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- **MARCH 2008 PRODUCTION: 1,556 BARRELS PER DAY**
- **INCREASED PRODUCTION DESPITE MORE WELLS UNDER HYDRO FRACTURING**

Malka Oil's total production of oil and condensate for the month of March amounted to 48,244 barrels, compared with February when the production was 40,839 barrels. On average the production was 1,556 barrels per day, compared with 1,408 barrels per day during February.

"It is very satisfying to see that production has increased compared to February even though several wells have been shut down due to hydro fracturing. As they come back on stream again we expect the production volumes to build up during April and onwards" says Malka's Managing Director Fredrik Svinhufvud.

Malka Oil predicts that the production will increase to around 4,500 barrels per day before the end of May and further up to 6,000 barrels per day by the end of June. As per today nine out of planned 16 wells have been hydro fractured and the remaining seven will be treated during May and June.

During March Malka Oil produced oil and condensate from 11 wells, compared to 13 wells in February.

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 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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