

Press release  
Stockholm  
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## Maha Energy AB announces its second quarter and half year report ending June 30, 2016.

Maha Energy AB (the “Company” or “Maha”) today announces the release of its second quarter and half year report dated June 30, 2016. The report is available hereto and on the Company’s website at [www.mahaenergy.ca](http://www.mahaenergy.ca).

### Consolidated Key Ratios

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenue	41,060	255,773	103,085	413,685
Equity/assets ratio	94%	95%	94%	95%
Return on equity	(3%)	(2%)	(6%)	(3%)
Debt/equity ratio <sup>1</sup>	-	-	-	-
Interest coverage ratio <sup>1</sup>	-	-	-	-
Weighted average number of common shares outstanding <sup>2</sup>	43,087,430	43,061,434	43,087,430	43,037,816
Basic and diluted loss per common share	(0.02)	(0.01)	(0.03)	(0.02)
Dividends paid per share	-	-	-	-

(1) The Company does not have any indebtedness nor interest payments

(2) Weighted average number of common shares is calculated based on the number of class A and class B shares outstanding during the period and does not include the convertible class C shares (C1 and C2) which have no interest in the net assets of the Company nor entitled to dividends until the underlying Maha (Canada) stock options and share purchase warrants are exercised and exchanged for Maha (Sweden) class A shares.

### Listing on Nasdaq First North Stockholm

On July 29, 2016, Maha Energy AB’s class A shares (trading symbol Maha A) and share purchase warrants (trading symbol Maha A TO 1) commenced trading on the Nasdaq First North Stockholm stock exchange. Concurrent with the listing on the First North stock exchange, the Company completed a financing (the “Offering”) at 19 SEK per unit whereby each unit consisted of 4 Class A shares and 1 share purchase warrant. The Company raised SEK 108.0 million SEK (US\$ 12.6 million as at final closing date, August 5, 2016 US/SEK exchange rate 8.56) in cash proceeds and issued 6,198,074 units (24,792,296 A-Shares and 6,198,074 share purchase warrants) including 515,378 units that were issued to the guarantor group as payment of 9% fees owed under the guarantee agreements.

The Company intends to use the proceeds from the Offering along with the existing working capital to:

- fund the acquisitions in Brazil;
- fund drilling and workover operations in Brazil;
- start the initial phase 3 development at the Company’s LAK asset in Wyoming;
- fund general and administrative expenses.

## Share data

As at June 30, 2016 the Company had 43,087,430 shares outstanding of which 29,478,036 were class A shares, 13,609,394 were class B shares. In addition, Maha (Sweden) issued 4,592,527 convertible class C Shares (C1 and C2). In the event that the existing Maha (Canada) stock options and warrants (which expire November 2016) are exercised these convertible class C Shares will be redeemed and exchanged for Maha (Sweden) Class A shares. In the event that the Maha (Canada) stock options and warrants are not exercised, the convertible class C shares will be redeemed and cancelled.

Subsequent to June 30, 2016, Maha (Sweden) closed the Offering. As at August 29, 2016, Maha (Sweden) has 67,879,726 class A and B shares outstanding (54,270,332 class A-shares and 13,609,394 class B Shares) and 6,198,074 Maha (Sweden) share purchase warrants. In addition Maha (Sweden) has 4,592,527 convertible class C-Shares (C1 and C2). A full description of the class A and convertible class B and C shares can be found in note 10 to the second quarter and half year report ending June 30, 2016.

## Brazil Acquisitions

On March 10, 2016, the Company entered into a definitive purchase and sale agreement with a private, Texas based company, which has a 37.5% working interest in the Tartaruga development block, located in the Sergipe Alagoas Basin of Brazil and is the designated operator of the block. The acquisition is subject to the approval of the Brazilian Government and the Brazilian National Oil Agency ("ANP"). The Company has paid a refundable deposit in the amount of US\$ 500,000.

On January 18, 2016, the Company entered into a definitive purchase and sale agreement with Petro Vista Energy Corp whereby the Company will acquire an additional non-operated 37.5% working interest in the Tartaruga development block. The acquisition price of CAD \$2.5 million will be paid in equal installments with the first payment upon successful approval of the transaction by the Brazilian Government and ANP and the second payment by December 2016. Maha has also entered into a loan agreement with Petro Vista Energy Corp whereby funds were provided for Petro Vista to resolve outstanding joint interest billings for up to \$815,500. \$750,000 of the loan will form part of the acquisition purchase price in the event of closing while the remaining amount will be deducted from the first installment.

Upon closing of the two acquisitions, the Company would be the operator and hold a 75% working interest in the Tartaruga Block. Management has commenced the approval process and believes that the process could be completed during the second half of 2016.

## Results of operations

### Operations

#### **Canadian Assets**

For the six months ended June 30, 2016, the Company generated revenue of \$103,085 on an average sales volume of 36 boepd compared with \$413,685 of revenue during the six months ended June 2015 from an average of 65 boepd. Lower production volumes were a result of lower field activity as the operator was in receivership.

The crude oil produced from the Manitou and Marwayne areas is 12° API. The Canadian Assets produced a total of 6,119 barrels net to Maha in the first six months of 2016. The average price received was CAD \$26.15.

Operating costs associated with the Canadian Assets were \$65,435 for the six months ended June 30, 2016 compared with \$202,188 for the comparable period ended June 30, 2015. Lower operating costs in 2016 were due to lower field activity and reduced workover costs.

In July 2016, the operator of the Canadian Assets, which had been in receivership since February 2015, was purchased by a Canadian Company. The new operator has indicated that field activity will increase during the second half of 2016 as they seek to increase production from existing wells by way of workovers.

## **LAK Ranch**

As at June 30, 2016, the LAK Ranch asset is considered to be in the pre-production stage and is currently undergoing delineation and pre-development work. As such, operating costs net of revenues since the commencement of operations have been capitalized as part of the exploration and evaluation costs.

The LAK field was shut in starting April 2016 and remained shut in as of June 30, 2016, primarily due to low oil prices and the requirement for reservoir pressure maintenance. During the shut-in period, the Company commenced the capital investment to allow for produced water recycling, which is critical for handling of produced water and re-injection of water for pressure maintenance. The project was completed in August and production from a limited number of wells was re-established by the end of August 2016.

Technical work completed during 2015 has now laid the groundwork for the full field development plan. The full field development plan contemplates hot water injection, rather than steam playing a more significant role than originally anticipated. The extra cost of hot water injector wells are far offset by the elimination of steam requirements. The field development plan was evaluated by the Company's independent reserve auditors, and the Company reserves for LAK Field at the end of November 2015 were 12.9 million barrels of oil ((Proven and Probable (2P))).

### **General and administrative**

During the six months ended June 30, 2016, general and administrative ("G&A") costs were \$682,090 compared to \$681,916 for the same period June 30, 2015.

### **Transaction costs**

During the six months ended June 30, 2016, the Company incurred \$435,972 in transaction costs which primarily related to:

- \$350,673 marketing and non-direct costs associated with the Offering and the listing on Nasdaq First North Stockholm;
- \$86,298 in legal and transaction costs associated with the Brazil acquisitions

### **Stock-based compensation**

Stock based compensation expense for the six months ended June 30, 2016 was \$87,384 similar to \$65,120 for the comparable period June 30, 2015.

# Maha Energy AB

## Condensed Consolidated Interim Statement of Financial Position

As at (Unaudited - Expressed in U.S. dollars)	June 30 2016	December 31 2015
<b>Assets</b>		
Current assets		
Cash	\$ 1,494,506	\$ 4,592,780
Accounts receivable	40,906	103,622
Deposit & Loan (Note 5)	1,315,500	-
Deferred financing costs (Note 10)	381,318	-
Prepaid expenses and other	101,242	53,615
	<b>3,333,472</b>	<b>4,750,017</b>
Non-current assets		
Exploration and evaluation assets (Note 6)	16,858,349	16,314,650
Property and equipment (Note 7)	1,720,307	1,745,058
Performance bonds and other (Note 8)	162,949	161,595
	<b>\$ 22,075,077</b>	<b>\$ 22,971,330</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 573,958	\$ 350,461
Non-current liability		
Decommissioning provision (Note 9)	860,699	834,685
	<b>1,434,657</b>	<b>1,185,146</b>
<b>Shareholders' equity</b> (Note 10)	<b>20,640,420</b>	<b>21,786,184</b>
	<b>\$ 22,075,077</b>	<b>\$ 22,971,330</b>

## Maha Energy AB

### Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(unaudited Expressed in U.S. dollars)

	Three months ended		Six months ended	
	June 30		June 30	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Oil sales</b>	\$ 41,060	\$ 255,773	\$ 103,085	\$ 413,685
Less: royalties	4,646	46,164	5,605	63,991
<b>Total Oil revenues</b>	36,414	209,609	97,480	349,694
<b>Expenses</b>				
Production and operating	11,050	120,930	65,435	202,188
General and administration	336,207	358,560	682,090	681,916
Transaction costs	269,337	-	435,972	-
Stock-based compensation (Note 10)	43,692	53,210	87,384	65,120
Depletion depreciation and accretion (Note 9)	19,127	126,309	39,523	232,959
Foreign currency translation loss/(gain)	8,181	(14,840)	20,224	(9,582)
	687,594	644,169	1,330,628	1,172,601
<b>Comprehensive loss for the period</b>	\$ (651,180)	\$ (434,560)	\$(1,233,148)	\$ (822,907)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.03)	(0.02)
Weighted average number of common shares outstanding	43,087,430	43,061,434	43,087,430	43,037,816

# Maha Energy AB

## Condensed Consolidated Interim Statement of Cash Flows

(Unaudited Expressed in U.S. dollars)

	Three months ended June 30		Six months ended June 30	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net loss for the period	\$(651,180)	\$(434,560)	\$(1,233,148)	\$(822,907)
<b>Operating activities</b>				
Add backs:				
Stock based compensation	43,692	53,210	87,384	65,120
Depletion and depreciation and accretion	19,127	126,309	39,523	232,959
Unrealized foreign exchange (gain)/loss	(657)	(17,056)	16,742	(16,956)
Changes in non-cash working capital (note 14)	1,529,128	80,638	238,586	(244,344)
	<b>940,110</b>	<b>(191,459)</b>	<b>(850,913)</b>	<b>(786,128)</b>
<b>Investing activities</b>				
Brazil deposits & loans	(1,315,500)	-	(1,315,500)	-
Purchase of developed and producing assets (note 7)	-	(47,368)	(5,500)	(181,711)
Purchase of exploration and evaluation assets (note 6)	(220,030)	(1,187,970)	(543,689)	(1,553,631)
Purchase of performance bonds (note 8)	(1,354)	(65)	(1,354)	(198)
Changes in non-cash working capital (note 14)	-	289,567	-	(967,026)
	<b>(1,536,884)</b>	<b>(945,836)</b>	<b>(1,866,043)</b>	<b>(2,702,566)</b>
<b>Financing activity activities</b>				
Common stock and warrants issued for cash	-	28,046	-	35,783
Deferred finance costs	(381,318)	-	(381,318)	-
	<b>(381,318)</b>	<b>28,046</b>	<b>(381,318)</b>	<b>35,783</b>
<b>Net (decrease)/increase in cash during the period</b>	<b>(978,092)</b>	<b>(1,109,249)</b>	<b>(3,098,274)</b>	<b>(3,452,911)</b>
Cash and cash equivalents, beginning of period	2,472,598	7,907,913	4,592,780	10,251,575
Cash and cash equivalents, end of period	<b>1,494,506</b>	<b>6,798,664</b>	<b>1,494,506</b>	<b>6,798,664</b>

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

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**Miscellaneous**

This information is published in accordance with the EU Market Abuse Regulation and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication through the agency of the contact persons set out above on 29 August 2016, at 5 p.m. CET.

**Maha in Brief**

Maha Energy AB is a Swedish public limited liability company. Setterwalls Advokatbyrå AB acts as legal adviser to the Company. FNCA Sweden AB has been engaged as Certified Adviser. The Company's auditors are Deloitte.

The Company's predecessor Maha Energy Inc was founded in 2013 in Calgary, Canada, by Jonas Lindvall and Ron Panchuk. In May 2016, the new group was formed with Maha Energy AB as parent company for purposes of the Offering and the planned listing. Jonas Lindvall, CEO and Managing Director, has 25 years of international experience in the oil and gas industry, starting his career with Lundin Oil during the early days of E&P growth. After 6 years at Shell and Talisman, Jonas joined, and helped secure the success, of Tethys Oil AB. Maha's strategy is to target and develop underperforming hydrocarbon assets on global basis. The Company will operate two oil-fields, Tartaruga in Brazil (subject to Brazilian Government approvals and closing) and LAK Ranch, in Wyoming, US. For more information, please visit our website [www.mahaenergy.ca](http://www.mahaenergy.ca).

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