

# **MALKA** **OIL**

November 28, 2008

**INTERIM REPORT JANUARY-SEPTEMBER 2008**

**MALKA OIL AB (publ)**

- **Income from oil sales amounted to TSEK 127,083 (0)**
- **The net result after tax for the period was TSEK –120,699 (-7,619)**
- **EPS was SEK -0.41 (-0.03) for the report period**
- **Svenska Petroleum Exploration (SPE) new main shareholder**
- **New agreement with Tomskayneft gives increased capacity for oil delivery up to 7,500 barrels per day. The completion of the Transneft connection is therefore postponed in time.**

## **MD's report - The Quarter in brief**

**Dear Shareholders,**

The third quarter has been characterized by an ever increasing market insecurity which is still expanding and which demands continuous analysis, reflection and capacity to act to be able to manage and negotiate in a wise manner. The price of oil has fallen by more than 65% since June which has been relatively unexpected by the markets. This has influenced the business climate also in Russia with significantly increased cautiousness both among consumers and producers. It has also resulted in an almost total halt of investments in many sectors including oil and gas. A positive effect for Russian oil producers can be the ongoing weakening of the rouble. Russia has lately been experiencing strong inflation and a depreciation of the rouble will decrease our production costs expressed in other world currencies.

Furthermore, the Russian tax system was designed with more stable oil prices in mind rather than the current relatively rapid fluctuations on world markets which can bring tax effects that inhibit exploration and other investments. This influences Malka's activities and constitutes a changed reality to which we adapt ourselves.

In light of this we have intensified our work to make operations more efficient through further cost reductions renewed focus on revenues or summed up; a renewed focus on cash flows throughout the group.

Exploration activities will temporarily be minimized and the main force will be on development of existing fields and wells which leads us towards the set production target of 4,000 barrels per day by year-end. A renewed agreement with Tomskayneft gives higher delivery capacity up to 7,500 barrels per day and hence we will wait further with our direct connection to the Transneft pipeline until volumes and sales prices motivate and support this investment in a businesswise sound way.

It is encouraging to see continuously increasing production volumes on the two producing oil fields. In October the production was 3,210 barrels per day, an increase of 20% compared with September. Step by step we hereby get closer to the target of producing 4,000 barrels per day by year-end.

We also plan to present new data on our reserves by the end of the year with expectations that our work to raise probable reserves shall give results. Before that we will also present conclusions from the new seismic report from the northern part of the license block.

To conclude, the production potential in our license block remains but current market conditions and today's low oil prices makes it a tougher challenge to realize it in an optimal way. However, we do continue towards our vision of 30,000 barrels per day by 2012.

Stockholm November 28, 2008.

Fredrik Svinhufvud  
Managing Director Malka Oil AB

## **Comments on the group's result and financial position**

### **Turnover and result**

Operating income for the period January 1 – September 30 2008 amounted to TSEK 129,787 (0), of which revenues from oil sales were TSEK 127,083 (0).

The gross profit amounted to TSEK 7,268 (TSEK 0).

Selling and distribution expenses were TSEK -18,659 (0) and in this item extra overhead costs depending on lack of own Transneft connection are included.

Transaction costs of TSEK -24,106 (-9,643) relating to the share and convertible bond issues during the report period have been booked against equity.

Net financial items for the period January 1 – September 30 2008 were TSEK -77,879 (6,631).

The tax for the period amounted to TSEK 2,149 (-559).

The group reports a net result after tax for the period January 1 – September 30 2008 of TSEK -120,699 (-7,619), equivalent to an earnings per share of SEK -0.41 (-0.03). The strengthening of the US dollar has had a negative influence on the result related to the increased book value of the debt for the USD dominated convertible loan. This affected the net result for the third quarter with TSEK -67,497.

### **Investments**

Investments in tangible and intangible fixed assets in the group during the period January – September 2008 amounted to TSEK 331,951 (333,214), of which intangible fixed assets represented TSEK 327,009 (294,505).

### **Valuation of assets**

The board of directors of Malka Oil sees no need for write-downs of the assets in the Group seeing that the geological results still are promising. To that, the current domestic oil prices in Russia are assessed not to be representative in the long-term. In addition, the rouble is expected to depreciate during the coming six months which will have a favourable affect on the Group's costs. The Board of Directors' view is that the company has the ability to finance itself in order to extract the company's reserves in a profitable way.

### **Legal dispute**

Malka's subsidiary in Russia, OOO STS-Service, is involved in a legal dispute with a local drilling contractor, EERB. It is expected that the dispute will be settled in court in 1-2 months time. The Board of Malka sees no need for any provisions due to this dispute.

### **Financing and liquidity**

Cash balances in the group amounted to TSEK 134,386 (112,312) at September 30, 2008.

### **Employees**

The number of employees in group companies at the end of the report period was 184 persons, of which 27 were women and 157 were men.

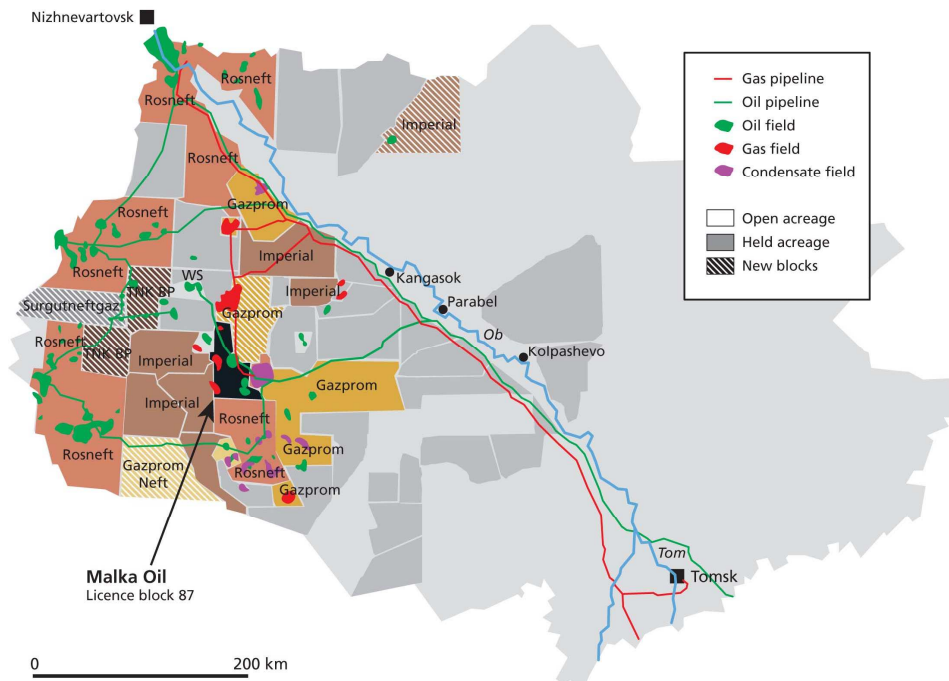
## Operations

### Summary

Malka Oil AB is an independent oil company active in Russia involved in exploration and production of hydrocarbons in the form of oil, gas condensate and gas. In conjunction with this, the subsidiary OOO STS-Service owns an oil licence valid for 25 years as from April 2005, which gives the company the right to extract all hydrocarbons found within the licence block during the licence period. The licence block measures just over 1,800 square kilometres and is located in the north-western part of the Tomsk region. It is surrounded by a large number of producing oil and gas fields.

During the Soviet era six boreholes were drilled in the licence block, five of which were discovered to produce hydrocarbons. The existing seismic investigation within the block has, besides the three existing oil fields, identified another seven structures, i.e. potential oil fields. These will be subject to exploration drilling over the next few years. It should be mentioned that around one third of the licence block has recently been covered by seismic investigation and the final interpretation will be completed during the 4<sup>th</sup> quarter 2008.

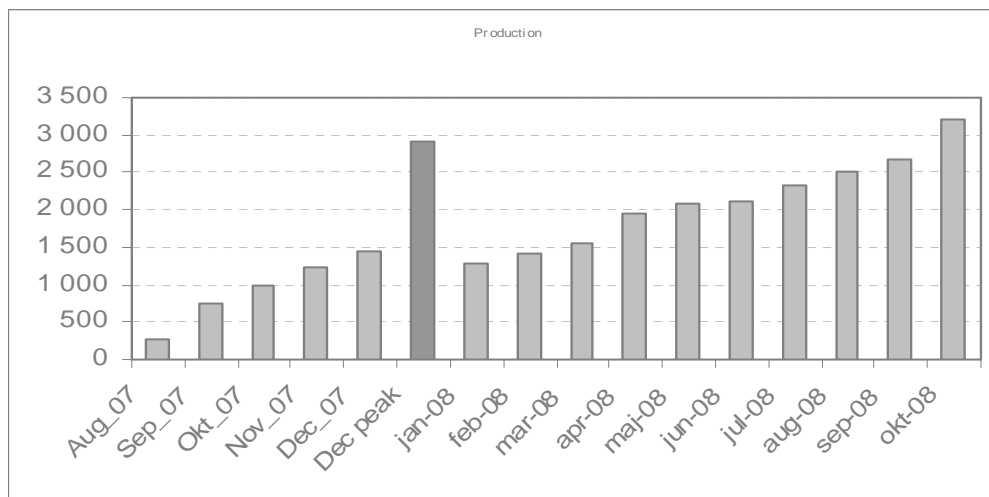
### Tomsk region



*Malka Oils licence block 87 is surrounded by a large number of productive oil and gas fields.*

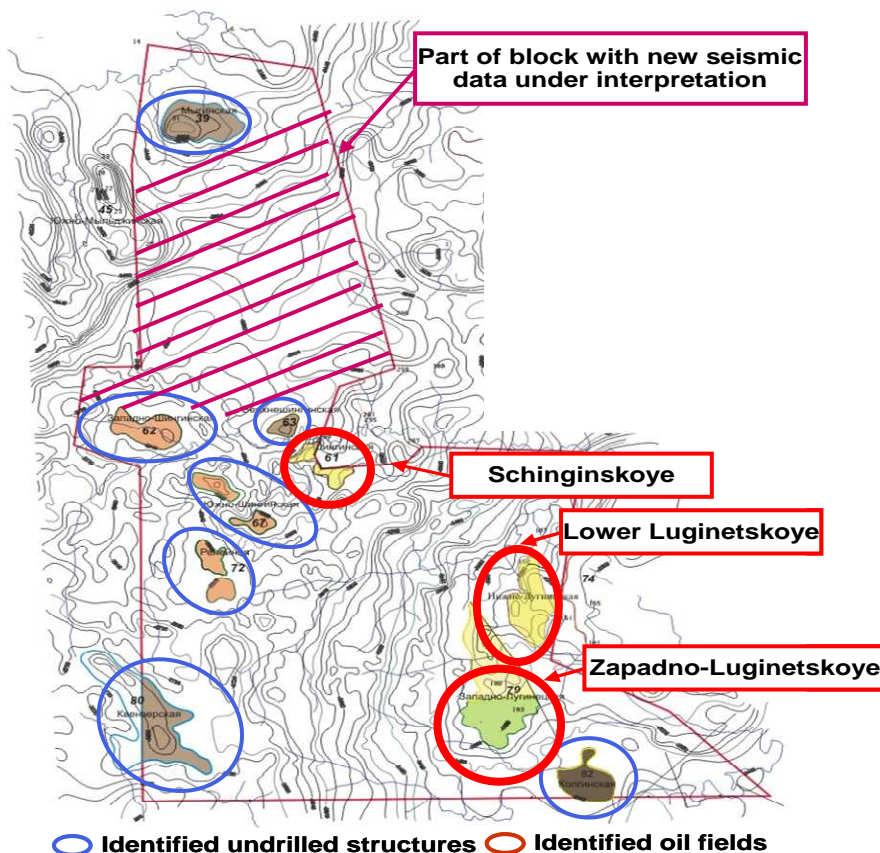
## Production status as per September 30, 2008

As per September 30, 2008, on Malka Oil's licence block there were a total of 18 wells producing oil and gas condensate, one older well from the Soviet era that has not been reopened, another eleven under testing, a total of 30 wells.



## Malka Oil fields, status

### Malka's licence block 87



Licence block 87 with the three identified oil fields marked with red circles and other currently non-drilled structures marked with blue circles.

## Estimation of reserves on Malka's three existing oil fields as per April 30, 2008

As per November 27, 2007 the Russian State Reserve Committee's estimation of extractable reserves on Malka's three existing oil fields amounts to 97 million barrels. Malka Oil's own estimation is in the interval 140–190 million barrels.

During spring 2008 Malka Oil carried out a Western study of the reserves according to SPE norms and the results of this report are shown in the table below.

000 bbl		SPE classification					Russian classification (GKZ)		
		Proved	Probable	Total 2P	Possible	Total 3P	ABC1	C2	Total ABC1+C2
Lower Luginetskoye	Oil	5 676	15 464	21 140	20 933	42 073	25 512	45 355	70 868
	Gas condensate	-	-	-	-	-	0	0	0
Zapadnoe Luginetskoye	Oil	2 071	20 388	22 459	18 010	40 469	3 616	13 604	17 220
	Gas condensate	-	-	-	-	-	456	2 582	3 038
Schinginskoye	Oil	0	0	0	8 031	8 031	0	6 278	6 278
	Gas condensate	-	-	-	-	-	0	0	0
Total	Oil	7 747	35 852	43 599	46 974	90 573	29 129	65 237	94 365
	Gas condensate	-	-	-	-	-	456	2 582	3 038
Total	Oil and gas condensate	7 747	35 852	43 599	46 974	90 573	29 584	67 818	97 403

### Zapadno-Luginetskoye (ZL)

#### Description

There are currently eleven wells that produce oil and gas condensate at the Zapadno-Luginetskoye field. Another eight boreholes are undergoing tests at present and these will later enter production. In addition, one new exploration well, nr 580 is under testing. The Zapadno-Luginetskoye field also contains one borehole that was sealed in the Soviet era which has not been re-opened.

#### Estimated reserves

The compulsory review and registration of reserves conducted by the Russian State Reserves Committee GKZ in February 2007 indicated that the field contained recoverable reserves of 20 million barrels oil and gas whereof 4 million barrels are categorised as "proven" (C1) and 16 million barrels as "probable" (C2). However, Malka Oil estimates that the probable oil reserves are significantly higher since the GKZ reserve classification only considered the Jurassic 1.1 and Jurassic 1.2 geological strata and a thickness of the reservoir of two metres, which according to new boreholes may indeed be much thicker. The Western reserve study estimates are 22.5 mmbbl 2P and 40.5 mmbbl 3P oil reserves.

### Lower Luginetskoye (LL)

#### Description

This oilfield is situated between the Schinginskoye and Zapadno-Luginetskoye oilfields on the western border of the large Luginetskoye oilfield that is owned by the Tomskneft oil company. Malka Oil currently has seven oil producing wells on this field and one under testing. In addition, one new exploration borehole, nr. 210 is under testing.

#### Estimated reserves

In November 2007 Malka Oil received the latest official opinion on the reserves from GKZ which stated the extractable reserves to 71 million barrels whereof 26 million barrels are categorised as "proven" (C1) and 45 million barrels as "probable" (C2). The Western reserve study estimates are 21.1 mmbbl 2P and 42.1 mmbbl 3P oil reserves.

### Schinginskoye (SK)

#### Description

Schinginskoye, the third oilfield, partly extends into Malka Oil's licence block but the majority belongs to Sibneft-Gazprom. This particular part of the Schinginskoye oil field has been assigned to Malka Oil without any drilling being undertaken by Malka.

#### Estimated reserves

Operational calculation of reserves undertaken by Sibneft-Gazprom at the close of 2006 attributed 6 million barrels of recoverable reserves in the C2 category to STS-Service, Malka Oil's subsidiary. These figures have been reviewed and approved by GKZ. The Western reserve study estimate is 8.0 mmbbl 3P oil reserves.

The update of company's reserves which includes the data from the boreholes nr. 210 and nr. 580 is expected to be ready in December 2008. This expected to have a positive effect on the amount of estimated reserves.

## **Major business events following the end of the report period**

### Svenska Petroleum Exploration (SPE) new main shareholder

Svenska Petroleum Exploration (SPE) bought 20,069,000 shares in Malka Oil on October 8, 2008. This corresponds to 5.98% of the votes and capital and makes SPE a new main shareholder in Malka Oil. SPE already has experience of oil production in Eastern Europe, including Russia, and has expressed an interest of a seat on the Board of Malka Oil.

### October 2008 production: 3,210 barrels per day

Malka Oil's total production of oil and condensate for the month of October 2008 amounted to 99,517 barrels, compared with September when the production was 80,008 barrels. On average the production was 3,210 barrels per day corresponding to a production increase of 20 percent compared to 2,667 barrels per day during September. The company's interim target to reach a production of 4,000 barrels per day by year-end remains.

### **Share data**

As of September 30, 2008, the share capital in the company amounted to SEK 167,756,420 divided into 335,512,840 outstanding shares, each with a quota value of SEK 0.50.

The limit for the share capital is currently at least SEK 200,000,000 and at most SEK 800,000,000. There is only one class of issued shares and all shares include equal entitlement to the company's profits and assets.

In May 2007 a four-year convertible bond was issued in the amount of MUSD 60. In the event of full conversion there will be another 47,942,469 shares added. The conversion price is USD 1.2515 or approximately SEK 8.70 per share given the prevailing dollar rate as per September 30.

In January 2008, a three-year convertible bond was issued in the nominal amount of MUSD 20. In the event of full conversion there will be another 18,991,540 shares added. The conversion price is USD 1.0531 or approximately SEK 7.32 per share given the prevailing dollar rate as per September 30.

At the Annual General Meeting on June 11, 2008 it was decided to approve a mandate to the Board of Directors valid until the next Annual General Meeting of shareholders, on one or more occasions, to issue up to 100,000,000 new shares without deviation from the existing shareholders' preferential rights. The Annual General Meeting approved further a mandate to the Board of Directors valid until the next Annual General Meeting of shareholders to issue up to 50,000,000 new shares with deviation from the existing shareholders' preferential rights. Lastly the Annual General Meeting decided to issue 6,000,000 options for subscription for shares for on-selling to employees. These options have not yet been allocated as of the date of reporting.

On July 2, 2008 a directed share issue was executed with 50 million shares at a price per share of SEK 5.00. The mandate from the Annual General Meeting regarding issues with deviation from the existing shareholders' preferential rights was thereby used in full.

**Malka Oil (publ)**

Org nr 556615-2350

**INCOME STATEMENT**

	2008-01-01 - 2008-09-30	2007-01-01 - 2007-09-30	2008-07-01 - 2008-09-30	2007-07-01 - 2007-09-30	2007-01-01 - 2007-12-31
(all amounts in TSEK)	GROUP	GROUP	GROUP	GROUP	GROUP
<b>Operating income</b>					
Net sales of oil	127 083	0	57 616	0	0
Other operating income	2 704	0	241	0	0
	<b>129 787</b>	<b>0</b>	<b>57 857</b>	<b>0</b>	<b>0</b>
<b>Cost of sales</b>					
Production costs	-111 378	0	-50 740	0	0
Amortization	-11 141	0	-5 134	0	0
	<b>7 268</b>	<b>0</b>	<b>1 983</b>	<b>0</b>	<b>0</b>
<b>Gross profit</b>					
Selling and distribution expenses	-18 659	0	-7 373	0	0
Administration costs	-28 110	-13 414	-12 990	-2 746	-7 269
Other operating expenses	-5 468	-277	-3 090	-144	-487
	<b>-44 969</b>	<b>-13 691</b>	<b>-21 470</b>	<b>-2 890</b>	<b>-7 756</b>
<b>Operating profit</b>					
<i>Result from financial investments</i>					
Financial income	54 480	34 641	15 507	19 946	40 017
Financial costs	-132 359	-28 010	-84 388	-14 964	-46 925
	<b>-122 848</b>	<b>-7 060</b>	<b>-90 351</b>	<b>2 092</b>	<b>-14 664</b>
<b>Result before tax</b>					
Tax on the period's result	2 149	-559	4 468	-1 181	-566
	<b>-120 699</b>	<b>-7 619</b>	<b>-85 883</b>	<b>911</b>	<b>-15 230</b>
<b>The period's net result</b>					
Whereof attributable to the minority	0	0	0	0	0
Whereof attributable to the shareholders of the parent company	-120 699	-7 619	-85 883	911	-15 230
Earnings per share before dilution, SEK	-0,41	-0,03	-0,26	0,00	-0,06
Earnings per share after dilution, SEK	-0,41	-0,03	-0,26	0,00	-0,06
Number of shares issued at period end	335 512 840	250 112 840	335 512 840	250 112 840	270 112 840
Average number of shares outstanding for the period	291 656 914	242 906 314	326 400 618	248 561 273	245 422 291
Average number of shares outstanding for the period after dilution*)	291 656 914**	247 348 504	326 400 618**	253 003 463	249 400 663
Number of additional shares being added after conversion of convertible bonds	66 934 017	47 942 469	66 934 017	47 942 469	47 942 469
Outstanding number of warrants at period end (each corresponding to one share)	6 000 000**	12 400 000	6 000 000**	12 400 000	12 400 000

\*) in the dilution calculation, the convertible loans are not included since the conversion prices (SEK 7.32 and SEK 8.70) exceeds the current share price (SEK 1.84 as per 080930).

\*\*) The new incentive programme that was adopted by the Annual General Meeting on 080611 is not yet allocated and is therefore not included in the dilution calculation.



**Malka Oil AB (publ)**

<b>GROUP BALANCE SHEET</b>	<b>2008-09-30</b>	<b>2007-12-31</b>
(all amounts in TSEK)	GROUP	GROUP
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Intangible fixed assets	1 254 110	866 801
Tangible fixed assets	44 572	65 043
Financial fixed assets	283 210	175 361
<b>Total fixed assets</b>	<b>1 581 892</b>	<b>1 107 205</b>
<b>CURRENT ASSETS</b>		
Inventories	65 150	73 072
Current receivables	141 332	101 829
Cash and bank	134 386	58 739
<b>Total current assets</b>	<b>340 868</b>	<b>233 640</b>
<b>TOTAL ASSETS</b>	<b>1 922 760</b>	<b>1 340 845</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>864 579</b>	<b>652 387</b>
<b>Minority interest</b>	<b>0</b>	<b>2 558</b>
<b>Provisions</b>	<b>217 530</b>	<b>209 004</b>
<b>Long-term liabilities</b>	<b>497 104</b>	<b>334 606</b>
<b>Current liabilities</b>	<b>343 547</b>	<b>142 290</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 922 760</b>	<b>1 340 845</b>

<b>CASHFLOW ANALYSIS</b>	9 months <b>2008-01-01</b> - <b>2008-09-30</b>	9 months <b>2007-01-01</b> - <b>2007-09-30</b>	12 months <b>2007-01-01</b> - <b>2007-12-31</b>
<i>(All figures in TSEK)</i>			
<b>Cashflow from current operations</b>			
Operating result	-44 969	-13 691	-7 756
Adjustment for items not included in cashflow	11 114	1 830	3 545
Financial income	14 733	12 249	13 228
Financial costs	-40 475	-8 742	-39 751
Income tax paid		-559	-9
<b>Cashflow from current operations before changes to operating capital</b>	<b>-59 597</b>	<b>-8 913</b>	<b>-30 743</b>
<b>Cashflow from changes to operating capital</b>			
Decrease(+)/increase(-)in inventory	7 922	-24 128	-52 581
Decrease(+)/increase(-)in receivables	-32 498	-29 812	-45 625
Decrease(-)/increase(+in liabilities	228 221	-7 694	122 905
<b>Total changes to operating capital</b>	<b>203 645</b>	<b>-61 634</b>	<b>24 699</b>
<b>Cashflow from current operations</b>	<b>144 048</b>	<b>-70 547</b>	<b>-6 044</b>
<b>Investment operations</b>			
Investment in intangible fixed assets	-327 009	-294 505	-451 668
Investment in tangible fixed assets	-4 942	-38 709	-60 449
Decrease(+)/increase(-) in long-term receivables	-107 950	-28 440	-21 224
<b>Cashflow from investment operations</b>	<b>-439 901</b>	<b>-361 654</b>	<b>-533 341</b>
<b>Financing operations</b>			
New issues, adjusted after issue costs	257 983	168 165	263 044
Change in convertible bond	115 758	334 908	346 089
Decrease(-)/increase(+in overdraft facility	0	0	-48 292
<b>Cashflow from financing operations</b>	<b>373 741</b>	<b>503 073</b>	<b>560 841</b>
Decrease(-)/increase(+in liquid assets	77 888	70 872	21 456
Liquid assets at beginning of period	58 739	46 230	46 230
Exchange rate differences in liquid assets	-2 241	-4 790	-8 947
<b>Liquid assets at end of period</b>	<b>134 386</b>	<b>112 312</b>	<b>58 739</b>

**STATEMENT OF CHANGES IN EQUITY (GROUP)**

(All amounts in TSEK)

	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity capital
<b>Incoming equity on Jan 1, 2007</b>	<b>114 839</b>	<b>308 946</b>	<b>-7 566</b>	<b>-7 101</b>	<b>409 118</b>
Conversion of debt instruments	214	214			428
New issues	18 800	257 519			276 319
Subscription options	1 203	1 661			2 864
Issue costs		-16 568			-16 568
Translation difference			-4 544		-4 544
The period's net result				-15 230	-15 230
<b>Equity on Dec 31, 2007</b>	<b>135 056</b>	<b>551 772</b>	<b>-12 110</b>	<b>-22 331</b>	<b>652 387</b>
New issues	32 700	278 969			311 669
Issue costs		-24 106			-24 106
Translation difference			45 328		45 328
The period's net result				-120 699	-120 699
<b>Outgoing equity on September 30, 2008</b>	<b>167 756</b>	<b>806 635</b>	<b>33 218</b>	<b>-143 030</b>	<b>864 579</b>

**Malka Oil AB (publ)**

<b>KEY RATIOS</b>	9 months 2008-09-30	9 months 2007-09-30	12 months 2007-12-31
<b>Group</b>			
Total assets, TSEK	1 922 760	1 138 427	1 340 845
Total equity, TSEK	864 579	571 004	652 387
Equity ratio, %	45,0%	50,2%	48,7%
Interest bearing debt, TSEK	524 245	328 467	334 606
Employees at period end	184	124	91
Return on equity (%)	-15,91%	-1,55%	-2,87%
<b>Per share data</b>			
Earnings per share, SEK	-0,41	-0,03	-0,06
Equity per share (SEK)	2,58	2,28	2,42

**Key ratio definitions**

Total assets, TSEK	Total assets at period end
Total equity, TSEK	Total equity at period end attributable to the parent company's shareholders
Equity ratio, %	Total equity according to above divided by total assets expressed as a percentage
Interest bearing debt, TSEK	Total interest bearing debt at the period end
Earnings per share	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution
Equity per share (SEK)	Total equity according to above at the period end divided by the total number of shares outstanding at the period end
Return on equity (%)	Net result after tax for the period divided by the average equity for the same period

## Accounting policy

### Basis for the preparation of the interim report

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34, Interim reporting. The interim report is abridged and does not contain all the information and data that is included in the annual report. The interim report should therefore be read together with the 2007 annual report.

### New income statement format

The classification of the income statement for the period ended September 30, 2008 has been changed from by nature to by function. In the director's view, the income statement by function better describes the company and the development of the company as it has entered into commercial production. Income statement by function is also the standard within the oil and gas industry.

### Future reporting dates

The next coming report is the Year-end report for the year 2008 which will be published on February 27, 2009. Afterwards there will be the following financial reporting during year 2009:

Annual report 2008: To be published in April 2009

January – March interim report: To be published May 29, 2009

Annual general meeting 2009: To be held in June 2009

January – June interim report: To be published August 28, 2009

January – September interim report: To be published November 30, 2009

### Company information

The full name of the parent company is Malka Oil AB (publ). It is a public limited company with head offices in Stockholm and the corporate registration number 556615-2350. The address of the parent company is Birger Jarlsgatan 33, 111 45 Stockholm. Its telephone number is +46 8 5000 7810 and fax number is +46 8 5000 7815. Internet web site: [www.malkaoil.se](http://www.malkaoil.se)

This report has not been subject to review by the company's auditors.

Stockholm, November 28, 2008

The Board of Malka Oil AB (publ)

### For further information, please contact:

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For further information on Malka Oil AB, see the website [www.malkaoil.se](http://www.malkaoil.se)

Malka Oil AB (publ) is an independent oil and gas production company operating in the Tomsk region in western Siberia. Their current position consists of oil and gas assets for licence block number 87 in the said region. The block has a surface of 1,800 square kilometres. There are currently three oil fields at the licence block, namely Zapadno-Luginetskoye ("ZL"), Lower Luginetskoye ("LL") and the Schinginskoye oil field, and a large quantity of other not yet drilled oil structures.

The ZL and LL oil fields are in production and these two oil fields have during 2007 went through reserve classification by the Russian State Committee of Reserves (GKZ) and during spring 2008 a Western reserve study made by DeGolyer and McNaughton. The GKZ registered extractable oil and condensate reserves in the categories C1 and C2 amounted to 97 million barrels at the end of 2007. The company's own estimate of its extractable oil and condensate reserves, C1+ C2, in the three existing oil fields on licence block number 87 is

currently 140-190 million barrels. The Western reserve study estimation as of April 30, 2008 amounted to 43.5 million barrels 2P and 90.6 million barrels 3P oil reserves. Malka Oil's licence block is surrounded by a large number of producing oil and gas fields.

Reasonable caution notice: The statement and assumptions made in the company's information regarding Malka Oil AB's ("Malka") current plans, prognoses, strategies, concepts and other statements that are not historical facts are estimations or "forward looking statements" concerning Malka's future activities. Such future estimations comprise but are not limited to statements that include words such as "may occur", "concerning", "plans", "expects", "estimates", "believes", "evaluates", "prognosticates" or similar expressions. Such expressions reflect the management of Malka's expectations and assumptions made on the basis of information available at that time. These statements and assumptions are subject to a large number of risks and uncertainties. These, in their turn, comprise but are not limited to i) changes in the financial, legal and political environment of the countries in which Malka conducts business, ii) changes in the available geological information concerning the company's projects in operation, iii) Malka's capacity to continuously guarantee sufficient financing to perform their activities as a "going concern", iv) the success of all participants in the group, or of the various interested companies, joint ventures or secondary alliances, v) changes in currency exchange rates, in particular those relating to the RUR/USD rate. Due to the background of the many risks and uncertainties that exist for any oil-prospecting venture and oil production company in its initial stage, Malka's actual future development may significantly deviate from that indicated in the company's informative statements. Malka assumes no implicit liability to immediately update any such future evaluations.