

Petro Matad Limited Interim Results

LONDON, 30 September 2008: Petro Matad Limited ('Petro Matad' or 'the Company'), the AIM quoted Mongolian oil explorer, announces its interim results for the half year ended 30 June 2008.

Highlights:

- 2D seismic survey completed, incorporating newly shot data and re-processed historical data, with full report due in near future
- 3D seismic survey completed, with data being processed in Australia
- High administrative costs of US\$2,265,000 due to successful introduction to AIM in May of this year

Douglas McGay, Chief Executive Officer of Petro Matad, commented: The Company's business plan remains on track and our exploration programmes for 2008 have now been completed in the field. I continue to have positive expectations for our future development and for positive progress in the country in which we operate, Mongolia.

Further information:

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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 in eastern Mongolia.

HALF-YEAR FINANCIAL REPORT 30 JUNE 2008

Joint Chairman and CEO Statement:

Since the announcement of the year end results on 25 June 2008, the Company has continued its exploration strategy over Block XX in Mongolia. This has primarily consisted of field exploration programmes, as described below. In addition, the Company has been pursuing other exploration opportunities in Mongolia, including applications by a wholly-owned subsidiary for two new Production Sharing Contracts.

The 2008 2D seismic survey, consisting of newly shot data, and re-processed historical data has been fully completed. An interim report of the work (published on 18 July 2008) resulted in Strong Lead 6Ts being mapped as a small fault bounded closure, re-designated Prospect 6Ts, with a Mean Risked Prospective Resource of 0.27 MMbbl. Prior to the interpretation, Strong Lead 6Ts was included in PML's inventory with a Mean Risked Prospective Resource of 11 MMbbl. ISIS Petroleum Consultants Pty Ltd. ("ISIS") also reported a new exploration opportunity, Lead 15Ts with a Mean Risked Prospective Resource of 1.8 MMbbl. Lead 15Ts is a simple basement related anticlinal closure that requires additional seismic data to mature it to Prospect status.

The complete and final report for the 2008 2D Seismic Survey will be disseminated in the near future.

The 2008 3D seismic survey (focussing on Prospect 8Ts) has now been completed. Contractor BGP Inc. has de-mobilised and the raw 3D data is now in Australia being processed prior to interpretation. The processing and interpretation is on schedule, and expected to be published in December 2008. The Company remains confident about the overall prospectivity of Block XX, and our ongoing programmes.

In August, the Company relinquished 25% of the area of Block XX, as required by Mongolian law. Block XX is now 14,250km² in area. The relinquished areas totalling 4,706 km² were deemed un-prospective for hydrocarbons, and were clearly occupied by "basement" rocks as defined by surface geological mapping in conjunction with interpretation of gravity and magnetic surveys.

Since the announcement of full year results, the Company has spent approximately US\$848,000 on exploration and evaluation, and US\$2,265,000 on administrative expenses. The unusually high administrative expenses pertain to the costs associated with the admission to AIM in May this year.

The Board is also in the process of extending the exercise date of the 20,000,000 unlisted warrants issued by the Company on 14 March 2008. The warrants were intended to be exercisable after the completion of the 3D Seismic Survey Report. As stated above, the survey results are yet to be finalised, and the Board considers that a date that would be in keeping with the original intent would be 30 January 2009.

Petro Matad strengthened its geological and administration team in Ulaanbaatar during the previous period with the addition of another Mongolian geologist, an Operations Manager and various accounting and legal staff. The resignation of the Company's Technical Director is being addressed. The Board intends to appoint a Non Executive Director, with wide-ranging international experience in the petroleum industry. In addition, the Company has initiated a search for an appropriately qualified Chief Operating Officer to be the senior management professional, preferably based in Ulaanbaatar, Mongolia. The search process for both positions is proceeding. In the meantime, the Company's long-standing consultant firm, Isis, is providing all the professional and technical services and fulfilling the professional responsibilities necessary for the assessment and advancement of the Company's exploration interests.

Mongolia held general parliamentary elections in June, resulting in a clear majority for the Mongolian People's Revolutionary Party ("MPRP"). Since then, the MPRP has formed a new Government in co-operation with the main opposition party which should result in stability in the country in which Petro Matad Limited operates. The forthcoming results of our exploration work should lead to a robust drilling programme in 2009 and, along with the other positive aspects described herein, we are confident of the ongoing development of our Company.

Gordon Toll and Douglas McGay
Chairman and CEO respectively
29 September 2008

**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2008**

	Notes	Consolidated	
		30 June 2008 US\$'000	30 June 2007 US\$'000
Continuing Operations			
Revenue		13	7
		<u>13</u>	<u>7</u>
Expenses			
Exploration and evaluation expenditure		(848)	(379)
Administrative expenses		(2,265)	(800)
Finance costs		(240)	(360)
Share of loss of an associate		-	(366)
		<u>-</u>	<u>(366)</u>
Profit/(loss) from continuing operations before income tax		(3,340)	(1,898)
Income tax expense		-	-
		<u>-</u>	<u>-</u>
Profit/(loss) from continuing operations after tax		(3,340)	(1,898)
		<u>(3,340)</u>	<u>(1,898)</u>
Net loss attributable to members of parent		(3,340)	(1,898)
		<u>(3,340)</u>	<u>(1,898)</u>
Loss per share (cents per share)			
- basic loss per share		(5.26)	(8.13)
- diluted loss per share		(5.26)	(8.13)

**CONDENSED BALANCE SHEET
AS AT 30 JUNE 2008**

	Notes	30 June 2008 US\$'000	Consolidated 31 December 2007 US\$'000	30 June 2007 US\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	3	6,888	170	1,343
Trade and other receivables		7	7	180
Other current assets		25	25	21
Total Current Assets		6,920	202	1,544
Non-Current Assets				
Exploration and evaluation		15,275	15,275	-
Property, plant and equipment		70	49	49
Investment in associates		-	-	3,395
Total Non-Current assets		15,345	15,324	3,444
TOTAL ASSETS		22,265	15,526	4,988
LIABILITIES				
Current liabilities				
Trade and other payables		828	1,266	224
Tax liabilities		-	-	1
Total Current Liabilities		828	1,266	225
Non-Current Liabilities				
Interest bearing loans and borrowings	4	-	6,022	5,662
Total Non-Current Liabilities		-	6,022	5,662
TOTAL LIABILITIES		828	7,288	5,887
NET ASSETS/(LIABILITIES)		21,437	8,238	(899)
EQUITY				
Issued capital	6	29,163	11,903	233
Retained earnings		(8,834)	(5,494)	(2,961)
Reserves		1,108	1,829	1,829
TOTAL EQUITY		21,437	8,238	(899)

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2008**

	Notes	Consolidated	
		30 June 2008	30 June 2007
		US\$'000	US\$'000
Cash flows from operating activities			
Payments to suppliers and employees		(3,255)	(1,009)
Interest received		-	7
Net cash flows from/(used in) operating activities		<u>(3,255)</u>	<u>(1,002)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(27)	(32)
Purchase of other financial assets		-	(20)
Payment for investment in associate		-	(3,700)
Net cash flows from/(used in) investing activities		<u>(27)</u>	<u>(3,752)</u>
Cash flows from financing activities			
Proceeds from issue of shares		10,000	180
Net cash flows from/(used in) financing activities		<u>10,000</u>	<u>180</u>
Net increase/(decrease) in cash and cash equivalents		6,718	(4,574)
Cash and cash equivalents at beginning of period		170	5,917
Cash and cash equivalents at end of period	3	<u>6,888</u>	<u>1,343</u>

**STATEMENT OF CONDENSED CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2008**

	Issued Capital US\$'000	Merger Reserve US\$'000	Option Premium on Convertible Notes US\$'000	Options Reserve US\$'000	Retained Earnings/ (Accumulated Losses) US\$'000	Total US\$'000
At 1 January 2007	233	831	1,234	-	(1,063)	1,235
Loss for the period	-	-	-	-	(1,898)	(1,898)
Unwinding of convertible notes	-	-	(236)	-	-	(236)
At 30 June 2007	233	831	998	-	(2,961)	(899)
Loss for the period	-	-	-	-	(2,533)	(2,533)
Total income/expense for the period	-	-	-	-	(2,533)	(2,533)
Issue of share capital	11,670	-	-	-	-	11,670
At 31 December 2007	11,903	831	998	-	(5,494)	8,238
Loss for the period	-	-	-	-	(3,340)	(3,340)
Total income/expense for the period	-	-	-	-	(3,340)	(3,340)
Share based payments	-	-	-	277	-	277
Conversion to ordinary shares	998	-	(998)	-	-	-
Issue of share capital	16,262	-	-	-	-	16,262
At 30 June 2008	29,163	831	-	277	(8,834)	21,437

1. CORPORATE INFORMATION

The financial report of Petro Matad Limited for the half-year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 26 September 2008.

The financial report covers the consolidated entity of Petro Matad Limited and its controlled entities.

Petro Matad Limited is a company incorporated in the Isle of Man on 30 August 2007, which has 4 wholly owned subsidiaries, Capcorp Mongolia LLC and Petro Matad LLC, situated in Mongolia, and Central Asian Petroleum Corporation Limited and Petromatad Invest Limited, incorporated in the Cayman Islands.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Petro Matad Limited as at 31 December 2007. The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2007

3. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	6,888	170	1,343
Total cash and cash equivalents	<u>6,888</u>	<u>170</u>	<u>1,343</u>

4. INTEREST BEARING LOANS AND BORROWINGS

<i>Unsecured</i>			
Convertible notes	-	6,022	5,662
	-	<u>6,022</u>	<u>5,662</u>

The convertible notes are presented in the balance sheet as follows:

Opening balance	6,022	5,662	6,000
Equity portion – value of conversion right	-	-	(998)
	<u>6,022</u>	<u>5,662</u>	<u>5,002</u>
Accredited Interest Capitalised	240	360	660
Conversion to ordinary shares	(6,262)	-	-
Closing balance at the end of the period	<u>-</u>	<u>6,022</u>	<u>5,662</u>

On 1 May 2008, the convertible loan note was converted through the issue of 20,000,000 shares in Central Asian Petroleum Corporation Limited, which were on the same day exchanged for 20,000,000 shares in Petro Matad Limited.

5. COMMITMENTS AND CONTINGENCIES

Operating Leases

Operating leases relate to premises used by the Company in its operations, generally with terms between 2 and 5 years. Some of the operating leases contain options to extend for further periods and an adjustment to bring the lease payments into line with market rates prevailing at that time. The leases do not contain an option to purchase the leased property.

	30 June 2008
	US\$'000
Non-cancellable operating leases (includes lease on premises)	
With a term of more than one year	
Not longer than 1 year	18
Longer than 1 year but not longer than 5 years	3
	<u>21</u>

Commitments for Expenditure

Petromatad Invest Limited has minimum spending obligations, under the terms of its Production Sharing Contract ("PSC") on Block XX with the Mineral Resources and Petroleum Authority of Mongolia ("MRPAM"). The amounts set out here do not include general and administrative expenses.

Exploration Phase	Years	Exploration Operations	Cost US\$
2	2008	Geological and geophysical study and 2D Seismic Survey	615,000
	2009	3D Seismic Survey and drilling 1 well	1,200,000
3	2010	3D Seismic Survey and drilling 1 well	1,275,000
			<u>3,090,000</u>

Petromatad Invest Limited can voluntarily relinquish their rights on the contract area under the PSC, if the minimum work obligations for that year are accomplished.

6. CONTRIBUTED EQUITY

	30 June 2008	CONSOLIDATED 31 December 2007	30 June 2007
	US\$'000	US\$'000	US\$'000
Ordinary shares (i)			
96,680,004 shares paid up (31 Dec 2007: 46,680,004)	29,163	11,903	233
	<u>29,163</u>	<u>11,903</u>	<u>233</u>

(i) Ordinary shares

Full paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary shares on issue

	No. of Shares	Issue Price	US\$'000
At 31 December 2007	46,680,004		11,903
Issue of 20,000,000 shares at US\$0.50 each	20,000,000	\$0.50	10,000
Issue of 20,000,000 shares through conversion of convertible notes	20,000,000		6,262
Transfer from Option reserve – conversion of convertible notes	-		998
Issue of 10,000,000 shares to Petrovis LLC deemed at US\$0.50 each	10,000,000	\$0.50	5,000
Cost of capital raising	-		(5,000)
At 30 June 2008	96,680,004		29,163

7. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the consolidated entity in the future financial years.