

Private and confidential

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.

Petro Matad Limited

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

Notice of Extraordinary General Meeting to be held on 22 December 2010

Notice of the Extraordinary General Meeting to be held on 22 December 2010 at 4 p.m. local time (8 a.m. GMT) at NIC Building, Amar Street 8, Sukhbaatar District, Ulaanbaatar, Mongolia is set out on pages 3 to 5. A form of proxy for use in relation to the Extraordinary General Meeting is enclosed.

The action to be taken by Shareholders is set out on page 2. Whether or not you propose to attend the Extraordinary 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, 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 Extraordinary General Meeting. Completion of a form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting in person.



Petro Matad Limited
(Isle of Man Company 1483V)

Газрын Тосны Хүчийг Мөнх Тэнгэрийн Оронд
The Power of Oil for the Land of Eternal Sky

Directors:

Gordon Toll (Non-Executive Co-Chairman)
Dr. Janchiv Oyungerel (Non-Executive Co-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)

6 December 2010

Dear Shareholder

Extraordinary General Meeting

We are writing to inform you that an Extraordinary General Meeting (the **EGM**) of Petro Matad Limited (the **Company**) will be held at 4 p.m. local time (8 a.m. GMT) on 22 December 2010 at NIC Building, Amar Street 8, Sukhbaatar District, Ulaanbaatar, Mongolia. The formal notice of the EGM and resolutions to be proposed are set out on pages 3 to 5.

RESOLUTIONS TO BE PROPOSED AT THE EGM

Appointment of Auditors (Resolution 1)

We are asking shareholders to approve the appointment of Deloitte as the auditors of the Company. PKF Chartered Accountants & Business Advisers of Perth, Western Australia (**PKF Australia**) have acted as the Company's auditors since 2007. The audit partners and staff of PKF Australia recently resigned from PKF and joined the national audit practice of Deloitte in Australia and PKF Australia is in the process of being dissolved.

The Company's articles of association (the **Articles**) stipulate that auditors of the Company (other than the first auditors) shall be appointed by a resolution of shareholders. Resolution 1 will, if approved by the shareholders and subject to the Company obtaining the necessary regulatory consents in the Isle of Man, authorise the appointment of Deloitte as the auditors of the Company.

Electronic Communications with Shareholders (Resolutions 2 and 3)

The Isle of Man Companies Act 2006 provides that any notice required to be given to a shareholder shall be served in the manner specified in the Articles. The Articles provide that the Company may give notices or documents to any member using electronic communication to an address for the time being notified to the Company by the member. However, in order to take advantage of this for certain documents, the AIM

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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 EGM, as they intend to do in respect of their own beneficial holdings amounting in aggregate to 22,494,878 ordinary shares, representing approximately 12.29 per cent. of the Company's issued share capital.

Yours sincerely

Gordon L Toll
Non-Executive Co-Chairmen

Dr. Janchiv Oyungerel

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Rules for Companies (the **AIM Rules**) require compliance with a specific procedure as outlined in this document.

The AIM Rules provide companies with the option to satisfy the requirement to send certain documents (including the annual audited accounts) to shareholders by electronic communication, subject to the Company's constitution and any legal requirements in its jurisdiction of incorporation and subject to the satisfaction of certain requirements. These requirements include the need for shareholder approval in general meeting enabling the Company to utilise the ability to communicate with its shareholders under the Articles. This approval will be granted if Resolution 2 is passed.

The current Articles, however, do not specifically allow for the sending of the Company's annual accounts to shareholders by means of electronic communication. Resolution 3, which will be proposed as a special resolution, will, if passed:

- (a) amend the Articles to allow for the Company's annual accounts to be sent electronically to members in certain circumstances or made available on the Company's website; and
- (b) clarify the electronic notice provisions by stating that any notice, document or information is validly sent or supplied by the Company if it is made available on a website.

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

If Resolution 3 is passed, it will not be possible to send the Company's accounts to shareholders electronically unless Resolution 2 is also passed and the requirements described below have been complied with.

Under the AIM Rules, the Company cannot use electronic communications (including by means of the Company's website) for certain documents unless the recipient shareholder has either (i) given individual consent or (ii) having been contacted in writing to request such consent, has not objected within 28 days, in which event their consent can be deemed to have been given. We will be contacting shareholders individually in this regard in due course. Where consent is given or deemed given, a shareholder will be contacted to alert them to the publication of certain documents on the Company's website. A shareholder, may if he or she so wishes, continue to receive Company communications in hard copy form. Moreover, a shareholder may, in relation to a particular communication, request a hard copy form of that communication.

ACTION TO BE TAKEN

You will find enclosed a form of proxy for use at the EGM.

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 EGM. 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, 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 EGM. Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person should you subsequently find that you are able to be present.

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Petro Matad Limited

(the Company)

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

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Company (the **Meeting**) will be held at 4 p.m. local time (8 a.m. GMT) on 22 December 2010 at NIC Building, Amar Street 8, Sukhbaatar District, Ulaanbaatar, Mongolia for the transaction of the following business:

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

- 1 THAT Deloitte be appointed as the Company's auditors, subject to obtaining the necessary regulatory consents in the Isle of Man.
- 2 THAT the Company be authorised, subject to and in accordance with the provisions of the articles of association of the Company (as from time to time amended or varied), the Isle of Man Companies Act 2006 and the Isle of Man Electronic Transactions Act 2000 (the **ETA**), to send, convey or supply all types of notices, documents or information to the shareholders of the Company by means of electronic communication (as defined in the ETA) and including by means of electronic equipment for the processing (including, without limitation, by means of digital compression), storage and transmission of data, using wires, radio optical technologies, or any other electromagnetic means, including by making such notices, documents or information available on a website.

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

- 3 THAT the Company's articles of association be amended as follows:
 - (a) by the substitution for the current article 149.5 of the following:

"149.5 A copy of the Directors' and Auditors' reports accompanied by copies of the annual accounts (including every document required by law to be comprised in them or annexed or attached to them) shall, not less than 21 clear days before the meeting before which they are to be laid, be delivered or be sent by post to the registered address of, or sent by Electronic Communication to an electronic mail address notified to the Company by, or be made available via a website to, every member and holder of debentures of the Company and to the Auditors and to every other person who is entitled to receive notice of general meetings. However, this Article 149.5 shall not require a copy of those documents to be sent to any person who under the provisions of these Articles is not entitled to receive notices from the Company or of whose address the Company is unaware or to any holder of debentures of whose address the Company is unaware or to more than one of the joint holders of any shares or debentures. Any member to whom such documents are sent shall be entitled to receive a further copy, free of charge, on application at the Office. If all or any

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of the shares in or debentures of the Company are listed or dealt in on any stock exchange, there shall at the same time be forwarded to that stock exchange such number of copies of each of those documents as the regulations of that stock exchange may require. The accidental omission to deliver or send a copy of any document required to be delivered or sent to any person pursuant to this Article or the non-receipt of any document by any person entitled to receive it does not invalidate any such document or the proceedings at any general meeting.”

(b) by the addition of the following words at the end of Article 153.1:

“Any notice, document or information is validly sent or supplied by the Company by Electronic Communication if it is made available on a website.”

By order of the Board,

Dated 6 December 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, Isle of Man IM2 4RB, or by fax to +44 (0) 1624 624469, or by email to 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

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- 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 4 p.m. (GMT) on 20 December 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 4 p.m. (GMT) on 20 December 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 of the Meeting, 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 3 December 2010, being the last practicable date prior to the printing of this Notice, the Company's issued share capital consisted of 183,061,577 Ordinary Shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 3 December 2010 are 183,061,577.
 - 9 A copy of the Memorandum and Articles of Association marked to show the changes being proposed in Resolution 3 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 p.m.

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