



**Fourth Quarter and Year End Report**  
**31 December 2017**



## Highlights

(all amounts are in US dollars unless otherwise noted)

### Fourth Quarter 2017

- Daily oil & gas net production for the fourth quarter averaged 1,597 BOEPD (Q4 2016: 44 BOEPD)
- Revenue of USD 6.9 million. (Q4 2016: USD 0.047 million)
- EBITDA of USD 3 million (Q4 2016: USD -1.1 million)
- Result for the period of USD 1.1 million (Q4 2016: USD -0.087 million)
- Earnings per share of USD 0.01 (Q4 2016: USD 0.00)
- Operating netback of USD 31.77 per barrel (Q4 2016: N/A)
- The Company initiated post-acquisition consolidation of the Brazilian operations by closing the Aracaju office and reducing its staff
- Subsequent to year end, the Company received proceeds of USD 1.7 million (SEK 13.3 million) for the exercise of 2,074,717 Maha-A TO 1 Warrants at a strike price of SEK 6.40 prior to expiry on January 15, 2018 (representing approximately one third of all of the IPO related Warrants outstanding)

### Reserves and Contingent Resources

- Total working interest proved oil reserves ("1P"), before royalties, increased 11 % to 9.5 million barrels.
- Total working interest proved plus probable oil reserves ("2P"), before royalties, increased 26% to 34.3 million barrels.
- Total working interest proved plus probable plus possible oil equivalent reserves ("3P"), before royalties, increased 44% to 62.2 million barrels

### Financial Summary

(TUSD, unless otherwise noted)	<b>Q4 2017</b>	Q3 2017	Q4 2016	<b>12 months 2017</b>	12 months 2016
Net Daily Production (BOEPD)	<b>1,597</b>	1,671	44	<b>917</b>	46
Revenue	<b>6,939</b>	6,173	-	<b>14,604</b>	-
EBITDA	<b>2,965</b>	2,259	(1,111)	<b>3,248</b>	(2,410)
Result for the period	<b>1,059</b>	(402)	(87)	<b>(4,218)</b>	(1,875)
Net Cash	<b>21,765</b>	18,372	6,758	<b>21,765</b>	6,758
Earnings per share (USD)	<b>0.01</b>	(0.00)	(0.00)	<b>(0.05)</b>	(0.03)

## Definitions

### Abbreviations

<b>CAD</b>	Canadian dollar
<b>SEK</b>	Swedish krona
<b>BRL</b>	Brazilian real
<b>USD</b>	US dollar
<b>TSEK</b>	Thousand SEK
<b>TUSD</b>	Thousand USD
<b>MSEK</b>	Million SEK
<b>MUSD</b>	Million USD

### Oil related terms and measurements

<b>Boe</b>	Barrels of oil equivalents
<b>Bbl</b>	Barrel
<b>boepd</b>	Barrels of oil equivalent per day
<b>bopd</b>	Barrels of oil per day
<b>Mbbl</b>	Thousand barrels
<b>Mboe</b>	Thousand barrels of oil equivalents
<b>Mboepd</b>	Thousand barrels of oil equivalents per day
<b>Mbopd</b>	Thousand barrels of oil per day
<b>Mcf</b>	Thousand cubic feet
<b>MMSCF</b>	Million standard cubic feet
<b>MMSCFPD</b>	Million standard cubic feet per day 6,000 cubic feet = 1 barrel of oil equivalent

## Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

We closed 2017 on a very positive note with Maha reaching a number of key milestones in an improved industry business environment. First- this is the first quarter in the history of the Company that a positive *net result* is reported; second- Maha's reserves continue to increase; and, third- Maha has enjoyed an increasing oil price trend that continued throughout the last quarter.

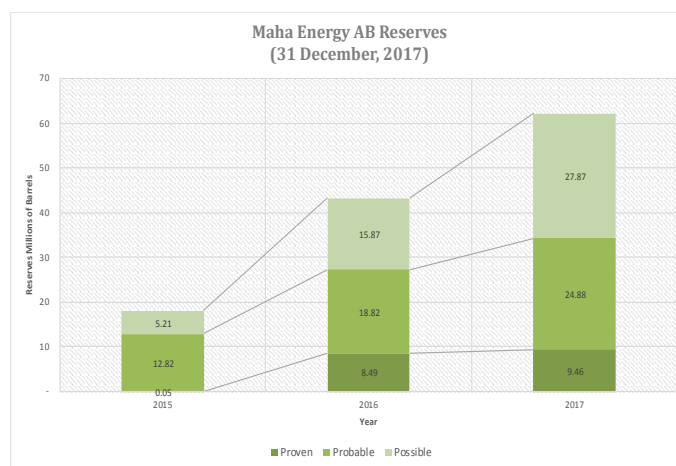
Whilst 2017 was a year of growth by acquisition; 2018 will be a year of growth through the drill bit. Maha has a very ambitious capital budget for 2018 that should result in solid and steady growth for Maha. The key highlights for the Q4 are as follows:

- Daily oil & gas net production for the fourth quarter averaged 1,597 BOEPD (Q4 2016: 44 BOEPD)
- Revenue of USD 6.9 million (Q4 2016: USD 0.047 million)
- EBITDA of USD 3 million (Q4 2016: USD -1.1 million)
- Result for the period of USD 1.1 million (Q4 2016: USD -0.087 million)
- Earnings per share of USD 0.01 (Q4 2016: USD 0.00)
- Operating netback of USD 31.77 per barrel (Q4 2016: N/A)
- The Company initiated post-acquisition consolidation of the Brazilian operations by closing the Aracaju office and reducing its staff
- Subsequent to year end, the Company received proceeds of USD 1.7 million (SEK 13.3 million) for the exercise of 2,074,717 Maha-A TO 1 Warrants at a strike price of SEK 6.40 prior to expiry on January 15, 2018 (representing approximately one third of all of the IPO related Warrants outstanding)

### Reserves

With the acquisitions of the Tie Field and the Tartaruga Field, the Company is rapidly moving into a more robust stage of growth. Along with the improving quarterly results, the Company's reserves growth reflects the Company's now solid asset foundation as shown in the graph below.

Tartaruga Field; Petrophysical and geophysical work undertaken at the end of 2017 along with material balance analysis has provided further evidence of larger volume accumulations at Tartaruga. The lack of water production and a steady gas oil ratio after the jet pump installation indicates larger reserves volumes than initially mapped. Remapping and an in-depth investigation of the petrophysical characteristics of the 20+ sandstone layers in the Penedo sandstone now provides for a more realistic volume model for the Penedo sandstone. Since only 2 of the 27 mapped sandstone layers in the Penedo have been placed on production and only 2 additional sandstone layers have been tested, this analysis confirms Tartaruga as a future robust production asset.



Tie Field: Remapping of the Tie field confirmed the Proven and Probable (2P) volumes and the revised geophysics changed the shape of the subsurface structures somewhat. The Tie Field produced 0.48 million barrels in 2017 which resulted in slightly reduced reported Proven Reserves. The Proven and Probable (2P) Reserves remain very similar to those of reported as at December 31st, 2016.

LAK Ranch: The Proven Reserves remain small (34,000 bbls), however, the very decent values for Probable and Possible reserves continue to validate this asset's potential. Remember, the oil in place is only between 200 m – 600 m below the earth's surface.

A natural progression of the Company's assets is that reserves will continue to migrate from the Possible category into the Probable, and from the Probable to the Proven category.

### **The Boipeba**

During the recent remapping of the Tie Field structures, a deeper structure very similar to the currently producing Sergei and Agua Grande formations was mapped. This structurally closed sandstone formation, the "Boipeba", is a regionally producing sandstone. The Boipeba has not been drilled on the Tie Field, and hence constitutes an excellent Near Field Exploration target.

In an effort to evenly distribute the production load over the two producing reservoirs on the Tie field, and to increase production, a new production well will be drilled on the Tie field during 2018. The position of this production well will be placed so that the Boipeba formation can be penetrated and tested in an optimal position. This type of drilling for Near Field Exploration targets is ideal; should the Boipeba prove to not contain oil, it will still be completed at the shallower producing intervals. Really a free shot at a significant exploration structure. The Boipeba well will be drilled on the crest of the structure and will intersect the Agua Grande, Sergei and the Boipeba at an optimal position.

Both the Agua Grande and the Sergei formations are expected to flow to surface without the requirements for artificial lift.

As we continue into 2018, the pace of growth at Maha is expected to increase. The capital plan (as previously announced on February 22, 2018) and work program to increase production is now well on its way and we look forward to a very busy and productive year.

We thank you for your continued support.

Jonas Lindvall  
Managing Director

## Financial Report for the Fourth Quarter and Year Ended December 31, 2017

### 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 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 office in Rio de Janeiro, Brazil and operations offices in Salvador, 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.

#### Brazil

##### Tie Field

On July 1, 2017, Maha completed the corporate acquisition of Gran Tierra Energy Inc.’s Brazilian operations (the “Tie Field Acquisition”). Following this transaction, Maha owns and operates, through a wholly-owned subsidiary, the 100% Working Interests (WI) in six concession agreements located in the Reconcavo Basin of Brazil. One of the concessions includes the oil producing Tie Field consisting of two (2) dually completed wells (GTE-3 and GTE-4) and one water injection well. The 38° API oil production is from two, separate, sandstone units called the Agua Grande and Sergei formations. During the Fourth Quarter, oil was produced from the GTE-4 well only. Production from the GTE-3 well is currently shut in awaiting the implementation of an artificial lift program which includes the installation of a Hydraulic Jet Pump.

Plans are far advanced to increase production from the Tie field through implementation of artificial lift and the drilling of an additional production well during 2018. In line with the increase in oil production, the Tie oil and gas handling facilities will require upgrading. To that end, the Company is working on a three pronged approach to rapidly monetize production from the Tie field. First, well productivity will be increased through artificial lift and the drilling of additional production wells along with water flooding, second, the production facilities will be upgraded to double the current handling capacity at the Tie gathering station, and third, off-take agreements are being implemented to allow for the additional oil and associated gas to be sold on the local market. The Tie field does not have ready access to oil or gas pipeline outlets, hence the oil and parts of the associated gas are trucked from the field.

As at the end of the quarter, the Company had agreements in place to handle and sell up to 82,000 m<sup>3</sup> of gas and approximately 2,250 BOPD.

##### Tartaruga Block

In January 2017, Maha completed the purchase of an operated legal and beneficial 75% working interest in the Tartaruga development block, located in the Sergipe Alagoas Basin of Brazil. The Tartaruga oil field is located in the northern half of the 13,201 acre (53.4 km<sup>2</sup>) Tartaruga Block and produces 41° API oil from two deviated wells drilled into the early Cretaceous Penedo Formation.

During the first quarter of 2017, the Company re-entered and recompleted one of the two producing wells in Tartaruga. The 107D well had a leak and about 2,600 m of parted electric wireline in the completion tubing. This was addressed in the workover during February and March of this year. Upon successfully completing the workover, the well was restored to production by installing a hydraulic jet pump. The workover doubled the gross production of the field from roughly 200 BOPD to over 400 BOPD.

During the third and fourth quarters of 2017, the Company commenced the planning for a significant work program which will include the re-entry and recompletion of the 7TTG producing well along with the re-entry and horizontal drilling of the 107 well. This work is scheduled to be completed during the first half of 2018. 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 includes both hydraulic stimulation of the 7TTG well and the horizontal side-

tracking of the 107 well. In both cases, the very productive Penedo 1 sandstone layer will be targeted. In the 7TTG well the Penedo 1 sandstone has never been produced. A 107, a horizontal well will be drilled from the existing well location. The work planned for both producing wells are expected to significantly increase productivity of the Tartaruga Field.

To facilitate the work and the potential increase in production, the field will require a complete shutdown during the second quarter of 2018. During this time (in addition to the re-entries of the producing wells,) the facilities will be refurbished to enable the increase in potential production.

## **USA**

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.

The crude oil produced from the LAK area is 19° API. The LAK Ranch oil field produced a total of 1,850 barrels, net to Maha in Q4 2017 (10,177 barrels for the 12 months ended December 2017 and the largest production volume since Maha took over Operations at LAK) at an average price of USD 44.88 (5,725 barrels at an average price of USD 34.34 in the same period of 2016).

As at December 31, 2017, 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 operating costs, net of revenues, since the commencement of operations have been capitalized as part of exploration and evaluation costs.

For the three and twelve months ended December 31, 2017, the Company generated revenue from LAK Ranch of \$96,000 and \$453,000 respectively, on average sales volume of 20 and 28 bopd, compared with \$177,000 of revenue during the twelve months of 2016 from an average sales volume of 27 bopd (212 operating days).

The trial hot water flood continued during the third and fourth quarter of 2017. While the results were good, unfortunately, one of the key producing wells suffered a mechanical breakdown which has impacted the overall production. Monitoring of the hot water continued until the end of the year. Additional work was undertaken by a specialist core analysis laboratory in Calgary, Canada, during the fourth quarter to test potential water additives to improve recovery of the oil. Among additives tested were alkaline, high salinity water and solvents. The results of these tests confirmed the applicability of water flooding and supports the use of a hydrocarbon solvent to further increase the recovery factor of the oil. Both lab results and field results support a recovery factor of approximately 20% – 40% of the original oil in place. With a third party geological estimation of approximately 65 million barrels of oil in place, LAK Ranch continues to be an asset where the Company will continue its efforts to unlock the values.

## **Sale of Canadian Assets**

In 2016, 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. (“Petrocapita”) for a total consideration 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. Interest accrues at an annual rate of 6% on the total consideration amount. In September 2017, the payment schedule was revised whereby Petrocapita’s principal payments will be paid over a period of 17 months instead of 9 months.

Since the Canadian Assets represented all of the Company’s producing assets as of December 31, 2016 the operating results of the Canadian Assets during the 2016 have been reclassified as discontinued operations.

## Production

	Q4 2017	Q3 2017	Q4 2016	12 months 2017	12 months 2016
Delivered Oil (Barrels) <sup>1</sup>	133,619	142,975	4,010	310,479	16,838
Delivered Gas (MMSCF)	79,828	64,774	-	144,602	-
Delivered Oil & Gas (BOE <sup>2</sup> )	146,924	153,770	4,010	334,579	16,838
Daily Volume (BOEPD)	1,597	1,671	44	917	46

<sup>1</sup> Includes LAK Ranch Oil delivered during the period and production from Canadian assets for the period ending 2016.

<sup>2</sup> BOE is Barrels of Oil Equivalent and takes into account gas delivered and sold. 1 bbl = 6,000 SCF of gas.

Production volumes are working interest volumes before royalties. Average production volumes increased significantly for the fourth quarter and twelve months ended December 31, 2017 as compared to fourth quarter and twelve months ended December 31, 2016, due to the acquired assets in Tie Field and the Tartaruga Block.

## Revenue

<i>(TUSD, unless otherwise noted)</i>	Q4 2017	Q3 2017	Q4 2016	12 months 2017	12 months 2016
Oil & Gas revenue	6,939	6,173	-	14,604	-
Sales volumes (BOE)	145,991	150,986	-	325,320	-
Oil realized price (USD/Bbl)	51.77	43.38	-	47.94	-
Gas realized price (USD/MSCF)	1.06	1.42	-	1.22	-
Equivalent Oil realized price (USD/BOE) <sup>3</sup>	47.53	40.89	-	44.89	-
Reference Price - Brent (USD/bbl)	61.46	52.17	-	54.74	-

<sup>3</sup> Oil sold from the Tie field is subject to a discount of USD 8.48/bbl for quality, processing and storage fees. Oil sold from the Tartaruga field is subject to a discount of USD 1.07/bbl for similar reasons.

Total revenue was TUSD 6,939 and TUSD 14,604 respectively for the fourth quarter and twelve months ended December 31, 2017. The significant revenue increase was due to the Tie Field Acquisition in the third quarter and the Tartaruga Acquisition during the first quarter of 2017.

During the fourth quarter, the Company entered into commodity contracts to mitigate commodity price risk for the first six months of 2018.

LAK Ranch production volumes are excluded from sold volumes as still in pre-production stage and represented 1,850 barrels for the fourth quarter and 10,177 barrels for the twelve months ended December 31, 2017 (1,706 barrels for the fourth quarter and 5,725 barrels for the twelve months ended December 31, 2016)

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

## Royalties

<i>(TUSD, unless otherwise noted)</i>	Q4 2017	Q3 2017	Q4 2016	12 months 2017	12 months 2016
Royalties	978	832	-	2,217	-
Royalties as a % of revenue	14.1%	13.5%		15.2%	

Total royalty expense was TUSD 978 and TUSD 2,217 for the fourth quarter and twelve months ended December 31, 2017, respectively. Royalty expense increase is consistent with the higher revenue due to the Tie Field Acquisition in the third quarter and the Tartaruga Acquisition during the first quarter of 2017. In addition, higher royalty expense in the fourth quarter is consistent with the higher revenue in the quarter as compared to the third quarter.



### Production and operating costs

<i>(TUSD, unless otherwise noted)</i>	<b>Q4 2017</b>	<b>Q3 2017</b>	<b>Q4 2016</b>	<b>12 months 2017</b>	<b>12 months 2016</b>
Production and operating costs	1,079	1,230	-	<b>3,027</b>	-
Transportation costs	244	250	-	<b>623</b>	-
Total Production and operating costs	1,323	1,480	-	<b>3,650</b>	-
Per unit (\$/boe)	9.07	9.80	-	<b>11.22</b>	-

Production costs for the fourth quarter and twelve months ended December 31 2017 amounted to TUSD 1,323 and TUSD 3,650 respectively as compared to nil for the three and twelve months 2016. Production costs declined on a per boe basis in the second half of 2017 as a result of the lower per barrel costs from the Tie Field operation acquired during third quarter 2017.

### Netback

<i>(TUSD, unless otherwise noted)</i>	<b>Q4 2017</b>	<b>Q3 2017</b>	<b>Q4 2016</b>	<b>12 months 2017</b>	<b>12 months 2016</b>
Operating Netback	4,638	3,861	-	<b>8,737</b>	-
Netback (\$/boe)	31.77	25.58	-	<b>26.86</b>	-

Netback is calculated as revenue less royalties, production and operating costs.

### General and Administration expenses (“G&A”)

<i>(TUSD, unless otherwise noted)</i>	<b>Q4 2017</b>	<b>Q3 2017</b>	<b>Q4 2016</b>	<b>12 months 2017</b>	<b>12 months 2016</b>
G&A	1,444	1,589	1,083	<b>5,261</b>	2,267
G&A (\$/boe)	9.89	10.52	-	<b>16.17</b>	-

During the fourth quarter 2017, the Company initiated a post-acquisition consolidation of the Brazilian operations by closing the Aracaju office and reducing staff. Fourth quarter 2017 costs include associated termination and severance costs. The Company continues to review all of its G&A expenses and implementing measures towards increasing synergies and efficiencies following the Tie Field and Tartaruga Blocks Acquisitions during 2017.

G&A expenses were higher during the year mainly due to additional personnel and administrative costs associated with the expanded operations in Brazil in 2017 as well as increased costs associated with the ongoing reporting and filing requirements of a public company. G&A for the full year 2017, also include additional costs related to the acquisitions and related fundraising activities. G&A for the full year 2016 include certain costs related to preparing for the Initial Public Offering (“IPO”).

Incremental costs directly attributable to the acquisitions, such as legal and other professional fees, of approximately TUSD 361, have been presented as Transaction costs in the statement of operations and comprehensive income (loss) for the twelve months ended December 31, 2017.

### Depletion, depreciation and amortization (“DD&A”)

<i>(TUSD, unless otherwise noted)</i>	<b>Q4 2017</b>	<b>Q3 2017</b>	<b>Q4 2016</b>	<b>12 months 2017</b>	<b>12 months 2016</b>
DD&A expense	688	1,411	3	<b>2,827</b>	57
DD&A expense (\$/boe)	4.71	9.35	-	<b>8.69</b>	-

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 amount and type of capital spending and the amount of reserves added.

Depletion for the three months amounted to TUSD 688 (2016 - TUSD 3) at an average rate of USD 4.71 per boe and TUSD 2,827 (2016 - TUSD 57) at an average rate of USD 8.69 per boe for the twelve months ended December 2017. The higher depletion expense is consistent with the production increase from the Tie Field Acquisition in the fourth quarter and the Tartaruga Block Acquisition during the first quarter of 2017, as well as a larger capital asset base being depleted as a result of the acquisitions. The Company's depletion rate on a \$/boe basis was significantly reduced in the fourth quarter of 2017 when it recorded an increase to its oil and gas reserves.

### Net financial items

Net financial items amounted to \$1.1 million and \$3.1 million for the three and twelve months of 2017 respectively and \$14,000 for the comparable periods of 2016. The main reason for the increase is interest expense of \$2.5 million on the Senior Secured Bonds issued on May 29, 2017. Accretion of the discount rate on the decommissioning liabilities provision amounted to \$81,000 for the twelve months of 2017. Accretion of the bond payable discount amounted to \$607,000 for the twelve months of 2017. Included in Finance costs are foreign currency exchange losses related to the financing costs and foreign currency risk management contracts.

### Share data

As at December 31, 2017 the Company had 95,155,646 shares outstanding of which 85,972,025 were class A shares and 9,183,621 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 corresponding C2 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 class A shares.

In relation to completing the Tie Field Acquisition:

- During the first quarter of 2017 the Company completed a Directed Share Issue of 12,919,326 class A shares at a share price of SEK 7.10 for gross proceeds of TSEK 91,727 (approximately USD 10.5 million).
- During the second quarter of 2017, Maha completed a guaranteed rights issue and issued 12,919,326 class A shares at a share price of SEK 7.10. Through the rights issue, Maha received gross proceeds amounting to TSEK 91,727 (approximately USD 10.3 million) before transaction related costs that include a guarantee provision paid in cash.
- During the second quarter of 2017, the Company issued senior secured bonds ("Bonds") and warrants as part of a fully subscribed financing totaling SEK 300 million under a framework amount of SEK 500 million. The Bonds have: a term of four years; a fixed interest rate coupon of 12% per annum, paid semi-annually, and were issued with a total of 13,350,000 detachable warrants for Class A shares of the Company ("Warrant(s)"). Each Warrant has a strike price of SEK 7.45 and an exercise period of four twelve months.

### Liquidity and capital resources

As at December 31, 2017, the Company had current assets of \$25.4 million comprised primarily of cash and cash equivalents, accounts receivable and prepaid expenses and deposits. The Company had current liabilities of \$7.5 million resulting in net working capital of \$17.9 million (December 31, 2016 – \$6.7 million).

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 and operating 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.

### 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, each of which are considered routine, non-material and consistent with doing business in Brazil. Provisions for lawsuits have, in consultation with the Company's local legal counsel, been recorded under accrued liabilities and provisions.

### Seasonal effects

Maha has no significant seasonal variations.

Approved by the Board

``Jonas Lindvall``  
Jonas Lindvall, Director

``Wayne Thomson``  
Wayne Thomson, Director

**Maha Energy AB**
**Interim Condensed Consolidated Statement of Operations and Comprehensive Income and Loss**

<i>(Thousands of US dollars)</i>		<b>Three months ended December 31</b>		<b>Twelve months Ended December 31</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>					
Oil sales		6,939	-	14,604	-
Royalties		978	-	2,217	-
		5,961	-	12,387	-
<b>Expenses</b>					
Production and operating		1,323	-	3,650	-
General and administration		1,444	1,083	5,261	2,267
Stock-based compensation	10	36	28	35	143
Depletion, depreciation and amortization	7	688	3	2,827	57
Financial Instruments	12	193	-	193	-
Foreign currency exchange loss (gain)		40	(95)	925	(85)
		3,724	1,019	12,891	2,382
<b>Operating result</b>		<b>2,237</b>	<b>(1,019)</b>	<b>(504)</b>	<b>(2,382)</b>
Finance costs	5	1,088	14	3,097	14
Transaction costs	3	30	(380)	361	55
<b>Result before tax</b>		<b>1,119</b>	<b>(653)</b>	<b>(3,962)</b>	<b>(2,451)</b>
Income tax		60	-	256	-
<b>Net result from continuing operations</b>		<b>1,059</b>	<b>(653)</b>	<b>(4,218)</b>	<b>(2,451)</b>
<b>Discontinued operations – Canadian assets</b>					
Loss on disposition	9	-	-	54	-
Loss (income) from discontinued operations	9	-	(566)	-	(576)
<b>Result for the period</b>		<b>1,059</b>	<b>(87)</b>	<b>(4,272)</b>	<b>(1,875)</b>
Currency translation differences		(175)	666	(232)	738
<b>Comprehensive result for the period</b>		<b>1,234</b>	<b>(753)</b>	<b>(4,040)</b>	<b>(2,613)</b>
Earnings per share (before dilution)		0.01	(0.00)	(0.05)	(0.03)
Earnings per share (after dilution)		0.01	(0.00)	(0.05)	(0.03)
Weighted average number of shares (before dilution)		95,155,646	68,389,309	86,648,281	54,164,133
Weighted average number of shares (after dilution)		95,553,145	68,389,309	86,648,281	54,164,133

**Maha Energy AB**  
**Interim Condensed Consolidated Balance Sheet**

<i>(Thousands of US dollars)</i>	<b>Note</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>			
<b>Non-Current assets</b>			
Deposits on acquisition	3	-	5,590
Exploration and evaluation assets	6	17,789	17,174
Property, plant and equipment	3,7	46,224	2,313
Performance bonds and others		176	151
		<b>64,189</b>	<b>25,228</b>
<b>Current assets</b>			
Financial Instruments	12	141	-
Accounts receivable		2,472	115
Inventory		313	-
Prepaid expenses and deposits		750	233
Cash and cash equivalents	14	21,765	6,758
		<b>25,441</b>	<b>7,106</b>
<b>Total Assets</b>		<b>89,630</b>	<b>32,334</b>
<b>Shareholders' Equity and Liabilities</b>			
Shareholders' Equity	10	47,631	31,136
<b>Non-Current liabilities</b>			
Bond payable	11	32,678	-
Decommissioning provision	8	1,857	829
		<b>34,535</b>	<b>829</b>
<b>Current liabilities</b>			
Accounts payable		3,510	369
Accrued liabilities and provisions		3,954	-
		<b>7,464</b>	<b>369</b>
<b>Total liabilities</b>		<b>41,999</b>	<b>1,198</b>
<b>Total liabilities and shareholders' equity</b>		<b>89,630</b>	<b>32,334</b>

**Maha Energy AB**  
**Interim Condensed Consolidated Statement of Cash Flow**

<i>(Thousands of US dollars)</i>		<b>Three Months ended December 31</b>		<b>Twelve months Ended December 31</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Cash flow from operations</b>					
Operating results		1,059	(653)	(4,218)	(2,451)
Add backs:					
Stock based compensation		36	28	35	143
Depletion, depreciation and amortization		688	3	2,827	57
Accretion of decommissioning provision	8	(13)	14	81	14
Accretion of bond payable	11	263	-	607	-
Financial Instruments	12	189	-	189	-
Unrealized foreign exchange amounts		(5)	(672)	526	(610)
Changes in non-cash working capital		(4,258)	14	(1,847)	(171)
<b>Cash flow from operations</b>		<b>(2,041)</b>	<b>(1,266)</b>	<b>(1,800)</b>	<b>(3,018)</b>
<b>Investing activities</b>					
Corporate acquisition – Tartaruga	3	-	(4,274)	(290)	(5,590)
Corporate acquisition – Tie Field	3	6,072	-	(33,087)	-
Proceeds on sale of Canadian assets	9	77	-	229	-
Additions to developed and producing (D&P) assets		(687)	(61)	(1,607)	(67)
Additions of exploration and evaluation (E&E) assets		(165)	(121)	(615)	(892)
Purchase of performance bonds		-	-	(25)	11
<b>Cash flow from investment activities</b>		<b>5,297</b>	<b>(4,456)</b>	<b>(35,395)</b>	<b>(6,538)</b>
<b>Financing activity activities</b>					
Issue of shares, net of share issue costs	10	12	549	18,266	11,775
Issue of bonds, net of financing costs	11	-	-	32,625	-
Exercise of stock options		-	45	-	45
Cash funded from discontinued operations		-	6	-	21
<b>Cash flow from financing activities</b>		<b>12</b>	<b>600</b>	<b>50,891</b>	<b>11,841</b>
Foreign exchange on cash and cash equivalent		124	-	1,311	(120)
Change in cash and cash equivalents		3,392	(5,122)	15,007	2,165
Cash and cash equivalents, beginning of period		18,373	11,880	6,758	4,593
<b>Cash and cash equivalents, end of period</b>		<b>21,765</b>	<b>6,758</b>	<b>21,765</b>	<b>6,758</b>

**Maha Energy AB**

**Interim Condensed Consolidated Statement of Changes in Equity**

<i>(Thousands of US dollars)</i>	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity
<b>Balance at January 1, 2016</b>	<b>26,786</b>	<b>1,905</b>	<b>-</b>	<b>(6,905)</b>	<b>21,786</b>
<b>Comprehensive income</b>					
Result for the twelve months	-	-	-	(1,875)	(1,875)
Currency translation difference	-	-	(738)	-	(738)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(738)</b>	<b>(1,875)</b>	<b>(2,613)</b>
<b>Transactions with owners</b>					
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
<b>Total transactions with owners</b>	<b>(26,699)</b>	<b>38,662</b>	<b>-</b>	<b>-</b>	<b>11,963</b>
<b>Balance at December 31, 2016</b>	<b>87</b>	<b>40,567</b>	<b>(738)</b>	<b>(8,780)</b>	<b>31,136</b>
<b>Comprehensive income (loss)</b>					
Result for the twelve months	-	-	-	(4,272)	(4,272)
Currency translation difference	-	-	232	-	232
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>232</b>	<b>(4,272)</b>	<b>(4,040)</b>
<b>Transactions with owners</b>					
Share issuance	32	20,644	-	-	20,676
Share issue cost	-	(2,681)	-	-	(2,681)
Fair market value of warrants issued	-	2,211	-	-	2,211
Reduction of capital	(2)	2	-	-	-
Stock based compensation	-	37	-	-	37
Exercise of warrants	-	3	-	-	3
Exercise of stock options	-	289	-	-	289
<b>Total transactions with owners</b>	<b>30</b>	<b>20,505</b>	<b>-</b>	<b>-</b>	<b>20,535</b>
<b>Balance at December 31, 2017</b>	<b>117</b>	<b>61,072</b>	<b>(506)</b>	<b>(13,052)</b>	<b>47,631</b>

## Parent Company Income Statement

<i>(Thousands of Swedish Krona)</i>	Three months ended		Twelve months ended	
	December 31		December 31	
	2017	2016	2017	2016
Revenue	-	-	-	-
<b>Expenses</b>				
General and administrative	1,278	1,301	9,242	1,634
Net finance costs	3,730	-	10,224	-
Foreign currency exchange loss	476	-	3,951	-
	5,484	1,301	23,417	1,634
Result for the period	(5,484)	(1,301)	(23,417)	(1,634)

## Parent Company Balance Sheet in Summary

<i>(Thousands of Swedish Krona)</i>	December 31, 2017	December 31, 2016
<b>Assets</b>		
<b>Non-current assets</b>		
Investment in subsidiaries	203,286	183,640
Loans to subsidiaries	388,580	60,480
	591,866	244,120
<b>Current assets</b>		
Financial Instruments	620	
Accounts receivable and other	230	3
Cash and cash equivalents	125,701	43,840
	126,551	43,843
<b>Total Assets</b>	<b>718,417</b>	<b>287,963</b>
<b>Shareholders' Equity and Liabilities</b>		
Shareholders' Equity	446,562	287,397
<b>Non-current liabilities</b>		
Bond Payable	267,423	-
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	4,432	566
	4,432	566
<b>Total liabilities</b>	<b>271,855</b>	<b>566</b>
<b>Total Equity and Liabilities</b>	<b>718,417</b>	<b>287,963</b>



## Parent Company Statement of Changes in Equity in Summary

<i>(Thousands of Swedish krona)</i>	Share capital	Contributed surplus	Deficit	Total Equity
<b>Balance at January 1, 2016</b>	<b>50</b>	-	-	<b>50</b>
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	-	-
Result for the twelve months	-	-	(1,634)	(1,634)
<b>Balance at December 31, 2016</b>	<b>804</b>	<b>288,227</b>	<b>(1,634)</b>	<b>287,397</b>
Share issuance	284	184,388	-	184,672
Share issue costs	-	(23,708)	-	(23,708)
FMV of warrants issued	-	19,610	-	19,610
Reduction in capital	(20)	20	-	-
Stock based compensation	-	416	-	416
Exercise of warrants and stock options	-	1,592	-	1,592
Result for the period	-	-	(23,417)	(23,417)
<b>Balance at December 30, 2017</b>	<b>1,068</b>	<b>470,545</b>	<b>(25,051)</b>	<b>446,562</b>

**Maha Energy AB**  
**Notes to the Interim Condensed Consolidated Financial Statements**

**Fourth Quarter and Year Ended December 31, 2017**

(Tabular amounts are in thousands of US Dollars, unless otherwise stated).

**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 Company sold its Canadian producing assets effective January 1, 2017. The results from the Canadian Assets sale are reported as discontinued operations. 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 T2W 4X9. The Company has an office in Rio de Janeiro, Brazil and operations offices in Newcastle, Wyoming, USA and Salvador, 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 10 “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.

**2. Basis of presentation**

The interim condensed 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.

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.

These Interim Financial Statements are stated in thousands of US dollars, unless otherwise noted, and have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with International Financial Reporting Standards have been condensed or omitted. In addition, certain prior year items have been reclassified to conform to current year’s presentation. These Interim Financial Statements should be read in conjunction with the Annual Financial Statements. These interim financial statements have not been reviewed by Maha’s auditors.

**Changes in Accounting Standards**

There were no new accounting standards adopted by the Company for the fourth quarter and twelve months ended December 31, 2017.

## Future Changes in Accounting Standards

The following new standards and amendments have been issued but are not effective:

- IFRS 15; “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The standard replaces IAS 11 and IAS 18 and is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. Maha has assessed the impact of this standard and has concluded that the standard will not cause any change in timing, nor have any material effects on the Company’s financial statements.
- IFRS 9; “Financial Instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard will replace IAS 39 and is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. Maha has assessed the impact of this standard and has concluded that the standard will not have significant impact on the financial statements.
- IFRS 16; “Leases” was issued in January 2016 and replaces IAS 17. The standard introduces a single lessee accounting model for leases with required recognition of assets and liabilities for most leases. The standard is effective for fiscal year beginning on or after January 1, 2019 with early adoption permitted if the Company is also applying IFRS 15. Interpretation of this standard is currently in progress.

## Going Concern

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.

## 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 (USD) 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 krona (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
Maha Energy Brasil Ltda	USD
Maha Energy Finance (Luxembourg) S.A.R.L	USD
Maha Energy Brazco (Luxembourg) S.A.R.L	USD

## Exchange Rates

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

Currency	31 December 2017		31 December 2016	
	Average	Period end	Average	Period end
SEK / USD	8.5447	8.1836	8.5543	9.1075
BRL / USD	3.1992	3.3080	-	3.2552

### 3. Corporate Acquisition

#### Gran Tierra Acquisition – Brazil Operations

On July 1, 2017, Maha acquired the Brazilian business unit of Gran Tierra Energy Inc. ("Tie Field Acquisition") 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 the total cash consideration of TUSD \$36.5 million and the assumption of approximately \$11 million in Government Guarantees and Letters of Credit. During the fourth quarter, the Company settled final closing adjustments which resulted in the reduction of the cash consideration by \$1.4 million. In addition, the Company received its deposit of \$4.7 million held by Gran Tierra Energy Inc. to guarantee letters of credit for certain work commitments and abandonment obligations for the acquired blocks.

The Acquisition was accounted for as a business combination in accordance with IFRS 3, Business Combinations ("IFRS 3"), using the acquisition method of accounting whereby all of the assets acquired and liabilities assumed were recorded at fair value. The purchase price is preliminary and is subject to adjustments. The allocation of the total consideration is based on estimates of fair value and such estimates may be adjusted in future periods up to one year from the date of acquisition. The following table summarizes the net assets acquired:

<b>Cash Consideration</b>	<b>36,520</b>
Cash	3,432
Accounts receivable	598
Inventory and materials	63
Prepaid and others	195
Property, plant and equipment	38,465
Accounts payable and accrued liabilities	(5,071)
Taxes payable	(184)
Asset retirement obligations	(978)
<b>Net assets acquired</b>	<b>36,520</b>

The fair value of property, plant and equipment has been estimated with reference to an independently prepared reserves evaluation for the acquired properties. The fair value of decommissioning obligations was initially estimated using a credit-adjusted risk-free rate of 10.5%. In addition, Maha acquired operating losses of approximately \$60 million and other tax basis of approximately \$75 million. No deferred tax liabilities were recorded on the acquisition as the tax attributes were in excess of the purchase price. Deferred tax assets have not been recorded on the business combination given uncertainties that future taxable profit will be available to offset acquired tax attributes.

These Interim Financial Statements include the results of operations from the Tie Field Acquisition for the period following the closing of the transaction on July 1, 2017. Oil and natural gas revenue of \$11.6 and a net income of \$2.4 million are included in the statement of operations and comprehensive income and loss for the Tie Field Acquisition properties since the closing date of July 1, 2017.

If the acquisition had occurred on January 1, 2017, the incremental oil and natural gas revenue and loss recognized for the period ended December 31, 2017 and the pro forma results would have been as follows:

(TUSD)	As Stated	GTE – Brazil Operations	Pro Forma <sup>1</sup>
Oil and natural gas revenue	14,604	9,925	24,529
Net loss (income)	4,218	(2,974)	(1,244)

<sup>1</sup> This pro forma information is not necessarily indicative of results of operations that would have resulted had the acquisition been effected on the dates indicated.

## Tartaruga Block Acquisition

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 1<sup>st</sup> 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 has been granted and the transfer is expected to be completed during the first quarter of 2018.

As 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.

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.

<b>Cash Consideration</b>	<b>5,940</b>
Cash	60
Accounts receivable	220
Inventory	198
Other assets	17
Property, plant and equipment	7,098
Accounts payable and other liabilities	(1,453)
Decommissioning provision	(200)
<b>Net assets acquired</b>	<b>5,940</b>

For the twelve months ended December 31, 2017 Maha recorded oil and gas sales of TUSD 2,996 and a loss of TUSD 1,009 related to this acquisition.

## 4. Segment Information

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

<i>(TUSD)</i>	<b>Canada</b>	<b>US</b>	<b>Brazil</b>	<b>Sweden</b>	<b>Total</b>
<b>As at and for the twelve months ended December 31, 2017</b>					
Revenue	-	-	14,604	-	<b>14,604</b>
Non-current assets	18	19,328	44,843	-	<b>64,189</b>
Total assets	(1,320)	19,934	55,541	15,475	<b>89,630</b>
<b>As at and for the twelve months ended December 31, 2016</b>					
Revenue	-	-	-	-	-
Non-current assets	832	18,745	-	5,651	<b>25,228</b>
Total assets	2,788	19,025	-	10,521	<b>32,334</b>

## 5. Finance Costs

	Three months ended December 31		Twelve months ended December 31	
	2017	2016	2017	2016
Accretion of bond payable (Note 11)	263	-	607	-
Accretion of decommissioning provision	(13)	14	81	14
Interest on bond payable	1,053	-	2,493	-
Foreign currency exchange losses	11	-	11	-
Risk management contracts	(4)	-	(4)	-
Interest income and other	(222)	-	(91)	-
	<b>1,088</b>	<b>14</b>	<b>3,097</b>	<b>14</b>

## 6. Exploration and evaluation assets (E&E)

<b>Balance, January 1, 2016</b>	16,315
Expenditures in the period	1,015
Incidental income from sale of crude oil	(156)
<b>Balance, December 31, 2016</b>	<b>17,174</b>
Expenditures in the period	954
Incidental income from sale of crude oil	(339)
<b>Balance, December 31, 2017</b>	<b>17,789</b>

As at December 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.

## 7. Property, Plant and Equipment (PP&E)

	Oil and gas properties	Equipment and Other	Total
<b>Cost</b>			
<b>Balance at January 1, 2016</b>	<b>2,935</b>	<b>1,596</b>	<b>4,531</b>
Additions	-	67	67
<b>Balance at December 31, 2016</b>	<b>2,935</b>	<b>1,663</b>	<b>4,598</b>
Sale of Canadian assets	(2,976)	-	(2,976)
Tartaruga Acquisition	6,872	226	7,098
Tie Field Acquisition	38,052	413	38,465
Additions	1,944	45	1,989
Currency translation adjustment	79	(67)	12
<b>Balance at December 31, 2017</b>	<b>46,906</b>	<b>2,280</b>	<b>49,186</b>
<b>Accumulated depletion and depreciation</b>			
<b>Balance at January 1, 2016</b>	<b>(2,673)</b>	<b>(113)</b>	<b>(2,786)</b>
Depletion, depreciation and amortization	-	(61)	(61)
Reversal of prior period impairment	562	-	562
<b>Balance at December 31, 2016</b>	<b>(2,111)</b>	<b>(174)</b>	<b>(2,285)</b>
Sale of Canadian assets	2,111	-	2,111
Depletion, depreciation and amortization	(2,681)	(146)	(2,827)
Currency translation adjustment	33	6	39
<b>Balance at December 31, 2017</b>	<b>(2,648)</b>	<b>(314)</b>	<b>(2,962)</b>
<b>Carrying amount</b>			
December 31, 2016	824	1,489	2,313
<b>December 31, 2017</b>	<b>44,258</b>	<b>1,966</b>	<b>46,224</b>

## 8. Decommissioning provision

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

<b>Balance at January 1, 2016</b>	<b>835</b>
Change in estimates	(32)
Accretion expense	18
Foreign exchange movement	8
<b>Balance at December 31, 2016</b>	<b>829</b>
Liability on assets acquired through acquisition	1,179
Liability on Canadian assets sold	(265)
Change in estimate	35
Accretion expense	81
Foreign exchange movement	(2)
<b>Balance at December 31, 2017</b>	<b>1,857</b>

## 9. 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 USD Nil.

In September, 2017, the payment schedule was revised whereby PetroCapita's principal payments will be paid over a period of 17 months instead of 9 months. As at December 31, 2017 the Company has received TUSD 229 cash payment.

The results of the discontinued operations are as follows:

	Three months ended		Twelve months ended	
	December 31		December 31	
	2017	2016	2017	2016
Revenue	-	47	-	227
Impairment reversal	-	562	-	562
Expenses and other	-	(43)	-	(213)
Income from discontinued operations	-	566	-	576
Loss on disposition	-	-	54	-
Result from discontinued operations	-	566	(54)	576

## 10. Share Capital

Shares outstanding	Number of Shares by Class				Total
	A	B	C1	C2	
<b>Balance at January 1, 2016</b>	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)	-
<b>Balance at December 31, 2016</b>	<b>56,522,199</b>	<b>12,140,795</b>	-	<b>2,648,000</b>	<b>71,310,994</b>
Conversion of convertible B shares	2,957,174	(2,957,174)	-	-	-
Exercise of Maha (Canada) options	650,000	-	-	(650,000)	-
Exercise of warrants	4,000	-	-	-	4,000
Forfeiture of options	-	-	-	(300,000)	(300,000)
Issuance of shares	25,838,652	-	-	-	25,838,652
<b>Balance at December 31, 2017</b>	<b>85,972,025</b>	<b>9,183,621</b>	-	<b>1,698,000</b>	<b>96,853,646</b>

During the first quarter of 2017 the Company completed a Directed Share Issue of 12,919,326 class A shares at a share price of SEK 7.10 for gross proceeds of SEK 91,727 thousand or approximately USD 10.5 million.

During the second quarter of 2017, as a result of Maha's guaranteed rights issue, the Company issued 12,919,326 class A shares at a share price of SEK 7.10. Through the rights issue, Maha received gross proceeds amounting to SEK 91,727 thousand before share issue costs including a guarantee provision to be paid in cash. At December 31, 2017 proceeds of approximately USD 24 thousands are outstanding and are included in accounts receivable.

### 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 0.78) and expire on January 15, 2018 (see note 15).

As part of the Bonds financing (Note 11), the Company issued 13,350,000 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 7.45 (USD 0.91) and expire on May 29, 2021.

The following warrants are outstanding at December 31, 2017:

	Number of Warrants	Exercise Price
	#	USD
<b>Balance, January 1, 2016</b>	-	-
Issued	6,204,963	0.78
<b>Balance, December 31, 2016</b>	<b>6,204,963</b>	<b>0.78</b>
Exercised	(4,000)	0.78
Issued	13,350,000	0.91
<b>Balance, December 31, 2017</b>	<b>19,550,963</b>	<b>0.87</b>



## 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. All of the options have a four to five year term.

Expiration date	Number of	Vested	Exercise	Remaining
	Options		Price	Life
	#	#	\$	Years
March 31, 2018	898,000	898,000	0.45	0.25
December 31, 2018	400,000	400,000	0.75	1.00
December 31, 2018	350,000	350,000	1.25	1.00
December 31, 2020	50,000	16,667	1.25	3.00
<b>Total outstanding</b>	<b>1,698,000</b>	<b>1,664,667</b>	<b>0.71</b>	<b>0.66</b>

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

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

## Warrant Incentive Program

During the fourth quarter 2017, Warrants were issued to certain executives of Maha following its approval at the Annual General Meeting held on 16 June 2017. The number of issued warrants during the fourth quarter 2017 was 750,000 and the number of warrants allocated during the fourth quarter 2017 were 500,000. Issued but not allocated warrants are held by the company.

No warrants were vested, expired or exercised during the fourth quarter and twelve months ended December 31, 2017.

Warrants outstanding	Exercise Period	Subscription price (SEK)	Number of Warrants				
			1 Jan 2017	Issued 2017	31 Dec 2017	Allocated	Unallocated
2017 incentive program	1 June 2020 – 31 December 2020	7.00	-	750,000	750,000	500,000	250,000

Each warrant shall entitle the warrant holder to subscribe for one new Share in the Company at the subscription price per share. The cost is calculated in accordance with the Black & Scholes formula where the main inputs are the factors in the above table and the expected volatility. The cost for the incentive program is included as part of stock base compensation expenses.

## 11. Bond payable

On May 29, 2017 the Company issued 3,000 senior secured bonds (the "Bonds"), with a par value of SEK 100,000 per bond and 13,350 warrants to acquire Class A shares of Maha (the "Warrants") were issued for gross proceeds of SEK 300,000 thousand (TUSD 34,505). The net proceeds from the bond issue were primarily used for the purpose of completing the acquisition of Gran Tierra Energy Inc.'s Brazilian business. The Tie Field Acquisition closed on July 1, 2017 (note 3).

The Bonds bear interest at a rate of 12% per annum calculated using a 360-day twelve months, are payable semi-annually and mature on May 29, 2021. The Company may redeem all of the Bonds prior to maturity or repurchase any Bonds.

Each warrant is exercisable into one Class A share of Maha at a price of SEK 7.45 per Warrant and expires on the maturity date of the Bond (see note 10).

The fair value allocated to the Bonds of SEK 279,000 thousand (TUSD 32,090) was determined using the effective rate method by which future payments of interest and principal have been discounted using a rate of interest that would be reflective of a similar financing without a warrant issue (14.5%). The Company also recorded issue costs of SEK 16,613 thousand against the initial value of the Bond.

The fair value allocated to the Warrants of SEK 21,000 thousand (TUSD 2,415) was determined to the difference between the gross proceeds and the fair value of the debt. The value of the Warrants is recorded in contributed surplus. Issue costs of USD 154 were recognized against the initial value of the Warrants.

The initial value of the Bond will accrete up to its principal amount over the term of the Bonds. For the period ended December 31, 2017 Maha recognized TUSD 2,493 of interest and TUSD 607 of accretion related to the Bonds.

	TUSD	TSEK
Principal amount of Bonds	34,505	300,000
Value allocated to Warrants	(2,415)	(21,000)
Fair value of Bonds at date of issue	32,090	279,000
Issue costs	(1,881)	(16,613)
Net Bond at date of issue	30,209	262,387
Accretion of bond liability	607	5,036
Effect of currency translation	1,862	-
<b>Balance at December 31, 2017</b>	<b>32,678</b>	<b>267,423</b>

The Bonds have the following maintenance covenants at each quarter end:

- 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 first test date for the Leverage test and Minimum Cash test shall be as at March 31, 2018 and the first test date for the Interest Coverage Ratio will be June 30, 2018.

The terms of the Bonds contain provisions which limit the Company's ability to make certain payments and distributions, incur additional indebtedness, make certain disposals of or provide security over its assets and engage in mergers or demergers.

## 12. Financial instruments and risk management

The fair values of cash and cash equivalents, restricted cash, trade and other receivables and accounts payable and accrued liabilities approximate their carrying amount due to the short-term maturity of these financial instruments. 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:

### December 31, 2017

(TUSD)	Level 1	Level 2	Level 3
Derivative instruments – current	-	141	-
Bond Liability	-	34,162	-

## Risks Associated with Financial Assets and Liabilities

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 December 31, 2017, the Company's expenditures are predominantly in USD, CAD, Brazilian real (BRL) and Swedish krona (SEK). Future project exploration and development expenditures are expected to be paid primarily in USD and BRL. The Company's bond liability is in SEK. 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. As such, the Company is subject to risk due to fluctuations in the exchange rates for the CAD, SEK, BRL and USD.

On November 22, 2017, the Company purchased currency options to hedge SEK denominated interest payments during 2018 on its Bonds as follows:

<b>Expiry</b>	<b>Type</b>	<b>Strike Price</b>	<b>Amount (SEK)</b>	<b>Premium (USD)</b>
22 May 2018	Buy USDPUT:SEKCALL	SEK 7.8	18,000,000	18,000
20 Nov 2018	Buy USDPUT:SEKCALL	SEK 7.8	18,000,000	43,500

For the fourth quarter and twelve months ended December 31, 2017, the Company recorded an unrealized gain of \$4,000 on the foreign exchange contracts (December 31, 2016 – nil).

### 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 are composed of (TUSD):

Oil and gas sales (Brazil)	1,167
Sale of Canadian assets	425
Tax credits and other receivables	880
	<b>2,472</b>

The majority of the Company's oil and gas sales receivables are with the Brazilian national oil company and are considered to be relatively low risk.

The remaining receivable amount for the sale of the Canadian Assets are from a Canadian oil and gas trust, Petrocapita. In September, 2017, the payment schedule was revised whereby principal payments will be paid over a period of 17 months instead of 9 months. Principal payments are up to date and the Company is currently in discussions with Petrocapita on a satisfactory payment plan for interest due.

### 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, accounts payable and accrued liabilities and interest on bond payable are due within the current operating period.

The Company has current assets of \$25.4 million as at December 31, 2017 which is considered sufficient to settle the current liabilities of \$7.5 million as at December 31, 2017.

### 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 11) therefore is not exposed to interest rate risk.

e) Price risk

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

During the fourth quarter the Company entered into the following commodity contracts in order to manage its exposure to fluctuations in commodity prices:

	Volumes (Barrels)	Pricing (USD/Bbl)	Term of contract
<b>Brent crude oil sales price derivatives</b>			
ICE Brent APO Put	23,250	58.00	January 2018
ICE Brent APO Put	21,000	58.00	February 2018
ICE Brent APO Put	23,250	58.00	March 2018
ICE Brent APO Put	22,500	58.00	April 2018
ICE Brent APO Put	23,250	58.00	May 2018
ICE Brent APO Put	22,500	58.00	June 2018

For the fourth quarter and year ended December 31, 2017, the Company incurred an unrealized loss of \$193,000 on the commodity risk management contracts (December 31, 2016 – nil).

A full description of the nature and extent of risks arising from the Company's financial instruments can be found in the notes to the audited consolidated financial statements for the twelve months ended December 31, 2016, for which there has been no significant change to the Company's exposure to these risks as of the date of this report.

### 13. Pledged assets

As at December 31, 2017, 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: The Maha Energy 1 (Brazil) AB, Maha Energy 2 (Brazil) AB, Maha Energy Inc. and Maha Energy Finance (Luxembourg) S.A.R.L.

### 14. 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 a number of these are either suspended pending environmental licensing or under force majeure. The Company has credit instruments in place of approximately \$7.9 million to guarantee the majority of these work commitments. In addition, the Company has credit instruments in place of approximately \$2.2 million to guarantee certain of the abandonment liabilities.

As at December 31, 2017, the Company has a \$3 million term deposit to guarantee letters of credit for certain work commitments and abandonment obligations. During the fourth quarter, the Company replaced the deposit of \$4.7 million held by Gran Tierra Energy Inc. to guarantee letters of credit with its own term deposit of \$3 million thereby releasing \$1.7 million of cash. The term deposit is presented in cash and cash equivalent on the consolidated balance sheet.

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.

### 15. Subsequent Events

A total of 2,074,717 of Maha-A TO warrants were exercised prior to their expiration on January 15, 2017 at the pre-determined strike price of SEK 6.40 per share representing approximately one third of all of the A warrants outstanding. Accordingly, 2,074,717 A Warrants were cancelled and the same number of new shares of class A issued. The remainder of the Maha A TO 1 Warrants are now expired. The total proceeds from this transaction was SEK 13.3 million before issuance costs.

Relevant reconciliation of Alternative Performance Measure:

	Q4 2017	Q3 2017	Q4 2016	12 months 2017	12 months 2016
Operating results	2,237	1,265	(1,019)	(504)	(2,382)
Depletion, depreciation and amortization	688	1,411	3	2,827	57
Foreign currency exchange loss / (gain)	40	(417)	(95)	925	(85)
<b>EBITDA in TUSD</b>	<b>2,965</b>	<b>2,259</b>	<b>(1,111)</b>	<b>3,248</b>	<b>(2,410)</b>

**Financial calendar**

2017 Annual Report: 30 April 2018

2018 First Quarter Report: 29 May 2018

2018 Second Quarter Report: 29 August 2018

**Contact information**

**For further information please contact:**

**Jonas Lindvall (CEO)**

Tel: +1 403 454 7560

Email: [jonas@mahaenergy.ca](mailto:jonas@mahaenergy.ca)

**Ron Panchuk (CCO)**

Tel: +1 403 454 7560

Email: [ron@mahaenergy.ca](mailto:ron@mahaenergy.ca)

**Andres Modarelli (CFO)**

Tel: +1 403 454 7560

Email: [andres@mahaenergy.ca](mailto:andres@mahaenergy.ca)

**Maha Energy AB**  
**Head Office**

Biblioteksgatan 1, 4<sup>th</sup> Floor  
111 46 Stockholm, Sweden  
(08) 611 05 11

**Maha Energy AB**  
**Technical Office**

Suite 1140, 10201 Southport Road SW  
Calgary, Alberta T2W 4X9  
403-454-7560