



## Press release

Ginger Oil AB (publ)  
Stockholm, 2007-02-23

# Year End Report Dec 31, 2006

## Ginger shares

Ginger Oil AB (publ) is a Swedish independent company active in exploration and exploitation in mainly North America. The activity occurs in the US subsidiary Ginger Oil Company. Ginger is listed on NGM NORDIC MTF under the headline "Göteborgslistan" where the shares are traded through banks and brokers. The trades are reported daily in Swedish newspapers. The trading is reported in real time at the NORDIC OTC's web page ([www.ngm.se](http://www.ngm.se) where number of shares and order depth can be seen). Other information about the company can be seen on [www.gingeroil.com](http://www.gingeroil.com).

## Most important events 2006 (07)

- **Positive cash flow from operations**
- **Change in accounting method burdens the result with 5.3 MMSEK**
- **Increased prospecting activity in Arkansas, Ohio and Texas**
- **Increased ownership in Arkansas project through acquisition**
- **Established cooperation with Premier E&P**
- **Awarded three blocks in the North Sea**
- **Private emissions have strengthened our financial position**

## Reserves

Proved reserves are 1,010,000 bbls oil and 152 mmcf gas.

Probable reserves are 10,867,000 bbls and 202 mmcf.

The above reserves are verified by third party consultant.

Possible reserves are 7,610,000 bbls and 514,223 mmcf

The possible reserves are not verified by third party consultant

## Production

Current production is 55 bbls oil and 77 mcf gas per day. Delays due to weather and lack of drilling equipment have affected the operations during the year.

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## Investments

Ginger Oil Company has invested in the following projects:

- **Project "Arkansas"**. Large investments in 3-D seismic have been made and are starting to pay off. Ginger's share has been 14.75% of the whole project. Through acquisition of additional interest our share has increased to about 22% in most areas. In the Stephens 3-D project the interest has increased to 36%. The Arkansas projects are still the largest single investment Ginger has made and the projects are now in a full development phase. It represents a very good growth opportunity for the company. Through the use of new techniques in an old producing trend, possibilities for new discoveries have been created.

The first 3-D project (Lewisville) has resulted in the discovery of four new oil fields out of the six prospects that have been drilled to date.

Several horizontal wells are planned for the next few years and, if successful, the horizontal wells will significantly increase the flow rates versus a vertical well. Additional leasing is under way in all areas.
- **Project "Ohio"**, earlier called Appalachia, has many similarities with Arkansas. Both projects are situated in areas where large quantities of oil and gas have been produced and additional new reserves can be expected through new methods and techniques. The United States Geological Survey has estimated that there are significant amounts of recoverable reserves left in this basin. Ginger has an office in Columbus, Ohio and the work is progressing according to plan. Time and money investments have been made during 2006 in further studies and 2-D seismic acquisitions. Also a comprehensive leasing program is under way. The first well is expected to be drilled in late 2007.
- **Project "Little Village"** is located in South Louisiana, where Ginger marketed this prospect and sold it to industry. The Operator, Century Offshore has drilled and a discovery been declared. Due to unsuccessful "fracking" (a sand stimulation method) the well may be side tracked and may be put on production during this year. Further study is needed.
- **Project "Kings Ridge"** is also located in South Louisiana. Ginger has about 1.2 % before and 3.84 % after payout of the project without any cost for drilling or completion. A discovery has been declared and an AFE for completion is being circulated among the participants. Initial production is estimated to start during 2007.

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- **Project "South Texas 3-D"**. A large area (300 Sq miles) has been investigated with micro-radar and induced electro magnetism. This data will be integrated into a 3-D mapping program of the area. The prospects that could be encountered in this area are expected to be 20-60 Bcf size. Ginger owns 100% of the project and anticipates to sell down and will retain 25-40 %.
- **Project North Sea**. Three blocks were awarded to Ginger and its partners in the 24th round in the British Sector of the North Sea. The operator, Sterling Resources (40%), GB Petroleum (30%) and Ginger Oil (30%) will together acquire and analyze seismic data in the blocks. The work has to be done within two years and then a well on each block must be committed to or the blocks will be returned to the British government. The blocks cover a total of around 250 square miles.
- **Project "Iberia Dome"**. Although not a dry hole, for all practical purposes this was unsuccessful. Ginger has exchanged its share for a small royalty in order for the operator to commercially produce the small discoveries encountered.
- **Bandera Arch**. Ginger has joined a project in central Texas with considerable potential. Two wells will be drilled back to back, with the first one to spud before July 31, 2007. It is a high risk project with potential reserves of up to 80 million barrels of oil. Ginger has 10% cost and 7.5% revenue interest. If either of the two initial wells are successful a development program will follow.

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