



Report for the
**Three and Twelve Months Ended
31 December 2018**

(org number: 559018-9543)



Highlights

(all amounts are in US dollars unless otherwise noted)

Fourth Quarter 2018

- Daily oil & gas production for the fourth quarter averaged 2,454 BOEPD (Q4 2017: 1,597 BOEPD). The Tartaruga Field was shut in during the fourth quarter as a result of ongoing drilling operations at 107D.
- Revenue of USD 12.6 million (Q4 2017: USD 6.9 million)
- EBITDA of USD 8.5 million (Q4 2017: USD 2.9 million)
- Net result for the period of USD 18.3 million, which includes USD 11.3 million of recognized deferred tax recovery and USD 0.8 million of other gains during the fourth quarter (Q4 2017: USD 2.5 million)
- Basic earnings per share of USD 0.19 (Q4 2017: USD 0.03)
- Diluted earnings per share of USD 0.17 (Q4 2017: USD 0.03)
- Operating netback of USD 9.4 million or USD 43.26 per barrel (Q4 2017: USD 4.6 million or USD 31.48 per barrel)
- Cash and cash equivalents balance of USD 20.3 million

Twelve Months Ended 31 December 2018

- Daily oil & gas production for the Twelve months 2018 averaged 1,804 BOEPD (2017: 917 BOEPD).
- Revenue of USD 38.1 million (2017: USD 14.6 million)
- EBITDA of USD 22.4 million (2017: USD 3.2 million)
- Net result for the period of 25.6 USD million which includes USD 11.3 million of recognized deferred tax recovery and USD 0.8 million of other gains during the fourth quarter (2017: USD -2.8 million)
- Basic earnings (loss) per share of USD 0.26 (2017: USD -0.03)
- Diluted earnings (loss) per share of USD 0.25 (2017: USD -0.03)
- Operating netback of USD 26.9 million or USD 41.57 per barrel (2017: USD 8.7 million or USD 26.73 per barrel)

FINANCIAL SUMMARY

<i>(TUSD, unless otherwise noted)</i>	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017 ¹	Twelve Months 2018	Twelve Months 2017
Net Daily Production (BOEPD)	2,454	1,565	1,429	1,762	1,597	1,804	917
Revenue	12,595	9,049	7,859	8,629	6,939	38,132	14,604
EBITDA	8,486	5,392	3,960	4,566	2,930	22,404	3,213
Net result for the period	18,267	3,213	1,859	2,306	2,482	25,645	(2,849)
Earnings (loss) per share (USD) – Basic	0.19	0.03	0.02	0.02	0.03	0.26	(0.03)
Earnings (loss) per share (USD) – Diluted	0.17	0.03	0.02	0.02	0.03	0.25	(0.03)
Cash and cash equivalents	20,255	22,292	20,914	22,779	18,729	20,255	18,729

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

Definitions

Abbreviations

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

Oil related terms and measurements

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

Gas to oil conversion

6,000 cubic feet = 1 barrel of oil equivalent

Letter to shareholders

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

I am proud to confirm that in Q4, Maha continues to build on its quarter to quarter very strong financial results. Q4 highlights include; exceptional progress in completing our 2018 Capital Program, and excellent net revenues notwithstanding a mild ‘roller coaster’ ride in oil prices.

Oil Price

Oil price peaked at USD 86/bbl (Brent) in early October, only to drop by 40% before the year end. This was followed by a New Year rebound and a currently stabilized price of about USD 62/bbl. Because of efficient operations and the quality of its reserves - at USD 60/bbl, Maha receives a strong USD 41.57/bbl Yearly average netback. Maha continues to be bullish on an oil price above USD 60/bbl (Brent) for the foreseeable future which, of course, compares favorably to the USD 50/bbl price in May, 2017, when Maha’s 300M SEK Bond was placed.

Tie Field Processing

I am grateful to our Production Operations team that has successfully increased the Tie Field processing capacity to 5000 BOPD by the 31st December, 2018 target date under budget- though some ongoing work remains such as installing a permanent 4-bay loading facility and two remaining oil storage tanks. This work will be completed shortly. Therefore, opposite to before, the Tie facility can now process more oil and gas than the Tie Field wells can **currently** produce and deliver.

Attic Well (Tie Field), GTE-3 Recompletion and Offtake

Expected oil production from drilling the now spudded Attic Well together with production from the two currently Tie producing wells GTE-3 and GTE-4 should fill this excess processing capacity. As the Attic Well is being drilled “up dip” of the ‘free flowing’ GTE-4 well, Maha has good reason to expect excellent results. Once the Attic Well is on production, further operations at GTE-3 will finish the work started last June by recompleting the comingled well to a dual producer for additional production. At that point - if all goes well - Tie Field will be able to deliver more oil than it can *currently* sell.

To that end, Maha’s commercial team in Brazil and Canada has been busy securing additional offtake arrangements (over and above the current 4100 BOPD) and is confident there will be a ‘home’ for up to 5000 BOPD of Tie Field production in the very near future.

7TTG Workover (Tartaruga)

The 7TTG Workover was completed quickly after the drilling rig was moved from the 107 D location and the 3-1/2” stuck tubing was fished out of the hole. A new and dedicated jet pump has now been installed that is currently cleaning stimulation fluids from the formation.

Prior to the Workover, 7TTG produced about 190 BOPD from the P6 zone using a surface jet pump that was shared with its sister well, 107D. Two new zones (P4 and the newly stimulated P1) have now been opened for production in addition to the existing P6 zone. The results from this operation are eagerly awaited. Once the above clean-up is complete, the 7TTG will be returned to production.

107D Well Testing (Tartaruga)

For those of you that have followed our news over the last 6 months, you know the 107D Well was an exercise in perseverance, endurance and self-belief for our drilling team. Despite multiple stuck pipe incidents caused by an unstable formation above the reservoir, a 500 m. horizontal hole was drilled through the productive P1 zone proving; a). the continued lateral extent of the P1 formation and b). the successful applicability of horizontal drilling at Tartaruga. We are currently mobilizing special slim-hole perforating equipment to perforate the 3-1/2” liner before we can production test this well.

Tartaruga Field Processing and Operations

At the Tartaruga Field, the correct sizing of processing equipment is dependent on liquid and gas throughput. Maha knows it will initially be constrained by the ability to process gas produced in association with oil at the field. To that end, Maha is working with a Brazilian contractor that will convert the associated gas to electricity. Required environmental licenses to proceed with the installation of gas to wire equipment were obtained during the quarter. As soon as Maha ascertains the expected production levels for the 107D and 7TTG Wells (above) it will design and upgrade the Tartaruga plant to handle the expected increases in production from the current production capability of +/- 500 bbl/d.

LAK Field Update

At the LAK Field, weather and staffing related issues have prevented Maha from bringing the newly drilled horizontals on production. The crew at LAK are currently working to commence production and injection before the end of the first quarter of 2019 with a goal of “proving up” the technology can create cashflow positive operations at LAK which could then, in turn, lead to a full field development.

Reserves

Industry Standard Reserve definitions and procedures that Chapman Petroleum Engineering Ltd. apply required a periodic economic and technical evaluation of the LAK technology implementation. As reported, this resulted in LAK’s probable reserves being downgraded by 4.7 million barrels this year.

The Company’s decision to accelerate the development plan at Tartaruga Field resulted in 3.1 million barrels of reserves being migrated from 3P Possible Reserves to 2P Probable reserves for an overall Companywide reduction in 2P reserves of about 5%. As the new drilling results from the 2018 Capital program were not available this year other expected increases in proven reserves were not recorded in 2018 but should appear in 2019. Total production volumes for 2018 were 647,607 BOE’s- about 5% of Maha’s proven reserves.

I continue to be grateful for all the support and encouraging e-mails we receive from our extended family of “Maha Investors”. 2019 is shaping up to be a great year for Maha.

“Jonas Lindvall”
Managing Director

Financial Report for the Fourth Quarter ended December 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 was located at Biblioteksgatan 1, 4th floor, 111 46 Stockholm, Sweden until 31 December 2018. Beginning 1 January 2019, the Company’s head office is located at Strandvagan 5A, SE-114 51 Stockholm, Sweden. The Company maintains a technical support office at Suite 1140, 10201 Southport Road SW, Calgary, Alberta, Canada T2W 4X9, has an office in Rio de Janeiro, Brazil and operational 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	Concession name	Maha Working Interest (%)	Status	Area (acres)	BOEPD ⁽²⁾	Partner
USA	LAK Ranch	99%	Pre-Production	6,475	29	SEC (1%)
Brazil	Tartaruga	75%	Producing	13,201	-	Petrobras (25%)
Brazil	Tie	100%	Producing	1,511	2,426	
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 (“Tie Field Acquisition”). 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

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

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° API oil production is from two, separate, sandstone units called the Agua Grande and Sergi formations.

Plans are far advanced to increase production from the Tie Field. 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 of up to 4,100 bopd have been implemented to allow for the additional oil and associated gas to be sold on the local market. The Company continues to work on increasing further its offtake capacity. 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.

During the third quarter of 2018, the GTE-3 well (a previously shut in well) was recompleted with a newly acquired jet pump installed adding about 900 bopd to the Tie Field production. The well is currently producing from both zones (Sergi and Agua Grande) since September 2018. Both zones will be placed on independent production at a future time when production disruption can be minimized. GTE-4 continues to free flow and is enjoying the effects of water injection. Current production from GTE-4 Agua Grande and Sergi formations is approximately 1,500 bopd.

With the completion of facilities upgrades, the Tie Field is currently capable of handling and storing 5,000 bopd and associated natural gas.

Attic Well

On February 18, 2019 the Attic Well was spudded and is expected to take between 30 to 60 days to drill, test and complete. This well will complete the producing Agua Grande and Sergi formations at a crestal position of the producing Tie Field. An additional objective of the Attic well is to penetrate the previously undrilled Boipeba formation. The Boipeba formation is a three-way closed fault bounded structure that has not been explored at the Tie Field previously.

Average production from the Tie Field during the fourth quarter of 2018 was 2,263 BOPD and 980 MSCFPD of gas.

Tartaruga Field

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.

The Company commenced a significant work program which includes the re-entry and recompletion of the 7TTG producing well along with the re-entry and horizontal sidetrack drilling of the 107D well. As stated in prior reports, the multiple stacked Penedo sandstone are likely to respond well to horizontal drilling and hydraulic stimulation. To that end, work planned for Tartaruga included both hydraulic stimulation of the existing 7TTG well and the horizontal side-tracking of the 107D well. In both cases, the very productive Penedo 1 sandstone layer is being targeted. In the 7TTG well the Penedo 1 sandstone has never been produced. The work planned for both producing wells are expected to significantly increase productivity of the Tartaruga Field. Associated gas is 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 by a local contractor.

As both wells on the Tartaruga Field are located on a production pad with only 7-meter distance between wellheads, both wells are required to be shut in during the well operations on Tartaruga. Longer than expected rig mobilization times to site and rig power plant issues have had a knock-on effect delaying the resumption of production from the Tartaruga Field. Subsequent to yearend, this work has been substantially completed.

107D Sidetrack

In the 107D well, a horizontal well was drilled from the existing well location by re-entering the existing wellbore. Drilling of the 107D horizontal sidetrack was completed on December 18, 2018 and encountered positive oil and gas shows in the Penedo-1 sandstone confirming the Company's expectation that by horizontally drilling into the Penedo sands a much wider productive area can be accessed than the previous wells which should result in higher production rates.

Preparations are currently underway to selectively perforate the lined section of the horizontal and then complete the well using a dedicated jet pump. Because of the reduction in liner size, a non-standard perforating string will have to be mobilized which will require some specialty equipment and additional planning. In the meantime, the rig was moved to the adjacent 7TTG (see below).

7TTG Workover

The workover to recomplete the 7TTG well with larger tubing and a dedicated jet pump was originally planned for mid-2018, but a stuck 3-1/2" tubing prevented the work to be completed due to workover rig limitations. Following the completion of drilling operations at 107D this larger rig was mobilized and the fishing of the stuck tubing was successfully completed. The 7TTG workover is now complete. The P1 and P4 zones have been perforated and the P1 zone stimulated. The well has now been completed with a 2-7/8" dedicated jet pump and the immediate plan is to clean the well up and return it to production. Once clean-up operations are completed and the well is stable, production results of this test will be communicated.

Upon completion of the 107D production tests, the Tartaruga production facilities will be upgraded to handle the expected increase in production from the 107D and 7TTG wells

Average net production from the Tartaruga Field during the fourth quarter of 2018 was down to nil BOPD, as a result of the above work.

USA

The Company owns and operates a 99% working interest in the LAK Ranch oil field, located on the eastern edge of the multi-billion barrel Powder River Basin in Wyoming, USA.

The crude oil density produced from the LAK area is 19° API. Since the purchase of this field in 2013, the Company has been evaluating different oil recovery mechanisms and is currently working towards a staged full field development using a hot water injection scheme. Multiple attempts have been made on the field since its discovery in the 1960's, including cyclic steam, steam assisted gravity drainage and solvent injection. Maha has determined through drilling results, core analysis, and computer aided modelling, core tests and field pilot tests that a simple water flood using hot water produces the best economic results. Hence, as at 31 December 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 royalties and operating costs, net of revenues, since the commencement of operations have been capitalized as part of exploration and evaluation costs.

During the fourth quarter of 2018, the Company generated incidental revenue from LAK Ranch of TUSD 109, on average sales volume of 29 bopd, compared with TUSD 96 of revenue during the fourth quarter of 2017 from an average sales volume of 20 bopd.

Phase 3 of Development Plan

The Capstar #302 Drilling Rig was mobilized on 20 September 2018 to the LAK Ranch oil field. The first of 8 wells was spudded on 21 September 2018. The 8 well drilling program (including 2 horizontal and 6 injector wells) is now complete with all 8 wells having been drilled and completed. The Drilling Rig was demobilized on 3 November 2018

and the program was completed 2 weeks ahead of schedule and within budget. Operations will now be focused on tying-in these new wells to the facilities and commencing production and injection operations during Q1 2019.

Production

	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Delivered Oil (Barrels) ³	210,786	133,619	609,087	310,479
Delivered Gas (MSCF)	90,117	79,828	296,189	144,602
Delivered Oil & Gas (BOE) ⁴	225,806	146,924	658,452	334,579
Daily Volume (BOEPD)	2,454	1,597	1,804	917

Production volumes shown are net working interest volumes before government and freehold royalties. Approximately 90% of Maha's oil equivalent production is crude oil.

Average daily production volumes increased by 54% during the fourth quarter 2018 as compared to the fourth quarter 2017 despite Tartaruga production shut in during the quarter. This increase is mainly attributed to the recompletion of GTE-3 well in the Tie field and bringing it back on production.

Revenue

<i>(TUSD, unless otherwise noted)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Oil and Gas revenue	12,595	6,939	38,132	14,604
Sales volume (BOE)	218,123	145,991	647,607	325,320
Oil realized price (USD/bbl)	60.92	51.77	63.18	47.94
Gas realized price (USD/MSCF)	1.61	1.06	1.17	1.22
Equivalent oil realized price (USD/BOE)	57.74	47.53	58.88	44.89
Reference oil price – Brent (USD/bbl)	67.71	61.46	71.06	54.74

Total revenue was TUSD 12,595 for the fourth quarter of 2018 and 82% higher as compared to TUSD 6,939 for the fourth quarter 2017. The significant revenue increase was mainly due to 49% higher sales volumes in the fourth quarter 2018 combined with higher realized prices as compared to the fourth quarter of 2017.

LAK Ranch production volumes are excluded from revenue as it is still in pre-production stage and represented 2,623 barrels for the fourth quarter of 2018 (1,850 barrels for the fourth quarter of 2017).

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

Tie Field crude oil

Crude oil from the Tie Field is sold to Petrobras and a nearby refinery. For crude oil sold to the refinery, the current discount is USD 8/bbl. Effective April 1 2018, crude oil sold from the Tie Field to Petrobras is at a discount to Brent oil price of USD 5.42/bbl plus an additional 2.6% discount on the net price (previously USD 8.48/bbl).

Tartaruga Field crude oil

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

³ Includes 2,623 bbls from LAK Ranch Oil delivered during the period

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

Royalties

<i>(TUSD, unless otherwise noted)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Royalties	1,624	978	4,805	2,217
Per unit (USD/BOE)	7.44	6.70	7.42	6.81
Royalties as a % of revenue	12.9%	14.1%	12.6%	15.2%

Royalty expense was TUSD 1,624 (12.9%) for the fourth quarter 2018 as compared to TUSD 978 (14.1%) for the same period in 2017. Royalty expense on a percentage basis is lower than the comparative period as higher royalty-rated Tartaruga production was shut in during the quarter. Tie field royalties are cash royalties based on the realized price therefore higher revenue during the fourth quarter 2018 resulted in a higher royalty expense as compared to the fourth quarter of 2017. The fourth quarter of 2017 reflects royalties for both Tie and Tartaruga fields.

Production Expense

<i>(TUSD, unless otherwise noted)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Production costs	1,232	1,121	5,468	3,069
Transportation costs	303	244	942	623
Total Production expense	1,535	1,365	6,410	3,692
Per unit (USD/BOE)	7.04	9.35	9.89	11.35

Production expenses for the fourth quarter 2018 were higher than the comparable period but lower on a per BOE basis as a result of higher sales volumes in the fourth quarter of 2018. Production expenses for the twelve month period were higher in 2018 as the Tie Field Acquisition occurred at the start of Q3 of 2017, but lower on a per BOE basis on higher sales volumes for the twelve months ended 31 December 2018. Excluding transportation, the majority of production costs are fixed resulting in lower production costs on a per BOE basis as production increases.

Netback

<i>(TUSD, unless otherwise noted)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Operating Netback	9,436	4,596	26,917	8,695
Netback (USD/BOE)	43.26	31.48	41.57	26.73

Operating netback is calculated as revenue less royalties and production expenses. For the three and twelve months ended 31 December 2018 operating netbacks on a per BOE basis were higher against the comparable periods by 37% and 55% respectively, mainly as a result of increased realized oil prices and lower per BOE production expense in 2018.

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

General and Administration expenses (“G&A”)

<i>(TUSD, unless otherwise noted)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
G&A	899	1,440	4,222	5,257
G&A (USD/BOE)	4.12	9.87	6.52	16.16

Lower G&A expenses of TUSD 899 for the fourth quarter 2018 versus the comparable period reflects results from measures implemented towards increasing synergies and efficiencies following the Brazil acquisitions during 2017. In addition, higher G&A amounts have been capitalized as part of property, plant and equipment versus the comparable period as a result of higher capital activity in 2018.

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

<i>(TUSD, unless otherwise noted)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
DD&A	1,431	-48	3,762	2,091
DD&A (USD/boe)	6.56	-0.33	5.81	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 capital spending and reserves additions for the period.

DD&A for the fourth quarter 2018 amounted to TUSD 1,431 (Q4 2017: TUSD -48) at an average rate of USD 6.56 per BOE (Q4 2017: USD -0.33 per BOE). DD&A for the fourth quarter 2018 is higher than the comparable period due to higher production in the fourth quarter of 2018. In addition, Company’s depletion rate on a USD/BOE basis increased in the fourth quarter of 2018 as a result of a proportionally higher depletable base in relation to the increase of the oil and gas reserves in Brazil.

Net financial items

Net finance expense amounted to USD 1.2 million (Q4 2017: 1.2 million) for the fourth quarter of 2018. Included in the net finance expense is interest expense of USD 1.0 million (Q4 2017: 1.0 million) on the Senior Secured Bond issued on May 29, 2017 and accretion of the bond payable discount of TUSD 256 (Q4 2017: TUSD 263) for the fourth quarter of 2018. Accretion of the discount rate on the decommissioning liabilities provision amounted to TUSD 25 (Q4 2017: TUSD -13).

Gain on contractual liabilities

Gain of TUSD 822 represents reversal of provisions recorded during the acquisition of the Brazilian business unit of Gran Tierra Energy Inc. in July 2017. The Company was able to negotiate and terminate a contingency payment in relation to meeting certain operational milestones as per the original agreement with prior block owner. In addition, the Company revalued the provision for contractors’ liabilities in Brazil which had an adjustment due to a statute of limitations.

Income Taxes – Deferred income tax recovery provision

During the quarter the Company determined that there is a reasonable certainty that it will be able to recover previously unrecorded tax assets associated with the Tie Field and recorded a deferred tax recovery of TUSD

11,259. The Company has not recorded deferred tax assets in respect of any of its other operations. The deferred tax asset has arisen primarily as a result of estimated tax loss carry-forwards of BRL 196 million (USD \$51.6 million) and certain deductible temporary differences which can be used in future years to reduce future taxable income (up to 30% of the yearly taxable income) in the Tie Field.

Share data

As at 31 December 2018 the Company had 98,369,050 shares outstanding of which 90,259,168 were class A shares and 8,109,882 were class B shares. In addition, there were 50,000 convertible class C2 shares. In the event that the existing Maha (Canada) stock options and warrants are exercised these will be redeemed and exchanged for Maha Energy AB class A shares.

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, 2018 at the pre-determined strike price of SEK 6.40 per share representing approximately one fourth 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 (USD 1.5 million) before issuance costs.

During the second quarter of 2018, prior to the expiration of 898,000 C2 options, 640,211 options were exercised for which same number of Class A shares were registered and issued and remainder of the 257,789 options were cancelled.

During the third quarter, 299,563 Class A shares were issued resulting from 200,000 options exercised and 99,563 Class B shares converted.

During the fourth quarter additional 298,476 Class A shares were issued upon exercise of the C2 options and 251,524 options are in the process of being cancelled.

Liquidity and capital resources

As at 31 December 2018, the Company had current assets of \$28.2 million comprised primarily of cash and cash equivalents, accounts receivable and prepaid expenses and deposits. The Company had current liabilities of \$8.9 million resulting in net working capital of \$19.3 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, operating and financing activities. Material increases or decreases in the Company's liquidity may be substantially determined by the success or failure of its development activities, as well as its continued ability to raise capital or debt. Additional information on financial risks identified by the Company are presented in note 13 to the Consolidated Financial Statements.

Legal matters

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

Health, Safety and the Environmental (“HSE”)

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

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

Corporate Governance and Sustainability

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

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

More information on Corporate Governance can be found in Maha’s Corporate Governance Report in the 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 Gran 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 fourth quarter 2018 amounted to TSEK -12,189 (Q4 2017: TSEK -5,484). The result includes general and administrative expenses of TSEK 1,002 (Q4 2017: TSEK 1,063) and net finance costs of TSEK 11,030 (Q4 2017: TSEK 2,019). Net finance cost is higher as compared to prior year due to the interest income on certain subsidiaries loans. These loans were subsequently amended to non-interest bearing loan therefore no interest income was netted in current year’s finance cost.

Related Party Transactions

The Company did not enter into any transactions with related parties during the fourth quarter and twelve months of 2018.

Subsequent Events

There are no subsequent events to report.

The financial information relating to the fourth quarter and Twelve-month period ended 31 December 2018 has not been subject to review by the auditors of the Company.

Approved by the Board

``Jonas Lindvall``
Jonas Lindvall, Director

``Wayne Thomson``
Wayne Thomson, Director

Maha Energy AB
Condensed Consolidated Statement of Operations

<i>(TUSD) except per share amounts</i>	Note	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Revenue					
Oil and gas sales	5	12,595	6,939	38,132	14,604
Royalties		(1,624)	(978)	(4,805)	(2,217)
		10,971	5,961	33,327	12,387
Expenses					
Production and transportation		(1,535)	(1,365)	(6,410)	(3,692)
General and administration		(899)	(1,440)	(4,222)	(5,257)
Stock-based compensation	11	(51)	(36)	(217)	(35)
Depletion, depreciation and amortization	9	(1,431)	48	(3,762)	(2,091)
Financial instruments	13	-	(190)	(74)	(190)
Foreign currency exchange gain (loss)		329	773	347	(112)
		(3,587)	(2,210)	(14,338)	(11,377)
Operating result		7,384	3,751	18,989	1,010
Net finance costs	6	(1,179)	(1,179)	(4,715)	(3,188)
Transaction costs		-	(30)	-	(361)
Gain on contractual liabilities		822	-	822	-
Result before tax		7,027	2,542	15,096	(2,539)
Income tax	7	11,240	(60)	10,549	(256)
Net result from continuing operations		18,267	2,482	25,645	(2,795)
Discontinued operations					
Loss on disposition – Canadian assets		-	-	-	(54)
Net result for the period		18,267	2,482	25,645	(2,849)
Earnings per share basic					
From continuing and discontinued operations		0.19	0.03	0.26	(0.03)
Earnings per share fully diluted					
From continuing and discontinued operations		0.17	0.03	0.25	(0.03)
Weighted average number of shares:					
Before dilution		98,154,135	95,155,646	97,630,200	86,648,281
After dilution		105,202,009	95,553,145	102,199,428	86,648,281

Maha Energy AB
Condensed Consolidated Statement of Comprehensive Result

<i>(TUSD)</i>	Note	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Net Result for the period		18,267	2,482	25,645	(2,849)
Exchange differences on translation of foreign operations	2	2,500	(678)	(6,511)	(621)
Comprehensive result for the period		20,767	1,804	19,134	(3,470)

Maha Energy AB
Condensed Consolidated Balance Sheet

			Restated (See Note 3)
<i>(Thousands of US dollars)</i>	Note	December 31, 2018	December 31, 2017
ASSETS			
Non-current assets			
Exploration and evaluation assets	8	20,685	17,789
Property, plant and equipment	9	58,834	54,326
Deferred tax assets	7	11,259	-
Performance bonds and others		177	176
Total non-current assets		90,955	72,291
Current assets			
Financial derivative instruments	13	-	141
Crude oil inventory		57	314
Prepaid expenses and deposits		686	753
Accounts receivable	13	4,368	2,229
Restricted cash	17	2,804	3,037
Cash and cash equivalents		20,255	18,729
Total current assets		28,170	25,203
TOTAL ASSETS		119,125	97,494
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity	11	69,274	48,201
Non-current liabilities			
Bond payable	12	31,180	32,678
Decommissioning provision	10	1,720	1,849
Other long-term liabilities and provisions	3,17	8,093	7,384
Total non-current liabilities		40,993	41,911
Current liabilities			
Accounts payable		4,029	3,503
Accrued liabilities and other		4,829	3,879
Total current liabilities		8,858	7,382
Total liabilities		49,851	49,293
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		119,125	97,494

Maha Energy AB
Condensed Consolidated Statement of Cash Flows

<i>(TUSD)</i>	Note	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Cash flow from operations					
Net result from continuing operations		18,267	2,482	25,645	(2,795)
Add back:					
Stock based compensation	11	51	36	217	35
Depletion, depreciation and amortization	9	1,431	(48)	3,762	2,091
Accretion of decommissioning provision	10	25	(18)	102	75
Accretion of bond payable	12	256	263	1,052	607
Deferred tax		(11,259)	-	(11,259)	-
Interest expense	6	992	1,049	4,138	2,493
Financial derivative instruments	13	-	186	139	186
Unrealized foreign exchange amounts		1,323	(673)	1,797	(142)
Interest paid (net of interest received)		(1,894)	(2,043)	(3,384)	(2,153)
Tax paid		244	(245)	(447)	(245)
Changes in working capital	15	(4,288)	(2,525)	(3,419)	(1,556)
Cash flow from operations		5,148	(1,536)	18,343	(1,294)
Investing activities					
Corporate acquisition – Tartaruga	3	-	-	-	(290)
Corporate acquisition – Tie Field	3	-	6,072	-	(33,087)
Proceeds on sale of Canadian assets		-	78	-	229
Additions to property, plant and equipment	9	(5,374)	(1,193)	(12,767)	(2,113)
Additions of exploration and evaluation assets	8	(2,026)	(165)	(2,774)	(615)
Restricted cash		(215)	(3,037)	(215)	(3,037)
Purchase of performance bonds		-	-	-	(25)
Cash flow from investment activities		(7,615)	1,755	(15,756)	(38,938)
Financing activity activities					
Issue of shares, net of share issue costs	11	(27)	12	1,469	18,266
Issue of bonds, net of financing costs	12	-	-	-	32,625
Exercise of stock options	11	-	-	252	-
Cash flow from financing activities		(27)	12	1,721	50,891
Foreign exchange on cash and cash equivalents		457	126	(2,782)	1,312
Change in cash and cash equivalents		(2,037)	357	1,526	11,971
Cash and cash equivalents, beginning of period		22,292	18,372	18,729	6,758
Cash and cash equivalents, end of period		20,255	18,729	20,255	18,729

Maha Energy AB
Condensed Consolidated Statement of Changes in Equity

<i>(TUSD)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained (Deficit) Earnings	Total Shareholders' Equity
Balance at 1 January 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 31 December 2017	117	61,073	(1,359)	(11,630)	48,201
Comprehensive result					
Result for the period	-	-	-	25,645	25,645
Currency translation difference	-	-	(6,511)	-	(6,511)
Total comprehensive result	-	-	(6,511)	25,645	19,134
Transactions with owners					
Share issue cost	-	(64)	-	-	(64)
Stock based compensation	-	217	-	-	217
Exercise of warrants and options	3	1,783	-	-	1,786
Total transactions with owners	3	1,936	-	-	1,939
Balance at 31 December 2018	120	63,009	(7,870)	14,015	69,274

Parent Company Statement of Operations

<i>(Thousands of Swedish Krona)</i>		Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Revenue		-	-	-	-
Expenses					
General and administrative		(1,002)	(1,063)	(3,655)	(7,070)
Stock-based compensation	11	(468)	(306)	(1,889)	(416)
Financial derivative instruments	13	-	(1,621)	(618)	(1,621)
Foreign currency exchange gain(loss)		311	(475)	5,096	(3,951)
Operating result		(1,159)	(3,465)	(1,066)	(13,058)
Net finance costs		(11,030)	(2,019)	(44,970)	(8,513)
Transaction costs		-	-	-	(1,846)
Result before tax		(12,189)	(5,484)	(46,036)	(23,417)
Income tax		-	-	-	-
Net Result for the period		(12,189)	(5,484)	(46,036)	(23,417)

Parent Company Balance Sheet

<i>(Thousands of Swedish Krona)</i>	31 December 2018	31 December 2017
Assets		
Non-current assets		
Investment in subsidiaries	183,640	183,640
Loans to subsidiaries	375,395	408,226
	559,035	591,866
Current assets		
Loans to subsidiaries	-	22,407
Financial Instruments	-	620
Accounts receivable and other	170	230
Restricted cash	50	-
Cash and cash equivalents	138,598	103,294
	138,818	126,551
Total Assets	697,853	718,417
Shareholders' Equity and Liabilities		
Shareholders' Equity	417,378	446,562
Non-current liabilities		
Bond Payable	276,573	267,423
Current liabilities		
Accounts payable and accrued liabilities	3,902	4,432
Total liabilities	280,475	271,855
Total Equity and Liabilities	697,853	718,417

Parent Company Statement of Changes in Equity

	Restricted equity	Unrestricted equity		
<i>(Thousands of Swedish Krona)</i>	Share capital	Contributed surplus	Retained Earnings	Total Equity
Balance at 1 January 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 31 December 2017	1,068	470,545	(25,051)	446,562
Share issue costs	-	(571)	-	(571)
Stock based compensation	-	1,889	-	1,889
Exercise of warrants and stock options	23	15,511	-	15,534
Result for the period	-	-	(46,036)	(46,036)
Balance at 31 December 2018	1,091	487,374	(71,087)	417,378

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 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 was located at Biblioteksgatan 1, 4th floor, 111 46 Stockholm, Sweden until 31 December 2018. Subsequent to yearend, the new head office is located at Strandvagan 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 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 consolidated financial statements are stated in thousands of US dollars (USD), unless otherwise noted, and have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value.

The accounting principles as described in the Annual Report 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 replaced the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 has come into effect with effective date 1 January 2018. The Company has adopted IFRS 9 and applied it on a retrospective basis. The application of IFRS 9 has not resulted in any difference between the previous carrying amounts and the carrying amounts at the date of the initial application of IFRS 9.

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 replaced IAS 11 and IAS 18 and is effective for annual periods beginning on or after January 1, 2018. 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. The Company has developed a plan to identify and review its various lease agreements in order to determine the

impact that the adoption of IFRS 16 will have on the consolidated financial statements. The Company is currently in the process of reviewing and analyzing the contracts that fall into the scope. The full impact on the consolidated financial statements will be determined upon the adoption of the new standard.

Going Concern

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

Presentation and Functional Currency

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

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

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

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

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

3. 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 and the assumption of approximately \$11 million in Government Guarantees and Letters of Credit.

The Tie Field Acquisition was accounted for as a business combination in accordance with IFRS 3, Business Combinations, using the acquisition method of accounting whereby identifiable assets acquired and liabilities assumed were recorded at fair value and the results were included with those of Maha from that date. Fair value estimates were made based on significant unobservable (Level 3) inputs and based on the best information available at the time.

At 31 December 2017, the Company’s allocation of the purchase price was based on their best estimate of fair value of assets acquired and liabilities assumed. The Company had not yet completed its fair value assessment on the following areas: 1) Upside potential of the Tie field and other exploration blocks held by the Company; 2) The Company’s intention to pursue activities in the exploration blocks held subject to the finalization of the assessment of the related upside potential; and 3) Fair value of contingent liabilities acquired. As permitted by IFRS 3, the fair values assessment was ongoing in the measurement period which concluded on July 1, 2018.

The table below reflect the final purchase price allocation which gives effect to both a fair value adjustment and a correction of an error identified in 2018; details of which are included below.

(TUSD)

Cash Consideration	36,520
Cash	3,432
Accounts receivable	598
Inventory and materials	63
Prepaid and others	195
Property, plant and equipment	45,513
Accounts payable and accrued liabilities	(4,735)
Taxes payable	(184)
Decommissioning provision	(978)
Other long-term liabilities and provisions	(7,384)
Net assets acquired	36,520
Cash acquired	(3,432)
Consideration, net of cash acquired	33,088

During the second quarter of 2018, a measurement period adjustment was made which resulted in the following changes to the preliminary purchase price allocation (“PPA”). The following table summarizes the change between the preliminary purchase price allocation as reported in the Consolidated Notes to the Financial statements for the year ended December 31, 2017 and the final PPA as determined during the measurement period falling during the year ended December 31, 2018.

Purchase Price (TUSD)	Preliminary purchase price allocation	Fair value adjustment	Correction fair value	Final purchase price allocation
Cash	3,432	-	-	3,432
Accounts receivable	598	-	-	598
Inventory and materials	63	-	-	63
Prepaid and others	195	-	-	195
Property, plant and equipment ⁽¹⁾	38,465	7,048	-	45,513
Accounts payable and accrued liabilities ⁽²⁾	(5,071)	336	-	(4,735)
Taxes payable	(184)	-	-	(184)
Decommissioning provision	(978)	-	-	(978)
Other long-term liabilities and provisions ^{(3) (4)}	-	(5,909)	(1,475)	(7,384)
Net assets acquired	36,520	1,475	(1,475)	36,520

⁽¹⁾ Property, plant and equipment (PP&E) fair value adjustments resulted mainly from identification of fair value assigned to the probable reserves reflecting the upside potential on the Tie field. Preliminary PP&E fair value assessed at the time of acquisition consisted of discounted cash flows based on proved reserves that existed at acquisition date as an assessment was ongoing on the upside potential of wells acquired. Following further evaluation of existing facility handling capacity and upside potential of probable reserves, fair value was assigned to a portion of the probable reserves that existed at the acquisition date which resulted in the higher fair value of the PP&E acquired.

⁽²⁾ Revision of estimates during the measurement period relating to overstatement of certain accrued liabilities.

⁽³⁾ Other long-term liabilities and provision fair value adjustment resulted mainly from fair value assignment to certain long-term provisions relating to the minimum work commitments acquired on exploration blocks held by Gran Tierra Energy Inc. The Company's assessment of the upside potential in these blocks was ongoing at December 31, 2017. During 2017, the Company continued fact gathering and studying the blocks to accurately assign a fair value. During 2018, the upside potential for these blocks was lowered given restrictions around the availability of certain technologies and equipment in Brazil and the accessibility to capital for pure exploration plays. As such, the Company has estimated the fair value of the minimum work commitments on a discounted cash flow basis, using an estimate of timing of expected inflation adjusted cash flows discounted. This calculation is subject to measurement uncertainty given the use of judgement about timing of cash flows and the probability assigned to the fulfilment of the commitments in these blocks.

⁽⁴⁾ During 2018, Management identified an error in the calculation used by the prior owner to compute the fair value of labour claims acquired. The known and identified claims did not change. The fair value calculation was adjusted for inflation and interest rate application to July 1, 2017, acquisition date, as is required by Brazilian labour law.

These fair value adjustments were applied retrospectively in accordance with IFRS 3 and resulted in 2017 Consolidated Balance Sheet being restated as detailed below:

(TUSD)	Q4 2017 (previously reported)	Adjustment	Q4 2017 (restated)
Property, plant and equipment	47,278	7,048	54,326
Accounts payable and accrued liabilities	7,718	(336)	7,382
Other long-term liabilities and provisions	-	7,384	7,384

The Company did not restate the comparative Consolidated Statement of Operations as the impact on the depletion expense from the restatement of PPE was considered not material. There was no impact on the Consolidated Statement of Cash Flows.

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
31 December 2018					
Revenue	-	-	38,132	-	38,132
Royalties	-	-	4,805	-	4,805
Production and operating	-	-	6,410	-	6,410
General and administration	2,147	160	1,495	420	4,222
Stock-based compensation	-	-	-	217	217
Depletion, depreciation and amortization	12	45	3,705	-	3,762
Financial derivative instruments	-	-	-	74	74
Foreign currency exchange loss (gain)	43	-	(29)	(361)	(347)
Operating results	(2,202)	(205)	21,746	(350)	18,989
Non-current assets	24	22,179	68,752	-	90,955
Total assets	526	22,429	80,510	15,660	119,125

<i>(TUSD)</i>	Canada	US	Brazil	Sweden	Total
31 December 2017					
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 derivative instruments	-	-	-	190	190
Foreign currency exchange loss (gain)	115	-	(3)	497	112
Operating results	(2,340)	(467)	4,884	(1,067)	1,010
Non-current assets (see note 3)	18	19,328	52,945	-	72,291
Total assets (see note 3)	541	19,934	63,404	13,615	97,494

All oil and gas revenue is derived from Brazilian operations. Revenue, operating expenses and depletion therefore only relate to Brazil. Within the Brazil segment, revenues derived from Company's two largest customers; Petrobras and Dax Oil. During the year 2018, the Company sold 55% or \$21.0 million (2017: 54% or 7.8 million) of oil and gas to Dax Oil and 41% or 15.5 million (2017: 39% or 5.6 million) to Petrobras.

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 31 December 2018, accounts receivable included \$3.0 million of accrued

sales revenue which related to December 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.

Disaggregated revenue information

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

<i>(TUSD)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Crude oil	12,464	6,853	37,785	14,426
Natural gas	131	86	347	178
Total revenue from contracts with customers	12,595	6,939	38,132	14,604

6. Finance Costs

<i>(TUSD)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Interest on bond payable	992	1,049	4,138	2,493
Accretion of bond payable (note 11)	256	263	1,052	607
Accretion of decommissioning provision	25	(18)	102	75
Foreign currency exchange losses	-	11	-	11
Risk management contracts	-	(4)	66	(4)
Interest income and other	(94)	(122)	(643)	6
	1,179	1,179	4,715	3,188

7. Income tax

<i>(TUSD)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Current income tax expense	19	60	710	256
Deferred income recovery	(11,259)	-	(11,259)	-
Total income tax (recovery)	(11,240)	60	(10,549)	256

During the quarter the Company determined that there is a reasonable certainty that it will be able to recover previously unrecorded tax assets associated with the Tie Field and recorded a deferred tax recovery of TUSD 11,259. The Company has not recorded deferred tax assets in respect of any of its other operations. The deferred tax asset has arisen primarily as a result of estimated tax loss carry-forwards of BRL 196 million (USD \$51.6 million) and certain deductible temporary differences which can be used in future years to reduce future taxable income (up to 30% of the yearly taxable income) in the Tie Field.

8. Exploration and evaluation assets (E&E)

<i>(TUSD)</i>	
Balance, 31 December 2016	17,174
Additions in the period	954
Incidental result from sale of crude oil	(339)
Balance, 31 December 2017	17,789

Additions in the period	3,154
Asset retirement obligation	121
Incidental result from sale of crude oil	(379)
Balance, 31 December 2018	20,685

As at 31 December 2018, the LAK Ranch property had not established both technical feasibility and commercial viability and therefore remains classified as an E&E asset. Expenditures, net of revenues, for the LAK Ranch Project have been capitalized as E&E.

As a result of the year end 2018 reduction in Probable reserves at LAK Ranch the Company identified an impairment indicator which led to an assessment of the assets for impairment. Following the assessment, which included consideration of future development plans subject to the results of the wells drilled during Q4 2018, the Company determined that an impairment charge would not apply.

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

<i>(TUSD)</i>	Oil and gas properties	Equipment and Other	Total
Cost			
Balance at 31 December 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 (see note 3)	45,242	271	45,513
Additions	2,077	64	2,141
Currency translation adjustment	(136)	(73)	(209)
Balance at 31 December 2017	54,284	2,151	56,435
Additions	16,732	18	16,750
Currency translation adjustment	(8,891)	(108)	(8,999)
Balance at 31 December 2018	62,125	2,061	64,186
Accumulated depletion, depreciation and amortization (DD&A)			
Balance at 31 December 2016	(2,111)	(174)	(2,285)
Sale of Canadian assets	2,111	-	2,111
DD&A (see note 3)	(1,867)	(136)	(2,003)
Currency translation adjustment	60	8	68
Balance at 31 December 2017	(1,807)	(302)	(2,109)
DD&A	(3,583)	(146)	(3,729)
Currency translation adjustment	471	15	486
Balance at 31 December 2018	(4,919)	(433)	(5,352)
Carrying amount			
31 December 2017	52,477	1,849	54,326
31 December 2018	57,206	1,628	58,834

10. Decommissioning provision

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

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

<i>(TUSD)</i>	
Balance at 31 December 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 31 December 2017	1,849
Accretion expense	102
Additions	121
Foreign exchange movement	(352)
Balance at 31 December 2018	1,720

11. Share Capital

Shares outstanding	Number of Shares by Class			
	A	B	C2	Total
Balance at 31 December 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 31 December 2017	85,972,025	9,183,621	1,698,000	96,853,646
Exercise of warrants	2,074,717	-	-	2,074,717
Conversion of convertible B shares	1,073,739	(1,073,739)	-	-
Exercise of Maha (Canada) options	1,138,687	-	(1,138,687)	-
Cancelled options	-	-	(509,313)	(509,313)
Balance at 31 December 2018	90,259,168	8,109,882	50,000	98,419,050

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, 2018 at the pre-determined strike price of SEK 6.40 per share. Accordingly, 2,074,717 A Warrants were cancelled and the same number of new shares of class A were issued. The remainder of the Maha-A TO warrants are now expired. The total proceeds from this transaction was SEK 13.3 million (USD 1.5 million) before issuance costs.

During the second quarter of 2018, prior to the expiration of 898,000 C2 options, 640,211 options were exercised for which same number of Class A shares were registered and issued and remainder of the 257,789 options were cancelled. During the third quarter, 299,563 Class A shares were issued resulting from 200,000 C2 options exercised and 99,563 Class B shares converted. During the fourth quarter additional 298,476 Class A shares were issued upon exercise of the C2 options and 251,524 options are in the process of being cancelled.

At 31 December 2018 proceeds of approximately TUSD 10 relating to certain options exercised 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 had an exercise price of SEK 6.40 (USD 0.78) and expired on January 15, 2018. During 2018, 2,074,717 of these warrants were exercised prior to the expiration date.

As part of the Bond financing (note 12), 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 31 December 2018:

	Number of Warrants	Exercise Price
	#	USD
Balance, 31 December 2016	6,204,963	0.78
Exercised	(4,000)	0.78
Issued	13,350,000	0.91
Balance, 31 December 2017	19,550,963	0.87
Exercised	2,074,717	0.72
Expired	(4,126,246)	0.72
Balance, 31 December 2018	13,350,000	0.91

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.

Expiration date	Number of Options		Exercise Price	Remaining Life
		Vested	\$	Years
December 31, 2020	50,000	50,000	1.25	2.00

The following stock options are outstanding at 31 December 2018:

	Number of Options	Exercise Price
	#	\$
Balance, 31 December 2016	2,648,000	0.70
Exercised	(650,000)	0.45
Forfeited	(300,000)	1.25
Balance, 31 December 2017	1,698,000	0.71
Exercised	(1,138,687)	0.50
Cancelled	(509,313)	0.50
Balance, 31 December 2018	50,000	1.25

During 2018 options were exercised such that 938,687 Maha Class-A shares were issued and 509,313 options and corresponding Class C shares were cancelled.

Warrant Incentive Program

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

Warrants incentive programme	Exercise period	Exercise price, SEK	Number of warrants					31
			1 Jan 2018	Issued 2018	Expired 2018	Exercised 2018	Cancelled 2018	December 2018
2017 incentive programme	1 June 2020 – 31 December 2020	7.00	750,000		-	-	(90,000)	660,000
2018 incentive programme	1 May 2021 – 30 November 2021	9.20		750,000	-	-	-	750,000
Total			750,000	750,000	-	-		1,410,000

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

The fair value of the warrants granted under the warrant incentive program has been estimated on the grant date using the Black & Scholes model. Weighted average assumptions and resultant fair values are as follows:

	2018 Incentive Program	2017 Incentive Program
Risk free interest rate (%)	(0.17)	(0.4)
Expected term (years)	3.58	3.58
Expected volatility (%)	47	58
Forfeiture rate (%)	5.0	5.0
Weighted average fair value (SEK)	2.88	2.64

Total share-based compensation expense for the fourth quarter is TUSD 51 (Q4 2017: TUSD 36) and TUSD 217 for the twelve months 2018 (31 December 2017: TUSD 35) for the twelve months ended 31 December 2018. As the subscription price of the 2017 and 2018 incentive program is below the average share price during the fourth quarter 2018 and twelve months ended 31 December 2018, the dilution effects of the warrants have been included in the diluted earnings per share calculations.

12. 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 13,350,000 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 year, 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 11).

For the fourth quarter of 2018 Maha recognized TUSD 992 of interest and TUSD 256 of accretion related to the Bonds.

	TUSD	TSEK
Balance at 31 December 2016	-	-
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 31 December 2017	32,678	267,423

Accretion of bond liability	1,052	9,150
Effect of currency translation	(2,550)	-
Balance at 31 December 2018	31,180	276,573

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

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

The next reference test date for the maintenance covenants is as at 31 December 2018. As at the last reference date of 30 September 2018 the Company was compliant with all bond covenants. Based on the reported results herein, the Company expects that it will be compliant with its bond covenants.

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. Further information on Bonds terms and conditions is available on the Company's website.

13. 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)	31 December 2018	31 December 2017
Brent crude oil sales price derivatives	-	76
Foreign currency option	-	65
	-	141

As at 31 December 2018 the Company has no outstanding commodity derivatives or foreign currency options.

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.

For the fourth quarter of 2018, the Company recorded a loss of nil on the foreign exchange contracts (Q4 2017 – TUSD 4).

b) Credit risk

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

The Company's accounts receivable is composed of:

<i>TUSD</i>	31 December 2018	31 December 2017
Oil and gas sales (Brazil)	3,127	1,167
Sale of Canadian assets	280	425
Tax credits and other receivables	961	637
	4,368	2,229

The majority of the Company's oil and gas sales receivables are with the Brazilian national oil company and a small independent refinery called DAX Oil. Under the marketing agreement with Dax Oil, most of the oil sales are prepaid prior to delivery with occasional credit granted to maintain daily deliveries. In addition, the Company has made an arrangement with Dax Oil to accumulate an amount up to maximum of TUSD 900 in accounts receivable which is guaranteed through a performance bond issued by a local bonding company and is expected to be fully recoverable. As at 31 December 2018, TUSD 832 from Dax Oil were included in accounts receivables.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. By operating in several countries, the Company is exposed to currency fluctuations. Income is and will also most likely be denominated in foreign currencies, BRL in particular. Furthermore, the Company has since inception been equity and debt financed through share and bond issues, and also financed by asset divestment. Additional capital could be needed to finance the Company's future operations and/or for acquisition of additional licenses and bond repayment. The main risk is that this need could occur during less favorable market conditions. The Company continuously ensures that sufficient cash balances are maintained in order to cover day to day operations. Management relies on cash forecasting to assess the Company's cash position based on expected future cash flows. Accounts payable relating to oil and gas interests, and current interest on the bonds are due within the current operating period. The Bonds have interest payable of SEK 18 million semi-annually on May 29 and November 29 until the maturity date of May 29, 2021. In addition, principal payment is also due on the maturity date of the Bonds. The Company may redeem all of the Bonds prior to maturity or repurchase any Bonds (see note 12).

The Company has current assets of \$28.2 million as at 31 December 2018 which is considered sufficient to settle the current liabilities of \$8.9 million as at 31 December 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 12) therefore is not exposed to interest rate risk.

e) Price risk

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

14. 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 December 2018, the Company's net working capital surplus was USD \$19.3 million (December 31, 2017: USD \$17.8), which includes USD \$20.3 million (December 31, 2017: USD \$18.7 million) of cash and USD \$2.8 million (December 31, 2017: \$3.0 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 does not have any other restricted cash balances as at 31 December 2018.

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 \$69.3 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.

15. Changes in non-cash Working Capital

<i>(TUSD)</i>	31 December 2018	31 December 2017
Change in:		
Accounts receivable	(2,797)	(911)
Inventory	232	(52)
Prepaid expenses and deposits	67	(656)
Accounts payable and accrued liabilities	(921)	(63)
Total	(3,419)	(1,556)

16. Pledged Assets

As at 31 December 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 31 December 2018 amounted to SEK 183.6 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 104.4 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 17).

17. Commitments and Contingencies

The Company currently has seven 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 \$2.8 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 Measures:

Operating Netback

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

<i>(TUSD)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Revenue	12,595	6,939	38,132	14,604
Royalties	(1,624)	(978)	(4,805)	(2,217)
Operating Expenses	(1,232)	(1,121)	(5,468)	(3,069)
Transportation costs	(303)	(244)	(942)	(623)
Operating netback	9,436	4,596	26,917	8,695

EBITDA

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

<i>(TUSD)</i>	Q4 2018	Q4 2017	Twelve Months 2018	Twelve Months 2017
Operating results	7,384	3,751	18,989	1,010
Depletion, depreciation and amortization	1,431	(48)	3,762	2,091
Foreign currency exchange loss / (gain)	(329)	(773)	(347)	112
EBITDA in TUSD	8,486	2,930	22,404	3,213

Relevant reconciliation of Alternative Performance Measures for bond covenants (note 12):

Net Interest-Bearing Debt

<i>(TUSD)</i>	Q4 2018
Bond payable	31,180
Less:	
Cash and cash equivalents	(20,255)
Net Interest-Bearing Debt	10,925

Interest Coverage Ratio

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

Financial calendar

2018 Fourth Quarter and Year End Report: 28 February 2019
2018 Annual Report: 30 April, 2019
2019 First Quarter Report: 22 May 2019
2019 Annual General Meeting: 23 May 2019

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