



## **Q4 and full year 2017**

21 February, 2018

# Matra Petroleum in short



## The Company

- Matra Petroleum AB ('*Matra*' or the '*Company*') is an independent oil and gas exploration and production company
- The Company has offices in Borger and Houston, Texas, U.S.A as well as Stockholm, Sweden.
- The Company was listed on NASDAQ First North in April 2017
- Majority shareholder is Rovelo Investment Ltd which is controlled by Maxim Barskiy.
- The Company owns and operates 130 leases in the Panhandle-area, located in northwestern Texas, covering an area of 38 140 acres (15 435 hectares).

## Company objectives

### Low cost production of conventional oil and gas

- Adapted to downturn in prices
- Focus on financial performance
- Restructured debt and raised equity
- Asset evaluation and investment rationalization
- Accelerating drilling program for organic growth
- Selective M&A strategy

**New outperforming wells replace low performing wells by selective drilling in proven structures.**

# Operating in Panhandle, Texas

## Private ownership for mineral rights

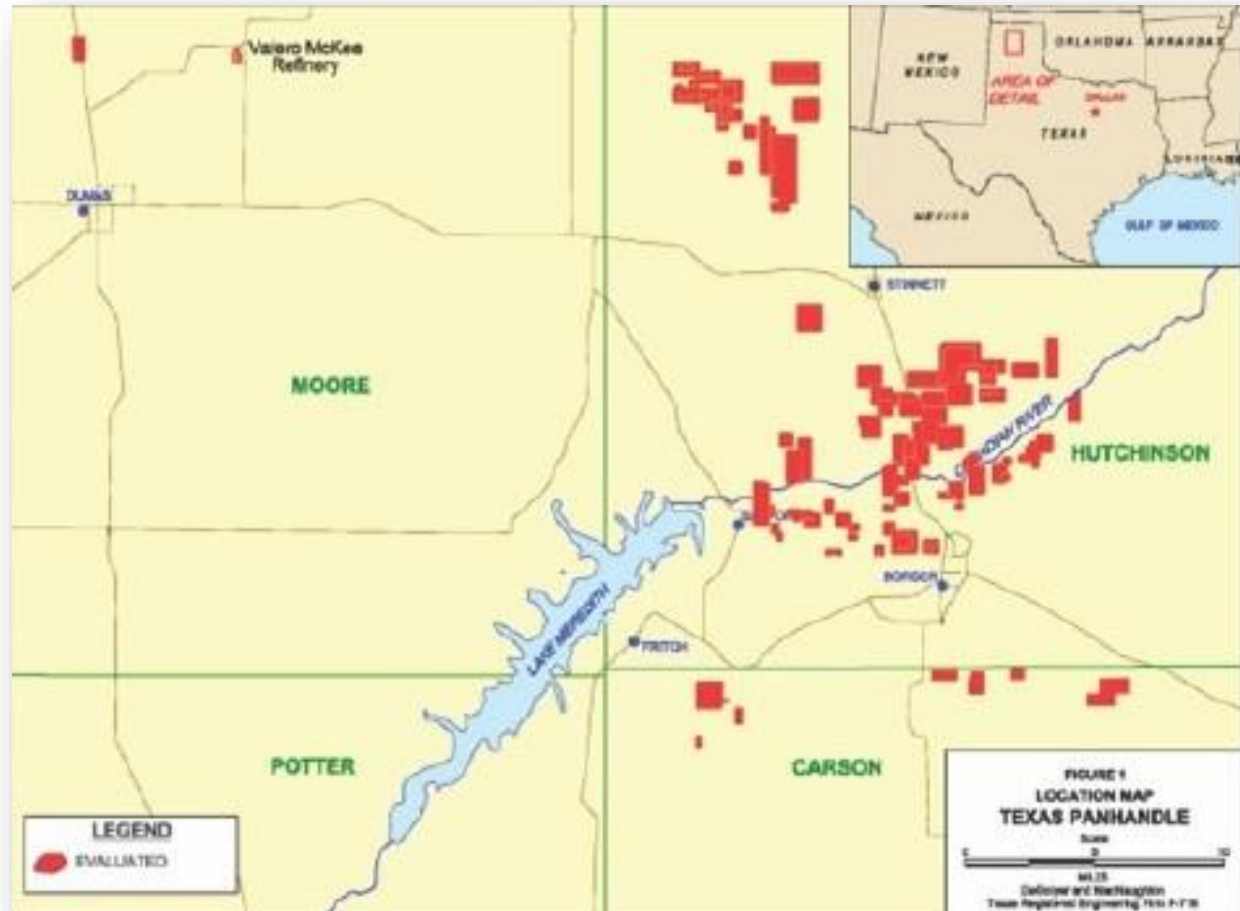
- Leases right to produce hydrocarbons and pays royalty (applied to gross volumes produced) to mineral rights owners
- Royalty rates vary from 12.5% to 25% (Matra average: approx. 18%)

## Favorable taxation

- Severance tax (gas 7.5 percent, oil 4.7 percent applied to the net revenue)
- Ad valorem tax, paid once at the end of each year (TUSD 116 was paid in 2016).

## The Panhandle region

- Significant hydrocarbon basin in a low-risk region
- Continues to benefit from an extensive installed infrastructure base and skilled labor to develop, operate and manage assets



# Asset overview



- 130 leases owned and operated in northwestern Texas in the Panhandle area
- 1P reserves: 21.0\* Mmboe / PV10 equivalent to MUSD 151
- Productive formation: Brown Dolomite
- Reservoir depth: <1 km
- Net area: 38,140 acres (15,435 hectares)
- Conventional reserves

## Reserves Appraisal (30 Nov 2017)

Category	Net reserves			PV (10%) (TUSD)
	Oil, MBO	Gas, MMCF	MBOE	
Proved developed producing	1,281	6,581	2,378	25,818
Proved developed non-producing	2,171	17,639	5,110	41,527
Proved undeveloped	7,817	33,953	13,476	83,664
<b>Total proved</b>	<b>11,269</b>	<b>58,173</b>	<b>20,964</b>	<b>151,009</b>

*\* The estimate of reserves has been conducted by independent petroleum consultants DeGolyer and MacNaughton and were prepared in compliance with the United States Securities and Exchange Commission (SEC) regulations. Future prices were estimated using guidelines established by the SEC and FASB based on the 12 month average NYMEX oil price and gas price.*

# Q4 and full year 2017 highlights



“In 2017, Matra made meaningful progress and recorded significant growth and financial improvements“, *Maxim Barskiy, CEO*

	Q4 2017	Q4 2016	%	2017	2016	%
Revenue, TUSD	<b>2,295</b>	1,974	<b>+16%</b>	<b>9,234</b>	5,682	<b>+63%</b>
EBITDA, TUSD	<b>433</b>	232	<b>+87%</b>	<b>1,400</b>	-745	<i>n/a</i>
Operating result, TUSD	<b>-392</b>	-82	<i>n/a</i>	<b>-560</b>	-3,730	<i>n/a</i>
Result for the period, TUSD *	<b>-2,110</b>	-1,238	<i>n/a</i>	<b>-7,126</b>	-9,038	<i>n/a</i>
Production, gross, boepd	644	605	<b>+6%</b>	671	564	<b>+19%</b>
Average selling price oil, USD/bbl	51.86	46.40	<b>+12%</b>	47.53	41.10	<b>+16%</b>
Average selling price gas USD/mcf	8.14	5.38	<b>+51%</b>	6.78	4.46	<b>+52%</b>

\* Net result affected by non cash hedge revaluation

“In, 2017 performance was driven by successful drilling, production optimization and continuous cost and efficiency improvements. Revenues, EBITDA and cash flow were also supported by improved oil and gas prices.“, *Maxim Barskiy, CEO*

# Operating Summary 2017



## **Drilling program:**

- 11 new wells drilled, completed and put on production (10 producers and 1 SWD)
- New wells outperforming expectations as drilling and completion techniques keep improving
- Results from the new wells incorporated into updated development plan and independent reserve report to reflect higher expected financial returns from new wells to be drilled going forward.

## **Executed strategy to replace old uneconomic wells with new, more productive wells to improve profitability**

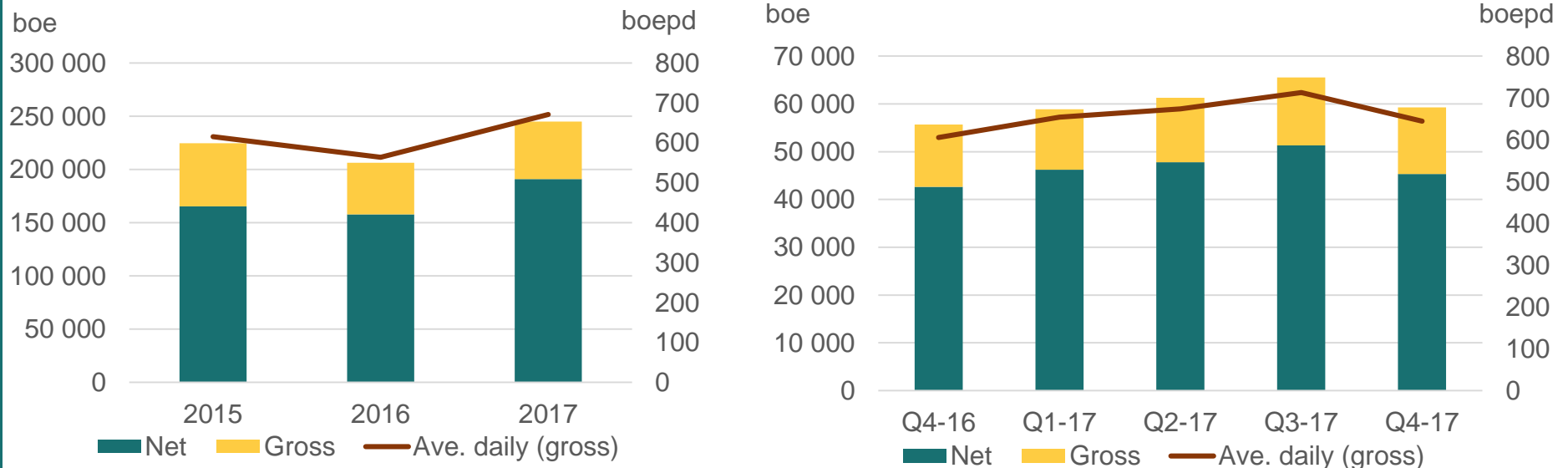
- 75 low-producing wells were shut-in (minus ~100 BOEPD)

## **Cost Rationalization**

# Oil and gas production, boe



## Total production

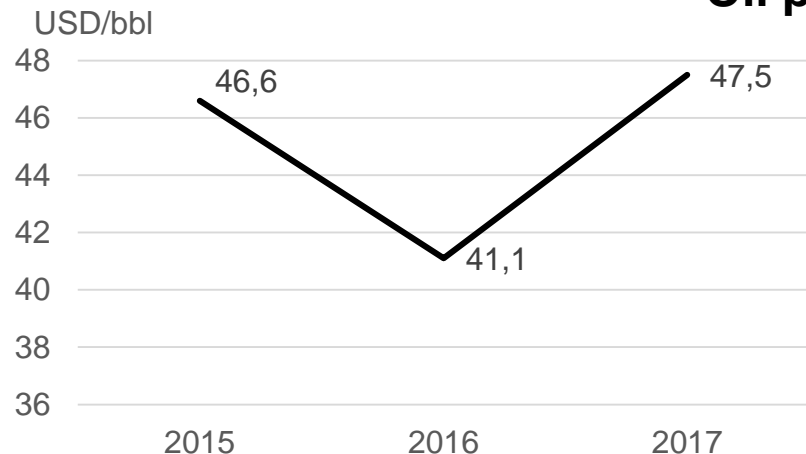


- The production increase resulted from drilling and completing new wells in 2017 and workovers on existing wells
- Oil and gas production affected by unusually low temperatures in northern Texas in December 2017

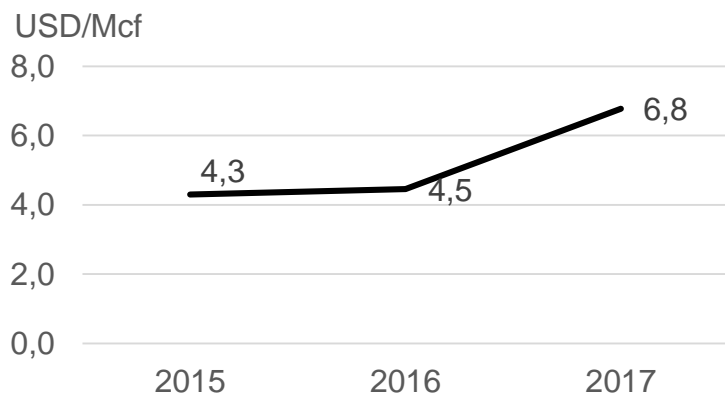
# Average sales prices



## Oil prices



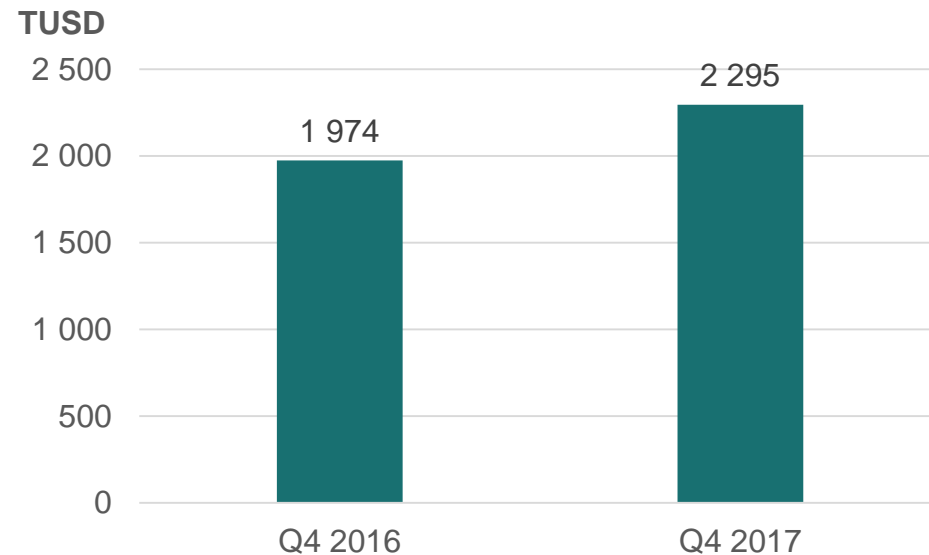
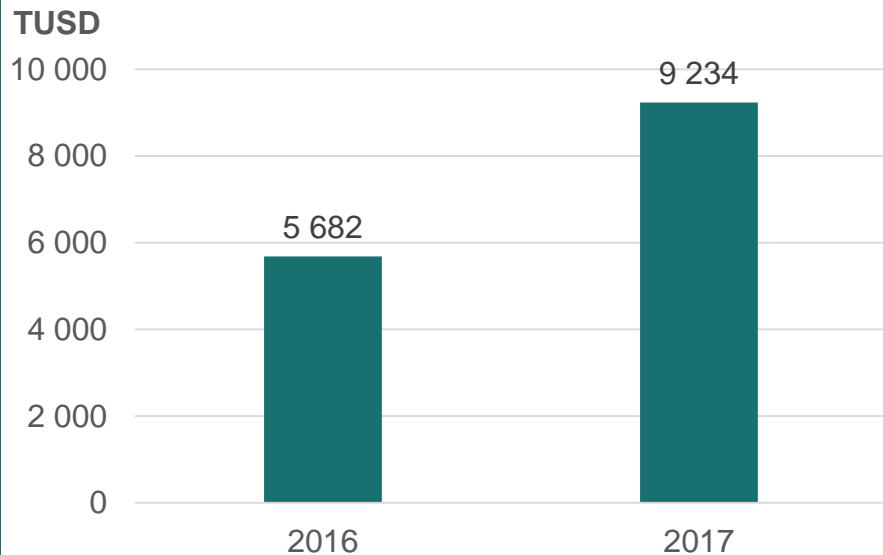
## Gas prices



The increase in average selling prices resulted from improved market conditions and increased deliveries of higher quality gas

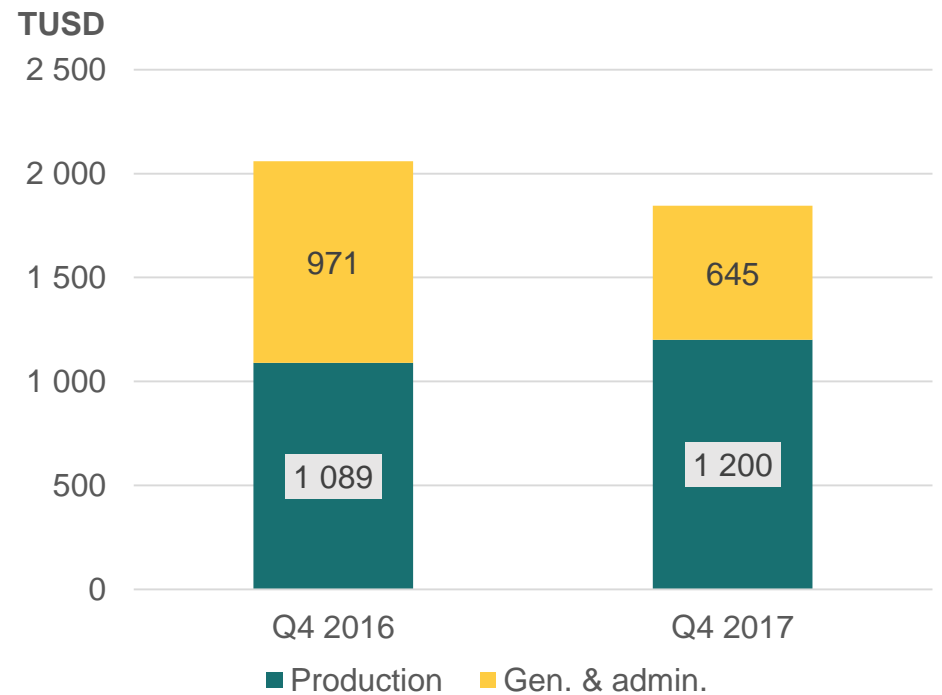
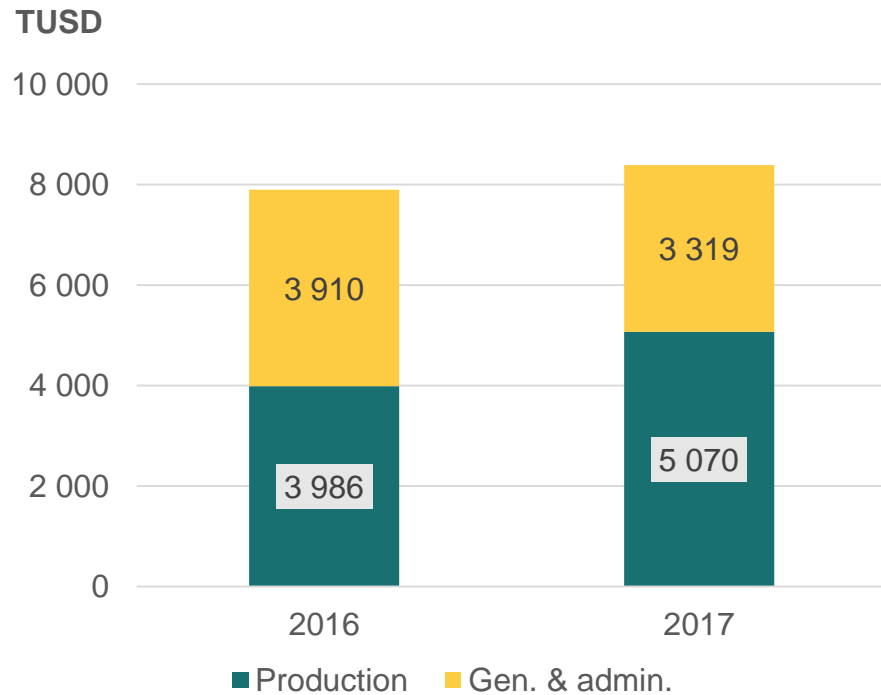


# Revenues



**Revenue up 16% compared with Q4-16 and up 63% compared with 2016 following primarily higher production and higher realized crude oil and gas prices**

# Expenses



**Increase in production costs mainly attributable to higher production and field activity**

# Balance sheet 31 Dec 2017



ASSETS		SHAREHOLDERS' EQUITY AND LIABILITIES	
<b>ASSETS</b>		<b>EQUITY AND LIABILITIES</b>	
<b>Non-current assets</b>		<b>Equity</b>	
Oil and gas properties	80,957	Shareholders' equity	21,650
Other tangible fixed assets	275	Non-controlling interest	1,795
Other non-current assets	250	<b>Total equity</b>	<b>23,445</b>
<b>Total non-current assets</b>	<b>81,482</b>	<b>Liabilites</b>	
<b>Current assets</b>		<b>Non-current liabilities</b>	
Inventories	170	Financial liabilities	52,625
Trade and other receivables	1,296	Decomissioning provision	1,011
Derivative instruments	-	Derivative instruments	-
Cash and cash equivalents	604	<b>Total non-current liabilities</b>	<b>53,636</b>
<b>Total current assets</b>	<b>2,070</b>	<b>Current Liabilities:</b>	
<b>TOTAL ASSETS</b>	<b>83,552</b>	Financial liabilities	953
		Trade and other payables	2,080
		Accrued liabilities	3,056
		Derivative instruments	382
		<b>Total current liabilities</b>	<b>6,471</b>
		<b>Total liabilities</b>	<b>60,108</b>
		<b>TOTAL EQUITY AND LIABILITIES</b>	<b>83,552</b>

# Summary & Outlook



- In 2017, Matra made meaningful progress and recorded significant growth and financial improvements:
  - Oil and gas production increased by 19%
  - Revenue increased by 63%
  - EBITDA turned positive and net income improved
  - Long term debt was restructured
  - 5.7 MUSD in new equity was raised
- 10 new production wells and 1 salt water disposal well were successfully drilled and completed in 2017
- New wells are outperforming expectations as drilling and completion techniques keep improving
- Performance in 2017 driven by successful drilling, production optimization and continuous cost and efficiency improvements
- Revenues, EBITDA and cash flow supported by improved oil and gas prices