

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

Placing of Shares and Grant of Option to Subscribe for Shares

Petro Matad, the AIM quoted parent company of a group which is focused on oil exploration as well as future development and production in Mongolia, is pleased to report that the Company's largest shareholder, Petrovis LLC (“Petrovis”), has conditionally agreed to subscribe for a minimum of 10,000,000 new ordinary shares of \$0.01 per share (“Share(s)”) in cash at an average subscription price of £0.135 per new Share raising approximately £1.35 million before expenses (partially dependent on shareholder approval, as detailed below).

The 10,000,000 new Shares will be issued in two tranches; the Company will issue, on or about 30 June 2009, the first tranche of 5,000,000 new Shares at a subscription price of £0.13 per Share (the “Tranche One Shares”) and this will, subject to shareholder approval, be followed by a conditional second tranche of 5,000,000 new Shares at a subscription price of £0.14 per Share which is intended to be issued on 14 July 2009 (the “Tranche Two Shares”).

In addition to Petrovis' subscription for the Tranche One Shares and commitment to subscribe for the Tranche Two Shares, the Company has granted Petrovis the right (subject to the subscription for the Tranche Two Shares having taken place) to subscribe for up to a further 5,000,000 new Shares at a subscription price of £0.14 per Share up to six weeks after the Tranche Two Shares (the “Subscription Option”).

The existing authority granted by shareholders to the directors of the Company to allot Shares for cash is insufficient to allow the issue of the Tranche Two Shares or the issue of Shares in respect of the Subscription Option. Therefore, the placing of the Tranche Two Shares and the Subscription Option are conditional, *inter alia*, on the passing of the necessary resolutions at the annual general meeting of the Company to be held at 4 pm local time (9 am BST) on 14 July 2009 at the Company's Mongolian office building; NIC Building, Amar Street 8, Ulaanbaatar, Mongolia.

Following the issue of the Tranche One Shares, there will be 101,705,004 Shares in issue. Application will be made for the Tranche One Shares to be admitted to trading on AIM. Trading in the Tranche One Shares is expected to occur on or around 3 July 2009.

Prior to the issue of the Tranche One Shares Petrovis has a holding of 27,505,002 Shares which represents 28.44 per cent. of the issued share capital of the Company. Further to the issue of the Tranche One Shares, Petrovis' holding in the Company will total 32,505,002 Shares representing 31.97 per cent. of the enlarged issued share capital.

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 to above 30 per cent. without being disenfranchised on the condition that Petrovis enters into a Relationship Agreement with the Company, which it has agreed to do.

The Relationship Agreement further protects and reinforces the independence of the Board and Management in accordance with the QCA Corporate Governance Guidelines, and has other protections such as transparency and related party transaction safeguards. The Board considered this Relationship Agreement, along with the already close and harmonious

relationship between the Company and its major shareholder, as assurance that the increase in Petrovis' shareholding, with the attendant positive benefits such as cash investment, were sufficient reason to conditionally permit Petrovis to increase its holding above 30 per cent. of the Company's issued share capital without Petrovis being disenfranchised.

The conditional placing of 10,000,000 new Shares together with the granting of the Subscription Option constitutes a related party transaction in accordance with Rule 13 of the AIM Rules for Companies. The independent directors (being each of the directors with the exception of Dr. Janchiv Oyungerel; who is also a director of Petrovis and Sarangua Davaadorj, who is also a director of a Petrovis subsidiary, NIC JSC), having consulted with the Company's nominated adviser, Hanson Westhouse Limited, consider that the terms of the transaction are fair and reasonable insofar as the shareholders are concerned.

The proceeds of the issue will be used to advance the Company's exploration activities in Mongolia.

Petro Matad's CEO, Douglas McGay, said:

"We are delighted that our largest shareholder has decided to invest further funds in the Company and we are grateful for their valuable and continued support of the Company's operations in Mongolia. Petrovis has been one of the keys to Petro Matad's formation and success to date, and we know that the Company, including the other shareholders, will benefit from this increased commitment by this regionally important company.

"This is an exciting and pivotal time for Petro Matad with our projects advancing as reported previously. These new funds will provide the Company with a stronger financial base from which to move forward."

Note to Editors:

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's principal asset is the 100 per cent. ownership of a PSC over Block XX, a petroleum block of 14,250km² in the far eastern part of Mongolia.

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

About Petrovis LLC

Petrovis LLC was established as a private company in 1997, and has grown to be one of the largest corporations in Mongolia. In 2004 it won the right to the privatisation of the previously state-owned NIC petroleum distribution company. Petrovis is now the largest single importer and distributor of petroleum products in Mongolia, owning 375 petrol stations throughout the country, with complementary infrastructure such as tankers and bulk fuel depots. The company employs approximately 2,500 people and has won many awards and plaudits from the international and Mongolian business communities, as well as the Mongolian Government.

Further information:

Petro Matad Limited

Douglas J. McGay- CEO

+976 11 331099

Hanson Westhouse Limited

Richard Baty/Christine Zhang

+44 (0)20 7601 6100

Bankside Consultants

Simon Rothschild / Oliver Winters / Louise Mason

+44 (0)20 7367 8888