

Maha Energy AB Announce Filing of First Quarter Report 2021 & Live Webcast

Maha Energy AB (publ) (“Maha” or the “Company”) is pleased to announce its first quarter results. The report is attached to this press release and available on the Company’s website at www.mahaenergy.ca.

First Quarter 2021

- The Company secured a USD 60 million loan financing and USD 10 million equity investment with leading Brazilian investment bank BTG Pactual.
- The Tie-3 oil producing well has tested a combined 628 BOEPD, (549 BOPD, 0 BWPD and 470 MSCFPD of gas) from the Itaparica and Agua Grande reservoirs. The Sergi reservoir was not tested at this time.
- Daily oil & gas production for Q1 2021 averaged 3,742 BOEPD (Q1 2020: 3,288 BOEPD)
- Revenue of USD 15.8 million (Q1 2020: USD 11.2 million)
- Operating netback of USD 11.0 million or USD 33.80 per BOE (Q1 2020: USD 7.9 million or USD 27.91 per BOE)
- EBITDA of USD 10.2 million (Q1 2020: USD 6.4 million)
- Net result of USD 5.5 million (Q1 2020: USD 3.2 million)
- Basic Earnings per share of USD 0.05 (Q1 2020: USD 0.03)
- Diluted Earnings per share of USD 0.05 (Q1 2020: USD 0.03)
- Cash and cash equivalents balance of USD 5.7 million (Q1 2020: 19.2 million)

Financial Summary

<i>(TUSD, unless otherwise noted)</i>	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Full Year 2020
Net Daily Production (BOEPD)	3,742	2,738	3,580	3,602	3,288	3,301
Revenue	15,814	8,659	11,226	7,926	11,207	39,018
Operating netback	11,031	4,247	7,041	4,377	7,858	23,523
EBITDA	10,213	2,720	5,514	3,436	6,434	18,104
Net result for the period ¹	5,538	(15,702)	1,845	407	3,191	(10,259)
Earnings per share – Basic (USD)	0.05	(0.15)	0.02	0.00	0.03	(0.10)
Earnings per share – Diluted (USD)	0.05	(0.15)	0.02	0.00	0.03	(0.10)
Cash and cash equivalents	5,698	6,681	18,034	15,699	19,190	6,681

Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

I am very happy to report another strong quarter for the Company. The steady increase and stabilization in the price of oil price helped of course, but we also started the year off with good production gains compared to the prior quarter. The recently completed Tie-2 well tested just over 2,000 BOEPD to the rig tanks, which was well above our expectations. During the first quarter, drilling

¹ Net result for Q4 2020 and full year 2020 includes an impairment charge of USD 21.0 million.

of Tie-3 yielded a pleasant surprise through the discovery of a brand new oil bearing reservoir on the western flank of the Tie field. Evaluation of the “Itaparica” reservoir took some time, and was somewhat hampered by unstable flow rates. However, after perseverance, 42° API oil flowed naturally into the rig tanks. Subsequent downhole pressure tests confirmed a new virgin pressure regime and that the Itaparica reservoir appears to have low permeability. The plan for Tie-3 now is to place it on temporary artificial lift until water cut increases to a point where it will be converted to a water injector.

Preliminary interpretation of the Itaparica suggests that it extends to the north and west of the Tie oil field and could open up new reserve volumes in the future. Initial analysis also suggest that the Itaparica will respond well to hydraulic stimulation, just like the Penedo sandstone at Tartaruga. Needless to say, this new find adds further excitement to the Tie oil field development.

The price of oil recovered well during the quarter and seems to have stabilised around the USD 65/bbl mark. At these levels we generate a very healthy corporate netback which allows us to continue our organic growth by using internally generated cashflow. A further positive pricing update is that Petrobras revised the annual discount we receive for our crude oil delivered from the Tie field. The discount for the next 12 months was reduced by USD 3/bbl, meaning our new net discount for 2021 is USD 5.86/bbl. We continue to work hard to improve our discounts with our other Brazilian customer. Furthermore, we are benefiting from the weak Brazilian Real (BRL) which has worked in our favor given that most of our expenses are in BRL whilst we effectively sell our oil in US dollars. During the past year the BRL has lost roughly 25% against the USD.

At Tartaruga, testing of the Maha-1 well is nearing its end – and unfortunately the initial results are inconclusive, meaning that we still do not understand where the produced water originates from. Until testing and analysis is complete, we will be focusing on the southern fault block where the existing TTG-1 and TTG-2 wells are producing oil. Hand in hand with the further development of Tartaruga, we will need to address handling of associated gas. This is likely to take some time. At the moment we are using six Gas to Wire (GTW) generators and we are evaluating other options in addition to expanding the GTW footprint at Tartaruga.

In 2017, we secured a SEK 300 million bond to purchase and develop the Tie field. The bond matured at the end of May this year, and in order to continue our growth, we refinanced the bond with new debt at the end of March. As such I am very pleased to say we redeemed the bond early and have now secured sufficient capital to continue growth in Oman and in the USA. At current oil prices, the USA assets start to generate healthy returns, and although ultimate recoveries per well are modest, the predictability of the oil reservoirs makes future wells very low risk there. In Oman, we will be placing long lead equipment orders with a view to start drilling early 2022.

As vaccinations continue, we look forward to some resemblance of normality. Our near-term objective is to drill Tie-4, our first horizontal well in the Tie field. Tie-4 will target the Agua Grande reservoir and will eventually be completed with an Electrical Submersible Pump (ESP). Once Tie-4 is drilled, the Tie field should reach its designed productive capacity. A water injector will immediately be drilled after Tie-4 to support important pressure maintenance in the field. We will also be drilling at least four wells in the Illinois Basin to maintain production levels there as well.

Finally, we are very pleased to see the release of our first Sustainability Report on April 19, 2021. Our newly formed ESG team did a great job in pulling together all the information for this colorful report. You can view it on our website www.mahaenergy.ca. Further, and as part of the due diligence conducted for the recently completed financing, a full independent ESG audit was performed on our Brazilian operations. It is reassuring that we passed. But as with most things, we can always improve, so the team is in full swing in addressing the improvements highlighted in the audit report.

Four years ago, our initial bond allowed us to quadruple production volumes, and with new financing secured the race is on to continue our growth in all three operational areas. So, stay with us – the best is yet to come.

As always, a big thank you to all Maha employees that I know work so hard for all of us. And to all fellow shareholders – thank you for your continued support.

Yours truly,

Jonas Lindvall
Managing Director

Q1 Webcast today at 16:00 CET

There will be a live webcast today, 26 May at 16:00 CET (Sweden time) to present the quarterly results and provide an operational update. A link to the webcast is available on the Company's website: www.mahaenergy.ca. Questions posted on the day of the presentation should be made directly in the YouTube Comments/Questions field. The webcast will be broadcast live on Nyhetsbyrån Direkts Youtube Channel and is hosted by Laikas' Mr. Kaarlo Airaxin, and will feature Maha's CEO Jonas Lindvall and CFO Andres Modarelli.

This information is such information as Maha Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 07:30 CET on 26 May, 2021.

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About Maha

Maha Energy AB (publ) is a listed, international upstream oil and gas company whose business activities include exploration, development and production of crude oil and natural gas. The strategy is to target and develop underperforming hydrocarbon assets on global basis. Maha operates four oil fields: Tartaruga and Tie in Brazil, Powder River (LAK Ranch) and Illinois Basin in the United States. The shares are listed on Nasdaq Stockholm ([MAHA-A](#)). The head office is in Stockholm, Sweden with a technical office in Calgary, Canada, as well as operations offices in Grayville, Illinois, USA and Rio De Janeiro, Brazil. For more information, please visit our website www.mahaenergy.ca