

Maha Energy AB (publ)
Strandvägen 5A
SE-114 51 Stockholm
www.mahaenergy.ca

Press release
Stockholm
May 22, 2020

Updated production guidance and capital plan for 2020 due to effects from Covid-19

Due to the effects of the Covid-19 pandemic currently sweeping across Brazil, Maha Energy AB (publ) has reduced its' average annual production guidance from 5,000 – 5,500 BOEPD to 4,000 – 5,000 BOEPD.

“The Covid-19 pandemic is now taking a toll on our operations. The domino effect of border closures, deliveries of vital equipment and services and lower end user gas demand, to name a few, has required us to revise our 2020 production guidance. These factors, which are outside our control, have indirectly led to an unforeseen reduction in oil production. At this time, we continue to be uncertain on the future impact of Covid-19 to our production volumes, but like most companies we are working hard to offset the reduction in production volumes with a corresponding reduction in expenditures. At current oil prices, the Company's financial condition is robust and we expect to continue to fulfill all our future financial obligations, including the full repayment of the SEK 300 million bond next year, despite the production guidance reduction” stated Jonas Lindvall, CEO of Maha Energy AB.

Natural gas is a by-product of the produced oil, and if the gas cannot be disposed of, the oil production must be curtailed accordingly. The Brazilian Government has granted a temporary flaring easement to ensure continuous oil production during the Covid-19 pandemic, which is reducing the impact of the curtailment. And even though the Tie oil processing plant is capable of handling oil and gas mixtures of up to 4,850 BOPD, the plant is not designed to flare 100% of the liberated gas on a continuous basis.

As a result of the annual average production guidance revision, the Company continues to revise and optimize its' 2020 Capital Plan. The previously announced reduction in the Capital Plan for 2020 has now been amended to include rephasing of the Tie wells (TS-1 & TS-2) and the inclusion of a new Compression Project at Tie along with some work on the newly acquired Illinois Basin assets. Total capital expenditures for 2020 is now estimated at USD 15.5 million, down 25% from the original USD 20.7 million.

Maha Energy's assets are low cost, low risk producing assets, and at current oil prices (\$32 - \$36 per barrel), the Company estimates consolidated annual average OPEX to be +/- US\$ 4.95 – US\$ 5.65 per BOE.

CAPEX (Capital Plan)

Tie Field

-TS-1 & TS-2: These two Tie field development wells, originally scheduled for Q2/Q3 this year, will now be drilled towards the end of Q4, and TS-2 (water injector) may slip into 2021.

-Tie Compression Project (new): the addition of two (2) 1,380 HP Ariel Compressors at the Tie field to provide 'spill over' gas reinjection capabilities have now been added to the capital plan for 2020.

Tartaruga Field

-Maha-2: This contingent follow-up well to Maha-1 on Tartaruga has been rescheduled for 2021.

-Maha-1: The completion of the testing of this well at Tartaruga has been rescheduled for 2021.

-Tartaruga expansion: With the postponement of completing Maha-1, the Tartaruga expansion project will continue, but at a slower pace. Oil production from Maha-1 (above) is needed in order to achieve the planned 2,500 BOPD capacity production at Tartaruga.

Illinois Basin (IB)

Contractual commitments may require the Company to drill one well and to complete a drilled but uncompleted well on the IB asset. This activity is scheduled for Q3 and Q4 this year. Other 2020 commitments have been successfully rescheduled to 2021.

OPERATIONAL UPDATE

Tie Field

New Wells TS-1 & TS-2

Location work is all but complete, a drilling rig has been identified and will be contracted in due course, but the drilling of these two wells has been pushed back to Q4 this year. The delay in drilling and completing these wells will not affect field production at the Tie field.

GTE-4

GTE-4 was worked over and dually completed in April. GTE-4 is now on pump and is being flow tested.

Gas Compression

Two (2) 1,380 HP (each) gas compressors have been leased by Enerflex Inc to provide gas reinjection for unsold gas at the Tie field. Any associated gas that cannot be sold will be reinjected to provide pressure support to the reservoir and redundancy to the production operations. The compressors will take any 'spill over' gas that cannot be sold downstream and reinject it to ensure that oil production can continue uninterrupted. The gas compressors are expected to be commissioned at the end of Q3.

Tartaruga

Maha-1

The testing of Maha-1 was suspended in March due to the indirect effects of the Covid-19 Pandemic. As Brazil started to lock down, it became more and more difficult to move goods and services to and from Tartaruga. A key item required for the testing and stimulation for Maha-1 was perforating explosives, which became impossible to move in a timely fashion. As a result, it was decided to suspend testing operations at Tartaruga. Testing operations will resume as soon as services resume as normal in Brazil.

Tartaruga Facilities

The current oil handling facilities at Tartaruga can handle up to 800 BOPD. Work is underway to expand these facilities to handle up to 2,500 BOPD. Equipment has been identified and purchased. However, the 2,500 BOPD handling capacity at Tartaruga is not expected to be required until Maha-1 is brought on stream. A temporary oil handling system will be leased to ensure sufficient handling capacity at Tartaruga whilst the Facility upgrades are being finished.

Webcast Question & Answers Session

The Company will present its Q1 Report on Tuesday 26 May at 6 PM CET. During this presentation, Jonas Lindvall, the CEO of Maha Energy AB, will provide a full Company operational update, comment on the production guidance revision and be available to take questions. A link to the webcast is available on the Company's website: www.mahaenergy.ca. Interested parties are encouraged to e-mail questions ahead of time to victoria@mahaenergy.ca. Questions posed on the day of the presentation should be done directly in the YouTube Comments/Questions field.

For more information, please contact:

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

or

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

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 22 May 2020, at 7:00 PM CET.

Maha in Brief

Maha Energy AB is a Swedish public limited liability company. FNCA Sweden AB has been engaged as Certified Adviser and can be contacted at info@fnca.se or +46-8-528 00 399. 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 Sweden stock exchange. Jonas Lindvall, CEO and Managing Director, has 30 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, Powder River (LAK Ranch) and Illinois basins in the United States For more information, please visit our website www.mahaenergy.ca.