

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

**Issue of Shares**

Petro Matad, the AIM quoted parent company of a group focused on oil exploration as well as future development and production in Mongolia, is pleased to announce that the Company has conditionally raised up to US\$5.4 million through a placing and subscriptions for up to 23,636,785 new ordinary shares of \$0.01 per share (“Share(s)”) in the Company at a price of 14 pence (US\$0.227) per Share (the “Share Issue”).

The Company has raised US\$3,338,400 through the placing of 14,706,609 new Shares (the “HW Placing Shares”) by its broker, Hanson Westhouse Limited. In addition the Company will issue 5,000,000 new Shares at a price of 14 pence per Share to Petrovis LLC (“Petrovis”) being the second tranche of the agreement between the Company and Petrovis announced on 24 June 2009 (the “Petrovis Subscription Shares”) and up to 3,930,176 new Shares will be issued through direct subscriptions (the “Direct Subscription(s)”).

Commenting on the Share Issue Petro Matad’s CEO, Douglas McGay, said:

“This fundraising follows the share issue to Petrovis conducted by the Company in July which raised US\$1.06 million. The Company has successfully raised over \$6 million during the summer to advance the drilling programme and exploration activities in Mongolia.

“The board is pleased to welcome new shareholders and would like to thank existing shareholders for their support.”

**Timetable**

The issue of the HW Placing Shares, the Petrovis Subscription Shares and the Shares to be issued pursuant to the Direct Subscriptions will not all take place at the same time.

Application will be made for the HW Placing Shares to be admitted to AIM and it is expected that trading will commence in the HW Placing Shares at 8.00 am on 3 September 2009. The issue of both the Petrovis Subscription Shares and the majority of the Shares to be issued pursuant to the Direct Subscriptions is expected to be completed at 8.00 a.m. on or around 24 September 2009 on admission of the Petrovis Subscription Shares and the Direct Subscription Shares to trading on AIM.

**Use of Proceeds**

The net proceeds of the placing will enable the Company to commence a drilling programme, together with further exploration on the newly awarded Production Sharing Contracts over Blocks IV and V. In April 2009, the Board of Petro Matad approved a three well drilling programme. The total cost of the programme and ancillary works has been budgeted at approximately US\$10 million. The recent fundraising activities will enable the Company to commence this proposed drilling programme.

In conjunction with IPS Australasia, drilling consultants, the Company is currently in the process of receiving quotations from previously identified, qualified drilling companies in the region. The Company anticipates this will lead to the contracting and mobilisation of a suitable drill rig to the Company’s Block XX shortly. At the same time, other site works such as the preparation of well sites, access roads and water wells will be commissioned. The Company plans to commence drilling in 2009, given favourable conditions, and operate until winter weather dictates temporary rig shutdown. The remaining programme is expected to be completed in spring 2010.

**Changes to notifiable holdings**

John Robertson and Clyde Evans, who are each directors of the Company are subscribing for new Shares. On completion of the Share Issue it is anticipated that the following changes will occur to Mr Robertson’s and Mr. Evans’ shareholdings:

Previous Shares	New Shares	Total Shares	Percentage of Company’s
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Enlarged Issued  
Share Capital<sup>1</sup>

Clyde Evans <sup>2</sup>	3,675,001	185,022	3,860,023	3.08
John Robertson	-	150,000	150,000	0.12

<sup>1</sup>Calculated based upon the proposed issue of 23,636,785 new Shares. Following the Share Issue there will be 125,341,789 Shares in issue.

<sup>2</sup>Held directly and through an interest in the Evans Family Superannuation Fund.

Prior to the Share Issue, Petrovis has a holding of 39,755,002 Shares which represents 39.1 per cent. of the issued share capital of the Company. Following the Share Issue and issue of the Petrovis Subscription Shares, Petrovis' holding in the Company will total 44,755,002 Shares, representing 35.7 per cent. of the enlarged issued share capital (calculated on the basis of 125,341,789 Shares in issue).

As the central management and control of Petro Matad is outside of the UK, the Channel Islands and the Isle of Man, the provisions of the UK Takeover Code do not apply to the Company. However, the Articles of Association of the Company (the "Articles") include alternative provisions to the provisions of the UK Takeover Code in respect of mandatory offers. Under the Articles, where any person acquires Shares in the Company and, as a result of that acquisition, would have been obliged under the terms of the UK Takeover Code (had it applied) to extend an offer to all holders of other Shares in the Company and thereafter fails to make such an offer, the Board is entitled to suspend, with immediate effect, all voting rights attributable to those Shares held by the person who would have been obliged to make a mandatory offer. Whether or not to disenfranchise such a shareholder is at the Board's discretion. The Board has in these circumstances given approval to Petrovis to increase its shareholding without being disenfranchised. Petrovis has entered into a Relationship Agreement with the Company.

On the basis of the information most recently notified to Petro Matad, other changes to significant shareholders as a result of the Share Issue will be as follows:-

Shareholder	Holding after Share Issue	% Holding after Share Issue
Galena Special Situations Master Fund	9,000,000	7.18

Note to Editors:

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 14,250km<sup>2</sup> in the far eastern part of the country. The two other Blocks, IV and V are located in central Mongolia and jointly cover 73,498km<sup>2</sup>.

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:

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