

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you are recommended to seek advice from a person authorised under the Financial Services and Markets Act 2000 who specialises in advising in connection with shares and other securities.**

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 Annual Report and Accounts in respect of the year ended 31 December 2009.

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## **Petro Matad Limited**

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

### **Notice of Annual General Meeting**

**to be held on 4 August 2010**

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Notice of the Annual General Meeting to be held on 4 August 2010 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 9. 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 or by fax to +44 (0)1624 624469, or by email to [shirley.thomas@computershare.co.je](mailto:shirley.thomas@computershare.co.je), in each case 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)  
Mary Ellen Collins (Non-Executive Director)  
Davaanyam Enkhchimeg (Non-Executive Director)

9 July 2010

Dear Shareholder

## **Annual General Meeting 2010**

I am writing to inform you that an Annual General Meeting (the **AGM**) of Petro Matad Limited (the **Company**) will be held at 4 p.m. local time (9 a.m. BST) on 4 August 2010 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 9.

### **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 2009 (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, Mary Ellen Collins and Davaanyam Enkhchimeg 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, Gordon Toll and Clyde Evans, being the Directors who have been longest in office since their appointment, shall retire and be submitted for re-election.

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

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## SPECIAL BUSINESS

### Increase in number of shares authorised for issue (Resolution 6)

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 resolution of shareholders. On 14 July 2009, the Company passed a resolution authorising the Company to issue such number of shares as may result in the Company having up to 200,000,000 Ordinary Shares in issue. As at the date of this circular, there are 153,734,646 Ordinary Shares in issue.

Resolution 6 will, if approved, grant the Directors the authority to issue such number of additional shares as may result in the Company having up to 400,000,000 Ordinary Shares in issue. This general authority will be subject to the pre-emption provisions in the Articles as amended by Resolution 7 if passed.

### Amendments to the Articles – disapplication of pre-emption rights (Resolution 7)

We are asking shareholders to approve certain amendments to our Articles in relation to the renewal of the authority to disapply pre-emption rights. Resolution 7 will be proposed as a special resolution.

It is possible that in order to meet its probable future financing requirements, the Company may decide to seek to raise funds by way of one or more non pre-emptive issues of shares for cash.

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 7 will, if passed and if Resolution 6 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 Ordinary Shares:

- (a) paid up otherwise than in cash;
- (b) pursuant to awards granted under the Company's long term incentive plan or any other share option scheme adopted by the Company; and
- (c) in addition to (a) and (b) up to 100,000,000 Ordinary Shares.

Such authority, if given, will expire at the conclusion of the annual general meeting of the Company in 2011, 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.

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 8)

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 14 July 2009, the Company passed a special resolution

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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 as at 16 June 2009. This general mandate will expire at the conclusion of the AGM.

Resolution 8, 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 2011 annual general meeting or (b) the revocation or variation of this general mandate by a subsequent special resolution.

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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, or by fax to +44 (0)1624 624469, or by email to [shirley.thomas@computershare.co.je](mailto:shirley.thomas@computershare.co.je), in each case 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 19,869,878 Ordinary Shares, representing approximately 12.92 per cent. of the Company's issued share capital.

Yours sincerely

Gordon L Toll  
*Non-Executive Chairman*

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## Appendix 1

### Director's biographies

#### Mary Ellen Collins, Non-Executive Director

Ms. Collins has over 30 years' experience in international corporate banking, with extensive experience in Eastern Europe and Central Asia. She is currently working as an independent financial consultant and has recently advised banks and investors in Latvia, the Ukraine, the Republic of Georgia and Bulgaria. She was a senior banker for the European Bank for Reconstruction and Development ("EBRD") from 1998, firstly in the Risk Management department, where she was responsible for evaluation of new loan and investment proposals, and then as Director of Corporate Recovery from 2003 to 2005, where she managed over 40 high risk loans and investments. Ms. Collins has held various senior roles in banking in both corporate client management and risk management in Europe and the United States. She spent 10 years at Chase Manhattan Bank in New York and then 12 years at Security Pacific National Bank, later acquired by Bank of America, in London, Paris and Los Angeles. Ms. Collins holds a MBA in Finance from the Wharton School of the University of Pennsylvania and a BS in Foreign Service from Georgetown University, Washington, DC.

#### Davaanyam Enkhchimeg, Non-Executive Director

Ms. Enkhchimeg is the chief executive of Petrovis LLC, the largest petroleum products import and distribution company in Mongolia. Prior to taking up her position at Petrovis LLC in 2008, she was Head of Investment and Planning Division at Erdenes MGL SHC, the state-owned commercial entity established to hold and administer the Mongolian Government's shares in mineral enterprises. From 2005 to 2007, she worked for the Ministry of Industry and Trade in Mongolia and specifically on Mongolia's bilateral trade and economic relationship with the USA and Canada. From 2003 to 2005, Ms. Enkhchimeg worked as an investment analyst in the United States, firstly for Blythe Lane Investment Management and then for Citigroup Insurance Investment. Ms. Enkhchimeg graduated from the Foreign Language Institute in Ulaanbaatar with a Bachelor of Arts degree in Japanese Studies in 1995 and holds a MBA and a MS (Finance) from the University of Colorado.

#### Gordon Leonard Toll, Non-Executive Chairman

Mr. Toll is an Australian mining engineer with over 36 years' experience in the mining industry. He has an MBA from Columbia University in the USA and is a member of the Australian Institute of Mining and Metallurgy. His career in the mining and minerals industry has included six and a half years with BHP Iron Ore in Australia including four years as production manager. Following this, he worked for Texasgulf, Inc. as Manager of Mining International. In the 1980s, he worked for Atlantic Richfield Coal and was involved in building two coal mines in Indonesia and Venezuela. He then worked for seven years with Rio Tinto where he became the Group Mining Executive based in London. Until 2001, he was the Chairman of Emperor Mines Limited, a gold mining company listed in Australia with assets in Fiji and concurrently and until December 2004 was Deputy Chairman of Ivanhoe Mines Limited, listed in Canada and currently exploring a world class copper/gold deposit in Mongolia.

#### Clyde Robert Evans, Finance Director

Mr. Evans was a career banker, having spent 37 years with National Australia Bank (NAB), where he was involved at senior leadership levels. He successfully led and managed NAB's Western Australian

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**(Isle of Man Company 1483V)**

corporate banking centres, catering for NAB's large base of public listed industrial and natural resource companies.

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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 Annual General Meeting of the Company (the **Meeting**) will be held at 4 p.m. local time (9 a.m. BST ) on 4 August 2010 at NIC Building, Amar Street 8, Sukhbaatar District, Ulaanbaatar, Mongolia for the transaction of the following business:

**ORDINARY BUSINESS**

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

- 1 To receive and adopt the report of the directors and accounts of the Company for the year ended 31 December 2009 together with the report of the auditors.
- 2 To re-elect Mary Ellen Collins 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 Davaanyam Enkhchimeg 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 Gordon Toll 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.
- 5 To re-elect Clyde Evans 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.

**SPECIAL BUSINESS**

To consider and, if thought fit, pass the following resolution:

- 6 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 400,000,000 ordinary shares of US\$0.01 each in issue.

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

- 7 THAT the Company's articles of association be amended, subject to Resolution 6 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) to allot and issue Ordinary Shares on a non pre-emptive basis:





**Petro Matad Limited  
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- (a) if they are, or are to be, paid up wholly or partly otherwise than in cash;
- (b) pursuant to awards granted under the Company's long term incentive plan or any other share option scheme adopted by the Company; and
- (c) otherwise than as provided in paragraphs (a) and (b) up to 100,000,000 Ordinary Shares,

provided that such authority, unless renewed, shall expire at the end of the 2011 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 the 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."

- 8 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 Company 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.

By order of the Board,

Dated 9 July 2010

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,

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- Isle of Man IM2 4RB, or by fax to +44 (0) 1624 624469, or by email to [shirley.thomas@computershare.co.je](mailto:shirley.thomas@computershare.co.je), in each case 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 2 August 2010 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 2 August 2010 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 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 8 July 2010, being the last practicable date prior to the printing of this Notice, the Company's issued share capital consisted of 153,734,646 Ordinary Shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 9 July 2010 are 153,734,646.
  - 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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