

Ginger Oil AB

Year end memoranda Januari – December 2003

New emission brought in 2,9 Million SEK

Ginger Oil AB offered during May 19 – June 6 to shareholders and other interested parties the opportunity to acquire shares in the company for 4 SEK/share. 1,057,825 new B-shares were issued share capital increased to 1,070,894.10 SEK. The emission added net after deductions for costs 2,922,550 SEK.

Listing of the shares

Ginger Oil AB was listed December 15 on "Göteborgslistan". No closings occurred during 2003. So far this year (Feb 23) 34,500 B- shares have changed hands. The buy rate varied between 2.50 SEK (Jan 27) and 4.35 SEK (Feb 23). Since the 9th of February 2004, the order depth in real time can be seen on the web page at "NORDIC OTC".

Investments

Ginger has invested in several projects where the company is bound by confidentiality agreements with its partners. This is necessary due to competition. Therefore, we are using code names for some of the projects until the need for confidentiality no longer exists.

During the year Ginger Oil Company has invested in the following projects:

- Project "**Domino**". USD 3,000,000 has been invested so far. Ginger owns 14.75%. The first three wells will be drilled during the second quarter of 2004. If the result warrants, more seismic work could be done and more drilling is expected.
- Project "**Tabasco**". USD 20,000 was invested and a geophysicist has been retained to further the analysis. Ginger owns 90% of this project. A well could be drilled during 2004.
- Project "**3-D library**". Several prospects are being analysed that could be drilled 2004.
- Project "**TW**". USD 2,500,000 was invested. Ginger owns 5% before and 8.75% after "payout".

Discoveries

During the year the following four discoveries have been made:

- Project "**Barataria, Vamos Fleming Plantation #1**" was drilled in December 2002 and production started March 2003. The reserves are expected to be 400,000 barrels of oil. Ginger's share is 5.75% before and 11.5% after "payout".
- Project "**Barataria, ZTI Fleming Plantation #1**" was drilled October 2003 and production started in December 2003. The reserves are estimated at 300,000 barrels of oil. Ginger's share is 5.75% before and 11.5% after "payout".
- Project "**Main Pass 57**" was drilled in December 2002 and production started in November 2003. Offshore pipelines had to be laid before production could be started. The reserves are estimated to be 270,000 barrels of oil and 1,500 million cubic feet of gas. Ginger's share is 3% royalty.
- Project "**Broyles**" was drilled in August 2003 and started producing in December 2003. Reserves are estimated at 200 million cubic feet of gas. Ginger's share is 1.66% royalty before and 3.66% after "payout".

Existing production

The following wells are producing:

| Name | Barrels per day | Thousand cubic feet per day | Ginger's % |
|--------------------------------------|-----------------|-----------------------------|---------------|
| • Harvey Ringer #1 | 0 | 130 | 12.50 |
| • Vamos Fleming Plantation #1 | 140 | 0 | 5.75 |
| • ZTI Fleming Plantation #1 | 100 | 0 | 5.75 |
| • Main Pass 57 | 100 | 500 | 3.00(royalty) |
| • Broyles #1 | 0 | 500 | 1.66(royalty) |

Annual meeting

The 2004 annual share holders meeting will be held in Stockholm April 14 at 3.00 pm. The place for the meeting will be announced in connection with the official notice of the meeting.

Combined (Ginger Oil AB and Ginger Oil Inc.) ('000 SEK):

(Swedish numbering system uses (.) to separate thousands and (,) for decimal.)

| | <u>2003</u> | <u>2002</u> |
|-------------------------------------|-----------------|------------------|
| Revenues | 658,1 | 806,2 |
| Costs | -3.213,8 | -7.388,6 |
| Depreciation | -366,3 | -11.508,3 |
| Result | -2922,0 | -18.090,7 |
| Financial items | -28,9 | -64,9 |
| Result after financial items | -2950,9 | -18.155,6 |
| Tax on result | -6,9 | |
| Tax loss carry forward | 1.385,3 | 6.231,0 |
| Annual result | -1.572,5 | -11.924,6 |

Combined Balance sheet ('000 SEK):

| Assets: | 2003 | 2002 |
|------------------------------------|------------------|------------------|
| Fixed assets | | |
| Oil - and gas assets | 8.585,5 | 6.742,6 |
| Inventories | 133,1 | 301,6 |
| Sum Fixed assets | <u>8.718,6</u> | <u>7.044,2</u> |
| Tax loss carry forward | 10.107,3 | 10.683,2 |
| Participation in LLC s | 571,5 | 1.845,0 |
| Other long term holdings | 72,7 | |
| Other long term receivables | 207,4 | 248,0 |
| Sum financial fixed assets | <u>10.958,7</u> | <u>12.776,2</u> |
| Summa fixed assets | 19.677,3 | 19.820,4 |
| | | |
| Current assets | 2003 | 2002 |
| Customer receivables | 395,3 | 34,8 |
| Other short receivables | 435,7 | 1.503,7 |
| Prepaid costs accrued income | 826,4 | 1.059,0 |
| Cash and Bank | 643,9 | 2.042,4 |
| Sum current assets | 2.301,3 | 4.639,9 |
| Sum assets | 21.978,6 | 24.460,3 |
| | | |
| Equity capital and debt | | |
| Equity capital | | |
| Equity capital tied-up | | |
| Share capital | 1.070,9 | 965,1 |
| Tied-up reserve capital | 35.644,5 | 40.526,4 |
| Sum tied-up equity capital | 36.715,4 | 41.491,5 |
| Accrued loss | | |
| Free reserves | -16.392,3 | -9.349,1 |
| Annual result | -1.572,6 | -11.924,6 |
| Sum equity capital | -17.964,9 | -21.273,7 |
| Short term debt | | |
| Vendor debt | 1.445,1 | 4.183,3 |
| Debt to LLC s | 502,7 | |
| Other short debt | 994,3 | 6,7 |
| Prepaid costs prepaid income | 286,0 | 52,5 |
| Sum short term debt | 3.228,1 | 4.242,5 |
| Sum debt and equity capital | 21.978,6 | 24.460,3 |

Stockholm 22 February 22, 2004

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/tf VD/

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