

# ***Ginger Oil AB***

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## **Quarterly report January – March 31, 2005**

### **Ginger Oil AB**

#### **Annual meeting**

Ginger Oil AB held its annual shareholders meeting April 11, 2005 in Stockholm. 79.32 % of the company's votes was represented at the meeting. The assembly decided to approve the 2004 annual report, dispose the company's result in accordance with the boards suggestion in the annual report and discharge the members of the board and C.E.O. from liability for the year 2004. Sven-Erik Ahlstedt, Åke Andersson, Hans Blixt, Arne Hall, William Neville, Stig Nordvall and Helge Ringdahl were re-elected to the board until next ordinary shareholders meeting. Ingrid Wedin was reelected as the board's deputy member. Martin Johansson of ÖhrlingsPriceWaterhouseCoopers was elected at the annual shareholders meeting 2004 for a period of four years.

The shareholders meeting decided to authorize the board to issue 2,500,000 additional shares if needed.

At the inaugural board meeting Hans Blixt was appointed chairman and Sven-Erik Ahlstedt C.E.O.

### **Ginger Oil Company**

#### **Cash Flow**

The company's cash flow from operations is positive since the fourth quarter 2004. Coppermark Bank of Oklahoma has approved a line of credit to Ginger of \$5,000,000. The interest on drawn capital is at market rates.

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#### **Investments/Divestments**

##### **Divestment**

**Project "Iberia Dome"** has, as earlier reported been sold to the South Korean company, SK E&P. Ginger has no cost in the drilling of these wells that now are estimated to commence July/August 2005. Ralph E. Davis & Associates, an independent engineering consultant firm, has estimated potential reserves at around 65 Bcf of gas equivalent. Ginger is currently in the process of selling half of its position in the project.

## Investments:

- **Project "Domino"**. Close to \$8,000,000 has been invested in the project by all participants. Ginger was carried in the Shoot portion, \$3,000,000 of expenditures. Ginger's ownership has increased from 14.75% to 15.01%. A total of four prospects have been drilled. Three of these have been proven to contain oil/gas and one was dry. Two additional prospects will be drilled by this summer. One acceleration well is expected to be drilled adjacent to our first discovery.
- **Project "Ohio"**. Good results have been obtained through geochemical and magnetic studies. Ginger will acquire seismic studies and if they are positive, start leasing. Currently Ginger has 100% of the project and will seek a partner before drilling is undertaken.
- **Project "Bodenger"**. The well is located 30 miles south of New Orleans in the Barataria area. It is producing 3.2 mcf gas and approximately 50 barrels of oil per day. The well will soon reach pay out and Ginger's ownership will increase from 4.01% to 6.68%.
- **Project "Little Village"**. Ginger is marketing this South Louisiana project to the industry. Potential reserves are 120 Bcf. Ginger expects to retain 6% of this project when sold.
- **Project "Kings Ridge"**. Ginger is marketing this project that is situated in South Louisiana. Potential reserves are 15 Bcf. Ginger expects to retain 5% of the project when sold.

## **Discoveries**

- One additional discovery has been made in the Domino area. It will be tested and is expected to be on production within a few months.

## **Production**

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	Bopd	Cfgpd	Ginger's %
• <i>Harvey Ringer #1</i>		60,000	12.50
• <i>Vamos Fleming Plantation #1</i>	120		5.75(11.50 APO*)
• <i>ZTI Fleming Plantation #1</i>	40		5.75 (11.50 APO*)
• <i>Main Pass 57</i>	80	515,000	3.00(Royalty)
• <i>Broyles #1</i>		500,000	0.33(Royalty)
• <i>Bodenger #2</i>	50	3,200,000	4.01 (6.68 APO*)
• <i>Searcy #1</i>	170		15.01%
• <i>Montague #1</i>	10		15.01%

\* = after well payout