



PRESS RELEASE DATED 2008-05-26

Well 210 hits oil. Production targets two months delayed

- **WELL 210 HITS OIL – CONFIRMS CONNECTION OF ZL AND LL OIL FIELDS**
- **PRODUCTION TARGETS FOR MAY AND JUNE TWO MONTHS DELAYED, YEAR-END TARGET REMAINS**

The first phase of the drilling of well 210, located between Zapadno-Luginetskoye (ZL) and Lower Luginetskoye (LL) oil fields, is now completed and has struck oil. This is very positive and finally confirms the thesis that the ZL and LL oil fields are connected into one large oil deposit.

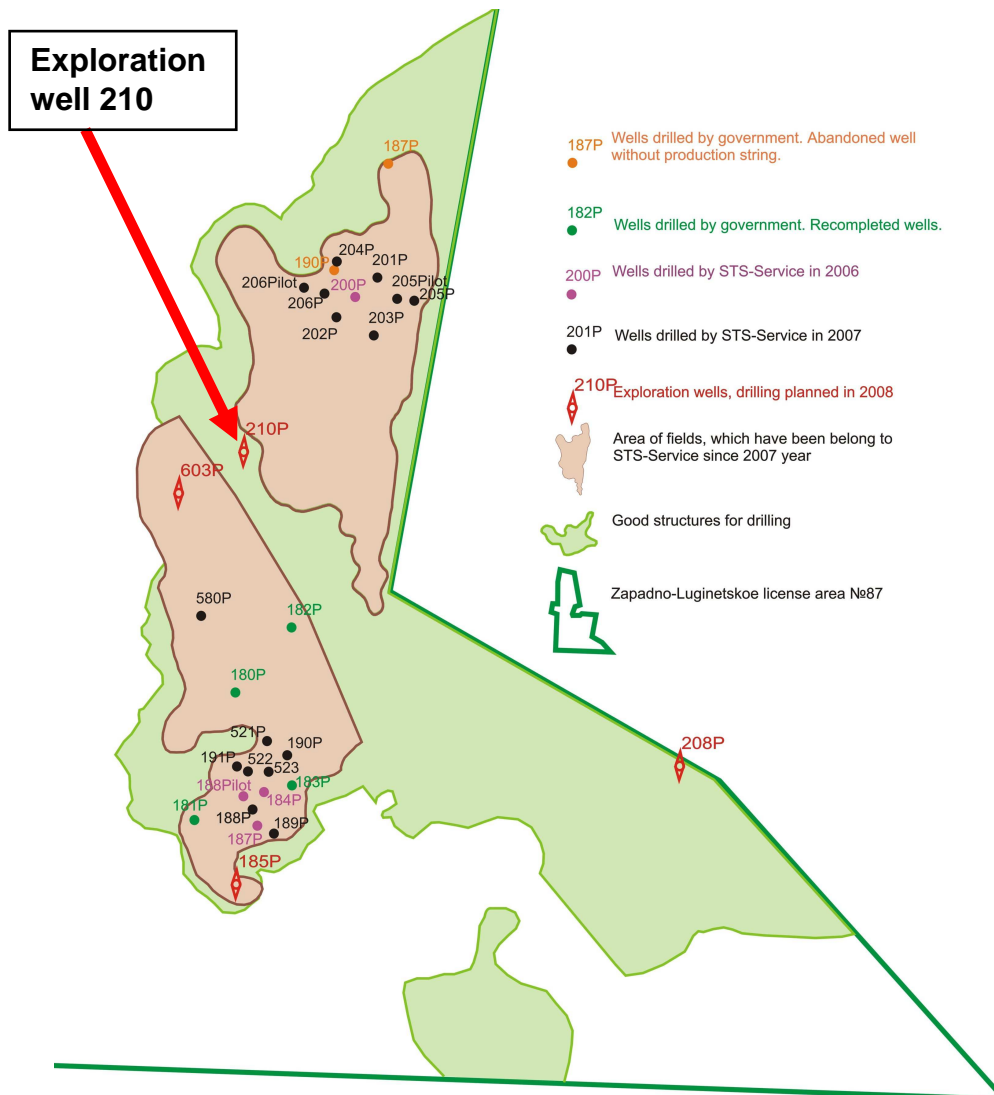
The short-term production targets are delayed two months due to current limitations in the oil treatment and delivery capacity. Year-end target 2008 of 8,000 barrels per day remains.

"The results from the initial phase of the drilling of borehole 210 are very positive and will of course also have a positive effect on coming reserve estimations. We are now confident that the ZL and LL fields are connected into one large oil field" says Fredrik Svinhufvud, CEO of Malka Oil AB, and continues:

"The production delay is not according to plan and once again shows the importance of having our own complete oil treatment and delivery facilities in place. We have experienced problems with removing water from the oil flows after hydro-fracturing and have not been able to treat the oil as fast as needed and therefore we have been forced to temporary limit the production. This however will be resolved step by step until we at the end of the year will have our own infrastructure for oil treatment and delivery including a direct connection into Transneft".

Borehole 210

Initial results from borehole 210 (see map below) show a 9 meter thick oil saturated zone in the upper Jurassic layers and these results confirm the connection of the Zapadno-Luginetskoye and Lower Luginetskoye oil fields. The next step is to continue the drilling through Jura 10 and down to Paleozoic.



Map over the ZL and LL oil fields. Well 210 is situated between these fields and confirms that the oil fields are connected.

Delay of production targets

The production targets of 4,500 and 6,000 barrels per day are moved forward two months due to capacity problems in conjunction with the water removal after hydro-fracturing. Oil production is expected to reach 4,500 barrels per day before the end of July and up to 6,000 barrels per day by the end of August. The year-end target of 8,000 barrels per day remains.

For further information, please contact:

Fredrik Svinhufvud, Managing Director Malka Oil, tel +46 8 5000 7811, mobile +46 708 708 708
Richard Tejme, CFO, tel +46 8 5000 7812 mobile +46 707 31 52 17

For further information on Malka Oil AB, see the website 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 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 field 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.

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.