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Western reserve study estimates 91 million barrels

Malka Oil's extractable reserves on the company's three existing oil fields amounted to 91 million barrels as of April 30, 2008 according to an independent Western reserve study. The estimation is based upon Malka Oil's existing boreholes and supports the company's own estimation 140 – 190 million barrels of extractable oil and condensate on the three oil fields. A new study will be initiated that amongst others will include new production data and a new seismic report.

The American petroleum consulting company De Golyer and McNaughton has conducted the study according to the internationally acknowledged Petroleum Resources Management System which has been established by among others the Society of Petroleum Engineers (SPE).

The estimation of the proven and probable oil reserves (Proved P1 and Probable P2) amounts to 7.7 million respectively 35.9 million barrels and the possible reserves (Possible P3) to 47.0 million barrels, which in total gives 90.6 million barrels 3P. The estimation is in line with the earlier Russian reserve estimation of 97 million barrels which also includes the gas condensate.

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	19 635	50 633	70 268
	Gas condensate	-	-	-	-	-	0	0	0
Zapadno-Luginetskoye	Oil	2 071	20 388	22 459	18 010	40 469	3 533	13 688	17 220
	Gas condensate	-	-	-	-	-	450	2 588	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	23 168	70 598	93 765
	Gas condensate	-	-	-	-	-	450	2 588	3 038
Total	Oil and gas condensate	7 747	35 852	43 599	46 974	90 573	23 618	73 185	96 803

The reserve study is not including the gas and condensate reserves and does not take the test result from the boreholes 210 and 580 into consideration. These boreholes will be included in an updated study which is planned to be completed before end of this year. Also, the undrilled structures which have been identified are not part of the study, only the three existing oil fields are included. The study supports Malka Oil's own internal estimation of 140 – 190 million barrels.

"Our development programme is today not optimized according to Western SPE-norms. We therefore see this report as a starting-point for the work to even more efficiently capture the

potential of the license block and to focus our drilling programme on increasing the SPE-classified reserves”, says Fredrik Svinhufvud, Managing Director Malka Oil.

To increase the proportion of proven and probable reserves, Malka Oil will engage an independent expert to analyze the company’s development plans, the operation of the field and also to assist with the designing of new development plans. In this way the operation will be optimized with regards to SPE-norms going forward.

Malka Oils has also assigned De Golyer and McNaughton to conduct a more detailed reserve estimation in the form of a complete Competent Person’s Report (CPR) which is expected to be ready before end of this year. This report will include the conclusions from the revised development plans, new test results from the boreholes 210 and 580, new production data from existing wells and also the new seismic report from the northern part of the license block.

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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 license 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 license 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 also went through reserve classification by the Russian State Committee of Reserves (GKZ). A considerable drilling programme was carried out in 2007. 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 in the three existing oil fields on license block number 87 is currently 140-190 million barrels.

Malka Oil’s license block is surrounded by a large number of producing oil and gas fields.

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