Q1

Report for the

THREE MONTHS ENDED
31 MARCH 2021

(org number: 559018-9543)

Highlights

(all amounts are in US dollars unless otherwise noted)

First Quarter 2021

- The Company secured a USD 60 million loan financing and USD 10 million equity investment with leading Brazilian investment bank BTG Pactual.
- The Tie-3 oil producing well has tested a combined 628 BOEPD, (549 BOPD, 0 BWPD and 470 MSCFPD of gas) from the Itaparica and Agua Grande reservoirs. The Sergi reservoir was not tested at this time.
- Daily oil & gas production for Q1 2021 averaged 3,742 BOEPD (Q1 2020: 3,288 BOEPD)
- Revenue of USD 15.8 million (Q1 2020: USD 11.2 million)
- Operating netback of USD 11.0 million or USD 33.80 per BOE (Q1 2020: USD 7.9 million or USD 27.91 per BOE)
- EBITDA of USD 10.2 million (Q1 2020: USD 6.4 million)
- Net result of USD 5.5 million (Q1 2020: USD 3.2 million)
- Basic Earnings per share of USD 0.05 (Q1 2020: USD 0.03)
- Diluted Earnings per share of USD 0.05 (Q1 2020: USD 0.03)
- Cash and cash equivalents balance of USD 5.7 million (Q1 2020: 19.2 million)

Financial Summary

(TUSD, unless otherwise noted)	**Q1 2021**	Q4 2020	Q3 2020	Q2 2020	Q1 2020	**Full Year 2020**
Net Daily Production (BOEPD)	**3,742**	2,738	3,580	3,602	3,288	**3,301**
Revenue	**15,814**	8,659	11,226	7,926	11,207	**39,018**
Operating netback	**11,031**	4,247	7,041	4,377	7,858	**23,523**
EBITDA	**10,213**	2,720	5,514	3,436	6,434	**18,104**
Net result for the period[1]	**5,538**	(15,702)	1,845	407	3,191	**(10,259)**
Earnings per share – Basic (USD)	**0.05**	(0.15)	0.02	0.00	0.03	**(0.10)**
Earnings per share – Diluted (USD)	**0.05**	(0.15)	0.02	0.00	0.03	**(0.10)**
Cash and cash equivalents	**5,698**	6,681	18,034	15,699	19,190	**6,681**

[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,

I am very happy to report another strong quarter for the Company. The steady increase and stabilization in the price of oil price helped of course, but we also started the year off with good production gains compared to the prior quarter. The recently completed Tie-2 well tested just over 2,000 BOEPD to the rig tanks, which was well above our expectations. During the first quarter, drilling of Tie-3 yielded a pleasant surprise through the discovery of a brand new oil bearing reservoir on the western flank of the Tie field. Evaluation of the “Itaparica” reservoir took some time, and was somewhat hampered by unstable flow rates. However, after perseverance, 42° API oil flowed naturally into the rig tanks. Subsequent downhole pressure tests confirmed a new virgin pressure regime and that the Itaparica reservoir appears to have low permeability. The plan for Tie-3 now is to place it on temporary artificial lift until water cut increases to a point where it will be converted to a water injector.

Preliminary interpretation of the Itaparica suggests that it extends to the north and west of the Tie oil field and could open up new reserve volumes in the future. Initial analysis also suggest that the Itaparica will respond well to hydraulic stimulation, just like the Penedo sandstone at Tartaruga. Needless to say, this new find adds further excitement to the Tie oil field development.

The price of oil recovered well during the quarter and seems to have stabilised around the USD 65/bbl mark. At these levels we generate a very healthy corporate netback which allows us to continue our organic growth by using internally generated cashflow. A further positive pricing update is that Petrobras revised the annual discount we receive for our crude oil delivered from the Tie field. The discount for the next 12 months was reduced by USD 3/bbl, meaning our new net discount for 2021 is USD 5.86/bbl. We continue to work hard to improve our discounts with our other Brazilian customer. Furthermore, we are benefiting from the weak Brazilian Real (BRL) which has worked in our favor given that most of our expenses are in BRL whilst we effectively sell our oil in US dollars. During the past year the BRL has lost roughly 25% against the USD.

At Tartaruga, testing of the Maha-1 well is nearing its end – and unfortunately the initial results are inconclusive, meaning that we still do not understand where the produced water originates from. Until testing and analysis is complete we will be focusing on the southern fault block where the existing TTG-1 and TTG-2 wells are producing oil. Hand in hand with the further development of Tartaruga, we will need to address handling of associated gas. This is likely to take some time. At the moment we are using six Gas to Wire (GTW) generators and we are evaluating other options in addition to expanding the GTW footprint at Tartaruga.

In 2017, we secured a SEK 300 million bond to purchase and develop the Tie field. The bond matured at the end of May this year, and in order to continue our growth, we refinanced the bond with new debt at the end of March. As such I am very pleased to say we redeemed the bond early and have now secured sufficient capital to continue growth in Oman and in the USA. At current oil prices, the USA assets start to generate healthy returns, and although ultimate recoveries per well are modest, the predictability of the oil reservoirs makes future wells very low risk there. In Oman, we will be placing long lead equipment orders with a view to start drilling early 2022.

As vaccinations continue, we look forward to some resemblance of normality. Our near term objective is to drill Tie-4, our first horizontal well in the Tie field. Tie-4 will target the Agua Grande reservoir and will eventually be completed with an Electrical Submersible Pump (ESP). Once Tie-4 is drilled, the Tie field should reach its designed productive capacity. A water injector will immediately be drilled after Tie-4 to support important pressure maintenance in the field. We will also be drilling at least four wells in the Illinois Basin to maintain production levels there as well.

Finally, we are very pleased to see the release of our first Sustainability Report on April 19, 2021. Our newly formed ESG team did a great job in pulling together all the information for this colorful report. You can view it on our website www.mahaenergy.ca. Further, and as part of the due diligence conducted for the recently completed financing, a full independent ESG audit was performed on our Brazilian operations. It is reassuring that we passed. But as with most things, we can always improve, so the team is in full swing in addressing the improvements highlighted in the audit report.

Four years ago, our initial bond allowed us to quadruple production volumes, and with new financing secured the race is on to continue our growth in all three operational areas. So, stay with us – the best is yet to come.

As always, a big thank you to all Maha employees that I know work so hard for all of us. And to all fellow shareholders – thank you for your continued support.

Yours truly,

"Jonas Lindvall"

Managing Director

Financial Report for the First Quarter ended 31 March 2021

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.

Assets

Country	Concession name	Maha Working Interest (%)	Status	Area (acres)	BOEPD ([2])	Partner
USA	LAK Ranch	99%	Pre-Production	6,475	-	SEC (1%)
USA	IL basin (various)	100%	Producing	3,374	214	
Brazil	Tartaruga	75%	Producing	5,944	238	Petrobras (25%)
Brazil	Tie (REC-T 155)	100%	Producing	1,511	3,290	
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	-	

BRAZIL

<u>Tie Field (Reconcavo Basin)</u>

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 and after some operational difficulties was placed on production during December. Since then, the well has been producing via jet pump artificial lift with the well cleaning up over time and performing as expected.

[2] As per the current quarter reported net production volumes to Maha before royalties. 1BBL = 6000SCF of gas. Approximately 91% of Maha's oil equivalent production is crude oil.

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. This well was flowing naturally from the Sergi zone and under jet pump artificial lift from the Aqua Grande zone. In late Q1, a leak was discovered on the long string Sergi zone which was subsequently repaired and related to this leak the downhole jet pump assembly became stuck in the Agua Grande string. Currently, a workover rig is on Tie 1 retrieving the stuck jet pump and the Sergi zone is being swabbed to re-initiate production.

Tie-2
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). There was a temporary shut down of production from the well due to a national electrical grid failure which led to a shut down of the plant. The well production was restored and the well continues to produce as per forecast.

Tie-3
The Tie 3 well (previously named TS-2) was spud on 18 December 2020 with an objective to intersect the oil water contacts of both the AG and SG at the western edge of the field. Total Depth (TD) of 2,336 m (MD) was reached on March 16, 2021. Drilling operations were delayed due to poor hole conditions and extensive repairs of the drilling rig. The well is initially planned to be an oil producer and later, as water cut increase, it will be converted to a water injector to support the fields reservoir pressure and increase the field's ultimate oil recovery. During electric logging operations, oil bearing rock was discovered above the SG formation at the base of the Itaparica formation. The recently completed rig-site test of the Tie-3 well flowed oil and gas at a rate of 410 BOPD and 369 MSCFPD (472 BOEPD1) from the Agua Grande reservoir only. The deeper Itaparica and Sergi reservoirs have not been completed at this time. The newly discovered Itaparica formation was extensively tested and flowed 42° API oil to surface at an initial peak and unstable rate of approximately 139 BOPD. It is too early to determine the impact of this find on the Tie field oil volumes, if any.

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 3,290 BOEPD (2,969 BOPD of oil and 1,927 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. This well was temporarily shut in due to a surface pump failure but production has subsequently been restored.

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.

Since July 2020, the Company commenced selling associated natural gas to a third-party company Geracao E Servicos Ltda (“GTW”). The natural gas originally fed four generators which produce electricity for field consumption and to the local grid and in late Q1, a further two units were commissioned and put online.

Average production, net to the Company, from the Tartaruga field during the current quarter was 238 BOEPD (221 BOPD of oil and 100 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 of 2020. All three wells are onstream and are producing as per plan. During Q1 work was carried out licencing the upcoming wells for the 2021 drilling program.

Average net production from the Illinois basin during the current quarter was 214 BOPD of oil.

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 LAK Ranch heavy oil asset was shut in at the beginning of 2020 Covid-19 Pandemic and will remain shut in until oil prices recover.

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.

During the quarter significant progress was made establishing the required procedures and approvals to allow activities to commence in early Q1 2022.

Financial Results Review

Result

The net result for the current quarter amounted to TUSD 5,538 (Q1 2020: TUSD 3,191) representing earnings per share of USD 0.05 (Q1 2020: USD 0.03). The increase compared to the comparative period was mainly driven by higher sales volumes and higher realized prices. Higher operating costs and higher depletion, depreciation and amortization costs, due to higher production volumes, slightly offset the higher revenues. Other income of TUSD 513 further contributed to the higher net result.

The Company also generated high quarterly earnings before interest, tax, depletion and amortization (EBITDA) for the first quarter of TUSD 10,213 (Q1 2020: TUSD 6,434).

Production

	Q1 2021	Q1 2020	Full Year 2020
Delivered Oil (Barrels)[3]	**306,359**	270,982	1,113,785
Delivered Gas (MSCF)	**182,452**	169,185	566,437
Delivered Oil & Gas (BOE)[4]	**336,768**	299,180	1,208,191
Daily Volume (BOEPD)	**3,742**	3,288	3,301

Production volumes shown are net working interest volumes before government, gross overriding, and freehold royalties. Approximately 91% (Q1 2020: 92%) of total oil equivalent production was crude oil for Q1 2021.

[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

Q1 2021 average daily production volumes increased by 14% as compared to Q1 2020 mainly due to addition of Tie-2 well during the fourth quarter of 2020 and Illinois Basin assets acquired at the end of first quarter of 2020. The comparative period of 2020 had production interruptions due to strike at two out of the three delivery stations which impacted the total production of the Company.

Revenue

(TUSD, unless otherwise noted)	**Q1 2021**	Q1 2020	Full Year 2020
Oil and Gas revenue	**15,814**	11,207	39,018
Sales volume (BOE)	**326,341**	281,585	1,174,386
Oil realized price (USD/BBL)	**52.91**	43.81	36.05
Gas realized price (USD/MSCF)	**0.61**	0.79	0.67
Oil Equivalent realized price (USD/BOE)	**48.46**	39.80	33.22
Reference price – Average Brent (USD/BBL)[5]	**61.04**	50.44	41.76

Revenue for the current quarter amounted to TUSD 15,814 (Q1 2020: TUSD 11,207), an increase of 41% as compared to Q1 2020. This increase in revenue is mainly driven by higher oil prices by 22%, in line with the higher average Brent oil price for the current quarter, and higher sales volume by 16% as compared to the comparative quarter. Higher oil prices resulted from the improvement of market conditions for oil and gas producers.

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 1 April 2021, 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	$7

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. Effective 1 April 2021, crude oil sales to Petrobras from the TIE field are sold at a discount to Brent oil price of $6.48/Bbl for the first 22,680 monthly delivered barrels, and $5.44 thereafter.

Tartaruga Field crude oil

Crude oil from the Tartaruga field is entirely sold to Petrobras. Until July 1, 2021 crude oil is sold at a discount to Brent of USD $2.91/Bbl. (Q1 2020: 0.16/Bbl premium). Price discounts or premiums to Brent are revised annually.

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.

[5] Reference price is as per U.S. Energy Information Administration website.

Royalties

(TUSD, unless otherwise noted)	Q1 2021	Q1 2020	Full Year 2020
Royalties	**2,341**	1,530	5,829
Per unit (USD/BOE)	**7.17**	5.43	4.96
Royalties as a % of revenue	**14.8%**	13.7%	14.9%

Royalties are settled in cash and based on realized prices before discounts. Royalty expense increased by 53% for the current quarter as compared to the comparative period mainly due to higher revenue by 41%. Effective royalty rates are higher in Q1 2021 due to increased sales from higher royalty rate Tartaruga field and Illinois Basin which was acquired at the end of Q1 2020.

Production expenses

(TUSD, unless otherwise noted)	Q1 2021	Q1 2020	Full Year 2020
Operating costs	**2,040**	1,290	7,536
Transportation costs	**402**	529	2,130
Total Production expenses	**2,442**	1,819	9,666
Per unit (USD/BOE)	**7.48**	6.46	8.23

Production expenses is higher by 34% for the current quarter and amounted to TUSD 2,442 as compared to TUSD 1,819 for Q1 2020.

Higher operation costs for the current quarter are in line with increase in sales volume by 16% for the quarter as compared to the comparative period. Illinois Basin, which was acquired at the end of Q1 2020, added TUSD 344 to the Q1 2021 operating costs. In addition, the Company incurred higher repairs and maintenance costs during the current quarter which included purchase of certain equipment.

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 quarter mainly due to lower sales volume of the Tartaruga field in the current quarter. Tartaruga has higher transportation cost as compared to the Tie field.

On a per BOE (or unit) basis, production expenses were USD 7.48 per BOE representing an increase by 16% for the current quarter as compared to the comparative period due to the same reasons as above. Q1 2021 Operating expenses per BOE were 9% lower than the 2020 Annualised average.

Operating netback

(TUSD, unless otherwise noted)	Q1 2021	Q1 2020	Full Year 2020
Operating Netback	**11,031**	7,858	23,523
Netback (USD/BOE)	**33.80**	27.91	20.03

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 netback for the current quarter is 40% higher than the comparative period as a result of higher sales volumes and higher realized prices in the current quarter. This was offset by slightly higher production expenses during the quarter.

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

(TUSD, unless otherwise noted)	Q1 2021	Q1 2020	Full Year 2020
DD&A	**1,910**	1,132	5,624
DD&A (USD/boe)	**5.85**	4.02	4.79

The depletion rate is calculated on proved and probable oil and natural gas reserves, taking into account 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 is higher and amounted to TUSD 1,910 (USD $5.85 per boe) as compared to TUSD 1,132 (USD $4.02 per boe), mainly due to higher sales volumes in the current quarter and addition of Illinois Basin assets which are not reflected in the Q1 2020 results. In addition, depletable base is higher for 2021 from higher future development capital costs as compared to the comparative period.

General and Administration ("G&A")

(TUSD, unless otherwise noted)	**Q1 2021**	Q1 2020	Full Year 2020
G&A	**1,281**	1,211	5,939
G&A (USD/BOE)	**3.92**	4.30	5.06

G&A amounts are presented net of certain costs allocated to production expenses. G&A expense for the current quarter amount to TUSD 1,281 and is mainly in line with the same period in 2020. On a per BOE basis, G&A expenses are lower by 9% than the comparative period mainly due to higher sales volumes by 16% as compared to the comparative quarter.

Exploration and business development costs

Exploration and business development costs amounted to TUSD 50 for the current quarter as compared to TUSD 132 for the comparative period. 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 of new areas.

Foreign currency exchange gain or loss

The net foreign currency exchange gain for the current quarter amounted to TUSD 76 (Q1 2020: TUSD 120 loss). 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.

Other income and loss

Other income for the current quarter amounted to TUSD 513 (Q1 2020: nil). During the current quarter, the Company recognized other income of TUSD 513 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.

Net finance costs

Net finance items for the current quarter amounted to TUSD 1,422 (Q1 2020: TUSD 1,182) and are detailed in Note 5.

Income Taxes

Current tax expense amounted to TUSD 625 for the current quarter as compared to TUSD 337 for the same comparative period. Current tax expense is higher by 85% for the current quarter as compared to the same period in 2020 mainly due to higher taxable income in Brazil resulting from higher oil and gas prices realized during the quarter. 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 expense for the current quarter amounted to TUSD 794 as compared to deferred tax expense of TUSD 472 for the same comparative period. A deferred tax amount arises primarily where there is a difference in depletion charge computation for tax and accounting purposes.

Exchange differences on translation of foreign operations

The exchange differences on translation of foreign operations presented in Statement of Comprehensive Earnings amounted to TUSD 5,376 during the current quarter mainly due to US Dollars exchange rate strengthening against other currencies. The functional currency of Company's subsidiary in Brazil is Brazilian Reals; 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. During the current quarter, USD/BRL exchange rate increased by 9% as compared to 31 December 2020 exchange rate. In addition, USD/SEK exchange rate increased by 6% which further increased the translation impact due to translation of Parent Company balances.

During Q1 2020, USD/BRL exchange rate increased by 29% as compared to 31 December 2019 exchange rate and USD/SEK exchange rate increased by 9% which further increased the translation impact due to translation of Parent Company balances.

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 $55.9 million (31 December 2020: USD $55.6 million) plus net debt of USD $28.5 million (31 December 2020: 29.3 million). At 31 March 2021, the Company's working capital deficit was USD $8.4 million (31 December 2020: USD $10.0 million), which includes USD $5.7 million of cash (31 December 2020: USD $6.7 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 any subsequent budget updates are approved by the Board of Directors.

On 30 March 2021, the Company secured a loan agreement and equity financing subscription with Brazilian Investment Bank BTG Pactual S.A. for total proceeds of USD 70 million before customary fees and expenses. The net proceeds from the financing will be used to redeem the existing bonds payable, finance capital expenditures across Maha's portfolio and general corporate purposes.

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 2020 Annual Report.

Ongoing COVID-19 Crisis

Maha has managed maintained a proactive approach in safeguarding the wellbeing of the Company's employees and contractors and ensuring the virus has minimal impact on its operations. 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. 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.

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, 2020.

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 current and non-current liabilities and provisions.

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 Q1 2021 amounted to TSEK 559 (Q1 2020: TSEK -8,757) which is higher than the comparative period mainly due foreign exchange gain in the current quarter as US Dollars strengthened against the Swedish Krona resulting in foreign exchange gain on US Dollar loans to its subsidiaries. The result includes general and administrative expenses of TSEK 2,328 (Q1 2020: TSEK 3,025), foreign currency exchange gain of TSEK 6,132 (Q1 2020: TSEK 187 gain), net finance costs of TSEK 3,245 (Q1 2020: TSEK 5,919).

Related Party Transactions

The Company did not enter into any material transactions with related parties during the current quarter 2021.

Subsequent Events

Subsequent to 31 March 2021, the Company completed the conditions precedent per the credit agreement with BTG Pactual and loan proceeds were disbursed to the Company. The Company also redeemed the Senior Secured Bond on 5 May 2021 for a total amount of SEK 316.5 million, including accrued interest. Subsequent to Q1 2021, the Company's cash position has increased significantly to approximately USD 32.5 million as at 25 May 2021.

In connection with BTG equity financing, the Company issued 7,470,491 new shares of series A during May 2021.

The financial information relating to the three months ended 31 March 2021 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**	**Q1 2021**	Q1 2020	Full Year 2020
Revenue				
Oil and gas sales	4	**15,814**	11,207	39,018
Royalties		**(2,341)**	(1,530)	(5,829)
Net Revenue		**13,473**	9,677	33,189
Cost of sales				
Production expense		**(2,442)**	(1,819)	(9,666)
Depletion, depreciation and amortization	6	**(1,910)**	(1,132)	(5,624)
Gross profit		**9,121**	6,726	(17,899)
General and administration		**(1,281)**	(1,211)	(5,939)
Stock-based compensation	11	**-**	(81)	(338)
Exploration and business development costs		**(50)**	(132)	(208)
Impairment of exploration and evaluation assets	7	**-**	-	(21,000)
Foreign currency exchange gain (loss)		**76**	(120)	(245)
Other income (loss)		**513**	-	1,066
Operating result		**8,379**	5,182	(8,765)
Net finance costs	5	**(1,422)**	(1,182)	(4,982)
Result before tax		**6,957**	4,000	(13,747)
Current tax expense		**(625)**	(337)	(1,106)
Deferred tax (expense) recovery		**(794)**	(472)	4,594
Net result for the period		**5,538**	3,191	(10,259)
Earnings per share basic		**0.05**	0.03	(0.10)
Earnings per share diluted		**0.05**	0.03	(0.10)
Weighted average number of shares:				
Before dilution		**101,893,825**	101,117,060	101,357,757
After dilution		**106,865,342**	107,699,502	106,478,943

Condensed Consolidated Statement of Comprehensive Earnings

(TUSD)	**Note**	**Q1 2021**	Q1 2020	Full Year 2020
Net Result for the period		**5,538**	3,191	(10,259)
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		**(5,376)**	(18,496)	(23,324)
Comprehensive result for the period		**162**	(15,305)	(33,583)
Attributable to:				
Shareholders of the Parent Company		**162**	(15,305)	(33,583)

Condensed Consolidated Statement of Financial Position

(TUSD)	**Note**	**31 March 2021**	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	**89,166**	91,045
Exploration and evaluation assets	7	**11,223**	11,014
Deferred tax assets		**7,721**	9,978
Other long-term assets		**445**	432
Total non-current assets		**108,555**	112,469
Current assets			
Prepaid expenses and deposits		**859**	1,434
Crude oil inventory		**297**	347
Accounts receivable		**3,202**	3,092
Cash and cash equivalents		**5,698**	6,681
Total current assets		**10,056**	11,554
TOTAL ASSETS		**118,611**	124,023
EQUITY AND LIABILITIES			
Equity			
Shareholder's equity	11	**55,856**	55,556
Liabilities			
Non-current liabilities			
Decommissioning provision	9	**2,509**	2,597
Lease liabilities	10	**3,170**	3,450
Other long-term liabilities and provisions		**4,401**	4,825
Total non-current liabilities		**10,080**	10,872
Current liabilities			
Bonds payable	8	**34,212**	36,022
Accounts payable		**10,560**	10,731
Accrued liabilities and provisions		**6,714**	9,599
Current portion of lease liabilities	10	**1,189**	1,243
Total current liabilities		**52,675**	57,595
TOTAL LIABILITIES		**62,755**	68,467
TOTAL EQUITY AND LIABILITIES		**118,611**	124,023

Condensed Consolidated Statement of Cash Flows

(TUSD)	**Note**	**Q1 2021**	Q1 2020	Full Year 2020
Operating Activities				
Net result		**5,538**	3,191	(10,259)
Depletion, depreciation, and amortization	6	**1,910**	1,132	5,624
Impairment	7	**-**	-	21,000
Stock based compensation	11	**-**	81	338
Accretion of decommissioning provision	5,9	**28**	33	108
Accretion of bond payable	5	**298**	250	1,063
Interest expense		**1,107**	936	3,930
Income tax expense		**625**	337	1,106
Deferred tax expense		**794**	472	(4,594)
Unrealized foreign exchange amounts		**779**	608	567
Interest received		**10**	37	117
Interest paid		**-**	-	(3,930)
Tax paid		**(524)**	(1,418)	(2,556)
Changes in working capital	15	**(871)**	2,243	6,470
Cash from operating activities		**9,694**	7,902	18,984
Investing activities				
Asset acquisition (net of cash)	6	**-**	(4,096)	(4,152)
Capital expenditures - property, plant, and equipment	6	**(10,090)**	(4,647)	(19,776)
Capital expenditures - exploration and evaluation assets	7	**(209)**	(99)	(10,798)
Restricted cash		**-**	(24)	1,146
Cash used in investment activities		**(10,299)**	(8,866)	(33,580)
Financing activities				
Lease payments	10	**(333)**	(60)	(450)
Exercise of warrants (net of issue costs)	11	**140**	634	942
Cash from (used) in financing activities		**(193)**	574	492
Change in cash and cash equivalents		**(798)**	(390)	(14,104)
Cash and cash equivalents at the beginning of the period		**6,681**	22,450	22,450
Currency exchange differences in cash and cash equivalents		**(185)**	(2,870)	(1,665)
Cash and cash equivalents at the end of the period		**5,698**	19,190	6,681

Condensed Consolidated Statement of Changes in Equity

(TUSD)	Share Capital	Contributed Surplus	Other Reserves	Retained (Deficit) Earnings	Total Shareholders' Equity
Balance at 1 January 2020	**122**	**64,840**	**(10,772)**	**33,669**	**87,859**
Comprehensive result					
Result for the period	-	-	-	3,191	3,191
Currency translation difference	-	-	(18,496)	-	(18,496)
Total comprehensive result	-	-	(18,496)	3,191	(15,305)
Transactions with owners					
Stock based compensation	-	81	-	-	81
Exercise of warrants (net of issue costs)	1	633	-	-	634
Total transactions with owners	1	714	-	-	715
Balance at 31 March 2020	**123**	**65,554**	**(29,268)**	**36,860**	**73,269**
Comprehensive result					
Result for the period	-	-	-	(13,450)	(13,450)
Currency translation difference	-	-	(4,828)	-	(4,828)
Total comprehensive result	-	-	(4,828)	(13,450)	(18,278)
Transactions with owners					
Stock based compensation	-	257	-	-	257
Exercise of warrants (net of issue costs)	(1)	309	-	-	308
Total transactions with owners	(1)	566	-	-	565
Balance at 31 December 2020	**122**	**66,120**	**(34,096)**	**23,410**	**55,556**
Comprehensive result					
Result for the period	-	-	-	5,538	5,538
Currency translation difference	-	-	(5,376)	-	(5,376)
Total comprehensive result	-	-	(5,376)	5,538	162
Transactions with owners					
Stock based compensation	-	-	-	-	-
Exercise of warrants (net of issue costs)	-	138	-	-	138
Total transactions with owners	-	138	-	-	138
Balance at 31 March 2021	**122**	**66,258**	**(39,472)**	**28,948**	**55,856**

Parent Company Statement of Operations

(Expressed in thousands of Swedish Krona)	**Q1 2021**	Q1 2020	Full Year 2020
Revenue	-	-	-
Expenses			
General and administrative	**(2,328)**	(3,025)	(13,360)
Foreign currency exchange gain(loss)	**6,132**	187	(22,906)
Operating result	**3,804**	(2,838)	(36,266)
Net finance costs	**(3,245)**	(5,919)	(24,828)
Impairment on investment in subsidiaries and loans	**-**	-	(202,748)
Group contribution	**-**	-	5,500
Result before tax	**559**	(8,757)	(258,342)
Income tax	**-**	-	-
Net and comprehensive result for the period	**559**	(8,757)	(258,342)

Parent Company Balance Sheet

(Expressed in thousands of Swedish Krona)	**Note**	**31 March 2021**	31 December 2020
Assets			
Non-current assets			
Investment in subsidiaries		**4,368**	4,368
Loans to subsidiaries		**487,318**	471,839
		491,686	476,207
Current assets			
Accounts receivable and other		**429**	116
Restricted cash		**50**	50
Cash and cash equivalents		**4,139**	7,292
		4,618	7,458
Total Assets		**496,304**	483,665
Equity and Liabilities			
Restricted equity			
Share capital		**1,121**	1,117
Unrestricted equity			
Contributed surplus		**517,667**	516,500
Retained earnings		**(337,434)**	(79,092)
Net result		**559**	(258,342)
Total unrestricted equity		**180,792**	179,066
Total equity		**181,913**	180,183
Current liabilities			
Accounts payable and accrued liabilities		**16,069**	7,658
Bonds Payable	8	**298,322**	295,824
		314,391	303,482
Total liabilities		**314,391**	303,482
Total Equity and Liabilities		**496,304**	483,665

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 2020	**1,113**	**504,682**	**(79,092)**	**426,703**
Total comprehensive income	-	-	(8,757)	(8,757)
Transaction with owners				
Stock based compensation	-	782	-	782
Exercise of bond warrants (net of issuance costs)	9	6,121	-	6,130
Total transaction with owners	9	6,903	-	6,912
Balance at 31 March 2020	**1,122**	**511,585**	**(87,849)**	**424,858**
Total comprehensive income	-	-	(249,585)	(249,585)
Transaction with owners				
Stock based compensation	-	2,361	-	2,361
Exercise of bond warrants (net of issuance costs)	1	807	-	808
Exercise of incentive warrants	3	1,747		1,750
C2 shares cancellation	(9)	-	-	(9)
Total transaction with owners	(5)	4,915	-	4,910
Balance at 31 December 2020	**1,117**	**516,500**	**(337,434)**	**180,183**
Total comprehensive income	**-**	**-**	559	559
Transaction with owners				
Exercise of warrants (net of issuance costs)	4	1,167	-	1,171
Total transaction with owners	**4**	**1,167**	**-**	**1,171**
Balance at 31 March 2021	**1,121**	**517,667**	**(336,875)**	**181,913**

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, Oman 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 2020 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 2020.

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
During the first quarter 2021, the Company did not adopt any new standards and interpretations or amendments thereto applicable for financial periods beginning on or after 1 January 2021.

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

Operating segments are based on a geographic perspective and reported in a manner consistent with the internal reporting provided to the executive management as follows: (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.

- *United States of America (USA):* Includes all oil and gas activities in the Illinois Basin and LAK Field.

- *Corporate:* The Corporate segment aggregates costs incurred at the Company's corporate office in Sweden and the technical and support office in Canada as well as initial costs related to activities in Oman. These operating segments have similar economic characteristics as they do not currently generate revenue.

"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 March 2021			-		
Revenue	14,640	1,174	-	-	**15,814**
Royalties	(2,051)	(290)	-	-	**(2,341)**
Production and operating	(2,098)	(344)	-	-	**(2,442)**
Depletion, depreciation and amortization	(1,577)	(317)	(16)	-	**(1,910)**
General and administration	(159)	(16)	(1,106)	-	**(1,281)**
Exploration and business development cost	-	-	(50)	-	**(50)**
Foreign currency exchange (loss)gain	7	-	(2,127)	2,196	**76**
Other income	513	-	-	-	**513**
Operating results	9,275	207	(3,299)	2,196	**8,379**
Net finance costs	(610)	(5)	(807)	-	**(1,422)**
Current tax	(625)	-	-	-	**(625)**
Deferred tax	(794)	-	-	-	**(794)**
Net results	7,246	202	(4,106)	2,196	**5,538**

(TUSD)	**Brazil**	**USA**	**Corporate**	**Adjustments**	**Consolidated**
31 March 2020					
Revenue	11,207	-	-	-	11,207
Royalties	(1,530)	-	-	-	(1,530)
Production and operating	(1,819)	-	-	-	(1,819)
Depletion, depreciation and amortization	(1,115)	(14)	(3)		(1,132)
General and administration	(133)	(19)	(1,059)	-	(1,211)
Stock-based compensation	-	-	(81)	-	(81)
Exploration and business development cost	-	(40)	(92)		(132)
Foreign currency exchange (loss)gain	220	-	435	(775)	(120)
Operating results	6,830	(73)	(800)	(775)	5,182
Net finance costs	(566)	(3)	(612)	-	(1,182)
Current tax	(337)	-	-	-	(337)
Deferred tax	(472)	-	-	-	(472)
Net results	5,455	(76)	(1,412)	(775)	3,191

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	**Q1 2021**	Q1 2020	Full Year 2020
Brazil			
Crude oil	**14,532**	11,071	37,104
Natural gas	**108**	136	414
Brazil oil and gas sales	**14,640**	11,207	37,518
United States oil sales	**1,174**	-	1,500
Total revenue from contracts with customers	**15,814**	11,207	39,018

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 Q1 2021 (Q1 2020: two) that individually accounted for more than 10 percent of the Company's consolidated gross sales. Total sales to these customers for Q1 2021 were approximately USD $14.4 million (Q1 2020: $11.0 million), which are included in the Company's Brazil operating segment. Approximately, 77 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 March 2021, accounts receivable included $1.3 million of accrued sales revenue which related to the current quarter production.

5. Finance Costs

TUSD	**Q1 2021**	Q1 2020	Full Year 2020
Interest on bond payable (Note 8)	**1,073**	931	3,909
Accretion of bond payable (Note 8)	**298**	250	1,063
Accretion of decommissioning provision (Note 9)	**28**	33	108
Interest expense	**34**	-	21
Interest income	**(11)**	(32)	(119)
	1,422	1,182	4,982

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

(TUSD)	**Oil and gas properties**	**Equipment and Other**	**Right-of-use assets**	**Total**
Cost				
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**
Additions	7,210	2	-	7,212
Currency translation adjustment	(8,194)	(35)	(32)	(8,261)
31 March 2021	**95,762**	**2,124**	**5,986**	**103,782**

Accumulated depletion, depreciation and amortization				
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)**
DD&A	(1,615)	(34)	(315)	(1,964)
Currency translation adjustment	1,110	26	(2)	1,134
31 March 2021	**(13,018)**	**(759)**	**(929)**	**(14,706)**
Carrying amount				
31 December 2020	84,233	1,406	5,406	91,045
31 March 2021	**82,744**	**1,365**	**5,057**	**89,166**

7. Exploration and Evaluation Assets (E&E)

	TUSD
31 December 2019	**21,216**
Additions in the period	400
Oman acquisition	10,350
Impairment	(21,000)
Change in estimates	48
31 December 2020	**11,014**
Additions in the period	209
31 March 2021	**11,223**

8. Bond payable

	TUSD	TSEK
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**
Accretion of bond liability	298	2,498
Effect of currency translation	(2,108)	-
31 March 2021	**34,212**	**298,322**

For the current quarter Maha recognized TUSD 1,073 of interest and TUSD 298 of accretion related to the Bonds.

Early redemption of bond

On May 5, 2021, in accordance with the Conditional Early Redemption Notice, the Company redeemed the outstanding Bonds. The Bonds redeemed at an amount equal to 100.00 per cent of the nominal amount (i.e. SEK 100,000 per Bond) plus, as at May 5, 2021, accrued but unpaid interest and such amount was disbursed to the Bondholders.

Banco BTG Pactual S.A. (BTG) loan financing

On 30 March 2021, the Company signed a credit agreement and equity subscription with Brazilian Investment Bank BTG for total proceeds of USD 70 million, before customary fees and expenses. The financing consists of a four-year senior secured term loan of USD 60 million (the “Term Loan”) and a USD 10 million equity private placement (the “Private Placement”) through issuance of 7,470,491 new shares, at a price of SEK 11.59 per share, representing a 10% discount to the last 15 days volume weighted average share price. The USD 60 million Term Loan will be amortized in stages over the 4 years period commencing 15 months after closing of the loan agreement. The Term Loan will carry a stepwise interest rate of 12.75% to 13.5% post disbursement, increasing with loan amortization.

From the date of the credit agreement and up to disbursement a commitment fee equal to an annual rate of 12.60% is payable. No funds were disbursed as at 31 March 2021.

9. Decommissioning Provision

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

	(TUSD)
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**
Accretion expense	28
Foreign exchange movement	(116)
31 March 2021	**2,509**

10. Lease Liability

(TUSD)	
31 December 2019	**611**
Additions	4,974
Interest expense	21
Lease payments	(450)
Foreign currency translation	(463)
31 December 2020	**4,693**
Additions	-
Interest expense	34
Lease payments	(333)
Foreign currency translation	(35)
31 March 2021	**4,359**
Less current portion	1,189
Lease liability – non current	3,170

11. Share Capital

Shares outstanding	**A**	**B**	**Total**
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**
Exercise of bond warrants	136,963	-	136,963
Exercise of incentive warrants	180,238	-	180,238
31 March 2021	**101,463,886**	**483,366**	**101,947,252**

As at 31 March 2021 Maha A TO2 share purchase warrants outstanding were as follows:

	Number of Warrants	Exercise Price	Exercise Price
	#	SEK	USD
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**
Exercised – Q1	(136,963)	7.45	0.90
31 March 2021	**10,265,366**	**7.45**	**0.85**

Subsequent to the current quarter end, number of shares increased by 2,881,345 resulting from the same number of warrants of TO2 series exercised.

Warrant Incentive Program

The Company has an incentive program as part of the remuneration package for management and employees.

Warrants incentive programme	Exercise period	Exercise price, SEK	Number of warrants					
			1 Jan 2021	Issued 2021	Expired 2021	Exercised 2021	Cancelled 2021	**31 March 2021**
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			**1,710 ,000**	**-**	**-**	**-**	**-**	**1,710,000**

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 March 2021, the carrying value of the Bonds was TUSD 34,212 (31 December 2020: TUSD 36,022) and the fair value was TUSD 37,068 (31 December 2020: TUSD 37,068).

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 2020 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, 2020. 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.

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 $55.9 million (31 December 2020: USD $55.6 million) plus net debt of USD $28.5 million (31 December 2020: 29.3 million). At 31 March 2021, the Company's working capital deficit was USD $8.4 million (31 December 2020: USD $10.0 million), which includes USD $5.7 million of cash (31 December 2020: USD $6.7 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 31 March 2021, the Company signed a loan agreement and equity financing subscription with Brazilian Investment Bank BTG Pactual S.A. for total proceeds of USD 70 million before customary fees and expenses. The net proceeds from the financing is used to redeem the existing bonds payable, finance capital expenditures across Maha's portfolio and general corporate purposes.

15. Changes in non-cash Working Capital

(TUSD)	**31 March 2021**	31 March 2020
Change in:		
Accounts receivable	(120)	2,440
Inventory	27	75
Prepaid expenses and deposits	575	187
Accounts payable and accrued liabilities	(1,353)	(459)
Total	**(871)**	2,243

16. Pledged Assets

As at 31 March 2021, 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 March 2021 amounted to SEK 194 million (31 December 2020: SEK 194 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 2020: USD 88.1 million).

Subsequent to 31 March 2021, the Company redeemed the Senior Secured Bond on 5 May 2021 for which the Company has pledged the assets and as a result, these pledges have been subsequently released. In addition, the Company is required to pledge certain assets and provide certain guarantees in relation to the credit agreement with BTG.

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 4.6 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.

In the Illinois Basin, the Company has commitments to drill and complete four gross wells (3 net wells) during 2021. In addition, 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 company had not recorded this contingent consideration.

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

Subsequent to 31 March 2021, the Company completed the conditions precedent per the credit agreement with BTG and loan proceeds were disbursed to the Company. The Company also redeemed the Senior Secured Bond on 5 May 2021 for a total amount of SEK 316.5 million, including accrued interest. Subsequent to Q1 2021, the Company's cash position has increased significantly to approximately USD 32.5 million as at 25 May 2021.

In connection with BTG equity financing, the Company issued 7,470,491 new shares of series A during May 2021.

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	**Q1 2021**	Q1 2020	Full Year 2020
Revenue	**15,814**	11,207	39,018
Operating netback	**11,031**	7,858	23,523
EBITDA	**10,213**	6,434	18,104
Net result	**5,538**	3,191	(10,259)
Cash flow from operations	**9,694**	7,902	18,984
Free cash Flow	**(605)**	(964)	(14,596)
Net debt (TUSD)	**28,514**	9,908	29,341

Key ratios

	Q1 2021	Q1 2020	Full Year 2020
Return on equity (%)	**10**	4	-18
Equity ratio (%)	**47**	62	45
NIBD/EBITDA	**1.30**	0.29	1.62
TIBD/EBITDA	**1.56**	0.86	1.99

Data per share

	Q1 2021	Q1 2020	Full Year 2020
Weighted number of shares (before dilution)	**101,893,825**	101,117,060	101,357,757
Weighted number of shares (after dilution)	**106,865,342**	107,699,502	101,357,757
Earnings per share before dilution, USD	**0.05**	0.03	(0.10)
Earnings per share after dilution, USD	**0.05**	0.03	(0.10)
Dividends paid per share	**n/a**	n/a	n/a

Relevant reconciliation of Alternative Performance Measures:

Operating Netback

(TUSD)	**Q1 2021**	Q1 2020	Full Year 2020
Revenue	**15,814**	11,207	39,018
Royalties	**(2,341)**	(1,530)	(5,829)
Operating Expenses	**(2,442)**	(1,819)	(9,666)
Operating netback	**11,031**	7,858	23,523

EBITDA

(TUSD)	**Q1 2021**	Q1 2020	Full Year 2020
Operating results	**8,379**	5,182	(8,765)
Depletion, depreciation and amortization	**1,910**	1,132	5,624
Impairment on E&E assets	**-**	-	21,000
Foreign currency exchange loss / (gain)	**(76)**	120	245
EBITDA	**10,213**	6,434	18,104

Free cash flow

(TUSD)	**Q1 2021**	Q1 2020	Full Year 2020
Cash flow from operating activities	**9,694**	7,902	18,984
Less: cash used in investing activities	**(10,299)**	(8,866)	(33,580)
Free cash flow	**(605)**	(964)	(14,596)

Net debt

(TUSD)	**Q1 2021**	Q1 2020	Full Year 2020
Bonds payable	**34,212**	29,094	36,022
Less: cash and cash equivalents	**(5,698)**	(19,190)	(6,681)
Net debt	**28,514**	9,908	29,341

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

2021 Second Quarter: 23 August 2021
2021 Third Quarter: 22 November 2021

Contact information

For further information please contact:

Jonas Lindvall (CEO)
Tel: +46 8 611 05 11
Email: jonas@mahaenergy.ca

Andres Modarelli (CFO)
Tel: +46 8 611 05 11
Email: andres@mahaenergy.ca

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

Maha Energy AB

Head Office	Strandvagen 5A SE-114 51 Stockholm, Sweden (08) 611 05 11
Technical Office	Suite 240, 23 Sunpark Drive SE Calgary, Alberta T2X 3V1 403-454-7560
Email:	info@mahaenergy.ca