

Maha Energy AB Announce Filing of Fourth Quarter Report 2020 & Live Webcast

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

Fourth Quarter 2020

- Daily oil & gas production averaged 2,738 BOEPD (Q4 2019: 3,165 BOEPD)
- Revenue of USD 8.7 million (Q4 2019: USD 13.7 million)
- Operating netback of USD 4.2 million or USD 17.66 per BOE (Q4 2019: USD 9.8 million or USD 35.00 per BOE)
- EBITDA of USD 2.7 million (Q4 2019: USD 8.4 million)
- Net result of USD -15.7 million, following the previously announced impairment charge of 21.0 million for LAK Ranch (Q4 2019: USD 2.7 million)
- Basic earnings per share of USD -0.15 (Q4 2019: USD 0.03)
- Diluted earnings per share of USD -0.15 (Q4 2019: USD 0.02)
- The Company was awarded new exploration block 70 (Mafrag) onshore Oman
- Drilled and completed the Tie-2 well in the Tie Field and spudded the Tie-3 well on 18 December 2020
- 2P Reserve Replacement Ratio for 2020: 380% (Q4 2019: 147%)
- The Company grew its Proven (“1P”) reserves by 183% increase driven by successful movement of volumes from the Proved plus Probable (“2P”) category and acquisitions in the USA and Oman. The 2P oil reserves are also up by approximately 14% compared to year end 2019
- The Company transferred its listing and began trading on Nasdaq Stockholm main market (MAHA-A.ST) on 17 December 2020

Full Year 2020

- Daily oil & gas production averaged 3,301 BOEPD (2019: 3,044 BOEPD).
- Revenue of USD 39.0 million (2019: USD 55.6 million)
- Operating netback of USD 23.5 million or USD 20.06 per BOE (2019: USD 41.5 million or USD 38.96 per BOE)
- EBITDA of USD 18.1 million (2019: USD 35.9 million)
- Net result for the period of USD -10.3 million, following the earlier announced impairment charges of 21.0 million for LAK Ranch (2019: USD 19.7 million)
- Basic Earnings per share of USD -0.10 (2019: USD 0.20)
- Diluted Earnings per share of USD -0.10 (2019: USD 0.18)
- Cash and cash equivalents balance of USD 6.7 million (2019: 20.4 million)

Financial Summary

<i>(TUSD, unless otherwise noted)</i>	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Full Year 2020	Full Year 2019
Net Daily Production (BOEPD)	2,738	3,580	3,602	3,288	3,165	3,301	3,044
Revenue	8,659	11,226	7,926	11,207	13,672	39,018	55,589
Operating netback	4,247	7,041	4,377	7,858	9,825	23,523	41,539
EBITDA	2,720	5,514	3,436	6,434	8,354	18,104	35,868
Net result for the period ¹	(15,702)	1,845	407	3,191	2,679	(10,259)	19,654
Earnings per share – Basic (USD)	(0.15)	0.02	0.00	0.03	0.03	(0.10)	0.20
Earnings per share – Diluted (USD)	(0.15)	0.02	0.00	0.03	0.02	(0.10)	0.18
Cash and cash equivalents	6,681	18,034	15,699	19,190	22,450	6,681	22,450

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

Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

A combination of unplanned events during the last quarter of 2020 made it a challenging quarter for the Company. First, the Covid-19 postponement of drilling Tie-2 and Tie-3 meant costly deferment of production for the year. Second, two stuck pipe incidents on the Tie-2 well caused unwanted expenditures and further delays in production additions. Third, the unexpected temporary loss of the free-flowing Tie-1 Agua Grande (AG) zone caused further production loss during the fourth quarter. Lastly, the continuing and problematic GTE-4 workover at Tie required multiple rig interventions that resulted in higher workover costs and even more delay of production. All these events conspired against the production plan for the quarter and indeed the full year of 2020.

Despite this, Maha finished 2020 with a record year in terms of annual average production (albeit below our expectations) and positive operations cash of USD 19 million. With a 2020 CAPEX outflow of approximately USD 20 million (excluding acquisitions), it meant that the Company was close to being self-funded for the year – which is outstanding given the impact Covid-19 incurred on oil price, logistics and personal health.

Towards the end of 2020, the Tie-2 well was finally completed and flowed over 2,000 BOEPD which was well above expectation. Furthermore, the AG zone came in structurally higher than expected, and the reservoir pressure was also higher than anticipated at this location. Both very positive outcomes. Tie-1 (AG) production was also restored at the year end, and the GTE-4 well was finally completed after several months of multiple interventions. During January, the GTE-4 well was flow-tested, and is now awaiting a dedicated quintuplex pump to be installed. Two long lead time quintuplex pumps were ordered in April last year in anticipation of reduced flowing pressures at Tie-1 and Tie-2. Both those pumps are now in the field undergoing hook up and commissioning. Whilst GTE-4 is awaiting pump installation, the Tie field is ‘missing’ about 500 BOPD production.

The drilling of the Tie-3 well is expected to be completed during the current quarter. At the moment, and without the contribution of GTE-4, the Tie field is producing around 3,100 BOEPD, so Tie-3 will be a welcome addition to the current production volumes at Tie. Upon completion of Tie-3, the drilling rig will be moved to the GTE-4 pad where it will drill the field’s first horizontal well (subject to licensing). Once the horizontal well is drilled, completed and hooked up, the Tie field will have important spare production capacity to cater for any future unplanned production interruptions.

Also during the fourth quarter, Maha was admitted to Nasdaq Stockholm, which is something very beneficial for the Company. The process was long but useful. The Company’s very robust corporate governance is now even more robust. The current ESG climate and the anti-fossil energy sentiment in Scandinavia is a challenge for all

fossil-energy sector related companies and it is envisaged that being listed on the 'main board' will reaffirm to investors that ESG is deeply rooted in the organization. Having said that, Maha Energy is an international oil and gas production company that produce oil, gas and energy in an industry that currently provide 85% of all global energy needs. As such, Maha is proud to be considered one of the 'good guys' in that we bring expertise and technology to extract already existing hydrocarbons that might otherwise be left behind. And on top on that – none of the resources Maha produce are wasted. In Brazil, for example, the associated gas produced there is separated, cleaned and converted to energy for use in homes and industries. The produced water is also separated, cleaned and reused at most of the sites to re-invest in reservoir energy, thereby increasing the recovery factor of the fields.

Whilst 2020 was challenging year for Maha, it was also a year where Mafraq (Oman) and Illinois Basin (USA) were added to the asset portfolio. Both these assets are high quality – low risk - assets that have added some 3 million barrels of 2P reserves and over 22 million barrels of Contingent Resources. The 2020 2P reserve replacement ratio of 380% is excellent, clearly indicating Maha now has a very strong foundation to build on.

2021 has already started out on several positive notes; the oil price is up over 50% since the lows of Q4 production has been across all key assets and the Company has laid the foundation for serious production growth in all the core areas of Brazil, Oman and the USA.

My fellow shareholders, colleagues, and friends, it feels like we are on the doorstep to brighter times. Thank you for your continued support and lastly, a big thank you to all Maha employees that I know work so hard for all of us!

Stay healthy. Care for each other and stay safe.
Yours truly,

Jonas Lindvall
Managing Director

Q4 Webcast today at 16:00 CET

There will be a live webcast today, 26 February 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 3:00a.m. CET on 26 February, 2021.

For more information, please contact:

Jonas Lindvall (CEO)
Tel: +46 8 611 05 11
jonas@mahaenergy.ca

Andres Modarelli (CFO)
Tel: +46 8 611 05 11
andres@mahaenergy.ca

Victoria Berg (Investor Relations)
Tel: +46 8 611 05 11
victoria@mahaenergy.ca



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