

Maha Energy AB enters into a Farmout Agreement with Mafraq Energy LLC for Block 70 in Oman

Maha Energy AB (publ) (“Maha” or the “Company”), through its wholly owned subsidiary Maha Energy (Oman) Ltd., has entered into an Agreement with Mafraq Energy LLC for Maha to reduce the Participating Interest in the Block 70 Exploration and Production Sharing Agreement (“EPSA”) in Oman from 100% to 65%. Maha will continue to be the Operator of the Block. The Agreement is subject to Government approval in Oman.

Maha has decided to reduce its working interest in the onshore oil-bearing Block 70 in Oman by bringing in a strategic Omani partner. The Agreement requires Mafraq Energy LLC to reimburse Maha for their prorated share of all past costs including the signature bonus. Mafraq Energy LLC will also be required to pay their share of all future expenditures on Block 70.

Jonas Lindvall, Maha’s CEO said: “We are delighted to have Mafraq Energy LLC join us on Block 70. Mafraq Energy LLC brings extensive experience of the Mafraq field and the surrounding areas in Oman. The fact that Mafraq Energy joins us is perhaps the best evidence yet of the future potential of the Mafraq field.”

Talal Al Subhi, Director of Mafraq Energy LLC said: “We are pleased and honoured to join Maha Energy to commercialize Oman’s national resources. The farm out arrangement is also completely aligned with the realisation of the Oman national 2040 vision’s “Growing the Private Sector”, and we are proud to be doing our part.”

Immediate plans for the Mafraq oil field include drilling six wells to obtain important reservoir information to assist in developing a full Field Development Plan. The Gulf Drilling rig 109 was recently contracted for this drilling. Anticipated mobilisation of the drilling rig is scheduled for October this year.

About Mafraq Energy LLC

Mafraq Energy LLC is a private Omani company whose founders come with an extensive track record in multiple business sectors. Sister Companies to Mafraq Energy LLC are active in the upstream oil and gas service sector, the downstream distribution and service sector, as well as manufacturing capabilities in the telecommunication service sectors.

About the Mafraq field

Maha was successful in securing Block 70, which contains the Mafraq heavy oil discovery, in a 2019 – 2020 Government bid round. The Mafraq structure is a delineated heavy oil field that was extensively tested by Petroleum Development Oman (PDO) in 1988 and 1991. The field tested 15,700 barrels of 13° API oil over a period of 24 days using a Progressive Cavity Pump (PCP) from a single well. The test well, MF-5, tested 100% oil for less than a day after which water production stabilized at around 25%. It is unknown why PDO did not develop the field at the time, but it is likely that prevailing commodity prices (US\$ 18 – US\$ 20 per barrel) and access to other lower cost opportunities precluded Mafraq as a development option at the time.

According to the independent reserve auditor, Chapman Petroleum Engineering Ltd. of Calgary, Canada, the Mafraq field may hold approximately 35 million barrels of recoverable oil (2C + 2P as at 31 December 2021). Following farmout approval by the Government of Oman, Maha's share of its contingent resources will be reduced proportionally by 35%. The field oil-water contact has not been penetrated yet which renders possible further upside to these volumes. The Mafraq structure is an East-West fault bounded anticline with the productive interval being at +/- 430 meters below the ground level. The oil flows freely in the reservoir at 51° C and is expected to cold flow to surface in commercial quantities.

Miscellaneous

The information was submitted for publication, through the agency of the contact person set out below, 11:00 CET on 8 August, 2022.

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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 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