



Third quarter and nine months ended 30 September 2018

Third quarter ended 30 September 2018 (Third quarter ended 30 September 2017)

- Revenue of TUSD 3,239 (TUSD 2,363), up 37%
- Gross average oil and gas production increased to 823 boepd (713 boepd)
- EBITDA of TUSD 492 (TUSD 436)
- Net result for the period of TUSD -1,735 (TUSD -1,795)
- Operational and Net results were affected by hedging losses of TUSD -40 (-162)
- Earnings per share (basic and diluted) amounted to -0.04 USD per share (USD -0.05)

Nine months ended 30 September 2018 (Nine months ended 30 September 2017)

- Revenue of TUSD 8,203 (TUSD 6,940), up 18%
- Gross average oil and gas production amounted to 719 boepd (680 boepd), out of which 696 boepd were included in operational results
- EBITDA of TUSD 368 (TUSD 545)
- Net result for the period of TUSD -6,607 (TUSD -5,016)
- Operational and Net results were affected by hedging losses of TUSD -768 (-361)
- Earnings per share (basic and diluted) amounted to -0.16 USD per share (USD -0.13)
- MUSD 6.2 acquisition of 4 million boe in proven reserves completed and funded by a directed share issue and debt

	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017	Twelve months 2017
<u>Operational results</u>					
Gross crude oil production, bbl	38,947	33,745	99,588	96,717	127,080
Gross gas and natural liquids production, mcf	220,564	190,869	543,155	534,007	707,543
Total, boepd	823	713	696	680	671
Net crude oil production, bbl	31,998	27,782	81,778	79,389	103,714
Net gas and natural liquids production, mcf	167,169	141,181	411,123	397,355	523,251
Total, boepd	651	558	551	533	523
Average selling price oil, USD/bbl	66.16	44.89	65.16	46.18	47.53
Average selling price gas USD/mcf	6.82	6.91	6.78	6.35	6.78
<u>Financial results</u>					
Revenue, TUSD	3,239	2,363	8,203	6,940	9,234
EBITDA	492	436	368	545	1,400
Operating result	395	-77	-691	-169	-560
Result for the period	-1,735	-1,795	-6,607	-5,016	-7,126
Earnings per share (basic and diluted), USD	-0.04	-0.05	-0.16	-0.13	-0.18

Matra Petroleum AB (publ) is a Swedish independent oil and gas exploration and production company operating in the United States, where the company owns and operates 170 leases, covering an area of 45,640 net acres in the Panhandle region in Texas. Matra's proved oil and gas reserves amount to approximately 25.0 million barrels of oil equivalent. Matra Petroleum's shares are traded on NASDAQ First North in Sweden under the symbol MATRA. Mangold Fondkommission AB is Certified Adviser (www.mangold.se).

Dear Shareholders,

In the third quarter, Matra continued to execute the drilling and development program which resulted in accelerated growth and further sequential operational and financial improvements:

- Q3 production was 23% higher than in Q2 and 43% higher than in Q1
- 17 wells have been drilled on the Dial and Lyall leases, 12 of which had been completed by the end of Q3 and 5 are completed in Q4
- Daily gross production passed 1,000 boepd in early October
- Q3 Revenues were 24% higher than in Q2 and 37% higher than in Q1
- EBITDA improved to 0.5 MUSD from being negative in the first half of the year

The new wells perform well and encourage further development of our leases in the Texas Panhandle. Our 24 well drilling program will extend into next year, as we are entering the winter season which is more challenging and reduces the pace of drilling. Upon completion of the current program, we plan to launch an expanded drilling program in 2019. With the addition of new well completions in Q4, our production targets remain within reach and we expect further production growth in 2019.

Financial results were driven by the increase in production, higher price realisations and improved cost efficiency. Oil and gas prices continued to increase in the third quarter. The effects of costly hedging contracts experienced in the first half of 2018 levelled off in the quarter and production costs per boe decreased.

Looking ahead, we expect further financial improvements and increasing cash flow driven by higher production levels and supportive oil and gas markets. So far in the fourth quarter, oil markets have been volatile with lower prices while gas prices have increased significantly. Increased cash flow from operations supports further investments in the coming year and improves our position to reduce financing costs by capitalising on better debt financing options.

The outlook is promising as we continue our efforts to transform Matra Petroleum through successful drilling, production growth, operational performance and reduced debt costs, with the objective to continue to add value to our oil and gas reserves and improve bottom line performance.

23 November 2018

Maxim Barskiy
Chief Executive Officer

Production and development

Matra Petroleum AB (publ) (“Matra Petroleum”, “Matra” or the “Company”) owns and operates 170 oil and gas leases, covering an area of 45,640 net acres in the Panhandle region in Texas, USA. Matra’s proven (1P) oil and gas reserves are estimated to amount to approximately 25 million barrels of oil equivalent, including proved reserves of 3,134 thousand barrels of oil and 4,970 million cubic feet of gas acquired in the second quarter 2018.

Consolidated crude oil and gas production, sales volumes and achieved selling prices are presented in the tables below:

	Third quarter 2018			Third quarter 2017		
	Oil, bbl	Gas, Mcf	Total oil equivalent	Oil, bbl	Gas, Mcf	Total oil equivalent
Produced volume, gross	38,947	220,564	75,708	33,745	190,869	65,557
Average daily production, gross	423	2,397	823	367	2,075	713
Produced volume, net	31,998	167,169	59,860	27,782	141,181	51,312
Average daily production, net	348	1,817	651	302	1,535	558
Sold volume	31,525	167,169	59,387	26,461	141,181	49,991
Net price (USD/Unit)	66.16	6.82	54.31	44.89	6.91	43.27
Revenue from sales of oil and gas (TUSD)	2,086	1,140	3,226	1,188	975	2,163

	Nine months 2018			Nine months 2017		
	Oil, bbl	Gas, Mcf	Total oil equivalent	Oil, bbl	Gas, Mcf	Total oil equivalent
Produced volume, gross	99,588	543,155	190,114	96,717	534,007	185,718
Average daily production, gross	365	1,990	696	354	1,956	680
Produced volume, net	81,778	411,123	150,299	79,389	397,355	145,615
Average daily production, net	300	1,506	550	291	1,456	533
Sold volume	80,186	411,123	148,707	79,433	397,355	145,659
Net price (USD/Unit)	65.16	6.78	53.89	46.18	6.35	42.50
Revenue from sales of oil and gas (TUSD)	5,225	2,789	8,014	3,668	2,523	6,191

The gross production increased by 15 percent in the third quarter and amounted to 75,708 barrels of oil equivalent (“boe”) (65,557 boe in the third quarter 2017) ¹, corresponding to 823 barrels of oil equivalent per day (“boepd”) (713 boepd). The net consolidated production in third quarter 2018 amounted to 59,860 boe, corresponding to 651 boepd (51,312 boe and 558 boepd. 53 percent of the net production was oil and 47 percent was gas.

The gross production increased 2 percent in the nine months ended 30 September 2018 and amounted to 190,114 boe, corresponding to 696 boepd (185,718 boe and 680 boepd). The net consolidated production amounted to 150,299 boe, corresponding to 550 boepd (145,615 boe and 533 boepd). 54 percent of the production was oil and 46 percent was gas.

Revenue

Total revenue in the third quarter 2018 amounted to TUSD 3,239, representing a 37 percent increase compared with third quarter 2017 (TUSD 2,363). Total revenue included revenue from sales of oil of TUSD 2,086, gas TUSD 1,140 and other income TUSD 13. The increase in revenue was driven by higher selling prices for oil and higher production. The average received selling prices amounted to USD 66.16 per bbl

¹ Figures in brackets refer to the corresponding period last year, unless otherwise stated.

for oil and USD 6.82 per mcf for gas (USD 44.89 per bbl and USD 6.91 per mcf). Realised prices increased as market prices for oil and gas continued to improve.

Total revenue in the nine months ended 30 September 2018 amounted to TUSD 8,203, representing an 18 percent increase compared with the nine months ended 30 September 2017 (TUSD 6,940). Total revenue included revenue from sales of oil of TUSD 5,225, gas TUSD 2,789 and other income TUSD 189. The increase in revenue was primarily driven by higher selling prices for oil and gas. Revenues include revenues of TUSD 586 from acquired properties from 4 June 2018.

The average received selling prices amounted to USD 65.16 per bbl for oil and USD 6.78 per mcf for gas (USD 46.18 per bbl and USD 6.35 per mcf). Realised prices increased as market prices for oil and gas continued to improve.

Matra sells its oil to the Valero refinery located in the Northwest Moore County in the Panhandle area. The gas is tied into the DCP Midstream L.P. gas pipeline network, and the Energy Transfer Partners pipeline system, both local Texas systems.

Costs

Production costs for the third quarter amounted to TUSD 1,586 which represents a 46 percent increase compared with third quarter 2017 (TUSD 1,087). Production costs include oil and gas production costs amounting to TUSD 1,435 (TUSD 1,043). Oil and gas production costs increased as operations expanded though the acquisition of additional oil and gas leases in the Texas Panhandle. Production costs include inventory movements, production taxes, electricity, crude oil heat treatment (during the winter period), compressor lease/maintenance, field operating team compensation, maintenance/work-over costs and other costs.

Oil and gas production costs, excluding production taxes and inventory movements, per gross boe for the third quarter were USD 19 (USD 16) and depletion costs per boe for the same period were USD 5 (USD 5).

General and administrative expenses amounted to TUSD 843 in the third quarter 2018, a decrease by 2 percent (TUSD 858).

Production costs for the nine months period ended 30 September 2018 amounted to TUSD 4,490 which represents a 16 percent increase compared in the nine months ended 30 September 2017 (TUSD 3,871). Production costs include Oil and gas production costs amounting to TUSD 4,110 (TUSD 3,584). Oil and gas production costs increased as operations expanded though the acquisition of additional oil and gas leases in the Texas Panhandle.

Oil and gas production costs, excluding production taxes and inventory movements, per gross boe for the nine months ended 30 September 2018 were USD 22 (USD 19) and depletion costs per gross boe for the same period were USD 5 (USD 5).

General and administrative expenses amounted to TUSD 2,592 for the nine months ended 30 September 2018, a decrease by 3 percent as compared to the nine months ended 30 September 2017 (TUSD 2,674). The administrative expenses for the nine months ended 30 September 2018 include acquisition related expenses of TUSD 90.

Other gain/(loss)

Other gain/(loss) in the third quarter 2018 amounted to TUSD -40 (TUSD -162) and represents a gain of TUSD 278 (loss of TUSD -180) from revaluation of derivative contracts held by the company for hedging purposes during the year and losses realized on settlement of derivative contracts of TUSD -318 (TUSD 19) accordingly.

For the period ended 30 September 2018 other gain/(loss) amounted to TUSD -768 (TUSD -361) and represent a loss of TUSD -15 (gain of TUSD 211) from revaluation of derivative contracts held by the company for hedging purposes during the year and losses realized on settlement of derivative contracts of TUSD -753 (TUSD -573) accordingly.

Operating result and EBITDA

The operating result for the third quarter 2018 amounted to TUSD 395 compared to TUSD -77 in the third quarter 2017. The EBITDA for the quarter amounted to TUSD 492 (TUSD 436).

The increase in Operating result and EBITDA was explained mainly by increased production and higher oil selling prices.

The operating result for the nine months ended 30 September 2018 amounted to TUSD -691 compared to TUSD -169 in the nine months ended 30 September 2017. The EBITDA for the nine months ended 30 September 2018 amounted to TUSD 368 (TUSD 545).

The decrease in Operating result and EBITDA was explained mainly by realised losses on derivatives for hedging purposes in the nine months ended 30 September 2018 as compared to gains on derivatives in the nine months ended 30 September 2017.

Net financial items

The net financial items amounted to TUSD -2,130 for the third quarter 2018 (TUSD -1,718). The difference was a result of increases in debt and interest rates and movements in foreign currency exchange rates. Interest of TUSD 1,741 on the term loan with Melody Business Finance LLC, recorded as finance cost, is due at maturity 31 December 2019.

The net financial items amounted to TUSD -5,916 for the nine months ended 30 September 2018 (TUSD -4,847). The difference was a result of increases in debt and interest rates and movements in foreign currency exchange rates. Interest of TUSD 4,716 on the term loan with Melody Business Finance LLC, recorded as finance cost, is due at maturity 31 December 2019.

Tax

There was no tax charge for the third quarter nor the nine months period 2018 (nil and nil).

Result

For the third quarter 2018 Matra reports a net result after tax of TUSD -1,735 corresponding to a net result per share of USD -0.04 (TUSD -1,795 and -0.05 USD per share).

For the nine months ended 30 September 2018 Matra reports a net result after tax of TUSD -6,607 corresponding to a net result per share of USD -0.16 (TUSD -5,016 and -0.13 USD per share).

Investments, work program and acquisition

Total investments in the third quarter 2018 amounted to TUSD 2,735 (TUSD 2,167).

Total investments in the nine months ended 30 September 2018 amounted to TUSD 10,280, compared to TUSD 5,172 in the nine months ended 30 September 2017. Out of total investments, TUSD 6,200 refers to acquisition of oil and gas properties.

Investments in drilling and development amounted to TUSD 4,080 (TUSD 5,172).

So far in 2018, 17 new production wells have been drilled, out of which 16 have been completed. One well is under completion later and one additional drilling location has been built and is ready for drilling.

Matra and entities controlled by Melody Capital Partners, LP ("Melody") have executed a transaction under which Matra acquired 40 oil and gas leases in the Texas Panhandle region, adding proved reserves of approx. 4.0 million barrels of oil equivalent, effective as of 1 April 2018. The total consideration for the assets acquired amounted to MUSD 6.2. The consideration was paid through assumption of MUSD 4 in debt and issuance of a promissory note in the amount of MUSD 2.2 by Matra. The promissory note was set-off through a directed share issue of 4,593,435 shares, representing 10.38 percent of the shares in Matra after the transaction. The Share Issue was valued at MUSD 2.2. Further details on the acquisition are presented in note 7.

Financing and Liquidity

Effective 30 March 2018, Matra closed the financing transaction initially announced on 14 March 2018, under which Melody will provide up to MUSD 10 of additional capital to fund Matra's 2018 drilling and development program. As of 30 September 2018 Melody had advanced TUSD 6,176 under the facility.

Effective 30 March 2018, the Credit Agreement with Legacy Texas Bank was amended, whereby financial covenants compliance was moved to the quarter ending 31 December 2018 and principal repayments under the Legacy Term Loan were deferred until 1 April 2019.

As of 30 September 2018 Matra's total liquidity amounted to TUSD 2,003 (December 31, 2017: TUSD 604). Cash flow from operations for the nine months period amounted to TUSD -443 (TUSD -35).

Parent company

The parent company, Matra Petroleum AB (publ.) owns directly or indirectly all the companies in the Group. The parent company also provides administrative services to the subsidiaries.

The parent company's net result before tax for the third quarter 2018 amounted to TSEK -492 (TUSD -58 at SEK/USD 8.4960) compared to the net result before tax for the third quarter 2017 of TSEK -1,920 (TUSD -244 at SEK/USD 7.8662).

The parent company's net result before tax for the nine months ended 30 September 2018 amounted to TSEK -2,182 (TUSD -257 at SEK/USD 8.4960) compared to the net result before tax for the nine months ended 30 September 2017 of TSEK -5,479 (TUSD -648 at SEK/USD 8.4609). The parent company became the parent company of the group in the nine months ended 30 September 2017.

As of 30 September 2018, the liquidity of the parent company amounted to TSEK 598, equivalent of TUSD 67 at SEK/USD 8.8907 (TSEK 4,274 an equivalent of TUSD 523 at SEK/USD 8.1702).

Share data

As per 30 September 2018, the number of outstanding shares in Matra Petroleum AB (publ) amounted to 44,268,652 (basic) and 46,128,137 (diluted). As per 30 September 2017, the number of outstanding shares (basic and diluted) in Matra Petroleum AB (publ) amounted to 39,675,217.

Risk and uncertainties

A statement of risks and uncertainties are presented in Note 2.

Transactions with related parties

Remuneration to senior management and Board of Directors in the nine months ended 30 September 2018 was TUSD 550 compared to the nine months ended 30 September 2017 TUSD 520. The difference was due to no staff in the 1st quarter 2017 in the parent company. No other related party transactions occurred.

Warrants to management

On 8 February 2017, it was resolved to issue a maximum of 1,859,485 warrants in order to replace previous ownership assurances to management in Matra USA which were issued 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 (nominal value) 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. No warrants were issued or exercised in the nine months ended 30 September 2018.

Subsequent events

In March 2018, one of Matra USA's former directors initiated an arbitration proceeding by filing an Arbitration Demand for an alleged breach of an employment agreement and the Group filed a counterclaim. In October 2018, the Arbitrator issued an opinion in the plaintiff's favour, which the Group has moved to vacate in US federal court. The court has scheduled a conference in July 2019 to schedule the further proceedings. While certain compensation has been accrued in the financial statements, The Group continues to vigorously dispute all of the alleged demand.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

<i>Expressed in TUSD</i>	Note	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017	Full year 2017
Revenue:	3	3,239	2,363	8,203	6,940	9,234
Cost of sales:						
Production costs	4	-1,586	-1,087	-4,490	-3,871	-5,070
Depletion and amortisation		-375	-333	-1,044	-925	-1,297
Gross profit/loss		1,278	943	2,669	2,144	2,867
General and administrative		-843	-858	-2,592	-2,674	-3,318
Other gain/(loss)						
Net gain/loss on derivative contracts	6	-40	-162	-768	361	-109
Operating profit/loss		395	-77	-691	-169	-560
Net financial items						
Finance costs	5	-2,130	-1,718	-5,916	-4,847	-6,566
		-2,130	-1,718	-5,916	-4,847	-6,566
Profit/loss before tax		-1,735	-1,795	-6,607	-5,016	-7,126
Result for the period		-1,735	-1,795	-6,607	-5,016	-7,126
Attributable to:						
Shareholders of the Parent Company		-1,735	-1,795	-6,607	-5,016	-7,126
		-1,735	-1,795	-6,607	-5,016	-7,126
Other comprehensive result						
Currency translation gains/losses		-9	-14	14	165	160
		-9	-14	14	165	160
Total comprehensive loss		-1,744	-1,809	-6,593	-4,851	-6,966
Attributable to:						
Shareholders of the Parent Company		-1,744	-1,809	-6,593	-4,851	-6,966
		-1,744	-1,809	-6,593	-4,851	-6,966
Basic and diluted earnings per share, USD		-0.04	-0.05	-0.16	-0.13	-0.18
Weighted number of shares (basic and diluted)		44,268,652	39,675,217	42,136,099	38,005,686	38,908,131

CONSOLIDATED BALANCE SHEET

<i>Expressed in TUSD</i>	Note	At 30 September 2018	At 31 December 2017
ASSETS			
Non-current assets			
Oil and gas properties		92,582	80,957
Other tangible fixed assets		175	275
Other non-current assets		250	250
Total non-current assets		93,007	81,482
Current assets			
Inventories		335	170
Trade and other receivables	8	1,701	1,296
Cash and cash equivalents		2,003	604
Total current assets		4,039	2,070
TOTAL ASSETS		97,046	83,552
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity		17,243	21,650
Non-controlling interest		1,795	1,795
Total equity		19,038	23,445
Liabilities			
Non-current liabilities			
Borrowings	9	43,447	52,625
Decommissioning provision		1,822	1,011
Total non-current liabilities		45,269	53,636
Current Liabilities:			
Borrowings	9	24,844	953
Trade and other payables		4,242	2,080
Accrued liabilities		3,256	3,056
Derivative instruments	10	397	382
Total current liabilities		32,739	6,471
Total liabilities		78,008	60,106
TOTAL EQUITY AND LIABILITIES		97,046	83,552

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Expressed in TUSD</i>	Note	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017	Full year 2017
Cash flows from operating activities:						
Net result		-1,735	-1,795	-6,607	-5,016	-7,126
Adjustments for:						
Depletion, depreciation and amortization		375	333	1,044	925	1,297
Interest expense on decommissioning provision	5	44	26	93	72	79
Interest cost	5	2,078	1,666	5,822	4,691	6,401
Unrealised gain/ loss on derivative contracts		-278	180	15	-211	664
Loss on returned leased car		-	-	-	-	-37
Interest paid		-328	-315	-978	-938	-1,250
Changes in working capital		-618	-659	169	442	-370
Total cash flows from operating activities		-462	-564	-443	-35	-342
Cash flows from investing activities:						
Oil and gas properties acquisition			-	-6,200	-	-
Investment in oil and gas properties		-2,735	-2,167	-4,080	-5,172	-5,172
Total cash flows from investing activities		-2,735	-2,167	-10,280	-5,172	-5,172
Cash flows from financing activities:						
Proceeds from issue of shares		-	-	2,200	5,701	5,701
Issue costs		-2		-14	-1,065	-1,065
Cash paid for finance costs		-		-44	-210	-210
Loan received		-	-	4,000	-	-
Loan advances received		3,574	-	6,176	-	-
Loan repayment		-	-	-210	-	-
Net cash provided by financing activities		3,572		12,108	4,426	4,426
Change in cash and cash equivalents		375	-2,731	1,385	-782	-1,088
Cash and cash equivalents at the beginning of the period		1,637	3,482	604	1,532	1,532
Currency exchange difference in cash and cash equivalents		-9	-	14	-	160
Cash and cash equivalents at the end of the period		2,003	751	2,003	751	604

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>Expressed in TUSD</i>	Share capital	Additional paid in capital/Other reserves	Foreign currency translation reserve	Retained deficit	Total	Non-controlling interest	Total equity
Total equity as at 1 January 2017	-	71,931	-	-47,951	23,980	1,795	25,775
Result for the period	-	-	-	-5,016	-5,016	-	-5,016
Translation differences	-	-	165	-	165	-	165
Total comprehensive income for the period	-	-	165	-5,016	-4,851	-	-4,851
Acquisition of Matra Petroleum USA, Inc.	3,665	-3,665	-	-	-	-	-
New shares issue (cash)	756	4,945	-	-	5,701	-	5,701
Issue costs	-	-1,065	-	-	-1,065	-	-1,065
Total equity as at 30 September 2017	4,421	72,146	165	-52,967	23,765	1,795	25,560

<i>Expressed in TUSD</i>	Share capital	Additional paid in capital/Other reserves	Foreign currency translation reserve	Retained deficit	Total	Non-controlling interest	Total equity
Total equity as at 1 January 2018	4,421	72,146	160	-55,077	21,650	1,795	23,445
Result for the period	-	-	-	-6,607	-6,607	-	-6,607
Translation differences	-	-	14	-	14	-	14
Total comprehensive income for the period	-	-	14	-6,607	-6,593	-	-6,593
New shares issue (cash)	525	1,675	-	-	2,200	-	2,200
Issue costs	-	-14	-	-	-14	-	-14
Total equity as at 30 September 2018	4,946	73,807	174	-61,684	17,243	1,795	19,038

PARENT COMPANY COMPREHENSIVE INCOME STATEMENT

<i>Expressed in TSEK</i>	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017
Revenue	803	-	1,388	-
Operating expenses		-		-
Other external services	-1,116	-1,773	-3,097	-5,173
Personnel expenses	-157	-147	-458	-306
Total operating expenses	-1,273	-1,920	-3,556	-5,479
Operating result	-470	-1,920	-2,167	-5,479
Profit/loss from financial items				
Exchange gain/loss net	-22	-	-15	-
Total profit/loss from financial items	-22	-	-15	-
Net loss for the year	-492	-1,920	-2,182	-5,479
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-492	-1,920	-2,182	-5,479

PARENT COMPANY BALANCE SHEET

<i>Expressed in TSEK</i>	At 30 September 2018	At 31 December 2017
ASSETS		
Non-current assets		
Participations in Group companies	289,767	270,520
Total non-current assets	289,767	270,520
Current assets		
Current receivables		
Receivables from Group companies	794	484
Prepaid expenses and accrued revenue	398	101
	1,192	585
Cash and cash equivalents	598	990
Total current assets	1,790	1,575
TOTAL ASSETS	291,557	272,095
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
<i>Restricted equity:</i>		
Share capital	44,269	39,675
<i>Unrestricted equity:</i>		
Share premium reserve	252,562	238,075
Retained earnings as at 30 Sep 2018	-6,666	-
Result for the year	-2,182	-6,666
Total shareholders' equity	287,983	271,084
Current liabilities		
Accounts payable - trade	1,500	440
Liabilities to Group companies	503	80
Accrued expenses	1,571	491
Total current liabilities	3,574	1,011
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	291,557	272,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarters and nine month periods ended 30 September 2018, 30 September 2017 and the year ended 31 December 2017. (Tabular amounts are in US Dollars, unless otherwise stated).

Note 1 - Corporate information and basis of preparation

This interim report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, and the Swedish Annual Accounts Act (SFS 1995:1554).

Matra Petroleum AB (publ) ("Matra AB" or "The Company") was formed in October 2016 as the parent company of the group. Matra AB consolidated 100 percent of Matra Petroleum USA, Inc. ("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 Petroleum Ltd ("Matra Ltd"). In exchange, Matra AB issued shares to Rovelo Investment Ltd and Matra Ltd's former shareholders.

The transaction did not meet a definition of a business combination in accordance with IFRS 3, Business Combinations, as it was a transaction under common control, consequently these financial statements are issued under the legal parent, Matra AB, but are deemed to be a continuation of the legal subsidiaries Matra USA and Matra Ltd, which have been under common control, and hence comparative information have been included. The capital structure reflects the number of shares and the stated capital of Matra AB.

In June 2018, the Company acquired certain oil and gas properties from Melody Business Finance LLC. The transaction was accounted in accordance with IFRS 3, Business Combinations, as it met a definition of a business combination.

These consolidated financial statements (the "Financial statements") reflect the activity for the three months and nine months ended 30 September 2018 and the comparatives for the three months and nine months ended 30 September 2017 and year ended 31 December 2017.

The financial report of the Parent Company has been prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 Reporting for legal entities, issued by the Swedish Financial Reporting Board and the Annual Accounts Act (SFS 1995:1554).

Under Swedish company regulations it is not allowed to report the Parent Company results in any other currency than Swedish Krona or Euro and consequently the Parent Company's financial information is reported in Swedish Krona and not the Group's reporting currency of US Dollar.

The accounting principles applied are unchanged compared to those outlined in the 2017 Annual report, with the following exceptions:

From 1 January 2018, the Group is applying IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. IFRS 9 covers the classification, measurement and recognition of financial assets and liabilities. It replaces the parts of IAS 39 that concern the classification and measurement, as well as impairment, of financial instruments. IFRS 15 contains a combined model for revenue recognition for customer contracts not covered by other standards. It replaces IAS 11 Construction Contracts, IAS 18 Revenue and the related interpretations IFRIC 13, 15, 18 and SIC-31.

The implementation of IFRS 9 and IFRS 15 does not have any significant effect on the Group's financial reports. Consequently, no transition effects have arisen as a result of introducing these accounting standards.

Note 2 Risks and uncertainties

Matra Petroleum AB (publ)'s activities expose it to a number of risks and uncertainties which are continuously monitored and reviewed. The main risks and uncertainties are operational, financial and oil and gas price risks. A detailed analysis of Matra Petroleum's risks and uncertainties is described in note 1 in the 2017 Annual report.

Note 3 - Revenue

<i>Expressed in TUSD</i>	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017	Full year 2017
Oil	2,086	1,188	5,225	3,668	4,957
Natural gas	1,140	975	2,789	2,523	3,547
Other income	13	200	189	749	730
	3,239	2,363	8,203	6,940	9,234

As of 30 September 2018 and 2017, the group engaged in oil and gas exploration and production business only in Texas, USA.

Note 4 - Production costs

<i>Expressed in TUSD</i>	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017	Full year 2017
Oil and gas production costs	1,435	1,043	4,110	3,584	4,665
Production taxes	151	106	380	293	405
Change in inventory position	-	(62)	-	-6	-
	1,586	1,087	4,490	3,871	5,070

Note 5 - Finance costs

<i>Expressed in TUSD</i>	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017	Full year 2017
Interest expense on loans	2,078	1,666	5,822	4,691	6,401
Interest expense on decommissioning provision	44	26	93	72	79
Foreign currency exchange loss	8	26	-	84	86
	2,130	1,718	5,915	4,847	6,566

Note 6 - Net gain/loss on derivative contracts

<i>Expressed in TUSD</i>	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017	Full year 2017
Realised gain/loss on derivative contracts	-318	19	-753	-573	555
Unrealised gain/loss on derivative contracts	278	-180	-15	211	-664
	-40	-162	-768	-361	-109

Note 7 – Business combination

On 4 June 2018, Matra Petroleum AB (“Matra”) and entities controlled by Melody Capital Partners, LP (“Melody”) have executed a transaction under which Matra acquired 40 oil and gas leases in the Texas Panhandle region for consideration of MUS\$ 6.2, effective as of 1st April 2018. The acquisition is estimated to increase Matra’s proved oil and gas reserves by 4 million barrels of oil equivalents. The Company accounts for the acquisition of proved leasehold interests and producing properties as business combinations as these properties generally meet the definition of a business as defined by the IFRS 3.

Purchase consideration	TUSD
Loan assumed	4,000
Shares in Matra AB	2,200
Assumed net debt	59
Total	6,259

The assets and liabilities recognised as a result of the acquisition are as follows:

Assets and liabilities recognised	TUSD
Oil & Gas assets	6,899
Inventories	78
Decommissioning provision	-718
Total	6,259

Acquisition-related costs of TUSD 90 are included in administrative expenses in profit or loss.

The results of operations of the properties acquired in the Company's business acquisitions have been included in the consolidated financial statements since the closing dates of the acquisition. The acquired properties contributed revenues of TUSD 586 and a net loss of TUSD 184 to the group for the period from 4 June 2018 to 30 September 2018.

Note 8 - Trade and other receivables

<i>Expressed in TUSD</i>	At 30 September 2018	At 31 December 2017
Trade receivables	1,532	1,160
Prepayments	169	136
	1,701	1,296

Note 9 - Financial liabilities

<i>Expressed in TUSD</i>	At 30 September 2018	At 31 December 2017
Non-current:		
Legacy Revolving Facility principal balance	-	19,922
Melody variable interest loan	43,370	28,420
Legacy term loan	-	4,160
Finance lease	77	123
	43,447	52,625
Current:		
Legacy Revolving Facility principal balance	19,946	-
Legacy term loan	4,790	840
Finance lease	108	113
	24,844	953

Note 10 – Financial instruments

For financial instruments measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:

- Level 1: based on quoted prices in active markets;
- Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
- Level 3: based on inputs which are not based on observable market data.

Based on this hierarchy, financial instruments measured at fair value can be detailed as follows:

30 September 2018

<i>Expressed in TUSD</i>	Level 1	Level 2	Level 3
Assets			
Derivative instruments - non-current	-	-	-
Derivative instruments - current	-	-	-
	-	-	-
Liabilities			
Derivative instruments - non-current	-	-	-
Derivative instruments - current	-	397	-
	-	397	-

31 December 2017

<i>Expressed in TUSD</i>	Level 1	Level 2	Level 3
Assets			
Derivative instruments - non-current	-	-	-
Derivative instruments - current	-	-	-
	-	-	-
Liabilities			
Derivative instruments - non-current	-	-	-
Derivative instruments - current	-	382	-
	-	382	-

RECONCILIATION BETWEEN IFRS AND USED KEY INDICATORS (ALTERNATIVE PERFORMANCE MEASURES)

Some of the information in this report used by company managers and analysts to assess the Group's development is not produced in accordance with IFRS. Company managers consider that this information makes it easier for investors to analyse the Group's results and financial structure. Investors should see this information as a complement to, rather than a replacement for, financial reporting in accordance with IFRS.

Earnings before depreciation and exclusive of derivatives, EBITDA

<i>Expressed in TUSD</i>	Third quarter 2018	Third quarter 2017	Nine months 2018	Nine months 2017	Twelve months 2017
Operating profit/loss	395	-77	-691	-169	-560
Depreciation and amortisation	375	333	1,044	925	1,297
Unrealised gain/loss on derivative contracts	-278	180	15	-211	663
Earnings before depreciation and amortisation exclusive of derivatives (EBITDA)	492	436	368	545	1,400

When calculating EBITDA depreciation, impairments and unrealised gain/(loss) on derivative contracts are excluded from operating profit/loss. This measurement provide a better understanding of what operating earnings are without the impact of non-cash depreciation and the effect non-cash derivative revaluations.

Stockholm, November 23, 2018

Maxim Barskiy, CEO

FINANCIAL INFORMATION

The report for the fourth quarter 2018 (January – December 2018) will be published on 22 February 2019.
The report for the first quarter 2019 (January – March 2019) will be published on 23 May 2019.
Annual general meeting 2019 is planned to be held in Stockholm on 23 May 2019.
The report for the second quarter 2019 (January – June 2019) will be published on 23 August 2019.
The report for the third quarter 2019 (January – September 2019) will be published on 22 November 2019.

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

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