Maha Energy AB (publ) ("Maha" or the "Company") announces spud of Tie-4 and an operational update

- Maha Energy AB spudded its first horizontal well with a planned Electric Submersible Pump ("ESP") artificial lift system on the Tie field late on 9 July, 2021. This marks the implementation of two new technologies the Company is applying to the productive Tie field in Brazil.
- Since May this year the Company has already drilled 5 oil wells in Illinois Basin ("IB") and is drilling 7 additional oil wells. All wells will be stimulated using high pressure stimulation and, all going well, the 12 oil well work program is scheduled to be completed by the end of September.
- Tie-3 was recently acid stimulated and is back online and is showing good improvement in production.
- Second quarter ("Q2") production numbers were lower than planned for the quarter due to planned and unplanned shutdowns at the Tie field production facility. At this time, the Company is confident in achieving the annual average production guidance target of 4,000 - 5,000 BOEPD[1]. Higher than expected production from the already drilled Tie-2 production well and anticipated production additions from Tie-4 and IB will offset the lower Q2 volumes.

Tie-4 Horizontal Well

The Tie-4 horizontal well was spudded late on Friday July 9, 2021. The Faxe-2 hydro-electric drilling unit has been retained on a one firm and six optional well drilling contract. Tie-4 is the fourth production well drilled on the Tie field by Maha Energy since the 2017 acquisition of the field from Gran Tierra Energy.

This well will be the first of two horizontal production wells in the Tie field. The well is targeting a 600 m. horizontal section in the Agua Grande ("AG") reservoir and is expected to take ~75 days to drill and complete. Due to the well being drilled as a horizontal production well, the anticipated production volumes are estimated to be larger than the comparable vertical wells in the Tie field. As a result, the well will be completed with a high volume Electric Submersible Pump for oil production. Both these technologies are 'a first' for Maha on the Tie field and underscores the utilization and benefit of modern technology on a developed production asset.

The second horizontal well (Tie-6) will be drilled into the Sergi reservoir, directly after drilling a new water injection well (Tie-5) to the south in the Tie field. The water injector will be drilled immediately after the Tie-4 horizontal well.

Tie-3

The hybrid oil-production/water injector Tie-3 well was drilled, completed and tested earlier in the second quarter of 2021. Analysis of test data suggested that the AG reservoir

might have been damaged whilst drilling and an acid remediation program was undertaken to increase production. The one week remediation workover was completed during the first week of July and preliminary results point towards a 40% increase in production from this well. Currently, Tie-3 is still cleaning up and is flowing unassisted to production tanks at 170 BOPD. As per the development plan artificial lift was planned for both Tie-2 and -3. Therefore, a jet pump was ordered in 2020 and is now being installed at the Tie-2 and -3 site and is expected to be commissioned during the summer months. Production from Tie-3 is expected to be boosted by some 40% by the pump.

Illinois Basin

Drilling continues in the Illinois Basin. As of today's date a total of 5 oil wells have been drilled, and the sixth is in the process of being drilled. A total of 12 oil wells will be drilled during 2021. All wells are stimulated using high pressure stimulation technology. Two drilling rigs are working simultaneously to drill these wells as expeditiously as possible. Each well takes about one week to drill, after which a stimulation crew is mobilized to stimulate the three stacked limestone reservoirs. Stimulation operations usually take about one week to complete. Once stimulation is completed, the well is dewatered for about 2 weeks after which oil production commences. Initial production rates vary between 50 - 75 BOPD[1] for each stimulated well.

Current production from the IB area is temporarily curtailed due to the drilling operations and has been averaging 210 BOPD[1] since the beginning of the year.

Production Interruptions during the second quarter

Production at the Tie field was significantly interrupted twice during the second quarter. The first field wide shut down was unplanned and occurred on 5 May when a severe thunderstorm caused a field wide and grid wide power outage. Even though power was restored within 6 hours, Tie-2, a key producer, required a rig intervention to recommence production.

The second shut down was a planned shutdown on 11 June,- which lasted 14 hours and was required for upgrades to the gas handling system, flare system and metering for future gas growth.

The above plant shut downs accelerated the need to convert Tie-1 to a dual zone jet pump producer (previously one zone flowing, one zone on jet pump) and two rig interventions were conducted during Q2 to achieve this. This, in turn, led to a shortfall of approximately ~570 BOPD in April and 600 BOPD in May. The well is now running on a newly installed quintuplex jet pump system and met production targets for the month of June.

As at 15 June production at the Tie field was restored to normal production volumes with all wells onstream and has remained stable at predicted volumes.

Upcoming Milestone

The next key event to reach plateau production at the Tie field is the completion and tie-in of the Tie-4 horizontal well. Drilling Rig maintenance and drilling problems on Tie-2 and -3 has delayed the spudding of this well, but the Company is pleased to finally report the commencement of this well. Due to the future high rates predicted from this well, the Company has decided to use an ESP on this well. The ESP has been ordered and is expected to be delivered and installed during the 4th quarter. Tie-4 will initially be placed on natural flow.

At this time, the Company is confident in achieving the previously communicated annual average production guidance target of 4,000 - 5,000 BOEPD[1].

[1] BOEPD: Barrels of Oil Equivalents Per Day. Produced and sold natural gas is converted at a rate of 6,000 SCF per Barrel of oil equivalent. BOPD: Barrels of Oil Per Day.

The information was submitted for publication, through the agency of the contact person set out below, at 19:15 CET on 11 July, 2021.

For more information, please contact:
Jonas Lindvall (CEO)
Tel: +46 8 611 05 11
jonas@mahaenergy.ca

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

About Maha

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