

Press release
Stockholm
28 February 2020

Maha Energy AB Announces Filing of Fourth Quarter Report & Live Webcast

Maha Energy AB (publ) ("Maha" or the "Company") is pleased to announce its Fourth Quarter results. The report is attached to this press release and available on the Company's website at www.mahaenergy.ca

Fourth Quarter 2019

- Daily oil & gas production for Q4 2019 averaged 3,165 BOEPD (Q4 2018: 2,454 BOEPD)
- Revenue of USD 13.7 million (Q4 2018: USD 12.6 million)
- Operating netback of USD 9.8 million or USD 35.00 per BOE (Q4 2018: USD 9.4 million or USD 43.26 per BOE)
- EBITDA of USD 8.4 million (Q4 2018: USD 8.5 million)
- Net result of USD 2.7 million (Q4 2018: USD 18.3 million, including USD 12.1 million of one-time other gains)
- Basic Earnings per share of USD 0.03 (Q4 2018: USD 0.19)
- Diluted Earnings per share of USD 0.02 (Q4 2018: USD 0.17)

Full Year Ended 31 December 2019

- The Company grew its 2P reserves to 41.8 MMBOE, a 25% increase as compared to year end 2018
- Drilled and completed the Attic well in the Tie Field and drilled a new delineation well (maha-1) in the Tartaruga block currently undergoing well testing.
- Daily oil & gas production for the full year 2019 3,044 BOEPD (2018: 1,804 BOEPD)
- Revenue of USD 55.6 million (2018: USD 38.1 million)
- Operating netback of USD 41.5 million or USD 38.96 per BOE (2018: 26.9 USD million or 41.57 USD per BOE)
- EBITDA of USD 35.9 million (2018: USD 22.4 million)
- Net result for the period of USD 19.7 million (2018: USD 25.6 million, including USD 12.1 million of one-time other gains)
- Basic Earnings per share of USD 0.20 (2018: USD 0.26)
- Diluted Earnings per share of USD 0.18 (2018: USD 0.25)
- Cash and cash equivalents balance of USD 22.4 million (2018: 20.3 million).

Financial Summary

<i>(TUSD, unless otherwise noted)</i>	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Full Year 2019	Full Year 2018
Net Daily Production (BOEPD)	3,165	3,593	2,739	2,669	2,454	3,044	1,804
Revenue	13,672	16,068	14,098	11,751	12,595	55,589	38,132
Operating netback	9,825	12,017	10,668	9,029	9,436	41,539	26,917
EBITDA	8,354	10,663	9,188	7,663	8,486	35,868	22,404
Net result for the period	2,679	6,570	6,157	4,248	18,267 ¹	19,654	25,645
Earnings per share – Basic (USD)	0.03	0.07	0.06	0.04	0.19	0.20	0.26
Earnings per share – Diluted (USD)	0.02	0.06	0.06	0.04	0.17	0.18	0.25
Cash and cash equivalents	22,450	20,421	20,504	19,768	20,255	22,450	20,255

¹ Q4 2018 Net result includes USD 11.3 million of recognized deferred tax recovery and USD 0.8 million of other gains.

Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

The fourth quarter and the end of 2019 marked the beginning of a new era for the Company. Maha is now firmly established as a successful oil producing company with two excellent oil fields in Brazil. First, the Tie field is rapidly turning into a cash machine with two excellent and predictable oil-producing sandstone reservoirs. Second, the Tartaruga field continues to deliver more oil from the Penedo sandstone. An example is the recently tested 107D horizontal well which flowed 990 BOEPD (939 BOPD & 303 MSCFPD) from the Penedo-1 zone on a restricted jet pump.

The Company now have a solid foundation to build on. To that extent, Maha staff are slowly turning their attention to further growth opportunities, and in a sector that has suffered greatly since the 2014 oil price collapse, opportunities are abundant. Furthermore, 2019 saw a sharp increase in North American oil company bankruptcies (42) which was the highest since the 2015/16 downturn (114). According to Haynes and Boones Oil Patch Bankruptcy Monitor, 208 North American oil and gas companies have gone bankrupt since the 2014 oil crash. Furthermore, the International Energy Agency (IEA) identifies North America and Brazil as the top two oil and gas growth areas in the world (IEA, "Oil 2019"). It is therefore clear that Maha is not only optimally positioned geographically, but with a very strong balance sheet and ready access to capital, the Company is positioned for growth.

Staying true to color, the Company's tried and tested strategy of identifying underperforming hydrocarbon assets and then adding state of the art technology to increase value will be continued.

Year on year 2P Reserves up by 25% – now at 39.750 million barrels of oil

In September 2019, the Company announced a significant oil reserve increase in the Tie Field as a result of the recently drilled 'Attic' Well. Also, important, and something that perhaps has gone unnoticed, is that the recent high-pressure sand stimulation work performed on the 7TTG well at Tartaruga increased the Proven reserves there by some 30%. The Company's Proven reserves increased by 18%, year on year. And finally, the Company's (proven) reserve replacement ratio is 147% for 2019. These numbers are excellent considering they all stem from technology implementation work done on existing and producing oil fields.

Last hurdle cleared on offtake capacity at Tie field.

After nearly a year of expansion commissioning work and licensing, our biggest customer for the Tie field oil received their final clearance to start refining more oil. Together with the recently added Petrobras operated Comboata receiving station, the Company now have offtake agreements in place to accommodate 4,850 BOPD from the Tie field. This is a significant increase from July 2017 when the Tie Field was purchased and offtake was limited to 1,100 BOPD.

Tartaruga 107D Test Results

The long awaited well test on the Tartaruga 107D horizontal was finally concluded and was better than expected. Considering that the 107D well was only intermittently 'coughing' oil and gas when Maha assumed the field in 2017, it was very encouraging that the well started to flow freely again. This is the whole purpose of horizontal drilling, particularly in 'tight' formations like the Penedo. Horizontal drilling adds valuable producible surface area in the well, and it provides for access to previously untapped parts of the reservoir. It was primarily the access to new parts of the reservoir that proved so fortuitous. In tight reservoirs, most of the inflow pressure drop occurs very close to the wellbore, so by drilling a short distance away from the original wellbore it allows for higher reservoir pressure. It is this high reservoir pressure that allows the oil to flow freely to the surface.

Because the 107D horizontal initially free flowed a mixture of oil, gas and water, it took some time to clean the well up. Over time, the water and oil emulsion reduced enough so that the oil could be treated in the Tartaruga facilities. Once the well had cleaned up enough, the well could then be placed on pump in order to evaluate the full productivity of the well. And as reported, productivity was more than what the Tartaruga facilities could currently handle. Simply put, the oil could not be trucked out fast enough.

Work is underway to increase the handling capacity of the Tartaruga facilities so that the oil from the 107D, 7TTG and predictably Maha-1 (to be tested) wells can be produced without restrictions. It is very encouraging that the Penedo sandstone contains so many zones with so much potential and at the moment the field is only producing from the Penedo-1 zone. No doubt, the added production from Tartaruga is welcomed, but currently, and although it is still early in the new year, the Company is producing in accordance with its' production plan for 2020.

I continue to be grateful to all Maha employees for their hard work and dedication that has made all this possible.

"Jonas Lindvall" Managing Director

Q4 Webcast

There will be a live webcast today, 28 February at 16:00 CET (Stockholm time) to review and discuss the Fourth Quarter results and provide an operational update. The webcast will be broadcast live on Nyhetsbyrån Direkts Youtube Channel and hosted by Laikas' Mr. Mats Jonsson and will feature Maha's CEO Jonas Lindvall and CFO Andres Modarelli. For further details please consult the Company's website: www.mahaenergy.ca

Adviser

Certified Advisor: FNCA Sweden AB, info@fnca.se, Telephone: +46-8-528 00 399.

For more information, please contact:

Jonas Lindvall (CEO)
Tel: +1 403 454 7560
Email: jonas@mahaenergy.ca

or

Andres Modarelli (CFO)
Tel: +1-403-454-7560
Email: andres@mahaenergy.ca

or

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

Miscellaneous

This information is published in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above on 28 February 2020, at 6:00 am CET.

Maha in Brief

Maha Energy AB is a Swedish public limited liability company. FNCA Sweden AB has been engaged as Certified Adviser. The Company's auditors are Deloitte. The Company's predecessor Maha Energy Inc. was founded in 2013 in Calgary, Canada, by Jonas Lindvall and Ron Panchuk. In May 2016, the new group was formed with Maha Energy AB as parent company for purposes completing an initial public offering on the Nasdaq First North Growth Market stock exchange. Jonas Lindvall, CEO and Managing Director, has 26 years of international experience in the oil and gas industry, starting his career with Lundin Oil during the early days of E&P growth. After 6 years at Shell and Talisman, Jonas joined, and helped secure the success of, Tethys Oil AB. Maha's strategy is to target and develop underperforming hydrocarbon assets on global basis. The Company operates three oil fields, Tartaruga and Tie in Brazil and LAK Ranch, in Wyoming, U.S. For more information, please visit our website www.mahaenergy.ca.

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