



Q1 Report March 31, 2017



Highlights

Three months ended March 31, 2017

- Maha completed the acquisition of a 75% operated interest in the Tartaruga Field (an onshore production block located in the Sergipe Alagoas Basin in Brazil).
- Maha completed the anticipated workover of the SES-107 D well. Upon completion of the work, the well tested 220 BOPD on the newly installed jet pump.
- The planned Jet Vak operations at the LAK Ranch heavy oil field in Wyoming were completed. Three wells were re-entered and cleaned out. Results suggested severe sand plugging in one well and the Company has now expanded the previous small scale pilot hot water flood.
- Maha sold its entire interest in the Manitou and Marwayne properties (the “**Canadian Assets**”) to Petrocapita Oil and Gas L.P. (“**Petrocapita**”) for total consideration of CAD\$1.65 million, of which CAD \$750,000 is payable in cash over 9 months commencing March 15, 2017.
- Maha entered into an agreement to acquire the Brazilian business unit of Gran Tierra Energy Inc. (“**Gran Tierra**”) for a cash consideration of USD 35 million and the assumption of approximately USD 11 million in Letters of credits and Surety Bonds.
- In contemplation of completing the Gran Tierra acquisition, the Company completed a Directed Share issue for gross proceeds of USD 10.5 million.

Definitions

Abbreviations

EBITDA	Earnings Before Interest Tax, Depreciation and Amortization
CAD	Canadian dollar
SEK	Swedish krona
USD	US dollar
TSEK	Thousand SEK
TUSD	Thousand USD
MSEK	Million SEK
MUSD	Million USD

Oil related terms and measurements

boe	Barrels of oil equivalents
bbl	Barrel
boepd	Barrels of oil equivalent per day
bopd	Barrels of oil per day
Mbbl	Thousand barrels
Mboe	Thousand barrels of oil equivalents
Mboepd	Thousand barrels of oil equivalents per day
Mbopd	Thousand barrels of oil per day
Mcf	Thousand cubic feet

Letter to Shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

The first three months of the year can be summed up in one word: **"Brazil"**. In Brazil, Maha completed the acquisition of the Tartaruga light oil field, added 220 BOPD of production to the Tartaruga field after a complicated workover and agreed to acquire (by providing a USD 3.5 million deposit) the Brazilian operations of Gran Tierra Energy Inc. (GTE)

I would like to take this opportunity to warmly welcome our new employees in Brazil to our expanding team at Maha!

Maha is a value driven Company. We go where there is value – **Brazil represents great value to investors in exploration and production of hydrocarbons**. Its fiscal regime is ranked by IHS as having one of the lower Government Takes in a survey of Global Hydrocarbon Fiscal Regimes. Recent political changes in Brazil combined with the bottoming of the oil commodity cycle in 2016 have presented remarkable opportunities in Brazil's very prolific oil basins.

An example is the GTE acquisition. Maha agreed with GTE to acquire their entire Brazilian operations which include the producing "Tie" light oil field. During the first Quarter of 2017 GTE reported that the average Tie Field production was 1,398 BOEPD with a corresponding netback of USD 30.30/bbl. Current Proven reserves are 7.7 million BOE and the 2P reserves are 10.2 million BOEs.

Maha has agreed to a purchase price of USD 35 million and the assumption of approximately USD 11 million in Letters of Credits and Guarantees to acquire this prolific cash-flowing asset. While reserves-based lending would have been the preferable financing tool for this acquisition since that market is not "open" currently, Maha was able to access capital through a senior secured bond in Sweden. Maha is fortunate to have a solid investor base in Scandinavia that shares the vision to 'buy when prices are low'. Access to capital in these times give us a clear competitive advantage.

During the Quarter we reported updated reserves for the Company. The current reserves are indicative of the underlying value of our assets, even at oil prices near the bottom of the cycle. In particular we note the great potential reflected in the "Possible" reserves category at Tartaruga. We knew going into the acquisition that Tartaruga represented a solid production opportunity, but it also has very attractive upside potential which to date is underexploited.

The sale of our Canadian assets was completed during the quarter. Petrocapita, the new Operator of the fields, purchased our 50% stake in the heavy oil producing Manitou field and our 30% working interest in the shut-in Marwayne heavy oil field for a combined cash and debenture pledge of CAD 1.65 million. Maha paid just over CAD 1.9 million in mid-2014 for these assets which have been mostly cash flow positive since. Given the current market conditions in Canada we consider this good value.

Finally, Jet Vac operations on LAK Ranch heavy oil field in Wyoming were completed at the end of March. While results were mixed, a lot of valuable data was acquired. Based on the analysis of this data, it was decided to expand the current initial pilot hot water flood project to include an additional 2 injector wells to increase sweep efficiency. The expanded hot water flood is currently being implemented. Initial results continue to be encouraging.

We thank you for your continued support.

Jonas Lindvall
Managing Director and CEO

Financial Report for the quarter ended March 31, 2017

OPERATIONAL REVIEW

Overview

Maha Energy AB is an independent, Swedish-based, international upstream oil and gas Company whose business activities include the exploration for and development and production of crude oil, natural gas liquids and natural gas.

The head office is located at Biblioteksgatan 1, 4th floor, 111 46 Stockholm, Sweden. The Company maintains a technical support office at Suite 1140, 10201 Southport Road SW, Calgary, Alberta, Canada T2W 4X9. The Company has an operations office in Newcastle, Wyoming, USA and in Aracaju, Brazil.

The Company's main operations in the 1st quarter of 2017 were in the LAK Ranch oil field in Wyoming, USA and the recently acquired 75% operated interest in an onshore production block located in the Sergipe Alagoas Basin in Brazil (the "Tartaruga" Field). During the 1st quarter, the Company sold its interest in the Manitou and Marwayne properties (the "Canadian Assets").

LAK Ranch –

The Company owns a 99% working interest in the LAK Ranch oil field, located on the eastern edge of the multi-billion barrel Powder River Basin in Wyoming, USA.

As at March 31, 2017, the LAK Ranch asset is considered to be in the pre-production stage and is currently undergoing delineation and pre-development work. As such, operating costs net of revenues since the commencement of operations have been capitalized as part of exploration and evaluation costs.

The LAK field was shut in from April 2016 until August 2016, primarily due to low oil prices and the requirement for reservoir pressure maintenance. During the shut-in period, the Company commenced the capital investment to allow for produced water recycling, which is critical for handling of produced water and re-injection of water for pressure maintenance. The project was completed in August and production from a limited number of wells was re-established by the end of August 2016.

For the quarter ended March 31, 2017, the Company generated revenue of KUSD 134 on an average sales volume of 33 boepd compared with KUSD 87 of revenue during the quarter ended March 31, 2016 from an average sales volume of 39 boepd.

During the fourth quarter of 2016, the field was slightly reconfigured to a pilot hot water injection program. This entailed injecting hot water into two injection wells in a limited area. Initial results were encouraging, but formation and/or completion damage was suspected in some of the production wells. A JetVac system was mobilized during March of 2017 which required the majority of the producing wells to be shut in to allow access to the clean out equipment. JetVac procedures were performed on 3 producing wells. Inflow Performance tests were also performed on all three producing wells with good results. One well unloaded excessive amounts of very 'fine sand and silt', while the other two showed very little signs of wellbore damage.

As a result of the JetVac results, it was decided to expand the hot water injection pilot test to include additional injectors and producers to increase water sweep efficiency. Results of the expanded injection tests are expected during the second and third quarter of 2017.

The crude oil produced from the LAK area is 19° API. The LAK Ranch oil field produced a total of 2,937 barrels, net to Maha, in the first quarter of 2017 at an average price of USD 45.50 (3,564 barrels at an average price of USD 24.76 in the same period of 2016).

An updated reserve report was completed during the first quarter of 2017. Chapman Petroleum Engineering revised the Proven and Probable (2P) reserves upwards slightly (13.2 million barrels) whilst keeping the proven (P) reserves almost the same (0.04 million barrels). Technical work completed during 2015 and 2016 and this year to date has laid the groundwork for the full field development plan based on a hot water flood scheme. The full field development plan contemplates hot water injection, rather than steam playing a more significant role than originally anticipated. The extra cost of hot water injector wells are far offset by the elimination of steam requirements.

Tartaruga (Brazil) –

The Company acquired a 75 percent working interest in the Tartaruga Block located in the Sergipe Alagoas Basin of Brazil through a series of corporate take-overs during December 2016 and January 2017. The Company obtained effective ownership of the Block on January 1, 2017.

The Tartaruga oil field is situated within the Sergipe sedimentary basin, eastern Brazil. The Company is the 75 percent owner of the Tartaruga oil field with the remaining 25 percent interest held by the state oil company Petrobras. The Tartaruga oil field is located in the northern half of the 13,201 acre (53.4 km²) Tartaruga Block and produces 41° API oil from two deviated wells drilled into the early Cretaceous Penedo Formation.

Maha's immediate plan for the Tartaruga Block is to increase production by resolving existing completion deficiencies and optimising pump performance. In particular, Maha immediately re-entered the SES-107 well, which was intermittently free flowing, cleaned it out and recompleted it using a jet pump. The current jet pump surface system now operates both wells. The re-entry and workover of the SES-107D well was completed in February 2017 and effectively doubled the production of the field. The workover was complicated and entailed recovering an old severed production string which had some 2300m of accidentally dropped wireline inside it. In the end, the production tubing was recovered along with virtually all of the wireline. Attempts to pull the old production packer were unsuccessful, and it was deemed too risky to continue attempts for its recovery. Instead, a new production string with a jet pump was run in hole to just above the production packer. Subsequent tests show that the production packer is not hindering production.

Further reviews are under way to optimize the field production by (a) redesigning the current jet pump on the 7-TTG well and (b) de-bottlenecking the surface facilities.

Maha believes that the application of horizontal drilling and modern day completion practices could have significant application in this field with the opportunity to materially increase production and reserves. To that end, the Company has embarked on plans to re-enter and side-track one of the existing wells or drill a new well with a view to complete a horizontal well in the

Penedo formation. Re-entries and side-tracking is a very cost effective way to use old wellbores, minimize impact on the environment and to increase production using horizontal drilling technology. Additional wells are planned to be drilled to fully exploit the Tartaruga structure in due course.

For the quarter ended March 31, 2017, the Company generated net revenue of KUSD 379 on an average net sales volume of 82 boepd (after Royalties and Government take).

The crude oil produced from Tartaruga is 41° API. The Tartaruga oil field produced a total of 8,657 barrels, net to Maha but before Government Royalties, in the first quarter of 2017 at an average price of USD 51.30.

The production during the first quarter was reduced due to a field wide shut in for 26 days during January and February to allow for the SES-107D workover.

Gran Tierra acquisition -

In February 2017, Maha entered into an agreement to acquire the Brazil business unit of Gran Tierra Energy Inc. for cash consideration of \$35 million. Upon closing, Maha will own and operate, through a wholly-owned subsidiary, the 100% working interests in six concession agreements located in the Reconcavo Basin of Brazil. Closing of the Acquisition is subject to receiving the approval of the ANP, completion of a financing by Maha, and other closing conditions standard for similar transactions.

Strategy

The Company's business activities include the exploration for and development and production of hydrocarbons. The Company's core expertise is in primary, secondary and enhanced oil and gas recovery technologies and, as such, its business strategy is to target and develop underperforming hydrocarbon assets. By focusing on assets with proven hydrocarbon presence and applying modern and tailored technology solutions to recover the hydrocarbons in place, the Company's primary risk is not uncertainty in reservoir content but in the fluid extraction.

ADMINISTRATION REPORT

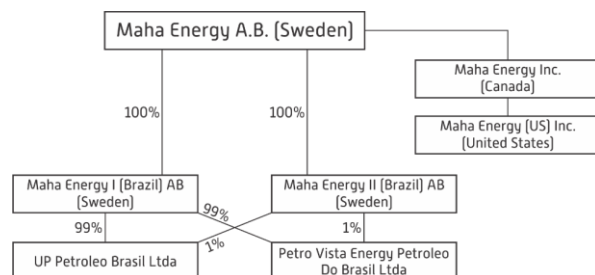
This report is a review of the results and management's analysis of the financial performance of Maha Energy AB (the "Company" or "Maha") for the quarter ended March 31, 2017. The financial statements included in this Quarterly Report have been prepared in accordance with International Financial Reporting

Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union (EU). The accounting principles included in the Company’s 2016 Annual Report have been used in preparation of these financial statements.

All amounts are expressed in thousands of United States Dollars (KUSD) unless otherwise indicated.

Corporate Structure

The Maha group of companies (the “Group”) is organized as follows:



Roll up

In 2015, the Group consisted of Maha Energy Inc. (“Maha (Canada)”), which was incorporated on January 23, 2013 pursuant to the Alberta Business Corporations Act and its wholly-owned subsidiary Maha Energy (US) Inc.

In May 2016, the Group undertook a corporate restructuring (the “Roll Up”) whereby the shareholders of Maha (Canada) acquired shares in Maha or Exchangeable Maha (Canada) Shares. Upon completion of the Roll up, Maha (Canada) became a wholly-owned subsidiary of Maha.

The consolidated financial statements reflect the activity of the Group for the quarters ended March 31, 2017 and 2016.

Significant events

Tartaruga (Brazil) Acquisition –

The Company completed the acquisition of a 75% working interest in the Tartaruga development block, located in the Sergipe Alagoas Basin of Brazil through the acquisition of UP Petroleo Brasil Ltda. (“UPP”) and Petro Vista Energy Petroleo Do Brasil Ltda. (“PVE”), which were subsidiaries of the two vendors. The purchases were completed in January 2017 when all of the final approvals and registrations were received.

Total consideration was as follows (subject to post-closing adjustments):

Purchase of UPP	3,255
Purchase of PVE	2,685
Total	5,940

There is a holdback of \$100,000 held in escrow pending the approval by the Brazilian Government and the Agencia Nacional do Petroleo, Gas Natural e Biocombustiveis of Brazil (“ANP”) of the final transfer of the 7.5% working interest in the Tartaruga field that was to have been consolidated into UPP prior to closing. The approval is considered routine.

On closing in January 2017, the Company became the operator and holds a legal and beneficial 75% working interest in the Tartaruga Block. The Company will treat the acquisition as being effective January 1, 2017 and will include the operations in its financial statements from that date.

Sale of the Canadian Assets -

The Company owned a 50% working interest in the Manitou property and a 30% working interest in the Marwayne property in Western Canada (the “Canadian Assets”), which were acquired from Palliser Oil and Gas Corp. in July 2014.

Effective January 1, 2017, Maha sold its interest in the Canadian Assets to Petrocapita Oil and Gas L.P. for a total of CAD\$1,650,000. The consideration is payable in two parts: (a) cash payments totaling CAD\$750,000 to be paid over 9 months commencing March 15, 2017 and (b) the balance by Convertible Debenture granted by Petrocapita Income Trust, the parent of Petrocapita, maturing December 1, 2023.

Because of uncertainty as the future value of the Convertible Debenture, the Company did not assign any value to those debenture and only recognized as the fair value of the consideration the cash portion of the proceeds.

Since the Canadian Assets represented the all of the Company’s producing assets as December 31, 2016, the Company is required to classify their operations as discontinued. As a result, the operating results of the Canadian Assets during the 1st quarter of 2016 have been reclassified as discontinued operations.

Gran Tierra Acquisition –

In February 2017, Maha entered into an agreement to acquire the Brazil business unit of Gran Tierra Energy Inc. ("Gran Tierra") (NYSE MKT:GTE)(TSX:GTE) through the purchase of all of the shares and outstanding intercompany debt of Gran Tierra Finance (Luxembourg) S.Á.R.L., including assumed liabilities involved with the going-concern operations, for a cash consideration of \$35 million, subject to closing adjustments (the "Acquisition"). Upon closing, Maha will own and operate, through a wholly-owned subsidiary, the 100% working interests in six concession agreements located in the Reconcavo Basin of Brazil. Closing of the Acquisition is subject to receiving the approval of the ANP, completion of a financing by Maha, and other closing conditions standard for similar transactions.

In January 2017 Maha provided Gran Tierra a cash deposit ("Initial Deposit") of \$3.5 million which is non-refundable in certain circumstances, including if the Company has not deposited into escrow the remaining cash consideration of \$31.5 million on or before June 1, 2017 or has not provided a further cash deposit ("Second Deposit") of \$1.5 million by such date. If the Second Deposit is paid, the Company is required to place into escrow the remaining cash consideration of \$30 million by August 1, 2017. The \$35 million purchase price will be released upon all closing conditions being satisfied.

Financial Review

Result

The Company recorded a loss from continuing operations for the quarter ended March 31, 2017 of KUSD 1,249 or \$0.02 per share compared to a loss of KUSD 589 or \$0.01 per share for the same period of the prior year. This was primarily due to higher G&A costs and the effect of reduced production in the Brazil during the completion of the workover.

Revenue –

During 2016 all of the Company's revenue came from the Canadian Assets. As the assets were sold effective January 1, 2017, the Company had no revenue from those assets in the 1st quarter of 2017. Additionally, the Company's revenues and expenses from the Canadian Assets for the 1st quarter of 2016 have been reclassified as discontinued operations and removed from continuing operations.

Effective January 1, 2017, the Company completed the acquisition of an operated interest in the Tartaruga field in Brazil. Net revenue from the sale of oil and gas amounted to KUSD 379. This revenue was limited as both producing wells in the field were shut-in for much of the quarter for the completion of a major workover.

General and administration –

General and administration costs ("G&A") are broken down as follows:

Period Ended March 31	2017	2016
Salaries and benefits	277	222
Professional fees	306	215
Marketing and listing fees	67	-
Travel	110	29
Consulting fees	49	-
Other	189	47
Total	998	513

Salaries and benefits increased primarily due to staff required for the Company's expanded operations (Brazil and Wyoming).

Professional fees consist primarily of legal and audit fees and accounting and taxation consulting. Current year costs relate primarily to the GTE acquisition, while the cost in 2016 primarily relates to costs of preparing the IPO.

Marketing and listing fees relate to the marketing of the IPO and the listing on the Nasdaq First North Exchange which started in the 2nd quarter of 2016.

Consulting fees are for contract engineering services in Brazil.

Stock-based compensation –

Stock-based compensation relates to the fair value of options granted to employees and others. The expense is charged to operations over the vesting periods of the options. The expense for the quarter ended March 31, 2017 is lower than for the prior year as most of the options granted have vested.

Depletion, depreciation and amortization ("DD&A") –

DD&A costs relate primarily to the Tartaruga assets in Brazil.

Balance sheet

Share data

As at March 31, 2017 the Company had 82,236,320 shares outstanding of which 71,464,647 were class A shares and 10,771,673 were class B shares. In addition, there were 1,698,000 convertible class C2 shares, after giving effect to the forfeiture of 300,000 options for which the shares have not been formally cancelled. In the event that the existing Maha (Canada) stock options and warrants are exercised these convertible class C2 shares will be redeemed and exchanged for Maha (Sweden) Class A shares.

In contemplation of completing the GTE acquisition, in March 2017 the Company completed a Directed Share Issue of 12,919,326 Maha A-shares at a share price of SEK 7.10 for gross proceeds of SEK 91,727,214.60 (approximately USD 10.5 million).

Liquidity and capital resources

As at March 31, 2017, the Company had current assets of KUSD 12,850 comprised primarily of cash and cash equivalents, and current liabilities of KUSD 2,039 resulting in net working capital of KUSD 10,811 (December 31, 2016 – KUSD 7,105).

The Company is in the oil exploration and development business and is exposed to a number of risks and uncertainties inherent to the oil industry. This activity is capital intensive at all stages and subject to fluctuations in oil prices, market sentiment, currencies, inflation and other risks. The Company currently has insufficient cash flow from production, and relies primarily on equity to fund its development and administrative activities.

Material increases or decreases in the Company's liquidity may be substantially determined by the success or failure of its development activities, as well as its continued ability to raise capital or debt.

In addition to its planned capital and operational spending plans for 2017, to complete the acquisition of Gran Tierra's Brazilian assets, Maha will be required to pay cash consideration of \$35 million and arrange financial guarantees (letters of credit or surety bonds) for certain work commitments totaling approximately \$11 million.

The Company plans to complete, through Stockholm Corporate Finance, a Rights Issue of 12,919,326 Maha A-shares at a share price of SEK 7.10 for gross proceeds

of SEK 91,727,214.60. The Rights Issue has been fully guaranteed through a consortium. Simultaneously a debt financing with minimum gross proceeds of SEK 300 million is planned to take place on or before June 1, 2017.

Financial instruments and risks

At March 31, 2017, the Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable.

The Company classifies its cash and cash equivalents as fair value through profit or loss, its accounts receivable as loans and receivables, and its accounts payable as other financial liabilities. IFRS 7 Financial Instruments – Disclosures establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the Offering documents on how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

(a) Currency risk

At March 31, 2017, the Company's expenditures are predominantly in USD, CAD, Brazilian Reals (BRL) and Swedish Kronor (SEK), and any future equity raised is expected to be in Swedish Kronor. Future project exploration and development expenditures are expected to be paid primarily in USD and BRL. A significant change in the relative currency exchange rates between the CAD, SEK, BRL and USD could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. As such, the Company is subject to risk due to fluctuations in the exchange rates for the CAD, SEK, BRL and USD.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are primarily held at large Canadian and Swedish financial institutions in non-interest bearing accounts.

The Company's accounts receivable are composed of (KUSD):

Oil and gas sales (Brazil)	136
Sale of Canadian assets	526
Share subscription receivable	293
Other	83
	1,038

The Company's oil and gas sales are to the Brazilian national oil company and are considered to be relatively low risk. The remaining proceeds on the sale of the Canadian Assets are from a Canadian oil and gas trust, which currently has some liquidity issues.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through its management of capital as outlined in the 2016 Annual Report. Accounts payable relating to oil and gas interests and other accounts payable and accrued liabilities are due within the current operating period.

The Company has positive working capital of KUSD 10,811 as at March 31, 2017. As the Company's LAK Project is in the pre-production phase of development no assurance can be given that the budgeted production levels necessary for positive cash flow will be achieved. Operating activities and expenditures may increase or decrease, depending on the rate of success during the pre-production phase.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal.

(e) Price risk

The Company is exposed to price risk with respect to commodity prices.

Legal matters

None outstanding.

Seasonal effects

Maha Energy has no significant seasonal variations.

Approved by the Board

``Jonas Lindvall``
Jonas Lindvall, Director

``Wayne Thomson``
Wayne Thomson, Director

Maha Energy AB

Consolidated Statement of Operations and Comprehensive Loss

(Thousands of U.S. dollars, except share data)		Three months ended March 31, 2017	Three months ended March 31, 2016
	Note		
Revenue			
Oil sales	4	449	-
Royalties		(70)	-
		379	-
Expenses			
Production and operating		388	-
General and administration		998	513
Finance costs		16	-
Stock-based compensation	8	2	44
Depletion, depreciation and amortization	6	213	20
Foreign currency translation loss		11	12
		1,628	589
Loss from continuing operations		(1,249)	(589)
Loss on sale of Canadian assets	4	54	-
Income from discontinued operations	4	-	(7)
Loss for the period		(1,303)	(582)
Currency translation gain		90	-
Comprehensive loss for the period		(1,213)	(582)
Basic and diluted loss per common share (USD)		(0.02)	(0.01)
Weighted average number of common shares outstanding		72,568,044	43,258,930

Maha Energy AB

Consolidated Statement of Financial Position

(Thousands of U.S. dollars)	Note	March 31, 2017	December 31, 2016
Assets			
Non-current assets			
Deposits and loans on Brazil acquisitions	2, 3	3,500	5,590
Exploration and evaluation assets	5	17,520	17,174
Property and equipment	6	8,972	2,313
Performance bonds and other		176	151
		30,168	25,228
Current assets			
Cash	9	10,961	6,758
Accounts receivable		1,038	115
Inventory		286	-
Prepaid expenses and other		565	233
		12,850	7,106
Total Assets		43,018	32,334
Shareholders' Equity and Liabilities			
Non-current liabilities			
Tax and other payables		348	-
Decommissioning provision	7	778	829
		1,126	829
Current liabilities			
Accounts payable		1,899	369
Accrued liabilities		140	-
		2,039	369
Total liabilities		3,165	1,198
Shareholders' equity	8	39,853	31,136
Total liabilities and equity		43,018	32,334

Maha Energy AB

Consolidated Statement of Changes in Equity

(Thousands of U.S. dollars)

	Share Capital (Note 8)	Contributed Surplus (Note 8)	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
Balance at January 1, 2016	26,786	1,905	-	(6,905)	21,786
Roll up of Maha Energy Inc.	(26,717)	26,717	-	-	-
Issue of shares	53	13,668	-	-	13,721
Share issue cost	-	(1,946)	-	-	(1,946)
Reduction of capital	(35)	35	-	-	-
Exercise of stock options	-	45	-	-	45
Stock-based compensation	-	143	-	-	143
			-		
Loss for the period	-	-	-	(1,875)	(1,875)
Currency translation difference	-	-	(738)	-	(738)
Balance at December 31, 2016	87	40,567	(738)	(8,780)	31,136
Issue of shares	16	10,263	-	-	10,279
Share issue cost	-	(647)	-	-	(647)
Reduction of capital	(2)	2	-	-	-
Exercise of warrants	-	3	-	-	3
Exercise of stock options	-	293	-	-	293
Stock-based compensation	-	2	-	-	2
Loss for the period	-	-	-	(1,303)	(1,303)
Currency translation difference	-	-	90	-	90
Balance at March 31, 2017	101	50,483	(648)	(10,083)	39,853

Maha Energy AB

Consolidated Statement of Cash Flows

(Thousands of U.S. dollars)		Three months ended March 31, 2017	Three months ended March 31, 2016
	Note		
Loss for the period		(1,303)	(582)
Operating activities			
Add backs:			
Stock based compensation		2	44
Depletion, depreciation and amortization		213	15
Loss on sale of Canadian assets		54	-
Accretion of discount		9	5
Unrealized foreign exchange (gain) / loss		33	17
Changes in non-cash working capital		309	(1,291)
		(683)	(1,791)
Investing activities			
Tartaruga deposits and loans	2	(350)	-
Deposit on GTE acquisition	3	(3,500)	-
Additions to developed and producing (D&P) assets	6	(613)	(10)
Additions to exploration and evaluation (E&E) assets	5	(346)	(319)
Purchase of performance bonds		(25)	-
		(4,834)	(329)
Financing activities			
Issue of shares	8	9,635	-
Foreign exchange gain on cash and cash equivalents		85	-
Net (decrease) / increase in cash during the period		4,203	(2,120)
Cash and cash equivalents, beginning of period		6,758	4,593
Cash and cash equivalents, end of period		10,961	2,473

Parent Company Income Statement in Summary

(Expressed in TSEK)	Note	January 1 – March 31, 2017	January 1 – March 31, 2016
Revenue		-	-
General and administrative expense		906	-
Foreign exchange gain		(133)	-
Loss for the period*		(773)	-

*As there are no items in the parent company's other comprehensive income, no separate report on total comprehensive income is presented

Parent Company Statement of Financial Position in Summary

(Expressed in TSEK)	Note	March 31, 2017	December 31, 2016
Assets			
Non-current assets			
Deposits		31,206	-
Loans to subsidiaries		71,652	60,480
Investment in subsidiaries		183,640	183,640
Total non-current assets		286,498	244,120
Current assets			
Cash		86,961	43,840
Accounts receivable		275	3
Deferred financing costs		2,083	-
Total current assets		89,319	43,843
Total Assets		375,817	287,963
Liabilities and equity			
Accounts payable and accrued		2,815	566
Shareholders' equity		373,002	287,397
Total equity and liabilities		375,817	287,963

(Expressed in TSEK)	Share capital	Contributed surplus	Deficit	Total Equity
Balance at January 1, 2016	50	-	-	50
Transactions under common control	541	182,998	-	183,539
Share issuance	453	122,427	-	122,880
Share issue costs	-	(17,438)	-	(17,438)
Reduction in capital	(240)	240	-	-
Results for the year	-	-	(1,634)	(1,634)
Balance at December 31, 2016	804	288,227	(1,634)	287,397
Share issuance	142	91,585	-	91,727
Share issue costs	-	(5,785)	-	(5,785)
Reduction in capital	(20)	20	-	-
Exercise of warrants and stock options	-	436	-	436
Results for the period	-	-	(773)	(773)
Balance at March 31, 2017	926	374,483	(2,407)	373,002

(Expressed in TSEK)	Note	January 1 – March 31, 2017	January 1 – March 31, 2016
Cash flow from operations			
Operating result		(773)	-
Change in accounts receivable		(272)	-
Change in deferred financing costs		(2,083)	-
Change in accounts payable and accrued		2,249	-
		(879)	
Cash flow from investing			
Deposits		(31,206)	-
Loans to subsidiaries		(11,172)	-
		(42,378)	
Cash flow from financing			
Issue of shares		86,378	-
Increase in cash during the year		43,121	-
Cash, beginning of period		43,840	-
Cash, end of period		86,961	-

Maha Energy AB

January 1 to March 31, 2017

Notes to the Financial Statements

For the quarter ended March 31, 2017. (Tabular amounts are in thousands of US Dollars (TUSD), unless otherwise stated).

1. Corporate information and basis of presentation

Maha Energy AB (“Maha (Sweden)” or “the Company”) Organization Number and its subsidiaries (together “Maha” or “the Group”) are engaged in the acquisition, exploration and development of oil and gas properties. The Company has operations in Brazil, Canada and the United States. The head office is located at Biblioteksgatan 1, 4th floor, 111 46 Stockholm, Sweden. The Company’s subsidiary, Maha Energy Inc., maintains its technical office at Suite 1140, 10201 Southport Road SW, Calgary, Alberta, Canada T2W4X9. The Company has operations offices in Newcastle, Wyoming, USA and Aracaju, Brazil.

Maha (Sweden) was incorporated on June 16, 2015 under the Swedish Companies Act and was registered by the Swedish Companies Registration Office on July 1, 2015. Maha Energy Inc. (“Maha (Canada)”), was incorporated on January 23, 2013 pursuant to the Alberta Business Corporations Act. Maha (Canada) began its operations on February 1, 2013.

Roll up

In May 2016, Maha (Sweden) undertook a corporate restructuring (the “Roll Up”) whereby the shareholders of Maha (Canada) elected to either acquire class A Shares in Maha (Sweden) or Exchangeable Maha (Canada) Shares (see Note 12 “Share capital” of the Company’s Annual Report 2016). Upon completion of the Roll up, Maha (Canada) became a wholly-owned subsidiary of Maha (Sweden).

As a result of the Roll Up, Maha (Sweden) became the legal parent company of Maha (Canada). The Roll Up transaction did not meet the definition of a business combination in accordance with IFRS 3; Business Combinations, consequently these financial statements are issued under the legal parent, Maha Energy AB, but are deemed to be a continuation of the legal subsidiary, Maha Energy Inc. The capital structure reflects the number of shares and the stated share capital of Maha Energy AB.

These consolidated financial statements (the “Financial Statements”) reflect the activity for the quarter ended March 31, 2017 and the comparative for Maha Energy Inc. for the quarter ended March 31, 2016.

Accounting Principles

This interim report of the Maha Energy AB Group has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, the IFRS adopted by the EU and the Swedish Annual Accounts Act. The financial reporting of the Parent Company has been prepared in accordance with accounting principles generally accepted in Sweden, with the Swedish Financial Reporting Board recommendation, RFR2, reporting for legal entities and the Swedish Annual Accounts Act.

The accounting principles included in the Annual Report 2016 have been used in preparation of these financial statements.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4 of the Company’s Annual Report 2016.

The Company prepared these Financial Statements on a going concern basis, which contemplates the realization of assets and liabilities in the normal course of business as they become due. These Financial Statements have been prepared on a historical cost basis except as disclosed in the accounting policies.

Presentation and Functional Currency

The Financial Statements are stated in United States dollars unless otherwise stated and have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") applicable to the presentation of financial statements.

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which each entity operates ("functional currency"). The consolidated financial statements are presented in United States Dollars (US\$) which is the currency the Company has elected to use as its presentation currency. The functional currency of the parent company, Maha Energy AB, is the Swedish Kronor (SEK). The SEK is also the presentation currency of the parent company statements for Maha Energy AB. Management has determined that the functional currencies of the Company's subsidiaries are as follows:

Subsidiary	Functional Currency
Maha Energy Inc.	USD
Maha Energy (USA) Inc.	USD
Maha Energy 1 (Brazil) AB	SEK
Maha Energy 2 (Brazil) AB	SEK
UP Petroleo Brasil Ltda	USD
Petro Vista Energy Petroleo do Brasil Ltda	USD

Exchange Rates

For the presentation of the financial statements for the reporting period, the following exchange rates have been used:

	31 March 2017		31 March 2016		31 December 2016	
Currency	Average	Period end	Average	Period end	Average	Period end
SEK / USD	8.9272	8.9161	-	-	8.5543	9.1075
BRL / USD	3.1441	3.1658	-	-	-	3.2552

2. Tartaruga Acquisition

Tartaruga-

In January 2017, Maha completed the purchase of a legal and beneficial interest in an operated 75% working interest in the Tartaruga development block, located in the Sergipe Alagoas Basin of Brazil (the "Tartaruga Acquisition"). The purchase was completed through the acquisition of the shares of UP Petroleo Brasil Ltda ("UPP") and Petro Vista Energy Petroleo Do Brasil Ltda ("PVE").

The total purchase price of TUSD 5,940 includes loans and deposits paid in 2016 of TUSD 5,590 and an additional deposit of TUSD 350 paid in the 1st quarter of 2017 of which TUSD 100 is being held in escrow pending approval by the Brazilian Government and the Agencia Nacional do Petroleo, Gas Natural e Biocombustiveis of Brazil ("ANP") of the transfer of a 7.5% working interest in the Tartaruga field that was to have been consolidated into UPP prior to closing. The approval is considered routine.

Since the Company completed the acquisition in the current reporting period and the effect of the purchase agreements was that the Company received the risks and rewards of ownership from the beginning of the reporting period, Maha has recorded the purchase as at January 1, 2017 and has included the results of its operations from that date in the result of the period.

Purchase price allocation

The acquisition has been accounted for as a business combination using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. The purchase price allocation is based on management's best estimate of the fair values of the assets and liabilities acquired.

(thousands of USD)

Cash	60
Accounts receivable	220
Inventory	198
Other assets	17
Property, plant and equipment	7,098
Total assets acquired	7,593
Accounts payable and other liabilities	(1,653)
Net assets acquired	5,940

The Company may update this allocation for up to one from the date of acquisition if additional information or circumstances require it.

3. GTE deposit

In February 2017, Maha entered into an agreement to acquire the Brazilian business unit of Gran Tierra Energy Inc. for cash consideration of \$35 million. Maha provided Gran Tierra a cash deposit ("Initial Deposit") of \$3.5 million which is non-refundable in certain circumstances.

4. Discontinued Operations

In February 2017, Maha sold its interest in the Manitou and Marwayne properties (the "Canadian Assets") for a total of CAD\$1,650,000. The consideration is payable in two parts: (a) cash payments totaling CAD\$750,000 to be paid over 9 months commencing March 15, 2017 and (b) the balance by convertible Debenture granted by the purchaser, maturing December 1, 2023 (the "Debenture"). Under the Debenture arrangement, the Trust pays annual interest on the outstanding balance at 6% and Maha may convert the outstanding balance at any time after December 31, 2017 to publically traded Trust Units based on the 20 day volume weighted average trading price of the Unit at the time of conversion. The outstanding balance will be secured by a registered charge on the Canadian Assets. Based on the uncertainty of realizing any value from the Debenture, the Company has assigned it a fair value of \$NIL. The results of the discontinued operations are as follows:

	Quarter ended March 31	
	2017	2016
Results of discontinued operations		
Revenue	-	61
Expenses and other	-	54
Income from discontinued operations	-	7
Loss of disposal	54	-
Income (loss) from discontinued operations	(54)	7

5. Exploration and evaluation assets ("E&E")

As at March 31, 2017, the LAK Ranch Project had not established both technical feasibility and commercial viability and therefore remains classified as an E&E asset. Expenditures, net of revenues, for the LAK Ranch Project have been capitalized as E&E.

Balance, January 1, 2016	16,315
Expenditures in the period	1,015
Incidental income from sale of crude oil	(156)
Balance, December 31, 2016	17,174
Expenditures in the period	446
Incidental income from sale of crude oil	(100)
Balance, March 31, 2017	17,520

6. Property and equipment

	Oil and gas properties	Equipment and Other	Total
Cost			
Balance at January 1, 2016	2,935	1,596	4,531
Additions	-	67	67
Balance at December 31, 2016	2,935	1,663	4,598
Sale of Canadian assets	(2,976)	-	(2,976)
Purchase of Brazil assets	6,872	226	7,098
Additions	369	187	556
Effect of foreign exchange	41	57	98
Balance at March 31, 2017	7,241	2,133	9,374
Accumulated depletion and depreciation			
Balance at January 1, 2016	(2,673)	(113)	(2,786)
Depletion and depreciation	-	(61)	(61)
Reversal of prior period impairment	562	-	562
Balance at December 31, 2016	(2,111)	(174)	(2,285)
Sale of Canadian assets	2,111	-	2,111
Depletion and depreciation	(194)	(13)	(207)
Effect of foreign exchange	(21)	-	(21)
Balance at March 31, 2017	(215)	(187)	(402)
Carrying amount			
December 31, 2016	824	1,489	2,313
March 31, 2017	7,026	1,946	8,972

7. Decommissioning provision

The Company has calculated a decommissioning provision with respect to its LAK Ranch Project and has estimated the liability for the decommissioning of the Tartaruga assets in Brazil.

The following table presents the reconciliation of the opening and closing decommissioning provision:

Balance at January 1, 2016	834,685
Change in estimates	(32,330)
Accretion expense	18,475
Foreign exchange movement	8,005
Balance at December 31, 2016	828,835
Liability on assets acquired in Brazil	200,000
Liability on Canadian assets sold	(264,953)
Accretion expense	9,248
Foreign exchange movement	4,876
Balance at March 31, 2017	778,006

8. Share Capital

Shares Outstanding

	Number of Shares by Class				
	A	B	C1	C2	Total
Balance at January 1, 2016	50,000	-	-	-	50,000
May 20, 2016					
Cancellation incorporation shares	(50,000)	-	-	-	(50,000)
Roll up	29,478,036	13,609,394	1,844,527	2,748,000	47,679,957
Initial Public Offering	24,819,852	-	-	-	24,819,852
Final closing of Roll up	171,500	-	-	-	171,500
Conversion of convertible B shares	1,468,599	(1,468,599)	-	-	-
Issuance of shares	484,212	-	-	-	484,212
Retraction of convertible C1 shares	-	-	(1,844,527)	-	(1,844,527)
Exercise of Maha (Canada) options	100,000	-	-	(100,000)	-
Balance at December 31, 2016	56,522,199	12,140,795	-	2,648,000	71,310,994
Conversion of convertible B shares	1,369,122	(1,369,122)	-	-	-
Exercise of Maha (Canada) options	650,000	-	-	(650,000)	-
Exercise of warrants	4,000	-	-	-	4,000
Forfeiture of options ¹	-	-	-	(300,000)	(300,000)
Issuance of share	12,919,326	-	-	-	12,919,326
Balance at March 31, 2017	71,464,647	10,771,673	-	1,698,000	83,934,320

¹ Shares have not been formally cancelled

Maha AB share purchase warrants outstanding

As part of the IPO Financing, the Company issued common share purchase warrants, each convertible into one class A share of Maha Energy AB, upon payment of the exercise price. The warrants have an exercise price of SEK 6.40 (USD 0.72) and expire on January 15, 2018.

	Maha AB Share Purchase Warrants #
Balance at January 31, 2016	-
Granted	6,204,963
Balance at December 31, 2016	6,204,963
Exercised	(4,000)
Balance at March 31, 2017	6,200,963

Maha Energy Inc. stock options

Maha Energy Inc. has a stock option plan which allows the Company to grant stock options, at exercise prices equal to or close to market price, in amounts up to 10% of the number of common shares issued. All of the options have a four to five-year term. The options were granted in 2014, 2015 and on January 1, 2016 and the remaining unvested options vest one-third on each anniversary date for the three years following the date of granting.

Expiration date	Number of Options #	Vested #	Exercise Price \$	Remaining Life Years
March 31, 2018	898,000	898,000	0.45	1.00
December 31, 2018	400,000	400,000	0.75	1.75
December 31, 2018	350,000	350,000	1.25	1.75
December 31, 2020	50,000	16,667	1.25	3.75
Total outstanding	1,698,000	1,664,667	0.71	1.50

The following stock options are outstanding at March 31, 2017:

	Number of Options #	Exercise Price \$
Balance, January 1, 2016	2,698,000	0.69
Granted	50,000	1.25
Exercised	(100,000)	0.45
Balance, December 31, 2016	2,648,000	0.70
Exercised	(650,000)	0.45
Forfeited	(300,000)	1.25
Balance, March 31, 2017	1,698,000	0.71

9. Financial instruments and risk

Fair values of financial assets and liabilities and discussion of risks associated with financial assets and liabilities are presented as follows:

(a) Fair value risk

The fair values of cash, accounts receivable, inventory and accounts payable approximate their carrying amount due to the short-term maturity of those instruments. The fair value of the performance bonds approximates the carrying amount.

(b) *Currency risk*

As at March 31, 2017, the Company's capital expenditures are predominantly paid in Brazilian Reals and US Dollars, and any future equity raised is expected to be predominantly in Swedish Krona. Future project exploration and development expenditures are expected to be paid primarily in Brazilian Reals and US Dollars. Some of the Company's expenditures (general and administrative, revenues and operating expenses) are denominated in Canadian dollars. As such, significant change in the relative currency exchange rates between the Brazilian Real, Canadian dollar, Swedish Krona and the US Dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. As such, the Company is subject to risk due to fluctuations in the exchange rates for Canadian dollar and Swedish Krona expenses incurred.

Of the Company's cash, KUSD 1,052 is held at a large Canadian financial institution, KUSD 69 is held at a local bank in Newcastle Wyoming, KUSD 9,766 is held at a bank in Stockholm Sweden and KUSD 75 is held in a Brazilian bank. Total cash consists of KUSD 10,962 of which KUSD 122 is held in Canadian funds, KUSD 9,736 is held in Swedish Krona, KUSD 79 is held in Brazilian Reals and KUSD 1,029 is held in US dollars.

(c) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's oil and gas sales are to the Brazilian national oil company and are considered to be relatively low risk. The remaining proceeds on the sale of the Canadian Assets (KUSD 526) are from a Canadian oil and gas trust, which currently has some liquidity issues.

(d) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company has working capital of KUSD\$10,811.

The Company manages liquidity risk through its management of capital. Accounts payable relating to oil and gas interests and other accounts payable and accrued liabilities are due within the current operating period.

10. **Geographical information**

The Company operates in Canada, Sweden, Brazil and the United States of America. Segmented information by geographic area is as follows:

	Canada	US	Brazil	Sweden	Total
As at and for the quarter ended March 31, 2017					
Revenue	-	-	379	-	379
Non-current assets	9	19,102	7,557	3,500	30,168
Total assets	1,690	19,329	8,179	13,820	43,018
As at and for the quarter ended March 31, 2016					
Revenue	-	-	-	-	-
Non-current assets	272	18,257	-	-	18,529
Total assets	4,026	18,405	-	-	22,431

Financial calendar

Annual Meeting on June 16, 2017

Second quarter report (April - June 2017) on August 29, 2017

Third quarter report (July – September 2017) on November 29, 2017

Fourth quarter report (October – December 2017) on March 1, 2018

Contact information

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This report has not been subject to review by the auditors of the company.