Q1

Report for the

THREE MONTHS ENDED
31 MARCH 2020

(org number: 559018-9543)

Highlights

(all amounts are in US dollars unless otherwise noted)

First Quarter 2020

- Daily oil & gas production for Q1 2020 averaged 3,288 BOEPD (Q1 2019: 2,669 BOEPD)
- On 31 March 2020, the Company closed an acquisition for certain producing properties in the Illinois basin for USD 4.0 million (plus assumed working capital deficiency).
- During the quarter, the 107D well was placed on production with initial oil rates of 939 BOPD (on pump).
- Revenue of USD 11.2 million (Q1 2019: USD 11.8 million)
- Operating netback of USD 7.9 million or USD 27.91 per BOE (Q1 2019: USD 9.0 million or USD 40.22 per BOE)
- EBITDA of USD 6.4 million (Q1 2019: USD 7.7 million)
- Net result of USD 3.2 million (Q1 2019: USD 4.2 million)
- Basic Earnings per share of USD 0.03 (Q1 2019: USD 0.04)
- Diluted Earnings per share of USD 0.03 (Q1 2019: USD 0.04)
- Cash and cash equivalents balance of USD 19.2 million (Q1 2019: 19.8 million)

Financial Summary

(*TUSD, unless otherwise noted)*	**Q1 2020**	Q4 2019	Q3 2019	Q2 2019	Q1 2019	**Full Year 2019**
Net Daily Production (BOEPD)	**3,288**	3,165	3,593	2,739	2,669	**3,044**
Revenue	**11,207**	13,672	16,068	14,098	11,751	**55,589**
Operating netback	**7,858**	9,825	12,017	10,668	9,029	**41,539**
EBITDA	**6,434**	8,354	10,663	9,188	7,663	**35,868**
Net result for the period	**3,191**	2,679	6,570	6,157	4,248	**19,654**
Earnings per share – Basic (USD)	**0.03**	0.03	0.07	0.06	0.04	**0.20**
Earnings per share – Diluted (USD)	**0.03**	0.02	0.06	0.06	0.04	**0.18**
Cash and cash equivalents	**19,190**	22,450	20,421	20,504	19,768	**22,450**

Definitions

Abbreviations

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

Oil related terms and measurements

BOE or boe	Barrels of Oil Equivalents
BBL or bbl	Barrel
BOEPD	Barrels of Oil Equivalents Per Day
BOPD	Barrels of Oil Per Day
Mbbl	Thousand barrels of Oil
MMbbl	Million barrels of Oil
Mboe	Thousand barrels of oil equivalents
MMBoe	Millions of barrels of oil equivalents
Mboepd	Thousand barrels of oil equivalents per day
Mbopd	Thousand barrels of oil per day
MCF	Thousand Cubic Feet
MSCFPD	Thousand Standard Cubic Feet per day
MMSCF	Million Standard Cubic Feet
MMSCFPD	Million Standard Cubic Feet Per Day
BWPD	Barrels of Water Per Day

Gas to oil conversion

6,000 cubic feet = 1 barrel of oil equivalent

Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

“Bromsa inte i uppförsbacke!” Roughly translated this means: “Do not brake when going uphill!” This is the advice a good friend once imparted on me many years ago. And I think that with the acquisition of the Illinois Basin assets in the USA, we clearly demonstrate that Maha is not slowing down even though the rest of the world seem to have come to a complete standstill.

The brief Saudi/Russia spat along with the unprecedented and massive demand erosion caused by the COVID-19 pandemic created for oil prices not seen since the 1990’s. The low oil price environment is a huge challenge for a sector that has been under siege since the 2014 oil price collapse. Maha is not unaffected but with a cash position of USD 19 million, low operating costs (USD 6.46/BOE), and increasing production volumes we are well positioned to ride the storm out.

In fact, with most of our capital requirements for production growth behind us, we are optimally positioned for organic growth and acquisitions. The Illinois Basin assets purchased at the end of Q1 represents very low risk growth potential in the USA. These assets are conventional, shallow, and proven. As production volumes increase, our operating costs decrease on a per barrel basis. It is our intention to grow these assets to around 1,000 BOPD as soon as COVID-19 and the current economic climate permits. The acquisition metrics on this deal are outstanding. With a purchase price of USD 4.0 million (adjusted for the assumption of USD 0.25 m in liabilities), and 2P reserves of 2.941 million bbls, Maha paid USD 1.44/bbl for the oil. According to the Dome AB Inc. December 31, 2019 reserve report, Proved Developed Producing (PDP) reserves (0.458 m bbls) were valued at Net Present Value (10%) USD 7.2 million, which mean that we bought these producing assets well below the PDP value. Even though the value was based on a WTI price of USD 57/bbl – the value in the asset speaks for it-self. We are excited about the future growth in the Illinois Basin.

In Brazil, production for the first quarter was affected by a three week strike at Petrobras in February, a prolonged maintenance shutdown at one of the gas end users, and then by the COVID-19 Pandemic in March. But even with these interruptions, the quarter marked the second highest production volumes in the Company’s short history. As the COVID-19 pandemic expanded across the world and Brazil, our gas customers at the Tie field had to reduce and eventually cease receiving Tie gas deliveries. A decrease in gas deliveries meant a decrease in oil deliveries in order to comply with the country’s flaring limitations. By the middle of April, however, the Government of Brazil took swift and decisive action to safeguard oil production across the country and decreed a temporary flaring easement of up to 100,000 m3 per day. We continually monitor the oil offtake requirements with our customers, and as Brazil is a net importer of oil, we do not anticipate oil production reductions in the immediate future.

We recently announced a reduction in our 2020 production guidance which is attributable to the effects of the COVID-19 Pandemic. With the reduction in the production guidance we also reduced our 2020 OPEX and G&A costs by similar amounts. And as previously announced we have rearranged our 2020 capital investments to further reduce spending in 2020. All these efforts are made in order to ensure we can meet all our future financial obligations, but at the same time, take full advantage of the opportunities this period of unprecedented volatility presents.

Right now, in this market, Maha is almost in poll position. We can afford to keep all our options open; if we need to, we can hunker down and conserve our future cashflows, or we can use this opportunity to acquire quality assets and position us for even greater growth when the oil market returns. It’s a good place to be, right now.

Stay well, stay safe and stay with us! We are hitting the accelerator (not the brake) on this hill.

“Jonas Lindvall”

Managing Director

Financial Report for the First Quarter ended 31 March 2020

OPERATIONAL AND FINANCIAL REVIEW

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.

COVID-19 and Low oil price response

The COVID-19 crisis, its economic impact along with the recent oil price decline provide an exceptionally challenging market situation. Maha closely monitors the COVID-19 related developments with the main focus on reducing the risk of the virus spreading in its operations and safeguarding the well-being of the Company's employees and contractors, whilst at the same time minimising the potential impact on the business.

Maha has high quality, low cost assets, which are well positioned in a low oil price environment. Nevertheless, the Company has taken steps to defer activity and reduce spend, in order to further strengthen near term cash flow and liquidity of the business. Maha has revised the 2020 capital budget to 15.5 million, a reduction of 25% from the original budget, with further reductions in operating costs being implemented. During March, operations at the LAK Ranch oil field were suspended until prices improve.

Assets

Country	Concession name	Maha Working Interest (%)	Status	Area (acres)	BOEPD ([1])	Partner
USA	LAK Ranch	99%	Pre-Production	6,475	22	SEC (1%)
USA	IL basin (various)	100%	Producing	3,374	-	
Brazil	Tartaruga	75%	Producing	13,201	417	Petrobras (25%)
Brazil	Tie (REC-T 155)	100%	Producing	1,511	2,849	
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	-	

[1] As per the current quarter reported net production volumes to Maha before royalties. 1BBL = 6000SCF of gas. Approximately 92% of Maha's oil equivalent production is crude oil. Illinois basin quarterly production does not count towards quarterly average as acquired at quarter end.

BRAZIL

Tie Field (Reconcavo Basin)

Maha owns and operate, through a wholly-owned subsidiary, 100% working interests in six onshore concession agreements located in the Reconcavo Basin of Brazil, including the oil producing Tie field. The Tie field and the six concessions are located in the state of Bahia, onshore Brazil. The six concessions are in varying stages of exploration and development. A total of 8 wells had been drilled and 212 km² of 3D seismic had been acquired by the previous Operator over the 41,606 total acres.

GTE-3 (oil producer)
During the third quarter of 2018, the GTE-3 well was recompleted with a newly acquired jet pump immediately adding about 900 BOPD to the Tie Field production. Due to a stuck pressure plug in the short string, GTE-3 was comingled from both the Agua Grande (AG) and Sergi zones. Work to convert the GTE-3 well from a single comingled well to a separate dual completion was completed in July 2019. GTE-3 can now can produce individually from both the AG and Sergi zones.

GTE-4 (oil producer)
During the month of October, and as expected, the GTE-4 Sergi formation (long string) temporarily stopped free-flowing which led the Company to commence advanced plans to reconfigure GTE-4 to install a downhole jet pump artificial lift system, as and when operations permit. This was not unexpected, for which in anticipation of this, the Company had already installed the surface jet pumping equipment at the well site. During April, GTE-4 was worked over and dually completed. The well is currently on pump and is being flow-tested.

7-Tie-1DP-BA (Attic Well) or (Tie-1)
On February 18, 2019 Maha spudded its first development well to boost production at the Tie Field. The primary objective of this well was to dually complete the AG and Sergi zones at a structurally higher position to the already free flowing GTE-4 well. A secondary objective was to penetrate and evaluate the slightly deeper Boipeba sandstone reservoir. However, poor reservoir development of the Boipeba formation resulted in no hydrocarbon presence at this location. Following the initial single completion, the well was recompleted using a dual 2-3/8" tubing completion with initial free flowing tests from the Sergi and AG formations of 985 BOPD (1,088 BOEPD) and 1,726 BOPD (1,844 BOEPD) respectively with neither zone producing any noticeable water amount. During these tests the AG production had to be choked back (restricted) due to surface equipment limitations, suggesting potential higher production rates. The well was hooked up in June 2019 and is currently producing from both zones.

Future wells: Tie South-1 (Tie-2) and Tie South-2 (Tie-3)
Final environmental approvals were obtained in February for these two wells. Tie-2 is a near vertical dual producer whilst the Tie-3 is planned to be a dual water injector. Planning is far advanced, and location preparation work started. A drilling rig has been located and will be contracted in due course. All tangible equipment for these wells has already been purchased. Drilling of these two wells has been rescheduled for the last quarter of 2020 and early 2020 for the water injector (Tie-3), due to the unique challenges emerging as a result of COVID-19 effect in Brazil. Each well is anticipated to take 40 – 45 days to drill and complete.

Production Facilities
During 2019, the production facilities at the Tie Field were upgraded from its original 2,000 BOPD handling capacity to 5,000 BOPD. As the Tie Field is not connected to a pipeline system, all oil is exported by trucks. The associated gas is separated and sold locally to two customers. Additionally, the Tie Compression Project, which will add two (2) 1,380 HP Ariel Compressors at the Tie field, will provide 'spill over' gas reinjection capabilities to ensure oil can be produced uninterruptedly. The gas compressors are expected to be commissioned towards the end of Q3.

Average production from the Tie Field during the current quarter was 2,849 BOEPD (2,538 BOPD of oil and 1,859 MSCFPD of gas). Oil production at the Tie field was impacted by the Covid-19 pandemic during the quarter and an almost month-long strike at the two of the Tie oil delivery stations. Production volumes were reduced due to closure of local borders, making it impossible to continue deliveries, and the closure of gas end-user factories (due to loss of product sales). At this point it is difficult to assess the future impact of Covid-19 effects will have on Tie field oil and gas production.

During January 2020, final regulatory approval was obtained by the local refinery to increase its refined oil products volume which will allow Maha to increase Tie Field oil deliveries to that refinery by an additional 800 BOPD. Overall delivery availability to the refinery is now 3 000 BOPD to Maha. Together with existing sales contracts to Petrobras, Maha can now sell up to 4,850 BOPD from the Tie Field.

Tartaruga Field

Maha has a 75% working interest in the Tartaruga development block, located in the Sergipe Alagoas Basin onshore Brazil. The Tartaruga Field is located in the northern half of the 13,201 acre (53.4 km^2) Tartaruga Block and produces light (41° API) oil from the Penedo sandstone reservoir. The Penedo sandstone consists of 27 separate stacked sandstone stringers, having all been electrically logged and are believed to contain oil, and of which only 2 of the 27 have been produced (Penedo 1 and Penedo 6).

7TTG Well

The workover to recomplete the 7TTG well with larger tubing and a dedicated jet pump was completed in 2019. The P1 and P4 sandstones were perforated, and the P1 zone stimulated using high pressure hydraulic stimulation technology. Subsequent clean-up operations have yielded a stabilized production rate of 750 BOPD (gross) from the P1 zone only. The Penedo 1 sandstone had never been produced in the 7TTG well and was considered 'pay-behind-pipe'. The well is currently on production.

107D Sidetrack

In early 2019, drilling of the 107D horizontal sidetrack was completed with a 500 meters long horizontal hole in the Penedo-1 sandstone penetrating 312 meters of very good to excellent oil and gas shows. These results are important because they prove up horizontal continuity of the Penedo sandstone stringers and the applicability of horizontal drilling technology in the Tartaruga Field. The liner has now been perforated using a coiled tubing unit with immediate indications of hydrocarbons observed. A workover operation was planned for the end of 2019 to repair a hole in the 7" casing and to properly test the horizontal; production capacity. Delays in workover rig mobilization pushed this work out to the beginning of 2020. The 7" casing repair operations were completed during January 2020 and the well placed on production tests. After a 20 day test, the 107D well flowed 937 BOPD with the assistance of a jet pump. Flow was restricted due to surface handling limitations. It is expected that the well can and will produce at higher rates once the Tartaruga Facility has been upgraded to handle larger volumes. The 107D well is currently on production.

Maha has demonstrated the applicability of horizontal drilling as a very beneficial extraction technology for the Penedo sandstone reservoirs. This is the first horizontal wellbore to have been drilled in the Penedo sandstone reservoir.

Maha-1 (7-TTG-3D-SES) Delineation (new) Well

On 12 July 2019, the Company spudded Maha-1 and Total Depth (TD) was reached on 3 October 2019. The well was cased and cemented and the rig released in mid-October. Because of space limitations at the Tartaruga location, a smaller rig had to be brought in to assist in well testing operations. The plan was for Maha-1 to undergo extensive well tests to evaluate previously untested Penedos sandstone stringers. On 23 January, 2020, a workover rig was positioned over the Maha-1 well and well testing operations commenced.

Maha-1 is primarily an appraisal well to provide much needed well information for the Tartaruga Field Development Plan. Well testing on Maha-1 was expected to take between 60 – 90 days, and will target up to five different intervals in the Penedo sandstone. Results of the first testing interval(s) will dictate the final number of testing intervals.

Unfortunately, during March 2020, the Company elected to suspend testing of Maha-1 until 2021 due to the effects of the Covid-19 pandemic:

(a) movement of specialized stimulation equipment, including explosives, in and out of the Tartaruga location became impossible due to reduced Government administrative availability;
(b) the remaining testing operations cover previously tested and hydrocarbon bearing zones that will become 'trapped' behind pipe due to the current Tartaruga Facility +/- 800 BOPD handling limit; and
(c) it allows the Company to utilize capital more effectively elsewhere in the organization in response to the low oil prices.

The higher than expected oil rates from the 107D well, which tested at a surface restricted rate of 939 BOPD in February, will more than adequately fill the current production handling capacity at the Tartaruga Facility of approximately 800 BOPD. While important subsurface information would be gathered from the well test, little is gained by completing the Maha-1 testing program until such time the Tartaruga Facility is able to handle volumes greater than 800 BOPD.

Production Facilities

Current handling facilities at Tartaruga Field allow for approximately 800 BOPD of processing and handling with storage limited at 1,350 barrels of oil. Current oil production is limited by associated gas flare limitations, and plant handling capacity. Currently, crude export is via oil trucks as the facility is not linked to a pipeline system. During the second half of 2019, facilities upgrade work began to handle up to 2,500 BOPD and 2,500 MSCFPD of associated gas. Environmental licenses have already been obtained for the implementation of a Gas-to-Wire project that will handle the excess gas for this upgrade. The facilities upgrades were planned to be completed during the first half of 2020. However, due to the indirect effect of the Covid-19 pandemic, which is now impacting both the administrative and logistics of the project along with the addition of Maha-1 (well), it has been decided to delay the implementation of the facility upgrade. The Company plan to dovetail the finalization of the upgrade work with the completion of the Maha-1 well once the market and pandemic conditions improve.

Note, however, the Company have plans in place whereby a temporary production facility will be made available by a third party, to ensure production is not reduced due to facility handling constraints should the current conditions ease and the Maha-1 brought on stream before the Facility is fully upgraded.

Average net production from the Tartaruga Field during the current quarter was 417 BOPD of oil.

USA

Illinois Basin

On March 31, 2020. Maha acquired certain oil producing assets in the Illinois Basin, USA, adding 3,374 net acres of oil and gas leases to Maha's USA footprint. The Illinois Basin is one of the oldest oil producing basins in North America having produced over 4 billion barrels of oil to date. Oil was initially discovered by accident in 1853 according to historical records and oil is found in multiple shallow Dolomite and sandstone reservoirs. Most producers in the area produce oil from 3 separate reservoirs that act independent of each other. This is a low risk conventional oil play that requires low cost drilling and stimulation operations. During 2019, Dome Energy AB Inc (the acquired company) produced a total of 64,000 barrels of oil at a netback of approximately US$ 31/bbl. Realized price is WTI minus US$ 3/bbl.

As part of the acquired assets, Maha has acquired contractual commitments to drill one well and to complete a drilled but uncompleted well. This activity is scheduled to be completed in the third and fourth quarter of this year. Other commitments have been successfully rescheduled to fiscal year 2021.

LAK Ranch (LAK)

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

Phase 3 of Development Plan
The Company is monitoring the effect of the combined injection and production operations of Phase 3. No further work will be undertaken at LAK until the results of the Phase 3 development program have been analyzed, which is expected to be completed during the first half of 2020.

During the current quarter, the Company generated incidental revenue from LAK Ranch of TUSD 78, on average sales volumes of 22 bopd. LAK field operations were suspended during March due making the pre-development LAK heavy oil field sub-economic.

Production

	Q1 2020	Q1 2019	Full Year 2019
Delivered Oil (Barrels)[2]	**270,982**	224,677	1,019,047
Delivered Gas (MSCF)	**169,185**	92,953	552,862
Delivered Oil & Gas (BOE)[3]	**299,180**	240,169	1,111,191
Daily Volume (BOEPD)	**3,288**	2,669	3,044

Production volumes shown are net working interest volumes before government, gross overriding and freehold royalties. Approximately 91% (Q1 2019: 94%) of total oil equivalent production was crude oil for Q1 2020.

Average daily production volumes increased by 25% for the current quarter as compared to Q1 2019. During the current quarter, Tie Field production was impacted by a strike at two of the three delivery stations for 16 days in February. Furthermore, gas production from the Tie field was impacted, which in turn affected oil production, as gas deliveries were curtailed during the month of March due to; (a) a prolonged maintenance issue at one of the gas end-users, and (b) a total shut down of a second end gas user due to a closure of a municipal border attributable to Covid-19. Despite these restrictions, the Company managed to increase the quarter over quarter production because of higher oil and gas production from the Attic well.

Revenue

(TUSD, unless otherwise noted)	**Q1 2020**	Q1 2019	Full Year 2019
Oil and Gas revenue	**11,207**	11,751	55,589
Sales volume (BOE)	**281,585**	224,428	1,066,084
Oil realized price (USD/BBL)	**43.81**	55.63	56.32
Gas realized price (USD/MSCF)	**0.79**	1.31	1.11
Oil Equivalent realized price (USD/BOE)	**39.80**	52.36	52.14
Reference price – Average Brent (USD/BBL)	**50.44**	63.26	64.36

[2] Includes LAK Ranch Oil delivered during the period
[3] BOE is Barrels of Oil Equivalent and takes into account gas delivered and sold. 1 bbl = 6,000 SCF of gas

Revenue for the current quarter amounted to TUSD 11,207 (Q1 201: TUSD 11,751), a decrease of 5% as compared to Q1 2019. During the current quarter 25% higher sales volumes was offset by 24% lower realized prices as compared to the comparative period. Lower realized prices are in line with the fluctuations in the Brent oil marker during the related periods. Increase in sales volumes was in line with the higher production volumes during the current quarter.
LAK Ranch production volumes are excluded from sold volumes as this field is still in pre-production stage. More revenue information can be found in Note 4 to the Condensed Consolidated Financial Statements.

During January 2020, final regulatory approval was obtained by the local refinery to increase its refined oil products volume which will allow Maha to increase Tie Field oil deliveries to that refinery by an additional 800 BOPD. Overall delivery availability to the refinery is now 3 000 BOPD to Maha. Together with existing sales contracts to Petrobras, Maha can now sell up to 4,850 BOPD from the Tie Field.

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

Tie Field crude oil
Crude oil from the Tie Field is sold to Petrobras and a nearby refinery. For crude oil sold to the refinery during Q1 2020 the discount to Brent was USD 8/BBL changing effective April 1, 2020, to a price-based scale as follows:

BRENT Price (USD/bbl)	Discount (USD/bbl
< $30	$5
Between 30.1 and 40	$6
Over 40.1	$7

Crude oil sales to Petrobras from the TIE field are sold at a discount to Brent oil price of $11.53/bbl for the first 22,680 monthly delivered barrels, and $7.01 thereafter.

Tartaruga Field crude oil
Crude oil from the Tartaruga Field is entirely sold to Petrobras. Since July 1, 2019, it has been sold at a premium to Brent of USD 0.16/BBL

Royalties

(TUSD, unless otherwise noted)	**Q1 2020**	Q1 2019	Full Year 2019
Royalties	**1,530**	1,510	7,449
Per unit (USD/BOE)	**5.43**	6.73	6.99
Royalties as a % of revenue	**13.7%**	12.9%	13.4%

Royalties are settled in cash and based on realized prices before discounts. Royalty expense was unchanged for the current quarter as compared to the comparative period mainly due to lower realized prices despite higher production volumes. Effective royalty rates are higher in Q1 2020 due to increased sales from higher royalty rate Tartaruga field.

Production expenses

(TUSD, unless otherwise noted)	**Q1 2020**	Q1 2019	Full Year 2019
Operating costs	**1,335**	910	5,022
Transportation costs	**484**	302	1,579
Total Production expenses	**1,819**	1,212	6,601
Per unit (USD/BOE)	**6.46**	5.41	6.19

Production expenses is higher by 50% for the current quarter and amounted to TUSD 1,819 as compared to TUSD 1,212 for Q1 2019 as operating costs were higher from one-time slickline, maintenance and repair costs. Higher transportation costs were in line with higher sales volumes by 25% over the same period and increased handling costs from Petrobras' export facility for the Tartaruga field oil. As the majority of the expenses are denominated in Brazilian real, the costs increases for the quarter have been partially offset by currency gains in US dollar terms, from a weakening Brazilian real. On a per BOE (or unit) basis, production expense increased by 19% for the current quarter and was USD 6.46 per BOE as compared to USD 5.41 per BOE for Q1 2019.

Maha's production is mainly trucked to the delivery points therefore transportation costs are directly correlated to the sales volumes. However, during the current quarter transportation rates increased which led to much higher transportation costs. Maha is currently working with the respective companies to negotiate these costs. Excluding transportation, the majority of production expenses of the Tie field are fixed.

Operating netback

(TUSD, unless otherwise noted)	**Q1 2020**	Q1 2019	Full Year 2019
Operating Netback	**7,858**	9,029	41,539
Netback (USD/BOE)	**27.91**	40.22	38.96

Operating netback is calculated as revenue less royalties and production expenses and is a metric used in the oil and gas industry to compare performance internally and with industry peers. Operating netback for the current quarter was 13% lower against the comparative periods as a result of overall decrease in revenue despite higher sales volumes in the current quarter. This was further exacerbated by higher production cost during the quarter.

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

General and Administration ("G&A")

(TUSD, unless otherwise noted)	**Q1 2020**	Q1 2019	Full Year 2019
G&A	**1,211**	1,324	5,464
G&A (USD/BOE)	**4.30**	5.90	5.13

G&A expense for the current quarter amount to TUSD 1,211 and is lower by 9% as compared to the same period in 2019. On a per BOE basis, G&A expenses are lower by 27% than the comparative period due to higher sales volumes as well as lower G&A expense.

G&A amounts are presented net, following allocation of certain costs into production expense and property, plant and equipment based on capital activity levels.

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

(TUSD, unless otherwise noted)	**Q1 2020**	Q1 2019	Full Year 2019
DD&A	**1,132**	1,438	5,671
DD&A (USD/boe)	**4.02**	6.41	5.32

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

DD&A expense decreased for the current quarter and amounted to TUSD 1,132 (at an average rate of USD $4.02 per boe) as compared to TUSD 1,438 (at an average rate of USD $6.41 per boe), despite higher sales volumes in the current quarter. Decrease in the depletion rate resulted from the added year end 2P reserves in the Tie field and the Tartaruga block as compared to the prior period. Depletion expense was also lower despite higher produced volumes as the depletion rate is calculated in Brazilian Reals, which has weakened against the US dollar as compared to the comparative period.

Exploration and business development costs

Exploration and business development costs amounted to TUSD 132 for the current quarter as compared to nil for the comparative period. Exploration and business development costs are related to costs incurred for the maintenance of the exploration blocks in Brazil and Maha's pre-exploration study of new areas.

Foreign currency exchange gain or loss

The net foreign currency exchange loss for the current quarter amounted to TUSD 120 (Q1 2019: TUSD 5 gain). Foreign exchange movements occur on settlement of transactions denominated in foreign currencies and the revaluation of working capital to the prevailing exchange rate at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of the Company's reporting entities.

Net finance costs

Net finance items for the current quarter amounted to TUSD 1,182 (Q1 2019: TUSD 1,171) and are detailed in Note 5.

Income Taxes

Current tax expense for the quarter declined and was TUSD 337 as compared to TUSD 520 in the comparative period due to lower taxable income in Brazil in Q1 2020 as compared to the first quarter 2019. Taxable income is lower as expected due to lower revenue and higher production expense in the current quarter despite higher sales volumes. Taxation of corporate profits in Brazil is a combined 34% rate (25% corporate income tax and 9% Social contribution); however, Maha Energy Brazil has tax incentives (SUDENE) in both of its fields allowing for the reduction of 75% of the corporate income tax of 25% to 6.25%, bringing the combined tax rate to 15.25%.

Deferred tax expense amounted to TUSD 472 for the quarter as compared to TUSD 291 for the same comparative periods. The deferred tax expense in the quarter is a result of the unwinding of the deferred tax asset related to estimated tax deductible temporary differences and tax loss carry-forwards.

Exchange differences on translation of foreign operations

The exchange differences on translation of foreign operations presented in Statement of Comprehensive Earnings increased significantly during the current quarter mainly due to US Dollars exchange rate strengthening against other currencies. The functional currency of Company's subsidiary in Brazil is Brazilian Reals; however, for the presentation purpose all assets and liabilities are translated at the period end exchange rate and the Statement of Operations is translated at the average exchange rate of the period. During the current quarter, USD/BRL exchange rate increased by 29% as compared to 31 December 2019 exchange rate. In addition, USD/SEK exchange rate increased by 9% which further increased the translation impact due to translation of Parent Company balances.

Liquidity and capital resources

As at 31 March 2020, the Company had current assets of $24.3 million comprised primarily of cash and cash equivalents, restricted cash, accounts receivable and prepaid expenses and inventory. The Company had current liabilities of $8.3 million resulting in net working capital of $16.0 million (31 December 2019: $23.3 million).

Risks and Uncertainties

The Company is in the oil exploration and development business and is exposed to a number of risks and uncertainties inherent to the oil industry. This activity is capital intensive at all stages and subject to fluctuations in oil prices, market sentiment, currencies, inflation and other risks. The Company has cash in hand and expects to generate cash flow from operations to fund its development, operating and financing activities. Material increases or decreases in the Company's liquidity may be substantially determined by the success or failure of its development activities, as well as its continued ability to raise capital or debt.

A detailed analysis of the Company's strategic, operational, financial and external risks and mitigation of those risks through risk management is described in Maha Energy's 2019 Annual Report and updated in Note 12.

COVID-19

The COVID-19 pandemic has had significant negative effects on economies of the jurisdictions where we operate, including a substantial decline in crude oil and natural gas demand. Additionally, it has resulted in volatility and disruptions in regular business operations, supply chains and financial markets as well as declining trade and market sentiment. The extent of the risks surrounding the severity and timing of the COVID-19 pandemic is continually evolving and is not fully known or predictable at this time; therefore, the full impact on the Company's operations and future financial performance is currently unknown. As a result, the risks disclosed in our Annual Report for the year ended December 31, 2019 may be exacerbated as a result of the COVID-19 pandemic.

Legal matters

The Company has a number of disclosed legal matters concerning labor, regulatory and operations. All of these are considered routine and consistent with doing business in Brazil. Provisions for lawsuits are estimated in consultation with the Company's Brazilian legal counsel and have been recorded under Other long-term liabilities and provisions.

Health, Safety and the Environmental ("HSE")

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

Additional information on environmental, decommissioning and abandonment obligations in relation to oil and gas assets is presented in Note 9 to the Condensed Consolidated Financial Statements.

Corporate Governance and Sustainability

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

Maha does not tolerate any form of corrupt practices and has in place Corporate Governance Policies that clearly define how we must conduct business. The best way to prevent corruption is through transparency - one of our core values. The Company has established a Code of Business Conduct and Anti-Corruption policies for all its employees, contractors and workers. More information on Corporate Governance can be found in Maha's Corporate Governance Report in the 2019 Annual Report (page 36 – 40).

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. Last year's activities focused on organic growth of the existing assets of the Group through a combination of new or enhanced facilities, new offtake arrangements, and drilling and workover operations on existing wells.

The net result for the Parent Company for Q1 2020 amounted to TSEK -8,757 (Q1 2019: TSEK -5,629). The result includes general and administrative expenses of TSEK 3,025 (Q1 2019: TSEK 1,398) and net finance costs of TSEK 5,919 (Q1 2019: TSEK 4,437). General and administrative expenses are much higher than the comparative period due to additional non-recurring costs relating to internal projects.

Related Party Transactions

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

Subsequent Events

There are no subsequent events to report.

The financial information relating to the three months ended 31 March 2020 has not been subject to review by the auditors of the Company.

Approved by the Board

__``Jonas Lindvall``____________________
Jonas Lindvall, Director

__``Anders Ehrenblad``____________________
Anders Ehrenblad, Chairman

Financial Statements

Condensed Consolidated Statement of Operations

(TUSD) except per share amounts	Note	Q1 2020	Q1 2019	Full Year 2019
Revenue				
Oil and gas sales	4	**11,207**	11,751	55,589
Royalties		**(1,530)**	(1,510)	(7,449)
Net Revenue		**9,677**	10,241	48,140
Cost of sales				
Production expense		**(1,819)**	(1,212)	(6,601)
Depletion, depreciation and amortization	7	**(1,132)**	(1,438)	(5,671)
Gross profit		**6,726**	7,591	35,868
General and administration		**(1,211)**	(1,324)	(5,464)
Stock-based compensation	10	**(81)**	(42)	(207)
Exploration and business development costs		**(132)**	-	(802)
Foreign currency exchange gain (loss)		**(120)**	5	159
Other gain (loss)		**-**	-	(370)
Operating result		**5,182**	6,230	29,184
Net finance costs	5	**(1,182)**	(1,171)	(4,476)
Result before tax		**4,000**	5,059	24,708
Current tax expense		**(337)**	(520)	(2,636)
Deferred tax expense		**(472)**	(291)	(2,418)
Net result for the period		**3,191**	4,248	19,654
Earnings per share basic		**0.03**	0.04	0.20
Earnings per share diluted		**0.03**	0.04	0.18
Weighted average number of shares:				
Before dilution		**101,117,060**	98,371,393	99,287,171
After dilution		**107,699,502**	106,746,433	107,943,095

Condensed Consolidated Statement of Comprehensive Earnings

(TUSD)	Note	Q1 2020	Q1 2019	Full Year 2019
Net Result for the period		**3,191**	4,248	19,654
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		**(18,496)**	36	(2,902)
Comprehensive result for the period		**(15,305)**	4,284	16,752
Attributable to:				
Shareholders of the Parent Company		**(15,305)**	4,284	16,752

Condensed Consolidated Statement of Financial Position

(TUSD)	Note	March 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	**67,965**	76,243
Exploration and evaluation assets	7	**21,315**	21,216
Deferred tax assets		**4,977**	7,955
Performance bonds and others		**225**	178
Total non-current assets		**94,482**	105,592
Current assets			
Prepaid expenses and deposits		**1,071**	1,255
Crude oil inventory		**478**	414
Accounts receivable		**2,365**	4,739
Restricted cash	16	**1,237**	1,567
Cash and cash equivalents		**19,190**	22,450
Total current assets		**24,341**	30,425
TOTAL ASSETS		**118,823**	136,017
EQUITY AND LIABILITIES			
Equity			
Shareholder's equity	10	**73,269**	87,859
Liabilities			
Non-current liabilities			
Bonds payable	8	**29,094**	30,621
Decommissioning provision	9	**1,837**	2,175
Lease liabilities		**259**	380
Other long-term liabilities and provisions		**6,057**	7,812
Total non-current liabilities		**37,247**	40,988
Current liabilities			
Accounts payable		**4,745**	4,533
Accrued liabilities and other		**3,395**	2,406
Current portion of lease liabilities		**167**	231
Total current liabilities		**8,307**	7,170
TOTAL LIABILITIES		**45,554**	48,158
TOTAL EQUITY AND LIABILITIES		**118,823**	136,017

Condensed Consolidated Statement of Cash Flows

(TUSD)	**Note**	**Q1 2020**	Q1 2019	Full Year 2019
Operating Activities				
Net result		**3,191**	4,248	19,654
Depletion, depreciation and amortization	6	**1,132**	1,438	5,671
Stock based compensation	10	**81**	42	207
Accretion of decommissioning provision	9	**33**	27	116
Accretion of bond payable	8	**250**	255	1,001
Interest expense		**936**	981	3,816
Income tax expense		**337**	520	2,636
Deferred tax expense		**472**	291	2,418
Unrealized foreign exchange amounts		**608**	212	(433)
Interest received		**37**	91	248
Interest paid		**-**	-	(3,772)
Tax paid		**(1,418)**	(532)	(2,022)
Changes in working capital	14	**2,243**	(96)	(716)
Cash from operating activities		**7,902**	7,477	28,824
Investing activities				
Acquisition	6	**(4,096)**	-	-
Capital expenditures - property, plant and equipment	6	**(4,647)**	(6,576)	(27,747)
Capital expenditures - exploration and evaluation assets	7	**(99)**	(442)	(587)
Restricted cash		**(24)**	(42)	1,124
Cash used in investment activities		**(8,866)**	(7,060)	(27,210)
Financing activities				
Lease payments		**(60)**	-	(214)
Exercise of stock options and warrants (net of issue costs)	10	**634**	(1)	1,626
Cash from financing activities		**574**	(1)	1,412
Change in cash and cash equivalents		**(390)**	416	3,026
Cash and cash equivalents at the beginning of the period		**22,450**	20,255	20,255
Currency exchange differences in cash and cash equivalents		**(2,870)**	(903)	(831)
Cash and cash equivalents at the end of the period		**19,190**	19,768	22,450

Condensed Consolidated Statement of Changes in Equity

(TUSD)	Share Capital	Contributed Surplus	Other Reserves	Retained (Deficit) Earnings	Total Shareholders' Equity
Balance at 31 December 2018	**120**	**63,009**	**(7,870)**	**14,015**	**69,274**
Comprehensive result					
Result for the period	-	-	-	19,654	19,654
Currency translation difference	-	-	(2,902)	-	(2,902)
Total comprehensive result	-	-	(2,902)	19,654	16,752
Transactions with owners					
Stock based compensation	-	207	-	-	207
Exercise of warrants and stock options (net of issue costs)	2	1,624	-	-	1,626
Total transactions with owners	2	1,831	-	-	1,833
Balance at 31 December 2019	**122**	**64,840**	**(10,772)**	**33,669**	**87,859**
Comprehensive result					
Result for the period	-	-	-	3,191	3,191
Currency translation difference	-	-	(18,496)	-	(18,496)
Total comprehensive result	-	-	(18,496)	3,191	(15,305)
Transactions with owners					
Stock based compensation	-	81	-	-	81
Exercise of warrants (net of issue costs)	1	633	-	-	634
Total transactions with owners	1	714	-	-	715
Balance at 31 March 2020	**123**	**65,554**	**(29,268)**	**36,860**	**73,269**

Parent Company Statement of Operations

(Expressed in thousands of Swedish Krona)	Note	Q1 2020	Q1 2019	Full Year 2019
Revenue		-	-	-
Expenses				
General and administrative		**(3,025)**	(1,398)	(6,022)
Stock-based compensation		**-**	(382)	-
Foreign currency exchange gain(loss)		**187**	588	1,514
Operating result		**(2,838)**	(1,192)	(4,508)
Net finance costs		**(5,919)**	(4,437)	(21,358)
Impairment on investment in subsidiary		**-**	-	(18,683)
Group contribution		**-**	-	596
Result before tax		**(8,757)**	(5,629)	(43,953)
Income tax		**-**	-	-
Net and comprehensive result for the period		**(8,757)**	(5,629)	(43,953)

Parent Company Balance Sheet

(Expressed in thousands of Swedish Krona)	Note	31 March 2020	31 December 2019
Assets			
Non-current assets			
Investment in subsidiaries		**193,250**	192,468
Loans to subsidiaries		**403,839**	365,139
		597,089	557,607
Current assets			
Loans to subsidiaries – current		**3,689**	7,358
Accounts receivable and other		**485**	243
Restricted cash		**50**	50
Cash and cash equivalents		**126,639**	152,115
		130,863	159,766
Total Assets		**727,952**	717,373
Equity and Liabilities			
Restricted equity			
Share capital		**1,122**	1,113
Unrestricted equity			
Contributed surplus		**511,585**	504,682
Retained earnings		**(87,849)**	(79,092)
Total unrestricted equity		**423,736**	425,590
Total equity		**424,858**	426,703
Non-current liabilities			
Bonds Payable		**288,453**	286,037
Current liabilities			
Accounts payable and accrued liabilities		**14,641**	4,633
Total liabilities		**303,094**	290,670
Total Equity and Liabilities		**727,952**	717,373

Parent Company Statement of Changes in Equity

	Restricted equity	Unrestricted equity		
(Thousands of Swedish Krona)	**Share capital**	**Contributed surplus**	**Retained Earnings**	**Total Equity**
1 January 2019	**1,091**	**487,374**	**(35,139)**	**453,326**
Stock based compensation	-	1,955	-	1,955
Exercise of warrants and stock options (net of issue costs)	22	15,353	-	15,375
Result for the period	-	-	(43,953)	(43,953)
31 December 2019	**1,113**	**504,682**	**(79,092)**	**426,703**
Stock based compensation	-	782	-	782
Exercise of warrants (net of issue costs)	9	6,121	-	6,130
Result for the period	-	-	(8,757)	(8,757)
31 March 2020	**1,122**	**511,585**	**(87,849)**	**424,858**

Notes to the Condensed 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 head office is located at Strandvägen 5A, SE-114 51 Stockholm, Sweden. The Company's subsidiary, Maha Energy Inc., maintains its technical office at Suite 1140, 10201 Southport Road SW, Calgary, Alberta, Canada. The Company has an office in Rio de Janeiro, Brazil and operations offices in Newcastle, Wyoming, USA.

2. Basis of presentation

The 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.

These condensed consolidated financial statements are stated in thousands of US dollars (TUSD), 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 2019 have been used in the preparation of this report, except as identified in the *New and Revised Accounting Standards below*. Certain information and disclosures normally included in the notes to the annual Consolidated Financial Statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed consolidated financial statements should be read in conjunction with the annual Consolidated Financial Statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS as adopted by the European Union (EU).

Changes in Accounting Policies
In October 2018, the IASB issued amendments to IFRS 3 "Definition of a Business" that narrowed and clarified the definition of a business. The amendments permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments apply to business combinations after the date of adoption. The Company adopted the amendments on January 1, 2020.

In October 2018, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendments make minor changes to the definition of the term "material" and align the definition across all IFRS Standards. Materiality is used in making judgments related to the preparation of financial statements. The Company adopted the amendments on January 1, 2020.

Going Concern
The Company prepared these consolidated financial statements on a going concern basis, which contemplates the realization of assets and liabilities in the normal course of business as they become due.

3. Segment Information

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

(TUSD)	North America[4]	Brazil	Sweden	Other[5]	Consolidated
31 March 2020					
Revenue	-	11,207	-	-	**11,207**
Royalties	-	(1,530)	-	-	**(1,530)**
Production and operating	-	(1,819)	-	-	**(1,819)**
General and administration	(765)	(133)	(313)	-	**(1,211)**
Exploration and business development cost	(132)	-	-	-	**(132)**
Stock-based compensation	(81)	-	-	-	**(81)**
Depletion, depreciation and amortization	(17)	(1,115)	-	-	**(1,132)**
Foreign currency exchange loss (gain)	558	220	(123)	(775)	**(120)**
Operating results	**(437)**	**6,830**	**(436)**	**(775)**	**5,182**
Net finance costs	(3)	(566)	(613)	-	**(1,182)**
Current tax		(337)	-	-	**(337)**
Deferred tax	-	(472)	-	-	**(472)**
Net results	**(440)**	**5,455**	**(1,049)**	**(775)**	**3,191**

(TUSD)	North America	Brazil	Sweden	Other	Consolidated
31 March 2019					
Revenue	-	11,751	-	-	11,751
Royalties	-	(1,510)	-	-	(1,510)
Production and operating	-	(1,212)	-	-	(1,212)
General and administration	(755)	(406)	(163)	-	(1,324)
Exploration and business development cost	-	-	-	-	-
Stock-based compensation	-	-	(42)	-	(42)
Depletion, depreciation and amortization	(15)	(1,423)	-	-	(1,438)
Foreign currency exchange loss (gain)	290	(11)	8	(282)	5
Operating results	(480)	7,189	(197)	(282)	6,230
Net finance costs	(4)	(683)	(484)	-	(1,171)
Current tax	-	(520)	-	-	(520)
Deferred tax	-	(291)	-	-	(291)
Net results	(484)	5,695	(681)	(282)	4,248

All oil and gas revenue, operating expenses and depletion are from the Brazilian operations. The Company had two large customers during Q1 2020 (Q1 2019: two) that individually accounted for more than 10 percent of the Company's consolidated gross sales. Total sales to these customers were approximately USD $11.0 million (Q1 2019: $11.5 million), which are included in the Company's Brazil operating segment. Approximately, 57 percent of the total revenue is contracted with one customer in the Brazil segment. There were no intercompany sales or purchases of oil and gas during the period.

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[4] North America segment consists of Canada and USA.

[5] Other represents intercompany eliminations and consolidation adjustments.

4. Revenue

The Company's oil and gas sales revenues are predominantly derived from two major customers, under contracts based on floating prices utilizing the Brent oil benchmark adjusted for contracted discounts or premiums. For the Q1 2020, 100% (Q1 2019: 100%) of the Company's revenue resulted from oil and gas sales in Brazil.

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

TUSD	Q1 2020	Q1 2019
Crude oil	11,071	11,630
Natural gas	136	121
Total revenue from contracts with customers	**11,207**	**11,751**

The Company had no contract asset or liability balances during the period presented. As at 31 March 2020, accounts receivable included $1.3 million of accrued sales revenue which related to the first quarter 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. Other revenue is related to gas sales contract take-or-pay obligations.

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

5. Finance Costs

TUSD	Q1 2020	Q1 2019
Interest on bond payable (note 8)	931	981
Accretion of bond payable (note 8)	250	255
Accretion of decommissioning provision	33	27
Interest income and other	(32)	(92)
Total finance costs	**1,182**	**1,171**

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

(TUSD)	Oil and gas properties	Equipment and Other	Right-of-use assets	Total
Cost				
1 January 2019	**62,125**	**2,061**	**427**	**64,613**
Additions	24,615	118	413	25,146
Change in decommissioning cost	436	-	-	436
Currency translation adjustment	(3,259)	(16)	(27)	(3,302)
31 December 2019	**83,917**	**2,163**	**813**	**86,893**
Additions	6,014	8	-	6,022
Acquisition	4,411	-	-	4,411
Change in decommissioning cost	(128)	-	-	(128)
Currency translation adjustment	(19,519)	(121)	(183)	(19,823)
31 March 2020	**74,695**	**2,050**	**630**	**77,375**
Accumulated depletion, depreciation and amortization				
1 January 2019	**(4,919)**	**(433)**	**-**	**(5,352)**
DD&A	(5,178)	(288)	(204)	(5,670)
Currency translation adjustment	346	24	2	372
31 December 2019	**(9,751)**	**(697)**	**(202)**	**(10,650)**
DD&A	(1,163)	(14)	(48)	(1,225)
Currency translation adjustment	2,359	54	52	2,465
31 March 2020	**(8,555)**	**(657)**	**(198)**	**(9,410)**
Carrying amount				
31 December 2019	74,166	1,466	611	76,243
31 March 2020	**66,140**	**1,393**	**432**	**67,965**

Given the recent change in the overall business environment and current decrease in the global crude oil markets, at 31 March 2020, the Company identified an indication of impairment for all its cash generating units ("CGUs") and impairment tests were performed. The Company used appropriate externally available forward commodity price forecasts as at 31 March 2020, a future cost inflation factor of 2% per annum, production and cost profiles based on proved and probable reserves (2P reserves) as at 31 December 2019 and a discount rate of 10% to calculate the estimated future cash flows. As a result of the testing, the Company has determined the carrying value of all of its CGUs to be recoverable at 31 March 31 2020 and no impairments were recorded. Sensitivity scenarios were run and showed that a USD 2/bbl decrease in the oil price curve would result in no impairment and the use of a discount rate of 12% would result in no impairment.

Dome Acquisition

On 31 March 2020, the Company acquired certain oil producing assets in the Illinois Basin, USA, through the purchase of all outstanding shares in Dome AB Inc. ("Dome Acquisition") for cash consideration of USD $4.0 million and assumption of USD 0.25 million in current liabilities, subject to working capital adjustments. A future contingent consideration of USD 3.0 million is possible if certain oil prices and production level milestones are met before 2023. Maha and its subsidiaries are under no obligation to reach the production level set out for the production milestone. The acquisition resulted in an increase in Property, Plant and Equipment of approximately $4.4 million, and the assumption of $68 thousand in decommissioning liabilities. The assets acquired strengthened the Company's operating position in the United States of America ("USA").

As per IFRS 3, the Company applied the optional concentration test to the Dome Acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

7. Exploration and Evaluation Assets (E&E)

TUSD	
1 January 2019	**20,685**
Additions in the period	165
Change in estimates	(56)
Operating costs capitalized (net of Incidental revenue from sale of crude oil)	422
31 December 2019	**21,216**
Additions in the period	163
Incidental result from sale of crude oil	(64)
31 March 2020	**21,315**

8. Bond payable

	TUSD	**TSEK**
1 January 2019	**31,180**	**276,573**
Accretion of bond liability	1,001	9,464
Effect of currency translation	(1,560)	-
31 December 2019	**30,621**	**286,037**
Accretion of bond liability	250	2,416
Effect of currency translation	(1,777)	-
31 March 2020	**29,094**	**288,453**

For the first quarter 2020 Maha recognized TUSD 931 of interest and TUSD 250 of accretion related to the Bonds.

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

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

The next reference test date for the maintenance covenants is 31 March 2020 which is reported following the release of this report and within two months following such reference date. As at the last reference date of 31 December 2019, the Company was compliant with all bond covenants. Based on the reported results herein, the Company will be complaint with its bond covenants for the current period.

9. Decommissioning Provision

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

(TUSD)	
1 January 2019	**1,720**
Accretion expense	116
Additions	185
Change in estimate	194
Foreign exchange movement	(40)
31 December 2019	**2,175**
Accretion expense	33
Dome Acquisition (Note 6)	68
Change in estimate	(128)
Foreign exchange movement	(311)
31 March 2020	**1,837**

10. Share Capital

	Number of Shares by Class			
Shares outstanding	A	B	C2	Total
1 January 2019	**90,259,168**	**8,109,882**	**50,000**	**98,419,050**
Exercise of warrants	1,997,818	-	-	1,997,818
Conversion of convertible B shares	149,564	(149,564)	-	-
Exercise of Maha (Canada) options	50,000		(50,000)	-
31 December 2019	**92,456,550**	**7,960,318**	**-**	**100,416,868**
Exercise of warrants	827,500	-	-	827,500
Conversion of convertible B shares	1,381,671	(1381,671)	-	-
31 March 2020	**94,665,721**	**6,578,647**	**-**	**101,244,368**

Total outstanding warrants as at 31 March 2020 are Maha A TO2 share purchase warrants:

	Number of Warrants	Exercise Price	Exercise Price
	#	SEK	USD
1 January 2019	**13,350,000**	**7.45**	**0.84**
Exercised	(1,997,818)	7.45	0.78
31 December 2019	**11,352,182**	**7.45**	**0.80**
Exercised	(827,500)	7.45	0.78
31 March 2020	**10,524,682**	**7.45**	**0.75**

Warrant Incentive Program

The Company has an incentive program as part of the remuneration package for management and employees. 2019 incentive warrants were issued during the second quarter 2019. Issued but not allocated warrants are held by the Company. No incentive warrants were expired or exercised during the first quarter of 2020.

Warrants incentive programme	Exercise period	Exercise price, SEK	Number of warrants 1 Jan 2020	Issued 2020	Expired 2020	Exercised 2020	Cancelled 2020	**31 March 2020**
2017 incentive programme	1 June 2020 – 31 December 2020	7.00	750,000	-	-	-	-	**750,000**
2018 incentive programme	1 May 2021 – 30 November 2021	9.20	750,000	-	-	-	-	**750,000**
2019 incentive programme	1 June 2022 – 28 February 2023	28.10	500,000	-	-	-	-	**500,000**
Total			**2,000 ,000**	**-**	**-**	**-**	**-**	**2,000,000**

The dilution effect of the warrants of the in-the-money warrants are included in the weighted average number of shares after dilution which amounted to 107,699,502 for the first quarter 2020.

11. Financial assets and liabilities

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.

The Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are assessed on fair value hierarchy described above. The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to the short term to maturity of these instruments. The bonds are carried at amortized cost. For the disclosure purposes, the estimated fair values of the bonds have been determined based on the adjusted period-end trading prices of the bonds on the secondary market (Level 2). As at 31 March 2020, the carrying value of the Bonds was TUSD 29,094 and the fair value was TUSD 30,689 (31 December 2019: carrying value – TUSD 30,621; fair value – TUSD 34,519).

12. Management of financial risk

The Company thoroughly examines the various risks to which it is exposed and assesses the impact and likelihood of those risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. This approach actively addresses risk as an integral and continual part of decision making within the Company and is designed to ensure that all risk is identified, fully acknowledged, understood and communicated well in advance. Nevertheless, oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate or which are beyond the Company's control. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management.

A detailed analysis of Maha's operational, financial, and external risks and mitigation of those risks through risk management is described in Maha Energy's 2019 Annual Report. As the full extent of the risks surrounding the COVID-19 pandemic is continually evolving, the risks disclosed in our Annual Report for the year ended December 31, 2019 may be exacerbated as a result of the COVID-19 pandemic.

Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Corporation. The Company's policy is to limit credit risk by limiting the counterparties to major banks and oil and gas companies. Where it is determined that there is a credit risk for oil and gas sales, the policy is to require an irrevocable letter of credit for the full value of the sale or prepayment. The policy on joint operations parties is to rely on the provisions of the underlying joint operating agreements to take possession of the license or the joint operations partner's share of production for non-payment of cash calls or other amounts due.

The majority of the Company's oil and gas sales receivables are with the Brazilian national oil company and a small independent refinery called DAX Oil. Under the marketing agreement with Dax Oil, most of the oil sales are prepaid prior to delivery with occasional credit granted to maintain daily deliveries. In addition, the Company has made an arrangement with Dax Oil to accumulate an amount up to maximum of TUSD 900 in accounts receivable which is guaranteed through a performance Bonds issued by a local bonding company and is expected to be fully recoverable. As at 31 March 2020, TUSD 783 (31 December 2019 - TUSD 963) from Dax Oil were included in accounts receivables.

The Company's accounts receivable is composed of:

TUSD	**31 March 2020**	**31 December 2019**
Oil and gas sales	1,442	4,394
Tax credits and other receivables	923	345
	2,365	**4,739**

The decrease in commodity prices as a result of the COVID -19 pandemic can potentially increase the credit risk associated with the Company's customers. Maha continues to monitor the creditworthiness of customers to limit the exposure to this risk. There is no recent history of default and there are no expected losses. Maha considers the balance of accounts receivable to be collectible.

Other short-term receivables are considered recoverable as they are mainly related to taxes and employee advances. The Company's cash and cash equivalents are primarily held at large Canadian, Brazilian and Swedish financial institutions.

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 Bonds 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.

While the decrease in commodity prices as a result of the COVID-19 pandemic will negatively impact the Company's financial performance and position, and while the extent of this is currently unknown, the Company continuously ensures that sufficient cash balances are maintained in order to cover day to day operations and closely monitors its accounts receivables with customers. Management relies on cash forecasting to assess the Company's cash position based on expected future cash flows and to assess its ability to perform its contractual obligation. 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 8).

The Company has current assets of $24.3 million and positive cashflow which is considered sufficient to settle the current liabilities of $8.3 million. The Bonds are not due until May 29, 2021 and there is some risk at the time the Company either has insufficient funds to settle the principal amount of the Bonds or insufficient cashflow to successfully refinance/rollover the Bonds for an additional term.

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 31 March 2020, the Company's net working capital surplus was USD $16.0 million (31 December 2019: USD $23.3 million), which includes USD $19.2 million (31 December 2019: USD $22.5 million) of cash and USD $1.2 million (31 December 2019: $1.6 million) of restricted cash. The restricted cash relates to cash posted in Brazil to guarantee letters of credit for certain work commitments and support of abandonment guarantees.

The Company may adjust its capital structure by issuing new equity or debt and adjusting its capital expenditure program, as allowed pursuant to contracted work commitments. The Company considers its capital structure at this time to include shareholders' equity of USD $73.3 million (31 December 2019: USD $87.9 million). The Company does not have any externally imposed material capital requirements to which it is subject except for the Bond covenants (See Note 8). 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)	31 March 2020	31 December 2019
Change in:		
Accounts receivable	2,440	(619)
Inventory	75	(340)
Prepaid expenses and deposits	187	(569)
Accounts payable and accrued liabilities	(459)	812
Total	**2,243**	**(716)**

15. Pledged Assets

As at 31 March 2020, pledged assets are mainly a continuing security for the Senior Secured Bonds where Maha has entered into a pledge agreement. The pledge relates to the shares in its subsidiaries: Maha Energy 1 (Brazil) AB, Maha Energy 2 (Brazil) AB, Maha Energy Inc. and Maha Energy Finance (Luxembourg) S.A.R.L. The pledged assets for the parent company as at 31 March 2020 amounted to SEK 187.6 million (31 December 2019: SEK 186.2 million) representing the carrying value of the pledge over the shares of subsidiaries. The combined net asset value for the Group of the subsidiaries whose shares are pledged amounted to USD 71.1 million (31 December 2019: USD 83.6 million).

The Company also granted a charge against a term deposit in Brazil to guarantee certain financial instruments in relation to its work commitments (See 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). Work commitments in relation to these exploration blocks in Brazil have been recorded as long-term provisions and are guaranteed with certain credit instruments in place of approximately BRL 19.0 million ($3.6 million) and the remainder BRL 9.0 million ($1.7 million) are guaranteed by a term deposit of $1.2 million (2019: $1.6 million). This term deposit has been presented as restricted cash on the Statement of Financial Position. Change in the value of the restricted cash is mainly due to fluctuating foreign exchange impact.

During 2019, Maha received the pending environmental licenses on two of its concessions resulting in a requirement to fulfill its work commitments by the first quarter of 2021 or relinquish the blocks. 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.

As at 31 March 2020, as part of the Dome Acquisition (See Note 6), the Company acquired contractual commitments to drill one well and to complete a drilled but uncompleted well. This activity is scheduled for the third and fourth quarter of this year.

Maha Energy Brasil Ltda is a party to a tax reassessment concerning withholding income taxes on interest paid to its quota holder while under the previous ownership. Management, based on the opinion of its tax counsel, believes that the likelihood of a favourable outcome is more likely than not. Based on this analysis, no amount was accounted for as a contingent loss.

Key Financial Data

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

Financial data from continuing operations

TUSD	Q1 2020	Q1 2019
Revenue	11,207	11,751
Operating netback	7,858	9,029
EBITDA	6,434	7,663
Net result	3,191	4,248
Cash flow from operations	7,902	7,477

Capital structure

	Q1 2020	Q1 2019
Return on equity (%)	4	6
Equity ratio (%)	62	59
Net debt (TUSD)	9,908	10,218
NIBD/EBITDA	0.29	0.47
TIBD/EBITDA	0.86	1.39

Other

	Q1 2020	Q1 2019
Weighted number of shares (before dilution)	101,117,060	98,371,393
Weighted number of shares (after dilution)	107,699,502	106,746,433
Earnings per share before dilution, USD	0.03	0.04
Earnings per share after dilution, USD	0.03	0.04
Dividends paid per share	n/a	n/a

Key Ratio Definition

Return on equity:
Net result divided by ending equity balance

Equity ratio:
Total equity divided by the balance sheet total.

Net debt to EBITDA ratio (NIBD/EBITDA)
Net interest bearing debt divided by trailing 4 quarters EBITDA.

Total debt to EBITDA ratio (TIBD/EBITDA)
Total interest bearing debt divided by trailing 4 quarters EBITDA

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

Earnings per share fully diluted:
Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares after considering any dilution effect for the year.

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

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

Relevant reconciliation of Alternative Performance Measures:

Operating Netback

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

(TUSD)	**Q1 2020**	Q1 2019
Revenue	**11,207**	11,751
Royalties	**(1,530)**	(1,510)
Operating Expenses	**(1,819)**	(1,212)
Operating netback	**7,858**	9,029

EBITDA

Earnings before interest, taxes, depreciation and amortization and non-recurring items is used as a measure of the financial performance of the Company and is calculated as shown below:

(TUSD)	**Q1 2020**	**Q1 2019**
Operating results	5,182	6,230
Depletion, depreciation and amortization	1,132	1438
Foreign currency exchange loss / (gain)	120	(5)
EBITDA	**6,434**	**7,663**

Financial calendar

2020 Second Quarter: 24 August 2020
2020 Third Quarter: 23 November 2020
2020 Fourth Quarter: 26 February 2021

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