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If you have sold or otherwise transferred all your shares in Petro Matad Limited (the **Company**) please forward this document, together with the accompanying form of proxy, to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of shares in the Company, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document should be read in conjunction with the accompanying Annual Report and Accounts in respect of the year ended 31 December 2008.

Petro Matad Limited

(Incorporated in the Isle of Man with company number 1483V)

Notice of Annual General Meeting to be held on 14 July 2009

Notice of the Annual General Meeting to be held on 14 July 2009 at 4 p.m. local time (9 a.m. BST) at NIC Building, Amar Street 8, Sukhbaatar District, Ulaanbaatar, Mongolia is set out on pages 7 to 10. A form of proxy for use in relation to the Annual General Meeting is enclosed.

The action to be taken by Shareholders is set out on page 4. Whether or not you propose to attend the Annual General Meeting you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it by post or, by hand, to: Computershare Investor Services (IOM) Limited, International House, Castle Hill, Victoria Road, Douglas, Isle of Man IM2 4RB, as soon as possible but in any event so as to be received not less than 48 hours before the time appointed for the Annual General Meeting. Completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person.



Petro Matad Limited
(Isle of Man Company 1483V)

Directors:

Gordon Toll (Non-Executive Chairman)
Dr. Janchiv Oyungerel (Non-Executive Deputy Chairman)
Douglas McGay (Chief Executive Officer)
Clyde Evans (Finance Director)
Sarangua Davaadorj (Non-Executive Director)
Dr. John Robertson (Non-Executive Director)

16 June 2009

Dear Shareholder

Annual General Meeting 2009

I am writing to inform you that the first Annual General Meeting (the **AGM**) of the Company will be held at 4 p.m. local time (9 a.m. BST) on 14 July 2009 at NIC Building, Amar Street 8, Sukhbaatar District, Ulaanbaatar, Mongolia. The formal notice of the AGM and resolutions to be proposed are set out on pages 7 to 10.

RESOLUTIONS TO BE PROPOSED AT THE AGM

ORDINARY BUSINESS

Annual Report and Accounts (Resolution 1)

Shareholders will be asked to receive and adopt the annual report and audited accounts of the Company for the year ended 31 December 2008 (the **Annual Report and Accounts**).

Re-appointment of Directors (Resolutions 2 to 5)

In accordance with Article 83 of the Company's articles of association (**Articles**), any Director who has been appointed by the Directors, either to fill a vacancy or as an addition to the existing board of Directors, shall hold office until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at the meeting. Accordingly, Dr. Janchiv Oyungerel, Sarangua Davaadorj and Dr. John Robertson shall each retire and be submitted for re-election.

In accordance with Article 89, one third of the Directors of the Company are required to submit themselves for re-election at each annual general meeting of the Company. Accordingly, Douglas McGay shall retire and be submitted for re-election.

Brief biographical details of each of the Directors standing for re-election appear on Appendix 1. The Board has considered the position of the Directors and recommends their re-election.

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Auditors (Resolution 6)

PKF Chartered Accountants & Business Advisers have been acting as the Company's auditors since 2007. PKF Chartered Accountants & Business Advisers have indicated their willingness to continue in office. Accordingly, Resolution 6 confirms the appointment of PKF Chartered Accountants & Business Advisers as auditors of the Company to hold office until further notice and authorises the Directors to fix their remuneration.

SPECIAL BUSINESS

Increase in number of shares authorised for issue (Resolution 7)

Under Article 5.1, the Directors are authorised to allot such number of ordinary shares of US\$0.01 each (**Ordinary Shares**) as shall be prescribed from time to time by special resolution. On 9 November 2007, the Company passed a special resolution authorising the Company to issue up to 150,000,000 Ordinary Shares, ranking *pari passu* in all respects with the Ordinary Shares in issue at that time, in addition to the founding shares. Accordingly, the Company is currently authorised to have in issue a maximum of 150,000,004 Ordinary Shares, of which as at the date of this circular 96,705,004 Ordinary Shares are in issue.

Resolution 7 will be proposed as a special resolution and will, if approved, grant the Directors the authority to issue such additional shares as may result in the Company having up to 200,000,000 Ordinary Shares in issue. This general authority will be subject to the pre-emption provisions in the Articles as amended by Resolution 8 if passed.

Amendments to the Articles (Resolution 8)

We are asking Shareholders to approve certain amendments to our Articles in relation to (a) the required affirmative majority to approve an increase in the number of shares authorised for issue; (b) renewal of the authority to disapply pre-emption rights; and (c) removing the residency restriction for the Chairman of the Board of Directors.

(a) Shareholder majority required to approve increase in number of shares authorised for issue

Under Article 5.1 a special resolution of Shareholders is required to approve an increase in the number of shares authorised for issue. It is proposed that this threshold be reduced to a resolution passed by a simple majority of the Shareholders who are entitled to vote in respect of such resolution.

(b) Disapplication of pre-emption rights

In order to meet its financing requirements for carrying out the contemplated drilling programme and other business operations, the Company intends to seek to raise funds by way of a one or more private placings (**Placings**) of shares.

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Under Article 6 of the existing Articles, the Directors require authority from Shareholders to allot shares without first offering them to existing Shareholders in proportion to their existing holdings. Resolution 8, which will be proposed as a special resolution, will, if passed and if Resolution 7 has been passed, replace the existing disapplication of pre-emption rights set out in Article 6.4 with substitute authority to the Directors to disapply the pre-emption rights for issues of the Ordinary Shares in various ways, including:

- (a) in relation to issues of Ordinary Shares paid up otherwise than in cash;
- (b) pursuant to the Placings of up to 100,000,000 Ordinary Shares; and
- (c) the issue of Ordinary Shares upon the due exercise of options or rights granted pursuant to any share option scheme adopted by the Company.

Such authority, if given, will expire at the conclusion of the annual general meeting of the Company in 2010, without prejudice to the allotment of shares pursuant to any offer or agreement made or entered into prior to such expiry. The replacement of the current Article 6.4 shall be without prejudice to the allotment of shares pursuant to offers or agreements made under the current authority.

(c) Residency of Chairman

Under Article 115.1, the Board is authorised to appoint a Chairman, provided that any person so appointed is not resident or ordinarily resident in the United Kingdom. It is proposed that this residency restriction be removed to permit greater flexibility in determining the person who is most qualified to act as Chairman.

Copies of the existing Articles and the new Articles will be available for inspection during normal business hours at the registered office of the Company until the date of the AGM or upon request. Copies will also be available at the AGM until its conclusion.

Authority to make market purchases (Resolution 9)

Article 14.1(b)(iii) provides that the shareholders may grant a general mandate to the Directors to exercise all of the powers of the Company to repurchase such number of shares in the open market as the shareholders may so authorise. On 9 November 2007, the Company passed a special resolution granting the Directors a general mandate to repurchase shares in the open market with an aggregate nominal value of not more than 15 per cent of the aggregate nominal value of the share capital of the Company in issue immediately following the admission of the Company to trading on the AIM Market of the London Stock Exchange plc. This general mandate will expire at the conclusion of the Meeting.

Resolution 9, which will be proposed as a special resolution, will if approved, renew the existing share repurchase authority. It is proposed that the Directors be granted a general mandate to exercise all of the powers of the Company to repurchase shares in the open market with an aggregate nominal value of not more than 15 per cent of the aggregate nominal value of the share capital of the Company in issue at the date hereof. Pursuant to the Articles, this general mandate will continue in force until the earlier of (a) the conclusion of the Company's 2010 annual general meeting or (b) the revocation or variation of this general mandate by a subsequent special resolution.

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Petro Matad Limited
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ACTION TO BE TAKEN

You will find enclosed a form of proxy for use at the AGM. Please complete, sign and return the enclosed form of proxy as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of proxy should be returned either by post or, by hand, to: Computershare Investor Services (IOM) Limited, International House, Castle Hill, Victoria Road, Douglas, Isle of Man IM2 4RB, so as to be received by the Company's registrars as soon as possible and in any event no later than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending the AGM and voting in person should you subsequently find that you are able to be present.

RECOMMENDATION

Your Directors consider that the proposals described in this letter are in the best interests of the Company and its Shareholders as a whole and unanimously recommend Shareholders to vote in favour of all the resolutions to be proposed at the AGM, as they intend to do (other than in respect of their own appointment as directors) in respect of their own beneficial holdings amounting in aggregate to 20,862,502 Ordinary Shares, representing approximately 22 per cent. of the Company's issued share capital.

Yours sincerely

Gordon L Toll
Non-Executive Chairman

Appendix 1

Director's biographies

Dr. Janchiv Oyungerel, Non-Executive Deputy Chair

Dr. Oyungerel graduated from the Institute of Petrochemical and Gas Industry, Moscow in 1979. She began her career as an economist at the Ulaanbaatar Oil Terminal and in 1982 became the Chief Economist at the Petroleum Supply Department at the Mongolian Ministry of Transportation where she was employed until 1991. In 1991, she was appointed the General Director of the Petroleum Import Concern of Mongolia and in 1994 became the General Director and Chair of the Board of Directors of the government owned company, Neft Import Company (NIC). In 1996, she founded Petrovis LLC and was the General Director until January 2008 and has been Chair ever since. She has completed an Oil Economics and Marketing Program at the Arthur D. Little Institute in Cambridge, USA. In January 2007, she completed a doctorate in economics in Moscow, Russia. Since 2001, she has been the Chair of the Board of Directors of Prime General (Insurance) Daatgal LLC, and from 2005 the Chair of the Board of Directors of Unigas LLC.

Sarangua Davaadorj, Non-Executive Director

After graduating from the Moscow State University Law Faculty with Bachelors and Masters Degrees in International Law, Ms. Sarangua began her career in Mongolia as in-house counsel at a large national geological and geophysical exploration company, where she assisted in the establishment of the first natural resource database in the country and drafting contracts with international oil exploration companies on behalf of the Government. In 1992, she joined the State Bureau of Mines of Mongolia where she coordinated the restructuring of the mining industry and participated in the drafting of the first Mining Law of Mongolia. In 1993, she obtained a Masters of Law from Harvard Law School. In 1993, she became General Counsel and a Head of the Department of International Cooperation at the Ministry of Geology and Mineral Resources, Ulaanbaatar. In 1994, she co-founded Arlex Consulting Services Ltd, one of the first law firms in Mongolia. In 1998, she became an Associate Director at the International Law Institute in Washington, DC and a consultant to the World Bank Legal Department for East Asia and the Pacific. From 2001 to 2003, she was Marketing Manager for Emerging Markets at LTB Limited, a firm providing financial and corporate advisory services. Currently, she is a Managing Director for PITPROP Limited, a London based consulting firm working on structuring financing for oil, gas and mining projects in Russia, Kazakhstan, Mongolia and Central Asia.

Dr. John Campbell Robertson, Non-Executive Director

Following his undergraduate studies at the University of St. Andrews, Dr. Robertson completed a doctorate in engineering at the University of Dundee. Dr. Robertson began his career in 1970 with J. Henry Schroder Wagg, the London merchant bank and, in 1972, he joined the corporate finance department of Cannon Street Investments. In 1975, he joined the Ultramar group of companies where he held a number of senior positions in London, Montreal, Toronto and New York. In 1992, he returned to London and joined Durlacher, a UK stockbroker where he advised corporate finance clients. From February 1995 until his retirement in June 2005, he was a director of Nabarro Wells & Co., the London based independent corporate finance advisory firm where he brought a number of significant oil and gas and mining companies to AIM. He is a non-executive director of a number of AIM and Australian Stock Exchange quoted companies.

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**Petro Matad Limited
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Douglas John McGay, Chief Executive Officer

Mr. McGay is a land, mining and engineering surveyor by profession. Between 1974 and 1988 he was the principal of his own practice, McGay Surveys. The head office was in Kalgoorlie, with offices and operations throughout Australia. Following the sale of McGay Surveys in 1988, he remained involved in the mining and mineral industry as a management consultant to international mining and exploration companies providing computer generated aerial mapping services. In 1997, he moved to Mongolia initially pursuing his profession, but then expanding to a general resource industry service consultancy, mainly as the Country Manager for a mineral exploration companies. He was most recently involved in forming the Mongolian NGO, the "Minerals and Mining Development Foundation", serving as founding Executive Director. In 2005, he was part of the formation of Central Asian Petroleum Corporation Limited. Mr. McGay lives in Mongolia.

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Petro Matad Limited
(Isle of Man Company 1483V)

Petro Matad Limited
(the Company)
(Incorporated in the Isle of Man with company number 1483V)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the first Annual General Meeting of the Company (the **Meeting**) will be held at 4 p.m. local time (9 a.m. BST) on 14 July 2009 at NIC Building, Amar Street 8, Sukhbaatar District, Ulaanbaatar, Mongolia for the transaction of the following business:

ORDINARY BUSINESS

- 1 To receive and adopt the report of the directors and accounts of the Company for the year ended 31 December 2008 together with the report of the auditors.
- 2 To re-elect Dr. Janchiv Oyungerel who retires pursuant to Article 83 of the Company's articles of association and who, being eligible, offers herself for re-election, as a Director.
- 3 To re-elect Sarangua Davaadorj who retires pursuant to Article 83 of the Company's articles of association and who, being eligible, offers herself for re-election, as a Director.
- 4 To re-elect Dr. John Robertson who retires pursuant to Article 83 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director.
- 5 To re-elect Douglas McGay who retires by rotation pursuant to Article 89 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director.
- 6 To confirm the appointment of PKF Chartered Accountants & Business Advisers as auditors of the Company to hold office until further notice and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions as special resolutions:

- 7 THAT the directors be granted the authority pursuant to Article 5.1 of the Company's articles of association and subject to the Isle of Man Companies Act 2006 and the Company's articles of association, to issue such additional shares as may result in the Company having up to 200,000,000 ordinary shares of US\$0.01 each in issue.
- 8 THAT the Company's articles of association be amended as follows:
 - (i) by the substitution for the current Article 5.1 of the following:

“5.1 Subject to the provisions of the Companies Act and the Articles, the directors of the Company are authorised to allot such number of Ordinary Shares as shall be prescribed from time to time by resolution of members.”



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- (ii) subject to Resolution 7 set out in the notice convening the meeting at which this resolution is to be considered being passed, by the substitution for the current article 6.4 of the following:

“6.4 The Directors shall have (notwithstanding the restrictions set forth in Article 6.1) the power and authority (without the need for further sanction):

- (a) to allot and issue Ordinary Shares if they are, or are to be, paid up otherwise than in cash;
- (b) to allot and issue up to 100,000,000 Ordinary Shares for cash in connection with one or more placings of Ordinary Shares by the Company; and
- (c) to allot and issue Ordinary Shares upon the due exercise of options or rights granted under any Share Option Plan,

provided that such authority, unless renewed, shall expire at the end of the 2010 annual general meeting of the Company, but shall extend to the making, before such expiry, of an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired and replacement of the previous Article 6.4 by this Article shall be without prejudice to the allotment of shares pursuant to offers or agreements made under any prior authority.”; and

- (iii) by the substitution for the current article 115.1 of the following:

“115.1 The Board shall appoint a Chairman and shall determine the period for which he is to hold office and may at any time remove him from office. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes of the time appointed for holding it, the Directors present shall choose one of their number to be Chairman of such meeting.”

- 9 THAT the directors be granted, pursuant to Article 14.1(b)(iii) of the Company’s articles of association, a general mandate to exercise all of the powers of the Company to repurchase ordinary shares in the open market with an aggregate nominal value of not more than 15 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of this Notice.

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By order of the Board,

Dated 16 June 2009

Douglas J McGay

Director

Registered Office: Victory House, Prospect Hill, Douglas, Isle of Man IM1 1EQ

Notes:

- 1 A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- 2 A Form of Proxy is provided with this notice. Completion and return of such a proxy will not prevent a member from attending the Meeting and voting in person should they wish to do so.
- 3 To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be returned either by post, or, by hand, to: Computershare Investor Services (IOM) Limited, International House, Castle Hill, Victoria Road, Douglas, Isle of Man IM2 4RB, so as to be received by the Company's registrar not less than 48 hours before the time appointed for the Meeting or any adjournment thereof.
- 4 Every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative (not being himself a member entitled to vote), shall on a show of hands have one vote and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for each share of which he is the holder. A resolution is passed either (i) on a show of hands by a majority of not less than 50 per cent of such members as are present and voting; or (ii) on a poll of members of the Company holding not less than 50 per cent of the voting rights attributable to the shares held by the member or members present and voting at the relevant meeting. A "special resolution" is passed either (i) on a show of hands by a majority of not less than 75 per cent of such members as are present and voting at the relevant meeting; or (ii) on a poll of members of the Company holding not less than 75 per cent of the voting rights attributable to the shares held by the member or members present and voting at the relevant meeting.
- 5 Pursuant to Regulation 22(1) of the Uncertificated Securities Regulations 2006 of the Isle of Man (SD No. 743/06), the Company has specified that only those members registered on the register of members of the Company at 9:00 a.m. (BST) on 12 July 2009 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after 9:00 a.m. (BST) on 12 July 2009 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 6 Where a corporation is to be represented at the Meeting by a personal representative, such corporation must deposit a certified copy of the resolution of its directors or other governing body authorising the

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appointment of the representative at the Company's registered office address not later than 48 hours before the time appointed for the Meeting.

- 7 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
- 8 As at 15 June 2009, being the last practicable date prior to the printing of this Notice, the Company's issued share capital consisted of 96,705,004 Ordinary Shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 15 June 2009 are 96,705,004.
- 9 Copies of the service agreements and letters of appointment between the Company and its Directors and a copy of the proposed new Articles of Association of the Company, with a copy of the existing Memorandum and Articles of Association marked to show the changes being proposed in Resolution 8 will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 3.30 p.m.

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