

# **MALKA OIL**

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## **Convertible bondholders accept the proposal for early conversion**

**In a Bondholders meeting held today the convertible bondholders voted for the proposal of early conversion of the entire outstanding convertible bond debt. This means that Malka's convertible bond debt of total MUSD 80 (approximately MSEK 710) will be converted to 1,678,000,000 shares in the company. The transaction is conditional upon an approval from an extra general meeting and that the coming rights issue of approximately MSEK 140 (MUSD 16) is fully subscribed for. The settlement will decrease the interest costs for the company with MUSD 6.6 (approximately MSEK 59) per year. After the rights issue and conversion of the convertible bonds, the previous convertible bondholders will own approximately 42% of the shares in Malka Oil.**

"It is encouraging that we have reached this agreement with the convertible bondholders. We are convinced that this is a constructive solution for both parties, the shareholders as well as the convertible bondholders" says Fredrik Svinhufvud and continues;  
"Given a successfully completed rights issue and conversion of the convertible debt the company will have a considerably stronger balance sheet and a reduced interest burden of some 60 MSEK per year."

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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. Its 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 MacNaughton. 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.

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