MAHA
ENERGY INC.

Management Discussion & Analysis
and
Condensed Consolidated Interim Financial Statements

March 31, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

DESCRIPTION OF BUSINESS

This Management's Discussion and Analysis ("MD&A") is a review of Maha's results and management's analysis of its financial performance for the period ended March 31, 2016. It is dated June 13, 2016 and should be read in conjunction with the unaudited consolidated financial statements of the Company for the three months ended March 31, 2016. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All references to "Maha" or the "Company" refer to Maha Energy Inc. All amounts are expressed in United States Dollars unless otherwise indicated.

OVERVIEW

Maha is an independent, Canadian-based, international upstream oil and gas company whose business activities include exploration, development and production of crude oil, natural gas liquids and natural gas.

The Company's main asset as at March 31, 2016 is the LAK Ranch heavy oil field, located on the eastern edge of the multi-billion barrel Powder River Basin in Wyoming, USA. As at March 31, 2016, the Company held a 99% working interest and operates the field.

The Company also owns a 50% working interest in the Manitou property and a 30% working interest in the Marwayne property which were acquired from Palliser Oil and Gas Corp. in July 2014. Both these assets are located in Canada.

THE COMPANY'S STRATEGY

The Company's core expertise is in primary, secondary and enhanced oil and gas recovery technologies and as such its business strategy is to target and develop underperforming hydrocarbon assets. Whilst currently the primary focus is the enhanced recovery of oil, other conventional and unconventional resource developments are being and will be considered as they arise. By focusing on assets with proven hydrocarbon presence and applying state-of-the-art tailored solutions to recover the hydrocarbons in place, the Company's primary risk is not uncertainty in reservoir content but its' extraction.

As the Company grows in size and value, it is the objective to create a well balanced portfolio of assets with low to medium risk. Ideally 40% of the Company's assets will be extraction and development projects, 40% will be delineation and development projects with the remaining 20% being near field or low risk exploration projects.

The decline in oil prices continued towards the end of the year of 2015 and into the first quarter of 2016. The decline in oil price has presented a plethora of opportunities which the Company is busy evaluating several of which may be accretive to the Company. All opportunities are being evaluated in the context of Maha's strategy of identifying under-valued assets that with the application of superior petroleum engineering technology will result in value creation. As such this review is not being restricted geographically or to heavy oil.

2016 OUTLOOK

On January 18, 2016, the Company entered into a definitive purchase and sale agreement with Petro Vista Energy Corp whereby the Company intends to acquire a non-operated 37.5% working interest in the Tartaruga development block, located in the Sergipe Alagoas Basin of Brazil. The acquisition price of CAD $2.5 million will be paid in equal installments with the first payment upon successful approval of the transaction by the Brazilian Government and the Brazilian National Oil Agency ("ANP") and the second payment by December 31, 2016. Maha has also entered into a loan agreement with Petro Vista Energy Corp whereby funds will be provided for Petro Vista to resolve outstanding joint interest billings for up to $815,000. The loan will form part of the acquisition purchase price in the event of closing.

On March 10, 2016, the Company entered into a definitive purchase and sale agreement with a private, Texas based company, which has an additional 37.5% working interest in the Tartaruga development block and is the designated operator of the block. The acquisition is also subject to the approval of the Brazilian Government and ANP.

Upon closing of the two acquisitions, the Company would be the operator and hold a 75% working interest in the Tartaruga Block. Management has commenced the approval process and believes that the process could be completed during the second half of 2016.

The Company continues to ready itself for a potential Public Listing at the First North Exchange, in Stockholm, Sweden. On May 31, 2016 the Company prospectus was approved by and registered with the Swedish Financial Supervisory Authority. It was further determined that a supplementary prospectus would be filed to include the general marketing of the offering in Norway, Denmark and Sweden. The supplemental offering was approved on June 7, 2016. On June 9, 2016 the Company announced that the full offering of SEK 150,000,000 was guaranteed.

In order to complete the listing on the First North Exchange, the Company completed a corporate restructuring whereby the common shares of Maha Canada were exchanged for either common shares in Maha Energy AB, a company incorporated in Sweden or a separate class of shares in Maha Canada that will ultimately provide for the conversion to common shares of Maha Energy AB. The corporate restructuring was completed concurrent with approval of the prospectus and supplementary prospectus on May 31, 2016 and June 7, 2016 respectively.

Shareholders have been contacted directly regarding the corporate restructuring. If shareholders have any questions they are invited to contact the Company.

SUMMARY OF ASSETS AND OPERATIONS

LAK Ranch

The LAK Ranch heavy oil field is situated on the western edge of the Black Hills in eastern Wyoming, USA. The field currently produces 19° API oil from six 'horizontal' wells. The Company acquired the asset in 2013 and has since embarked on a large scale development plan of the field.

In 2014, the Company engaged RPS Knowledge Reservoir ("RPS") in Houston to complete a reservoir characterization and reserve study which concluded the best case 'oil-in-place' volume at LAK Ranch to be 62.0 million barrels of oil. RPS was later tasked with completing the STARS reservoir dynamic simulation model which included history matching recent production data. This report estimated a recovery factor of 20.75% is achievable. During the course of this work, several important additional discoveries were made:

- First, it was determined that the viscosity reduction allows for reservoir pressure to play a more significant role.
- Second, heat, although very important for the predicted high recovery rates, was determined to be less influential than maintaining reservoir pressure.
- Third, it was noted that very little steam actually penetrated the reservoir as it condenses very close to the injection wellbore.

As result of the new information received from RPS and the results of operations to date, the Company will move to prove up significant resources at the LAK Ranch once commodity prices improve from current levels. The near term focus of the Company at LAK is as follows:

(a) embark on the further development of the Northern area, as defined in the RPS STARS model, described above;
(b) continue the pump selection optimization program;
(c) place all horizontal on production after completing the unplugging operations;
(d) commence injecting hot water into 3 existing injection wells; and
(e) commission a water recycling program.

The Company's reserve auditors, Chapman Petroleum Engineering Consultants ("Chapman") prepared a NI 51-101 compliant reserves report dated December 1, 2015 which estimated 12.8 MMbbl of proved and probable (2P) reserves with a net present value, discounted at 10% and before tax of $172.5 million. The reclassification from contingent resource, as per the January 1, 2015 report by Chapman, to proved and probable (2P) reserves in 2015 was an exciting change for Maha as it proves the technical feasibility and the substantial upside that exists on the LAK Ranch asset. Below is a summary of the Chapman Petroleum Consultants reserve report

		Cumulative Cash Flow (before tax)	
Reserve Classification	**Gross Mbbl**	**Undiscounted (USD'000's)**	**Net Present Value discounted at 10% (USD'000's)**
Total Proved Developed Producing *(1)*	46	418	395
Total Proved and Probable (2)	12,823	491,985	172,573
Total Proved and Probable and Possible(3)	18,075	801,937	190,063

(1) Proved developed producing oil reserves are expected to be recovered through existing wells with existing equipment and operating methods. Proved developed Producing oil and gas reserves are the estimated quantities of crude oil that geological and engineering data demonstrate with reasonable certainty can be recovered in future years from known reservoirs under existing economic and operating conditions. Reserves are considered "proved" if they can be produced economically, as demonstrated by either actual production or conclusive formation testing.
(2) Probable reserves are expected to be recovered with less certainty than are proved developed producing reserves and require additional capital and the application of the recommendations of the RPS water flood simulation study.
(3) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

Cumulative cash flows were based on the following realized price forecast from Chapman dated December 1, 2015 and reflect an \$8.86/bbl discount to West Texas Intermediate Crude in Cushing, Oklahoma after adjustments for transportation and quality differential.

2016	\$46.16
2017	\$51.11
2018	\$56.15
2019	\$61.16
2020	\$66.15
Thereafter (average)	\$86.82

<u>Palliser Assets</u>

The Company purchased a non-operated 50% working interest in certain heavy oil producing properties from Palliser Oil and Gas Corporation ("Palliser") in the Manitou area in Western Saskatchewan (the "Manitou Properties"). In addition, the Company earned a 30% working interest in the Marwayne area of eastern Alberta (the "Marwayne Properties") through a farm-in deal with Palliser in June 2014.

In February 2015, Palliser filed for CCAA court ordered Creditor Protection. As Palliser is the Operator and has limited capital resources, capital projects and required workover operations, (including a critical pump change in Manitou), have significantly decreased. As such production in the field has decreased by 18% from 60 bopd for the three months ended March 31, 2015 to average of 50 boepd for the three months ended March 31, 2016.

RESULTS OF OPERATIONS AND SUMMARY OF RESULTS

<u>Sales Volumes and Revenue</u>

Palliser Assets

For the three months ended March 31, 2016, the Company generated revenue of \$62,025 on an average sales volume of 50 boepd compared with \$157,912 of revenue during the three months ended March 2015 from an average of 60 boepd.

The crude oil produced from the Manitou and Marwayne areas is heavy (12° API) but requires no heat to produce. The Canadian properties produced a total of 4,448 barrels net to Maha in Q1 2016. The average price received was CAD \$18.58.

LAK Ranch

As at March 31, 2016, the LAK Ranch asset is considered to be in the pre-production stage. As such, operating costs net of revenues since the commencement of operations have been capitalized as part of the exploration and evaluation costs.

During the three months ended March 31, 2016, production from the LAK was 3,564 barrels, compared with 1,963 barrels during the comparable periods of 2015.

For the three months ended March 31, 2016, the Company recorded \$75,936 in oil sales, net of royalties compared with \$69,303 in oil sales, net of royalties during the same period March 31, 2015. Oil sales, net of royalties are deducted from the exploration and evaluation costs.

The 19° API crude oil produced from the LAK Ranch is trucked and sold to a nearby refinery, approximately 8 km from the LAK Ranch gathering station. The LAK Ranch crude receives the "Eastern Wyoming Sweet Crude Oil" price which averaged \$24.76 per barrel for Q1 of 2016. The corresponding average spot WTI oil price was \$33.22, meaning that the LAK Ranch crude received on average of \$8.46/bbl discount to the WTI crude oil price for the three months ended March 31, 2016.

<u>Royalties</u>

Royalty expense for the three months ended March 31, 2016 was \$959 compared with \$21,373 during the same period March 31, 2015. Royalties include Crown, freehold and overriding royalties related to the Palliser assets. Lower royalties in 2016 compared to the three months period ended March 31, 2015 is primarily a result of lower production and commodity prices. There was also a recovery of \$3,358 related to previously accrued 2015 royalty reflected in the first quarter 2016.

Production and Operating

Production and operating expenses for the Palliser assets were $54,386 for the three months ended March 31, 2016 compared with $81,258 for the same period March 31, 2015.

The production and operating costs associated with the LAK Ranch assets were $399,595 for the three months March 31, 2016 compared to $319,264 for the same period March 31, 2015. The increase in costs is a result of applying different technics in order to increase production. These costs were capitalized as the asset is considered to be in the pre-production stages until economic production can be established.

General and Administrative

During the three months ended March 31, 2016, General and Administrative ("G&A") costs in Maha Canada was $312,819 compared to $212,128 for the same period March 31, 2015. In the G&A, costs there is $166,635 in Transaction costs related to the Brazil transactions and the preparation costs for listing on the First North Exchange.

Stock-based Compensation

Stock based compensation expense for the three month ended March 31, 2016 was $43,692 compared to $11,910 for the comparable period March 31, 2015. The increase in expense on Q1 2016 was a result of new options issued in 2015 and 2016.

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the oil exploration and development business and is exposed to a number of risks and uncertainties inherent to the oil industry. This activity is capital intensive at all stages and subject to fluctuations in oil prices, market sentiment, currencies, inflation and other risks. The Company currently has insufficient cash flow from production, and relies primarily on equity and debt financings to fund its development and administrative activities. Material increases or decreases in the Company's liquidity may be substantially determined by the success or failure of its development activities, as well as its continued ability to raise capital or debt.

FINANCIAL INSTRUMENTS AND RISKS

As at March 31, 2016, the Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable.

The Company classifies its cash and cash equivalents as fair value through profit or loss, its accounts receivable as loans and receivables, and its accounts payable as other financial liabilities. IFRS 7 Financial Instruments – Disclosures establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are \reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

(a) Currency risk
As at March 31, 2016, the Company's expenditures are predominantly in U.S. and Canadian, and any future equity raised is expected to be in U.S. dollars or Swedish Kroner. Future project exploration and development expenditures are expected to be paid primarily in U.S. A significant change in the relative currency exchange rates between the Canadian, Swedish Kroner and the U.S. dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. As such, the Company is subject to risk due to fluctuations in the exchange rates for the U.S., Canadian and Swedish Kroner.

(b) Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at a large Canadian financial institution in non-interest bearing accounts.

(c) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through its management of capital as outlined in note 7 to the consolidated

financial statements. Accounts payable relating to oil and gas interests and other accounts payable and accrued liabilities are due within the current operating period.

The Company has a positive working capital of $3,569,916 as at March 31, 2016. As the Company's LAK Project is in the pre-production phase of development no assurance can be given that the budgeted production levels necessary for positive cash flow will be achieved. Operating activities and expenditures may increase or decrease, depending on the rate of success during the pre-production phase.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal.

(e) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly as it moves toward production on the LAK Ranch property. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

LEGAL MATTERS

None outstanding.