MAHA ENERGY AB

Q4

YEAR END REPORT
31 December 2020

(org number: 559018-9543)

Highlights

(all amounts are in US dollars unless otherwise noted)

Fourth Quarter 2020

- Daily oil & gas production for Q4 2020 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 (Mafraq) 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 an 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

(*TUSD, unless otherwise noted*)	**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.

Definitions

Abbreviations

CAD	Canadian Dollar
SEK	Swedish Krona
BRL	Brazilian Real
USD	US Dollar
TSEK	Thousand SEK
TUSD	Thousand USD
MSEK	Million SEK
MUSD	Million USD

Oil related terms and measurements

BOE or boe	Barrels of Oil Equivalents
BBL or bbl	Barrel
BOEPD	Barrels of Oil Equivalents Per Day
BOPD	Barrels of Oil Per Day
Mbbl	Thousand barrels of Oil
MMbbl	Million barrels of Oil
Mboe	Thousand barrels of oil equivalents
MMBoe	Millions of barrels of oil equivalents
Mboepd	Thousand barrels of oil equivalents per day
Mbopd	Thousand barrels of oil per day
MCF	Thousand Cubic Feet
MSCFPD	Thousand Standard Cubic Feet per day
MMSCF	Million Standard Cubic Feet
MMSCFPD	Million Standard Cubic Feet Per Day
BWPD	Barrels of Water Per Day

Gas to oil conversion

6,000 cubic feet = 1 barrel of oil equivalent

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 cash from operations 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 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

Financial Report for the Fourth Quarter Ended 31 December 2020

OPERATIONAL AND FINANCIAL REVIEW

Strategy

The Company's business activities include the exploration for and the development and production of hydrocarbons. 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. By focusing on assets with proven hydrocarbon presence and applying modern and tailored technology solutions to recover the hydrocarbons in place, the Company's primary risk is not uncertainty in reservoir content but in the fluid extraction.

COVID-19 and Low oil price response

The COVID-19 crisis, its economic impact along with the oil price decline provides an exceptionally challenging market situation. Maha closely monitors the COVID-19 related developments with the main focus on reducing the risk of the virus spreading in its operations and safeguarding the well-being of the Company's employees and contractors, whilst at the same time minimising the potential impact on the business. The COVID-19 pandemic has had significant negative effects on economies of the jurisdictions where the Company operates, including a substantial decline in crude oil and natural gas product prices. Additionally, it has resulted in volatility and disruptions in regular business operations, supply chains and financial markets as well as declining trade and market sentiment.

Maha has high quality, low-cost assets, that are well positioned in a low oil price environment. Nevertheless, during 2020 the Company has taken steps to defer activity and reduce spend, in order to further strengthen near term cash flow and liquidity of the business. Maha initially revised its 2020 capital budget to 15.5 million, a reduction of 25% from the original budget, with further reductions in operating costs being implemented. During the current quarter, the Company resumed certain capital projects that were initially postponed for future years as recovery of oil prices were noted. During March, operations at the LAK Ranch oil field were suspended and remains suspended as at 31 December 2020. Maha has continued to evolve its management practices to ensure the health and safety of our workers and contractors. Where possible, Maha has temporarily scaled back headcount, implemented work from home policies, implemented practices to monitor and control access to our sites via typical COVID monitoring protocols and continue to, at a very minimum, comply with local country legislation.

The Company believes that measures it has taken will provide it with the financial capability to maintain its operations in safe and reliable manner and continue to challenge its cost structure. The Company is confident that commodity prices will eventually improve, however the timing of the improvement is uncertain, and continued volatility is expected.

Assets

Country	Concession name	Maha Working Interest (%)	Status	Gross Area (acres)	BOEPD [2]	Partner
Oman	Block 70	100%	Exploration	157,900	-	-
USA	LAK Ranch	99%	Pre-Production	6,475	-	SEC (1%)
USA	Illinois Basin	100% (*)	Producing	4,039	148	
Brazil	Tartaruga	75%	Producing	5,944	301	Petrobras (25%)
Brazil	Tie (REC-T 155)	100%	Producing	1,511	2,289	
Brazil	REC-T 155	100%	Exploration	4,276	-	
Brazil	REC-T 129	100%	Exploration	7,241	-	
Brazil	REC-T 142	100%	Exploration	6,856	-	
Brazil	REC-T 224	100%	Exploration	7,192	-	
Brazil	REC-T 117	100%	Exploration	6,795	-	
Brazil	REC-T 118	100%	Exploration	7,734	-	

(*) Average working interest of 95% based on a net area of 3,826 acres.

BRAZIL

Tie Field (Reconcavo Basin)

Maha owns and operate, through a wholly-owned subsidiary, 100% working interests in 6 onshore concession agreements located in the Reconcavo Basin of Brazil, including the oil producing Tie field. The Tie field and the 6 concessions are located in the state of Bahia, onshore Brazil. The 6 concessions are in varying stages of exploration and development. A total of 8 wells had been drilled and 212 km² of 3D seismic had been acquired by the previous Operator over the 41,606 total acres.

GTE-4 (oil producer)

In 2020, the GTE-4 well was worked over and dually completed. However, after swabbing the Agua Grande (AG) zone and running the downhole jetpump assembly in the hole, a blanking sleeve became stuck downhole which required further fishing. During the month of September, the well was shut in for 14 days, due to workover operations to fish the stuck blanking sleeve. During November the well was shut in again due to workover operations to restore production from the AG zone. The troublesome workover continued during December which affected production from the Sergi zone. The loss of production from the GTE-4 well during 2020 was one of the main reasons for the lower 2020 average production figures. At the end of 2020, the well was recompleted as a comingled producer and placed on pump. Results from the test is being evaluated and work is ongoing to place the well on a permanent pumping system.

Tie-1 (7-Tie-1DP-BA or "attic" well)

The Tie-1 well was drilled and completed at the beginning of 2019. Initial production from the Tie-1 well, which was drilled on a structural high, was 2,913 BOEPD – one of the highest producing wells onshore Brazil. The well was dually completed and has been producing under natural flow for most of 2020. During a planned plant shut down in October of 2020, the AG zone failed to recommence free-flowing production after the shut down due to a high water cut. The high water cut was the result of water injection into the nearby ALV-2 water injector. The ALV-2 water injector is located in a sub optimal position in the AG reservoir relative to Tie-1. Work was undertaken to recomplete

[2] As per the current quarter reported net production volumes to Maha before royalties. 1BBL = 6,000 SCF of gas. Approximately 92% of Maha's oil equivalent production is crude oil.

the short string (AG) with a downhole jet pump. This work was finished at the end of 2020 and the well is now freeflowing in the long string and being pumped in the short string (AG).

Tie-2

During the third quarter of 2020, the Tie south drilling pad was built and a drilling rig was mobilized to site and drilling operations at Tie 2 (previously named TS-1) commenced on 22 September with the well completed perforating both the AG and Sergi zones and the rig released on 6 December. Initial free flow oil and gas rates were 1,825 BOPD and 1,083 MSCFPD (2,005 BOEPD) on a 1-1/2" choke with a stable tubing-head flowing pressure**.** The Tie-2 well was connected to the Tie production facilities in mid-December and has been producing under natural flow from both zones (comingled). Due to Covid-19, it was decided to delay the spud of this well by 6 months, which in turn has impacted the Company's yearly average production numbers negatively.

Tie-3

The Tie 3 (previously named TS-2) was spudded on 18 December 2020 and is expected to be completed by the end of February 2021.

Production Facilities

The Tie Production Facility has been upgraded to handle up to 5 000 BOPD along with associated gas and water production. As the Tie field is not connected to a pipeline system, all oil is exported by trucks. The associated gas is separated and sold locally to two main gas customers (GTW and CDGN). During the Third Quarter of 2020, two 1,380 HP Ariel Gas Compressors units commenced operations and started to inject gas while simultaneously delivering conditioned gas to GTW and CDGN. Any excess gas produced at Tie can now be injected back into the reservoir affording significant operational flexibility and redundancy for Tie field oil production.

Average production from the Tie field during the current quarter was 2,289 BOEPD (2,081 BOPD of oil and 1,252 MSCFPD of gas). Oil production at the Tie field continues to remain stable despite movement restrictions due to the COVID-19 pandemic. On the last day of 2020, the Tie Field was delivering 3,535 BOEPD (3,140 BOPD and 2,368 MSCFPD of gas).

Tartaruga Field

Maha has a 75% working interest in the Tartaruga development block, located in the Sergipe Alagoas Basin onshore Brazil. The Tartaruga field is located in the northern half of the Tartaruga Block and produces light (41° API) oil from the Penedo sandstone reservoir. The Penedo sandstone consists of 27 separate stacked sandstone stringers, having all been electrically logged and are believed to contain oil, and of which only 2 of the 27 have been produced (Penedo 1 and Penedo 6).

7TTG Well

The workover to recomplete the 7TTG well with larger tubing and a dedicated jet pump was completed in 2019. The P1 and P4 sandstones were perforated, and the P1 zone stimulated using high pressure hydraulic stimulation technology. Subsequent clean-up operations have yielded an initial production rate of 750 BOPD (gross) from the P1 zone only. The Penedo 1 sandstone had never been produced in the 7TTG well and was considered 'pay-behind-pipe'. The well is currently on production.

107D Well

This prolific horizontal sidetrack was the first horizontal well in the Penedo sandstone in Brazil. It has paved the way for future horizontal well technology on the Taratruga structure. Due to testing operations on the Maha-1 well during the month of November, the 107D well was shut in for 15 days. The 107D well is currently shut in awaiting Maha-1 hook up work.

Maha-1 (7-TTG-3D-SES) Delineation well

On 12 July 2019, the Company spudded Maha-1. On 23 January, 2020, a workover rig was positioned over the Maha-1 well and well testing operations commenced. Maha-1 is primarily an appraisal well to provide much needed well information for the Tartaruga field Development Plan. Well testing on Maha-1 was expected to take between 60 – 90 days, and targeted up to five different intervals in the Penedo sandstone.

Unfortunately, during March 2020, the Company elected to suspend testing due to the effects of the COVID-19 pandemic. Testing resumed on 26 October 2020 and has now been completed. A total of four different sands were tested in the well. Two sands (P23/22) were tight and failed to flow any fluids, one sand (P19) flowed non-commercial amounts of oil and the P1 was rerouted to the Production Facilities to undergo further testing. Due to the high water cut, testing of the P1 took longer than anticipated and that in turn has impacted Tartaruga production negatively. This well is now hooked up to the Tartaruga production facility in an effort to dewater the P1 and try to ascertain the origin of the produced water. At this point, it is uncertain as to the future of this well.

Production Facilities

Current handling facilities at Tartaruga Field allow for approximately 800 BOPD of processing and handling with storage limited at 1,350 barrels of oil. Current oil production is limited by associated gas flare limitations, and plant handling capacity. Currently, crude oil export is via oil trucks as the facility is not linked to a pipeline system. During the second half of 2019, facilities upgrade work began to handle up to 2,500 BOPD and 2,500 MSCFPD of associated gas and were planned to be fully completed during the first half of 2020. However, due to the indirect effect of the COVID-19 pandemic, which is now impacting both the administration and logistics of the project along with the Maha-1 (well) testing, the Company has decided to delay the implementation of the facility upgrade.

Since July 2020, the Company commenced selling associated natural gas to a third-party company Geracao E Servicos Ltda ("GTW"). The natural gas feeds four generators which produce electricity for field consumption and to the local grid.

Average production, net to the Company, from the Tartaruga field during the current quarter was 301 BOEPD (287 BOPD of oil and 14 MSCFPD of gas). Production was restricted due to the testing operations of Maha-1. On the last day of 2020, the Tartaruga facility produced 288 BOEPD (249 BOPD and 233 MSCFPD of gas).

USA

Illinois Basin

On 31 March, 2020. Maha acquired certain oil producing assets in the Illinois Basin, USA, adding 3,826 net acres of oil and gas leases to Maha's USA footprint. The Illinois Basin is one of the oldest oil producing basins in North America having produced over 4 billion barrels of oil to date. Oil was initially discovered by accident in 1853 according to historical records and oil is found in multiple shallow Dolomite and sandstone reservoirs. Most producers in the area produce oil from 3 separate reservoirs that act independent of each other. This is a low risk conventional oil play that requires low cost drilling and stimulation operations.

Three new wells have been completed in the Illinois Basin during the fourth quarter. All three wells are at various stages of clean up, and once fully cleaned up these wells will add approximately 100 – 130 BOPD of additional production.

Average net production from the Illinois basin during the current quarter was 148 BOPD of oil. Production on the last day of 2020 from the Illinois Basin net to Maha was 290 BOPD.

LAK Ranch (LAK)

The Company owns and operates a 99% working interest in the LAK Ranch oil field, located on the eastern edge of the multi-billion-barrel Powder River Basin in Wyoming, USA.

The crude oil density produced from the LAK area is 19° API. Since the purchase of this field in 2013, the Company has been evaluating different oil recovery mechanisms and is currently working towards a staged full field development using a hot water injection scheme. Multiple attempts have been made on the field since its discovery in the 1960's, including cyclic steam, steam assisted gravity drainage and solvent injection. Maha has determined through drilling results, core analysis, and computer aided modelling, core tests and field pilot tests that a simple water flood using hot water produces the best economic results. The LAK Ranch asset is still considered to be in the pre-production stage and undergoing delineation and pre-development work. As such royalties and operating costs, net of revenues, since the commencement of operations have been capitalized as part of exploration and evaluation costs.

The LAK Ranch heavy oil asset was shut in at the beginning of the 2020 Covid-19 Pandemic and will remain shut in until oil prices recover. Whilst the Reserves valuation continues to point towards a full field development, with lower but yet positive net present value even at the current depressed oil prices, the Company has shut in the field until oil prices recover. This resulted in the impairment trigger as the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full as a result of decreases in forecasted commodity oil prices as at 31 December 2020. The Company recorded an impairment charge of USD 21 million during the current quarter. See Note 7 for details.

Oman

Block 70 (157,900 acres)

On 5 October 2020 the Company entered into an Exploration and Production Sharing Agreement ("EPSA") with the government of the Sultanate of Oman, for Block 70, an onshore block in Oman. The EPSA was subsequently ratified by Royal Decree of His Majesty the Sultan of Oman on 28 October 2020 and Maha became the operator of the block, holding a 100% working interest. The EPSA covers an initial exploration period of three years with an optional extension period of another three years. In case of a commercial oil or gas discovery, the EPSA can be transformed into a fifteen-year production license which can be extended for another five years. The EPSA contains provisions on the parties' entitlement to produced oil, natural gas and condensate. Initial consideration for Block 70 was USD 10 million along with USD 0.3 million in certain annual payment obligations.

Block 70 is an onshore block that includes the shallow fully delineated but undeveloped Mafraq oil field. The Mafraq oil field was discovered by Petroleum Development Oman (PDO) in 1988 and was further delineated by four wells and 3D seismic in stages until 2010. Two wells were placed on pump production tests, of which one was placed on a 22-day test and produced a stable and cumulative volume of over 15,700 barrels of 13° API oil before operations were suspended. The Mafraq oil field is estimated by third parties to contain between 185 – 280 million barrels of original oil in place (OOIP). The productive reservoir is shallow, at approximately 430 meters below ground level. *(See Note 17 for further information)*

Production

	Q4 2020	Q4 2019	**Full Year 2020**	Full Year 2019
Delivered Oil (Barrels)[3]	**231,420**	257,346	**1,113,785**	1,019,047
Delivered Gas (MSCF)	**123,053**	203,077	**566,437**	552,862
Delivered Oil & Gas (BOE)[4]	**251,929**	291,192	**1,208,191**	1,111,191
Daily Volume (BOEPD)	**2,738**	3,165	**3,301**	3,044

Production volumes shown are net working interest volumes before government, gross overriding, and freehold royalties. Approximately 92% (Q4 2019: 92%) of total oil equivalent production was crude oil for Q4 2020.

Average daily production volumes for Q4 2020 are 2,738 BOEPD which is lower by 13% as compared to Q4 2019. For the full year of 2020 average daily production increased by 8% to 3,301 BOEPD as compared to the same period in 2019. During the quarter, Tie production suffered due to ongoing GTE-4 mechanical problems in the Agua Grande (AG) short string preventing oil contribution from the AG zone. The dual GTE-4 well was shut in during the month of November to restore production from AG zone. Tie-1 (attic well) suffered production interruptions from the short string (AG) due to water loading occurring, following the planned facility shut down. In addition, due to testing operations on the Maha-1 well in Tartaruga field during the month of November, the 107D well was shut in for 15 days. Illinois Basin also had several wells shut in during the month of November due to stimulation work at the Walgrove site.

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[3] Includes LAK Ranch Oil delivered during the period

[4] BOE is Barrels of Oil Equivalent and takes into account gas delivered and sold. 1 bbl = 6,000 SCF of gas

Maha's production continues to be impacted by the COVID-19 pandemic; however, Maha is continuously striving to meet its production targets. During the month of December, the Company completed and tied-in the Tie-2 well with better-than-expected flow rates. Production progressively increased during the month of December as well servicing and tie-in activities were completed. The total corporate production on the last day of 2020 was 4,112 BOEPD.

Revenue

(TUSD, unless otherwise noted)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Oil and Gas revenue	**8,659**	13,672	**39,018**	55,589
Sales volume (BOE)	**242,029**	280,772	**1,174,386**	1,066,084
Oil realized price (USD/Bbl)	**38.81**	54.33	**36.05**	56.32
Gas realized price (USD/MSCF)	**0.69**	0.86	**0.67**	1.11
Equivalent oil realized price (USD/BOE)	**35.78**	48.70	**33.22**	52.14
Reference price – Brent (USD/Bbl)	**44.29**	63.41	**41.76**	64.36

Revenue for the current quarter amounted to TUSD 8,659 (Q4 2019: TUSD 13,672), a decrease of 37% as compared to Q4 2019. This decrease in revenue is mainly due to lower oil equivalent realized prices by 26% which is in line with the decline in Brent oil price relative to the comparative quarter. In addition, a decline in sales volume by 14% as compared to the comparative quarter added to the lower revenue for Q4 2020. This was partially offset by the Illinois Basin sales of TUSD 625 during Q4 2020.

Revenue for the full year of 2020 amounted to TUSD 39,018 (2019: TUSD 55,589) and was comprised of 10% higher sales volume of oil and gas. Despite higher sales volume, revenue for this period decreased by 30% as compared to the same period in 2019 resulting from the depressed oil and gas prices and the current economic conditions from the COVID-19 pandemic. Included in the full year 2020 revenue are sales from the Illinois Basin of TUSD 1,500.

LAK Ranch production volumes are excluded from sold volumes as this field is still in pre-production stage.

Crude oil realized prices in Brazil are based on Brent price less/plus current contractual discounts/premiums as follows:

Tie Field crude oil

Crude oil from the Tie field is sold to Petrobras and a nearby refinery. For crude oil sold to the refinery, effective April 1, 2020, the discount is price-based scale as follows:

BRENT Price (USD/bbl)	Discount (USD/Bbl
< $30	$5
Between 30.1 and 40	$6
Over 40.1	$8

Crude oil sales to Petrobras from the TIE field are sold at a discount to Brent oil price of $11.53/Bbl for the first 22,680 monthly delivered barrels, and $7.01 thereafter.

Tartaruga Field crude oil

Crude oil from the Tartaruga field is entirely sold to Petrobras. Beginning July 1, 2020 crude oil is being sold at a discount to Brent of USD $2.91/Bbl. (2019: 0.16/Bbl premium).

Illinois Basin

Crude oil from the Illinois Basin is sold to a refinery at the benchmark monthly average WTI price minus a discount of approximately $3/Bbl.

More revenue information is detailed in Note 4 to the Condensed Consolidated Financial Statements.

Royalties

(TUSD, unless otherwise noted)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Royalties	**1,437**	1,940	**5,829**	7,449
Per unit (USD/BOE)	**5.94**	6.91	**4.96**	6.99
Royalties as a % of revenue	**16.6%**	14.2%	**14.9%**	13.4%

Royalties are settled in cash and based on realized prices before discounts. Royalty expense decreased by 26% and 22% for Q4 2020 and full year of 2020, respectively, as compared to the same periods in 2019. This decrease is consistent with the decline in revenue for the same periods. Effective royalty rates were higher in Q4 2020 and full year 2020 as compared to the same periods mainly due to increased sales from the Tartaruga field and Illinois Basin, which have higher royalty rates.

Production expenses

(TUSD, unless otherwise noted)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Production costs	**2,591**	1,435	**7,536**	4,897
Transportation costs	**384**	472	**2,130**	1,704
Total Production expenses	**2,975**	1,907	**9,666**	6,601
Per unit (USD/BOE)	**12.30**	6.79	**8.23**	6.19

Production expenses were higher by 56% for the current quarter and amounted to TUSD 2,975 (Q4 2019: 1,907) and higher by 46% for the full year of 2020 and amounted to TUSD 9,666 (Full Year 2019: 6,601) as compared to the same periods in 2019.

Production costs were higher during the current quarter and full year of 2020 as compared to the same periods in 2019 due to several reasons: the newly acquired Illinois Basin added TUSD 310 to the Q4 2020 production costs and TUSD 842 to the full year 2020 production costs. In Tartaruga, higher sales volumes from the field resulted in higher production costs, as most of these costs are variable in nature combined with higher water disposal and third party processing fees. In Tie field, a one-time take or pay penalty was paid in Q4 2020 due to reduced gas delivered to our customers, due to impact of the pandemic on our deliveries during the year. In addition, the Company incurred repairs cost of artificial lift surface equipment during the current quarter.

Maha's production is mainly trucked to the delivery points therefore transportation costs are directly correlated to the sales volumes. Transportation costs for the current quarter are lower than the comparative period mainly due to lower sales volumes by 13% as compared to the same quarter of 2019. For the full year 2020 transportation costs increased by 25% resulting from the higher sales volume by 10% for the full year of 2020 as compared to the full year 2019.

On a per BOE (or unit) basis, production expense increased by 81% for the current quarter and was USD 12.30 per BOE and increased by 33% for the full year of 2020 and was USD 8.23 per BOE as compared to the comparative periods due to the same reasons as above.

Operating netback

(TUSD, unless otherwise noted)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Operating Netback	**4,247**	9,825	**23,523**	41,539
Netback (USD/BOE)	**17.54**	35.00	**20.03**	38.96

Operating netback is calculated as revenue less royalties and production expenses and is a metric used in the oil and gas industry to compare performance internally and with industry peers. Operating netbacks for Q4 2020 and full year 2020 are 57% and 43% lower against the comparative periods as a result of overall decrease in revenue in the respective periods. This was further affected by higher production costs during these periods.

LAK Ranch is still in pre-production stage therefore royalties and operating costs, net of revenues, are being capitalized as part of exploration and evaluation costs and is not included in the Company's netback.

Depletion, depreciation, and amortization ("DD&A")

(TUSD, unless otherwise noted)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
DD&A	**1,606**	1,382	**5,624**	5,671
DD&A (USD/BOE)	**6.64**	4.92	**4.79**	5.32

The depletion rate is calculated on proved and probable oil and natural gas reserves, accounting for the future development costs to produce the reserves. Depletion expense is computed on a unit-of-production basis. The depletion rate will fluctuate on each re-measurement period based on the capital spending and reserves additions for the period.

DD&A expense for the current quarter amounted to TUSD 1,606 (at an average rate of USD $6.64 per BOE) and is higher by 16% as compared to the comparative period of Q4 2019 that amounted to TUSD 1,382 (at an average rate of USD $4.92 per BOE). DD&A expense for the current quarter was high mainly due to increased depletable base from higher future development capital; however, year end reserves additions slightly offset this increase. DD&A expense for the full year 2020 amounted to TUSD 5,624 (at an average rate of USD $4.79 per BOE) which is in line with the full year 2019 that amounted to TUSD 5,671 (at an average rate of USD $5.32 per BOE). Decrease in the depletion rate is mainly contributed to the increased 2P reserves base at 2020 year end.

Impairment of Exploration and Evaluation assets (E&E assets)

E&E assets are tested for impairment both at the time of any triggering fact and circumstances as well as upon their eventual reclassification to oil and gas properties in PP&E. The LAK Ranch heavy oil asset was shut in at the beginning of the 2020 Covid-19 Pandemic and will remain shut in until oil prices recover. Although the Company plans to continue the development of the LAK Ranch property, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full as a result of decrease in forecasted commodity oil prices as at 31 December 2020. The Company assessed this as an indicator of impairment. As a result, an impairment test was performed and the carrying value of the LAK Ranch was written down to the estimated recoverable amount, resulting in a non-cash impairment charge of $21.0 million (2019 – nil).

General and Administration ("G&A")

(TUSD, unless otherwise noted)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
G&A	**2,486**	1,412	**5,939**	5,464
G&A (USD/BOE)	**10.27**	5.03	**5.06**	5.13

G&A amounts are presented net of certain costs allocated to production expense. G&A expense for the current quarter amount to TUSD 2,486 and is higher by 76% as compared to the same period in 2019. Increase in G&A expense is mainly attributable to main market listing readiness costs and refinancing project costs. In addition, included in the current quarter G&A expense is a reversal of 0.6 million previously capitalized 2020 G&A expenses. On a per BOE basis, G&A expenses are higher by 104% than the comparative period mainly due higher expense by 76% and lower sales volumes by 14% as compared to the comparative quarter.

G&A expense for the full year 2020 amounted to TUSD 5,939 ($5.06 per BOE) representing an increase of 9% from the comparative period of TUSD 5,464 ($5.13 per BOE). Higher G&A expense for the full year is attributable to main market readiness and listing fees as well as the reversal of 0.6 million previously capitalized G&A expenses. Per BOE cost is lower for the full year 2020 due to higher sales volume as compared to the full year 2019.

The Company applied for the Canada Emergency Wage Subsidy (“CEWS”) program during the year and qualified for TUSD 157. Of this amount, TUSD 32 was recorded during the current quarter. This subsidy has been recorded as a reduction to the eligible remuneration expense incurred by the Company during this period.

Exploration and business development costs

Exploration and business development costs amounted to TUSD 22 for Q4 2020 and TUSD 208 for the full year 2020 as compared to TUSD 802 for the comparative periods. Exploration and business development costs are related to costs incurred for the maintenance of the exploration blocks in Brazil and Maha’s pre-exploration study and evaluation work of new areas, including Oman.

Foreign currency exchange gain or loss

The net foreign currency exchange loss for the current quarter amounted to TUSD 159 (Q4 2019: TUSD 77 gain) and for the full year 2020 amount to loss of TUSD 245 (Full Year 2019: TUSD 159 gain). Foreign exchange movements occur on settlement of transactions denominated in foreign currencies and the revaluation of working capital to the prevailing exchange rate at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of the Company’s reporting entities.

Net finance costs

Net finance items for the current quarter amounted to TUSD 1,339 (Q4 2019: TUSD 1,096) and for the full year 2020 amounted to TUSD 4,982 (Full Year 2019: 4,476) and are detailed in Note 5.

Other income and loss

Other income for the current quarter and the full year amounted to TUSD 1,066 as compared to other loss of TUSD 83 and TUSD 370 for the comparative periods, respectively. During the current quarter, the Company recognized other income of TUSD 1,049 related to tax credits earned on Brazil value added tax known as Imposto sobre Circulação de Mercadorias e Serviços (“ICMS”). ICMS is a tax on the circulation of goods and transportation and communication services, a state sales tax. These tax credits can be applied to future taxable expenditures of the Company or it can be sold to external customers. This income was offset by net changes in other long-term liabilities and provisions. Other loss of TUSD 83 for Q4 2019 and TUSD 370 for the full year 2019 represents net changes in other long-term liabilities and provisions.

Income Taxes

Current tax expense amounted to TUSD 121 for Q4 2020 and TUSD 1,106 for the full year 2020 as compared to TUSD 870 and TUSD 2,636 for the same comparative periods. Current tax expense is lower by 86% and 58% for the current quarter and the full year 2020, respectively, as compared to the same periods in 2019 mainly due to lower taxable income in Brazil resulting from lower oil and gas prices realized during these periods. Taxation of corporate profits in Brazil is a combined 34% rate (25% corporate income tax and 9% Social contribution); however, Maha Energy Brazil Ltda. has secured certain tax incentives (SUDENE) in both of its fields until fiscal year 2029 allowing for the reduction of 75% of the corporate income tax from 25% to 6.25%, bringing the combined net tax rate to 15.25%.

Deferred tax recovery for the current quarter amounted to TUSD 5,803 as compared to deferred tax expense of TUSD 1,519 for the same comparative period. During the current quarter, the Company determined that based on Brazil operating segment results and reserve engineer forecasts there is a reasonable certainty that it will be able to recover previously unrecorded tax assets, associated with the Tie Field and recorded a deferred tax recovery. The deferred tax asset has been recognized in respect of certain tax deductible temporary differences and estimated tax loss carry-forwards. Deferred tax recovery for the full year 2020 amounted to TUSD 4,594 as compared to deferred tax expense of TUSD 2,418 for the comparative period.

Exchange differences on translation of foreign operations

The functional currency of the Company’s subsidiary in Brazil is Brazilian Reals (BRL); however, for the presentation purpose all assets and liabilities are translated at the period end exchange rate and the Statement of Operations is translated at the average exchange rate of the period. The exchange differences on translation of foreign operations is presented in Statement of Comprehensive Earnings.

Total currency exchange translation loss for the full year 2020 amounted to TUSD 23,324 (Full Year 2019: 2,902 loss) mainly due to US dollar strengthened against Brazilian Real by approximately 30% as compared to 31 December 2019 exchange rate. During the current quarter, currency exchange translation loss decreased by TUSD 3,042 (Q4 2019: TUSD 1,724) primarily due to Brazilian currency strengthening by 8% since the end of the third quarter.

Liquidity and capital resources

The Company manages its capital structure to support the Company's strategic growth. The Company's objectives when managing its capital structure are to maintain financial flexibility, preserve access to capital markets, ensure its ability to finance internally generated growth and to fund potential acquisitions while maintaining the ability to meet the Company's financial obligations as they come due. The Company considers its capital structure to include shareholders' equity of USD $55.5 million (31 December 2019: USD $87.9 million) plus net debt of USD $29.3 million (31 December 2019: 8.2 million). At 31 December 2020, the Company's working capital deficit was USD $10.0 million (31 December 2019: USD $23.3 million surplus), which includes USD $6.8 million of cash (31 December 2019: USD $22.5 million) and nil of restricted cash (31 December 2019: $1.6 million). Maha considers working capital operational in nature, therefore, it excludes the current portion of the Bonds payables, which corresponds to financing activities of the Company.

The Company may adjust its capital structure by issuing new equity or debt and adjusting its capital expenditure program, as allowed pursuant to contracted work commitments. The Company does not have any externally imposed material capital requirements to which it is subject except for the Bond covenants (See Note 8). To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

On 4 February 2021, the Company signed a term sheet with a large banking institution with experience in the Brazilian E&P sector for future financing to support the growth of the Company. The completion of this financing is subject to customary due diligence and final documentation, and the Company has granted an exclusivity period of 55 days to finalize due diligence and documentation. During this period, the Company retains the right to discuss a potential refinancing of its SEK 300 million bond with existing bondholders. The net proceeds from the contemplated financing will be used to refinance the existing bond debt, finance capital expenditures across Maha's portfolio and general corporate purposes.

The Bonds mature in May 2021 and Maha is compliant with all Bond covenants. There is risk that the Company either has insufficient funds to settle the principal amount of the Bond or is unable to successfully refinance or rollover the Bond for an additional term. Currently, the Company expects to refinance or repay the Bonds through either existing cash, future operating cashflows, or issuance of new debt or equity.

Risks and Uncertainties

The Company thoroughly examines the various risks to which it is exposed and assesses the impact and likelihood of those risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. This approach actively addresses risk as an integral and continual part of decision making within the Company and is designed to ensure that all risk is identified, fully acknowledged, understood and communicated well in advance. Nevertheless, oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate or which are beyond the Company's control. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management.

A detailed analysis of Maha's operational, financial, and external risks and mitigation of those risks through risk management is described in Maha Energy's 2019 Annual Report and updated in Note 13. The current and any future COVID-19 outbreaks may increase the Company's exposure to, and magnitude of, each of the risks and uncertainties identified in our Annual Report for the year ended December 31, 2019. The extent to which the COVID-19 impacts Maha's business, results of operations and financial conditions will depend on future developments, which are highly uncertain and are difficult to predict. Even after the COVID-19 outbreaks have subsided, the Company may continue to experience materially adverse impacts to the business as a result of the global economic impact. The Company will continue to monitor this situation and will work to adapting its business to further developments as determined necessary or appropriate.

Legal matters

The Company has several disclosed legal matters concerning labor, regulatory and operations. All of these are considered routine and consistent with doing business in Brazil. Provisions for lawsuits are estimated in consultation with the Company's Brazilian legal counsel and have been recorded under Other long-term liabilities and provisions.

Health, Safety and the Environmental ("HSE")

Maha considers that oil and gas developments can and must be undertaken in a manner that is safe for employees, contractors, stakeholders, neighbors, and the environment. At Maha, HSE is a key component of its management systems. Maha Energy strives to provide a safe and healthy work environment for all employees, contractors and suppliers. This means the safety of life, limb, environment and property always comes first – in that order. The Company actively monitors all operational sites and proactively encourages everyone to be mindful of all the Company's HSE Values. This is achieved through education, enforcement and reporting. Everyone working or visiting our sites have the right to stop work at any time to prevent potential HSE incidents occurring. Maha's HSE Values set the tone for how employees, contractors, stakeholders and the environment are approached.

Considering the ongoing COVID-19 pandemic Maha has continued to evolve its management practices to ensure the health and safety of our workers and contractors. Where possible Maha has temporarily scaled back headcount, implemented work from home policies, implemented practices to monitor and control access to our operation sites via typical COVID monitoring protocols and continue to, at a very minimum, comply with local country legislations. To date Maha has been able to operate all our facilities throughout the pandemic and believe that it will continue to do so going forward.

Additional information on environmental, decommissioning and abandonment obligations in relation to oil and gas assets is presented in Note 9 to the Condensed Consolidated Financial Statements.

Environment, Social, and Governance (ESG)

Through responsible operations and strategic planning, Maha seeks to create long-term value for all of its stakeholders. Thereby, Maha conducts its operations in a manner respects its workforce, neighboring communities, and the environment. Part of contributing to society and being a good global citizen must entail doing 'what is right', in addition to adhering to laws and regulations.

Environment

As part of the business culture, Maha implements the philosophy of being proactive rather than reactive in its environmental management. By preventing costly and impactful scope changes in development plans, Maha can anticipate and identify potential risks and reduce, if not eliminate, potential environmental and social impacts prior to them possibly happening. Proactive management can also address potential irreversible impacts and allow for decisions to be made on strategy and management, rather than responding out of necessity to a situation. Part of the proactive environmental management strategy is to maximize the use of all resources and reduce waste wherever economically possible. For example, Maha recycle or reinject produced water at the facilities, which not only reduces having to find water from another source, but also reduces waste water treatment requirements. In Brazil, Maha is reducing the release of natural gas by using the waste gas from oil production to generate electricity.

Social

Maha values the relationship with its employees, community members, and other stakeholders. Therefore, efforts are made to engage with its employees and local communities in a transparent and respectful manner. Additionally, Maha seeks to ensure local communities benefit from its operations, both directly and indirectly. Direct hiring and encouraging subcontractors to hire local suppliers wherever possible is a way for Maha to contribute to the local communities and economy. Maha has also connected with Local Community Associations to maintain an open and transparent dialogue with the communities near its operations.

Governance

Maha has a zero-discrimination tolerance and is committed to promote equal opportunities for employees. Additionally, personal and business ethics are taken seriously at Maha and underlie all the regulations in Corporate Governance. Part of Maha's Corporate Governance is that Maha does not tolerate any form of corrupt practices and has in place Corporate Governance Policies that clearly define how business must be conducted. The best way to prevent corruption is through transparency - one of our core values. The Company has established a Code of Business Conduct and Anti-Corruption policies for all its employees, contractors, and workers to adhere to. All of Maha's Corporate Governance policies, procedures and guidelines are readily available to employees.

Parent Company

Business activities for Maha Energy AB focuses on: a) management and stewardship of all Group affiliates, subsidiaries and foreign operations; b) management of publicly listed Swedish entity; c) fundraising as required for acquisitions and Group business growth; and d) business development.

The net result for the Parent Company for Q4 2020 amounted to TSEK -222,452 (Q4 2019: TSEK -27,698) which is higher than the comparative period mainly due to impairment of investments in subsidiaries and certain intercompany loans which resulted from the LAK Ranch E&E assets impairment. In addition, foreign exchange was higher in the current quarter due to US Dollars strengthened against the Swedish Krona and higher general and administrative costs resulting from main market listing related costs. The result includes general and administrative expenses of TSEK 2,764 (Q4 2019: TSEK 1,496), foreign currency exchange loss of TSEK 10,203 (Q4 2019: 3,610), net finance costs of TSEK 6,737 (Q4 2019: TSEK 5,895) and impairment of investment in subsidiaries and loans of TSEK 202,748 (Q4 2019: TSEK 18,683).

Related Party Transactions

The Company did not enter into any material transactions with related parties during the current quarter and full year 2020.

Subsequent Events

On 4 February 2021, the Company signed a term sheet with a large banking institution with experience in the Brazilian E&P sector for future financing to support the growth of the Company. The completion of this financing is subject to customary due diligence and final documentation for which the Company has granted an exclusivity period of 55 days. During this period, the Company retains the right to discuss a potential refinancing of its SEK 300 million bond with existing bondholders. The net proceeds from the contemplated financing will be used to refinance the existing bond debt, finance capital expenditures across Maha's portfolio and general corporate purposes.

The financial information relating to the fourth and Full Year Report ended 31 December 2020 has not been subject to review by the auditors of the Company.

Approved by the Board

``Jonas Lindvall``

Jonas Lindvall, Director

``Harald Pousette``

Harald Pousette, Chairman

Financial Statements

Condensed Consolidated Statement of Operations

(TUSD) except per share amounts	**Note**	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Revenue					
Oil and gas sales	4	**8,659**	13,672	**39,018**	55,589
Royalties		**(1,437)**	(1,940)	**(5,829)**	(7,449)
		7,222	11,732	**33,189**	48,140
Cost of sales					
Production expense		**(2,975)**	(1,907)	**(9,666)**	(6,601)
Depletion, depreciation, and amortization	6	**(1,606)**	(1,382)	**(5,624)**	(5,671)
Gross profit		**(2,641)**	8,443	**(17,899)**	35,868
General and administration		**(2,486)**	(1,412)	**(5,939)**	(5,464)
Stock-based compensation	11	**(85)**	(59)	**(338)**	(207)
Exploration and business development costs		**(22)**	(802)	**(208)**	(802)
Impairment of exploration and evaluation assets	7	**(21,000)**	-	**(21,000)**	-
Foreign currency exchange gain (loss)		**(159)**	77	**(245)**	159
Other income (loss)		**1,066**	(83)	**1,066**	(370)
Operating result		**(20,045)**	6,164	**(8,765)**	29,184
Net finance costs	5	**(1,339)**	(1,096)	**(4,982)**	(4,476)
Result before tax		**(21,384)**	5,068	**(13,747)**	24,708
Current tax expense		**(121)**	(870)	**(1,106)**	(2,636)
Deferred tax expense		**5,803**	(1,519)	**4,594**	(2,418)
Net result for the period		**(15,702)**	2,679	**(10,259)**	19,654
Earnings per share basic		**(0.15)**	0.03	**(0.10)**	0.20
Earnings per share diluted		**(0.15)**	0.02	**(0.10)**	0.18
Weighted average number of shares:					
Before dilution		**101,582,139**	100,118,569	**101,357,757**	99,287,171
After dilution		**101,582,139**	108,637,250	**101,357,757**	107,943,095

Condensed Consolidated Statement of Comprehensive Earnings

(TUSD)	**Note**	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Net Result for the period		**(15,702)**	2,679	**(10,259)**	19,654
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**3,042**	1,724	**(23,324)**	(2,902)
Comprehensive result for the period		**(12,660)**	4,403	**(33,583)**	16,752
Attributable to:					
Shareholders of the Parent Company		**(12,660)**	4,403	**(33,583)**	16,752

Condensed Consolidated Statement of Financial Position

(TUSD)	**Note**	**31 December 2020**	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	**91,045**	76,243
Exploration and evaluation assets	7	**11,014**	21,216
Deferred tax assets		**9,978**	7,955
Other long-term assets		**432**	178
Total non-current assets		**112,469**	105,592
Current assets			
Prepaid expenses and deposits		**1,434**	1,255
Crude oil inventory		**347**	414
Accounts receivable	13	**3,092**	4,739
Restricted cash	17	**-**	1,567
Cash and cash equivalents		**6,681**	22,450
Total current assets		**11,554**	30,425
TOTAL ASSETS		**124,023**	136,017
EQUITY AND LIABILITIES			
Equity			
Shareholder's equity	11	**55,556**	87,859
Liabilities			
Non-current liabilities			
Bonds payable	8	**-**	30,621
Decommissioning provision	9	**2,597**	2,175
Lease liabilities	10	**3,450**	380
Other long-term liabilities and provisions		**4,825**	7,812
Total non-current liabilities		**10,872**	40,988
Current liabilities			
Bonds payable	8	**36,022**	-
Accounts payable		**10,731**	4,533
Accrued liabilities and provisions		**9,599**	2,406
Current portion of lease liabilities	10	**1,243**	231
Total current liabilities		**57,595**	7,170
TOTAL LIABILITIES		**68,467**	48,158
TOTAL EQUITY AND LIABILITIES		**124,023**	136,017

Condensed Consolidated Statement of Cash Flows

(TUSD)	**Note**	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Operating Activities					
Net result		**(15,702)**	2,679	**(10,259)**	19,654
Depletion, depreciation, and amortization	6	**1,606**	1,382	**5,624**	5,671
Impairment	7	**21,000**	-	**21,000**	-
Stock based compensation	11	**85**	59	**338**	207
Accretion of decommissioning provision	5,9	**28**	31	**108**	116
Accretion of bond payable	5	**286**	249	**1,063**	1,001
Interest expense		**1,046**	939	**3,930**	3,816
Income tax expense		**121**	870	**1,106**	2,636
Deferred tax expense		**(5,803)**	1,519	**(4,594)**	2,418
Unrealized foreign exchange amounts		**(45)**	159	**567**	(433)
Interest received		**21**	14	**117**	248
Interest paid		**(2,081)**	(1,880)	**(3,930)**	(3,772)
Tax paid		**(432)**	(637)	**(2,556)**	(2,022)
Changes in working capital	15	**5,321**	(111)	**6,470**	(716)
Cash from operating activities		**5,451**	5,273	**18,984**	28,824
Investing activities					
Asset acquisition (net of cash)	6	**-**	-	**(4,152)**	-
Capital expenditures - property, plant, and equipment	6	**(7,961)**	(5,870)	**(19,776)**	(27,747)
Capital expenditures - exploration and evaluation assets	7	**(10,551)**	173	**(10,798)**	(587)
Restricted cash		**1,015**	1,232	**1,146**	1,124
Cash used in investment activities		**(17,497)**	(4,465)	**(33,580)**	(27,210)
Financing activities					
Lease payments	10	**(285)**	(122)	**(450)**	(214)
Exercise of stock options and warrants (net of issue costs)	11	**106**	403	**942**	1,626
Cash from financing activities		**(179)**	281	**492**	1,412
Change in cash and cash equivalents		**(12,225)**	1,089	**(14,104)**	3,026
Cash and cash equivalents at the beginning of the period		**18,034**	20,421	**22,450**	20,255
Currency exchange differences in cash and cash equivalents		**872**	940	**(1,665)**	(831)
Cash and cash equivalents at the end of the period		**6,681**	22,450	**6,681**	22,450

Condensed Consolidated Statement of Changes in Equity

(TUSD)	Share Capital	Contributed Surplus	Other Reserves	Retained (Deficit) Earnings	Total Shareholders' Equity
Balance at 1 January 2019	**120**	**63,009**	**(7,870)**	**14,015**	**69,274**
Comprehensive result					
Result for the period	-	-	-	19,654	19,654
Currency translation difference	-	-	(2,902)	-	(2,902)
Total comprehensive result	-	-	(2,902)	19,654	16,752
Transactions with owners					
Stock based compensation	-	207	-	-	207
Exercise of warrants and stock options (net of issue costs)	2	1,624	-	-	1,626
Total transactions with owners	2	1,831	-	-	1,833
Balance at 31 December 2019	**122**	**64,840**	**(10,772)**	**33,669**	**87,859**
Comprehensive result					
Result for the period	-	-	-	(10,259)	(10,259)
Currency translation difference	-	-	(23,324)	-	(23,324)
Total comprehensive result	-	-	(23,324)	(10,259)	(33,583)
Transactions with owners					
Stock based compensation	-	338	-	-	338
Exercise of warrants (net of issue costs)	-	942	-	-	942
Total transactions with owners	-	1,280	-	-	1,280
Balance at 31 December 2020	**122**	**66,120**	**(34,096)**	**23,410**	**55,556**

Parent Company Statement of Operations

(Expressed in thousands of Swedish Krona)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Revenue	-	-	-	-
Expenses				
General and administrative	**(2,764)**	(1,496)	**(13,360)**	(6,022)
Stock-based compensation	**-**	1,390	**-**	**-**
Foreign currency exchange gain(loss)	**(10,203)**	(3,610)	**(22,906)**	1,514
Operating result	**(12,967)**	(3,716)	**(36,266)**	(4,508)
Net finance costs	**(6,737)**	(5,895)	**(24,828)**	(21,358)
Impairment on investment in subsidiaries and loans	**(202,748)**	(18,683)	**(202,748)**	(18,683)
Group contribution	**-**	596	**-**	596
Result before tax	**(222,452)**	(27,698)	**(263,842)**	(43,953)
Income tax	**-**	-	**-**	-
Net and comprehensive result for the period	**(222,452)**	(27,698)	**(263,842)**	(43,953)

Parent Company Balance Sheet

(Expressed in thousands of Swedish Krona)	**Note**	**31 December 2020**	31 December 2019
Assets			
Non-current assets			
Investment in subsidiaries		**4,368**	192,468
Loans to subsidiaries		**466,339**	365,139
		470,707	557,607
Current assets			
Loans to subsidiaries – current		**-**	7,358
Accounts receivable and other		**116**	243
Restricted cash		**50**	50
Cash and cash equivalents		**7,292**	152,115
		7,458	159,766
Total Assets		**478,165**	717,373
Equity and Liabilities			
Restricted equity			
Share capital		**1,117**	1,113
Unrestricted equity			
Contributed surplus		**516,500**	504,682
Retained earnings		**(342,934)**	(79,092)
Total unrestricted equity		**173,566**	425,590
Total equity		**174,683**	426,703
Non-current liabilities			
Bonds Payable	8	**-**	286,037
Current liabilities			
Bonds Payable	8	**295,824**	-
Accounts payable and accrued liabilities		**7,658**	4,633
		303,482	4,633
Total liabilities		**303,482**	290,670
Total Equity and Liabilities		**478,165**	717,373

Parent Company Statement of Changes in Equity

	Restricted equity	Unrestricted equity		
(Thousands of Swedish Krona)	Share capital	Contributed surplus	Retained Earnings	Total Equity
Balance at 1 January 2019	**1,091**	**487,374**	**(35,139)**	**453,326**
Total comprehensive income	-	-	(43,953)	(43,953)
Transaction with owners				
Stock based compensation	-	1,955	-	1,955
Exercise of warrants (net of issuance costs)	22	15,353	-	15,375
Total transaction with owners	22	17,308	-	17,330
31 December 2019	**1,113**	**504,682**	**(79,092)**	**426,703**
Total comprehensive income	-	-	(263,842)	(263,842)
Transaction with owners				
Stock based compensation	-	3,143	-	3,143
Exercise of bond warrants (net of issuance costs)	10	6,928	-	6,938
Exercise of incentive warrants	3	1,747		1,750
C2 shares cancellation	(9)	-	-	(9)
Total transaction with owners	4	11,818	-	11,822
31 December 2020	**1,117**	**516,500**	**(342,934)**	**174,683**

Notes to the Condensed Consolidated Financial Statements

1. Corporate information

Maha Energy AB (“Maha (Sweden)” or “the Company”) Organization Number 559018-9543 and its subsidiaries (together “Maha” or “the Group”) are engaged in the acquisition, exploration and development of oil and gas properties.

The Company has operations in Brazil and the United States. The head office is located at Strandvägen 5A, SE-114 51 Stockholm, Sweden. The Company’s subsidiary, Maha Energy Inc., maintains its technical office at Suite 240, 23 Sunpark Drive SE, Calgary, Canada. The Company has an office in Rio de Janeiro, Brazil and operations offices in Grayville, IL and Newcastle, WY, USA.

2. Basis of presentation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and the Swedish Annual Accounts Act.

The unaudited interim condensed consolidated financial statements are stated in thousands of United States Dollars (TUSD), unless otherwise noted, which is the Company’s presentation and functional currency. These unaudited interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value.

The accounting principles as described in the Annual Report 2019 have been used in the preparation of this report. Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019.

The financial reporting of the Parent Company (Maha Energy AB) 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.

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 Company’s presentation currency of US Dollar.

Changes in Accounting Policies

In October 2018, the IASB issued amendments to IFRS 3 "Definition of a Business" that narrowed and clarified the definition of a business. The amendments permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments apply to business combinations after the date of adoption. The Company adopted the amendments on January 1, 2020.

In October 2018, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendments make minor changes to the definition of the term "material" and align the definition across all IFRS Standards. Materiality is used in making judgments related to the preparation of financial statements. The Company adopted the amendments on January 1, 2020.

Going Concern

The Company prepared these consolidated financial statements on a going concern basis, which contemplates the realization of assets and liabilities in the normal course of business as they become due. The Company manages its capital structure to support the Company’s strategic growth and has positive cash flow from operations.

3. Segment Information

The Company operates in Canada, Sweden, Brazil and the United States of America. Operating segments are based on a geographic perspective and reported in a manner consistent with the internal reporting provided to the executive management. During the current quarter, the Company acquired an onshore block in Oman as an exploration asset. This block has been added to the Corporate segment. All prior period operating segment results have been adjusted to reflect the current presentation of the operating segments.
Brazil: Includes all oil and gas activities of exploration and production in Tie Field and Tartaruga Field in Brazil.
USA: Includes all oil and gas activities in the LAK Field and Illinois Basin in the USA.
Corporate: Includes Oman and the corporate offices in Sweden and Canada which are considered internal technical and support segments.
Adjustments segment primarily includes consolidation adjustments and eliminations between segments.
The following tables present the operating result for each segment. Revenue and income relate to external (non-intra group) transactions.

(TUSD)	**Brazil**	**USA**	**Corporate**	**Adjustments**	**Consolidated**
31 December 2020			-		
Revenue	37,518	1,500	-	-	39,018
Royalties	(5,465)	(364)	-	-	(5,829)
Production and operating	(8,824)	(842)	-	-	(9,666)
Depletion, depreciation and amortization	(5,009)	(578)	(37)	-	(5,624)
General and administration	(811)	(302)	(4,826)	-	(5,939)
Stock-based compensation	-	-	(338)	-	(338)
Exploration and business development cost	-	(40)	(168)	-	(208)
Impairment	-	(21,000)	-	-	(21,000)
Foreign currency exchange loss (gain)	61	(63)	(4,367)	4,124	(245)
Other income	1,066	-	-	-	1,066
Operating results	**18,536**	**(21,689)**	**(9,736)**	**4,124**	**(8,765)**
Net finance costs	(2,266)	(20)	(2,696)	-	(4,982)
Current tax	(1,106)	-	-	-	(1,106)
Deferred tax	8,194	-	-	(3,600)	4,594
Net results	**23,358**	**(21,709)**	**(12,432)**	**524**	**(10,259)**

(TUSD)	**Brazil**	**USA**	**Corporate**	**Eliminations**	**Consolidated**
31 December 2019					
Revenue	55,589	-	-	-	55,589
Royalties	(7,449)	-	-	-	(7,449)
Production and operating	(6,601)	-	-	-	(6,601)
Depletion, depreciation and amortization	(5,570)	(88)	(13)		(5,671)
General and administration	(1,911)	(226)	(3,327)	-	(5,464)
Stock-based compensation	-	-	(207)	-	(207)
Exploration and business development cost	(471)	(331)			(802)
Foreign currency exchange loss (gain)	163	-	223	(227)	159
Other loss	(131)	-	(239)	-	(370)
Operating results	**33,619**	**(645)**	**(3,563)**	**(227)**	**29,184**
Net finance costs	(2,197)	(16)	(2,263)	-	(4,476)
Current tax	(2,636)	-	-	-	(2,636)
Deferred tax	(562)	-	-	(1,856)	(2,418)
Net results	**28,224**	**(661)**	**(5,826)**	**(2,083)**	**19,654**

4. Revenue

The Company derives revenue from the transfer of goods at a point in time in the following major commodities from oil and gas production in the geographic regions of Brazil and the USA:

TUSD	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Brazil				
Crude oil	**7,946**	13,490	**37,104**	54,930
Natural gas	**88**	168	**414**	604
Other	**-**	14	**-**	55
Brazil oil and gas sales	**8,034**	13,672	**37,518**	55,589
United States oil sales	**625**	-	**1,500**	-
Total revenue from contracts with customers	**8,659**	13,672	**39,018**	55,589

Revenue is measured at the consideration specified in the contracts and represents amounts receivable net of discounts and sales taxes. Performance obligations associated with the sale of crude oil are satisfied when control of the product is transferred to the customer. This occurs when the oil is physically transferred at the delivery point agreed with the customer and the customer obtains legal title.

The Company had two main customers during Q4 2020 (Q4 2019: two) that individually accounted for more than 10 percent of the Company's consolidated gross sales. Total sales to these customers for the full year 2020 were approximately USD $37.0 million (Full Year 2019: $41.2 million), which are included in the Company's Brazil operating segment. Approximately, 70 percent of the total revenue is contracted with one customer in the Brazil segment. There were no intercompany sales or purchases of oil and gas during the period.

The Company had no contract asset or liability balances during the period presented. As at 31 December 2020, accounts receivable included $1.6 million of accrued sales revenue which related to the current quarter production.

5. Finance Costs

TUSD	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Interest on bond payable	**1,039**	936	**3,909**	3,808
Accretion of bond payable (Note 8)	**286**	249	**1,063**	1,001
Accretion of decommissioning provision	**28**	31	**108**	116
Interest expense	**7**	-	**21**	-
Interest income	**(21)**	(120)	**(119)**	(449)
	1,339	1,096	**4,982**	4,476

6. Property, Plant and Equipment (PP&E)

(TUSD)	Oil and gas properties	Equipment and Other	Right-of-use assets	Total
Cost				
1 January 2019	**62,125**	**2,061**	**427**	**64,613**
Additions	24,615	118	413	25,146
Change in decommissioning cost	436	-	-	436
Currency translation adjustment	(3,259)	(16)	(27)	(3,302)
31 December 2019	**83,917**	**2,163**	**813**	**86,893**
Additions	26,967	114	5,510	32,591
Acquisition	4,538	-	-	4,538
Change in decommissioning cost	614	-	-	614
Currency translation adjustment	(19,290)	(120)	(305)	(19,715)
31 December 2020	**96,746**	**2,157**	**6,018**	**104,921**
Accumulated depletion, depreciation and amortization				
1 January 2019	**(4,919)**	**(433)**	**-**	**(5,352)**
DD&A	(5,179)	(288)	(204)	(5,671)
Currency translation adjustment	347	24	2	373
31 December 2019	**(9,751)**	**(697)**	**(202)**	**(10,650)**
DD&A	(5,033)	(68)	(475)	(5,576)
Currency translation adjustment	2,271	14	65	2,350
31 December 2020	**(12,513)**	**(751)**	**(612)**	**(13,876)**
Carrying amount				
31 December 2019	74,166	1,466	611	76,243
31 December 2020	**84,233**	**1,406**	**5,406**	**91,045**

As at 31 March 2020, the Company identified an indicator of impairment for all its cash generating units ("CGUs") due to change in the overall business environment and significant decrease in the global crude oil markets and impairment tests were performed. The Company used appropriate externally available forward commodity price forecasts, a future cost inflation factor of 2% per annum, production and cost profiles based on proved and probable reserves (2P reserves) as at 31 December 2019 and a discount rate of 10% to calculate the estimated future cash flows. As a result of the testing, the Company determined the carrying value of all of its CGUs to be recoverable at 31 March 31 2020 and no impairments were recorded. Sensitivity scenarios were run and showed that a USD 2/bbl decrease in the oil price curve from the forward prices as at 31 March 2020 would result in no impairment and the use of a discount rate of 12% would result in no impairment.

As at 31 December 2020, there were no indicators of impairment as the oil prices started to recover during the current quarter.

Dome AB Inc Acquisition

On 31 March 2020, the Company acquired certain oil producing assets in the Illinois Basin, USA, through the purchase of all outstanding shares in Dome AB Inc. ("Dome Acquisition") for a cash consideration of USD $4.0 million and assumption of TUSD 319 in net current liabilities. In addition, Maha capitalized TUSD 151 in the transaction costs. A future contingent consideration of USD 3.0 million is possible if certain oil prices and production level milestones are met before 2023. Maha and its subsidiaries are under no obligation to reach the production level set out for the production milestone. The acquisition resulted in an increase PP&E of approximately TUSD 4,538, the assumption of TUSD 68 in decommissioning liabilities and TUSD 319 in working capital deficiency. The assets acquired strengthened the Company's operating position in the USA.

The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

7. Exploration and Evaluation Assets (E&E)

	TUSD
1 January 2019	**20,685**
Additions in the period	165
Change in estimates	(56)
Operating costs capitalized	
(net of Incidental revenue from sale of crude oil)	422
31 December 2019	**21,216**
Additions in the period	400
Oman acquisition	10,350
Impairment	(21,000)
Change in estimates	48
Incidental result from sale of crude oil	-
31 December 2020	**11,014**

On 5 October 2020, the Company entered into an Exploration and Production Sharing Agreement ("EPSA") with the government of the Sultanate of Oman, for Block 70, an onshore block that includes the shallow undeveloped Mafraq heavy oil field in Oman. The Company paid USD 10.4 million for the acquisition of Block 70.

Impairment of E&E assets

E&E assets are tested for impairment both at the time of any triggering fact and circumstances as well as upon their eventual reclassification to oil and gas properties in PP&E. The LAK Ranch heavy oil asset was shut in at the beginning of the 2020 Covid-19 Pandemic and will remain shut in until oil prices recover. As at 31 December 2020, the Company assessed that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full as a result of decreases in forecasted commodity oil prices. This triggered an indicator of impairment. As a result, impairment testing was performed and the carrying value of the LAK Ranch was written down to the estimated recoverable amount, resulting in a non-cash impairment charge of $21.0 million (2019 – nil).

8. Bond payable

	TUSD	**TSEK**
1 January 2019	**31,180**	**276,573**
Accretion of bond liability	1,001	9,464
Effect of currency translation	(1,560)	-
31 December 2019	**30,621**	**286,037**
Accretion of bond liability	1,063	9,787
Effect of currency translation	4,338	-
31 December 2020	**36,022**	**295,824**

For the current quarter of 2020 Maha recognized TUSD 1,039 of interest and TUSD 286 of accretion related to the Bonds. During the second quarter, the bonds were classified as current liability as the bonds are set to mature on May 29, 2021.

The Bonds have the following maintenance covenants at each quarter end and on a rolling 12 months basis:

i) Net Interest Bearing Debt to EBITDA is not greater than 3.00 (Leverage test);
ii) Interest Coverage Ratio exceeds 2.25; and
iii) Cash and cash equivalents exceeds USD $5 million

The next reference test date for the maintenance covenants is 31 December 2020 which is to be reported following the release of this report and within two months following such reference date. As at the last reference date of 30 September 2020, the Company was compliant with all bond covenants. Based on the reported results herein, the Company will be complaint with its bond covenants for the current period.

9. Decommissioning Provision

The following table presents the reconciliation of the opening and closing decommissioning provision:

	(TUSD)
1 January 2019	**1,720**
Accretion expense	116
Additions	185
Change in estimate	194
Foreign exchange movement	(40)
31 December 2019	**2,175**
Accretion expense	108
Additions	168
Dome Acquisition (Note 6)	68
Change in estimate	378
Foreign exchange movement	(300)
31 December 2020	**2,597**

10. Lease Liability

(TUSD)	
As at 1 January 2019	**427**
Additions	411
Interest expense	5
Lease payments	(210)
Foreign currency translation	(22)
31 December 2019	**611**
Additions	4,974
Interest expense	21
Lease payments	(450)
Foreign currency translation	(463)
31 December 2020	**4,693**
Less current portion	1,243
Lease liability – non current	3,450

The Company has lease liabilities for contracts related to office space, equipment and gas compressors. Lease terms are negotiated on an individual basis and contain wide range of different terms and conditions.

11. Share Capital

	Number of Shares by Class			
Shares outstanding	A	B	C2	Total
1 January 2019	**90,259,168**	**8,109,882**	**50,000**	**98,419,050**
Exercise of warrants	1,997,818	-	-	1,997,818
Conversion of convertible B shares	149,564	(149,564)	-	-
Exercise of Maha (Canada) options	50,000		(50,000)	-
31 December 2019	**92,456,550**	**7,960,318**	**-**	**100,416,868**
Exercise of bond warrants	949,853	-	-	949,853
Conversion of convertible B shares	7,476,952	(7,476,952)	-	-
Exercise of incentive warrants	263,330	-	-	263,330
31 December 2020	**101,146,685**	**483,366**	**-**	**101,630,051**

As at 31 December 2020 Maha A TO2 share purchase warrants outstanding were as follows:

	Number of Warrants	Exercise Price	Exercise Price
	#	SEK	USD
1 January 2019	**13,350,000**	**7.45**	**0.84**
Exercised	(1,997,818)	7.45	0.78
31 December 2019	**11,352,182**	**7.45**	**0.80**
Exercised – Q1	(827,500)	7.45	0.78
Exercised – Q2	(6,446)	7.45	0.74
Exercised – Q3	(5,684)	7.45	0.82
Exercised – Q4	(110,223)	7.45	0.86
31 December 2020	**10,402,329**	**7.45**	**0.91**

Warrant Incentive Program

The Company has an incentive program as part of the remuneration package for management and employees. The annual 2020 incentive warrants were issued during the second quarter 2020. Issued but not allocated warrants are held by the Company. No incentive warrants were expired during the full year of 2020.

Warrants incentive programme	Exercise period	Exercise price, SEK	Number of warrants 1 Jan 2020	Issued 2020	Expired 2020	Exercised 2020	Cancelled 2020	**31 December 2020**
2017 incentive programme	1 September 2020 – 31 December 2020 [5]	7.00	750,000	-	-	(443,568)	(306,432)	**-**
2018 incentive programme	1 May 2021 – 30 November 2021	9.20	750,000	-	-	-	**-**	**750,000**
2019 incentive programme	1 September 2022 – 28 February 2023	28.10	500,000	-	-	-	**-**	**500,000**
2020 incentive programme	1 September 2023 – 29 February 2024	10.90	-	460,000	-	-	**-**	**460,000**
Total			**2,000 ,000**	**460,000**	**-**	**(443,568)**	**(306,432)**	**1,710,000**

As at 31 December 2020, there was no dilution effect from in-the-money warrants due to negative results for the fourth quarter and full year 2020.

[5] 2017 warrants were fully exercised in December 2020 but were registered as shares subsequent to the year end.

12. Financial assets and liabilities

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.

The Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are assessed on fair value hierarchy described above. The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to the short term to maturity of these instruments. The bonds are carried at amortized cost. For the disclosure purposes, the estimated fair values of the bonds have been determined based on the adjusted period-end trading prices of the bonds on the secondary market (Level 2). As at 31 December 2020, the carrying value of the Bonds was TUSD 36,022 and the fair value was TUSD 37,068 (31 December 2019: carrying value – TUSD 30,621; fair value – TUSD 34,519).

13. Management of financial risk

The Company thoroughly examines the various risks to which it is exposed and assesses the impact and likelihood of those risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. This approach actively addresses risk as an integral and continual part of decision making within the Company and is designed to ensure that all risk is identified, fully acknowledged, understood and communicated well in advance. Nevertheless, oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate or which are beyond the Company's control. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management.

A detailed analysis of Maha's operational, financial, and external risks and mitigation of those risks through risk management is described in Maha Energy's 2019 Annual Report. The current and any future COVID-19 outbreaks may increase the Company's exposure to, and magnitude of, each of the risks and uncertainties identified in our Annual Report for the year ended December 31, 2019. The extent to which the COVID-19 impacts Maha's business, results of operations and financial conditions will depend on future developments, which are highly uncertain and are difficult to predict. Even after the COVID-19 outbreaks have subsided, the Company may continue to experience materially adverse impacts to the business as a result of the global economic impact. The Company will continue to monitor this situation and will work to adapting its business to further developments as determined necessary or appropriate.

Credit risk
The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Corporation. The Company's policy is to limit credit risk by limiting the counterparties to major banks and oil and gas companies. Where it is determined that there is a credit risk for oil and gas sales, the policy is to require an irrevocable letter of credit for the full value of the sale or prepayment. The policy on joint operations parties is to rely on the provisions of the underlying joint operating agreements to take possession of the license or the joint operations partner's share of production for non-payment of cash calls or other amounts due.

The majority of the Company's oil and gas sales receivables are with the Brazilian national oil company and a small independent refinery called DAX Oil. Under the marketing agreement with DAX Oil, most of the oil sales are prepaid prior to delivery with occasional credit granted to maintain daily deliveries

The Company's accounts receivable is composed of:

TUSD	**31 December 2020**	**31 December 2019**
Oil and gas sales	1,600	4,394
Tax and other receivables	1,492	345
	3,092	**4,739**

The decrease in commodity prices as a result of the COVID -19 pandemic can potentially increase the credit risk associated with the Company's customers. Maha continues to monitor the creditworthiness of customers to limit the exposure to this risk. There is no recent history of default and there are no expected losses. Maha considers the balance of accounts receivable to be collectible.

Other short-term receivables are considered recoverable as they are mainly related to taxes and employee advances. Any tax advances paid would offset future taxes payable. The Company's cash and cash equivalents are primarily held at large Canadian, Brazilian and Swedish financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. By operating in several countries, the Company is exposed to currency fluctuations. Income is and will also most likely be denominated in foreign currencies, BRL in particular. Furthermore, the Company has since inception been equity and debt financed through share and Bonds issues, and financed by asset divestment. Additional capital could be needed to finance the Company's future operations and/or for acquisition of additional licenses. The main risk is that this need could occur during less favorable market conditions.

While the decrease in commodity prices as a result of the COVID-19 pandemic will negatively impact the Company's financial performance and position, and while the extent of this is currently unknown, the Company continuously ensures that sufficient cash balances are maintained in order to cover day to day operations and closely monitors its accounts receivables with customers. Management relies on cash forecasting to assess the Company's cash position based on expected future cash flows and to assess its ability to perform its contractual obligation. Accounts payable relating to oil and gas interests, and current interest on the Bonds are due within the current operating period. The Bond have interest payable of SEK 18 million semi-annually on May 29 and November 29 until the maturity date of May 29, 2021. In addition, principal payment is also due on the maturity date of the Bond (see Note 8).

The Company has current assets of $11.6 million, positive cash flow from operating activities and current liabilities of $57.6 million which includes the maturing bond in less than a year. There is risk that the Company either has insufficient funds to settle the principal amount of the Bond or is unable to successfully refinance or rollover the Bond for an additional term. Subsequent to the year end, the Company signed a term sheet with a large banking institution with experience in the Brazilian E&P sector for future financing to support the growth of the Company. During this period, the Company retains the right to discuss a potential refinancing of its SEK 300 million bond with existing bondholders.

14. Management of Capital

The Company manages its capital structure to support the Company's strategic growth. The Company's objectives when managing its capital structure are to maintain financial flexibility, preserve access to capital markets, ensure its ability to finance internally generated growth and to fund potential acquisitions while maintaining the ability to meet the Company's financial obligations as they come due. The Company considers its capital structure to include shareholders' equity of USD $55.6 million (31 December 2019: USD $87.9 million) plus net debt of USD $29.3 million (31 December 2019: 8.2 million). At 31 December 2020, the Company's working capital deficit was USD $10.0 million (31 December 2019: USD $23.3 million surplus), which includes USD $6.7 million of cash (31 December 2019: USD $22.5 million) and nil of restricted cash (31 December 2019: $1.6 million). During the current quarter, the Company was able to release approximately 1.0 million in restricted cash resulting in a minimal amount of restricted cash as at 31 December 2020. Maha considers working capital operational in nature therefore working capital excluded the current portion of the Bonds payables, which corresponds to financing activities of the Company.

The Company may adjust its capital structure by issuing new equity or debt and adjusting its capital expenditure program, as allowed pursuant to contracted work commitments. The Company does not have any externally imposed material capital requirements to which it is subject except for the Bond covenants (See Note 8). In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company is working with a large banking institution with experience in the Brazilian E&P sector for future financing to support the growth of the Company.

15. Changes in non-cash Working Capital

(TUSD)	**31 December 2020**	**31 December 2019**
Change in:		
Accounts receivable	1,625	(619)
Inventory	(9)	(340)
Prepaid expenses and deposits	(176)	(569)
Accounts payable and accrued liabilities	5,030	812
Total	**6,470**	**(716)**

16. Pledged Assets

As at 31 December 2020, pledged assets are mainly a continuing security for the Senior Secured Bonds where Maha has entered into a pledge agreement. The pledge relates to the shares in its subsidiaries: Maha Energy 1 (Brazil) AB, Maha Energy 2 (Brazil) AB, Maha Energy Inc. and Maha Energy Finance (Luxembourg) S.A.R.L. The pledged assets for the parent company as at 31 December 2020 amounted to SEK 194 million (31 December 2019: SEK 186 million) representing the carrying value of the pledge over the shares of subsidiaries. The combined net asset value for the Group of the subsidiaries whose shares are pledged amounted to USD 88.1 million (31 December 2019: USD 83.6 million).

The Company also has guarantees in relation to its work commitments in Brazil and has contractual commitments in the USA and Oman (See Note 17).

17. Commitments and Contingencies

The Company has 7 concession agreements with the National Agency of Petroleum, Natural Gas and Biofuels in Brazil (ANP). Certain of these blocks are subject to work and abandonment commitments of approximately USD 5.0 million in relation to these exploration blocks which are guaranteed with certain credit instruments.

During 2019, Maha received the pending environmental licenses on two of its concessions resulting in a requirement to fulfill its work commitments by the first quarter of 2021 or relinquish the blocks. These commitments are in the normal course of the Company's exploration business and the Company's plans to fund any related work or penalty, if necessary, with existing cash balances, cash flow from operations and available financing sources. During 2020, the Company received an extension to November 2021 under the COVID-19 relief program by the Brazil Government and has further extensions available under certain non-conventional drilling programs.

As part of the Dome Acquisition (See Note 6), the Company acquired contractual commitments to drill one well and to complete a drilled but uncompleted well. This commitment was fulfilled during the current quarter of this year. Other commitments have been successfully rescheduled to fiscal year 2021.

With the acquisition of the Block 70 in Oman, the Company will undertake minimum work obligations during the initial exploration period of three years which include interpretation and reprocessing of 3D seismic and drilling 10 (ten) shallow wells. Costs for these activities are estimated at USD 20 MUSD.

18. Subsequent Event

On 4 February 2021, the Company signed a term sheet with a large banking institution with experience in the Brazilian E&P sector for future financing to support the growth of the Company. The completion of this financing is subject to customary due diligence and final documentation for which the Company has granted an exclusivity period of 55 days. During this period, the Company retains the right to discuss a potential refinancing of its SEK 300 million bond with existing bondholders. The net proceeds from the contemplated financing will be used to refinance the existing bond debt, finance capital expenditures across Maha's portfolio and general corporate purposes.

Key Financial Data

Maha believes that the alternative performance measures provide useful supplemental information to management, investors, securities analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Maha's business operational.

Financial data

TUSD	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Revenue	**8,659**	13,672	**39,018**	55,589
Operating netback	**4,247**	9,825	**23,523**	41,539
EBITDA	**2,720**	7,469	**18,104**	34,696
Net result	**(15,702)**	2,679	**(10,259)**	19,654
Cash flow from operations	**5,451**	5,273	**18,984**	28,824
Free cash Flow	**(12,046)**	808	**(14,596)**	1,614
Net debt (TUSD)	**29,341**	8,171	**29,341**	8,171

Key ratios

	Q4 2020	Q4 2019	**Full Year 2020**	Full Year 2019
Return on equity (%)	**-28**	3	**-18**	22
Equity ratio (%)	**45**	65	**45**	65
NIBD/EBITDA	**1.62**	0.2	**1.62**	0.2
TIBD/EBITDA	**1.99**	0.8	**1.99**	0.8

Data per share

	Q4 2020	Q4 2019	**Full Year 2020**	Full Year 2019
Weighted number of shares (before dilution)	**101,582,139**	100,118,569	**101,357,757**	99,287,171
Weighted number of shares (after dilution)	**101,582,139**	108,637,250	**101,357,757**	107,943,095
Earnings per share before dilution, USD	**(0.15)**	0.03	**(0.10)**	0.20
Earnings per share after dilution, USD	**(0.15)**	0.02	**(0.10)**	0.18
Dividends paid per share	**n/a**	n/a	**n/a**	n/a

Relevant reconciliation of Alternative Performance Measures:

Operating Netback

(TUSD)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Revenue	**8,659**	13,672	**39,018**	55,589
Royalties	**(1,437)**	(1,940)	**(5,829)**	(7,449)
Operating Expenses	**(2,975)**	(1,907)	**(9,666)**	(6,601)
Operating netback	**4,247**	9,825	**23,523**	41,539

EBITDA

(TUSD)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Operating results	**(20,045)**	6,164	**(8,765)**	29,184
Depletion, depreciation and amortization	**1,606**	1,382	**5,624**	5,671
Impairment on E&E assets	**21,000**	-	**21,000**	-
Foreign currency exchange loss / (gain)	**159**	(77)	**245**	(159)
EBITDA	**2,720**	7,469	**18,104**	34,696

Free cash flow

(TUSD)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Cash flow from operating activities	**5,451**	5,273	**18,984**	28,824
Less: cash used in investing activities	**(17,497)**	(4,465)	**(33,580)**	(27,210
Free cash flow	**(12,046)**	808	**(14,596)**	1,614

Net debt

(TUSD)	**Q4 2020**	Q4 2019	**Full Year 2020**	Full Year 2019
Bonds payable	**36,022**	30,621	**36,022**	30,621
Less: cash and cash equivalents	**(6,681)**	(22,450)	**(6,681)**	(22,450)
Net debt	**29,341**	8,171	**29,341**	8,171

Key Ratio Definition

Cash flow from operations: Cash flow from operating activities in accordance with the consolidated statement of cash flow.

EBITDA (Earnings before interest, taxes, depreciation, and amortization and impairment): Operating profit before depletion of oil and gas properties, depreciation of tangible assets, impairment, foreign currency exchange adjustments, interest and taxes.

Earnings per share: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year.

Earnings per share fully diluted: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares after considering any dilution effect for the year.

Equity ratio: Total equity divided by the balance sheet total assets.

Free cash flow: Cash flow from operating activities less cash flow from investing activities in accordance with the consolidated statement of cash flow.

Net debt: Interest bearing bonds less cash and cash equivalents.

Net debt to EBITDA ratio (NIBD/EBITDA): Net interest bearing debt divided by trailing 4 quarters EBITDA.

Operating netback: Operating netback is defined as revenue less royalties and operating expenses.

Return on equity: Net result divided by ending equity balance

Total debt to EBITDA ratio (TIBD/EBITDA): Total interest bearing debt divided by trailing 4 quarters EBITDA.

Weighted average number of shares for the year: The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue.

Weighted average number of shares for the year fully diluted: The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue after considering any dilution effect.

Financial calendar

2020 Annual Report: 19 April 2021
2021 First Quarter: 26 May 2021
2021 Second Quarter: 23 August 2021
2021 Third Quarter: 22 November 2021

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