



PRESS RELEASE DATED 2008-02-01

NEW ESTIMATION OF EXTRACTABLE RESERVES: 140–190 MILLION BARRELS

Malka Oil upgrades its estimation of extractable oil and condensate reserves with 32% to 140-190 million barrels from earlier 100-150 million barrels. The upgrade is done in light of data from the new borehole 580 which has shown significant deposits of hydrocarbons in a new area. This strengthens the thesis that the oil fields Zapadno-Luginetskoye and Lower Luginetskoye are one large connected field and that the extension of this field can be very large.

"This is a major event for Malka Oil and it is the most important discovery since borehole 200 in year 2006. We are now beginning to feel very confident that the oil fields Lower Luginetskoye (LL) and Zapadno Luginetskoye (ZL) really are connected. This of course has a very positive effect when it comes to the company's estimation of our reserves and the ongoing commercialization of the license block" says Fredrik Svinhufvud, CEO of Malka Oil AB and continues,

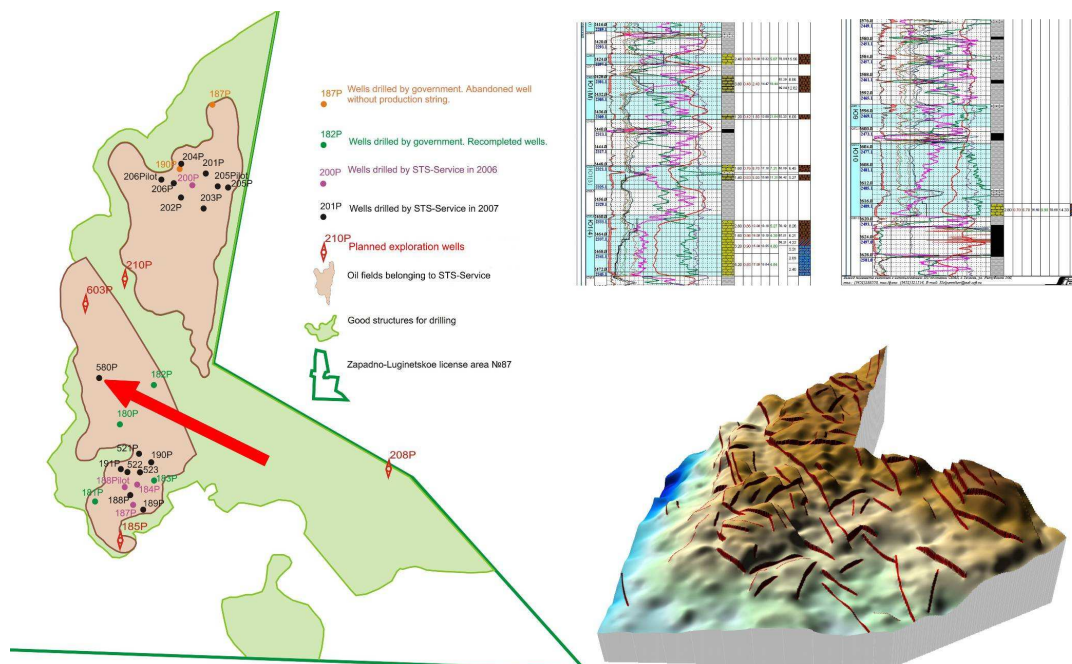
"With data from the new borehole 580 situated between LL and ZL as a base, we are now raising the company's official reserve estimation to 140-190 million barrels and can conclude that we are well on our way to create large values for our shareholders."

Borehole 580

The results from borehole 580 shows significant deposits of hydrocarbons divided into the geological layers Ju 10, Ju 7, Ju 2 and Ju 1-4. Of these layers, Ju 1-4 and Ju 10 can be characterized as confirmed reservoirs since they have also been discovered in other boreholes in the field. The net pay in these two layers are 4.4 and 2.8 meters respectively. Ju 7 and Ju 2 have net pays of 2.2 and 2.4 meters respectively.

Analysis of core samples and seismic data from this borehole confirms earlier assumptions that Zapadno-Luginetskoye and Lower Luginetskoye are one and the same field. We are now of the opinion that only one more borehole is needed to finally validate this thesis.

From a long-term view, our chief geologist is of the opinion that the oil has migrated in from the southeast part of the field, see illustration above, which in that case further should prove that Block 87 is an extension of the neighboring Luginetskoye field.



The pictures above illustrates the location of borehole 580 between LL and ZL and also parts of the logs that indicates the hydrocarbon bearing layers. These pictures can also be find in the latest presentation on Malkas' web page.

Hydrocarbon bearing layers confirmed

Analysis of core samples and logs also confirms the earlier discovery of a hydrocarbon bearing layer in the lower Jurassic intervals, Ju 10, but also deposits of hydrocarbons in the layers Ju 7, Ju 2 and Ju 1-4. It still remains to explain the extension of these oilbearing layers and to test the productivity but data so far points to very good reservoir characteristics.

All in all, the information above once again supports what has previously been assumed, namely that the company's extractable reserves are much larger than earlier estimations. Therefore the company now estimates its extractable oil and condensate reserves in the three existing oil fields on license block number 87 to 140-190 million barrels. The previous upgrade was done in November up to 100-150 million barrels.

A new company presentation covering these findings is as from today available for downloading on Malka Oil's website www.malkaoil.se.

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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

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

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