



Fourth quarter and twelve months ended 31 December 2018

Fourth quarter ended 31 December 2018 (Fourth quarter ended 31 December 2017)

- Revenue of TUSD 2,843 (TUSD 2,295), up 24%
- EBITDA of TUSD 5,653 (TUSD 433)
- Operating result of TUSD 5,112 (TUSD -392)
- Net result for the period of TUSD 3,116 (TUSD -2,110)
- Earnings per share (basic and diluted) amounted to 0.07 USD per share (USD -0.05)
- Results positively affected by TUSD 5,186 revaluation of CoreTerra acquisition
- Proved oil and gas reserves increased to 22,758 (20,964) thousand barrels of oil equivalent, ("MBOE") with a Net Present Value of 265 million USD (151 million USD)

Twelve months ended 31 December 2018 (Twelve months ended 31 December 2017)

- Revenue of TUSD 11,046 (TUSD 9,234), up 20%
- EBITDA of TUSD 6,022 (TUSD 1,400)
- Operating result of TUSD 4,422 (TUSD -560)
- Net result for the period of TUSD -3,490 (TUSD -7,126)
- Earnings per share (basic and diluted) amounted to -0.08 USD per share (USD -0.18)
- MUSD 6.2 acquisition of 4 million boe in proven reserves completed and funded by a directed share issue and debt
- Results positively affected by TUSD 5,186 revaluation of CoreTerra acquisition
- Proved oil and gas reserves increased to 22,758 (20,964) thousand barrels of oil equivalent, ("MBOE") with a Net Present Value of 265 million USD (151 million USD)

	Fourth quarter 2018	Fourth quarter 2017	Twelve months 2018	Twelve months 2017
<u>Operational results</u>				
Gross crude oil production, bbl	40,706	30,363	140,294	127,080
Gross gas and natural liquids production, mcf	200,554	173,536	743,709	707,543
Total, boepd	806	644	724	671
Net crude oil production, bbl	33,406	24,325	115,184	103,714
Net gas and natural liquids production, mcf	150,545	125,896	561,668	523,251
Total, boepd	636	492	572	523
Average selling price oil, USD/bbl	56.69	51.86	61.91	47.53
Average selling price gas USD/mcf	6.54	8.14	6.72	6.78
<u>Financial results</u>				
Revenue, TUSD	2,843	2,295	11,046	9,234
EBITDA	5,653	433	6,022	1,400
Operating result	5,112	-392	4,422	-560
Result for the period	3,116	-2,110	-3,490	-7,126
Earnings per share (basic and diluted), USD	0.07	-0.05	-0.08	-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 22.8 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 Tel: +46 (0) 8 50 30 1550, Email: CA@mangold.se).

Dear Shareholders,

As we summarize 2018, Matra Petroleum continued to progress and develop its operations:

- 17 new production wells were successfully drilled
- CoreTerra acquisition completed, revalued and integrated into operations
- Oil and gas net reserves increased by 9%
- Reserves valued at 265 MUSD, an increase of 75%
- Oil and gas production increased by 10%

In 2018, Matra invested 13 MUSD and added net reserves of 2.1 million boe, implying a reserve replacement cost of USD 6.19 per boe, net. 2018 production was replaced 7.7 times. Producing reserves increased by 40%, providing a broader production base. Successful drilling at the Lyall lease has opened up a new area for future drilling and expanded Matra's development potential. Increased reserves and higher oil and gas prices improved the net present value of Matra's reserves by 75%.

Our targets for 2018 were to drill 24 wells and to double daily production by yearend. We now have capacity to produce in line with this target, although average production volumes remain sensitive to third party gas processing capacity and weather conditions affecting infrastructure during winter months. We postponed the drilling of the last 7 wells until this year in response to weather conditions and the rapid drop in oil prices in the fourth quarter.

Oil and gas markets were supportive in the first three quarters of the year with sequentially higher price realisations. However, in the fourth quarter oil price volatility increased and prices dropped significantly. We experienced both the highest and the lowest oil prices in the year during Q4. Overall in 2018, average realized oil prices increased substantially while gas price realisations were essentially flat. Oil markets have recovered somewhat in early 2019.

In 2018, Matra recorded its third consecutive year of revenue growth driven by higher production and prices. Revenues increased by 20% year-on-year and 24% quarter on quarter. In the fourth quarter, oil and gas production increased compared to same quarter last year and was in line with the preceding quarter. Low temperatures in northern Texas, that affected flow lines and compressors, and the quick drop in oil prices affected fourth quarter operations and production and resulted in lower revenues than in the preceding quarter.

Results for year and the fourth quarter 2018 increased significantly compared to prior periods. In Q2, Matra completed the acquisition of CoreTerra's oil and gas leases. The purchase price was significantly lower than the net present value of the acquired oil and gas reserves as per the reserve evaluation. Therefore, a gain on bargain purchase of 5.2 MUSD was recorded which affected the financial results positively. EBITDA for the fourth quarter was further affected by lower revenues and supported by positive hedging effects. For the 12 months, EBITDA was affected by realized losses on hedging positions.

Matra Petroleum enters 2019 with a broader reserve and production base, increased production and reserve values, expanded development potential and recovering oil markets supporting our efforts. From this basis, we plan to launch an expanded drilling program in the spring of 2019, to provide for further production growth in the second half of the year. We also continue to explore options to improve the debt portfolio and reduce financing cost. Matra Petroleum's main objectives remain to continue to add value to our oil and gas reserves and further improve operational and financial performance.

22 February 2019

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 were estimated to amount to approximately 22.8 million barrels of oil equivalent ("mboe") as of 31 December 2018.

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

	Fourth quarter 2018			Fourth quarter 2017		
	Oil, bbl	Gas, Mcf	Total oil equivalent	Oil, bbl	Gas, Mcf	Total oil equivalent
Produced volume, gross	40,706	200,554	74,132	30,363	173,536	59,286
Average daily production, gross	442	2,180	806	330	1,886	644
Produced volume, net	33,406	150,545	58,497	24,325	125,896	45,308
Average daily production, net	363	1,636	636	264	1,368	492
Sold volume	32,539	150,545	57,630	24,853	125,896	45,836
Net price (USD/Unit)	56.69	6.54	49.09	51.86	8.14	50.48
Revenue from sales of oil and gas (TUSD)	1,845	984	2,829	1,289	1,025	2,314

	Twelve months 2018			Twelve months 2017		
	Oil, bbl	Gas, Mcf	Total oil equivalent	Oil, bbl	Gas, Mcf	Total oil equivalent
Produced volume, gross	140,294	743,709	264,246	127,080	707,543	245,004
Average daily production, gross	384	2,038	724	348	1,938	671
Produced volume, net	115,184	561,668	208,795	103,714	523,251	190,923
Average daily production, net	316	1,539	572	284	1,434	523
Sold volume	114,196	561,668	207,807	104,286	523,251	191,495
Net price (USD/Unit)	61.91	6.72	52.18	47.53	6.78	44.41
Revenue from sales of oil and gas (TUSD)	7,070	3,773	10,843	4,957	3,548	8,505

Consolidated gross production increased by 25 percent in the fourth quarter and amounted to 74,132 barrels of oil equivalent ("boe") (59,286 boe in the fourth quarter 2017)¹, corresponding to 806 barrels of oil equivalent per day ("boepd") (644 boepd). The net consolidated production in fourth quarter 2018 amounted to 58,497 boe, corresponding to 636 boepd (45,308 boe and 492 boepd). 57 percent of the net production was oil and 43 percent was gas.

Gross production, including production from acquired properties effective 1st April 2018, increased 10 percent in the twelve months ended 31 December 2018 and amounted to 270,538 boe, corresponding to 741 boepd. Production from acquired properties were included in the consolidated operational results from the closing date on 4 June 2018.

Consolidated gross production increased by 8 percent in the twelve months ended 31 December 2018 and amounted to 264,246 boe, corresponding to 724 boepd (245,004 boe and 671 boepd). The net consolidated production amounted to 208,795 boe, corresponding to 572 boepd (190,923 boe and 523 boepd). 55 percent of the production was oil and 45 percent was gas.

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

Revenue

Total revenue in the fourth quarter 2018 amounted to TUSD 2,843, representing a 24 percent increase compared with the fourth quarter 2017 (TUSD 2,295). Total revenue included revenue from sales of oil of TUSD 1,845, gas TUSD 984 and other income TUSD 14. The increase in revenue was driven by higher selling prices for oil and higher production. The average received selling prices amounted to USD 56.69 per bbl for oil and USD 6.54 per mcf for gas (USD 51.86 per bbl and USD 8.14 per mcf).

Total revenue for the year ended 31 December 2018 amounted to TUSD 11,046, representing a 20 percent increase compared with the year ended 31 December 2017 (TUSD 9,234). Total revenue included revenue from sales of oil of TUSD 7,070, gas TUSD 3,773 and other income TUSD 203. The increase in revenue was primarily driven by higher selling prices for oil and higher production. Revenues include revenues of TUSD 864 from acquired properties from 4 June 2018. The average received selling prices amounted to USD 61.91 per bbl for oil and USD 6.72 per mcf for gas (USD 47.53 per bbl and USD 6.78 per mcf).

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 fourth quarter amounted to TUSD 1,706 which represents a 42 percent increase compared with fourth quarter 2017 (TUSD 1,200). Production costs include oil and gas production costs amounting to TUSD 1,537 (TUSD 1,086). 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 fourth quarter were USD 21 (USD 18) and depletion costs per boe for the same period were USD 8 (USD 6). Low temperatures required additional hot oil treatment, compressor repairs, electrical and flowline repairs that affected the fourth quarter 2018 production costs. The depletion charges per boe were adjusted to reflect the updated reserve report as of 31 December 2018 and the CoreTerra acquisition.

General and administrative expenses amounted to TUSD 867 in the fourth quarter 2018, an increase by 34 percent (TUSD 645) which was mostly due to higher payroll and legal fees in the fourth quarter 2018.

Production costs for the year ended 31 December 2018 amounted to TUSD 6,196 which represents a 22 percent increase compared with the year ended 31 December 2017 (TUSD 5,070). Production costs include oil and gas production costs amounting to TUSD 5,647 (TUSD 4,665). 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 in the year ended 31 December 2018 were USD 21 (USD 19) and depletion costs per gross boe for the same period were USD 6 (USD 5). Low temperatures required additional hot oil treatment, compressor repairs, electrical and flowline repairs that affected the 2018 production costs. The depletion charges per boe were adjusted to reflect the updated reserve report as of 31 December 2018 and the CoreTerra acquisition.

General and administrative expenses amounted to TUSD 3,459 in the year ended 31 December 2018, an increase of 4 percent as compared to the year ended 31 December 2017 (TUSD 3,318) which was mostly due to higher payroll and legal fees in 2018.

Other gain/(loss)

Other gain/(loss) in the fourth quarter 2018 amounted to TUSD 5,527 (TUSD -470) and represent a gain on bargain purchase of TUSD 5,186 (nil) and a gain of TUSD 144 (loss of TUSD -453) from revaluation of derivative contracts held by the company for hedging purposes during the year and gain/(loss) realized on settlement of derivative contracts of TUSD 197 (TUSD -17) accordingly.

In the year ended 31 December 2018 other gain/(loss) amounted to TUSD 4,759 (TUSD -109) and represent a gain on bargain purchase of TUSD 5,186 (nil) and a gain of TUSD 129 (loss of TUSD -664)

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 -556 (TUSD 555) accordingly.

The purchase price for the CoreTerra acquisition was significantly lower than the net present value of the acquired oil and gas reserves as per the reserve evaluation. Therefore, the fair value exceeds the purchase price and a gain on bargain purchase of TUSD 5,186 was recorded, which positively affected the Operating result and EBITDA for the year and quarter ended 31 December 2018.

Operating result and EBITDA

The operating result for the fourth quarter 2018 amounted to TUSD 5,122 compared to TUSD -392 in the fourth quarter 2017. The EBITDA for the quarter amounted to TUSD 5,653 (TUSD 433).

The operating result in the year ended 31 December 2018 amounted to TUSD 4,422 compared to TUSD -560 in the year ended 31 December 2017. The EBITDA in the year ended 31 December 2018 amounted to TUSD 6,022 (TUSD 1,400).

Net financial items

The net financial items amounted to TUSD -1,996 for the fourth 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 1,698 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 -7,912 in the year ended 31 December 2018 (TUSD -6,566). The difference was a result of increases in debt and interest rates and movements in foreign currency exchange rates. Interest of TUSD 5,624 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 fourth quarter nor the year ended 31 December 2018 (nil and nil).

Result

For the fourth quarter 2018 Matra reports a net result after tax of TUSD 3,116 corresponding to a net result per share of USD 0.07 (TUSD -2,110 and -0.05 USD per share).

In the year ended 31 December 2018 Matra reports a net result after tax of TUSD -3,490 corresponding to a net result per share of USD -0.08 (TUSD -7,126 and -0.18 USD per share).

Investments, work program and acquisition

In 2018, 17 new production wells were drilled, all of which were completed and on production as of the reporting date.

Total drilling and development investments in the fourth quarter 2018 amounted to TUSD 2,686 (TUSD nil).

Total drilling and development investments in the year ended 31 December 2018 amounted to TUSD 6,766 (TUSD 5,172).

Matra and entities controlled by Melody Capital Partners, LP ("Melody") 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.

Reserves

The net present value (PV10) of Matra Petroleum's proved net oil and gas reserves as per 31 December 2018 increased by 75% to 265 million USD (151 million USD in previous third party reserve appraisal as per 30 November 2017). Proved oil and gas reserves were estimated at 22,758 (20,964*) thousand barrels

of oil equivalent (“MBOE”). The increase in value and reserves resulted from successful drilling, an acquisition and higher oil and gas prices.

Category	Net reserves			PV (10%)
	Oil, MBO	Gas, MMCF	MBOE	Thousand USD
Proved developed producing	1,834	8,951	3,326	49,972
Proved developed non-producing	2,675	18,030	5,680	67,309
Proved undeveloped	8,889	29,176	13,752	147,444
Total proved	13,398	56,157	22,758	264,725

Proved developed producing reserves increased by 40%, from 2,378 MBOE to 3,326 MBOE, primarily as a result of the successful drilling campaign. In Q2, Matra acquired 40 oil and gas leases in the Texas Panhandle region, adding estimated proved reserves of 3,934 MBOE with a PV 10 of 40.3 million USD as per 31 December 2018.

Non-producing leases with reserves of approximately 1,900 MBOE mainly in the proved undeveloped category, included in previous reserve report, were deemed non-economical and relinquished.

The estimate of reserves has been conducted by independent petroleum consultants DeGolyer and MacNaughton and was 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 months average NYMEX oil and gas prices.

Financing and Liquidity

Effective 30 March 2018, Matra closed at the financing transaction, under which Melody will provide up to MUSD 10 of additional capital to fund Matra’s 2018 drilling and development program. As of 31 December 2018 Melody had advanced TUSD 7,977 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 31 December 2018 Matra’s total liquidity amounted to TUSD 1,155 (December 31, 2017: TUSD 604). Cash flow from operations for the year ended 31 December 2018 amounted to TUSD -406 (TUSD -342).

Loans provided under the credit agreements with Legacy Texas Bank and Melody have been classified as current liabilities in the balance sheet, as they mature in the third and fourth quarters 2019. Matra intends to and is in the process of renegotiating the terms of debt and/or securing debt refinancing of the loans prior to maturity.

Parent company

The parent company, Matra Petroleum AB (publ.) directly or indirectly owns 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 fourth quarter 2018 amounted to TSEK -2,478 (TUSD -274 at SEK/USD 9.0458) compared to the net result before tax for the fourth quarter 2017 of TSEK -1,188 (TUSD -143 at SEK/USD 8.3168).

The parent company’s net result before tax for the year ended 31 December 2018 amounted to TSEK -4,660 (TUSD -531 at SEK/USD 8.7809) compared to the net result before tax for the year ended 31 December 2017 of TSEK -6,666 (TUSD -790 at SEK/USD 8.4349). The parent company became the parent company of the group in the year ended 31 December 2017.

As of 31 December 2018, the liquidity of the parent company amounted to TSEK 249, equivalent of TUSD 28 at SEK/USD 8.8907 (TSEK 990 an equivalent of TUSD 121 at SEK/USD 8.1702).

Share data

As per 31 December 2018, the number of outstanding shares in Matra Petroleum AB (publ) amounted to 44,268,652 (basic) and 46,128,137 (diluted). As per 31 December 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 the Board of Directors in the year ended 31 December 2018 was TUSD 744 compared to the year ended 31 December 2017 TUSD 707. 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 year ended 31 December 2018.

Dividend

The board of directors propose that no dividend be paid for the year.

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 Matra USA filed a counterclaim. In October 2018, the Arbitrator issued an opinion in the plaintiff's favour, which Matra USA moved to vacate in the United State Southern District court. A court hearing was held in January 2019. In February 2019, the court confirmed the Arbitration award to the former director. Matra is evaluating appeal as well as financing and settlement options for the award. The awarded compensation has been accrued in the financial statements.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

<i>Expressed in TUSD</i>	Note	Fourth quarter 2018	Fourth quarter 2017	Full year 2018	Full year 2017
Revenue	3	2,843	2,295	11,046	9,234
Costs of sales:					
Production costs	4	-1,706	-1,200	-6,196	-5,070
Depletion and accretion		-685	-372	-1,728	-1,297
Gross profit/loss		452	723	3,122	2,867
General and administrative		-867	-645	-3,459	-3,318
Other gain / (loss)					
Gain on bargain purchase	7	5,186	-	5,186	-
Net gain/loss on derivative contracts	6	341	-470	-427	-109
Operating profit/loss		5,112	-392	4,422	-560
Net financial items					
Finance costs	5	-1,996	-1,718	-7,912	-6,566
		-1,996	-1,718	-7,912	-6,566
Profit/loss before tax		3,116	-2,110	-3,490	-7,126
Result for the period		3,116	-2,110	-3,490	-7,126
Attributable to:					
Shareholders of the Parent Company		3,116	-2,110	-3,490	-7,126
		3,116	-2,110	-3,490	-7,126
Other comprehensive result					
Currency translation gains/losses		-9	-5	14	160
		-9	-5	14	160
Total comprehensive loss					
Attributable to:					
Shareholders of the Parent Company		3,107	-2,115	-3,476	-6,966
Basic earnings per share, USD		0.07	-0.05	-0.08	-0.18
Weighted number of shares, basic		44,268,652	39,675,217	42,799,647	38,908,131
Diluted earnings per share, USD		0.07	-0.05	-0.08	-0.18
Weighted number of shares, diluted		46,128,137	39,675,217	42,799,647	38,908,131
Number of shares at period end (basic)		44,268,652	39,675,271	44,268,652	39,675,271
Number of shares at period end (diluted)		46,128,137	39,675,271	46,128,137	39,675,271

CONSOLIDATED BALANCE SHEET

<i>Expressed in TUSD</i>	Note	As at 31 December 2018	As at 31 December 2017
ASSETS			
Non-current assets			
Oil and gas properties		99,029	80,957
Other tangible fixed assets		183	275
Other non-current assets		250	250
Total non-current assets		99,462	81,482
Current assets			
Inventories		238	170
Trade and other receivables	8	820	1,296
Derivative instruments	10	129	-
Cash and cash equivalents		1,155	604
Total current assets		2,342	2,070
TOTAL ASSETS		101,804	83,552
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity		20,360	21,650
Non-controlling interest		1,795	1,795
Total equity		22,155	23,445
Liabilities			
Non-current liabilities			
Borrowings	9	59	52,625
Decommissioning provision		1,842	1,011
Total non-current liabilities		1,901	53,636
Current Liabilities:			
Borrowings	9	71,706	953
Trade and other payables		3,307	2,080
Accrued liabilities		2,735	3,056
Derivative instruments	10	-	382
Total current liabilities		77,748	6,471
Total liabilities		79,649	60,107
TOTAL EQUITY AND LIABILITIES		101,804	83,552

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Expressed in TUSD</i>	Note	Fourth quarter 2018	Fourth quarter 2017	Full year 2018	Full year 2017
Cash flows from operating activities					
Net result		3,116	-2,110	-3,490	-7,126
Adjustments for:					
Depletion, depreciation and amortisation		685	372	1,729	1,297
Gain on bargain purchase		-5,186	-	-5,186	-
Interest cost	5	1,996	1,718	7,912	6,480
Unrealised gain/ loss on derivative contracts	6	-144	453	-129	664
Loss on returned leased car		-	-37	-	-37
Interest paid		-324	-312	-1,303	-1,250
Changes in working capital		-107	-226	61	-370
Total cash flows from operating activities		36	-142	-406	-342
Cash flows from investing activities					
Oil and gas properties acquisition		-	-	-	-5,172
Investment in oil and gas properties		-2,686	-	-6,766	-
Total cash flows from investing activities		-2,686	-	-6,766	-5,172
Cash flows from financing activities					
Proceeds from issue of shares		-	-	-	5,701
Issue costs		-	-	-14	-1,065
Loan advances received		1,802	-	7,977	-
Loan repayment		-	-	-210	-
Cash paid for finance costs		-	-	-44	-210
Net cash provided by financing activities		1,802	-	7,709	4,426
Change in cash and cash equivalents		-848	-142	537	-1,088
Cash and cash equivalents at the beginning of the period		2,003	751	604	1,532
Currency exchange difference in cash and cash equivalents		-	-5	14	160
Cash and cash equivalents at the end of the period		1,155	604	1,155	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	-	-	-	-7,126	-7,126	-	-7,126
Translation differences	-	-	160	-	160	-	160
Total comprehensive income for the period	-	-	160	-7,126	-6,966	-	-6,966
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 31 December 2017	4,421	72,146	160	-55,077	21,650	1,795	23,445

<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	-	-	-	-3,490	-3,490	-	-3,490
Translation differences	-	-	14	-	14	-	14
Total comprehensive income for the period	-	-	14	-3,490	-3,476	-	-3,476
New shares issue (cash)	525	1,675	-	-	2,200	-	2,200
Issue costs	-	-14	-	-	-14	-	-14
Total equity as at 31 December 2018	4,947	73,807	174	-58,567	20,360	1,795	22,155

PARENT COMPANY COMPREHENSIVE INCOME STATEMENT

<i>Expressed in TSEK</i>	Fourth quarter 2018	Fourth quarter 2017	Full year 2018	From 26 Oct 2016 to 31 Dec 2017
Revenue	814	185	2,202	185
Operating expenses		-		-
Other external services	-871	-1,222	-3,982	-5,653
Personnel expenses	105	-151	-352	-457
Total operating expenses	-766	-1,373	-4,334	-6,110
Operating result	48	-1,188	-2,132	-5,925
Profit/loss from financial items				
Loss from shares in group companies	-2,526	-	-2,526	-
Translation differences	-	-	-	-727
Interest expenses	-	-	-2	-14
Total profit/loss from financial items	-2,526	-	-2,528	-741
Net loss for the period	-2,478	-1,188	-4,660	-6,666
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-2,478	-1,188	-4,660	-6,666

PARENT COMPANY BALANCE SHEET

<i>Expressed in TSEK</i>	At 31 December 2018	At 31 December 2017
ASSETS		
Non-current assets		
Participations in Group companies	287,766	270,520
Receivables from Group companies		-
Total non-current assets	287,766	270,520
Current assets		
Current receivables		
Receivables from Group companies	268	484
Prepaid expenses and accrued revenue	132	101
	400	585
Cash and cash equivalents	249	990
Total current assets	650	1,575
TOTAL ASSETS	288,416	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	-11,326	-6,666
Total shareholders' equity	285,505	271,084
Current liabilities		
Accounts payable - trade	580	440
Liabilities to Group companies	502	80
Accrued expenses	1,829	491
Total current liabilities	2,912	1,011
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	288,416	272,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months and years ended 31 December 2018 and 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 years ended 31 December 2018 and the comparatives for the three months 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.

IFRS 16, Leases, will be applied from January 1, 2019. IFRS 16 affects primarily the accounting by leases and will result in the recognition of almost all leases on balance sheet. The Company will apply the simplified transition approach. Comparative information will therefore not be restated. The Company's leasing commitments under IFRS 16 consist only of lease agreements for premises therefore will the new standard not have a significant impact on the Company's financial reports. The effect on tangible assets is expected to be around TUSD 270 and on interest-bearing liabilities, TUSD 270.

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>	Fourth quarter 2018	Fourth quarter 2017	Full year 2018	Full year 2017
Oil	1,845	1,289	7,070	4,957
Natural gas	984	1,025	3,773	3,547
Other income	14	-19	203	730
	2,843	2,295	11,046	9,234

As of 31 December 2018 and 2017, the group was engaged in oil and gas exploration and production business only in Texas, USA.

Note 4 – Production costs

<i>Expressed in TUSD</i>	Fourth quarter 2018	Fourth quarter 2017	Full year 2018	Full year 2017
Oil and gas production costs	1,537	1,086	5,647	4,665
Production taxes	147	114	527	405
Change in inventory position	22	-	22	-
	1,706	1,200	6,196	5,070

Note 5 – Finance costs

<i>Expressed in TUSD</i>	Fourth quarter 2018	Fourth quarter 2017	Full year 2018	Full year 2017
Interest expense	1,996	1,716	7,912	6,480
Foreign currency exchange loss	-	2	-	86
	1,996	1,718	7,912	6,566

Note 6 – Net gain/loss on derivative contracts

<i>Expressed in TUSD</i>	Fourth quarter 2018	Fourth quarter 2017	Full year 2018	Full year 2017
Realised gain/loss on derivative contracts	197	-17	-556	555
Unrealised gain/loss on derivative contracts	144	-453	129	-664
	341	-470	-427	-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 MUSD 6.2, effective as of 1st April 2018. The acquisition is estimated to have increased Matra’s proved oil and gas reserves by 4 million barrels of oil equivalent. 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	12,085
Inventories	78
Decommissioning provision	-718
Gain on bargain purchase	-5,186
Total	6,259

The management performed a fair value assessment of the business combination using a discounted cash flow model based on the acquired reserves, using a discount rate of 11% and NYMEX pricing. The result of this analysis is that the fair value of the acquired assets is TUSD 12,085 resulting in a gain on bargain purchase of TUSD 5,186.

Acquisition-related costs of TUSD 90 were 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 864 and a net loss of TUSD 416 to the group for the period from 4 June 2018 to 31 December 2018.

Note 8 – Trade and other receivables

<i>Expressed in TUSD</i>	At 31 December 2018	At 31 December 2017
Trade receivables	726	1,160
Prepayments	94	136
	820	1,296

Note 9 – Financial liabilities

<i>Expressed in TUSD</i>	At 31 December 2018	At 31 December 2017
Non-current:		
Legacy Revolving Facility principal balance	-	19,922
Melody term loan	-	28,420
Legacy term loan	-	4,160
Finance lease	59	123
	59	52,625
Current:		
Melody term loan	42,674	-
Melody term 7% loan	4,139	-
Legacy Revolving Facility principal balance	19,956	-
Legacy term loan	4,790	840
Finance lease	148	113
	71,706	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:

31 December 2018

<i>Expressed in TUSD</i>	Level 1	Level 2	Level 3
Assets			
Derivative instruments - non-current	-	-	-
Derivative instruments - current	-	129	-
	-	129	-
Liabilities			
Derivative instruments - non-current	-	-	-
Derivative instruments - current	-	-	-
	-	-	-

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>	Fourth quarter 2018	Fourth quarter 2017	Full year 2018	Full year 2017
Operating profit/loss	5,112	-392	4,422	-560
Depreciation and amortisation	685	372	1,729	1,297
Unrealised gain/loss on derivative contracts	-144	453	-129	664
Earnings before depreciation and amortisation exclusive of derivatives (EBITDA)	5,653	433	6,022	1,400

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

Stockholm, February 22, 2019

Maxim Barskiy, CEO

FINANCIAL INFORMATION

The annual report for 2018 is expected to be published last week of April 2019.

The report for the first quarter 2019 (January – March 2019) will be published on 23 May 2019.

The Annual general meeting 2019 will 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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This information is information that Matra Petroleum AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication, through the agency of the contact person set out above, at 8:30 CET on 22 February 2019.