

# COMPANY DESCRIPTION PRIOR TO LISTING ON NASDAQ FIRST NORTH

## MATRA PETROLEUM AB

April 2017

### **IMPORTANT INFORMATION ABOUT NASDAQ FIRST NORTH**

Nasdaq First North is an alternative marketplace operated by an exchange within the Nasdaq group. Companies on Nasdaq First North are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Nasdaq First North may therefore be higher than investing in a company on the main market. All Companies with shares traded on Nasdaq First North have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

# IMPORTANT INFORMATION

## GENERAL

This Company Description is not a prospectus and has been prepared in connection with the listing of shares in Matra Petroleum AB ("Matra") on Nasdaq First North. In this Company Description the "Certified Adviser" refers to Mangold Fondkommission AB ("Mangold"). Refer to the section "Definitions" for the definitions of these and other terms in the Company Description. Mangold has assisted Matra with the drafting of the Company Description. Mangold has relied on information provided by the Company and, since all of the information contained in the Company Description is derived from Matra, Mangold disclaims any and all liability regarding direct or indirect economic consequences of investment decisions or other decisions which are based, in whole or in part, on information contained in the Company Description. Some of the figures contained in this Company Description have been rounded off. Consequently, certain tables do not appear to add up correctly. No information contained in the Company Description has been audited or reviewed by the Company's auditors other than as expressly stated. Any disputes regarding, or arising as a consequence of, the Listing, the content of this Company Description, or legal circumstances related thereto shall be exclusively determined under the laws of Sweden and by a Swedish court of law whereupon the Stockholm District Court shall constitute the court of first instance. The Company Description may not be made public, published or distributed in the United States, Canada, Japan, Australia, Hong Kong, Switzerland, Singapore, South Africa, New Zealand or any country where such measure requires registration measures or other measures beyond those required by Swedish law. Recipients of the Company Description are obligated to inform themselves of, and comply with, the above-stated restrictions and, in particular, not to publish or distribute the Company Description in contravention of applicable legislation and rules. Any action in contravention of the above-stated restrictions may constitute a criminal violation of the applicable securities laws.

## FORWARD-LOOKING STATEMENTS

The Company Description contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Neither the Company nor the Certified Adviser can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments. In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Company Description may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Company Description may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in levels, changes in laws and regulations, and occurrence of accidents or environmental damages. After the date of the Company Description, neither the Company nor Mangold assumes any obligation, except as required by law or First North's Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

## BUSINESS AND MARKET DATA

The Company Description includes industry and market data pertaining to Matra's business and markets. Such information is based on the Company's analysis of multiple sources, stated in the Company Description. For example, Matra has obtained certain market data from, for example, a report produced by the International Energy Agency. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Company Description that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. None of the Company or Mangold assumes responsibility for the correctness of any business or market data included in the Company Description. Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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## FINANCIAL CALENDAR AND SHARE INFORMATION

### Year-end report 2017

21 February 2018

### Annual General Meeting

23 May 2018

### First day of trading on Nasdaq First North

20 April 2017

### Share ISIN-code

SE0009696040

### Share short name (ticker)

MATRA

# DEFINITIONS

## 1P

Proven reserves of oil and gas.

## Acre

1 acre equals 4046.86 square meters.

## BBLS

Barrels of oil.

## BOE

Barrel of oil equivalent.

## BOEPD

Barrels of oil equivalent per day.

## BTU

British thermal units

## CDI

A CREST Depository Interest is a UK security that represents an international security as an independent security.

## Certified Adviser

Mangold Fondkommission AB, registration number 556585-1267.

## Company Description

This company description.

## Euroclear Sweden

Euroclear Sweden AB.

## First North

Nasdaq First North Stockholm, a Swedish MTF (multi trading facility) operated by Nasdaq Stockholm AB.

## Henry hub

Pricing point for natural gas.

## Mangold

Mangold Fondkommission AB, registration number 556585-1267.

## Matra AB

Matra Petroleum AB, registration number 559082-2689.

## Matra Ltd.

Matra Petroleum Ltd., registration number 05375141 (former Matra Petroleum plc).

## Matra plc

Matra Petroleum plc.

## Matra or the "Company"

The group where Matra Petroleum AB, registration number 559082-2689, is the parent company or a subsidiary of the group, as the context may require.

## Matra Oil & Gas

Matra Petroleum Oil & Gas LLC.

## Matra Operating

Matra Petroleum Operating LLC.

## Matra USA

Matra Petroleum USA Inc., registration number 0801850046.

## MCF

1,000 cubic feet of natural gas. 1 foot equals 0.3048 meters.

## MMbbl

Million barrels.

## MMboe

Million barrels of oil equivalent.

## Mtoe

Million tonnes of oil equivalent.

## NRI

Net Revenue Interest.

## PwC

PricewaterhouseCoopers AB, registration number 556067-4276.

## SEK

Swedish krona.

## The Listing

The impending listing on Nasdaq First North.

**USD**

US Dollar.

**Wellhead prices**

The price for gas or crude oil less transportation and gas treating costs.

**WTI**

West Texas Intermediate.

# RISK FACTORS

An investment in Matra's shares involves various risks. A number of factors affect, or could affect, Matra's business, both directly and indirectly. Described below, in no particular order and without claim to be exhaustive, are the risk factors and significant circumstances considered to be material to Matra's business and future development. The risks described below are not the only risks to which Matra and its shareholders may be exposed. Additional risks that are not currently known to Matra, or that Matra currently believes are immaterial, may also adversely affect Matra's business, results of operations or financial condition. Such risks could also cause the price of Matra's shares to fall significantly, and investors could potentially lose all or part of their investment.

In addition to this section, investors should also take into consideration the other information contained in the Company Description in its entirety. The Company Description also contains forward-looking statements that are subject to future events, risks and uncertainties. Matra's actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in the Company Description.

## RISKS RELATED TO MATRA'S INDUSTRY AND OPERATIONS

### Oil and gas prices can be volatile and are subject to fluctuation

Both oil and gas prices can be volatile and are subject to fluctuation. Any material decline in oil prices could result in a reduction of Matra's net production revenue. Historically, oil prices have fluctuated widely for many reasons, including global and regional supply and demand and expectations regarding future supply and demand for oil and petroleum products; geopolitical uncertainty; access to pipelines, tanker ships and other means of transporting oil, gas and petroleum products; price, availability and government subsidies of alternative fuels; price and availability of new technologies; the ability of the members of OPEC and other oil-producing nations to set and maintain specified levels of production and prices; political, economic and military developments in oil producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalizations; global and regional economic conditions; and weather conditions and natural disasters.

It is impossible to accurately predict future oil and gas price movements. Accordingly, oil and gas prices may not remain at their current levels. The economics of producing from some of Matra's wells may change as a result of lower prices, which could result in a reduction in the volumes of Matra's reserves if some are no longer economically viable to develop. Matra might also elect not to produce from certain wells at lower prices. A decline in oil and gas prices could therefore have a material adverse effect on the Company's business, financial condition and results of operations.

### Matra's estimated proved reserves are based on many assumptions that may turn out to be inaccurate and any significant inaccuracies in these reserve estimates or underlying assumptions could materially affect the actual quantities and present value of such reserves

There are uncertainties inherent in estimating crude oil and natural gas reserves and their estimated value, including many factors beyond Matra's control. The reserve statements represent only estimates. Reservoir engineering is a subjective and inexact process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner and is based on assumptions that may vary considerably from actual results. Reservoir engineering also requires economic assumptions about matters such as crude oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Accordingly, actual production, crude oil and natural gas prices, revenues, taxes, operating expenses, expenditures and quantities of recoverable crude oil and natural gas reserves will likely vary, possibly materially, from estimates. The process of estimating oil and gas reserves and the cash flows that may be derived from them is very complex. In general, estimates of the quantity and value of economically recoverable oil and gas reserves and the possible future net cash flows are based upon a number of variable factors and assumptions, such as historic production rates, ultimate reserves recovery, interpretation of geological and geophysical data, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, continuity of current fiscal policies and regulatory regimes, future oil and gas prices, operating costs, development and production costs and work-over and remedial costs, all of which may vary from actual results. Estimates are also to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of the economically recoverable oil and gas reserves attributable to a particular group of properties, the classification of such reserves based on risk of recovery and estimates of expected future net revenues prepared by different engineers, or by the same engineers at different times, may vary. As a result, the estimates of Matra's reserves may require substantial upward or downward revisions if

subsequent drilling, testing and production reveal differences. Any downward adjustment could indicate lower future production and thus adversely affect Matra's financial condition, future prospects and market value. Furthermore, a decline in Matra's reserves may affect its ability to raise or access sufficient capital in the longer term for its future operations.

Inaccuracy and incorrectness in the estimates could therefore have a material adverse effect on the Company's business, financial condition and results of operations.

### **Matra's success depends on its ability to appraise, develop and explore oil and gas reserves that are economically recoverable**

Matra's long-term commercial success depends on its ability to appraise, develop, explore and commercially produce oil and gas reserves. Matra must continually locate and develop or acquire new reserves to replace its existing reserves that are being depleted by production. Future increases in Matra's reserves will depend not only on its ability to appraise, develop and explore its existing assets but also on its ability to select and acquire suitable additional assets through acquisitions. There are many reasons why Matra may not be able to find or acquire oil and gas reserves or develop them for commercially viable production. For example, Matra may be unable to negotiate commercially reasonable terms for its acquisition, appraisal, development or production activities. Factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the reserves are located or through which Matra's products are transported may increase costs and make it uneconomical to develop potential reserves. Without successful development activities, Matra's production and revenues could decline. There is no assurance that Matra will discover, acquire or develop further commercial quantities of oil and gas. If the Company is unable to appraise, develop and explore oil that is economically recoverable, this could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Matra's business is subject to government regulation with which it may be difficult to comply and which may change**

Matra's oil and gas exploration and production operations are principally subject to the laws and regulations of the Texas State region authority TRRC (Texas Railroad Commission), including those relating to health, safety, the production and drilling. In addition, Matra will be subject to laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange and exchange control. In addition, Matra may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting Matra's operations are passed. If this occurs it could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Future legislation may require further reductions of greenhouse gas emissions**

The United States of America is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so called "greenhouse gases". If future legislation will be in disfavor for the Company, it could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Matra operates in a competitive industry**

The oil and gas industry is competitive in all its phases. Matra's ability to increase reserves in the future will depend not only on its ability to exploit and develop its present assets but also on its ability to select and acquire suitable producing assets or prospects for appraisal or exploratory drilling. Matra competes with numerous other participants in the search for and the acquisition of oil and gas assets, and in the marketing of oil and gas. Matra's competitors include major international oil and gas companies that may have substantially greater financial and technical resources, staff and facilities than those of Matra. These companies have strong market power as a result of several factors, including the diversification and reduction of risk, including geological, price and currency risks; increased financial strength facilitating major capital expenditures; greater integration and the exploitation of economies of scale in technology and organization; strong technical experience; increased infrastructure and reserves; and strong brand recognition. Due to this competitive environment, Matra may be unable to acquire attractive, suitable assets or prospects on terms that it considers acceptable. As a result, Matra's revenues may decline over time, thereby materially and adversely affecting its business, results of operations and financial condition. If any of the above would occur, it could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Macroeconomic risks could result in an adverse impact on Matra's financial condition**

The links between economic activities in different markets and sectors are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to address macroeconomic conditions. If macroeconomic factors, such as those listed above would see an unfavorable future development, it could have a material adverse effect on the Company's business, financial condition and results of operations.

## RISK FACTORS

### Financial risks

There is a risk that Matra will not be able, or only at a significantly higher cost, to obtain access to financing in order to meet its contractual obligations. If the Company fails to raise the necessary capital it could have a material adverse effect on the Company's business, financial condition and results of operations.

### Tax related risks

There is a risk that Matra's interpretation of applicable laws and administrative practice is incorrect, or that applicable laws or administrative practice change, possibly with a retroactive effect. Furthermore, decisions of the tax authorities may deteriorate Matra's past or current tax positions. In the event that Matra's interpretation of laws or administrative practice is incorrect, if tax laws change or if tax authorities successfully make tax adjustments that deteriorate Matra's past or current tax positions it could have a material adverse effect on the Company's business, financial condition and results of operations.

### Disputes, claims, investigations and proceedings may lead to Matra having to pay damages or cease with certain operations

Disputes, claims, investigations and proceedings may lead to Matra having to pay damages or cease with certain operations. Matra may become involved in disputes within the framework of their normal business activities and risk being subject to claims in suits concerning agreements. In addition, Matra (or Matra's officers, directors, employees or affiliates) may become subject to criminal investigations and proceedings. Disputes, claims, investigations and proceedings of this kind can be time consuming, disrupt normal operations, involve large claim amounts and result in considerable costs. Moreover, it can be difficult to predict the outcome of complex disputes, claims, investigations and proceedings. Future disputes, claims, investigation and proceedings may have a material adverse effect on the Company's business, financial condition and results of operations.

### Limited operating history

The Company was incorporated on 26 October 2016 as a holding company and conducts business through its subsidiaries which have significant operating history. As a result of the limited operating history of Matra, it is difficult to accurately forecast future revenue and profits. If the forecast turns out to be wrong, it could have a material adverse effect on the Company's business, financial condition and results of operations.

### Interest rate risks

The interest rate risk is the risk that fluctuations in interest rates affect the Company's interest expenses. Matra's primary exposure to interest rate risks consists of their outstanding loans to Melody Business Finance and Legacy Bank. It cannot be excluded that in the future that the Company or its subsidiaries raise interest-bearing

debt and that interest rate fluctuations can affect the Company's interest expenses. If this would occur and interest expenses increase this could have a material adverse effect on the Company's business, financial condition and results of operations.

### Credit risks

Credit risk is the risk that customers of the Company cannot or refuse to pay in accordance with invoiced amounts. There is a risk that the Company's counterparts cannot fulfill its payment obligations, which could have a material adverse effect on the Company's business, financial condition and results of operations.

### Environmental risks

Oil and gas operations are associated with the risk that the business inadvertently causes environmental damage. There is also a risk that accidents occur in connection with faults in production or anything similar that may cause damage to the environment for which the Company will be responsible. There is a risk that environmental damage occur in the future and that the Company will be liable for such damages, which may cause the Company's reputation to get damaged, and the Company might be responsible for such costs. If such costs occur it could have a material adverse effect on the Company's business, financial condition and results of operations.

### If the Group fails to properly manage growth, the business could suffer

The Company has been growing rapidly and must continue to implement a sustainable growth strategy in order to realize increased results of operations. To achieve the Company's revenue and growth targets, the Company must successfully manage business opportunities. As the Company grows, the Company may explore new and diversified revenue generating strategies, and the increasing business complexity of operations may place additional requirements on the Company's systems, controls, procedures and management, which may strain the Company's ability to successfully manage future growth. If so, this could have a material adverse effect on the Company's business, financial condition and results of operations.

Future growth will also impose significant added responsibilities on management, including the need to identify, recruit, train and integrate additional employees with relevant expertise. Rapid and significant growth may, therefore, place strain on the Company's administrative and operational infrastructure. In order to manage operations and growth, the Company will need to continue to improve operational and management controls, reporting and information, and financial internal control. The Company may fail to successfully manage such developments and growth in the future. If the Company is unable to effectively manage its growth, or is unsuccessful in adapting to changes and increased requirements resulting from expansion, this could have a material adverse effect on the Company's business, financial condition and results of operations.



### The Company may be unable to retain, and recruit, key personnel in the future

Matra's future success is to some extent dependent on its members of management and its board members who provide expertise, experience and commitment. The Company has entered into employment agreements with its key personnel and the Company believes these agreements are market-based. There is, however, a risk that Matra will not be able to retain or recruit qualified personnel in the future. If Matra is unable to retain members of management or other key personnel, or recruit new members of management or other key personnel to replace people who leave the Company, this could have a material adverse effect on the Company's business, financial condition and results of operations.

### The Company may make acquisitions that prove unsuccessful or strain or divert the Company's resources

During the recent years, the Company has acquired a number of assets. The Company intends to grow its business by continuing to implement and develop its core strategies and may consider making further acquisitions to support future growth and profitability. Successful growth through acquisitions is dependent on Matra's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms, obtain required licenses and authorizations and ultimately complete such acquisitions and integrate them into the Company. If Matra makes acquisitions, it may not be able to generate expected margins or cash flows or realize the anticipated benefits of such acquisitions, including growth or expected synergies. The Company's assessment of and assumptions regarding acquisition targets may prove to be incorrect, and actual developments may differ significantly from expectations. Matra may not be able to integrate acquisitions successfully and such integration may require more investment than anticipated, and Matra could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, suppliers, employees, government authorities or other parties. The process of integrating acquisitions may also be disruptive to the Company's operations, as a result of, among other things, unforeseen legal, regulatory, contractual and other issues, difficulties in realizing operating synergies, which could cause the Company's results of operations to decline. Moreover, any acquisition may divert management's attention from the day to day business and may result in the incurrence of additional debt. If the Company would make unsuccessful acquisitions, it could have a material adverse effect on the Company's business, financial condition and results of operations.

### Gas transportation

Matra's produced gas is tied into the (i) DCP Midstream L.P. ("DCP") gas pipeline network, which operates an extensive gathering system called the "Panhandle Super System", and (ii) the Energy Transfer Partners pipeline system which operates a gas processing plant in the Pampa area. Gathering lines could be stopped due to weather

conditions such as low temperatures, storms or leakages. The time it takes to repair gas pipes is beyond the control of Matra. A damage or stop in the gas pipes could have a material adverse effect on the Company's business, financial condition and results of operations.

### Additional capital expenditures due to an increase in production

As substantial parts of the wells and related infrastructure used by Matra are relatively old (1950-1960), Matra might need to make additional capital expenditures to improve the capacity of current production facilities. The future needs of capital expenditures will depend on the pace of development and drilling, as well as achieved production levels. If Matra would be unable to make these capital expenditures in connection with increasing production, it could have a material adverse effect on the Company's business, financial condition and results of operations.

## RISKS RELATING TO THE COMPANY'S SHARES AND THE LISTING ON NASDAQ FIRST NORTH

### An active, liquid and orderly trading market for Matra's shares may not develop, the price of its shares may be volatile, and potential investors could lose a portion or all of their investment

Trading in securities is always associated with risks and risk-taking. Since an investment in equities can both increase and decrease in value, it is not certain that an investor will recoup all or even a part of the capital invested.

There is a risk that an active and liquid market will not develop or, if developed, that it will not be sustained after the listing.

In addition, it should be noted that the pricing of the Company's shares is dependent on factors beyond the control of Matra including, among other things, the stock market expectations and its development as well as the economy in general. Investments in Matra's shares should therefore be made following a thorough analysis of the Company, its competitors, and extraneous factors in general as well as general information regarding the industry. An investment in shares should never be viewed as a quick way of generating a return, but rather as a long-term investment which is made with capital one can afford to do without. The price of shares may be subject to fluctuations as a consequence of changes in opinions on the capital market regarding the shares or similar securities, due to various circumstances and events such as changes in applicable legislation and other rules which affect the Company's business, or changes in the Company's earnings and business development. Stock markets may experience significant fluctuations from time to time regarding prices and volumes which need not be related to the Company's business or future prospects. In addition, the Company's earnings and future prospects may, from time to time, be lower than the expectations of capital markets, analysts or investors. One or more of these factors may result in a drop in the price of the share.

## RISK FACTORS

### **Trading on an unregulated market is usually associated with more risk than trading on a regulated market**

The Company has submitted an application for admission to trading on First North, which according to the Swedish Securities Markets Act, is deemed to be a trading platform, but not a regulated market. A trading platform does not have the same legal restrictions as a regulated market and therefore an investment in shares traded on a trading platform is typically associated with higher risks than an investment in shares on a regulated market.

### **Influence by major shareholders**

A consolidated ownership structure will apply in Matra whereby Rovelo Investment Ltd will hold shares corresponding to approximately 54 percent of the fully diluted share capital and approximately 54 percent of the votes in the Company. Winpro Ventures Corp, who is controlled by the same entities as Rovello Investment Ltd, will hold shares corresponding to approximately 7 percent of the fully diluted share capital and approximately 7 percent of the votes in the Company. Thus, Rovelo Investment Ltd and Winpro Ventures Corp. will have a significant influence over the outcome of matters submitted to Matra's shareholders for approval, including but not limited to resolutions on dividend, capital increases and the election of directors of the board.

### **Matra's ability to pay dividends is dependent upon its future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors**

Future potential dividends will take into consideration the Company's cash flow and financing of future expansion. Moreover, the terms and conditions of future loans or credit facilities may prevent Matra from paying a dividend. As a consequence of this, an increase in the price of the Company's shares will constitute the only possibility for return for a shareholder of the Company within the foreseeable future.

### **Differences in currency exchange rates may materially adversely affect the value of shareholdings or dividends paid**

Matra's shares will be quoted in SEK only, and any dividends will be paid in SEK. As a result, shareholders outside Sweden may experience adverse effects on the value of their shareholding and their dividends, when converted into other currencies if SEK depreciates against the relevant currency.

### **New share issues in the Company may not be sufficiently subscribed and such issues, or larger divestments of shares in Matra, may adversely affect the market price of the Company's shares**

Following the listing of the Company's share on First North, the Company may issue new shares with preemptive rights for the Company's shareholders. There is a risk that future potential share issues, will not be sufficiently subscribed entailing lower issue proceeds than anticipated by the Company. New share issues could also have a negative impact on the market price of the outstanding shares in the Company. The same applies to larger share divestments from major shareholders. Furthermore, new share issues could entail ownership dilutions for current shareholders not being able to or choosing not to participate in the relevant share issue.

### **CDI**

The UK securities regulations do not provide for securities constituted under the laws of other countries to be held or transferred in the CREST system directly. However, the UK regulations allow securities constituted under English law but which represent an interest in other securities (which may be securities constituted under the laws of other countries) to be issued into, held and transferred in the CREST system. This provides a basis under which CREST Depository Limited, a subsidiary of Euroclear UK & Ireland ("CREST depository"), acting as a depository in respect of international securities, may issue dematerialized depository interests (CDIs) representing international securities, as independent securities. The CREST Depository will therefore issue CDIs to CREST members which will represent an entitlement in relation to the underlying international securities. The CDIs issued by the CREST Depository will be constituted under English law and will be participating securities within the meaning of the UK regulations. In consequence the CDIs will be transferable by means of the CREST system to other CREST members in the same way as other participating securities. As a consequence of Matra AB's acquisition of Matra Ltd., approximately 19 percent of the outstanding shares in Matra are held as CDIs. These CDIs are not traded in any regular exchange and therefore effects the liquidity of the shares in Matra, since a part of the outstanding shares is not traded in any marketplace. Please refer to the section "Share capital and ownership structure" for more information.

# MATRA BRIEFLY

This summary is to be seen as an introduction to the Company Description. Each decision to acquire shares in Matra AB should be based on the assessment of this Company Description in its entirety.

## MATRA

Matra is an independent oil and gas company focused on production and development. The Company started its operations in 2013 and operates in the Texas Panhandle region where it owns 136 leases covering an area of approximately 38,800 net acres.

Through several acquisitions since 2013, Matra has created an asset base containing 22.9 MMboe of proven oil and gas reserves. Per the date of the publication of the Company Description, approximately 90 percent of the reserves have not been developed. The proven reserves are conventional with producing reservoirs at depths of between 500 and 1,000 meters. Matra is, per the date of the publication of the Company Description, producing about 900 BOEPD of which approximately 45 percent is oil and 55 percent is gas. Matra's ownership interest is held through typical oil and gas leases in the state of Texas, subject to mineral and overriding royalty interests that are common in the petroleum industry.

Matra and its subsidiaries are focused on production and development with the objective to increase oil and gas reserves and production over time. Per the date of the publication of the Company Description, Matra has identified about 466 new drilling opportunities and more than 200 other possibilities to improve production from existing wells through reopening of shut-in wells, refracturing, deepening and work-overs and is targeting production of up to 6,000 BOEPD in the coming years. Matra will also pursue selective acquisitions.

Matra believes that the listing will offer the Company a number of benefits, including:

- Enhancing the profile of Matra's business and status with existing and potential partners;
- Being public supports Matra's development in the current market environment
- Increased flexibility in reviewing and capitalizing on grown opportunities
- Improved access to capital markets, market valuation of the company and liquidity for shareholders
- Following the cyclical downturn and recovery of oil markets, Matra has access to attractive investment opportunities and being public will support Matra's ambition to accelerate growth through development of existing assets and through acquisitions

## BUSINESS IDEA

Matra's business idea is to deliver sustainable growth in shareholder value by focusing on exploiting its existing reserves, commercializing and developing discoveries and pursuing selective acquisitions.

Matra's management has extensive experience from the oil and gas industry and the Texas Panhandle region. Matra believes that the area represents a significant hydrocarbon basin in a well developed region. The Panhandle region benefits from a well-developed infrastructure and skilled labour to develop, operate and manage assets and the Company assesses that the US market is transparent with a favourable taxation and an increasing political support for domestic oil production.

Matra believes that the Company is well positioned to increase its production and reserves, and benefit from the opportunities that exist in the Panhandle region.

The table below shows Matra's net reserves per 1 June 2016.

CATEGORY	OIL	GAS	TOTAL
	MBBL	MMCF	MBOE
PROVED DEVELOPED PRODUCING	1,152	6,558	2,245
PROVED DEVELOPED NONPRODUCING	2,741	19,981	6,071
PROVED UNDEVELOPED	8,635	35,467	14,546
1P	12,528	62,006	22,862

## VISION

Matra's vision is to expand exploration and production operations in the USA with a focus on conventional onshore oil and gas assets. The Company intends to develop its acreage in the Texas Panhandle region.

## THE MARKET

The oil market is characterized by competition and large price fluctuations. The oil consumption is driven by the world population, economic growth and access to resources. The current global oil demand is growing and the crude oil price is currently recovering from the recent price setback, which opens up opportunities to acquire and develop attractive producing oil and gas assets.

## BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The board of directors consists of Eric Forss (Chairman), Maxim Barskiy, Frank C. Lytle and Ekaterina Konshina.

The executive management consists of Maxim Barskiy (CEO), Sergey Funygin (COO), Elena Selezneva (CFO), Igor Indychko (CTO) and Andrey Nikishenkov (Head of Business Development).

# BACKGROUND AND RATIONALE

Matra is an independent oil and gas exploration and production company operating in the United States where the Company per the date of the publication of the Company Description, owns and operates 136 leases located in the Texas Panhandle region through its fully owned subsidiary Matra USA. Matra USA was formed in 2013 through a series of mergers and acquisitions in the Texas Panhandle region. Since then, Matra USA has been producing and selling oil and gas in the same area. The Company has grown rapidly and per the date of the publication of the Company Description, it owns 38,800 net acres in the Texas Panhandle region with a current daily production of 900 BOEPPD and proven net reserves (excluding royalty and other working interest owners) of 22.9 MMboe.

Prior to going public, Matra's corporate structure has been reorganized. Matra AB was formed in October 2016 as the parent company of the group. Matra AB consolidated 100 percent of Matra USA, making it a fully owned subsidiary in February 2017. Through several transactions, Matra USA was acquired from its previous shareholders Rovelo Investment Ltd and Matra Ltd. In exchange, Matra AB issued shares to Rovelo Investment Ltd and Matra Ltd.'s previous shareholders. In connection with this, Matra renegotiated and extended its long term debt agreements, raised additional equity capital and widened its Swedish shareholder base.

Matra's management has significant experience from the oil industry and the Stockholm stock market. The Stockholm stock market has proven to be an attractive marketplace for small cap oil companies operating across the world with access to a highly knowledgeable and active institutional and retail investors. Between 2004 and 2008, Maxim Barskiy, main shareholder, CEO and board member of Matra, was the CEO of the oil company West Siberian Resources, which was initially listed on Nasdaq Stockholm First North and successfully grew into a large cap company listed on Nasdaq's Large Cap list.

Matra believes that the listing will offer the Company and its shareholders a number of benefits, including:

- Enhancing the profile of Matra's business and status with existing and potential partners
- Being public supports Matra's development in the current market environment
- Increased flexibility in reviewing and capitalizing on grown opportunities
- Improved access to capital markets, market valuation of the company and liquidity for shareholders
- Following the cyclical downturn and recovery of oil markets, Matra has access to attractive investment opportunities and being public will support Matra's ambition to accelerate growth through development of existing assets and through acquisitions

The Company believes that the significant decline in the crude oil price between 2014 and 2016, opens up opportunities for exploration and production companies with access to capital to acquire and develop low-risk producing oil and gas assets with attractive risk/return characteristics. The Company believes that a listing on Nasdaq First North will support the Company's objective to develop and acquire producing oil and gas properties going forward.

*We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.*

Stockholm, April 2017  
Matra Petroleum AB  
The Board of Directors

# MESSAGE FROM THE CEO

Dear fellow shareholders and new investors,

I am delighted to return to the Swedish stock market and look forward to developing Matra as a public oil company at a time when global oil demand continues to grow and is expected to do so in the foreseeable future. Increasing demand stimulates the oil industry to find, explore and develop oil reserves and increase production capacity over time.

In the past year, oil prices have also recovered and the outlook for the industry is improving and the U.S. oil industry in particular offers many interesting opportunities with its high level of transparency on private ownership of mineral rights, favourable taxation and an increasing political support for domestic oil production.

Through a series of acquisitions since 2013, Matra has established itself as a local independent oil company operating in the Texas Panhandle area. The Company has assembled an asset base containing about 22,9 million barrels of proven reserves from which approximately 900 barrels of oil equivalent per day currently are produced.

Per the date of the publication of the Company description, 90 percent of Matra's oil and gas reserves have not yet been developed and 466 drilling opportunities have been identified. In addition, the Company has approximately 200 idle wells that can be brought back to production and produce profitably as prices improve. Reserves are conventional, wells are shallow and quick to drill, presenting attractive returns at today's oil prices.

Matra has weathered the market challenges by cutting costs, increasing efficiency in operations and investments, eliminating uneconomic production and securing financing to maintain an active drilling program. Recently, the Company's debt portfolio has been restructured to secure long term debt financing for coming years. Oil production has started to increase as 28 wells have been drilled and completed in the past two years, providing new production and valuable insight into the field and future drilling plans. In recent quarters, cash flow from operations has improved as a result of our team's efficiency efforts. An active drilling program, aimed at raising production from the current asset base up to 6,000 BOEPD in the coming years, is expected to bring further financial improvements.

Matra's asset base, development potential and proven operating platform, availability of attractive investment opportunities and an improved oil price outlook sets the stage for coming years. The proposed listing and improved access to capital markets support Matra's development in the current market environment and increases the flexibility to capitalize on growth opportunities going forward. In short, Matra is well positioned to grow organically and through acquisitions in an improved market environment.

Maxim Barskiy  
CEO

# BUSINESS DESCRIPTION

## INTRODUCTION AND BACKGROUND

Matra is an independent oil and gas company focusing on production and development of assets through its subsidiary Matra USA. Matra USA began their operations in 2013 and operates in the USA where it owns 136 leases covering an area of about 38,800 net acres located in the Texas Panhandle region. The leases are located just outside the Borger city limits. Matra has its US head office in Houston, Texas and a field office in Borger to manage day-to-day operations and production.

Through several acquisitions since 2013, Matra has created an asset base containing 22.9 MMboe of proven oil and gas reserves. Per the date of the publication of the Company Description, approximately 90 percent of the reserves have still not been developed. The proven reserves are conventional and the producing reservoirs have depths of between 500 and 1,000 meters with average wells drilled to a depth of 1,000 meters. Matra is, per the date of the publication of the Company Description, producing about 900 BOEPD of which approximately 45 percent is oil and 55 percent is gas.

Matra and its subsidiaries are focused on production and development with the objective to increase oil and gas reserves and production over time. Per the date of the publication of the Company Description, about 466 drilling opportunities have been identified within Matra's leases, providing the basis and opportunity for future growth along with selective acquisitions. The company has also identified more than 200 opportunities to improve production from existing wells through reopening of shut-in wells, refracturing, deepening and work-overs. Based on these opportunities, Matra is targeting production of up to 6,000 BOEPD, subject to market conditions and availability of financing.

## HISTORY

### 2013

Matra plc, which at the time was listed on AIM in London, disposed of its Russian assets. Following completion of the disposal and approval by Matra plc's Shareholders the Company was considered an Investing Company. Accordingly, the Company was required to make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules or otherwise implement its Investing Policy within 12 months, failing which, the Company's Ordinary Shares would be suspended from trading on AIM.

Matra USA was established as a fully owned subsidiary to Matra plc and agreed to make a series of acquisitions of various Panhandle assets from the Petrolia Group in October 2013. The aim of the acquisitions was to eventually acquire 100 per cent of 27 leases in the Panhandle region covering 5,801 net acres. Completion of the Acquisition would result in Matra Ltd reverting from an Investing Company back to a trading company thereby triggering a reverse takeover under the AIM Rules ("RTO"). Accordingly the Company's shares were suspended from trading on 31 October 2013.

### 2014

In April 2014, Matra plc proposed and the shareholders approved to cancel the admission of Matra plc's shares for trading on AIM as the company determined that it would not be in position to both complete the acquisitions agreed in 2013 and meeting the requirements for readmission under RTO which requires the Company's Substantial Shareholders to agree not to dispose of, or restructure, any interest in their securities for a period of one year from re-admission.

Matra plc proceeded as a private company and the acquisitions of the Panhandle assets from the Petrolia Group were completed and 100 per cent of the assets were acquired. As a result, Matra USA became owner of 100 per cent of Matra Oil & Gas and Matra Operating. After this, Matra USA continued to expand its asset base in 2014 through acquisitions of Eclipse Finance, Inc. and FirstBorger Oil & Gas, Inc., which was acquired in exchange for shares in Matra USA representing 66.4% of the shares of the newly enlarged share capital of Matra USA. After completing the acquisitions, Rovelo Investments Ltd and Matra Petroleum plc held 66.4% and 33.6% respectively of Matra USA. Matra USA's operating asset base amounted to 136 leases in the Texas Panhandle region.

### 2015

In 2015, Matra USA raised mezzanine capital from Melody Business Finance and acquired 10 percent of overriding royalty interest in the oil and gas properties initially purchased by FirstBorger Oil & Gas, Inc. from SNW Resources.

### 2016-2017

In October 2016, Matra AB was formed as the new group parent company, to consolidate 100 percent of Matra USA. The consolidation was completed in February 2017 through a series of transactions. In connection with this, Matra renegotiated and extended its long term debt agreements, raised additional equity capital and widened its Swedish shareholder base.

## BUSINESS MODEL

Matra intends to deliver sustainable growth in shareholder value by focusing on exploiting its existing reserves, commercializing and developing discoveries and pursuing selective acquisitions.

Matra believes that the Panhandle region represents a significant hydrocarbon basin in a low-risk region. The Texas Panhandle area continues to benefit from an extensive installed infrastructure base and skilled labor to develop, operate and manage assets. Matra's management has considerable experience of working in the Texas Panhandle region and is familiar with the regulatory and competitive landscape.

With a portfolio of producing assets, development and appraisal opportunities, operating cash flow generation and experienced management and staff with a proven development and operating record, Matra believes that it is well positioned to increase its production

and reserves and benefit from the new business opportunities in its area of operation.

Matra leases rights to produce hydrocarbons and pays royalty (applied to gross volumes produced) to mineral rights owners, landowners when applicable and other royalty owners. Royalty rates vary from 12.5% to 25%, with an average rate for Matra of about 18%.

Per the date of publication of the Company Description, Matra is selling oil at field at a \$3 per barrel discount to the oil pricing benchmark WTI. The Company is selling natural gas with high liquid content at approximately 50 percent above the natural gas benchmark Henry Hub, as a result of high BTU content in the liquids. Matra faces fees such as gas treating costs of \$0.21 per MCF and taxes such as (i) severance tax (gas 7.5 percent, oil 4.7 percent applied to the net revenue); (ii) ad valorem tax, paid once at the end of each year (\$116,000 was paid in 2016). The customers are local oil refineries and gas processing plants. At the time of the publication of the Company Description, Matra has entered into selling contracts with the following parties (i) DCP Midstream, LP, (ii) Energy Transfer Partners and (iii) Valero Marketing and Supply Company. Operating expenses include electricity, heat treatment (during the winter period), compressor lease/maintenance, Borger field operating team compensation, maintenance/work-over costs and other costs.

## VISION

Matra's vision is to expand exploration and production operations in the USA with a focus on conventional onshore oil and gas assets. The Company intends to develop its acreage in the Texas Panhandle region. The Company is also actively exploring opportunities to expand its presence in the USA and create further value for shareholders through acquisitions.

## RESERVES

Matra's ownership interest is held through typical oil and gas leases in the state of Texas, subject to mineral and overriding royalty interests that are common in the petroleum industry.

Matra's asset portfolio primarily comprises producing assets and development opportunities, together with appraisal opportunities, all of which are located in the Texas Panhandle area.

PeTech Enterprises, Inc. ("PET") has certified, through an Appraisal report in accordance with the United States Securities And Exchange Commission ("SEC") guidelines as of 1 June 2016, that Matra's assets had total net proved oil and gas reserves of 22.9 MMboe, of which about ten per cent has been developed through drilling at the time of the publication of this Company Description.

The following table presents Matra's net reserves information per 1 June 2016, as certified by PET in accordance with the SEC guidelines.

CATEGORY	OIL	GAS	TOTAL
	MBBL	MMCF	MBOE
<b>PROVED DEVELOPED PRODUCING</b>	1,152	6,558	2,245
<b>PROVED, DEVELOPED NONPRODUCING</b>	2,741	19,981	6,071
<b>PROVED UNDEVELOPED</b>	8,635	35,467	14,546
<b>1P</b>	<b>12,528</b>	<b>62,006</b>	<b>22,862</b>

Produced oil is trucked into the Valero refinery located in the Northwest Moore County in the Panhandle area. Produced gas is tied into the (i) DCP Midstream L.P. ("DCP") gas pipeline network, which operates an extensive gathering system called the "Panhandle Super System", and (ii) the Energy Transfer Partners pipeline system which operates a gas processing plant in the Pampa area. Gathering pressures are very low, and gas is compressed for inlet to two gas processing plants, both located in Borger. Each lease has its own tank battery system with up to 500-barrel capacity tanks.

## Historical prices and production volumes

The table below presents the historical average oil and gas prices achieved by Matra.

PRICES	UNIT	2016	2015
<b>WELLHEAD PRICES</b>			
<b>OIL</b>	USD/BARREL	41.4	46.6
<b>GAS</b>	USD/MCF	4.0	4.3
<b>OIL DISCOUNT TO WTI</b>	USD	1.7	2.1
<b>GAS PREMIUM TO HENRY HUB</b>	%	55	59

## BUSINESS DESCRIPTION

The table below illustrates Matra's historical production.

PRODUCTION	UNIT	2016	2015
OIL - GROSS	BBLS	101,977	102,318
OIL - NET <sup>1</sup>	BBLS	82,614	80,912
GAS - GROSS	MCF	626,710	733,892
GAS - NET	MCF	452,135	507,193
TOTAL - GROSS	BOE	206,429	224,633
TOTAL - NET	BOE	157,970	165,445
DAILY - GROSS	BOEPD	566	615
DAILY - NET	BOEPD	433	453
NRI	%	77	74

<sup>1</sup>Net production shows production excluding royalty interest.

### Hedging

Matra's policy is to hedge at least 50 percent of the aggregated projected oil production anticipated to be sold in the ordinary course of business, with a combined duration of at least 36 months, in accordance with the Company's financing agreements.

### COMPETITION

Matra's main competitors can be divided into three categories; public Stockholm based companies with exploration and production assets in the United States and Canada; public United States based companies with the size of operations close to Matra; and private or subsidiaries of public companies operating in the Panhandle area.

#### Public Stockholm based companies with exploration and production assets in the United States and Canada:

1. **Maha Energy AB:** Listed on Nasdaq First North and is engaged in the exploration, development and production of crude oil in Canada, the United States and Brazil
2. **Black Pearl Resources Inc.:** Listed on Nasdaq Nordic. Focuses on heavy oil assets located in Canada
3. **Dome Energy AB:** Listed on First North and is operating in the United States

#### Public United States based companies with the size of operations close to Matra:

1. **Ring Energy:** Listed on NYSE-MKT. The company owns assets in Texas
2. **Evolution Petroleum Corp:** Listed on NYSE and owns assets in Louisiana

#### Private and subsidiaries of public companies operating in the Panhandle area:

1. **4P Energy Texas, LLC**
2. **Arlex Resources**
3. **Kismet Properties, Inc.**
4. **Linn Operations, Inc.**
5. **McClelland Creek Properties, Inc.**
6. **O.H.M. Operating**
7. **Scout Energy Management, LLC**

### Comparative advantages

Matra made several acquisitions on attractive terms during an economic slowdown and thus has established its asset base with a competitive cost basis. The management of Matra has extensive oil market experience and the organization is lean and efficient. The Company has a broad market access and operates in an area with solid infrastructure. Matra owns approximately 22.9 MMboe of proven net reserves, of which 90 percent has not yet been developed per the date of the publication of the Company Description. Matra's reserves are conventional and the producing reservoirs have depths of between 500 and 1,000 meters with average wells drilled to a depth of 1,000 meters. The shallow field provides for competitive drilling and production costs, and potentially attractive internal rates of return. Furthermore, Matra has consolidation potential in the conventional reserves space in its area of operation, but also in other regions.

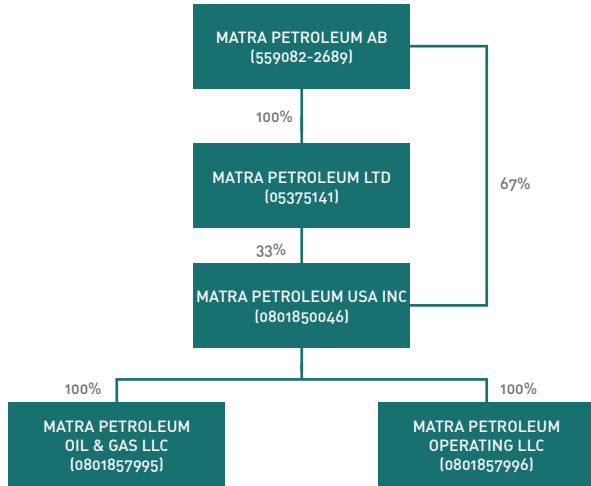
### ORGANIZATION

Matra has, per the date of the publication of the Company Description, 21 employees. Out of the 21 employees, 11 people work in production, one in accounting, one person in human resources and business support, two people work as advisors and six people are part of the executive management.



**CORPORATE STRUCTURE**

The legal structure of Matra per the date of the publication of the Company Description is illustrated below.



**REGIONAL OVERVIEW**

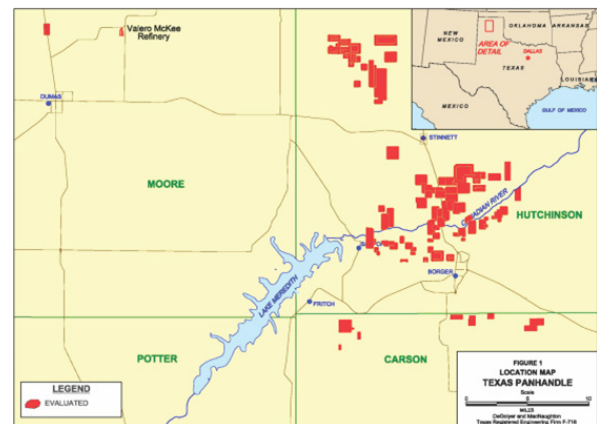
The Panhandle field is located in the Panhandle region, about 15 kilometres north of the city of Panhandle, Texas, and 55 kilometres northeast of the city of Amarillo, Texas (illustrated in the figure). The Panhandle field is an oil and gas producing field that spans from the Panhandle region up into Southwest Kansas. A portion of the field underlies Carson, Gray, Hutchinson, and Moore Counties located in the Texas Panhandle of North Texas. The field lies at the culmination of a Northwest plunging geanticline, the Amarillo-Wichita Uplift, which is the dominant structural feature in the region. The uplift caused the erosion of Pre-Pennsylvanian (Carboniferous) rocks and the exposure of the Pre Cambrian basement. The eroded sediments were deposited nearby in the Western Anadarko and North Permian Basins, creating a thick, sedimentary sequence composed of arkoses, granitic conglomerates (the Granite Washes), white arkosic limestones (the Moore County Limestone), a brown crystalline dolomite (the Brown Dolomite), dense dolomites, red siltstones (Red Cave) and anhydrites. Except for the anhydrites, all of these rock types produce in the Panhandle. Matra’s leases produce in a combination of some or all of the Moore County Limestone, Brown Dolomite, and Red Cave horizons.

The Granite Washes range in age from Pennsylvanian to early Permian. Their long depositional history is demonstrated by their inter-fingering with carbonates of Pennsylvanian age near the crest of the Amarillo Uplift and with limestones of mid to late Permian at the margin of the uplift. Near the centre of the basin, the washes attain thicknesses in excess of several hundred meters. Petrophysical evaluation of the granitic washes is complicated because the reservoir rock facies are composed of immature, dense, predominately

igneous minerals. This characteristic makes the determination of the specific gravity of the rock matrix difficult. The average porosity of the Granite Washes is 8 to 10 percent and the average water saturation is 45 percent.

Many wells in which Matra owns an interest are predominantly perforated in the Moore County Limestone or “White Limestone.” It is composed of highly fossiliferous, fine- to coarse-crystalline, white to pinkish grey limestone. In places along the base of the uplift, the lower part of the Moore County limestone is a mixture of reworked arkose and recrystallized limestone pellets forming a gradational contact with the underlying granite washes. The main part of the unit is composed of interlocking calcite crystals with disseminated oolites, fusulinids, and detrital quartz. The Moore County Limestone is 100 meter thick north of the uplift and thins and becomes absent on the crest. In the Anadarko basin, it thickens to several hundred meters. The most recognized, homogeneous, continuous dolomitic reservoir in the stratigraphic sequence of the Texas Panhandle is the Brown Dolomite. It overlies the Wolfcamp-age washes. It is conspicuous for the brown colour caused by oil stains in the secondary porosity that it exhibits. It varies in thickness from 15 to 100 meters and averages about 80 meter thick and it thins noticeably on structure. Throughout the Permian section, the porosities of the arkosic washes, limestones, and dolomites range from 12 to 16 percent and average 15 percent. Water saturation averages 38 percent. Permeability is significantly impacted by fractures.

During the late Pennsylvanian to Cretaceous, the rapid burial of the multiple source rocks in the deep Anadarko Basin generated a large hydrocarbon charge. The entrapment of hydrocarbons occurred along the Amarillo geanticline in drape structures beginning



## BUSINESS DESCRIPTION

in the Permian and continuing throughout the Mesozoic. Primary migration was southward out of the deep Anadarko Basin, up basin bounding faults, through granite-wash alluvial fans to early Panhandle structural traps.

The first gas discovery in the field was in 1918. The initial well test produced gas at the rate of about 3 million cubic meters per day. The first oil discovery followed in May 1921. Typical onshore drilling, completion, production, and gathering activities have persisted in the area for the past 96 years.

### Panhandle Field

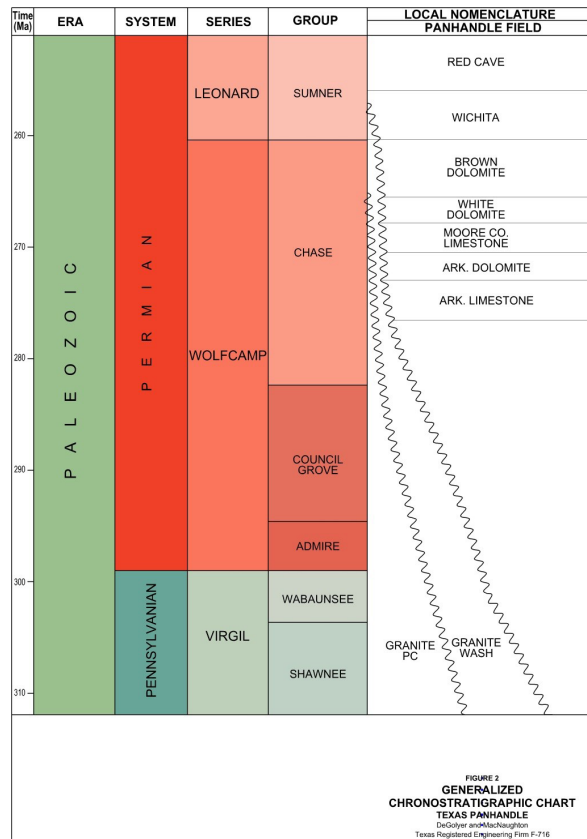
The intervals of interest for this Company Description are the Red Cave, Brown Dolomite, and Moore County Limestone reservoirs. The average porosity of the field ranges from 12 to 16 percent in the limestones and dolomites. The Moore County Limestone averages roughly 100 meters thick, while the Brown Dolomite averages about 80 meters thick. The average permeability of the field is 25 millidarcies. The original fluid contacts were tilted in the field. A generalized chronostratigraphic chart for the Texas Panhandle field is illustrated in the figure.

Secondary recovery attempts in the oilfield were begun with water flooding in 1946, but results were mixed. The vast gas reservoir, known as Panhandle Hugoton field, flanks the areas of oil production and is centred around the city of Pampa in Gray County. By 1994 the oilfields of the Panhandle district had yielded a cumulative total of nearly 1.42 billion barrels of oil and between 1973 and 1993 dry gas production was about 2.5 trillion cubic meters.

### Field development

Oil was first found in 1921 in the Osborne area of Wheeler County, near the Panhandle area, called the Panhandle Osborne field. The area gave up nearly 6 million barrels of oil before the Railroad Commission consolidated it with Panhandle Wheeler field on May 1, 1989. The Panhandle field is a gas and oil producing area that draws production from several horizons of Pennsylvanian and Permian age granite wash and dolomite, covering 200,000 surface acres in Hartley, Potter, Moore, Hutchinson, Carson, Gray, Wheeler, and Collingsworth counties of the Panhandle. The field was classified as one reservoir by the Railroad Commission of Texas until January 1940, when cumulative production totalled 347 million barrels of oil.

At that time oil production from the reservoir was separated into fields named Panhandle Carson County, Panhandle Gray County, Panhandle Hutchinson County, and Panhandle Wheeler County. The primary recovery of oil from the reservoir was driven by solution gas and gas-cap expansion and reservoir pressure has been maintained by gas and water injection. Secondary recovery attempts in the oilfield were begun with water flooding in 1946, but results were mixed. The vast gas reservoir, known as Panhandle Hugoton field, flanks the areas of oil production and is centred around the city of Pampa in Gray County.



# MARKET OVERVIEW

This market overview describes the market where the Company is operating, including its characteristics, development and growth outlook. The Company Description includes information concerning Matra's future markets and other information related to the business. Unless otherwise indicated, the information in the Company Description is based on Matra's evaluation of multiple sources stated in the Company Description. As Matra does not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third party sources, Matra is unable to verify such information and, while Matra believes it to be reliable, Matra cannot guarantee its accuracy or completeness. As far as Matra is aware and able to ascertain through comparison with other information published by such sources, no information has been omitted which could render the reproduced information inaccurate or misleading. For information on the technical terms used in this section, please refer to the section "Definitions". The Company is pursuing exploration and production of oil and natural gas resources. More information about the Company and its vision can be found in the section "Business description".

Currently the Company's main project is production of oil and natural gas in the Texas Panhandle area. The Company expects to achieve most of any future economic growth from the oil market. The Company's long term expectations on the oil market is positive. The general expectations on restrictions between supply and demand will contribute to a robust and strong market, especially as the demand on oil is increasing, in particular in the emerging markets. The following section lays out the Company's market in regards to development, size, supply and demand and opportunities for future economic growth.

## THE OIL INDUSTRY

The modern oil industry was created in 1859 when the colonel Edwin Drake drilled his first oil well in Pennsylvania, USA. As the oil drilling technique has been modernized since, the oil market has experienced several ups and downs. The oil industry is one of the biggest revenue generating industries in the world. According to "Fortune Magazine", in 2015, five out of the ten most revenue generating companies in the world were oil companies. The same magazine also showed that one third of the 100 most revenue generating companies in the world were oil companies.<sup>1</sup> The oil market is a huge market, with a yearly turnover of hundreds of billion US dollars. Generally the oil and gas resources are owned by the state where they are located (the "Hosting country"). However, in the US and in parts of Canada, the resources are sometimes owned by private owners, so called "mineral rights owners". Outside the north of America, the oil companies usually get permissions from the Hosting country to prospect and produce oil in that area. The oil is in other words not owned by the oil company itself, but permitted by the Hosting country in the form of a concession, permission, production sharing agreements and/or a license.

## HYDROCARBONS

Oil and natural gas contain molecular compounds of carbon and hydrogen atoms. Hydrocarbons are created from heating or cooking of organic carbons under high pressure in sedimentary rocks. The least complex hydrocarbons are a carbon with four hydrogen atoms, so called Methane (CH<sub>4</sub>), which is a gas in normal temperatures and pressure. Methane contains a high amount of energy and is the most common component in natural gas. More complex compounds creates hydrocarbon chains, whose weight depends on the length of the chain. As chains become longer and heavier, the hydrocarbons turn from gas into liquid and finally into a solid matter.

Hydrocarbons that are discovered in wells can be divided into five main categories; heavy oil, light oil, condensate, wet gas and dry gas. Crude oil (heavy oil and light oil) and natural gas can be found

in the nature and consist of different combinations of hydrocarbon that have to be separated in order to become useful. The separation process for crude oil is called refining, which basically is a successive heating and distillation process. At certain temperatures, the hydrocarbon chains break into shorter chains. The refining process continues until all hydrocarbons in the original crude oil mix have been separated. The lighter refined products, like petrol, jet fuel and diesel can be used in more areas and can therefore attract a higher price than the heavier refined products, like asphalt and paraffin.

Charcoal, oil and natural gas are all hydrocarbons. Charcoal is the solid part of the hydrocarbon family, oil is the liquid part and the gas is the gaseous part. In general, the longer the hydrocarbon chain, the higher the density of the hydrocarbon particle. The Company is per the date of the publication of the Company Description not involved in exploration nor production of charcoal.

Oil was created millions of years ago from dead, composted vegetation and dead organisms. Eventually, this organic matter was buried under sediment, like sand, gravel and mud, which gave rise to the name fossil fuels. In geologic times, the organic matter was buried deep down in the earth crust where heat and pressure transformed the organic matter into hydrocarbons and eventually into oil and gas. Hence, there can only exist oil and gas where this kind of process have taken place. The area where the buried organic matter was transformed into oil and gas is in technical terms called the "kitchen". Differences in density in oil, gas and water make it possible to separate these matters. Areas that contain hydrocarbons are called pools, which is used to describe a valley or slump filled with sediment.

<sup>1</sup>www.fortune.com

## MARKET OVERVIEW

### EXTRACTION

Oil is created inside the bedrock. The rock is permeable and porous, which means that the rock has linked cavities, which enables storage of oil and gas. If the rock is porous enough, and if all the cavities in the rock are linked in some way, the oil and the gas can migrate. The kind of rock where oil and gas are stored is called "extraction".

### TRAPS

As oil is lighter than water, the natural tendency for oil and gas is to migrate upwards. As long as the rock is permeable and the cavities in the rock are linked, oil and gas can travel very long distances. Sometimes oil and gas migrate straight upwards, and if there are no impermeable rock layers in the way blocking the transportation in the rock, oil and gas will migrate to the soil surface and trickle out. Oil trickles exist all over the world and give a helpful first indication on where oil and gas can be found.

Sometimes oil and gas can migrate long distances from the "kitchen" to the migration and be stopped by impermeable rock layers, this means that the oil has been caught in a "trap". Traps are divided into two types; structural and stratigraphic traps. The structural traps are easiest to find through seismic maps, while the more elusive stratigraphic traps sometimes contain large amounts of oil and gas.

### SEISMIC

Geologists and geophysicists map the earth crust with seismic with sound waves and geophones (the same methodology as with sonars). These sound waves create a cross section of the underground. The cross section can then be used to identify underground structures that might have caught hydrocarbons.

### OIL

When geologists and geophysicists have finalized their investigations, the only remaining work is to drill a hole to examine the structure. A rig is inserted and drills through the hole. If no oil is detected, the hole is said to be "dry". Where oil however is detected, but the quality of the reservoir is too poor for the oil to migrate to the soil surface without stimuli, the reservoir is said to be "tight". The most successful wells are those where the oil trickles out by itself.

When a well has been drilled and shows positive indications on oil, it is common that one examines the reservoir with a special tool that is lowered down the hole on an electric cable, so called "electric logging". The logging tool can identify fluid composition, pressure, temperature, porosity and a lot of other important data on the content in the reservoir. If the logs are positive, a so called drill stem test (DST) is conducted, where the pressure in the hole intentionally is lowered to a point where the reservoir liquid are allowed to flow into the well. Samples are examined and production tests determines whether the well can produce commercial amounts. After a successful DST, the field is evaluated in order to determine and prove the size of the field. This is usually done by performing several evaluation drillings in the outer parts of the field to enable

the engineers to calculate the volume of the findings. If the volume and the flows are big enough the finding is called a "commercial finding", which means that the oil field can be recovered with a profit. The physical characteristics of the reservoir and the oil make it difficult to recover more than 30 per cent of the oil in a field. This so called recovery rate depends on several factors, inter alia the characteristics of the reservoir and the oil, but also the market price on oil.

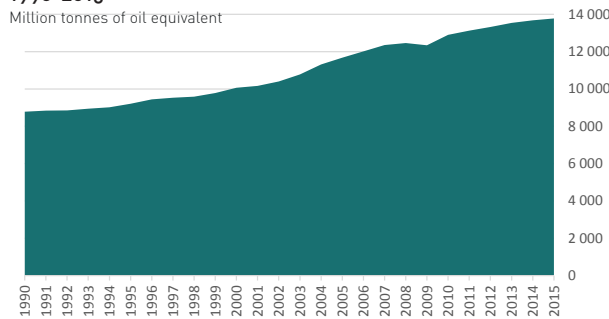
## THE GLOBAL ENERGY MARKET

The global energy consumption is driven by the world population, economic growth and access to resources. The consumption of energy has increased consequently since the industrial revolution in the 19th century. The energy consumption is expected to continue to grow for all kind of energy resources, particularly due to increased consumption in emerging markets, an increasing world population and an expanding world economy.

### THE OIL MARKET

Oil represented almost 33 percent of the world's energy needs in 2015. The same year 4,331 Mtoe, or 94 million barrels of oil per day was consumed. The largest consumer of oil is the transportation industry, which consumes about 64 percent of all oil that is produced each day.<sup>2</sup>

#### World energy consumption: 1990-2015



Source: Global Energy Statistical Yearbook 2016

### ENERGY SOURCES

According to "BP Statistical Review of World Energy, June 2016", the global energy consumption amounted to approximately 130 quadrillion (10<sup>15</sup> kilograms) calories of energy during 2015 (13 billion tons of oil equivalents).<sup>2</sup>

The biggest energy resources are oil, charcoal, gas, nuclear power and renewable energy (windmills, solar power plants and hydro-power plants). Their sources and areas of use differ in different parts of the world. Hydrocarbons (natural gas, oil and charcoal) stand for 85 percent of the world energy consumption. Despite the fact that Asia stands for two thirds of the world population, it only represents 40 percent of the world energy consumption. The OECDS consume 40 percent of the world energy but represent less than 20 percent of the world population.

<sup>2</sup>BP Statistical Review of World Energy, June 2016

### The global oil demand – 2015

During 2015, 34 billion barrels of oil were consumed globally, or 94 barrels of oil per day which can be compared to the world’s total known reserves of 1,698 billion barrels. During 2015, the demand was almost equal supply of oil on the global market. Both 2014 and 2015 measured all time high amounts in production and consumption of oil.

### Oil consumption 1990-2015

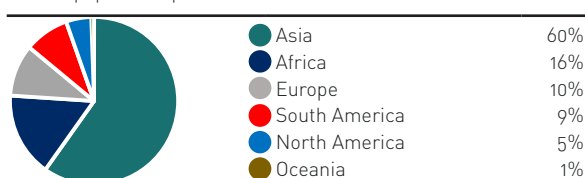
The world oil consumption has on average increased by 1.8 percent per year during the past 35 years. From 2000 to 2015, the world oil consumption increased by 27 percent. “2016 World Energy Outlook” produced by the International Energy Agency, reports that the global oil consumption is expected to increase by about 1 percent per year until 2035. Oil is used in many areas including transportation, petrochemical processes to be used as raw material, force generation as well as in agriculture. Petrol, diesel and jet fuel represent the main products in oil consumption, which amounted to 77 percent of the global consumption in 2015. Transportation is expected to remain an important component for the future consumption growth. The largest consumers during 2015 were Asia (32.4 million barrels of oil per day) and North America (23.6 million barrels of oil per day). The oil consumption is quite evenly distributed between the OECDs and the rest of the world. The consumption by the OECDs is expected to grow by 300 thousand barrels per day during 2017, while the consumption by countries outside the OECD is expected to grow by 1.1 million barrels of oil per day during 2017. This reflects a higher growth in the Middle East and Eurasia.<sup>3</sup>

### Oil production and reserves

Oil can be found and is produced in large volumes on most of the world’s continents. In 2015, the total global oil production amounted to 94 million barrels of oil per day. The largest producers are USA (12.7 million barrels of oil per day), Saudi Arabia (12.0 million barrels of oil per day) and Russia (11.0 million barrels of oil per day). Almost half of the proven oil reserves in world come from the Middle East, in particular Saudi Arabia, Iran, Iraq, Kuwait and the United Arab Emirates. 71.4 percent of the global proved oil reserves are members of the OPEC.<sup>4</sup>

Other large reserves of oil are located in unconventional sandstones, for instance in Canada (tar sands) and Venezuela (extra heavy oil), which will require significant investments and technology to be able to develop commercially. Almost 90 percent of the world’s oil reserves, both conventional and unconventional, are controlled by state-owned oil companies (“NOCs”) or Hosting countries<sup>5</sup>. These NOCs have by far the lowest average development and production costs compared to other oil companies. The remainder of the world’s oil reserves are divided between large oil companies, such as Shell, BP, Exxon-Mobil, as well as smaller independent oil companies. Due to the fact that the oil is of high strategical impor-

World population per continent 2016



Energy consumption per region 2016



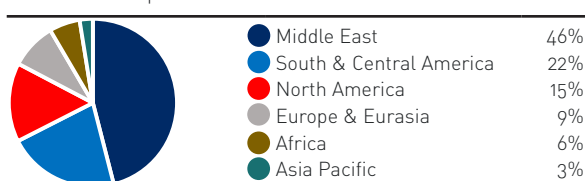
Oil consumption per region 2016



Oil production per region 2016



Distribution of proven oil reserves



Source: BP Statistical Review of World Energy June 2016

<sup>3</sup>Short term energy outlook. Global petroleum and other liquids. www.eia.gov

<sup>4</sup>International Energy Agency, 2016 Key World Energy Statistics

## MARKET OVERVIEW

tance to the global energy consumption, and the fact that a major part of the world's remaining reserves are controlled by political influenced national entities and are members of the OPEC, the future production and supply of oil is highly influenced by factors that lie outside the frame of how the market usually functions. This may, which history also suggests, have a major impact on the oil price in the future.

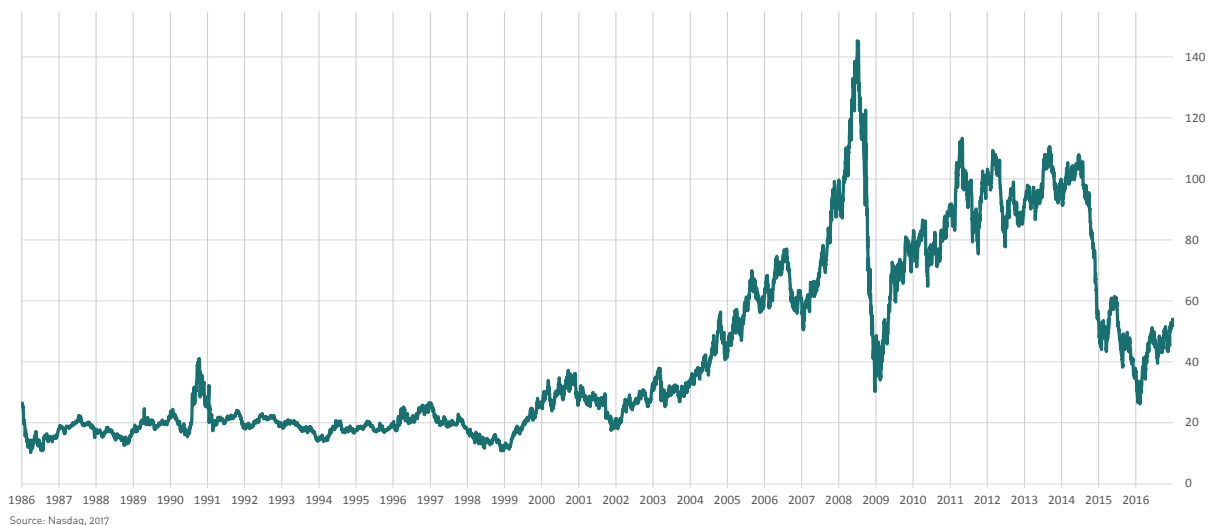
### The oil price

The price on crude oil mainly depend on four factors; the quality of the oil (weight and amount of sulphur), transportation costs, the world economy and the type of products that are refined from the oil. The price is expressed in USD per barrel. One barrel corresponds to approximately 159 litres. Since the crude oil is different in different parts of the world, the industry has developed a few popular crudes as benchmarks. These reference crudes are used for pricing of individual crudes all over the world. The most common crude in Western Europe is called "Brent", named after the large Brent oil field in the North Sea. The equivalent benchmark in the US is West Texas Intermediate (WTI).

Oil is a crude in a well-developed market. The price is determined on the commodity market, in particular NYMEX in New York and ICE in London. There are two main reference values for oil prices; WTI on NYMEX (the American reference value) and Brent on ICE (the global reference value). The oil price has historically been highly volatile. During the period early 2011 to late 2016, the oil was trading at 26-113 US dollars per barrel with a year average high of 110 US dollar per barrel<sup>6</sup>.

### Crude oil prices: 1986-2016

US Dollars (non-deflated) per barrel



In September 2014, the crude oil price started to fall sharply. In February 2016, the oil price hit a 10-year low at about 26 US dollar per barrel. The recent decline in the oil price seems to be a consequence of an oversupply as a result of lower global economic growth than expected, a strong increase in US shale oil production, increased production from the OECDS as well as the waiving of oil exportation sanctions on Iraq. The price on oil remained rather weak in the first half of 2016 but started to recover in the second half as OPEC agreed to cut oil production. As history suggests, the price of oil is highly dependent on the current and expected supply and demand on oil, global macroeconomic conditions as well as significant economic and geopolitical events. Historically, the oil price has also been highly correlated to global political events, which clearly was the case when OPEC decided to cut oil production. The graph below illustrates the crude oil price during 1986-2016.

### Trends

Since the year 2000 the energy industry has undergone major changes. Importers have become exporters, while countries who historically have been defined as exporters have become main players for the global demand on oil. The demand on energy is slowly switching to the emerging markets, in particular China, the Middle East and India, which is favorable for the growth on global demand on energy. The Middle East, which is the only big low-cost oil source, will however still be in the centre of the oil market in the long run. The need to compensate for reduced production in existing oil fields, is the most important driving force for oil investments until 2035, especially in the Middle East.

The global demand on energy is expected to increase with non-OECDS, especially China and India in the lead, who represents about 50 percent of the expected increase. As the fuel mix is developing,

<sup>5</sup>National Oil Companies and Value Creation - Silvana Tordo, 2011

<sup>6</sup>[www.nasdaq.com/markets/crude-oil.aspx](http://www.nasdaq.com/markets/crude-oil.aspx)

the fossil fuel will continue to dominate. Fossil fuel is expected to increase by about 60 percent and will represent more than 86 percent of the total energy consumption while renewable energy sources are expected to increase rapidly and represent 33 percent of the remaining growth of the same time period.<sup>7</sup>

<sup>7</sup>[www.bp.com](http://www.bp.com)-Energy Outlook to 2035

# PRO FORMA ACCOUNTS

## PRO FORMA FINANCIAL INFORMATION

In February, 2017 Matra AB acquired Matra USA and Matra Ltd through a share exchange. Following the share exchange Matra AB directly and indirectly owns and consolidates 100 percent of Matra USA. Matra USA has been deemed the accounting acquirer in the transaction. The Company has prepared unaudited pro forma consolidated information in order to illustrate the effect of the transactions and subsequent issuances of equity on the Company's consolidated balance sheet and income statement as at and for the twelve months ended 31 December 2016. The pro forma financial information has been included to describe a hypothetical situation and has been prepared for illustrative purposes only. The unaudited combined proforma financial information does not include all of the information required for financial statements under IFRS as adopted by the EU (IFRS).

Moreover, the pro forma financial information may not necessarily reflect Matra's actual results of operations and/or financial condition if the acquisition had actually been completed on that date and such pro forma financial information should not be considered to be indicative of Matra's results of operations or financial condition for any future period. Accordingly, potential investors should not pay undue attention to the pro forma financial information.

## Basis for the pro forma financial information

The pro forma financial information is based on;

- Information extracted from Matra AB:s unaudited management accounts as of 31 December 2016. As the Company has not had any business during the period there is no results from operations.
- Information extracted from Matra USA's unaudited management accounts as of and for the period ended 31 December 2016
- Information extracted from Matra Ltd's unaudited management accounts as of 31 December 2016 as the Company is a dormant Holding company no result of operations has been included

The pro forma financial information has been compiled on a basis consistent with IFRS.

No pro forma adjustments have been made for synergies or integration costs in the pro forma financial information.

The unaudited pro forma financial information has been presented in USD, which is Matra AB's presentation currency. Matra AB's unaudited management accounts presented in SEK have been converted into USD using the exchange rate as of 31 December 2016 of 9.09. Matra Ltd's unaudited management accounts presented in GBP have been converted into USD using the exchange rate as of 31 December 2016 of 1.23.

## Adjustment for difference in IFRS application

Matra AB will prepare its consolidated financial statements in accordance with IFRS as adopted by the EU (IFRS). Matra USA has historically applied US GAAP. When preparing the pro forma financial information, an analysis has been made by the Company to determine if there are any significant differences between IFRS as applied by Matra AB and those US GAAP as applied by Matra USA. The assessment is that there are no significant differences other than how the financial statements are presented. In preparing the pro forma financial information, adjustments have been made in order to align the presentation of the financial statements with Matra ABs presentation format.

## Pro forma adjustments

No pro forma adjustments have been deemed necessary in relation to the transactions as it is primarily a continuation of the business in Matra USA as no expected accounting adjustments are expected.

In connection with and subsequent to the transaction, Matra AB issued a total of 6,204,485 shares at a weighted average calculated issue price of SEK 8.03 per share, which has been reflected in the consolidated pro forma balance sheet as increases in equity through contributions of cash, net of transaction costs. Share issuances in SEK have been converted into USD using the exchange rate as of 31 December 2016 of 9.09.



**PRO FORMA ACCOUNTING**

The pro forma financial information presented below has been derived from Matra's unaudited management accounts for the period 2016-01-01 - 2016-12-31. Due to certain incorporated adjustments to the pro forma figures may not equal to the sum of the figures in the respective columns.

**PRO FORMA INCOME STATEMENT**

1 JANUARY - 31 DECEMBER 2016, KUSD	MATRA AB	MATRA LTD	MATRA USA	PRO FORMA ADJUSTMENTS	PRO FORMA, COMBINED
<b>Revenue</b>					
Oil	-	-	3,346	-	3,346
Natural gas	-	-	2,015	-	2,015
Other income	-	-	321	-	321
<b>Total revenue</b>	-	-	<b>5,682</b>	-	<b>5,682</b>
<b>Operating expenses</b>					
Oil & gas production	-	-	(3,743)	-	(3,743)
Depreciation, depletion, amortization and accretion	-	-	(1,065)	-	(1,065)
Production and other taxes	-	-	(244)	-	(244)
<b>Total operating expenses</b>	-	-	<b>(5,052)</b>	-	<b>(5,052)</b>
<b>Gross profit (loss)</b>	-	-	<b>630</b>	-	<b>630</b>
General and administrative	-	-	(3,164)	-	(3,164)
<b>Operating result</b>	-	-	<b>(2,534)</b>	-	<b>(2,534)</b>
<b>Financial income and expense</b>					
Net profit (loss) on derivative contracts	-	-	(351)	-	(351)
Interest expense	-	-	(4,857)	-	(4,857)
<b>Finance, net</b>	-	-	<b>(5,208)</b>	-	<b>(5,208)</b>
<b>Income (loss) before tax</b>	-	-	<b>(7,742)</b>	-	<b>(7,742)</b>
<b>Income tax (benefit) expense</b>	-	-	-	-	-
<b>Net income (loss)</b>	-	-	<b>(7,742)</b>	-	<b>(7,742)</b>

## PRO FORMA ACCOUNTS

### PRO FORMA BALANCE SHEET

31 DECEMBER 2016, KUSD	MATRA AB	MATRA LTD	MATRA USA	PRO FORMA ADJUSTMENTS <sup>1</sup>	PRO FORMA, COMBINED
<b>ASSETS</b>					
<b>Non current assets</b>					
Oil and gas properties	-	-	76,634	-	76,634
Property plant & equipment	-	-	639	-	639
Other non current assets	-	-	-	-	-
<b>Total non current assets</b>	<b>-</b>	<b>-</b>	<b>77,273</b>	<b>-</b>	<b>77,273</b>
<b>Current assets</b>					
Accounts receivables	-	-	1,047	-	1,047
Inventory	-	-	163	-	163
Other current assets	-	-	881	-	881
Restricted cash	-	-	2	-	2
Cash and cash equivalents	155	-	1,529	4,874	6,558
<b>TOTAL ASSETS</b>	<b>155</b>	<b>-</b>	<b>80,895</b>	<b>4,874</b>	<b>85,924</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
Shareholders' equity	55	(998)	24,427	4,874	28,358
Non controlling interest	-	-	2,556	-	2,556
<b>Total equity</b>	<b>55</b>	<b>(998)</b>	<b>26,983</b>	<b>4,874</b>	<b>30,914</b>
Long term borrowings	-	-	21,352	-	21,352
Revolving credit facility	-	-	24,938	-	24,938
Asset retirement obligation	-	-	930	-	930
Other long term liabilities	-	-	175	-	175
<b>Total long term liabilities</b>	<b>-</b>	<b>-</b>	<b>47,395</b>	<b>-</b>	<b>47,395</b>
Short term borrowings	-	-	-	-	-
Account payables	100	-	2,102	-	2,202
Other short term liabilities	-	998	4,415	-	5,413
<b>Total liabilities</b>	<b>100</b>	<b>998</b>	<b>53,912</b>	<b>-</b>	<b>55,010</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>156</b>	<b>0</b>	<b>80,895</b>	<b>-</b>	<b>85,924</b>

<sup>1</sup>In connection with and subsequent to the transaction, Matra AB issued a total of 6,204,485 shares at a weighted average calculated issue price of SEK 8.03 per share, which has been reflected in the consolidated pro forma balance sheet as increases in equity through contributions of cash, net of transaction costs. Share issuances in SEK have been converted into USD using the exchange rate as of 31 December 2016 of 9.09.

# AUDITOR'S REPORT IN REGARDS TO THE PRO FORMA ACCOUNTS



To the Board of Directors of Matra Petroleum AB, corporate identity number, 559082-2689

## **The Auditor's Report on Pro Forma Financial Information**

We have audited the pro forma financial information set out on pages 22-24 in Matra Petroleum AB's (the company) Company description dated 10 April, 2017.

The pro forma financial information has been prepared for illustrative purposes only to provide information about how the acquisition by Matra Petroleum AB of Matra Petroleum USA Inc and Matra Ltd could have affected the combined income statement for Matra Petroleum AB for the year ended 2016 and the balance sheet as of 31 December, 2016, as well as the new share issues that has taken place post year end.

### *The Board of Directors' responsibility*

It is the Board of Directors' and the Managing Director's responsibility to prepare the pro forma financial information in accordance with the listing requirements of Nasdaq First North.

### *The auditor's responsibility*

It is our responsibility to provide an opinion presented in the company description. We are not responsible for expressing any other opinion on the pro forma financial information or of any of its constituent elements. In particular, we do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that responsibility we have for auditor's reports regarding historical financial information issued in the past.

### *Work performed*

We conducted our work in accordance with FAR's Recommendation RevR 5 Examination of Financial information in Prospectuses. This recommendation requires that we comply with ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work, which involved no independent review or audit of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the company.

We planned and performed our work so as to obtain the information and explanations that we considered necessary in order to obtain reasonable assurance that the pro forma financial information has been compiled on the basis stated on pages 22-24, and that such basis is consistent with the accounting policies of the company.

### *Other disclosures*

Our work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in other jurisdictions, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### *Opinion*

In our opinion the pro forma financial information has been properly compiled on the basis stated on pages 22-24 and in accordance with the accounting principles applied by the company.

Stockholm, 10 April, 2017

PricewaterhouseCoopers AB

  
Johan Rippe  
Authorised Public Accountant

# FINANCIAL INFORMATION, MATRA USA

The financial information presented below has been derived from Matra USA's consolidated audited financial statement for the year ended 31 December 2015, as well as Matra USA's consolidated management accounts for the year ended 31 December 2016 and for the periods Q4 2015 and Q4 2016. The financial statements and report have been prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP").

The following information should be read in conjunction with the section "Comments on financial development, Matra USA".

## INCOME STATEMENT

KUSD	2016-09-30 - 2016-12-31	2015-09-30 - 2015-12-31	2016-01-01 - 2016-12-31	2015-01-01 - 2015-12-31
	Unaudited	Unaudited	Unaudited	Audited
Oil	1,093	559	3,346	3,164
Natural gas	587	520	2,015	2,343
Other income	291	-	321	-
<b>Total revenue</b>	<b>1,971</b>	<b>1,080</b>	<b>5,682</b>	<b>5,507</b>
Oil & gas production	(1,014)	(960)	(3,743)	(4,674)
Production and other taxes	(72)	(52)	(244)	(382)
Depreciation, depletion, amortization and accretion	231	(462)	(1,065)	(1,693)
General and administrative	(922)	(869)	(3,164)	(4,550)
<b>Total costs and expenses</b>	<b>(1,777)</b>	<b>(2,343)</b>	<b>(8,216)</b>	<b>(11,299)</b>
<b>Operating profit (loss)</b>	<b>194</b>	<b>(1,264)</b>	<b>(2,534)</b>	<b>(5,792)</b>
<b>Other income (expense)</b>				
Change in fair value of warrants	437	(77)	185	(93)
Change in fair value of call and put options	-	-	-	(4,400)
Net gain (loss) on derivative contracts	(256)	663	(536)	1,520
Interest expense	(1,482)	(1,089)	(4,857)	(2,580)
<b>Total other income (loss), net</b>	<b>(1,301)</b>	<b>(503)</b>	<b>(5,208)</b>	<b>(5,553)</b>
<b>Income (loss) before income tax expense</b>	<b>(1,107)</b>	<b>(1,767)</b>	<b>(7,742)</b>	<b>(11,345)</b>
<b>Income tax (benefit) expense</b>	<b>-</b>	<b>(88)</b>	<b>-</b>	<b>(277)</b>
<b>Net income (loss)</b>	<b>(1,107)</b>	<b>(1,678)</b>	<b>(7,742)</b>	<b>(11,068)</b>
<b>Plus (less): Net loss attributable to non-controlling interest</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>522</b>
<b>Net income</b>	<b>(1,107)</b>	<b>(1,742)</b>	<b>(7,742)</b>	<b>(10,546)</b>

## BALANCE SHEET

KUSD	2016-12-31	2015-12-31
	Unaudited	Audited
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	1,528	1,139
Restricted cash	2	6,251
Accounts receivable - oil and natural gas production	760	384
Accounts receivable - Joint Interest Billing	184	-
Accounts receivable - other	103	160
Prepaid expenses and other	259	162
Inventory	163	64
Fair value of derivative contracts	371	1,550
<b>Total current assets</b>	<b>3,370</b>	<b>9,710</b>
<b>Property and Equipment - at cost</b>		
Proved oil and natural gas properties, successful efforts method of accounting	79,667	75,119
Other property and equipment	639	586
Accumulated depreciation, depletion and amortization	(3,033)	(2,220)
<b>Total property and equipment, net</b>	<b>77,273</b>	<b>73,485</b>
<b>Deposit</b>	<b>250</b>	<b>250</b>
<b>Fair value of derivative contracts</b>	<b>1</b>	<b>737</b>
<b>TOTAL ASSETS</b>	<b>80,894</b>	<b>84,182</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	2,102	2,240
Accrued liabilities	2,102	1,221
Current maturities of capital lease obligations	136	89
Tern loan	-	17,875
<b>Total current liabilities</b>	<b>4,340</b>	<b>21,425</b>
Fair value of derivative contracts	89	-
Revolving credit facility	24,938	24,811
Term loan	21,352	-
Capital lease obligations	175	105
Asset retirement obligation	930	843
Fair value of warrants	1,558	1,744
<b>Total liabilities</b>	<b>53,382</b>	<b>48,928</b>
Series A preferred shares	1,795	1,795
<b>Total mezzanine equity</b>	<b>1,795</b>	<b>1,795</b>
<b>Stockholders' equity</b>		
Additional paid-in-capital	42,924	42,924
Retained earnings	(17,207)	(9,465)
<b>Total stockholders' equity</b>	<b>25,717</b>	<b>33,459</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>80,894</b>	<b>84,182</b>

## CASH FLOW STATEMENT

KUSD	2016-09-30 - 2016-12-31	2015-09-30 - 2015-12-31	2016-01-01 - 2016-12-31	2015-01-01 - 2015-12-31
	Unaudited	Unaudited	Unaudited	Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (loss)	(1,107)	(1,678)	(7,742)	(11,068)
<b>Adjustment to reconcile net income (loss) to net cash used in operating activities</b>				
Depreciation, depletion, amortization and accretion	(399)	462	898	1,693
Interest expense (due at maturity)	1,036	575	3,078	1,040
Amortization of debt discount and deferred issuance cost	131	135	526	355
Net gain on derivative contracts	256	(663)	536	(1,520)
Net cash receipts on derivative contracts	334	398	1,535	1,497
Change in fair value of call and put options on overriding royalty interest	-	-	-	4,400
Changes in net value of warrants	437	77	185	93
Deferred income taxes	-	(88)	-	(277)
<b>Changes in operating asset and liabilities</b>				
Account receivable - oil and natural gas	(300)	52	(666)	359
Inventory	(74)	6	(99)	185
Other current assets	(189)	121	-	31
Account payable and accrued liabilities	359	952	744	607
<b>Net cash used in operating activities</b>	<b>(389)</b>	<b>348</b>	<b>(1,377)</b>	<b>(2,605)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to oil and natural gas properties	(1,446)	(1,199)	(4,547)	(10,904)
Change in restricted cash	-	-	-	(6,251)
<b>Net cash used in investing activities</b>	<b>(1,446)</b>	<b>(1,199)</b>	<b>(4,547)</b>	<b>(17,155)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from promissory note payable due to Rovello Investment, Ltd	-	-	-	550
Proceeds from Melody Capital Finance term loan and warrants	2,321	1,023	6,249	19,400
Green Bank loan repayment	-	-	-	(5,000)
Advances on revolving credit facility	-	-	-	2,855
Payments on capital leases	123	(21)	64	(40)
Cash paid for finance costs	-	-	-	(1,257)
<b>Net cash provided by financing activities</b>	<b>2,444</b>	<b>1,002</b>	<b>6 313</b>	<b>16,508</b>
<b>Net increase (decrease) in cash</b>	<b>609</b>	<b>151</b>	<b>389</b>	<b>(3,252)</b>
<b>Cash - beginning of period</b>	<b>920</b>	<b>988</b>	<b>1,139</b>	<b>4,391</b>
<b>Cash - end of period</b>	<b>1,528</b>	<b>1,139</b>	<b>1,528</b>	<b>1,139</b>

## KEY INFORMATION AND DATA

KUSD	2016-09-30 - 2016-12-31	2015-09-30 - 2015-12-31	2016-01-01 - 2016-12-31	2015-01-01 - 2015-12-31
	Unaudited	Unaudited	Unaudited	Audited
Revenue	1,971	1,080	5,682	5,507
Operating profit (loss)	194	(1,264)	(2,534)	(5,792)
Total assets	80,894	84,182	80,894	84,182
Total equity	25,188	33,459	25,188	33,459
Equity ratio (%)	31	40	31	40
Number of employees	21	22	21	22

## DEFINITIONS

**Revenue:** Net sales of the period

**Operating profit (loss):** Operating profit (loss) for the period

**Total assets:** Total assets at the end of the period

**Total equity:** Total equity at the end of the period

**Equity ratio:** Total equity as a percentage of total assets

**Number of employees:** Average number of employees during the period

# COMMENTS ON THE FINANCIAL DEVELOPMENT, MATRA USA

The comments on the financial development set forth below are based on the 2015 annual report and Matra USA's consolidated management accounts for the year ended 31 December 2016 as well as for the periods Q4 2015 and Q4 2016. The information presented below should be read in conjunction with the section "Financial information, Matra USA" and Matra USA's audited financial statement for the financial year 2015, as well as the unaudited financial statements for the full year of 2016 and for the period Q4 2015 and Q4 2016, which are incorporated by reference. The financial statements have been prepared in accordance with US GAAP.

## 2016 COMPARED TO 2015

### Revenue

The total revenues in 2016 amounted to approximately USD 5.7 million, which was an improvement by approximately USD 0.2 million from 2015 (USD 5.5 million). This was mainly due to an increase in production in 2016 which compensated losses due to lower crude oil and natural gas prices in 2016 compared to 2015.

### Expenses

The total expenses in 2016 were approximately USD 8.2 million, which was a decrease by approximately USD 3.1 million from 2015 (USD 11.3 million). This decrease in costs is mainly attributable to management's efforts to reduce both operating and administrative expenses such as negotiating lower prices with service providers, introducing stricter budgets and adjusting operations volume based on oil and gas prices fluctuations.

### Operating profit (loss)

Financial year 2016 resulted in an operating loss of approximately USD 2.5 million, which was an improvement of approximately USD 3.3 million compared to 2015 (loss of approximately USD 5.8 million). This improvement is mainly explained by measurements undertaken to reduce costs and strict monitoring of operating and administrative expenditures.

### Net income (loss)

The net loss in 2016 amounted to approximately USD 8.3 million, which was a decrease in losses by approximately USD 2.8 million compared to 2015 (loss of approximately USD 11.1 million). This is mainly explained by, in addition to the above described improvement in operating profit, the fact that 2015 loss contained a USD 4.4 million loss on lapsed call option to purchase 10 percent overriding royalty interest.

### Assets

The total assets as per 31 December 2016 were approximately USD 80.9 million, which was a decrease of approximately USD 3.3 million from 31 December 2015 (approximately USD 84.2 million). This decrease occurred mainly due to fair value change and accrual of paid-in-kind interest on term loan.

### Liabilities

The total liabilities as of 31 December 2016 amounted to approximately USD 53.9 million, which was an increase of approximately USD 5.0 million per 31 December 2015 (approximately USD 48.9 million). This increase occurred mainly due to fair value change and accrual of paid-in-kind interest on term loan.

## Equity

The total equity as of 31 December 2016 amounted to approximately USD 25.2 million, which was a decrease of approximately USD 8.3 million compared to the total equity as of 31 December 2015 (approximately USD 33.5 million). This decrease was mainly attributable to the loss generated in 2016 since no equity issued occurred during 2016.

## Q4 2016 COMPARED TO Q4 2015

### Revenue

The total revenues in Q4 2016 amounted to approximately USD 2.0 million, which was an improvement by approximately USD 0.9 million from Q4 2015 (approximately USD 1.1 million). This was mainly due to an increase in production in Q4, 2016 compared to the same period in 2015.

### Expenses

The total expenses in Q4 2016 were approximately USD 1.8 million, which was a decrease in expenses by approximately USD 0.5 million from Q4 2015 (approximately USD 2.3 million). This decrease in costs is mainly attributable to management's efforts aimed to reduce costs.

### Operating profit (loss)

The period Q4 2016 resulted in an operating profit of approximately USD 0.2 million, which was an increase of approximately USD 1.5 million compared to Q4 2015 (a loss of approximately USD 1.3 million). This improvement is mainly explained by increase in production and measurements undertaken to reduce costs of production and administrative expenditures.

### Net income (loss)

The net loss during the period Q4 2016 amounted to approximately USD 1.1 million, which was a decrease of approximately USD 0.1 million compared to Q4 2015 (a loss of approximately USD 1.7 million). This decrease in net loss was mainly explained by a change in fair value of warrants.



# CAPITALIZATION AND INDEBTEDNESS

The tables below describe Matra USA's capitalization and indebtedness as of 31 December 2016. See the section "Share capital and ownership" for further information about Matra USA's parent company share capital and shares. The tables in this section should be read in conjunction with the section "Comments on financial development, Matra USA" and Matra USA's financial information, including the related notes, which are incorporated by reference.

NET INDEBTEDNESS, KUSD	31 DECEMBER 2016	CAPITALIZATION, KUSD	31 DECEMBER 2016
A) Cash	1,531	Current debt	
B) Cash equivalents	-	Guaranteed	-
C) Trading securities	-	Secured	-
<b>D) Liquidity A+ B + C</b>	<b>1,531</b>	Unguaranteed/unsecured	-
E) Current financial receivables	1,306	<b>Total current interest-bearing debt</b>	<b>-</b>
F) Current bank debt	-	<b>Non-current debt</b>	
G) Current portion of non-current debt	-	Guaranteed	-
H) Other current debt (non-interest bearing)	4,340	Guaranteed and secured <sup>1</sup>	48,377
<b>I) Current financial debt F + G + H</b>	<b>4,340</b>	Unguaranteed/unsecured	-
<b>J) Net current financial indebtedness I - E - D</b>	<b>1,503</b>	<b>Total non-current interest-bearing debt</b>	<b>48,377</b>
K) Non-current bank loans	24,938	<b>Shareholder's equity</b>	
L) Bonds issued	-	Share capital	42,924
M) Other non-current financial debt	25,409	Share premium	-
<b>N) Non-current financial indebtedness K + L + M + N</b>	<b>50,347</b>	Legal reserve	-
<b>O) Net financial indebtedness J + N</b>	<b>51,850</b>	Other reserve	-
		Retained earnings (loss)	(17,736)
		Minority interest	-
		<b>Total equity</b>	<b>25,188</b>

<sup>1</sup>The guaranteed and secured interest bearing debt at 31 December 2016 consisted of a revolving credit note, a term loan and warrants. The revolving credit note is secured by all of the oil and gas assets owned by Matra Oil & Gas (please refer to the balance sheet under "Financial information, Matra USA" for the value of these assets). The term loan is secured by 66.7 percent of the outstanding shares in Matra Petroleum USA. The warrants represent warrants originally issued Melody Business Finance in relation to the term loan. These warrants were as of 17 February converted into a loan to Melody Business Finance.

## CAPITALIZATION AND INDEBTEDNESS

The tables below describe Matra AB's (parent company) capitalization and indebtedness as of 20 March 2017. The tables in this section should be read in conjunction with the section "Pro forma accounts".

NET INDEBTEDNESS, KUSD	20 MARCH 2017	CAPITALIZATION, KUSD	20 MARCH 2017
A) Cash	4,003 <sup>1</sup>	Current debt	
B) Cash equivalents	-	Guaranteed	-
C) Trading securities	-	Secured	-
<b>D) Liquidity A+ B + C</b>	<b>4,003</b>	Unguaranteed/unsecured	-
E) Current financial receivables	300	<b>Total current interest-bearing debt</b>	<b>-</b>
F) Current bank debt	-	<b>Non-current debt</b>	
G) Current portion of non-current debt	-	Guaranteed	-
H) Other current debt (non-interest bearing)	-	Guaranteed and secured*	-
<b>I) Current financial debt F + G + H</b>		Unguaranteed/unsecured	-
<b>J) Net current financial indebtedness I - E - D</b>	<b>-4,303</b>	<b>Total non-current interest-bearing debt</b>	<b>-</b>
K) Non-current bank loans		<b>Shareholder's equity</b>	
L) Bonds issued		Share capital	4,470 <sup>1</sup>
M) Other non-current financial debt		Share premium	27,801 <sup>1</sup>
<b>N) Non-current financial indebtedness K + L + M + N</b>		Legal reserve	-
<b>O) Net financial indebtedness J + N</b>	<b>-4,303</b>	Other reserve	-
		Retained earnings (loss)	-
		Minority interest	-
		<b>Total equity</b>	<b>32,271<sup>1</sup></b>

<sup>1</sup>As of 20 March 2017, a pending share issue amounted to KUSD 284, which upon completion will increase Cash by KUSD 284, Share capital by KUSD 28, Share premium by KUSD 256 and Total equity by KUSD 284.

# OTHER FINANCIAL INFORMATION

## INVESTMENTS MATRA USA

Historically, Matra USA has been focusing on investing in acquisitions of companies and assets. During the financial year 2016, Matra USA invested USD 4.5 million in oil and gas properties. During the financial year 2015, Matra USA invested approximately USD 8.8 million in acquisitions and development of oil and gas properties. The total amount invested in the financial year 2014 was about USD 42 million. The investments consisted of acquisitions of companies amounting to approximately USD 27 million as well as other investments in oil and gas properties of about USD 14 million.

INVESTMENTS, KUSD	2016	2015	2014
Acquisition of Matra Oil & Gas			7,437
Acquisition of Eclipse Finance, Inc.			9,677
Acquisition of FirstBorger, Inc.			10,238
Acquisition of overriding royalty interest		4,068	
Additions to oil and gas properties <sup>1</sup>	4,541	4,736	13,993
Acquisitions of other properties and equipment			309
<b>Total</b>	<b>4,541</b>	<b>8,804</b>	<b>41,654</b>

<sup>1</sup>Includes:

- 127 wells – re-entry to production from idle well sock
- 28 wells drilled and put into operations, including five wells drilled and completed and put on stream in December 2016
- 3 wells re-completion (re-fracturing)
- 2 wells deepened
- Infrastructure related to new wells

## ONGOING AND PLANNED INVESTMENTS

In the end of January 2017, Matra started to drill three new wells on the Dial lease, amounting to an estimated cost of about USD 1.2 million. This is estimated to be completed in Q1 2017.

The company runs a flexible capital expenditures program to develop its petroleum reserves. Going forward the Company plans to fund its drilling program from current cash, cash flow from operations and debt sources. The Company quickly can adjust its drilling plans to accelerate or reduce capital expenditures depending on the availability of capital and other factors.

The company's long term objective is to accelerate the development plan and increase drilling in order to fully realize the development potential of the company's reserve base. Further, the company has access to and considers acquisition opportunities in its region of operations.

The Company is planning on investing another USD 5-10 million in drilling during the second half of 2017.

In addition, Matra has several plans on how to put not yet produced reserves into production and how to develop undeveloped reserves. Below is a summary of Matra's current plans:

- 466 new wells
- 137 re-entry from temporary shut-in wells stock
- 25 re-fracturing of current producing wells stock
- 22 deepening of current producing wells stock
- 286 work-overs of current active and inactive wells

## WORKING CAPITAL STATEMENT

The board of directors of Matra assesses that the Company has a sufficient working capital to run its current operations for the upcoming 12 months after the date of the publication of the Company Description. The Company's working capital for the upcoming 12 months is ensured by the cash at hand, cash flow from operating activities, the proceeds from the share issue conducted before the listing and debt sources. As of December 31 2016, the cash at hand amounted to approximately USD 1.53 million and USD 6.5 million for equity placements in February 2017.

## SIGNIFICANT EVENTS FOLLOWING 31 DECEMBER 2016

In October 2016, Matra AB was formed as the new group parent company, to consolidate 100 percent of Matra USA. The consolidation was completed in March 2017 through a series of transactions. In connection with this, Matra renegotiated and extended its long term debt agreements, raised additional equity capital, through contributions in cash and widened its Swedish shareholder base.

# BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

Matra's board of directors consists of four ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the annual shareholders' meeting 2018. Matra's executive management consists of six ordinary members, consisting of the positions CEO, CFO, CFO, CTO, Deputy managing director and Head of Business Development.

## BOARD OF DIRECTORS

NAME	BORN	POSITION	INDEPENDENT FROM THE COMPANY	INDEPENDENT FROM MAIN OWNERS
ERIC FORSS	1965	CHAIRMAN	YES	YES
MAXIM BARSKIY	1974	BOARD MEMBER, CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR	NO	NO
FRANK C. LYTLE	1946	BOARD MEMBER	YES	YES
EKATERINA KONSHINA	1976	BOARD MEMBER	YES	YES

### ERIC FORSS

Born 1965, Chairman of the board of directors of Matra AB since 2016. Eric has about 25 years of management experience from the oil and gas industry. Eric has a BSc degree in Finance from Babson Collage, Wellesley MA, USA.

#### OTHER ASSIGNMENTS OUTSIDE MATRA:

- Forsinvest Aktiebolag: Board member since 1998
- S.O.G. Energy Svenska Oljegruppen AB: CEO and board member since 2005
- Forceenergy AB: Board member since 1998
- D.O.Y. AB: Chairman and board member since 2006
- Mediagruppen Stockholm MGS AB: Chairman and board member since 2006
- Gangsters Post AB: Chairman and board member since 2013
- Fogel & Partners i Stockholm AB: Board deputy since 2015
- WINDFORSS ENERGY AB: Chairman and board member since 2015

#### COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012:

- Consortium Capital Investments AB: Board member 2012-2013
- Fastighets Aktiebolaget G.S.P.: Chairman and board member 2015-2015
- one stop sweden AB: Chairman and board member 2015-2015
- RYC Add-Venture AB: Board deputy 2011-2014
- Lirio 3 AB: Chairman and board member 2015-2016
- Misu Konsulting AB: Board deputy 2015-2017
- Mikael & Susanne Värdepapper AB: Board deputy since 2015-2017
- Alliance Oil Company: Chairman 2004-2014
- AR Oil an Gaz GV: Chairman 2012-2014

#### HOLDINGS IN THE COMPANY:

Per the date of the publication of the Company Description, Eric Forss holds, privately and via Forsinvest AB, 2,009,985 shares and 20,012 warrants in the Company.

### MAXIM BARSKIY

Born 1974, member of the board of directors of Matra AB since 2017. Born 1974, Chief Executive Officer and Managing Director of Matra AB since 2017. Chief Executive Officer and Managing Director of Matra USA since 2013. Maxim has worked in the oil and gas industry for more than 12 years. Maxim has a MSc degree in Economics from State University of St. Petersburg, St. Petersburg, Russia.

#### OTHER ASSIGNMENTS OUTSIDE MATRA:

- Delivery Hero GmbH: Board member since 2016
- Spent: Charmain and board member since 2016

COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012: Maxim has not had any other assignments since 2012.

#### HOLDINGS IN THE COMPANY:

Per the date of the publication of the Company Description, Maxim Barskiy holds 50 percent of the shares in Rovelo Investment Ltd which in turn holds 22,020,210 shares in the Company. Maxim Barskiy also holds 50 percent of the shares in Winpro Ventures Corp, which in turn holds 2,875,000 shares in the Company.

### FRANK C. LYTLE

Born 1946, member of the board of directors at Matra AB since 2017. Frank has extensive experience from the oil and gas industry where he successfully has built technically strong and team oriented organizations. Frank has a BA in Russian Studies from University of Houston.

#### OTHER ASSIGNMENTS OUTSIDE MATRA:

- Geo-Vision Resources LLC: Managing member since 2013
- Trinity Lake LLC: Managing member since 2015

COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012: Frank has not had any other assignments since 2012.

## BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

### HOLDINGS IN THE COMPANY:

Per the date of the publication of the Company Description, Frank C. Lytle holds 73,579 warrants in the Company.

### EKATERINA KONSHINA

Born 1976, member of the board of directors at Matra AB since 2017. Ekaterina holds vast experience and expertise in all major areas of finance and accounting functions, including for example Corporate Finance, Debt negotiation and Business valuation, as well as Deal structuring for M&A transactions. In addition to this, Ekaterina holds six years experience from senior positions within listed companies and a MBA from The University of Chicago Booth School of Business.

### OTHER ASSIGNMENTS OUTSIDE MATRA:

– Gekkon Consulting Ltd: Board member since 2014

COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012: Ekaterina has not had any other assignments outside Matra that has ended since 2012

### HOLDINGS IN THE COMPANY:

Per the date of the publication of the Company Description, Ekaterina Konshina holds 73,579 warrants in the Company.

## EXECUTIVE MANAGEMENT

NAME	BORN	POSITION	INDEPENDENT FROM MAIN OWNERS
MAXIM BARSKIY	1974	CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR	NO
ELENA SELEZNEVA	1982	CHIEF FINANCIAL OFFICER	YES
SERGEY FUNYGIN	1968	CHIEF OPERATING OFFICER OF MATRA USA	YES
IGOR INDYCHKO	1970	CHIEF TECHNICAL OFFICER OF MATRA USA	YES
TOMAS HELLSTRÖM	1963	DEPUTY MANAGING DIRECTOR	YES
ANDREY NIKISHENKOV	1977	HEAD OF BUSINESS DEVELOPMENT OF MATRA USA	YES

### MAXIM BARSKIY

Please refer to the description of Maxim under the section "Board of Directors" for more information.

### ELENA SELEZNEVA

Born 1982, Chief Financial Officer of Matra AB since 2017. Chief Financial Officer of Matra USA since 2013 Elena has over six years of experience in the oil and gas industry and is an ACCA qualified accountant. Elena holds a BSc degree in Accounting from Moscow State University of Economics, Statistics and Informatics.

OTHER ASSIGNMENTS OUTSIDE MATRA: Elena has per the date of the publication of the Company Description no assignments outside Matra.

COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012: Elena has not had any other assignments since 2012.

### HOLDINGS IN THE COMPANY:

Per the date of the publication of the Company Description, Elena Selezneva holds 367,897 warrants in the Company.

### SERGEY FUNYGIN

Born 1968, Chief Operating Officer of Matra USA since 2014. Sergey has more than 20 years of experience in the exploration and production industry. Sergey holds an MBA from Rice University, Houston, TX.

OTHER ASSIGNMENTS OUTSIDE MATRA: Sergey has per the date of the publication of the Company Description no assignments outside Matra.

### COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012:

Sergey has not had any other assignments since 2012.

### HOLDINGS IN THE COMPANY:

As of the date of this Company Description, Sergey Funygin holds 367,897 warrants in the Company.

### IGOR INDYCHKO

Born 1970, Chief Technical Officer of Matra USA since 2013. Igor has over 20 years of experience in the oil and gas industry. He holds a MSc degree in Petroleum Engineering from Moscow Academy of Oil and Gas.

## BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

OTHER ASSIGNMENTS OUTSIDE MATRA: Igor has per the date of the publication of the Company Description no assignments outside Matra.

COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012: Igor has not had any other assignments since 2012.

### HOLDINGS IN THE COMPANY:

Per the date of the publication of the Company Description, Igor Indykchko holds 220,737 warrants in the Company.

### TOMAS HELLSTRÖM

Born 1963, Deputy Managing Director of Matra AB since 2017. Tomas has more than 30 years of management experience from assignments relating to startups, financing, fund management, reorganizations, exits and divestments in both private and public companies in sectors such as media, real estate, finance, energy and manufacturing.

### OTHER ASSIGNMENTS OUTSIDE MATRA:

- S.O.G. Energy - Svenska Oljegruppen AB: Board member since 2003
- Forcenergy AB: Board member and managing director since 2004
- Forsinvest Aktiebolag: Board member and managing director since 1992
- D.O.Y. AB: Board deputy since 2006
- Tompa Hellström & Co AB: Board member since 1992
- Betalt och Klart i Stockholm AB: Board member since 2002
- Mina Gubbar i Stockholm Finansservice AB: Boardmember and CEO since 2014
- Gangsters Post AB: Board deputy since 2010
- BE-X Machines Sweden AB: Board member since 2012
- Brushit AB: Board deputy since 2013
- WINDFORSS ENERGY AB: Board deputy since 2015

### COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012:

- LVD-Pullmax AB: Chairman and board member 2010-2013
- RYC Add-Venture AB: Board member 2011-2014
- Fogel & Partners i Stockholm AB: Board deputy 2011-2014
- Älvstrandens Verktyg & Service AB: Board member 2012-2014

### ANDREY NIKISHENKOV

Born 1977, Head of Business Development of Matra USA since 2013. Andrey has over 10 years of experience in the oil and gas industry and is a qualified accountant. He holds a MSc in Economics from the Higher School of Economics and a diploma in Mathematics from Moscow State University.

OTHER ASSIGNMENTS OUTSIDE MATRA: Andrey has per the date of the publication of the Company Description no assignments outside Matra.

COMPLETED ASSIGNMENTS OUTSIDE MATRA SINCE 2012: Andrey has not had any other assignments since 2012.

### HOLDINGS IN THE COMPANY:

Per the date of the publication of the Company Description, Andrey Nikishenkov holds 220,737 warrants in the Company.

### AUDITOR

At the extra shareholders' meeting on 15 December 2016, PwC was elected as Matra AB's auditor with Johan Rippe (born 1968) as the auditor in charge until the end of the annual shareholders' meeting 2018. Johan Rippe is an authorized auditor and a member of FAR (professional institute for authorized auditors). PwC and Johan Rippe have not audited any financial statements presented in this Company Description. PwC's address is presented in the section "Addresses" at the end of the Company Description. Matra USA's auditor for the financial year 2015 was BDO USA, LLP.

### OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

No board members or members of the executive management have any family ties to other board members or members of the executive management. There are no conflicts of interest or potential conflicts of interest between the undertakings of the board members and senior executives in relation to Matra AB and their private interests and/or other undertakings. However, a number of board members and senior executives have certain financial interests in Matra AB due to their direct or indirect shareholdings and holdings of warrants in the Company.

Apart from what is stated above, none of the board members or senior executives has, over the past five years, been (i) representative of any company, apart from the positions specified for board members and senior executives, (ii) convicted in fraud-related court cases, (iii) represented a company that has been declared bankrupt or that has been involuntarily liquidated, (iv) accused by a public authority or organization that represents a certain professional grouping and is governed via public sector law, or (v) disqualified from the practice of commercial activities.

The Board members and the senior management of Matra AB can be reached via the address of Matra AB stated at the end of the Company Description.

# CORPORATE GOVERNANCE

## GENERAL

Matra AB is a Swedish public limited liability company (Swe. *publikt aktiebolag*). Prior to the listing Corporate governance in the Company was based on Swedish law and internal rules and instructions. Once the Company's shares are listed on Nasdaq First North, the Company will also comply with Nasdaq First North's Rule Book for Issuers. Matra AB will, in any event initially, not apply the Swedish Corporate Governance Code (the "Code") (Sw. Svensk kod för bolagsstyrning).

The Company's executive management is based in Stockholm and Houston. The chairman, the deputy managing director and the IR is based in Stockholm. The CEO with support of the IR and the CFO is responsible for disclosing information to the market.

## SHAREHOLDER'S MEETING

According to the Swedish Companies Act [2005:551] (Sw. aktiebolagslagen), the shareholders' meeting is the Company's highest decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability for the members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The annual shareholders' meeting must be held within six months from the end of the financial year. In addition to the annual shareholders' meeting, extraordinary shareholders' meetings may be convened. In accordance with Matra AB's articles of association, convening notices for the annual shareholders meeting and extra shareholder meetings are made by announcement in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and by making the convening notice available on Matra AB's website. An announcement that notice has been given is published in Svenska Dagbladet.

## Rights to participate in shareholder's meetings

Shareholders who wish to participate in a shareholders' meeting and have the right to vote for the number of shares they hold must be directly registered in the share register maintained by Euroclear Sweden five business days prior to the shareholders meeting, and notify the Company of their intention to participate (with potential assistants) in the shareholders meeting no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. If the board of directors decides the Company may also collect proxies and allow for voting by post in accordance with the procedures set out in the Swedish Companies Act. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as stated in the notice of the meeting. A shareholder may vote for all Company shares owned or represented by the shareholder.

## Shareholder initiatives

Shareholders who wish to have a matter addressed at the shareholders' meeting must submit a written request to the board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the shareholders' meeting.

## BOARD OF DIRECTORS

The board of directors is the highest decision-making body of the Company after the shareholders' meeting. According to the Swedish Companies Act, the board of directors is responsible for the organization of the company and the management of the company's affairs, which means that the board of directors is responsible for, among other things, establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating the financial position and performance as well as evaluating the executive management. The board of directors is also responsible for ensuring that annual accounts and interim reports are prepared in a timely manner. The board of directors also appoints the CEO.

Members of the board of directors are normally appointed by the annual shareholders' meeting for the period until the end of the next annual shareholders' meeting. According to the Company's articles of association, the members of the board of directors elected by the shareholders' meeting shall be not less than three (3) and not more than eight (8) members with no deputy members.

The chairman of the board is elected by the shareholders' meeting and has special responsibility for the management of the board's work and ensuring that the board's work is well organized and effectively implemented.

The board of directors follows written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, functions and the division of work between the members of the board of directors and the CEO and possible established committees. Matra AB has as of the day of this Company Description no established committees. At the inaugural board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. Besides the board meetings, the chairman of the board of directors and the CEO continuously discuss the management of the Company.

## CORPORATE GOVERNANCE

Currently, the Company's board of directors consists of four (4) ordinary members elected by the shareholders' meeting, who are presented in more detail in the section "Board of directors, executive management and auditor".

### THE CHIEF EXECUTIVE OFFICER (CEO)

The CEO is appointed by the board of directors and is responsible for the continuous management and day-to-day operations of the Company. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and in the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the board of directors receives adequate information for the board of directors to be able to continuously evaluate the Company's financial position.

The CEO must continuously keep the board of directors informed of developments of the Company's operations, the development of sales, the Company's performance and financial position, liquidity and credit situation, important business events and all other circumstances that can be assumed to be of significance to the Company's shareholders for the board of directors to be aware of (such as material disputes, cancellation of agreements that are important to Matra AB and significant circumstances concerning Matra AB's facilities, subsidiaries and property).

The CEO and executive management are presented in more detail in the section "Board of directors, executive management and auditor".

### REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS Remuneration of the member of the board of directors

Fees and other remuneration to the members of the board of directors, including the chairman, are resolved by the shareholders' meeting. No remuneration was paid to the board of directors during the financial year 2016. At the extra general meeting on February 8, 2017, it was resolved that the remuneration to the chairman of the board would be paid SEK 225,000, that is, lowest net replacement about SEK 101,459 after deduction of social security contributions and tax in the event that the Company pays directly to the chairman. It was also decided that, if tax conditions are met regarding invoicing and provided that it is cost neutral the Company, the chairman of the board is allowed to send an invoice for the remuneration. If the remuneration is paid to the chairman through invoice the remuneration should be increased with an amount equivalent to VAT, that is, SEK 225,000 plus VAT.

At the extra general meeting on February 8, 2017 it was resolved that the remuneration to the other board members would be paid with SEK 180,000, that is a minimum net remuneration of SEK 81,167 each after deduction of social security contributions and tax in the event that the Company pays directly to the board members. It was also decided that, if tax conditions are met regarding invoicing and provided that it is cost neutral the Company, the board members are allowed to send an invoice for the remuneration. If the remuneration is paid to the other board member through invoice the remuneration should be increased with an amount equivalent to VAT, that is, SEK 180,000 plus VAT.

### Remuneration of the executive management

Remuneration to the managing director and executive management consists of basic salary, other benefits and pensions. Other members of the executive management are the five persons who together with the managing director, comprise the Group management. For management composition, see "Board of directors, executive management and auditor".

The managing director receives USD 25,000 per month excluding medical insurance benefits. Other persons of the executive management receive market rated monthly salaries and customary benefits. No variable remuneration is paid. Individual remuneration to the managing director is approved by the board of directors, and individual remuneration of other members of the executive management are determined by the managing director.

### AUDITING

The auditor is to review the Company's annual accounts and financial statements, as well as the management of the board and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the annual shareholders meeting. According to the Company's articles of association, the Company is to appoint not more than two auditors with no more than two deputy auditors or one or two registered accounting firms. Matra AB's auditor is the authorized auditor Johan Rippe. The Company's auditor is presented in greater detail in the section "Board of directors, executive management and auditor". In 2016, no remuneration to the Company's auditor was paid.



# SHARE CAPITAL AND OWNERSHIP STRUCTURE

## GENERAL INFORMATION

Pursuant to the Company's articles of association, the Company's share capital may not be less than SEK 34,000,000 and not more than SEK 136,000,000, and the number of shares may not be less than 34,000,000 and not more than 136,000,000. Per the date of the publication of the Company Description, the Company's share capital amounted to SEK 39,675,217.68 distributed on 39,675,217 shares. The shares are denominated in SEK and the quota value of each share is approximately SEK 1.00000002.

All shares in the Company have been issued pursuant to Swedish law. All issued shares have been fully paid and are freely transferable.

The shares are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the offered shares during the current or preceding financial year.

## Certain rights associated with the shares

All shares in the Company are of the same class. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

## CERTIFIED ADVISER

Mangold Fondkommission AB is the appointed certified adviser for the Company and monitors the compliance of the regulations on Nasdaq First North.

## LIQUIDITY PROVIDER

The Company has entered into an agreement with Mangold to act as liquidity provider for the Company's shares when they are listed on Nasdaq First North. As liquidity provider, Mangold will quote buy and sell prices with a four percent spread with SEK 15,000 on each side in order to improve liquidity in the shares of the Company.

## VOTING RIGHTS

Each share in the Company entitles the holder to one vote at shareholders' meetings. Each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

## Preferential rights to new shares, etc.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule according to the Swedish Companies Act (2005:551), have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

## RIGHTS TO DIVIDENDS AND BALANCES IN CASE OF LIQUIDATION AND DIVIDEND POLICY

### General

All shares carry equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation.

Resolutions regarding dividend are passed by shareholders' meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the shareholders' meeting are entitled to receive dividends. Dividends are normally paid to the shareholders as a cash amount per share through Euroclear Sweden, but may also be paid out in another form than cash (in-kind dividend). If shareholders cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the period of limitations, the dividend amount will pass to the company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders who are not subject to taxation in Sweden are normally subject to Swedish withholding tax, see also the section "Tax issues in Sweden".

## Dividend policy

Matra's strategy is to redeploy cash flows from operations through its capital expenditure program aimed at increasing oil reserves and production and does not foresee to declare dividends in the near future. The dividend policy will be reviewed annually.

## ISSUE AUTHORIZATION

On 8 February 2017, the extraordinary general meeting of Matra AB resolved to authorize the board of directors, for the period up until the next annual general meeting, to issue shares, on one or several occasions, with or without preferential rights for the shareholders, within the limits of the articles of association, to be paid in cash, by set-off or in-kind.

## CENTRAL SECURITIES DEPOSITORY

The Company's shares are registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) [Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument]. This register is managed by Euroclear Sweden AB. No share certificates have been issued for the Company's shares. The account operator is Mangold. The ISIN number for the Company's shares is SE0009548688.

## CREST DEPOSITORY INTEREST (CDI)

A CDI is a UK security that represents an underlying interest in an overseas security. These CDIs were developed to additionally facilitate the settlement of overseas domestically clear securities through CREST in order to increase access to the UK market via the CREST system. This due to the fact that under UK law, international shares cannot be handled directly in CREST. Essentially, for each share

## SHARE CAPITAL AND OWNERSHIP STRUCTURE

available as a CDI, CREST has the required number of shares in shares held in its name (or the name of an intermediary acting for it) at the central securities depository Euroclear. CREST issues CDIs representing these shares – one CDI for each underlying share. These CDIs are an English law instrument and trades in them can be settled through CREST, just like a regular share. The underlying shares are held on trust for the owners of the CDI, who have full economic rights over them.

Per the date of the publication of the Company Description, about 19 percent of the shares in Matra are held through CDI's. The reason behind this is that Matra, through the recent acquisition of Matra Ltd., has some UK based shareholders. These CDI's can in any point in time be converted to regular shares in Matra by opening an account with a custodian that can hold Matra shares.

### **CONVERTIBLES, WARRANTS, ETC.**

At the extra shareholders' meeting on 8 February 2017, it was resolved to issue a maximum of 1,859,485 warrants with deviation from the shareholders' preferential rights, in order to replace previous ownership assurances to management in Matra USA. Members of the board of directors and executive management was entitled to subscribe for the warrants, where Forsinvest Aktiebolag subscribed for 93,585 warrants and has the right and obligation to transfer all of these warrants to key individuals within the Company or another company in the group and at no consideration and otherwise on the basis of the same terms and conditions as the warrant issue. Forsinvest Aktiebolag has transferred 73,579 warrants to Andrey Nikishenkov.

The warrants were subscribed for and registered with the Swedish Companies Registration Office on 28 February 2017. Each warrant entitles the holder to subscribe for one (1) new share in the Company at a subscription price of SEK 1.01 per share during the period between 31 August 2017 and 31 January 2022.

If the warrants are fully exercised it will lead to a dilution of about 4.5 percent of the share capital and votes in the Company. The following members from the board of directors and the executive management have received or subscribed for warrants: Frank C. Lytle (73,579 warrants), Ekaterina Konshina (73,579 warrants), Sergey Fynugin (367,897 warrants), Igor Indychko (220,737 warrants), Andrey Nikishenkov (220,737 warrants) and Elena Selezneva (367,897 warrants). In connection with the subscription, each warrant holder has signed a warrant agreement containing standard terms and conditions for this type of agreement, including provisions on repurchase rights, first refusal rights and duty of confidentiality. Apart from what's stated above there are no outstanding warrants, convertibles or other share-related instruments or incentive programs in the Company.

### **LOCK-UP AGREEMENTS**

Rovelo Investment Ltd and Forsinvest Aktiebolag have towards Matra Petroleum AB undertaken not to sell their respective holdings in Matra Petroleum AB during the Lock-up Period. The Lock-up Period will be 180 days from the first day of trade.

### **SHAREHOLDERS' AGREEMENT**

To the best of the board of directors' knowledge, there are no shareholders' agreement or similar agreements that could result in a change in the control of the Company.

## SHARE CAPITAL DEVELOPMENT

The below table shows historical development of the Company's share capital since 2016 up to and including the date of the Company Description.

REGISTRATION DATE	EVENT	NUMBER OF SHARES CHANGE	NUMBER OF SHARES TOTAL	SHARE CAPITAL CHANGE (SEK)	SHARE CAPITAL TOTAL (SEK)
2017-04-06 <sup>6</sup>	NEW SHARE ISSUE	250,000	39,675,217	250,000.00	39,675,217.68
2017-03-17 <sup>5</sup>	NEW SHARE ISSUE	4,595,000	39,425,217	4,595,000.08	39,425,217.67
2017-03-06 <sup>4</sup>	NEW SHARE ISSUE	1,359,485	34,830,217	1,359,485.02	34,830,217.60
2017-02-28	REVERSE SHARE SPLIT 1000:1	-33,437,261,841	33,470,732	0	33,470,732.57
2017-02-28 <sup>3</sup>	NEW SHARE ISSUE	22,020,218,798	33,470,732,573	22,020,218.80	33,470,732.57
2017-02-14 <sup>2</sup>	NEW SHARE ISSUE	10,950,513,775	11,450,513,775	10,950,513.78	11,450,513.78
2017-01-13	SHARE SPLIT 1:1000	499,500,000	500,000,000	0	500,000
2017-01-13 <sup>1</sup>	NEW SHARE ISSUE	450,000	500,000	450,000	500,000
2016-10-26	FOUNDED		50,000		50,000

<sup>1</sup>New share issue to make the Company a public limited liability company. Forsinvest Aktiebolag founded the Company and owned 100% of the Company's shares initially.

<sup>2</sup>In-kind share issue to acquire 100 percent of Matra Ltd at a valuation of SEK 78,649,950.60 corresponding to a subscription price per share of SEK 0.0072 prior to the reverse split (SEK 7.20 after reverse share split).

<sup>3</sup>In-kind share issue to acquire app. 67 percent of Matra USA at a valuation of SEK 158,155,969.40 corresponding to a subscription price per share of SEK 0.0071 prior to the reverse split (SEK 7.10 after reverse share split).

<sup>4</sup>New share issue directed to Forsinvest Aktiebolag, in the amount SEK 1,373,079.85 corresponding to a subscription price per share of SEK 1.01 after to the reverse split, in order for Forsinvest Aktiebolag to retain agreed ownership of the Company through a Scheme of Arrangement in connection with the acquisition of Matra Ltd and Matra USA.

<sup>5</sup>New share issue directed to qualified investors, in the amount SEK 45,950,000 corresponding to a subscription price per share of SEK 10 after to the reverse split (pre-money valuation of SEK 370 million).

<sup>6</sup>New share issue directed to the public to increase number of shareholders with an amount of SEK 2,500,000 corresponding to a subscription price per share of SEK 10 after the reverse split (pre-money valuation of SEK 370 million).

## OWNERSHIP STRUCTURE

On 31 March 2017 the Company had approximately 5,300 shareholders. The table below sets out the largest shareholders per 31 March 2017 and thereafter know changes.

OWNER	NUMBER OF SHARES	PERCENTAGE OF SHARE CAPITAL AND VOTES
ROVELO INVESTMENT LTD <sup>1</sup>	22,020,210	55.50
FIRE EAST CORPORATION	2,954,247	7.45
WINPRO (SECURITIES SERVICES NOMINEES) <sup>1</sup>	2,875,000	7.25
ERIC FORSS, INCL. COMPANY <sup>2</sup>	2,009,985	5.07
ROTHESAY LIMITED	1,000,000	2.52
FILIP ENGELBERT	750,000	1.89
TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED	717,979	1.81
BARCLAYSHARE NOMINEES LIMITED	578,617	1.46
HSDL NOMINEES LIMITED	543,007	1.37
HARGEAVES LANSDOWN (NOMINEES) LIMITED	204,797	0.52
OTHER SHAREHOLDERS	6,021,375	15.18
<b>TOTAL</b>	<b>39,675,217<sup>3</sup></b>	<b>100.00</b>

<sup>1</sup>Owned to 50 percent by Maxim Barskiy, CEO and member of the board of the Company.

<sup>2</sup>Chairman of the board in the Company.

<sup>3</sup>Matra Ltd's about 5,000 previous shareholders own about 27.6% of the outstanding shares, of which about 19% are owned through CDIs.

# ARTICLES OF ASSOCIATION

Articles of association for Matra Petroleum AB, registration number 559082-2689, adopted by the extra general meeting on 8 February 2017.

## 1 § Company name

The name of the company is Matra Petroleum AB. The company is a public company (publ).

## 2 § Registered office

The board of directors shall have its registered office in the municipality of Stockholm, Stockholm County.

## 3 § Object of the company

The company shall own and manage chattels and real property and carry out consulting services within the oil industry and as parent company lead and administrate such operations and carry out any other business incidental or related to the foregoing activities.

## 4 § Share capital

The share capital shall not be less than SEK 34,000,000 and not more than SEK 136,000,000.

## 5 § Number of shares

The number of shares shall not be less than 34,000,000 and not more than 136,000,000.

## 6 § Board of directors

The board of directors shall consist of a minimum of three and a maximum of eight directors.

## 7 § Auditors

The company shall have one or two auditors with no more than two deputy auditors or one or two registered accounting firms.

## 8 § Convening of a general meeting

Notice of general meetings shall be made by announcement in the Official Swedish Gazette and by posting the notice on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

Notice of the annual general meeting and extraordinary general meeting where an amendment of the articles of association will be considered shall be given no earlier than six weeks and no later than four weeks prior to the general meeting. Notice of other extraordinary general meetings shall be issued no earlier than six and no later than two weeks before the general meeting.

## 9 § Attendance at general meetings

A shareholder that wishes to participate in a general meeting must be recorded in a printout or other transcript of the share ledger as of five (5) weekdays before the meeting, and notify the company of

his/her, and nay advisors (no more than two), intention to attend the meeting no later than on the date stated in the notice of the meeting. Such a date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the general meeting.

## 10 § Collection of proxies and voting by post

The board of directors may collect proxies at the company's expense in compliance with the procedure set out in chapter 7 section 4 paragraph 2 of the Swedish Companies Act (2005:551).

The board of directors may resolve, ahead of a general meeting of the shareholders, that the shareholders shall be entitled to exercise their voting rights by post prior to the meeting.

## 11 § Matters of the annual general meeting

1. Opening of the meeting.
2. Election of the chairman of the meeting and appointment of the keeper of the minutes.
3. Preparation and approval of the voting list.
4. Election of one or more persons to certify the minutes.
5. Examination of whether the meeting has been properly convened.
6. Approval of the agenda.
7. Presentation of the annual report and the auditors' report and the group annual report and the group auditor's report.
8. Resolutions regarding:
  - a) adoption of income statement and balance sheet and the group income statement and the group balance sheet,
  - b) decision regarding the profit or loss of the company in accordance with the adopted balance sheet, and
  - c) discharge from liability of the board of directors and the managing director.
9. Determination of the number of directors and auditors and any deputies.
10. Determination of fees to the board of directors and to the auditors.
11. Election of the board of directors and auditors any deputies.
12. Any other matter to be dealt with by the meeting according to the Swedish Companies Act or the articles of association.

## 12 § Financial year

The fiscal year of the company shall be 1 January – 31 December.

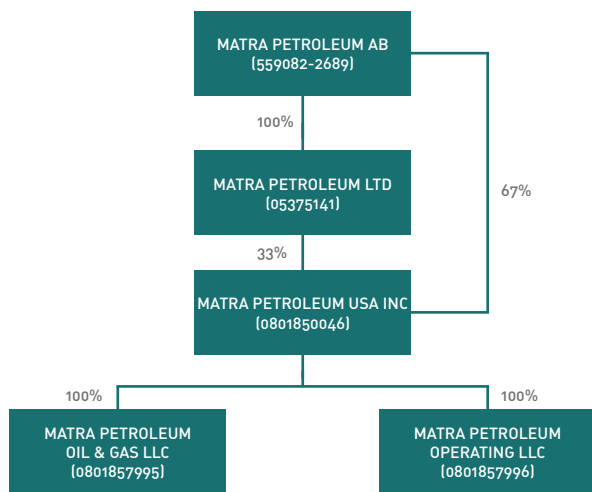
## 13 § Central Securities Depository registration

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 the Central Securities Depositories and Financial Instrument Accounts Act (SFS 1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6-8 of the aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec. 39 the Swedish Companies Act (SFS 2005:551).

# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## LEGAL GROUP STRUCTURE

The legal group structure per the date of the publication of the Company Description is presented below.



## MATERIAL AGREEMENTS

Matra owns and operates 136 leases located in the Texas Panhandle region. Matra operates through their wholly owned subsidiary Matra Petroleum USA Inc. The leases cover an area of about 38,800 net acres across Texas Panhandle comprising Carson, Hutchinson, Gray, Moore, Sherman and Hansford Counties. For more information, see the section "Business description".

Apart from the leases the Company has a number of agreements with customers and suppliers. Those agreements that the Management considers to be of the highest importance to the Group as a whole are summarized below.

## CUSTOMER AGREEMENTS

Matra Operating has a gas purchase agreement with DCP Midstream L.P. under which Matra will sell and deliver all gas produced from certain wells stated in the agreement. The initial term is through 31 December 2024 and thereafter from year-to-year until canceled by either party as of the end of the primary term or as of any anniversary thereafter giving the other party at least 60 days advance written notice.

Matra Operating and Energy Transfer Partners (former Eagle rock Field Services L.P.) has entered into a gas gathering, processing and purchase agreement under which gas produced from dedicated wells defined in the agreement is sold to Energy Transfer Partners. The agreement is automatically prolonged on an annual basis. Either party shall have the right to terminate the agreement at the end of the primary term or thereafter at the end of any extended term then in effect by giving the other party at least sixty days prior written notice.

Matra Operating has an agreement with Valero Marketing & Supply Company regarding domestic sweet crude oil and/or condensate. The quantity is equal to the production from the leases listed in the agreement and amendments thereto. The price is set at a \$0.75 premium to a monthly Texas Panhandle Crude oil price published by Valero. The agreement is in effect however it can be terminated by either party giving 30 days' written notice of cancellation.

## Supply agreements

The Group has a several agreements with suppliers of pulling units, drilling services and electrical services amongst other things. In some cases and for the most material supply agreements they have formalized agreements and in other cases the Group buys services and spare parts from suppliers on demand basis without a formal agreement. The three largest supply agreements are summarized below.

Matra Operating has a service agreement with DJ's Well Service & Roustabout Inc. regarding pulling and work over units. The agreement states hourly rates for the work or services performed and supplied by DJ's Well Service & Roustabout Inc. The agreement can be terminated by either party giving 30 days written notice of such termination. The agreement states that DJ's Well Service & Roustabout Inc. needs to maintain certain insurance coverage during the term of the agreement.

Matra Operating has a service agreement with Duke Drilling Co, Inc. regarding drilling services on a specific well stated in the agreement. The suppliers compensation is based on a combination of a drilling rate per drilled feet and a daily rate for the work or services performed and supplied by Duke Drilling Co, Inc. The agreement includes work stoppage rates as well as a stand by rate. The agreement shall be governed by the applicable laws of the State of Texas.

Matra Operating has a service agreement with Basic Energy Services LP regarding fracking and cementing. The agreement can be terminated by either party giving 30 days written notice of such termination. The agreement shall be governed by the applicable laws of the State of Texas.

## FINANCING

### Legacy Texas Bank loan

On 23 February, 2017, Matra Oil & Gas entered into an amended and restated credit agreement with Legacy Texas Bank for a \$50 million senior secured revolving credit facility, and a 5\$ million term loan facility both with a maturity date of 30 September 2019. Repayment on the term loan facility starts on January 1, 2018 in consecutive monthly installments of \$70,000 each. The facilities are secured by all of the oil and natural gas assets of Matra Oil & Gas LLC. The amount which may be borrowed under the loan agreement is dependent on the bank's view of Matra Oil & Gas LLC's reserve profile, future commodity prices and projected cash flow and outstanding borrowings in excess of the allowed amount must be repaid or additional collateral should be provided.

## LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

The facility contains financial covenants and various covenants that limit, among other things, Matra Oil & Gas' ability to incur certain indebtedness, grant certain liens, merge or consolidate, sell all or substantially all of the assets, make certain loans, acquisitions and investments and limit its ability to pay distributions to shareholders and requirements to raise capital proceeds.

The interest rate on the facilities amount to WSJ Prime plus 0,75% with an all-in floor of 5.00%.

### Melody Loan

On 23 February 2017 Matra USA entered into an amendment agreement with Melody BusinessFinance, LLC in relation to a \$20 million term loan facility whereby the maturity date was extended to December 31, 2019. The facility contains financial covenants and various covenants that limit, among other things, Matra Petroleum's ability to incur certain indebtedness, grant certain liens, merge or consolidate, sell all or substantially all of the assets, make certain loans, acquisitions and investments and limit its ability to pay distributions to shareholders and requirements to raise certain capital proceeds.

The interest is paid in kind, quarterly based on the unpaid principal balance of the term loan, including accrued interest at an interest of LIBOR plus 14% and is due on maturity, December 31, 2019.

Outstanding warrants in Matra USA, held by Melody Business Finance, LLC, were terminated and exchanged into a loan under the term loan facility.

Matra AB entered into an agreement as guarantor for the term loan facility and granted a security interest in the equity of Matra USA.

### INTELLECTUAL PROPERTY RIGHTS

Matra is the owner of the domain matrapetroleum.com and matrapetroleum.se, apart from the domain and what is presented under the section "Material agreements" the Company owns no other intellectual property rights.

### DISPUTES

As per the date of the publication of the Company Description the Company is, indirect via its subsidiaries, involved in two litigation matters.

In the first matter the plaintiff is the surface owner of a lease and is claiming third-party beneficiary status under the lease agreement to which the plaintiff is not a named party. The plaintiff has also claimed damages, which, however, are dependent in part on the plaintiff's third-party beneficiary status under the lease, and Texas law governing surface use matters generally. The parties are engaged in settlement discussions.

In the second matter the plaintiff is claiming to have an advisory

services agreement with Matra Petroleum, plc for various services and is suing for damages under the alleged agreement. The Plaintiff is suing for damages under the Agreement in excess of \$75,000.00, although the pre-suit demand was for USD 60,000 based on ten months of charges under the Agreement. The agreement was entered into by the former CFO of Matra Petroleum U.S.A., Inc. in contravention of his employment agreement and without the prior knowledge of management of Matra Petroleum, plc. As such, Matra Petroleum, plc has denied any and all liability under the Agreement, primarily because the plaintiff has not provided any services to any Matra entity under the agreement, and has also challenged the Court's jurisdiction over it. The case is in its early stages at this point. The Court has ordered that limited discovery be conducted on the jurisdictional challenge and the parties are attempting to coordinate that by agreement.

It is the assessment of the Company that these dispute are within the Company's ordinary course of business and that the outcome will not have any material effect on the Company's or the Group's financial condition or profitability. Accordingly, no provisions have been made in the financial statements.

### INSURANCE

The Company has an ordinary business insurance and a liability insurance for the board and the CEO that covers all companies in the Group. The Company is of the opinion that its insurance is in line with other company insurances in the same industry, and that the insurance is adequate in relation to the risks that normally are associated with the Company. It is however not possible for Matra to guarantee that the Company does not incur losses beyond what is covered by these insurances.

### PERMITS AND ENVIRONMENT

Matra's operational subsidiaries are organized as Texas corporations or limited liability company's under the laws of the State of Texas and Matra Operating holds an Operators license from the State of Texas regulatory body Railroad Commission of Texas ("TRRC").

TRRC jurisdiction extends to most of the in-the-field activities of upstream and midstream oil and gas operators in Texas. TRRC jurisdiction over Texas oil and gas operators begins with the oil, gas, and water in underground geologic formations; continues through wells, gathering lines, pipelines, and underground storage; and ends as the oil and gas enter facilities downstream for refining, processing, and manufacturing. TRRC jurisdiction over oil and gas operators in these subject areas comes from specific authority granted by enabling statutes in Chapters 81 through 111 of Texas Natural Resources Code and Chapter 27 of the Texas Water Code. Under these delegations of authority from the legislature, the RRC has broad statutory authority to require operators to conduct oil and gas activities in ways that will prevent waste and protect correlative rights, and it also has authority to regulate operator activities to prevent pollution of surface water and groundwater. Also, as a state agency

under the Texas Government Code 2, the RRC has authority to conduct rulemaking proceedings to adopt rules of general applicability across the State and to conduct evidentiary hearings to enforce rules or to resolve specific disputes between competing parties.

Any organization performing operations within the jurisdiction of the TRRC is required to hold an Operators license and post a bond in order to obtain and secure its commitment under the license which allows the operator to conduct activities including:

- drill, operate, or produce any oil, gas, geothermal resource, brine mining injection, fluid injection, or oil and gas waste disposal wells;
- transport, reclaim, treat, process, or refine crude oil, gas and products, or geothermal resources and associated minerals;
- discharge, store, handle, transport, reclaim, or dispose of oil and gas waste, including hauling salt water for hire by any method other than pipeline.

Non-material fees are paid for annual renewal of Operators license and drilling permits. Matra Operating has posted a 250 KUSD as security with TRRC.

#### **TRANSACTIONS WITH RELATED PARTIES**

There have been no transactions with related parties during the period covered by the historical financial information presented in the Company description.

# TAX CONSIDERATIONS IN SWEDEN

The following is a summary of the tax issues arising from the Distribution and the admission to trading on Nasdaq First North of shares in Matra Petroleum AB for Swedish tax resident individuals and legal entities, unless otherwise stated. The summary is based on currently applicable tax legislation and is only intended as general information concerning the shares in the Company as of the date upon which the shares have been admitted to trading on Nasdaq First North.

The summary does not cover:

- situations where shares are held as current assets in a business,
- situations where shares are held by a limited partnership or a partnership,
- situations where shares are held through an investment savings account and are subject to flat-rate taxation rules,
- the particular regulations governing tax-exempt capital gains (including non-deductible capital losses) and dividends to the corporate sector that may be applicable for investors holding shares in the Company that are deemed to be held for business purposes,
- the particular regulations that in certain cases may be applicable to shares in companies that are or have been closely held companies or to shares that have been acquired with the support of such shares,
- the particular regulations that may be applicable to individuals who make or reverse investor deductions,
- foreign companies operating from a permanent establishment in Sweden, or
- foreign companies that used to be Swedish companies.

Particular tax regulations apply to certain corporate categories. The tax treatment of each separate shareholder depends on the shareholder's particular circumstances. Each shareholder should seek advice from an independent tax consultant concerning the applicable tax consequences arising from the Offering and the admission to trading of the class B shares on Nasdaq First North, including the applicability and impact of foreign legislation (including tax regulations) and double taxation treaties.

## INDIVIDUALS

Individuals subject to unrestricted taxation in Sweden are subject to tax on capital income, such as interest, dividends and capital gains, in the capital income class. The tax rate for income from capital is 30 percent. Capital gains and capital losses equal the difference between the sales proceeds and the acquisition cost, less the selling expenses. The total acquisition cost for all shares of the same class and type is divided by the number of shares. Alternatively, upon the sale of listed shares, the acquisition cost may be set to 20 percent of the sales proceeds less the selling expenses. Capital losses on listed shares are fully deductible against taxable capital gains on shares arising in the same year as well as against other listed securities taxed as shares (although not mutual funds or hedge funds or funds that consist solely of Swedish receivables, meaning fixed-income funds). 70 percent of capital losses that cannot be offset in this

way are deductible against other income in the capital income class. If a net loss arises in the capital income class, a tax reduction is granted for tax on income from employment and business income, as well on real estate tax and municipal real estate charges. The tax reduction equals 30 percent on net losses of up to SEK 100,000 and of 21 percent on the remaining net losses. Such net losses cannot be carried forward to future fiscal years. For individuals subject to unrestricted taxation in Sweden, dividends are subject to a preliminary withholding tax of 30 percent. The preliminary tax is usually withheld by Euroclear Sweden or, in the case of nominee-registered shares, by the Swedish nominee. Individuals owning shares through an investment savings account (ISK) are not taxed on capital gains on sales of shares or for dividends on such shares. Accordingly, losses are not tax deductible. Tax is levied on a standard income, which is calculated on a capital base multiplied by the government borrowing interest rate, regardless of whether the investment savings account generates a profit or a loss. The tax is levied annually. As of 1 January 2016, the standard income is based on a capital base multiplied by the government borrowing interest rate increased by 0.75 percentage points, however, to a minimum of 1.25 percent of the capital base.

## LIMITED LIABILITY COMPANIES

For a limited liability company, all income, including taxable capital gains and dividends, is taxed in the business income class at a rate of 22 percent. Capital gains and capital losses are calculated in the same way as for individuals as mentioned above. Deductible capital losses on shares are only deducted against taxable capital gains on shares and other securities taxed as shares. Capital losses on shares that are not utilized during a given year may be carried forward (by the loss-making company) and be offset against taxable capital gains on shares and other securities taxed as shares during later fiscal years without any limitations in time. If such capital losses cannot be offset in the loss-making company, they may also be offset against taxable capital gains on shares and other securities taxed as shares in a company within the same company group, provided that group contributions are permitted between the companies and that both companies request this for a fiscal year that has the same due date for tax returns (or that would have the same due date for returns if either of the companies' accounting liability had not expired). Special rules may apply for particular company categories or certain legal entities, such as investment companies.

## SHAREHOLDERS SUBJECT TO RESTRICTED TAXATION IN SWEDEN

Shareholders subject to restricted taxation in Sweden that receive dividends on shares held in a Swedish limited liability company, are generally subject to Swedish withholding tax. The same applies to certain types of payments made by a Swedish limited liability company in conjunction with the redemption of shares or buyback of treasury shares through a purchase offer directed to all shareholders of a specific class of shares. The tax rate is 30 percent. However, the tax rate is generally reduced by tax treaties. According to the Swedish tax treaty with the US, the tax rate on e.g. dividends to US



holders subject to the provisions in the treaty must not exceed 15 percent. In Sweden, the deduction of withholding tax is normally carried out by Euroclear Sweden, or in the case of nominee registered shares, by the nominee. The Swedish tax treaties usually allow a reduction of the withholding tax in direct connection with the payment, provided that Euroclear Sweden or the nominee, as applicable, has obtained the required information about the dividend recipient's tax liability (this also applies in the Swedish/US tax treaty). Further, investors entitled to a reduced tax rate in accordance with tax treaties may request a refund from the Swedish Tax Agency, provided that tax was withheld with a rate of 30 percent. Shareholders subject to restricted taxation in Sweden, are normally not subject to capital gains tax in Sweden upon the sale of shares. Shareholders may, however, be subject to taxation in their country of domicile. According to a special tax rule, individuals subject to restricted taxation in Sweden are subject to capital gains tax in Sweden upon the sale of shares in the Company if they have been residents or stayed permanently in Sweden during the calendar year when the sale occurred or during the previous ten calendar years. The applicability of this rule is, however, limited in a number of cases by tax treaties.

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