



Report for the
Three Months Ended
31 March 2019

(org number: 559018-9543)



Highlights

(all amounts are in US dollars unless otherwise noted)

Q1 2019

- Daily oil & gas production for Q1 2019 averaged 2,669 BOEPD (Q1 2018: 1,762 BOEPD).
- Revenue of USD 11.8 million (Q1 2018: USD 8.6 million)
- EBITDA of USD 7.7 million (Q1 2018: USD 4.6 million)
- Net result of USD 4.2 million (Q1 2018: USD 2.3 million)
- Basic earnings per share of USD 0.04 (Q1 2018: USD 0.02)
- Diluted earnings per share of USD 0.04 (Q1 2018: USD 0.02)
- Operating netback of USD 9.0 million or USD 40.22/bbl (Q1 2018: USD 5.9 million or USD 37.02/bbl)
- Cash and cash equivalents balance of USD 19.8 million

FINANCIAL SUMMARY

<i>(TUSD, unless otherwise noted)</i>	Q1 2019	Q4 2018 ¹	Q3 2018	Q2 2018	Q1 2018	FY 2018
Net Daily Production (BOEPD)	2,669	2,454	1,565	1,429	1,762	1,804
Revenue	11,751	12,595	9,049	7,859	8,629	38,132
EBITDA	7,663	8,486	5,392	3,960	4,566	22,404
Net result for the period	4,248	18,267	3,213	1,859	2,306	25,645
Earnings per share – Basic (USD)	0.04	0.19	0.03	0.02	0.02	0.26
Earnings per share – Diluted (USD)	0.04	0.17	0.03	0.02	0.02	0.25
Cash and cash equivalents	19,768	20,255	22,292	20,914	22,779	20,255

¹ Q4 2018 Net result includes USD 11.3 million of recognized deferred tax recovery and USD 0.8 million of other gains

Definitions

Abbreviations

CAD	Canadian Dollar
SEK	Swedish Krona
BRL	Brazilian Real
USD	US Dollar
TSEK	Thousand SEK
TUSD	Thousand USD
MSEK	Million SEK
MUSD	Million USD

Oil related terms and measurements

BOE or boe	Barrels of Oil Equivalents
BBL or bbl	Barrel
BOEPD	Barrels of Oil Equivalents 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
MSCFPD	Thousand Standard Cubic Feet per day
MMSCF	Million Standard Cubic Feet
MMSCFPD	Million Standard Cubic Feet Per Day
BWPD	Barrels of Water Per Day

Gas to oil conversion

6,000 cubic feet = 1 barrel of oil equivalent

Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB (“Maha” or the “Company”),

I am happy to report on another quarter of positive financial and operational results. Revenues and net financial and operational results remain strong and are expected to grow as more production is brought online in the current positive pricing environment.

107D (Tartaruga Field)

While the year started with operational difficulties on the 107D well (Tartaruga field) requiring completion of the well in a slightly unconventional way - with perseverance 107D is now completed, perforated, hooked up and ready for production. As earlier reported, the 107D well was completed using a 3-1/2” liner instead of the planned 4-1/2” pre-perforated liner requiring specialty equipment to perforate the now ‘smaller’ liner. This equipment was finally assembled in April and the operation was subsequently successfully completed. Positive indications at surface in the form of pressure and hydrocarbon flows were observed immediately. This is very encouraging, considering 107D is a 25-year-old well that has produced over 780,000 barrels of oil to date. The well is now being tested and is free-flowing to surface. Excessive drilling debris (drilling mud and completion water) extended the clean-up period. The production team is carefully testing the well to ensure proper representative test results are obtained before the well is placed on permanent production.

Boipeba and Attic Well (Tie Field)

The much anticipated Attic well was spudded during the quarter and in April, the well penetrated the Boipeba exploration target. After some early delays due to a lightning strike on the derrick, the Boipeba was finally evaluated and though the Boipeba sandstone was encountered as per prognosis, the reservoir was poorly developed and filled with water. The well was subsequently completed in the Agua Grande and Sergi formations which when comingled tested 1,691 BOEPD through a 2-3/8” tubing and with a 28/64” choke. Production was constrained by surface equipment limitations. Currently, the well is being recompleted to remove the equipment limitations and allow the well to be produced through a dual 2-3/8” completion – effectively doubling the capacity of the completion. The Attic well did not disappoint.

We are now in the very fortunate position that the Tie Field wells can deliver more oil than we can currently sell. We are making great progress with customers to increase our offtake capacity by another 750 BOPD, giving us the capability to sell up to 4,850 BOPD from this field. I am hopeful this will be in place sometime during the summer.

7TTG Workover (Tartaruga)

The 7TTG Workover was completed in February with production numbers well above expectations. As the well continued to clean up from the hydraulic stimulation, production increased steadily. The well was producing close to 900 BOPD from the P1 zone alone (gross volume) – and that is before we optimize the pump. We are very happy with this result. Since the P6 zone is still not opened up, we can expect even higher production rates from the 7TTG well. A very favourable result for a well that was only producing 190 BOPD prior to being shut it in last year.

Near Term Production

With all this new production coming on stream, our teams are having to quickly adjust Tie and Tartaruga plant parameters and to find new markets for the oil. A welcome challenge! There will be certain short-term interruptions in May and June in our production as the teams work through tie-in work and fluid treatment issues.

I continue to be grateful for all the support and encouraging e-mails we receive from our extended family of “Maha Investors”.

“Jonas Lindvall”

Managing Director

Financial Report for the First Quarter ended 31 March 2019

OPERATIONAL AND FINANCIAL REVIEW

Maha Energy AB (org number: 559018-9543) ("Maha" or the "Company") is an independent, Swedish-based, international oil and gas exploration and enhanced oil recovery production company with operations focused on Brazil and USA.

The head office is located at Strandvägen 5A, SE-114 51 Stockholm, Sweden. The Company maintains a technical support office at Suite 1140, 10201 Southport Road SW, Calgary, Alberta, Canada, has an office in Rio de Janeiro, Brazil and in Newcastle, Wyoming, USA.

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.

Assets

Country	Concession name	Maha Working Interest (%)	Status	Area (acres)	BOEPD ⁽²⁾	Partner
USA	LAK Ranch	99%	Pre-Production	6,475	13	SEC (1%)
Brazil	Tartaruga	75%	Producing	13,201	139	Petrobras (25%)
Brazil	Tie	100%	Producing	1,511	2,516	
Brazil	REC-T 155	100%	Exploration	4,276	-	
Brazil	REC-T 129	100%	Exploration	7,241	-	
Brazil	REC-T 142	100%	Exploration	6,856	-	
Brazil	REC-T 224	100%	Exploration	7,192	-	
Brazil	REC-T 117	100%	Exploration	6,795	-	
Brazil	REC-T 118	100%	Exploration	7,734	-	

BRAZIL

Tie Field (Reconcavo Basin)

Maha Energy closed its transaction to acquire the Brazil business unit of Gran Tierra Energy Inc. on 1 July 2017. Through this transaction, Maha owns and operate, through a wholly-owned subsidiary, 100% working interests in six onshore concession agreements located in the Reconcavo Basin of Brazil, including the oil producing Tie field. The field and the six concessions are located in the state of Bahia, onshore Brazil. The six concessions are in varying

² As per the current quarter reported net production volumes. 1BBL = 6000SCF of gas. Approximately 90% of Maha's oil equivalent production is crude oil.

stages of exploration and development. A total of 8 wells have been drilled and 212 km² of 3D seismic had been acquired by the previous Operator over the 41,606 total acres.

GTE-3 (oil producer)

During the third quarter of 2018, the GTE-3 well was recompleted with a newly acquired jet pump immediately adding about 900 BOPD to the Tie Field production. Due to a stuck pressure plug in the short string, GTE-3 is currently producing from both the Agua Grande (AG) and Sergi zones by comingling the production in one string. By working the well over and recompleting both zones into individual strings, further production capacity should be available from GTE-3. This work is planned to be undertaken during 2019.

GTE-4 (oil producer)

GTE-4 continues to free flow and is enjoying the effects of water injection. Current production from GTE-4 Agua Grande and Sergi formations is approximately 1,500 BOPD. A jet pump has been installed and tested at the GTE-4 site. The pump will be hooked up and commissioned once one of the two zones stops free flowing.

7-Tie-1DP-BA (Attic Well)

On February 18, 2019 Maha spudded its first development well to boost production at the Tie Field. The primary objective of this well was to dually complete the AG and Sergi zones at a structurally higher position to the already free flowing GTE-4 well. A secondary objective was to penetrate and evaluate the slightly deeper Boipeba sandstone reservoir. However, poor reservoir development of the Boipeba formation resulted in no hydrocarbon presence at this location. The well was subsequently completed in the AG and Sergi formations and tied into the production facilities at Tie with initial free flow test results of 1,691 BOEPD. The well is currently shut in awaiting a workover unit to recomplete the well to a dual zone producer.

Production Facilities

During 2018, the production facilities at the Tie Field were upgraded from its original 2,000 BOPD handling capacity to 5,000 BOPD. A new heater treater, a new group separator and a test separator along with additional tankage and loading bays were installed and commissioned during the year. Minor work is still ongoing to complete the permanent upgrade and is expected to be finished during the first half of 2019. As the Tie Field is not connected to a pipeline system, all oil is exported by oil trucks. By the middle of 2019, the Tie Field will have four loading bays to enable continuous 5,000 BOPD oil exports. The associated gas is separated and sold locally.

Average production from the Tie Field during the current quarter was 2,344 BOPD and 1,033 MSCFPD of gas.

Tartaruga Field

In 2017, Maha completed the purchase of an operated 75% working interest in the Tartaruga development block, located in the Sergipe Alagoas Basin onshore Brazil. The Tartaruga oil field is located in the northern half of the 13,201 acre (53.4 km²) Tartaruga Block and produces light (41° API) oil from two deviated wells drilled into the Penedo sandstone reservoir.

During 2018, the Company commenced a significant work program which included the re-entry, new perforating, stimulation and recompletion of the 7TTG producing well along with the re-entry and horizontal sidetrack drilling of the 107D well. As stated in prior reports, the multiple stacked Penedo sandstone are likely to respond well to horizontal drilling and hydraulic stimulation. To that end, work planned for Tartaruga included both hydraulic stimulation of the existing 7TTG well and the horizontal side-tracking of the 107D well. In both cases, the very productive Penedo 1 sandstone layer was targeted. In the 7TTG well, the Penedo 1 sandstone had never been produced and was considered 'pay-behind-pipe'.

As both wells on the Tartaruga Field are located on a production pad with only 7-meter distance between wellheads, both wells are required to be shut in during the well operations on Tartaruga. Longer than expected rig mobilization times to site and downhole issues encountered on both the 7TTG and the 107D wells significantly delayed

resumption of oil production at the Tartaruga Field. As a result, the field was essentially shut in for the majority of 2018.

107D Sidetrack

In early 2019, drilling of the 107D horizontal sidetrack was completed with a 500 m long horizontal hole in the Penedo-1 sandstone penetrating 312 m. of very good to excellent oil and gas shows. These results are important because they prove up horizontal continuity of the Penedo sandstone stringers and the applicability of horizontal drilling technology in the Tartaruga Field. The liner has now been perforated using a coiled tubing unit with immediate indications of hydrocarbons observed. The well is currently free flowing and has been tied into the production facilities. Well testing operations are currently underway.

7TTG Workover

The workover to recomplete the 7TTG well with larger tubing and a dedicated jet pump was originally planned for mid-2018, but a stuck 3-1/2" tubing prevented the work to be completed due to workover rig limitations. Following the completion of drilling operations at 107D the larger rig used on 107D was mobilized and the fishing of the stuck tubing was successfully completed. The 7TTG workover is now complete with the P1 and P4 zones perforated and the P1 zone stimulated. Subsequent clean-up operations have yielded a stabilized production rate of 750 BOPD from the P1 zone only. Prior to shutting 7TTG in during January 2018, the well was producing only 190 BOPD from the P6 zone.

7-TTG-3D-SES Delineation Well (New well)

The Company plans to drill a new well from the Tartaruga site during 2019 ("7-TTG-3D"). The objective of the 7-TTG-3D well is to further test so far untested sandstone zones in the Penedo reservoir. The Penedo reservoir consists of up to 27 sandstone zones.

It is not anticipated that the Tartaruga Facility will be shut in during the drilling activities of the 7-TTG-3D well. The Company expects 7TTG and 107D to produce continuously through 2019, except during shutdowns required for the Facility expansion, if any.

Production Facilities

Current handling facilities at Tartaruga field allow for approximately 500 BOPD of processing and handling with current storage limited at 1,350 barrels of oil. Current oil production is limited by associated gas flare limitations. Current crude export is via oil trucks as the facility is not linked to a pipeline system. The production test results from the 107D Sidetrack and the 7TTG Workover will dictate upgrade requirements for the production handling facilities at the Tartaruga field. Based on present understanding, it is anticipated that facilities will be initially upgraded during 2019 with a view to handle up to 2,500 BOPD and 500 MSCFPD of associated gas. Environmental licenses have already been obtained for the implementation of a Gas-to Wire project that will handle the excess gas for this upgrade. This facility work is expected to be completed during the second half of 2019. Further associated gas handling is currently being designed for implementation in 2020.

Average net production from the Tartaruga Field during the current quarter was 139 BOPD, as a result of the above work.

USA

The Company owns and operates 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.

The crude oil density produced from the LAK area is 19° API. Since the purchase of this field in 2013, the Company has been evaluating different oil recovery mechanisms and is currently working towards a staged full field development using a hot water injection scheme. Multiple attempts have been made on the field since its discovery in the 1960's, including cyclic steam, steam assisted gravity drainage and solvent injection. Maha has determined

through drilling results, core analysis, and computer aided modelling, core tests and field pilot tests that a simple water flood using hot water produces the best economic results. As at 31 March 2019, the LAK Ranch asset is still considered to be in the pre-production stage and is currently undergoing delineation and pre-development work. As such royalties and operating costs, net of revenues, since the commencement of operations have been capitalized as part of exploration and evaluation costs.

During the first quarter of 2019, the Company generated incidental revenue from LAK Ranch of TUSD 48, on average sales volume of 13 bopd, compared with TUSD 94 of revenue during the first quarter of 2018 from on average sales volume of 21 bopd.

Phase 3 of Development Plan

The Capstar #302 Drilling Rig was mobilized on 20 September 2018 to the LAK Ranch oil field. The first of 8 wells was spudded on 21 September 2018. The 8 well drilling program (including 2 horizontal production and 6 vertical injector wells) is now finalized with all 8 wells having been drilled and completed. The Drilling Rig was demobilized on 3 November 2018 and the program was completed 2 weeks ahead of schedule and within budget. Operations will now be focused on tying-in these new wells to the facilities and commencing production and injection operations.

Production

	Q1 2019	Q1 2018	Full Year 2018
Delivered Oil (Barrels) ³	224,677	142,510	609,087
Delivered Gas (MSCF)	92,953	96,282	296,189
Delivered Oil & Gas (BOE) ⁴	240,169	158,557	658,452
Daily Volume (BOEPD)	2,669	1,762	1,804

Production volumes shown are net working interest volumes before government and freehold royalties. Approximately 94% of Maha's oil equivalent production is crude oil.

Average daily production volumes increased by 51% during the current quarter as compared to the comparative quarter of the prior period despite Tartaruga production being shut in during the quarter. This increase is mainly attributed to the recompletion of GTE-3 well in the Tie field and bringing it back on production.

Revenue

<i>(TUSD, unless otherwise noted)</i>	Q1 2019	Q1 2018	Full Year 2018
Oil and Gas revenue	11,751	8,629	38,132
Sales volume (BOE)	224,428	158,230	647,607
Oil realized price (USD/bbl)	55.63	60.18	63.18
Gas realized price (USD/MSCF)	1.31	1.08	1.17
Equivalent oil realized price (USD/BOE)	52.36	54.54	58.88
Reference oil price – Brent (USD/bbl)	63.26	66.86	71.06

Revenue is presented as net working interest oil and gas sales before government and freehold royalties, as detailed in Note 4. Revenue increased 36% versus the comparative period due to higher sales volumes despite slightly lower realized prices. LAK Ranch production volumes are excluded from sold volumes as this field is still in pre-production stage.

³ Includes 1,203 bbls from LAK Ranch Oil delivered during the period

⁴ BOE is Barrels of Oil Equivalent and takes into account gas delivered and sold. 1 bbl = 6,000 SCF of gas

Crude oil realized prices are based on Brent price less current contractual discounts as follows:

Tie Field crude oil

Crude oil from the Tie Field is sold to Petrobras and a nearby refinery. For crude oil sold to the refinery, the current discount is USD 8/BBL. Effective April 1 2018, crude oil from the Tie Field to Petrobras is sold at a discount to Brent oil price of USD 5.42/BBL plus an additional 2.6% discount on the net price. Effective April 1 2019, crude oil from the Tie Field to Petrobras will be sold at a discount to Brent oil price of USD 6.09/BBL plus an additional 3.52% discount on the resulting net price.

Tartaruga Field crude oil

Crude oil from the Tartaruga Field is entirely sold to Petrobras. During the first half of 2018, crude oil from the Tartaruga field was sold at a discount to Brent of USD 1.34/BBL and effective July 1, 2018 it is sold at a premium of USD 0.41/BBL.

Royalties

<i>(TUSD, unless otherwise noted)</i>	Q1 2019	Q1 2018	Full Year 2018
Royalties	1,510	1,190	4,805
Per unit (USD/BOE)	6.73	7.52	7.42
Royalties as a % of revenue	12.9%	13.8%	12.6%

Royalties are settled in cash and based on realized prices before discounts. Royalty expense increased 27% versus the comparative period which is consistent with the higher revenue during the current quarter. Royalty expense as a percentage of revenues was slightly lower than the comparative period as higher royalty-rate Tartaruga production was lower in the current quarter versus the comparative period.

Production expenses

<i>(TUSD, unless otherwise noted)</i>	Q1 2019	Q1 2018	Full Year 2018
Production and operating costs	910	1,321	5,468
Transportation costs	302	261	942
Total Production expense	1,212	1,582	6,410
Per unit (USD/BOE)	5.41	10.00	9.89

Production expenses for the current quarter were lower against the comparative period due to increased operating efficiencies following facilities upgrades. On a per BOE basis, costs were also lower as a result of higher sales volumes in the current quarter. Excluding transportation, the majority of production costs are fixed resulting in lower production costs on a per BOE basis as production volumes increase.

Operating Netback

<i>(TUSD, unless otherwise noted)</i>	Q1 2019	Q1 2018	Full Year 2018
Operating Netback	9,029	5,857	26,917
Netback (USD/BOE)	40.22	37.02	41.57

Operating netback is calculated as revenue less royalties and production expenses. Operating netbacks for the current quarter were 53% higher as a result of higher revenues and lower production expenses. Operating netback, on a per BOE basis, were also higher versus the comparative period despite lower realized oil prices during the current quarter.

LAK Ranch is still in pre-production stage therefore royalties and operating costs, net of revenues, are being capitalized as part of exploration and evaluation costs and is not included in the Company's netback.

General and Administration expenses ("G&A")

<i>(TUSD, unless otherwise noted)</i>	Q1 2019	Q1 2018	Full Year 2018
G&A	1,324	1,198	4,222
G&A (USD/BOE)	5.90	7.57	6.52

G&A expenses were slightly higher versus the comparative period as the current quarter included year end audit fees and certain other expenses pertaining to 2019. G&A amounts are presented net, following allocation of certain costs into production expense and property, plant and equipment based on capital activity levels

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

<i>(TUSD, unless otherwise noted)</i>	Q1 2019	Q1 2018	Full Year 2018
DD&A	1,438	864	3,762
DD&A (USD/boe)	6.41	5.46	5.81

The depletion rate is calculated on proved and probable oil and natural gas reserves, taking into account the future development costs to produce the reserves. Depletion expense is computed on a unit-of-production basis. The depletion rate will fluctuate on each re-measurement period based on the capital spending and reserves additions for the period.

The higher depletion expense for the current quarter is consistent with the higher sales volumes.

Foreign currency exchange gain or loss

The net foreign currency exchange gain for the period amounted to TUSD 5 (Q1 2018: TUSD 96). Foreign exchange movements occur on settlement of transactions denominated in foreign currencies and the revaluation of working capital to the prevailing exchange rate at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of the Company's reporting entities.

Net finance costs

Net finance items amounted to TUSD 1,171 (Q1 2018: TUSD 1,299) and are detailed in Note 5.

Income Taxes

Current tax expense in the quarter was TUSD 520 as compared to TUSD 193 in the comparative period. The increase is a result of anticipated increased taxable income for the current quarter.

Deferred tax expense in the quarter was TUSD 291 as compared to nil in the comparative period. The deferred tax expense in the quarter is a result of the unwinding of the deferred tax asset related to estimated tax deductible temporary differences and tax loss carry-forwards

Share data

Shares outstanding	Number of Shares by Class			
	A	B	C2	Total
31 March 2019	90,262,363	8,109,882	50,000	98,422,245

Liquidity and capital resources

As at 31 March 2019, the Company had current assets of \$28.3 million comprised primarily of cash and cash equivalents, restricted cash, accounts receivable and prepaid expenses and deposits. The Company had current liabilities of \$11.0 million resulting in net working capital of \$17.3 million (31 December 2018: \$19.3 million).

Financial Risks

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 has cash in hand and expects to generate cash flow from operations to fund its development, operating and financing 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. Additional information on financial risks identified by the Company are presented in Note 14 to the Consolidated Financial Statements.

Legal matters

Following the Tie Field Acquisition effective July 1, 2017, the Company inherited, through the acquisition of Gran Tierra Energy Brazil Ltda., a number of disclosed pre-existing legal matters concerning labor, regulatory and operations. Since taking over operations a number of new similar ordinary course legal matters have arisen. All of these are considered routine, non-material and consistent with doing business in Brazil. Provisions for lawsuits have, in consultation with the Company's Brazilian legal counsel, been recorded under accrued liabilities and provisions.

Health, Safety and the Environmental ("HSE")

At Maha, HSE is a key component of its management systems. Maha Energy strives to provide a safe and healthy work environment for all employees, contractors and suppliers. This means the safety of life, limb, environment and property always comes first. The Company actively monitors all operational sites and proactively encourages everyone to be mindful of all the Company's HSE Values. This is achieved through education, enforcement and reporting. Everyone working or visiting our sites have the right to stop work at any time to prevent potential HSE incidents occurring. Maha's HSE Values set the tone for how we approach each other and the environment.

Additional information on environmental, decommissioning and abandonment obligations in relation to oil and gas leases is presented in Note 10 to the Consolidated Financial Statements.

Corporate Governance and Sustainability

Part of contributing to society and being a good global citizen must entail doing 'what is right', in addition to adhering to laws and regulations. One of the ways we ensure sustainability is to maximize recovery from existing energy sources and in order to do so effectively it is important to minimize scope changes. If we can prevent costly and impactful changes in development plans, we contribute to sustainability. Another way to contribute to a sustainable planet, is to ensure all resources are used. We therefore recycle produced water at our LAK Ranch facility which not only reduces having to find water from another source, but also reduces waste water treatment requirements. In Brazil, we are reducing the release of natural gas by using the waste gas from oil production to generate electricity.

Maha does not tolerate any form of corrupt practices and has in place Corporate Governance Policies that clearly define how we must conduct business. The best way to prevent corruption is through transparency - one of our core values. The Company has established a Code of Business Conduct and Anti-Corruption policies for all its employees, contractors and workers.

More information on Corporate Governance can be found in Maha's Corporate Governance Report in the 2018 Annual Report.

Seasonal Effects

Maha Energy has no significant seasonal variations.

Parent Company

Business activities for Maha Energy AB focuses on: a) management and stewardship of all Group affiliates, subsidiaries and foreign operations; b) management of publicly listed Swedish entity; c) fundraising as required for

acquisitions and Group business growth; and d) business development. The Parent Company has no employees. Last year's activities focused on organic growth of the existing assets of the Group through a combination of new or enhanced facilities, new offtake arrangements, and drilling and workover operations on existing wells.

The net result for the Parent Company for the first quarter 2019 amounted to TSEK -5,629 (Q1 2018: TSEK -2,493). The result includes general and administrative expenses of TSEK 1,398 (Q1 2018: TSEK 568) and net finance costs of TSEK 4,437 (Q1 2018: TSEK 2,395).

Related Party Transactions

The Company did not enter into any transactions with related parties during the quarter.

Subsequent Events

There are no subsequent events to report.

The financial information relating to the first quarter ended 31 March 2019 has not been subject to review by the auditors of the Company.

Approved by the Board

``Jonas Lindvall``
Jonas Lindvall, Director

``Wayne Thomson``
Wayne Thomson, Director

Financial Statements

Consolidated Statement of Operations

(TUSD)	Note	Q1 2019	Q1 2018	Full Year 2018
Revenue				
Oil and gas sales	3,4	11,751	8,629	38,132
Royalties		(1,510)	(1,190)	(4,805)
		10,241	7,439	33,327
Expenses				
Production and transportation		(1,212)	(1,582)	(6,410)
General and administration		(1,324)	(1,198)	(4,222)
Depletion, depreciation and amortization	8,9	(1,438)	(864)	(3,762)
Stock-based compensation	11	(42)	(31)	(217)
Financial instruments	13	-	(62)	(74)
Foreign currency exchange gain		5	96	347
		(4,011)	(3,641)	(14,338)
Operating result		6,230	3,798	18,989
Net finance costs	5	(1,171)	(1,299)	(4,715)
Gain on contractual liabilities		-	-	822
Result before tax		5,059	2,499	15,096
Income tax	6	(811)	(193)	10,549
Net result for the period		4,248	2,306	25,645
Earnings per share basic – USD				
		0.04	0.02	0.26
Earnings per share fully diluted – USD				
		0.04	0.02	0.25
Weighted average number of shares:				
Before dilution		98,371,393	96,700,158	97,630,200
After dilution		106,746,433	97,182,096	102,199,428

Consolidated Statement of Comprehensive Earnings

<i>(TUSD)</i>	Note	Q1 2019	Q1 2018	Full Year 2018
Net result for the period		4,248	2,306	25,645
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	2	36	1,200	(6,511)
Comprehensive result for the period		4,284	3,506	19,134
Attributable to:				
Shareholders of the Parent Company		4,284	3,506	19,134

Consolidated Statement of Financial Position
As at

<i>(TUSD)</i>	Note	March 31, 2019	December 31, 2018
ASSETS			
Non-current assets			
Exploration and evaluation assets	7	21,127	20,685
Property, plant and equipment	8	63,764	58,834
Right-of-use Assets	9	439	
Deferred tax assets		10,898	11,259
Performance bonds and others		177	177
Total non-current assets		96,405	90,955
Current assets			
Crude oil inventory		306	57
Prepaid expenses and deposits		865	686
Accounts receivable	13	4,529	4,368
Restricted cash	18	2,828	2,804
Cash and cash equivalents		19,768	20,255
Total current assets		28,296	28,170
TOTAL ASSETS		124,701	119,125
EQUITY AND LIABILITIES			
Equity			
Share capital		120	120
Contributed surplus		63,050	63,009
Other reserves		(7,834)	(7,870)
Retained earnings		18,263	14,015
Total equity	11	73,599	69,274
Liabilities			
Non-current liabilities			
Bonds payable	12	29,986	31,180
Decommissioning provision	10	1,891	1,720
Lease liabilities		244	
Other long-term liabilities and provisions		7,992	8,093
Total non-current liabilities		40,113	40,993
Current liabilities			
Accounts payable		5,617	4,029
Accrued liabilities and other		5,186	4,829
Current portion of lease liabilities		186	-
Total current liabilities		10,989	8,858
TOTAL LIABILITIES		51,102	49,851
TOTAL EQUITY AND LIABILITIES		124,701	119,125

Consolidated Statement of Cash Flows

<i>(TUSD)</i>	Note	Q1 2019	Q1 2018	Full Year 2018
Operating Activities				
Net result from continuing operations		4,248	2,306	25,645
Depletion, depreciation and amortization	8,9	1,438	864	3,762
Stock based compensation	11	42	31	217
Accretion of decommissioning provision	10	27	24	102
Accretion of bond payable	12	255	278	1,052
Deferred tax	6	291	-	(11,259)
Interest expense		981	1,109	4,138
Financial derivative instruments	13	-	98	139
Unrealized foreign exchange amounts		212	816	1,797
Interest received		91	144	659
Interest paid		-	-	(4,043)
Tax paid		(532)	(193)	(447)
Changes in working capital	16	424	(2,130)	(3,419)
Cash from operating activities		7,477	3,347	18,343
Investing activities				
Capital expenditures - property, plant and equipment	8	(6,576)	(518)	(12,767)
Capital expenditures - exploration and evaluation assets	7	(442)	(38)	(2,774)
Restricted cash		(42)	-	(215)
Cash from (used in) investment activities		(7,060)	(556)	(15,756)
Financing activities				
Exercise of stock options and warrants	11	(1)	1,596	1,721
Cash from financing activities		(1)	1,596	1,721
Foreign exchange on cash and cash equivalents		(903)	(337)	(2,782)
Change in cash and cash equivalents		(487)	4,050	1,526
Cash and cash equivalents, beginning of period		20,255	18,729	18,729
Cash and cash equivalents, end of period		19,768	22,779	20,255

Consolidated Statement of Changes in Equity

<i>(TUSD)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained (Deficit) Earnings	Total Shareholders' Equity
Balance at 1 January 2018	117	61,073	(1,359)	(11,630)	48,201
Result for the period	-	-	-	2,306	2,306
Currency translation difference	-	-	1,200	-	(621)
Total comprehensive result	-	-	(159)	(2,850)	(3,471)
Transactions with owners					
Share issue cost		(41)			(41)
Stock based compensation		31			31
Exercise of warrants and options	3	1,634			1,637
Total transactions with owners	3	1623			1627
Balance at 31 March 2018	120	62,696	(159)	(9,307)	53,334
Balance at 1 January 2019	120	63,009	(7,870)	14,015	69,274
Result for the period	-	-	-	4,248	4,248
Currency translation difference	-	-	36	-	36
Total comprehensive result	120	63,009	(7,834)	18,263	73,558
Transactions with owners					
Stock based compensation	-	42	-	-	42
Exercise of warrants and options	-	(1)	-	-	(1)
Total transactions with owners	-	41	-	-	41
Balance at 31 March 2019	120	63,050	(7,834)	18,263	73,599

Parent Company Statement of Operations

<i>(Thousands of Swedish Krona)</i>	Note	Q1 2019	Q1 2018	Full Year 2018
Revenue			-	-
Expenses				
General and administrative		(1,398)	(568)	(3,655)
Stock-based compensation	10	(382)	(250)	(1,889)
Financial derivative instruments	12	-	(502)	(618)
Foreign currency exchange gain(loss)		588	(1,222)	5,096
Operating result		(1,192)	(98)	(1,066)
Net finance costs		(4,437)	(2,395)	(9,022)
Result before tax		(5,629)	(2,493)	(10,088)
Income tax		-	-	-
Net Result for the period		(5,629)	(2,493)	(10,088)

Parent Company Balance Sheet

<i>(Thousands of Swedish Krona)</i>	31 March 2019	31 March 2018
Assets		
Non-current assets		
Investment in subsidiaries	184,219	183,640
Loans to subsidiaries	394,149	375,395
	578,368	559,035
Current assets		
Accounts receivable and other	463	170
Restricted cash	50	50
Cash and cash equivalents	160,747	138,598
	161,260	138,818
Total Assets	739,628	697,853
Shareholders' Equity and Liabilities		
Shareholders' Equity	448,072	417,378
Non-current liabilities		
Bond Payable	278,909	276,573
Current liabilities		
Accounts payable and accrued liabilities	12,647	3,902
Total liabilities	291,556	280,475
Total Equity and Liabilities	739,628	697,853

Parent Company Statement of Changes in Equity

	Restricted equity	Unrestricted equity		
<i>(Thousands of Swedish Krona)</i>	Share capital	Contributed surplus	Retained Earnings	Total Equity
1 January 2018	1,068	470,545	(25,051)	457,562
Share issue costs	-	(332)	-	(332)
Stock based compensation	-	250	-	250
Exercise of warrants and stock options	23	13,255	-	13,255
Result for the period	-	-	(2,492)	(2,492)
31 March 2018	1,091	483,718	(27,543)	457,266
1 January 2019	1,091	487,374	(35,139)	453,326
Stock based compensation	-	382	-	382
Exercise of warrants and stock options	-	(6)	-	(6)
Result for the period	-	-	(5,629)	(5,629)
Balance at 31 March 2018	1,091	487,750	(40,768)	448,072

Notes to the Consolidated Financial Statements (unaudited)

1. Corporate information

Maha Energy AB ("Maha (Sweden)" or "the Company") Organization Number 559018-9543 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 and the United States. The head office is located at Strandvägen 5A, SE-114 51 Stockholm, Sweden. The Company's subsidiary, Maha Energy Inc., maintains its technical office at Suite 1140, 10201 Southport Road SW, Calgary, Alberta, Canada. The Company has an office in Rio de Janeiro, Brazil and operations offices in Newcastle, Wyoming, USA .

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.

2. Basis of presentation

The interim consolidated financial statements have 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 (Maha Energy AB) 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.

These interim consolidated financial statements are stated in thousands of US dollars (USD), unless otherwise noted, and have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value.

The accounting principles as described in the Annual Report 2018 have been used in the preparation of this report, except as identified in the *New and Revised Accounting Standards below*. Certain information and disclosures normally included in the notes to the annual Consolidated Financial Statements have been condensed or have been disclosed on an annual basis only. Accordingly, these interim Consolidated Financial Statements should be read in conjunction with the annual Consolidated Financial Statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS as issued by the IASB.

New and Revised Accounting Standards

Adoption of IFRS 16, "Leases"

Effective January 1, 2019, the Company adopted IFRS 16, "Leases" ("IFRS 16"). The Company has applied the new standard using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Therefore, the comparative information in the Company's Consolidated Statement of Financial position, Consolidated Statements of Earnings and Consolidated Statements of Cash flows have not been restated.

On adoption, Management elected to use the following practical expedients permitted under the standard:

- Right of use (ROU) assets will be measured at an amount equal to the lease liability.
- Leases with a less than 12 months remaining lease term at year end 2018 will not be reflected as leases.
- The Company has made the following application policy choice: short-term leases (less than 12 months) and leases of low value assets will not be reflected in the balance sheet, but will be expensed as incurred.

Update to Significant Accounting Policies

Leases

The Company applied IFRS 16 using the modified retrospective approach; therefore, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy found in the annual Consolidated Financial Statements for the year ended 31 December 2018.

The following accounting policy is applicable from 1 January 2019:

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. The Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As Lessee - Leases are recognized as a ROU (Right-of-Use) asset and a corresponding lease liability at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any lease incentives receivable. These payments are discounted using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available.

Lease payments are allocated between the liability and finance costs. The finance cost is charged to net earnings over the lease term.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the consolidated statement of earnings if the carrying amount of the ROU asset has been reduced to zero.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located less any lease payments made at or before the commencement date. The ROU asset is depreciated, on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses. Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the consolidated statement of earnings on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net earnings that reflects the proportionate decrease in scope.

Going Concern

The Company prepared these consolidated 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.

Presentation and Functional Currency

The consolidated financial statements are presented in USD which is the currency the Company has elected to use as the presentation currency.

The Company's subsidiaries and functional currencies are as follows:

Subsidiary	Functional Currency
Maha Energy Inc.	USD
Maha Energy (USA) Inc.	USD
Maha Energy Services LLC	USD
Maha Energy 1 (Brazil) AB	SEK
Maha Energy 2 (Brazil) AB	SEK
UP Petroleo Brasil Ltda	BRL
Petro Vista Energy Petroleo do Brasil Ltda	BRL
Maha Energy Brasil Ltda	BRL
Maha Energy Finance (Luxembourg) S.A.R.L	BRL

In presenting operating results, transactions in currencies other than the entity's functional currencies are recorded at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the reporting period date. Non-monetary assets, liabilities, revenues and expenses are translated at transaction date exchange rates. Any exchange gains or losses from the above are included in the determination of net result as foreign exchange gains or losses. These are included in Net Result as part of the Company's Consolidated Statement of Operations.

Since the Company's presentation currency is USD, the assets and liabilities of all foreign operations with non-USD functional currencies are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at the average exchange rate for the period. Resultant foreign currency exchange differences from the effect of the above are included separately in the Company's Consolidated Statement of Comprehensive Result and the cumulative result of the exchange differences is reflected in Shareholders' Equity.

3. Segment Information

The Company operates in Canada, Sweden, Brazil and the United States of America. Operating segments are based on a geographic perspective and reported in a manner consistent with the internal reporting provided to the executive management. The following tables present the operating result for each segment from continuing operations. Revenue and income relate to external (non-intra group) transactions.

(TUSD)	Canada	US	Brazil	Sweden	Other ⁵	Consolidated
31 March 2019						
Revenue	-	-	11,751	-	-	11,751
Royalties	-	-	(1,510)	-	-	(1,510)
Production and operating	-	-	(1,212)	-	-	(1,212)
General and administration	(726)	(29)	(385)	(163)	(21)	(1,324)
Stock-based compensation	-	-	-	(42)	-	(42)
Depletion, depreciation and amortization	(4)	(11)	(1,423)	-	-	(1,438)
Foreign currency exchange gain (loss)	8	-	2	8	(13)	5
Operating results	(772)	(40)	7,223	(197)	(34)	6,230
Net finance costs	-	(4)	68	(484)	(751)	(1,171)
Income tax	-	-	(811)	-	-	(811)
Net results	(722)	(44)	6,480	(681)	(785)	4,248
31 March 2018						
Revenue	-	-	8,629	-	-	8,629
Royalties	-	-	(1,190)	-	-	(1,190)
Production and operating	-	-	(1,582)	-	-	(1,582)
General and administration	(454)	(47)	(603)	(70)	(24)	(1,198)
Stock-based compensation	-	-	-	(31)	-	(31)
Depletion, depreciation and amortization	(2)	(11)	(851)	-	-	(864)
Financial derivative instruments	-	-	-	(62)	-	(62)
Foreign currency exchange gain (loss)	85	-	(3)	14	-	96
Operating results	(371)	(58)	4,400	(149)	(24)	3,798
Net finance costs	12	(3)	123	(295)	(1,136)	(1,299)
Income tax	-	-	(193)	-	-	(193)
Net results	(359)	(61)	4,330	(444)	(1,160)	2,306

All oil and gas revenue, operating expenses and depletion are from the Brazilian operations. The Company had two large customers during Q1 2019 (Q1 2018: two) that individually accounted for more than 10 percent of the Company's consolidated gross sales. Total sales to these customers were approximately USD \$11.5 million (Q1 2018: \$7.2 million), which are included in the Company's Brazil operating segment. Approximately, 60 percent of the total revenue is contracted with one customer in the Brazil segment. There were no intercompany sales or purchases of oil and gas during the period.

⁵ Other represents Luxembourg subsidiaries and intercompany eliminations and consolidation adjustments.

4. Revenue

The Company's oil and gas sales revenues are predominantly derived from two major customers, under contracts based on floating prices utilizing the Brent oil benchmark adjusted for contracted discounts or premiums. For the first quarter 2019, 100% (Q1 2018: 100%) of the Company's revenue resulted from oil and gas sales in Brazil.

Disaggregated revenue information

The Company derives revenue from the transfer of goods at a point in time in the following major commodities from oil and gas production and the only geographical region of Brazil:

(TUSD)	Q1 2019	Q1 2018
Crude oil	11,630	8,521
Natural gas	121	108
Total revenue from contracts with customers	11,751	8,629

The Company had no contract asset or liability balances during the period presented. As at 31 March 2019, accounts receivable included \$3.0 million of accrued sales revenue which related to March 2019 production. Revenue is measured at the consideration specified in the contracts and represents amounts receivable net of discounts and sales taxes. Performance obligations associated with the sale of crude oil are satisfied when control of the product is transferred to the customer. This occurs when the oil is physically transferred to the delivery point agreed with the customer and the customer obtains legal title.

LAK revenue, net of expenditures, is capitalized as part of the exploration and evaluation assets and will continue until commercial viability of the field is achieved as the property is still in pre-production stage.

5. Finance Costs

(TUSD)	Q1 2019	Q1 2018
Interest on bond payable	981	278
Accretion of bond payable (note 11)	255	24
Accretion of decommissioning provision	27	1,109
Foreign currency exchange losses	-	1
Risk management contracts	-	37
Interest income and other	(92)	(150)
	1,171	1,299

6. Income Tax

(TUSD)	Q1 2019	Q1 2018
Current income tax expense	520	193
Deferred income recovery	291	-
Total income tax (recovery)	811	193

7. Exploration and Evaluation Assets (E&E)

(TUSD)	
1 January 2018	17,789
Additions in the period	3,154
Assets retirement obligation	121
Incidental result from sale of crude oil	(379)
31 December 2018	20,685
Additions in the period	332
Incidental result from sale of crude oil	110
31 March 2019	21,127

As at 31 March 2019, the LAK Ranch property 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.

8. Property, Plant and Equipment (PP&E)

(TUSD)	Oil and gas properties	Equipment and Other	Total
Cost			
1 January 2018	54,284	2,151	56,435
Additions	16,732	18	16,750
Currency translation adjustment	(8,891)	(108)	(8,999)
31 December 2018	62,125	2,061	64,186
Additions	6,811	10	6,821
Currency translation adjustment	(528)	(48)	(576)
31 March 2019	68,408	2,023	70,431
Accumulated depletion, depreciation and amortization (DD&A)			
1 January 2018	(1,807)	(302)	(2,109)
DD&A	(3,583)	(146)	(3,729)
Currency translation adjustment	471	15	486
31 December 2018	(4,919)	(433)	(5,352)
DD&A	(1,350)	(38)	(1,388)
Currency translation adjustment	71	2	73
31 March 2019	(6,198)	(469)	(6,667)
Carrying amount			
31 December 2018	57,206	1,628	58,834
31 March 2019	62,210	1,554	63,764

9. Right-of-Use Assets

(TUSD)	
Cost	
1 January 2019	476
Additions	-
31 March 2018	476
Accumulated depreciation	
1 January 2019	-
Depreciation	(37)
31 March 2018	(37)
Carrying amount	
1 January 2019	476
31 March 2019	439

10. Decommissioning Provision

The decommissioning provision is estimated based on the net ownership interest of wells and facilities, management's estimate of costs to abandon and reclaim those wells and facilities, and the potential future timing of the costs to be incurred.

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

(TUSD)	
1 January 2018	1,849
Accretion expense	102
Additions	121
Foreign exchange movement	(352)
31 December 2018	1,720
Accretion expense	27
Additions	150
Foreign exchange movement	(6)
31 March 2019	1,891

11. Share Capital

Shares outstanding	Number of Shares by Class			Total
	A	B	C2	
1 January 2018	85,972,025	9,183,621	1,698,000	96,853,646
Exercise of warrants	2,074,717	-	-	2,074,717
Conversion of convertible B shares	1,073,739	(1,073,739)	-	-
Exercise of Maha (Canada) options	1,138,687	-	(1,138,687)	-
Cancelled options	-	-	(509,313)	(509,313)
31 December 2018	90,259,168	8,109,882	50,000	98,419,050
Exercise of warrants	3,195	-	-	3,195
31 March 2019	90,262,363	8,109,882	50,000	98,422,245

Maha AB share purchase warrants (Maha-A TO2) outstanding as at 31 March 2019:

	Number of Warrants	Exercise Price
	#	USD
1 January 2018	19,550,963	0.87
Exercised	2,074,717	0.72
Expired	(4,126,246)	0.72
31 December 2018	13,350,000	0.91
Exercised	3,195	0.81
31 March 2019	13,346,805	0.81

During the first quarter of 2019, a total of 3,195 of Maha-A TO2 warrants were exercised at the pre-determined strike price of SEK 7.45 per share. Accordingly, 3,195 A Warrants were cancelled and the same number of new shares of class A were issued. Subsequent to 31 March 2019, additional 1,000,857 of Maha-A TO2 warrants were exercised for the total proceeds of SEK 7.4 million.

Warrant Incentive Program

The Company has an incentive program as part of the remuneration package for management and employees. Warrants were issued in second quarter of 2017 and 2018 respectively, following a decision and approval at the respective Annual General Meeting. No warrants were vested, expired or exercised during the first quarter of 2019.

Warrants incentive programme	Exercise period	Exercise price, SEK	Number of warrants					31 March 2019
			1 Jan 2019	Issued 2019	Expired 2019	Exercised 2019	Cancelled 2019	
2017 incentive programme	1 June 2020 – 31 March 2020	7.00	750,000		-	-	-	750,000
2018 incentive programme	1 May 2021 – 30 November 2021	9.20		750,000	-	-	-	750,000
Total			750,000	750,000	-	-		1,500,000

Each warrant shall entitle the warrant holder to subscribe for one new Share in the Company at the subscription price per share.

Maha Energy Inc. stock options

Maha (Canada) has a stock option plan which allows for the grant of stock options, at exercise prices equal to or close to market price, in a total amount of up to 10% of the number of common shares issued.

The following stock options are outstanding at 31 March 2019:

Expiration date	Number of Options	Vested	Exercise Price	Remaining Life
			\$	Years
December 31, 2020	50,000	50,000	1.25	1.75

Total share-based compensation expense for the first quarter was TUSD 42 (Q1 2018: TUSD 31).

12. Bond payable

	TUSD	TSEK
1 January 2018	32,678	267,423
Accretion of bond liability	1,052	9,150
Effect of currency translation	(2,550)	-
31 December 2018	31,180	276,573
Accretion of bond liability	255	2,336
Effect of currency translation	(1,449)	-
31 March 2019	29,986	278,909

For the first quarter of 2019 Maha recognized TUSD 981 of interest and TUSD 255 of accretion related to the Bonds.

The Bonds have the following maintenance covenants at each quarter end and on a rolling 12 months basis:

- i) Net Interest Bearing Debt to EBITDA is not greater than 3.00 (Leverage test);
- ii) Interest Coverage Ratio exceeds 2.25; and
- iii) Cash and cash equivalents exceeds USD \$5 million

The next reference test date for the maintenance covenants is as at 31 March 2019. As at the last reference date of 31 December 2018, the Company was compliant with all bond covenants. Based on the reported results herein, the Company expects that it will be compliant with its bond covenants.

13. Financial assets and liabilities

The accounting policies for financial instruments have been applied to the line items below:

31 March 2019 (TUSD)	Total	Financial assets at amortized cost	Fair value recognized in profit or loss
Performance Bonds	177	177	-
Accounts receivable	4,529	4,529	-
Restricted cash	2,828	2,828	-
Cash and cash equivalents	19,768	19,768	-
Financial assets	27,302	27,302	-
31 March 2019 (TUSD)	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss
Bonds payable	29,986	29,986	-
Other non-current liabilities	7,992	7,992	-
Accounts payable	5,617	5,617	-
Accrued liabilities	5,186	5,186	-
Lease liability	430	430	-
Financial liabilities	49,211	49,211	-
31 December 2018 (TUSD)	Total	Financial assets at amortized cost	Fair value recognized in profit or loss
Performance Bonds	177	177	-
Accounts receivable	4,368	4,368	-
Restricted cash	2,804	2,804	-
Cash and cash equivalents	20,255	20,255	-
Financial assets	27,604	27,604	-
31 December 2018 (TUSD)	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss
Bonds payable	31,180	31,180	-
Other non-current liabilities	8,093	8,093	-
Accounts payable	4,703	4,703	-
Accrued liabilities	4,829	4,829	-
Financial liabilities	48,805	48,805	-

For financial instruments measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:

- Level 1: based on quoted prices in active markets;
- Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
- Level 3: based on inputs which are not based on observable market data.

Based on this hierarchy, financial instruments measured at fair value can be detailed as follows:

(TUSD)			
31 March 2019	Level 1	Level 2	Level 3
Bonds Liability	-	29,986	-
31 December 2018			
Bonds Liability	-	31,180	-

Prices sourced from observable data or market corroboration refers to the fair value of contracts valued in part using active quotes and in part using observable, market-corroborated data.

The bonds are carried at amortized cost. The estimated fair values of the bonds have been determined based on period-end trading prices of the bonds on the secondary market (Level 2). As at 31 March 2019, the carrying value of the Bonds was TUSD 29,986 and the fair value was TUSD 34,402 (31 December 2018: carrying value – TUSD 31,180; fair value – TUSD 35,850).

14. Management of financial risk

The Company thoroughly examines the various risks to which it is exposed and assesses the impact and likelihood of those risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management.

The types of risk exposures and the objectives and policies for managing these risks exposures is described below:

a) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. All of the Company's oil sales are denominated in Brazilian Reals (BRL) based on a USD oil price and all operational, administrative and capital activities related to the Brazil properties are transacted primarily in BRL. In Sweden the Company's expenditures and bond liability are in Swedish Krona (SEK). To minimize foreign currency risk, the Company's cash balances are held primarily in SEK within Sweden and USD within Canada. In Canada, USD funds are converted to CAD on an as-needed basis. Management funds Brazil projects with the cash generated in Brazil to minimize the foreign currency risk.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or fourth party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents are primarily held at large Canadian, Brazilian and Swedish financial institutions in non-interest-bearing accounts.

The Company's accounts receivable is composed of:

TUSD	31 March 2019	31 December 2018
Oil and gas sales (Brazil)	2,986	3,127
Sale of Canadian assets	286	280
Tax credits and other receivables	1,257	961
	4,529	4,368

The majority of the Company's oil and gas sales receivables are with the Brazilian national oil company and a small independent refinery called DAX Oil. Under the marketing agreement with Dax Oil, most of the oil sales are prepaid prior to delivery with occasional credit granted to maintain daily deliveries. In addition, the Company has made an arrangement with Dax Oil to accumulate an amount up to maximum of TUSD 900 in accounts receivable which is guaranteed through a performance bond issued by a local bonding company and is expected to be fully recoverable. As at 31 March 2019, TUSD 1,015 from Dax Oil were included in accounts receivables.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. By operating in several countries, the Company is exposed to currency fluctuations. Income is and will also most likely be denominated in foreign currencies, BRL in particular. Furthermore, the Company has since inception been equity and debt financed through share and bond issues, and also financed by asset divestment. Additional capital could be needed to finance the Company's future operations and/or for acquisition of additional licenses and bond repayment. The main risk is that this need could occur during less favorable market conditions. The Company continuously ensures that sufficient cash balances are maintained in order to cover day to day operations. Management relies on cash forecasting to assess the Company's cash position based on expected future cash flows. Accounts payable relating to oil and gas interests, and current interest on the bonds are due within the current operating period. The Bonds have interest payable of SEK 18 million semi-annually on May 29

and November 29 until the maturity date of May 29, 2021. In addition, principal payment is also due on the maturity date of the Bonds. The Company may redeem all of the Bonds prior to maturity or repurchase any Bonds (see Note 12).

The Company has current assets of \$28.3 million as at 31 March 2019 which is considered sufficient to settle the current liabilities of \$11.0 million as at 31 March 2019.

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. The Company has fixed interest on bond payable (Note 12) therefore is not exposed to interest rate risk.

e) Price risk

Price of oil and gas are affected by the normal economic drivers of supply and demand as well as the financial investors and market uncertainty. Factors that influence these include operational decisions, natural disasters, economic conditions, political instability or conflicts or actions by major oil exporting countries. The Company is exposed to price risk with respect to commodity prices for which, if needed, the Company mitigates the risk by entering into the commodity contracts. As at 31 March 2018 the Company had no commodity contracts in place.

15. Management of Capital

The Company manages its capital to support the Company's strategic growth objectives and maintain financial capacity and flexibility for the purpose of funding the Company's exploration and development activities. The Company considers its capital structure to include working capital and shareholders' equity. At 31 March 2019, the Company's net working capital surplus was USD \$17.3 million (31 December 2018: USD \$19.3 million), which includes USD \$19.8 million (31 December 2018: USD \$20.2 million) of cash and USD \$2.8 million (31 December 2018: \$2.8 million) of restricted cash. The restricted cash relates to cash posted in Brazil to guarantee letters of credit for certain work commitments and support of abandonment guarantees.

The Company may adjust its capital structure by issuing new equity or debt and adjusting its capital expenditure program, as allowed pursuant to contracted work commitments. The Company considers its capital structure at this time to include shareholders' equity of USD \$73.6 million (31 December 2018: USD \$69.3 million). The Company does not have any externally imposed material capital requirements to which it is subject except for the bond covenants. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

16. Changes in non-cash Working Capital

(TUSD)	31 March 2019	31 March 2018
Change in:		
Accounts receivable	(252)	(511)
Inventory	(250)	36
Prepaid expenses and deposits	(179)	(625)
Accounts payable and accrued liabilities	1,105	(1,030)
Total	424	(2,130)

17. Pledged Assets

As at 31 March 2019, pledged assets are mainly a continuing security for the Senior Secured Bonds where Maha has entered into a pledge agreement. The pledge relates to the shares in its subsidiaries: Maha Energy 1 (Brazil) AB, Maha Energy 2 (Brazil) AB, Maha Energy Inc. and Maha Energy Finance (Luxembourg) S.A.R.L. The pledged assets for the parent company as at 31 March 2019 amounted to SEK 184.2 million (31 December 2018: SEK 184.2 million) representing the carrying value of the pledge over the shares of subsidiaries. The combined net asset value for the Group of the subsidiaries whose shares are pledged amounted to USD 57.6 million (31 December 2018: USD 69.3 million).

The Company also granted a charge over a bank account in Brazil to guarantee certain financial instruments in relation to its work commitments (See Note 18).

18. Commitments and Contingencies

The Company currently has 7 concession agreements with the National Agency of Petroleum, Natural Gas and Biofuels in Brazil (ANP). While certain of these concession agreements have outstanding work commitments of 8.6 million (BRL 33.3 million) a number of these are either suspended pending environmental licensing or under force majeure. These work commitments have been recorded as long-term provisions and are guaranteed with certain credit instruments in place of approximately \$4.9 million. In addition, the Company has a \$2.8 million term deposit to guarantee certain work commitments of \$3.7 million. This term deposit has been presented as restricted cash on the Statement of Financial Position.

These commitments are in the normal course of the Company's exploration business and the Company's plans to fund these, if necessary, with existing cash balances, cash flow from operations and available financing sources.

Key Financial Data

Maha believes that the alternative performance measures provide useful supplement information to management, investors, security analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Maha's business operational.

Financial data from continuing operations

TUSD	Q1 2019	Q1 2018
Revenue	11,751	8,629
Operating Netback	9,029	5,857
EBITDA	7,663	4,566
Net result	4,248	2,306
Cash Flow from operations	7,477	3,347

Capital structure

	Q1 2019	Q1 2018
Return on equity (%)	6	4
Equity ratio (%)	59	56
Net debt (TUSD)	10,218	9,488

Other

Weighted number of shares (before dilution)	98,371,393	96,700,158
Weighted number of shares (after dilution)	106,746,433	97,182,096
Earnings per share before dilution, USD	0.04	0.02
Earnings per share after dilution, USD	0.04	0.02
Dividends paid per share	n/a	n/a

Key Ratio Definition

Return on equity:

Net result divided by ending equity balance

Equity ratio:

Total equity divided by the balance sheet total.

Earnings per share:

Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year.

Earnings per share fully diluted:

Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares after considering any dilution effect for the year.

Weighted average number of shares for the year:

The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue.

Weighted average number of shares for the year fully diluted:

The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue after considering any dilution effect.

Relevant reconciliation of Alternative Performance Measures:

Operating Netback

Operating netback is calculated on a per-boe basis and is defined as revenue (excluding processing income) less royalties, transportation costs and operating expenses, as shown below:

(TUSD)	Q1 2019	Q1 2018
Revenue	11,751	8,629
Royalties	(1,510)	(1,190)
Operating Expenses	(910)	(1,321)
Transportation costs	(302)	(261)
Operating netback	9,029	5,857

EBITDA

Earnings before interest, taxes, depreciation and amortization and non-recurring items (such as gain on contractual liability) is used as a measure of the financial performance of the Company and is calculated as shown below:

(TUSD)	Q1 2019	Q1 2018
Operating results	6,230	3,798
Depletion, depreciation and amortization	1,438	864
Foreign currency exchange loss / (gain)	(5)	(96)
EBITDA in TUSD	7,663	4,566

Relevant reconciliation of Alternative Performance Measures for bond covenants:

Net Interest-Bearing Debt

(TUSD)	Q1 2019	Q4 2018
Bond payable	29,986	31,180
Less:		
Cash and cash equivalents	19,768	(20,255)
Net Interest-Bearing Debt	10,218	10,925

Interest Coverage Ratio

Interest coverage ratio is defined as the ratio of EBITDA to Net Finance Costs.

Financial calendar

2019 Second Quarter Report: 26 August 2019

2019 Third Quarter Report: 25 November 2019

2019 Fourth Quarter Report: 28 February 2020

2019 Annual Report: 30 April 2020

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