

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

**Interim results for the six months ended 30 June 2009**

LONDON, 24 July 2009: Petro Matad Limited ('Petro Matad' or 'the Company'), the AIM quoted Mongolian oil explorer, announces its unaudited interim results for the six months ended 30 June 2009.

**Highlights:**

- Davsan Tolgoi Prospect deemed “drill-ready”
- Awarded and signed two new Production Sharing Contracts with the Petroleum Authority of Mongolia
- Progress made in advancing proposed 2009 drill programme

Further information:

**Petro Matad Limited**

Douglas McGay - CEO

+976 11 331099

**Hanson Westhouse Limited**

Bill Staple / Richard Baty

+44 (0) 20 7601 6100

**Bankside Consultants**

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

**COMBINED CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT**

In the last six months, the group has made significant progress in enhancing the value of its portfolio, particularly with the signing of the two new Production Sharing Contracts (“PSC”) in Mongolia and the completion of the high quality technical evaluation of parts of its existing Block XX. Petro Matad now has a chain of prospects and projects ranging from “drill ready” through to advanced leads/prospects and finally, frontier exploration.

As previously reported the Davsan Tolgoi Prospect has been thoroughly evaluated with 2D and 3D seismic surveys, and its 130km<sup>2</sup> area has had drill targets defined.

The Company envisages commencing a three well drill programme in the 2009 drill season. The Board believes that the Company's immediate priority is the drilling of exploration wells in Block XX, specifically on the Davsan Tolgoi Prospect. As soon as satisfactory funding has been assessed and finalised, the drilling programme will commence. Negotiations have been progressed with prospective contractors and the Company is confident that, on the agreement of terms rigs can be mobilised to our project within 4 to 6 weeks.

Daqing Oilfields (the parent company of the operator of the Production Sharing Contracts immediately to the north of the Company's Block XX), has been continuing exploration and evaluation at a fast pace. Approximately 30 drill rigs are operating in their contract areas.

On 8 July 2009, Petro Matad group company, Central Asian Petroleum Corporation Limited, executed two new PSCs with the Petroleum Authority of Mongolia, Blocks IV and V. As announced, the contract contains terms that are both commercial, encouraging investment in Mongolia's petroleum exploration sector, while still maintaining significant advantages for the country.

The PSCs for Blocks IV and V add a further dimension to our Company's portfolio of opportunities, and preliminary evaluation work has already commenced. Petro Matad's professional Mongolian staff, supplemented by Isis Petroleum Consultants of Perth is building a database of existing scientific information, upon which later exploration decisions will be based.

We were delighted that our largest shareholder Petrovis LLC decided in June 2009 to subscribe for a minimum of £1.35 million for new shares in the Company. Petrovis has demonstrated its continued commitment to Petro Matad and we are grateful for its valuable and continued support of the Company's operations in Mongolia.

Petro Matad continues to review all available funding options to progress the business and increase shareholder value. These include the potential farm-out of part of the group's existing positions in Block XX and the raising of equity finance.

We look forward to updating shareholders on Petro Matad's progress over the coming months.

Gordon L. Toll  
Chairman

Douglas J. McGay  
Chief Executive Officer

24 July 2009

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

**CONDENSED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>	
	<b>30 June 2009 US\$'000</b>	<b>30 June 2008 US\$'000</b>
<hr/>		
<b>Continuing Operations</b>		
<b>Revenue</b>	51	13
	<hr/> 51	<hr/> 13
<b>Expenses</b>		
Exploration and evaluation expenditure	(261)	(848)
Administrative expenses	(1,140)	(2,265)
Finance costs	-	(240)
	<hr/> -	<hr/> (240)
<b>Profit/(loss) from continuing operations before income tax</b>	<b>(1,350)</b>	<b>(3,340)</b>
Income tax expense	-	-
	<hr/> -	<hr/> -
<b>Profit/(loss) from continuing operations after tax</b>	<b>(1,350)</b>	<b>(3,340)</b>
	<hr/>	<hr/>
<b>Net loss attributable to members of parent</b>	<b>(1,350)</b>	<b>(3,340)</b>
	<hr/>	<hr/>
<b>Loss per share (cents per share)</b>		
- basic loss per share	(1.39)	(5.26)
- diluted loss per share	(1.39)	(5.26)

**CONDENSED BALANCE SHEET  
AS AT 30 JUNE 2009**

	<b>30 June 2009 US\$'000</b>	<b>Consolidated 31 December 2008 US\$'000</b>	<b>30 June 2008 US\$'000</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3,189	3,248	6,888
Trade and other receivables	54	1	7
Other current assets	20	20	25
<b>Total Current Assets</b>	<b>3,263</b>	<b>3,269</b>	<b>6,920</b>
<b>Non-Current Assets</b>			
Exploration and evaluation	15,275	15,275	15,275
Property, plant and equipment	92	98	70
<b>Total Non-Current assets</b>	<b>15,367</b>	<b>15,373</b>	<b>15,345</b>
<b>TOTAL ASSETS</b>	<b>18,630</b>	<b>18,642</b>	<b>22,265</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	295	245	828
<b>Total Current Liabilities</b>	<b>295</b>	<b>245</b>	<b>828</b>
<b>TOTAL LIABILITIES</b>	<b>295</b>	<b>245</b>	<b>828</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>18,335</b>	<b>18,397</b>	<b>21,437</b>
<b>EQUITY</b>			
Issued capital	29,994	28,928	29,163
Retained earnings	(13,121)	(11,771)	(8,834)
Reserves	1,462	1,240	1,108
<b>TOTAL EQUITY</b>	<b>18,335</b>	<b>18,397</b>	<b>21,437</b>

**CONDENSED CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>	
	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,121)	(3,255)
<b>Net cash flows from/(used in) operating activities</b>	<u>(1,121)</u>	<u>(3,255)</u>
<b>Cash flows from operating activities</b>		
Purchase of property, plant and equipment	(4)	(27)
<b>Net cash flows from/(used in) investing activities</b>	<u>(4)</u>	<u>(27)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1,066	10,000
<b>Net cash flows from/(used in) financing activities</b>	<u>1,066</u>	<u>10,000</u>
Net increase/(decrease) in cash and cash equivalents	(59)	6,718
Cash and cash equivalents at beginning of period	3,248	170
<b>Cash and cash equivalents at end of period</b>	<u>3,189</u>	<u>6,888</u>

**STATEMENT OF CONDENSED CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 30 JUNE 2009**

	<b>Issued Capital US\$'000</b>	<b>Merger Reserve US\$'000</b>	<b>Option Premium on Convertible Notes US\$'000</b>	<b>Options Reserve US\$'000</b>	<b>Retained Earnings/ (Accumulated Losses) US\$'000</b>	<b>Total US\$'000</b>
<b>At 1 January 2008</b>	<b>11,903</b>	<b>831</b>	<b>998</b>	<b>-</b>	<b>(5,494)</b>	<b>8,238</b>
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
<b>At 30 June 2008</b>	<b>29,163</b>	<b>831</b>	<b>-</b>	<b>277</b>	<b>(8,834)</b>	<b>21,437</b>
<b>At 1 January 2009</b>	<b>28,928</b>	<b>831</b>	<b>-</b>	<b>409</b>	<b>(11,771)</b>	<b>18,397</b>
Loss for the period	-	-	-	-	(1,350)	(1,350)
Total income/expense for the period	-	-	-	-	(1,350)	(1,350)
Share based payments	-	-	-	222	-	222
Issue of share capital	1,066	-	-	-	-	1,066
<b>At 30 June 2009</b>	<b>29,994</b>	<b>831</b>	<b>-</b>	<b>631</b>	<b>(13,121)</b>	<b>18,335</b>

**1. CORPORATE INFORMATION**

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.

**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 2008. 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 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Petro Matad Limited and its controlled entities during the half-year ended 30 June 2009.

### (a) Basis of Preparation

The half-year consolidated 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") and AASB 134. The half-year financial report has been prepared on a historical cost basis, except where stated.

The financial report is presented in US dollars and all values are rounded to the nearest thousand dollars (\$'000).

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

### (b) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Petro Matad Limited and its controlled subsidiaries ('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.

## 3. CONTRIBUTED EQUITY

	CONSOLIDATED	
	30 June 2009	31 December 2008
	US\$'000	US\$'000
Ordinary shares (i)		
101,705,004 shares paid up (31 Dec 2008: 96,680,004)	29,994	28,928
	<u>29,994</u>	<u>28,928</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\$	US\$'000
At 31 December 2008	96,680,004		28,928
Issue of 5,000,000 shares for cash at 13 pence each	5,000,000	\$0.21	1,066
Issue of 25,000 shares under a performance share award	25,000	\$0.01	-
<b>At 30 June 2009</b>	<b>101,705,004</b>		<b>29,994</b>

#### 4. RESERVES

	CONSOLIDATED		
	30 June 2009 US\$'000	31 December 2008 US\$'000	30 June 2008 US\$'000
Merger reserve	831	831	831
Option premium on convertible notes	-	-	-
Options reserve	631	409	277
<b>Total reserves</b>	<b>1,462</b>	<b>1,240</b>	<b>1,108</b>
<i>Option premium on convertible notes</i>			
Opening balance at the beginning of the financial period	-	998	998
Unwinding of convertible notes	-	-	-
Transfer to share capital – conversion of convertible notes	-	(998)	(998)
<b>Closing balance at the end of the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Merger reserve</i>			
Opening balance at the beginning of the financial period	831	831	831
<b>Closing balance at the end of the financial period</b>	<b>831</b>	<b>831</b>	<b>831</b>
<i>Options reserve</i>			
Opening balance at the beginning of the financial period	409	-	-
Share based payments	222	409	277
<b>Closing balance at the end of the financial period</b>	<b>631</b>	<b>409</b>	<b>277</b>

## 5. EARNINGS PER SHARE

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

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 period (adjusted for the effects of dilutive options and dilutive convertible redeemable preference shares).

	<b>CONSOLIDATED</b>	
	<b>30 June 2009</b>	<b>30 June 2008</b>
<b>Basic earnings per share</b>		
Total basic loss per share (US\$ cents per share) (note a)	<u>(1.39)</u>	<u>(5.26)</u>
<b>Diluted earnings per share</b>		
Total diluted loss per share (US\$ cents per share) (note b)	<u>(1.39)</u>	<u>(5.26)</u>
<b>(a) Basic earnings per share</b>		
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
Net loss attributable to ordinary shareholders (US\$'000)	<u>(1,350)</u>	<u>(3,340)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	<u>96,863</u>	<u>63,498</u>
<b>(b) Diluted earnings per share</b>		
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 (US\$'000)	<u>(1,350)</u>	<u>(3,340)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	<u>96,863</u>	<u>63,498</u>

The warrants, options and performance awards 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 the 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.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

Central Asian Petroleum Corporation Limited ("Capcorp") has been awarded two new Production Sharing Contracts ("PSC") for Blocks IV and V by the Petroleum Authority of Mongolia ("PAM") on 8<sup>th</sup> July 2009.