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Press release
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Maha Energy AB (publ) (“Maha” or the “Company”) Announces Company Operational Update on 107D Horizontal Sidetrack and Tie Field Drilling Program

The Company is pleased to provide the following update from its operations in Brazil:

Tartaruga

107D

Further to the Company’s November 22, 2018 press release – drilling of the 107D horizontal sidetrack was completed on December 18, 2018 and reached a Total Depth of 3661 m. The total length drilled in the Penedo 1 sandstone was 504 m. and encountered a total of 409 m. of sandstone of which a total of 328 m. contained very good to excellent oil and gas shows. This confirms the Company’s expectation that by horizontally drilling the Penedo sands - a much wider productive area can be accessed than the previous wells which should result in higher production rates.

Preparations were then made to run a 4-1/2” slotted liner to complete the well, but deteriorating hole conditions made the running of the 4-1/2” liner to 3661 m. impossible. Instead, a smaller 3-1/2” liner has been worked to a depth of 3267 m. at which point it could go no further. A gross interval of 394 m. of the horizontally drilled section of the well will be left barefoot’, (Open Hole Completion¹) of which 218 m. encountered very good to excellent oil and gas shows. The 110 m. lined section encountered 94 m of sand which were described to have ‘excellent’ oil and gas shows.

Preparations are now underway to selectively perforate the lined section of the horizontal and then complete the well using a dedicated 2-7/8” jet pump. Because of the reduction in liner size, a non-standard perforating string will have to be mobilized which will require some specialty equipment and additional planning. As such the rig will now be moved to the adjacent 7TTG well where it will complete the fishing job, add perforations and stimulate the Penedo 1 sandstone before returning to perforate and complete the 3-1/2” liner on the 107D well.

7TTG

The 7TTG well has produced some 327,000 barrels of oil from the Penedo 6 sandstone, and the planned workover for 7TTG involves adding perforations in the Penedo 1 sandstone and recompleting the well with its own jet pump. This work was originally planned for June/July 2018, but a stuck 3-1/2" tubing prevented the work to be completed last summer due to the workover rig limitations. The rig currently on site is a much larger rig and is expected to recover the stuck 3-1/2" tubing quickly. Once the drilling rig is on the 7TTG well, it is expected to take 14 days to fish, recomplete and stimulate the well, after which the well will be placed on production. The rig move is planned to take 10 days.

Tie Field

Due to the continued delays at Tartaruga, the Company contracted a second drilling rig to commence operations at the Tie field. This drilling rig is currently finishing up drilling operations at a nearby location and is expected to be rigged up at the Tie field in approximately 2 weeks.

The Attic well will drill and complete the producing Agua Grande and Sergi formations at a crestral position of the producing Tie Field. An additional objective of the Attic well is to penetrate the previously undrilled Boipeba formation. The Boipeba target is a three-way dip-closed fault bounded structure that has not been explored at the Tie Field previously.

The Attic well is expected to take 30 – 60 days to drill, test and complete.

The CEO Jonas Lindvall commented: "We are very pleased with the drilling results of the 107D horizontal hole so far. We proved up the continuous nature of the sand which allows for this type of drainage technology to be applied on future wells. We are also excited about the very good to excellent oil and gas shows documented throughout the drilled sandstone. The hole conditions were very tough, and future horizontals will be designed differently whereby the hole section leading up the horizontal hole will be cased off before drilling the horizontal."

2018 Capital Plan

The completion of the 107D Sidetrack and the workover at 7TTG took longer and were more difficult than anticipated. While the final costs are being evaluated, it is expected the two Tartaruga projects are approximately 25% over budget combined. At the Tie Field, the drilling of the Attic Well, the proposed water supply well and the last work on GTE3 will occur in 2019. Fortunately, much of the other work at the Tie Field and LAK Field in the 2018 Capital Plan that has been completed, was well under budget. As at the end of November 2018, the overall cost over run for the adjusted 2018 budget is 6%. The Company remains optimistic, once all the numbers are in, the overall cost of the adjusted

2018 Capital Program will be within 10% of original budgeted amounts notwithstanding the above delays and difficulties.

¹ Whilst an 'Open Hole Completion' is the preferred method of completing wells in most cases; in this case, there is a slightly heightened risk of future hole collapse which could possibly restrict production. Given the circumstances, it is deemed as an acceptable risk.

The Adviser

FNCA Sweden AB is the Company's Certified Adviser.

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Miscellaneous

The information was submitted for publication through the agency of the contact persons set out above on January 7, 2019, at 3:00 a.m. (CET)

Maha in Brief

Maha Energy AB is a Swedish public limited liability company. FNCA Sweden AB has been engaged as Certified Adviser. The Company's auditors are Deloitte. The Company's predecessor Maha Energy Inc. was founded in 2013 in Calgary, Canada, by Jonas Lindvall and Ron Panchuk. In May 2016, the new group was formed with Maha Energy AB as parent company for purposes completing an initial public offering on the Nasdaq First North Sweden stock exchange. Jonas Lindvall, CEO and Managing Director, has 26 years of international experience in the oil and gas industry, starting his career with Lundin Oil during the early days of E&P growth. After 6 years at Shell and Talisman, Jonas joined, and helped secure the success of, Tethys Oil AB. Maha's strategy is to target and develop underperforming hydrocarbon assets on global basis. The Company operates three oil fields, Tartaruga and Tie in Brazil and LAK Ranch, in Wyoming, U.S. For more information, please visit our website www.mahaenergy.ca.

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