Maha Energy AB (publ) ("Maha" or the "Company") Announce Tartaruga Well Test Results and 2020 Production Guidance Update

The testing of the Tartaruga well "Maha-1" is now complete. Although primarily a delineation well, the well test results indicate a lower than expected oil production rate. Furthermore, the second wave of Covid-19 continue to directly impact logistics and personnel movements in Brazil, that in turn are causing delays in the Company's fourth quarter Brazilian well completions programme. Therefore, the Company expects the 2020 annual average production volume to land at 3,250 BOEPD (previously communicated 3,700 - 4,000 BOEPD). The Company also expect that the previously communicated year-end exit production numbers will be affected due to the combined effects of the above reasons.

Jonas Lindvall, CEO of Maha Energy commented: "The Maha-1 well was drilled to further delineate the Tartaruga structure and although we have proven oil in a new part of the structure, the effect of lower than expected permeability in this part of the field is disappointing. We will now have to integrate this information into the field model to determine how we can use this data to better place future production wells. The lower than expected production rates, combined with the operational delays in Brazil will unfortunately have a direct impact on the annual average production volumes. Until the well completions work at the Tie field is finished, we are unable to provide an update for the year-end production rates."

7-TTG-3D-SES (Maha-1) Well Test Results

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 is being rerouted to the Production Facilities to undergo further testing.

The P1 sand is flowing oil with a unexpectedly high percentage of water, which is appears to be slowly declining. The Schlumberger test skid is now being demobilized and the well will be placed on long term test through the Maha facilities. Due to the high water cut, testing of the P1 took longer than anticipated and that in turn has impacted Tartaruga production negatively.

The 7-TTG-3D-SES well was spudded on July 12, 2019 and total depth reached on October 3, 2019. A smaller workover rig was brought in to test up to five intervals in the well. Testing started on 26 January 2020 and was temporarily suspended on 22 March, 2020 due to effects of the Covid-19 pandemic. Testing resumed on 26 October 2020 and has now been completed.

A total of four intervals were tested, and the results are as follows:

Interval	Depth (m)	Result
Penedo-23	3,494 – 3,495	No flow – formation tight
Penedo-22	3,477 – 3,479	No flow – formation tight
Penedo-19	3,376 – 3,393	Minor oil and gas (< 50 BOPD)
Penedo-1	2,908.5 – 2,918.5	Oil and Water (~ 140 BFPD) with high water cut

The well was drilled in a different part of the structure to further delineate the Tartaruga structure and preliminary interpretation is that the area now tested, although oil bearing, suffers from lower permeability than expected. The Tartaruga structure was discovered in 1994 by Petrobras and has produced over one million barrels of oil from two producing wells, both completed in the P1 and P6 sandstones. The structure is heavily faulted, and each fault compartment may be charged differently and have different reservoir rock properties. The sands are continuous across the delineated area and exhibit similar porosities, however, there are permeability differences across the field.

Work will now focus on understanding which areas of the structure is commercially productive before further capital is deployed to the Tartaruga field.

Operational update

GTE-4

The workover to restore the Agua Grande (AG) zone to production in this well continues. The workover has been problematic and the lost production from this zone has impacted the total production volumes for the year. Once the workover is completed, this well is expected to contribute positively to the 2021 production numbers. During the workovers the Sergi production has been shut in. The loss of production from GTE-4 during 2020 is one of the main reasons for the lower 2020 average production numbers.

Tie-1

The Tie-1 well was shut in temporarily in October to allow for new flowlines to be hooked up and tested. When the well was brought back on stream, the AG did not reach pre shut-in production volumes. A workover rig was brought in to restore production, and the well was put back on pump on November 23rd. To date the AG zone is cleaning up as expected.

Tie-2

This new well was completed and rig released December 6th. The drilling rig is currently 90% moved off the Tie-2 well and once clear of the well, Tie 2 will be tested and hooked up to the permanent production facilities. 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 drilling rig is now being moved to this new well to be drilled on the same pad as Tie-2 and it is expected that this well will spud very soon.

Illinois Basin
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.

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About Maha
Maha Energy AB (publ) is a listed, international upstream oil and gas company whose business activities include exploration, development and production of crude oil and natural gas. The strategy is to target and develop underperforming hydrocarbon assets on global basis. Maha operates four oil fields: Tartaruga and Tie in Brazil, Powder River (LAK Ranch) and Illinois Basin in the United States. The shares are listed on Nasdaq First North Growth Market (MAHA-A) in Stockholm. FNCA Sweden AB is Certified Adviser and can be contacted at info@fnca.se or +46-8-528 00 399. The head office is in Stockholm, Sweden with a technical office in Calgary, Canada, as well as operations offices in Illinois, USA and Rio De Janeiro, Brazil. For more information, please visit our website www.mahaenergy.ca.