations in Mongolia, building on the platform created by a successful capital raising and Admission to AIM. The Company is looking forward to developing value for Mongolia and its shareholders.”

Further information:

Petro Matad Limited

Douglas McGay - CEO +976 11 331099

Hanson Westhouse Limited

Richard Baty / Harry Barraclough +44 (0) 20 7601 6100

Bankside Consultants

Simon Rothschild / Oliver Winters / Louise Mason +44 (0) 20 7367 8888

Note to Editors:

Petro Matad is the parent company of a group focused on oil exploration, as well as future development and production of oil in Mongolia. The Group’s principal asset is 100% participation in a Production Sharing Contract over Block XX, a petroleum block covering 18,956km² in eastern Mongolia.

Chairman’s Statement

Herewith, I present to you the first annual report as a public company for Petro Matad Limited (“Petro Matad” or the “Company”). This follows our successful admission on 1 May 2008 to the AIM Market of the London Stock Exchange plc (“AIM Admission”).

The AIM Admission followed the successful raising of US\$10 million, before expenses, through the issue of 20,000,000 new shares. The board was pleased with the response to the fundraising, which was undertaken in adverse market conditions, and we welcome the new shareholders and thank them and the existing shareholders for their faith in the Company and its plans. The fundraising enabled the Company to finance the AIM Admission and provides it with sufficient cash resources to fund the 2008 and 2009 exploration programmes on Block XX in Mongolia, as well as reserves for Minimum Work Commitments on any other blocks the Group (being Petro Matad and its direct and indirect subsidiaries) acquires.

The AIM Admission was an important step for Petro Matad and its shareholders. Petro Matad has become the first company with a significant Mongolian shareholder base to be quoted on an international stock exchange and the board is hopeful that the AIM quotation will provide a platform for the growth of the Company.

Petro Matad was incorporated on 30 August 2007 and acquired the direct and indirect trading subsidiaries of the group on 12 November 2007. The Group’s operating subsidiaries (Petro Matad LLC and Capcorp Mongolia LLC) have been in operation since December 2004 and August 2005 respectively. Merger accounting principles have been used for the consolidation of the financial statements resulting in the current and previous years’ information being presented as if the operational companies had been owned throughout the current and comparative accounting periods.

The Board of Directors maintains audit and remuneration committees which assist in the governance of the Company. Public and investor relations management are being developed coincident with the move into the public arena.

The AIM Admission required significant work by our employees and advisers alike and I would like to take this opportunity to thank them all for their dedication and efforts. The support and efforts of our Mongolian staff, advisors and shareholders has been particularly noteworthy and we are all proud to be a small part of the development of the country of Mongolia.

Gordon Toll
Chairman

Chief Executive Officer's Report

Petro Matad's principal asset is the 100% ownership of a Production Sharing Contract ("PSC") over Block XX, a petroleum block with an area of 18,956 km² in the far eastern part of Mongolia. During the period of the review, Petro Matad has been focussed upon further exploration and appraisal of Block XX.

As part of its assessment and evaluation of Block XX, the directors engaged ISIS Petroleum Consultants Pty Ltd ("ISIS"), a geoscience-consulting group based in Perth, Western Australia, to conduct an independent assessment evaluation of Petro Matad's sub-surface hydrocarbon assets in Mongolia.

This assessment commenced in the fourth quarter of 2006 and formed the basis of the Competent Person's Report included within the Company's admission document on its AIM Admission.

The initial work undertaken in the period was an assessment of all the historic 2D seismic data available to Petro Matad. Through the integration of the historic data, a portfolio of leads was interpreted, mapped and evaluated. During the second quarter of 2007, key existing seismic lines were reprocessed using modern data processing techniques and an additional 423km of 2D seismic data was acquired, processed and interpreted. Petro Matad also acquired a land based gravity and magnetics survey over an area in the central and eastern part of Block XX. The objective of the survey was to mature the most prospective leads to prospect status.

The 2007 seismic interpretation defined two prospects, four strong leads plus five leads. The Group has commenced its 2008 exploration programme, primarily on prospect 8Ts and strong lead 6Ts. The programme comprises of 2D and 3D seismic surveys which will be analysed with the objective of identifying drill targets. The 2D acquisition programme was recently completed and analysis of this data has commenced.

The 130km² 3D seismic survey has been awarded to BGP Inc. ("BGP"), as announced by the Company on 9 June 2008. The survey and associated teams are currently being mobilised.

As reported in the Chairman's Statement, the Company issued 20,000,000 new shares in February 2008. These were issued at a price of 50 cents, and each had a warrant attached, expiring on 30 September 2008, and bearing an exercise price of \$1.00.

In addition, Citadel Equity Fund Ltd ("Citadel") and the Group's subsidiary Central Asian Petroleum Corporation Limited entered into a convertible note issue, whereby Citadel agreed to subscribe for up to \$6,000,000 convertible unsecured loan notes. Following conversion on 1 May 2008, and pursuant to various agreements between the Group Companies and Citadel entities, Citadel acquired 20,000,000 shares in Petro Matad.

The Company's local Mongolian partner and shareholder, Petrovis LLC, has been pivotal in the success of the Group to date. We also expect Petrovis to play a substantial role in assisting the future development of the Group. As a result, Petrovis were awarded 10,000,000 shares, issued on 1 May 2008.

The PSC over Block XX enjoys sound legal status. The Company's Minimum Work Commitments have been exceeded.

Petro Matad is currently pursuing other opportunities in the petroleum sector in Mongolia and the market and shareholders will be advised in a timely manner as these develop.

With the achievement of our AIM quotation, Petro Matad has joined modern petroleum exploration in Mongolia in a unique and responsible manner. The Company is looking forward to developing value for the country and its shareholders.

Douglas McGay
Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	CONSOLIDATED		PARENT
	31 Dec 2007	31 Dec 2006	31 Dec 2007
	USD\$000	USD\$000	USD\$000
Continuing operations			
Revenue			
Finance revenue	12	-	-
	12	-	-
Expenses			
Exploration and evaluation expenditure	(270)	(48)	-
Finance costs	(720)	(300)	-
Audit	(61)	-	-
Accountancy	(238)	(13)	-
Depreciation	(7)	(1)	-
Directors fees	(102)	(60)	-
Employee benefits	(594)	(497)	-
Other	(1,874)	(144)	-
Share of loss of an associate	(577)	-	-
Loss before income tax	(4,431)	(1,063)	-
Income tax expense	-	-	-
Loss after tax from continuing operations	(4,431)	(1,063)	-
Loss attributable to members of the company	(4,431)	(1,063)	-
Loss per share (cents per share)			
- basic and diluted loss per share	3	(16.7)	(7.5)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	CONSOLIDATED		COMPANY
	31 Dec 2007 USD\$000	31 Dec 2006 USD\$000	31 Dec 2007 USD\$000
ASSETS			
Current assets			
Cash and cash equivalents	170	5,917	-
Trade and other receivables	7	421	-
Other current assets	25	3	-
Total current assets	202	6,341	-
Non-current assets			
Exploration and evaluation	15,275	-	-
Property, plant and equipment	49	20	-
Investment in subsidiaries	-	-	11,903
Total non-current assets	15,324	20	11,903
TOTAL ASSETS	15,526	6,361	11,903
LIABILITIES			
Current liabilities			
Trade and other payables	1,266	60	-
Total current liabilities	1,266	60	-
Non-Current liabilities			
Interest bearing loans and borrowings	6,022	5,066	-
Total non-current liabilities	6,022	5,066	-
TOTAL LIABILITIES	7,288	5,126	-
NET ASSETS	8,238	1,235	11,903
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	11,903	233	11,903
Reserves	1,829	2,065	-
Retained earnings / (Accumulated losses)	(5,494)	(1,063)	-
TOTAL EQUITY	8,238	1,235	11,903

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	<i>CONSOLIDATED</i>		<i>PARENT</i>
	<i>31 Dec 2007</i>	<i>31 Dec 2006</i>	<i>31 Dec 2007</i>
	<i>USD\$000</i>	<i>USD\$000</i>	<i>USD\$000</i>
Cash flows from operating activities			
Payments to suppliers and employees	(1,582)	(705)	-
Interest received	12	-	-
Borrowing costs	-	-	-
Net cash flows from/(used in) operating activities	(1,570)	(705)	-
Cash flows from investing activities			
Purchase of property, plant and equipment	(35)	(20)	-
Purchase of other financial assets	(20)	-	-
Acquisition of subsidiary (net of cash acquired)	(2,999)	-	-
Net cash flows from/(used in) investing activities	(3,054)	(20)	-
Cash flows from financing activities			
Proceeds from issue of shares	-	703	-
Payments made to related party	(1,123)	(61)	-
Proceeds from convertible notes	-	6,000	-
Other	-	-	-
Net cash flows from/(used in) financing activities	(1,123)	6,642	-
Net increase/(decrease) in cash and cash equivalents	(5,747)	5,917	-
Cash and cash equivalents at beginning of period	5,917	-	-
Cash and cash equivalents at end of period	170	5,917	-

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	CONSOLIDATED				
	<i>Issued Capital</i> USD\$000	<i>Merger Reserve</i> USD\$000	<i>Option Premium on Convertible Notes</i> USD\$000	<i>Retained Earnings / (Accumula ted Losses)</i> USD\$000	<i>Total</i> USD\$000
At 25 July 2005	-	-	-	-	-
Loss for the period	-	-	-	(1,063)	(1,063)
Total income / expense for the period	-	-	-	(1,063)	(1,063)
Issue of convertible notes	-	-	1,431	-	1,431
Unwinding of convertible note	-	-	(197)	-	(197)
Creation of merger reserve	-	831	-	-	831
Issue of share capital	233	-	-	-	233
Balance as at 31 December 2006	233	831	1,234	(1,063)	1,235
At 1 January 2007	233	831	1,234	(1,063)	1,235
Loss for the period	-	-	-	(4,431)	(4,431)
Total income / expense for the period	-	-	-	(4,431)	(4,431)
Unwinding of convertible note	-	-	(236)	-	(236)
Issue of share capital	11,670	-	-	-	11,670
At 31 December 2007	11,903	831	998	(5,494)	8,238

	COMPANY			
	<i>Issued Capital</i> USD\$000	<i>Option Premium on Convertible Notes</i> USD\$000	<i>Retained Earnings / (Accumula ted Losses)</i> USD\$000	<i>Total</i> USD\$000
At 1 January 2007	-	-	-	-
Loss for the period	-	-	-	-
Issue of share capital	11,903	-	-	11,903
At 31 December 2007	11,903	-	-	11,903

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1 CORPORATE INFORMATION

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 December 2007 or 2006. The statutory accounts for the year ended 31 December 2007 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of Australian equivalents to International Financial Reporting Standards ("IFRS").

On 12 November 2007, 23,340,000 ordinary shares were issued pursuant to the completion of agreements with the shareholders of Central Asian Petroleum Corporation Limited ("Capcorp") providing for the acquisition of the whole of the share capital of that company held by them, in consideration for the issue of such ordinary shares.

This transaction has been accounted for as a combination of entities under common control and as such is outside the scope of AASB 3 'Business Combinations'. Australian Accounting Standards currently do not provide guidance in relation to common control transactions therefore in accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' other international pronouncements have been applied to account for the business combination. The transaction has been accounted for using merger accounting where two or more companies are combined to form one group on terms such that the equity shareholders in each company become the equity shareholders in the combined entity. The accounts therefore represent a continuation of the financial statements of Capcorp, the legal subsidiary acquired. Refer to note 4 for further details.

The financial report covers the financial period 1 January 2007 to 31 December 2007. The comparison figures are from the incorporation of Capcorp on 26 July 2005 to 31 December 2006.

Petro Matad Limited's acquisition from Petrovis LLC of the remaining 50% interest in Petromatad Invest Limited has been accounted for using the purchase method in accordance with AASB 3 'Business Combinations'.

As at 31 December 2007 Petro Matad Limited did not enter into any transactions other than acquiring Capcorp and Petromatad Invest Limited and as such no information has been reflected in the notes other than investments and issued capital.

This financial report has been prepared on a historical cost basis, except where stated.

(b) Going Concern

At 31 December 2007, the consolidated entity had net assets of \$8,238,191 and incurred a loss for the period of \$4,430,442.

Between 25 January 2008 and 23 April 2008, Petro Matad Limited (the ultimate parent entity) conducted a private placement comprising of one ordinary share and one warrant at a price of US\$0.50 per unit. One warrant entitles the holder to subscribe for one new ordinary share at an exercise price of US\$1.00 per warrant at any time prior to 30 September 2008. The Company raised a total of US\$10,000,000 with the issue of 20,000,000 ordinary shares and 20,000,000 warrants. The proceeds raised from the private placement will be primarily used to fund exploration operations of the Block XX in Mongolia.

Based on the additional funding obtained subsequent to the year end date, the directors are satisfied that, the going concern basis of preparation is appropriate. Therefore, the financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of asset and settlement of liabilities in the ordinary course of business.

No allowance for such circumstances has been made in the Financial Report.

(c) Statement of Compliance

This general purpose financial report has been prepared in accordance with the requirements of all applicable Australian Accounting Standards ("AASB's") and Urgent Issues Group Interpretations ("UIG's") and other authoritative pronouncements of the AASB that have a material effect. International Financial Reporting Standards ("IFRS's") form the basis of the AASB's adopted by the AASB. No other applicable Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The consolidated entity has adopted AASB 7 'Financial Instruments: Disclosures' and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective. These standards have not been adopted by the company for the period ended 31 December 2007 and would not have a material effect on the company's current accounting policies.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Petro Matad Limited and its subsidiaries as at 31 December 2007 each period ('the Group').

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(e) Foreign Currency Translation

Both the functional and presentation currency of the consolidated entity is United States Dollars.

The assets and liabilities of foreign operations are translated to United States Dollars at exchange rates at the reporting date. The income and expense of foreign operations are translated to United States Dollars at exchanges rates at the approximate date of the transactions. Foreign currency differences are recognised directly in a foreign currency translation reserve (FCTR). When the foreign operation is disposed of, the relevant amount in the FCTR is transferred to the income statement. For the year ended 31 December 2007, the foreign currency translation movements were immaterial and charged to the income statement.

(f) Property, Plant and Equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The useful life of the assets is currently estimated to be an average of 6.2 years.

(g) Exploration and evaluation Expenditure

Exploration and evaluation expenditure incurred by the Company is accumulated separately for each area of interest. The Company's policy is to expense all exploration and evaluation costs funded out of its own resources.

(h) Exploration and evaluation Assets

Exploration and evaluation assets arising out of business combinations are capitalised as part of deferred exploration and evaluation assets. Subsequent to acquisition exploration expenditure is expensed in accordance with the Company's accounting policy.

Impairment review for deferred exploration and evaluation costs are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances apply:

- Unexpected geological occurrences that render the resource uneconomic;
- Title to asset is compromised;
- Variations in prices that render the project uneconomic; and
- Variations in the currency of operation.

(i) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Borrowing Costs

Borrowing costs include interest on convertible notes and are expensed as incurred.

(k) Investment in associate

The Group's investment in its associate is accounted for under the equity method of accounting in the consolidated financial statements. This is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The financial statements of the associate are used by the Group to apply the equity method. The reporting dates of the associate and the Group are identical.

The investment in the associate is carried in the consolidated balance at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(l) Investments

Investments in subsidiary undertakings are stated at cost less impairment losses.

(m) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

The component parts of compound financial instruments are classified as financial liabilities and equity in accordance with the substance of the contractual arrangement. The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity.

(n) Share-based payment transactions

The Group provides to certain key management personnel share-based payments, whereby directors render services in exchange for rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by use of the Black Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which they vest.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(o) Taxation

(i) Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that

have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(ii) *Deferred tax*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Report and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) that affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

(iii) *Current and deferred tax for the year.*

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(p) Significant accounting judgments, estimates and assumptions

In applying the Company's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions.

3 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit / (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit / (loss) attributable to ordinary shareholders (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive convertible non-cumulative redeemable preference shares).

	<i>CONSOLIDATED</i>	
	<i>31 Dec 2007</i>	<i>31 Dec 2006</i>
	cents per share	cents per share
Basic earnings per share		
Total basic earnings per share (note a)	(16.7)	(7.5)

Diluted earnings per share

Total diluted earnings per share (note b)

(16.7)(7.5)**(a) Basic earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

\$000's

\$000's

Net loss attributable to ordinary shareholders

(4,431)(1,063)

Weighted average number of ordinary shares for the purposes of basic earnings per share

26,53714,260**(b) Diluted earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

Net loss attributable to ordinary shareholders

(4,431)(1,063)

Weighted average number of ordinary shares for the purposes of basic earnings per share

26,53714,260

The convertible notes could potentially dilute basic earnings per share in the future, however they have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

4 EVENTS AFTER THE BALANCE SHEET DATE

Between 25 January 2008 and 23 April 2008, Petro Matad Limited conducted a private placement comprising of one ordinary share and one warrant at a price of US\$0.50 per unit. One warrant entitles the holder to subscribe for one new ordinary share at an exercise price of US\$1.00 per warrant at any time prior to 30 September 2008. The company raised a total of US\$10,000,000 with the issue of 20,000,000 ordinary shares and 20,000,000 warrants. The proceeds raised from the private placement will be used primarily to fund exploration operations of the block XX in Mongolia.

The Company entered into a share exchange agreement with Citadel to acquire the shares in Capcorp to be allotted to Citadel in consideration for the issue of 20,000,000 ordinary shares in the company. The agreement was conditional upon the conversion of the convertible loan note held by Citadel in Capcorp. On 1 May 2008 the convertible loan note was converted through the issue of 20,000,000 shares in Capcorp, which were on the same day exchanged for 20,000,000 shares in Petro Matad Limited.

On 24 April 2008, it was agreed that 10,000,000 Ordinary Shares would be allotted and issued to Petrovis conditional on Admission for non-cash consideration. This allotment of shares occurred immediately prior to listing on 1 May 2008.

On 25 April 2008, the Company entered into an option agreement with Hanson Westhouse granting Hanson Westhouse an option to acquire 966,800 ordinary shares at US\$0.75 per ordinary share, exercisable anytime up to 1 May 2013.

On 1 May 2008, Petro Matad was successfully admitted to the AIM of the London Stock Exchange plc.

On 3 June 2008, pursuant to the Group's Long Term Equity Incentive Plan, the Company issued 1.93 million options on ordinary shares to employees and directors at US\$0.75 per ordinary share, exercisable in three parts; 25% after 1 May 2010, 50% after 1 May 2011 and 25% after 1 May 2012.

On the same day, the Company issued 2.055 million performance share awards of ordinary shares were issued to employees. These have an acquisition price per ordinary share equal to the nominal value of an ordinary share of vesting. The performance share awards will vest on achievement of the following conditions:

- (i) 25 % vest on the first discovery of oil on a commercial scale in accordance with the PSC is fulfilled;
- (ii) 25 % vest on the first production of oil on a commercial scale in accordance with the PSC is fulfilled;
and
- (iii) 50 % vest on the Company achieving the sale of 1 million barrels of oil.

Other than the events noted above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely in the opinion of the directors of the Company to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

5 TIMETABLE AND DISTRIBUTION OF ACCOUNTS

The report and financial statements will be dispatched to shareholders shortly.

Additional copies of the Annual Report and Accounts may be requested directly from the Company and will be available on the Company's website www.petromatad.com.