



Report for the
THREE MONTHS ENDED
31 MARCH 2018
(org number: 559018-9543)



Highlights

(all amounts are in US dollars unless otherwise noted)

First Quarter 2018

- Daily oil & gas production for the first quarter averaged 1,762 BOEPD (Q1 2017: 115 BOEPD)
- Revenue of USD 8.6 million (Q1 2017: USD 0.5 million)
- EBITDA of USD 4.5 million (Q1 2017: USD -1.0 million)
- Result for the period of USD 2.3 million (Q1 2017: USD -1.3 million)
- Earnings per share of USD 0.02 (Q1 2017: USD -0.02)
- Operating netback of USD 5.9 million or USD 37.02 per barrel (Q1 2017: TUSD -9 or -1.17 per barrel)

Financial Summary

<i>(TUSD, unless otherwise noted)</i>	Q1 2018	Q4 2017 ⁽¹⁾	Q3 2017	Q2 2017	Q1 2017	FY 2017
Net Daily Production (BOEPD)	1,762	1,597	1,671	259	115	917
Revenue	8,629	6,939	6,173	995	449	14,604
EBITDA	4,566	2,930	2,259	(967)	(1,009)	3,213
Result for the period	2,306	2,482 ⁽²⁾	(402)	(3,626)	(1,303)	(2,849)
Earnings per share (USD)	0.02	0.03	(0.00)	(0.02)	(0.02)	(0.03)
Cash and equivalents	22,779	18,729	18,372	13,324	10,961	18,729

¹ Q4 2017 figures include previously disclosed changes to the 2017 Fourth Quarter Report in April 30, 2018 press release

² Includes positive adjustment of TUSD 1,423 in relation to FY 2017. Result for the Q4 2017 period before adjustment was \$1,059 and Earnings per share of 0.01.

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
BOEPD	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
MMSCF	Million Standard Cubic Feet
MMSCFPD	Million Standard Cubic Feet 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,

When the Gran Tierra Brazil operations acquisition closed in July of last year, Brent oil price was USD 48/bbl. The investment decision was easy because the acquisition made great sense even at those oil prices. The average Brent oil price for the quarter was USD 66.86/bbl. The math is simple – the rising oil price has greatly increased Maha's value and cash flow.

Maha's Strong Current Financial/Cash Position

Maha closed Q1 with a very strong available cash position of USD 22.8 million (USD 4.0 million more than what we started the year with). The 2018 Capital Plan is expected to be fully funded out of current cash flow – so barring the unforeseen this cash position should remain intact. Our Q1 2018 EBITDA is up over 54% from Q4 2017 – at USD 4.6 million. Maha's Q1 profit (after tax and finance costs) is USD 2.3 million.

Our shareholders will recall to fund the GTE Acquisition Maha issued a 300 million SEK Bond. A quick health check shows Maha has at the end of Q1 USD 22.8 million (SEK 190 million) in cash against total debt of SEK 300 million. Once the 2018 production expansion program is complete this cash balance should increase.

2018 Capital Budget Proceeding – On Track

At the Tie Field we are preparing the currently non-free flowing GTE-3 oil well to accept artificial lift. A workover will be required to recomplete the well with a jet pump, and all equipment for this has been ordered. This work is scheduled for June, although we are still awaiting some specialty equipment that will be brought in from Canada and the USA. Immediately after drilling the 107D horizontal sidetrack on Tartaruga, we will mobilize the same drilling rig to travel the 350 km from Tartaruga to Tie in order to drill a new producing well (the "Attic" well). The Attic well is anticipated to be spudded in August. The Attic well will also explore the previously undrilled Boipeba structure, which could contain oil.

When the work on the Tie field is completed towards the end of Q3, we will have 3 producing wells, instead of one. This is very beneficial not only because it will increase production, but it also allows for a more uniform pressure drawdown on the field. Hand in hand with the field work at the Tie Field, Maha is securing both gas and oil sales contracts for the incremental volumes expected from the three wells.

At Tartaruga Field, all is in place for operations to commence during the second quarter. Work has already started on the 7TTG well, where the 7TTG well will be recompleted and the previously untapped P1 and P4 sands will be perforated and placed on comingled production with the P6 sand. After changing out the small 1-1/2" tubing completion with a larger and more robust 2-7/8" completion, a dedicated jet pump will be installed. Previously a single jet pump powered both the 7TTG and 107D wells. This work will be completed during the second quarter of this year.

Once the 7TTG well is completed, a larger drilling rig will be moved in to re-enter and sidetrack the 107D producing well. We will again target the P1 sand, but in a more optimum structural position, and using horizontal drilling technology. Using horizontal drilling technology, we will expose over 400 m. of producing reservoir, compared to the existing +/- 15 m in a vertical well.

At LAK Ranch we started planning and contracting for the completion of Phase 3. Phase 3 was interrupted in 2015/16 due to low oil prices, but results from existing wells are promising and we are therefore going to drill the remaining 6 injectors and 2 horizontal producers. Spudding of the wells are expected in September this year and work is expected to take 8 weeks to complete. Upon completion of Phase 3, LAK will be netback positive, meaning that production will generate extra cash to allow further growth through internally generated cash flow.

[Room for Growth](#)

As has been previously presented – Maha has 6 blocks in the oil prone Reconcavo basin, the development potential at the Tie Field, 27 stacked sands at Tartaruga (of which 24 remain untested) and the substantial oil in place at LAK Ranch (at the shallow depth of 350 m). It is clear Maha has plenty to do and room to grow within its own suite of assets.

[Website](#)

Finally, I encourage you to visit our fresh new website and our YouTube channel. We post almost daily video clips of how work is progressing in the field.

We thank you for your continued support.

“Jonas Lindvall”
Managing Director

Financial Report for the First Quarter ended March 31, 2018

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.

Assets

Country	License name	Maha WI (%)	Status	Area (acres)	BOEPD ⁽³⁾	Partner
USA	LAK Ranch	99%	Pre-Production	6,475	21	SEC
Brazil	Tartaruga	75%	Producing	13,201	180	Petrobras
Brazil	Tie	100%	Producing	1,511	1,561	
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

On July 1, 2017, Maha completed the corporate acquisition of Gran Tierra Energy Inc.’s Brazilian operations. Following this transaction, Maha owns and operates, through a wholly-owned subsidiary, the 100% working interests in six onshore 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 (ALV-2). The 38^o API oil production is from two, separate, sandstone units called the Agua Grande and Sergi formations. During the first quarter, oil was produced

³ As per the current quarter reported production volumes. 1BBL = 6000SCF of gas. Approximately 89% of Maha’s oil equivalent production is crude oil.

from the GTE-4 well only since the GTE-3 well has suffered water encroachment and can no longer flow freely without the aid of artificial lift. Production from the GTE-3 well is currently shut in awaiting 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 the third quarter of 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.

Average production from the Tie Field during the first quarter of 2018 was 1,382 BOPD and 1,069 MSCFPD of gas.

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 onshore Brazil. The Tartaruga oil field is located in the northern half of the 13,201 acre (53.4 km²) Tartaruga Block and produces 41° API oil from two deviated wells drilled into the early Cretaceous Penedo Formation.

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 107D well. This work is scheduled to be completed during the second quarter 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 existing 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. In the 107D well, a horizontal well will be drilled from the existing well location by re-entering the existing wellbore. 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.

Average net production from the Tartaruga Field during the first quarter of 2018 was 180 BOPD. Associated gas was used as fuel gas for the production plant and any excess gas is flared. Plans are underway to implement a gas electrification project whereby associated gas is turned into electricity and sold to the local market.

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. Hence, as at March 31, 2018, 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 months ended March 31, 2018, the Company generated revenue from LAK Ranch of TUSD 94, on average sales volume of 21 bopd, compared with TUSD 134 of revenue during the first three months of 2017 from an average sales volume of 33 bopd.

During the first three months of 2018, preparations were started for the contracting and permitting for completing Phase 3 of the phased development plan. To conclude Phase 3, the Company will drill 6 more hot water injector wells and an additional 2 horizontal production wells. The plan is to commence drilling operations during the third quarter of 2018.

Production

	Q1 2018	Q1 2017	Full Year 2017
Delivered Oil (Barrels) ⁴	142,510	10,317	310,479
Delivered Gas (MSCF)	96,282	-	144,602
Delivered Oil & Gas (BOE) ⁵	158,557	10,317	334,579
Daily Volume (BOEPD)	1,762	115	917

Production volumes are working interest volumes before royalties. Average production volumes increased significantly for the first quarter 2018 as compared to the first quarter 2017 due to the acquired assets in Tie Field and the Tartaruga Block. First quarter 2017 includes the full quarter production of Tartaruga Block which was acquired as at January 1, 2017. Approximately 89% of Maha's oil equivalent production is crude oil.

Revenue

<i>(TUSD, unless otherwise noted)</i>	Q1 2018	Q1 2017	Full Year 2017
Oil and Gas revenue	8,629	449	14,604
Sales volume (BOE)	158,230	7,380	325,320
Oil realized price (USD/bbl)	60.18	60.78	47.94
Gas realized price (USD/MSCF)	1.08	-	1.22
Equivalent oil realized price (USD/BOE)	54.54	60.78	44.89
Reference price – Brent (USD/bbl)	66.86	53.68	54.74

Total revenue was TUSD 8,629 for the first quarter 2018 as compared to TUSD 449 for the first quarter 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 first quarter 2017, the Company's revenue came from Tartaruga Block which was acquired at the beginning of the fiscal year 2017.

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.

During the fourth quarter of 2017, 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 it is still in pre-production stage and represented 1,870 barrels for the first quarter 2018 (2,937 barrels for the first quarter 2017).

⁴ Includes LAK Ranch Oil delivered during the period

⁵ BOE is Barrels of Oil Equivalent and takes into account gas delivered and sold. 1 bbl = 6,000 SCF of gas

Royalties

<i>(TUSD, unless otherwise noted)</i>	Q1 2018	Q1 2017	Full Year 2017
Royalties	1,190	70	2,217
Per unit (USD/BOE)	7.52	9.46	6.81
Royalties as a % of revenue	13.8%	15.6%	15.2%

Total royalty expense was TUSD 1,190 and TUSD 70 for the first quarter 2018 and 2017, respectively. The first quarter of 2017 reflects royalty for the Tartaruga Block only as the Company acquired Tie Field in the third quarter of 2017. Cumulative royalty rate of the Company is 13.8% for the first quarter of 2018. Higher royalty expense in the first quarter 2018 is consistent with the higher revenue in the quarter as compared to the first quarter 2017.

Production and operating costs

<i>(TUSD, unless otherwise noted)</i>	Q1 2018	Q1 2017	Full Year 2017
Production costs	1,321	388	3,069
Transportation costs	261	-	623
Total Production and operating costs	1,582	388	3,692
Per unit (USD/BOE)	10.00	52.49	11.35

Production costs for the first quarter 2018 and the comparative period amounted to TUSD 1,582 and TUSD 388 respectively. Production costs declined on a per BOE basis as a result of lower per barrel costs from the Tie Field operation acquired during third quarter 2017 and higher production volumes in the first quarter 2018 as compared to the first quarter 2017.

Netback

<i>(TUSD, unless otherwise noted)</i>	Q1 2018	Q1 2017	Full Year 2017
Operating Netback	5,857	(9)	8,695
Netback (USD/BOE)	37.02	(1.17)	26.73

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

General and Administration expenses (“G&A”)

<i>(TUSD, unless otherwise noted)</i>	Q1 2018	Q1 2017	Full Year 2017
G&A	1,198	998	5,257
G&A (USD/BOE)	7.57	135.23	16.16

G&A expenses are higher for the first quarter 2018 as compared to the first quarter 2017 mainly due to additional personnel and administrative costs associated with the expanded operations in Brazil acquired during 2017 as well as increased costs associated with the ongoing reporting and filing requirements of a public company. Additionally, during the first quarter 2018 the Company incurred some one-time severance costs in Brazil due to staff reorganization. G&A for the full year 2017, also include additional costs related to the acquisitions and related fundraising activities. 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.

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

<i>(TUSD, unless otherwise noted)</i>	Q1 2018	Q1 2017	Full Year 2017
DD&A	864	213	2,091
DD&A (USD/boe)	5.46	28.84	6.43

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 first quarter 2018 amounted to TUSD 864 (Q1 2017: TUSD 213) at an average rate of USD 5.46 per BOE (Q1 2017: USD 28.84 per BOE). The higher depletion expense is consistent with the production increase from the Tie Field Acquisition in the first 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 USD/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 finance expense amounted to USD 1.3 million and USD 0.01 million for the first quarter 2018 and comparative period of 2017, respectively. The main reason for the increase is interest expense of USD 1.1 million on the Senior Secured Bond issued on May 29, 2017. Accretion of the discount rate on the decommissioning liabilities provision amounted to TUSD 24 and accretion of the bond payable discount amounted to TUSD 278 for the first quarter 2018. Included in Finance costs are foreign currency exchange losses related to the financing costs and foreign currency risk management contracts.

Share data

As at March 31, 2018 the Company had 97,230,363 shares outstanding of which 88,046,742 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.

- 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.
- During the first quarter of 2018 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

warrants are now expired. The total proceeds from this transaction was SEK 13.3 million before issuance costs.

Liquidity and capital resources

As at March 31, 2018, the Company had current assets of \$30.2 million comprised primarily of cash and cash equivalents, accounts receivable and prepaid expenses and deposits. The Company had current liabilities of \$5.6 million resulting in net working capital of \$24.6 million (December 31, 2017 – \$17.5 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 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. For additional information on financial risks identified by the Company, please refer to note 12 to the 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, 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.

Health, Safety and the Environmental

At Maha, Health, Safety and the Environment 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. For additional information on environmental, decommissioning and abandonment obligations in relation to oil and gas leases, please refer to note 9 to the 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 have in place Corporate Governance Policies that clearly define how we must do business. The best way to prevent corruption is through transparency — transparency is one of our core values. The Company has established Codes of Business Conduct and Anti-Corruption policies in place for all its employees, contractors and workers.

More information on Corporate Governance can be found in Maha's Corporate Governance Report in the 2017 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 the corporate acquisitions by the Group of the Brazilian operations of Grand Tierra Energy Inc. in Bahia, Brazil and the Tartaruga Field in Sergipe, Brazil (the "Acquisitions") and the funding of the Acquisitions through a Directed Share Issue, a Rights Offering and a Bond financing.

The net result for the Parent Company for the first quarter 2018 amounted to TSEK -2,493 (Q1 2017: TSEK -773). The result included general and administrative expenses of TSEK 568 (Q1 2017: TSEK 906) and net finance costs of TSEK 2,395 (Q1 2017: nil).

Related Party Transactions

The Company did not enter into any transaction with related parties during the first quarter of 2018.

Subsequent Events

There are no subsequent events to report.

Approved by the Board

``Jonas Lindvall``
Jonas Lindvall, Director

``Wayne Thomson``
Wayne Thomson, Director

Maha Energy AB
Consolidated Statement of Operations and Comprehensive Result

<i>(TUSD)</i>	Note	Q1 2018	Q1 2017	Full Year 2017
Revenue				
Oil sales	5	8,629	449	14,604
Royalties		(1,190)	(70)	(2,217)
		7,439	379	12,387
Expenses				
Production and operating		(1,582)	(388)	(3,692)
General and administration		(1,198)	(998)	(5,257)
Stock-based compensation		(31)	(2)	(35)
Depletion, depreciation and amortization	8	(864)	(213)	(2,091)
Financial Instruments	12	(62)	-	(190)
Foreign currency exchange gain (loss)		96	(11)	(112)
		(3,641)	(1,612)	(11,377)
Operating result		3,798	(1,233)	1,010
Net finance costs	6	(1,299)	(16)	(3,188)
Transaction costs		-	-	(361)
Result before tax		2,499	(1,249)	(2,539)
Income tax		(193)	-	(256)
Net result from continuing operations		2,306	(1,249)	(2,795)
Discontinued operations – Canadian assets				
Loss on disposition		-	(54)	(54)
Result for the period		2,306	(1,303)	(2,849)
Currency translation differences		1,200	90	(621)
Comprehensive result for the period		3,506	(1,213)	(3,470)
Earnings per share basic and diluted:				
From continuing operations		0.02	(0.02)	(0.03)
From discontinued operations		-	-	-
		0.02	(0.02)	(0.03)
Weighted average number of shares:				
Before dilution		96,700,158	72,568,044	86,648,281
After dilution		97,182,096	72,568,044	86,648,281

Maha Energy AB
Consolidated Balance Sheet

<i>(Thousands of US dollars)</i>	Note	March 31, 2018	December 31, 2017
Assets			
Non-Current assets			
Exploration and evaluation assets	7	17,828	17,789
Property, plant and equipment	8	46,787	47,278
Performance bonds and others		176	176
		64,791	65,243
Current assets			
Financial Instruments	12	43	141
Crude Oil Inventory		250	314
Prepaid expenses and deposits		1,378	753
Accounts receivable	12	2,741	2,229
Restricted cash	16	3,022	3,037
Cash and cash equivalents		22,779	18,729
		30,213	25,203
Total Assets		95,004	90,446
Shareholders' Equity and Liabilities			
Shareholders' Equity	10	53,334	48,201
Non-Current liabilities			
Bond payable	11	32,267	32,678
Decommissioning provision	9	1,682	1,849
Other long term liabilities		2,135	-
		36,084	34,527
Current liabilities			
Accounts payable		3,845	3,502
Accrued liabilities and provisions		1,741	4,216
		5,586	7,718
Total liabilities		41,670	42,245
Total liabilities and shareholders' equity		95,004	90,446

Maha Energy AB
Consolidated Statement of Cash Flows

<i>(TUSD)</i>	Note	Q1 2018	Q1 2017	Full Year 2017
Cash flow from operations				
Net result from continuing operations		2,306	(1,249)	(2,795)
Add back:				
Stock based compensation		31	2	35
Depletion, depreciation and amortization	8	864	213	2,091
Accretion of decommissioning provision	9	24	9	75
Accretion of bond payable	11	278	-	607
Interest expense		1,109	-	2,493
Financial instruments	12	98	-	186
Unrealized foreign exchange amounts		816	33	(142)
Interest paid		-	-	(2,153)
Interest received		144	-	110
Cash tax paid		(193)	-	(245)
Changes in non-cash working capital	14	(2,130)	309	(1,556)
Cash flow from operations		3,347	(683)	(1,294)
Investing activities				
Corporate acquisition – Tartaruga	3	-	(350)	(290)
Corporate acquisition – Tie Field	3	-	(3,500)	(33,087)
Proceeds on sale of Canadian assets		-		229
Additions to developed and producing assets	8	(518)	(613)	(2,113)
Additions of exploration and evaluation assets	7	(38)	(346)	(615)
Restricted cash		-		(3,037)
Purchase of performance bonds		-	(25)	(25)
Cash flow from investment activities		(556)	(4,834)	(38,938)
Financing activity activities				
Issue of shares, net of share issue costs	10	1,596	9,635	18,266
Issue of bonds, net of financing costs	11	-	-	32,625
Exercise of stock options		-	-	-
Cash funded from discontinued operations		-	-	-
Cash flow from financing activities		1,596	9,635	50,891
Foreign exchange on cash and cash equivalent		(337)	85	1,312
Change in cash and cash equivalents		4,050	4,203	11,971
Cash and cash equivalents, beginning of period		18,729	6,758	6,758
Cash and cash equivalents, end of period		22,779	10,961	18,729

Maha Energy AB
Consolidated Statement of Changes in Equity

<i>(TUSD)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Shareholders' Equity
Balance at January 1, 2017	87	40,567	(738)	(8,780)	31,136
Comprehensive result					
Result for the period	-	-	-	(2,850)	(2,850)
Currency translation difference	-	-	(621)	-	(621)
Total comprehensive result	-	-	(621)	(2,850)	(3,471)
Transactions with owners					
Share issuance	32	20,644	-	-	20,676
Share issue cost	-	(2,680)	-	-	(2,680)
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
Total transactions with owners	30	20,506	-	-	20,536
Balance at December 31, 2017	117	61,073	(1,359)	(11,630)	48,201
Comprehensive result					
Result for the period	-	-	-	2,306	2,306
Currency translation difference	-	-	1,200	-	1,200
Total comprehensive result	-	-	1,200	2,306	3,506
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	1,623	-	-	1,627
Balance at March 31, 2018	120	62,696	(159)	(9,307)	53,334

Parent Company Statement of Operations

<i>(Expressed in thousands of Swedish Krona)</i>	Note	Q1 2018	Q1 2017	Full Year 2017
Revenue		-	-	-
Expenses				
General and administrative		(568)	(906)	(7,070)
Stock-based compensation		(250)	-	(416)
Financial instruments		(502)	-	(1,621)
Foreign currency exchange loss		(1,222)	133	(3,951)
Operating result		(98)	(773)	(13,058)
Net finance costs		(2,395)	-	(8,513)
Transaction costs		-	-	(1,846)
		(2,395)	-	
Result before tax		(2,493)	(773)	(23,417)
Income tax		-	-	-
Result for the period		(2,493)	(773)	(23,417)

Parent Company Balance Sheet

<i>(Thousands of Swedish Krona)</i>	March 31, 2018	December 31, 2017
Assets		
Non-current assets		
Investment in subsidiaries	183,640	183,640
Loans to subsidiaries	417,826	408,226
	601,466	591,866
Current assets		
Loans to subsidiaries	-	22,407
Financial Instruments	116	620
Accounts receivable and other	400	230
Cash and cash equivalents	137,969	103,294
	138,485	126,551
Total Assets	739,951	718,417
Shareholders' Equity and Liabilities		
Shareholders' Equity	457,266	446,562
Non-current liabilities		
Bond Payable	269,682	267,423
Current liabilities		
Accounts payable and accrued liabilities	13,003	4,432
Total liabilities	282,685	271,855
Total Equity and Liabilities	739,951	718,417

Parent Company Statement of Changes in Equity

<i>(Thousands of Swedish Krona)</i>	Restricted equity	Unrestricted equity		Total Equity
	Share capital	Contributed surplus	Retained Earnings	
Balance at January 1, 2017	804	288,227	(1,634)	287,397
Share issuance	284	183,111	-	183,395
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	-	2,869	-	2,869
Result for the period	-	-	(23,417)	(23,417)
Balance at December 31, 2017	1,068	470,545	(25,051)	446,562
Share issue costs	-	(332)	-	(332)
Stock based compensation	-	250	-	250
Exercise of warrants and stock options	23	13,255	-	13,278
Result for the period	-	-	(2,492)	(2,492)
Balance at March 31, 2018	1,091	483,718	(27,543)	457,266

Notes to the Consolidated Financial Statements

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.

2. Basis of presentation

The 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 condensed 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.

The accounting principles as described in the Annual Report 2017 have been used in the preparation of this report.

New and Revised Accounting Standards

IFRS 9; “Financial Instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has elected not to adopt the standard early. The Company has assessed the impact of this standard and has concluded that the standard will not have significant impact on the financial statements.

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. The application of IFRS 15 did not have an impact on the Company’s consolidated financial position, results of operations or cash flows but does require enhanced disclosures about the Company’s revenue transactions. Oil sales revenue, derived from crude oil production in Brazil, is recognized when the performance obligations are satisfied and revenue can be reliably measured.

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 the entity operates (‘functional currency’). The consolidated financial statements are presented in US dollars (USD) which is the currency the Company has elected to use as the 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 Maha Energy AB in the parent company statements. 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	BRL
Petro Vista Energy Petroleo do Brasil Ltda	BRL
Maha Energy Brasil Ltda	BRL
Maha Energy Finance (Luxembourg) S.A.R.L	BRL
Maha Energy Brazco (Luxembourg) S.A.R.L	BRL

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 \$36.5 million (including acquired working capital) and the assumption of approximately \$11 million in Government Guarantees and Letters of Credit.

The Acquisition was accounted for as a business combination in accordance with IFRS 3, Business Combinations, 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:

Cash Consideration	36,520
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)
Net assets acquired	36,520

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.

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") for the cash consideration of TUSD 5,940. 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").

TUSD 100 was held in escrow pending approval by the Brazilian Government and the Agencia Nacional do Petroleo, Gas Natural e Biocombustiveis of Brazil ("ANP") for the transfer of a 7.5% working interest in the Tartaruga field. During the first quarter of 2018, the approval was granted and the transfer was completed. This resulted in TUSD 108 addition to the purchase price of Tartaruga Block.

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.

Cash Consideration	6,048
Cash	60
Accounts receivable	220
Inventory	198
Other assets	17
Property, plant and equipment	7,206
Accounts payable and other liabilities	(1,453)
Decommissioning provision	(200)
Net assets acquired	6,048

4. 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.

<i>(TUSD)</i>	Canada	US	Brazil	Sweden	Total
<i>Statement of Operations:</i>					
March 31, 2018					
Revenue	-	-	8,629	-	8,629
Royalties	-	-	1,190	-	1,190
Production and operating	-	-	1,582	-	1,582
General and administration	454	47	627	70	1,198
Stock-based compensation	-	-	-	31	31
Depletion, depreciation and amortization	2	11	851	-	864
Financial Instruments	-	-	-	62	62
Foreign currency exchange loss (gain)	(85)	-	3	(15)	(96)
Operating results	(371)	(58)	4,376	(149)	3,798
Non-current assets	23	19,356	45,413	-	64,791
Total assets	(2,428)	20,406	60,446	16,580	95,004

<i>(TUSD)</i>	Canada	US	Brazil	Sweden	Total
December 31, 2017					
<i>Statement of Operations:</i>					
Revenue	-	-	14,604	-	14,604
Royalties	-	-	2,217	-	2,217
Production and operating	-	-	3,692	-	3,692
General and administration	2,232	410	1,787	828	5,257
Stock-based compensation	(14)	-	-	49	35
Depletion, depreciation and amortization	7	57	2,027	-	2,091
Financial Instruments	-	-	-	190	190
Foreign currency exchange loss (gain)	115	-	(3)	-	112
Operating results	(2,340)	(467)	4,884	(1,067)	1,010
Non-current assets	18	19,328	45,897	-	65,243
Total assets	541	19,934	56,356	13,615	90,446

Brazil is Maha's only oil producing geographic area from which revenue is recorded for first quarter 2018 and full year 2017. Revenue, operating expenses and depletion therefore only relate to Brazil.

5. Revenue

The Company's oil sales revenues are derived from two major customers, under contracts based on floating prices, the Brent oil benchmark adjusted for contracted discounts. The discount applied to the average Brent price is a fixed cost per barrel as per the contracts. As at March 31, 2018, accounts receivable included \$1.5 million of accrued sales revenue which related to March 2018 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.

6. Finance Costs

(TUSD)	Q1 2018	Q1 2017
Accretion of bond payable (Note 11)	278	-
Accretion of decommissioning provision	24	9
Interest on bond payable	1,109	-
Foreign currency exchange losses	1	-
Risk management contracts	37	-
Interest income and other	(150)	7
	1,299	16

7. Exploration and evaluation assets (E&E)

(TUSD)	
Balance, December 31, 2016	17,174
Expenditures in the period	954
Incidental result from sale of crude oil	(339)
Balance, December 31, 2017	17,789
Expenditures in the period	120
Incidental result from sale of crude oil	(81)
Balance, March 31, 2018	17,828

As at March 31, 2018, 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.

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

(TUSD)	Oil and gas properties	Equipment and Other	Total
Cost			
Balance at December 31, 2016	2,935	1,663	4,598
Sale of Canadian assets	(2,976)	-	(2,976)
Tartaruga Acquisition	7,142	226	7,368
Tie Field Acquisition	38,194	271	38,465
Additions	2,077	64	2,141
Currency translation adjustment	(136)	(73)	(209)
Balance at December 31, 2017	47,236	2,151	49,387
Additions	650	(157)	493
Currency translation adjustment	(237)	1	(236)
Balance at March 31, 2018	47,649	1,995	49,644
Accumulated depletion and depreciation			
Balance at December 31, 2016	(2,111)	(174)	(2,285)
Sale of Canadian assets	2,111	-	2,111
Depletion, depreciation and amortization	(1,867)	(136)	(2,003)
Currency translation adjustment	60	8	68
Balance at December 31, 2017	(1,807)	(302)	(2,109)
Depletion, depreciation and amortization	(734)	(40)	(774)
Currency translation adjustment	25	1	26
Balance at March 31, 2018	(2,516)	(341)	(2,857)

Carrying amount			
December 31, 2017	45,429	1,849	47,278
March 31, 2018	45,133	1,654	46,787

9. Decommissioning provision

The decommissioning provision were 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:

<i>(TUSD)</i>	
Balance at December 31, 2016	829
Liability on assets acquired through acquisition	1,179
Liability on Canadian assets sold	(265)
Change in estimate	40
Accretion expense	75
Foreign exchange movement	(9)
Balance at December 31, 2017	1,849
Accretion expense	24
Foreign exchange movement	(191)
Balance at March 31, 2018	1,682

10. Share Capital

Shares outstanding	Number of Shares by Class				
	A	B	C1	C2	Total
Balance at December 31, 2016	56,522,199	12,140,795	-	2,648,000	71,310,994
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
Balance at December 31, 2017	85,972,025	9,183,621	-	1,698,000	96,853,646
Exercise of warrants	2,074,717	-	-	-	2,074,717
Balance at March 31, 2018	88,046,742	9,183,621	-	1,698,000	98,928,363

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.

During the first quarter of 2018 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 warrants are now expired. The total proceeds from this transaction was SEK 13.3 million before issuance costs.

At March 31, 2018 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. During the first quarter of 2018, 2,074,717 of these warrants were exercised prior to the expiration date.

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 March 31, 2018:

	Number of Warrants	Exercise Price
	#	USD
Balance, December 31, 2016	6,204,963	0.77
Exercised	(4,000)	0.77
Issued	13,350,000	0.89
Balance, December 31, 2017	19,550,963	0.87
Exercised	2,074,717	0.77
Expired	(4,126,246)	0.77
Balance, March 31, 2018	13,350,000	0.89

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 Options	Vested	Exercise Price	Remaining Life
	#	#	\$	Years
March 31, 2018	898,000	898,000	0.45	-
December 31, 2018	400,000	400,000	0.75	0.75
December 31, 2018	350,000	350,000	1.25	0.75
December 31, 2020	50,000	16,667	1.25	2.75
Total outstanding	1,698,000	1,664,667	0.71	0.41

The following stock options are outstanding at March 31, 2018:

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

During the quarter 898,000 of these options outstanding were exercised by the Company's management for which 640,000 Maha Class-A shares are in the process to be registered and issued.

Warrant Incentive Program

During the first 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 first quarter 2017 was 750,000 and the number of warrants allocated during the first quarter 2017 were 500,000. Issued

but not allocated warrants are held by the company. No warrants were vested, expired or exercised during the first quarter of 2018.

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 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 first quarter of 2018 Maha recognized TUSD 1,109 of interest and TUSD 279 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	-
Balance at December 31, 2017	32,678	267,423
Accretion of bond liability	279	2,259
Effect of currency translation	(690)	-
Balance at March 31, 2018	32,267	269,682

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, accounts receivables and accounts payable and accrued liabilities and deposits on acquisitions 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:

(TUSD)	Level 1	Level 2	Level 3
March 31, 2018			
Derivative instruments – current	-	43	-
Bond Liability	-	33,450	-
December 31, 2017			
Derivative instruments – current	-	141	-
Bond Liability	-	34,162	-

There were no transfers between the levels.

The outstanding derivative instruments can be specified as follows:

(TUSD)	March 31, 2018	December 31, 2017
Brent crude oil sales price derivatives	14	76
Foreign currency option	29	65
	43	141

Risks Associated with Financial Assets and Liabilities

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.

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

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

For the first quarter of 2018, the Company recorded an unrealized loss of TUSD 36 on the foreign exchange contracts (Q1 2017 - nil).

b) Credit risk

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

The Company's accounts receivable are composed of:

	TUSD
Oil and gas sales (Brazil)	1,725
Sale of Canadian assets	375
Tax credits and other receivables	641
	2,741

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 credit agreement with Dax Oil oil sales are prepaid 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. The Company considers the risk for not collecting these payments to be relatively low.

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. 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 11).

The Company has current assets of \$30.2 million as at March 31, 2018 which is considered sufficient to settle the current liabilities of \$5.6 million as at March 31, 2018.

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

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.

During the first 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
Brent crude oil sales price derivatives			
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 first quarter of 2018, the Company incurred an unrealized loss of TUSD 62 on the commodity risk management contracts (March 31, 2017 – nil).

13. 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 March 31, 2018, the Company's net working capital surplus was USD \$24.6 million (December 31, 2017: USD \$17.5), which includes USD \$22.8 million (December 31, 2017: USD \$18.7 million) of cash and USD \$3.0 million (December 31, 2017: \$3.0 million) of restricted cash. The current restricted cash relates to cash posted in Brazil to guarantee letters of credit for certain work commitments and support of abandonment guarantees. The Company does not have any other restricted cash balances as at March 31, 2018.

The Company may adjust its capital structure by issuing new equity or debt and making adjustments to 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 \$53.3 million (December 31, 2017: USD \$48.2 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.

14. Changes in non-cash Working Capital

(TUSD)	March 31, 2018	December 31, 2017
Change in:		
Accounts receivable	(511)	(911)
Inventory	36	(52)
Prepaid expenses and deposits	(625)	(656)
Accounts payable and accrued liabilities	(1,030)	63
	(2,130)	(1,556)

15. Pledged Assets

As at March 31, 2018, 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 March 31, 2018 amounted to SEK 184.6 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 89.2 million.

The Company also has a charge over a bank account in Brazil to guarantee certain financial instruments in relation to its work commitments (note 16).

16. 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 currently has credit instruments in place of approximately \$7.9 million to guarantee the majority of these work commitments and approximately \$2.2 million to guarantee certain of the abandonment liabilities. A \$3 million term deposit guarantees certain of these financial instruments.

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.

Relevant reconciliation of Alternative Performance Measure:

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 2018	Q1 2017
Revenue	8,629	449
Royalties	(1,190)	(70)
Operating Expenses	(1,321)	(388)
Transportation costs	(261)	-
Operating netback	5,857	(9)

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) is used as a measure of the financial performance of the Company and is calculated as shown below:

<i>(TUSD)</i>	Q1 2018	Q1 2017
Operating results	3,798	(1,233)
Depletion, depreciation and amortization	864	213
Foreign currency exchange loss / (gain)	(96)	11
EBITDA in TUSD	4,566	(1,009)

The financial information relating to the three month period ended 31 March 2018 has not been subject to review by the auditors of the Company.

Financial calendar

2018 Second Quarter Report: 29 August 2018

2018 Third Quarter Report: 29 November 2018

2018 First Quarter and Year End Report: 28 February 2019

2018 Annual Report: 30 April, 2019

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