

To

3R Petroleum Óleo e Gás S.A. (“3R Petroleum” or “Company”)

Praia de Botafogo, No. 186, room 1401 and 1501, Botafogo

Rio de Janeiro – RJ, Zip Code: 22.250-145

Att: Members of the Board of Directors

Mr. Roberto Castello Branco (Presidente do Conselho de Administração)

Mr. Richard Chagas Gerdau Johannpeter

Mr. André de Camargo Bartelle

Mr. Guilherme Affonso Ferreira

Mr. Harley Lorentz Scardoelli

Ms Paula Kovarsky Rotta

C/C: Mr. Mateus Dias - CEO, and Mr. Rodrigo Pizarro - CFO and IRO

Ref.: Letter to 3R Petroleum’s Board of Directors outlining plans for potential optimization and capital return enhancement.

Dear Board Members,

We trust this letter finds you well. As duly notified to 3R Petroleum’s management, on this date, **Maha Energy AB’s** (“Maha” or “we”) participation in 3R Petroleum has reached 11,999,248 common shares, equivalent to 5.00% (five percent) of the Company’s capital stock.¹ We strongly believe that this milestone marks the beginning of an exciting chapter in the Brazilian energy industry.

With this letter, we intend to clearly articulate our views and plans to unlock significant value to all shareholders of 3R Petroleum, aligned with our shared principles of sustained growth and efficiency.

(I) Background

“It’s all about scale with efficiency”

With aspirations of growth and profitability, the oil and gas industry emerged as a prime hub for multi-billion-dollar mergers and acquisitions over the last 12 months. Some of the world's largest oil companies engaged on a competitive sprint to secure oil reserves, essential for the coming decades. These transactions are unfolding on a magnitude seldom witnessed since the mega-mergers of the 1990s and early 2000s, which formed the E&P giants. Given the finite nature of oil, those companies are seeking to gain relevance, scale and secure the best assets in an attempt to produce these barrels with the greatest efficiency, lowest cost and emissions.

In the Brazilian context, particularly following Petrobras’ divestment program, consolidation emerges as an even more compelling and essential trajectory. This is underpinned by the synergies inherent in the existing fields of 3R and PetroRecôncavo in Rio Grande do Norte and Bahia and associated infrastructure.

Today, 3R Petroleum has evolved into one of the most prominent independent oil and gas companies in Brazil, boasting a top-tier portfolio encompassing upstream, mid-stream and downstream assets.

With a second-to-none, 25+ year track record in the Brazilian onshore E&P industry, PetroRecôncavo S.A. (“PetroRecôncavo”) has also delivered substantial production growth over the last couple of years,

¹ Maha is a holder of a derivate instrument providing equity exposure to shares issued by 3R Petroleum.

leveraging on the depth of its highly skilled and experienced management team and well as prolific portfolio of assets.

We have a strong view that the stock market currently does not properly appreciate the intrinsic value of neither 3R Petroleum or PetroRecôncavo and there are enormous opportunities to be captured by both companies together. For this reason, we believe the Brazilian market is now ripe for a second wave of M&As, driven by optimization of asset portfolios, capture of synergies and formation of the players that will lead the industry in the years to come.

(II) Proposed Transaction

Maha's proposed strategy for 3R Petroleum contemplates the initiation of a consolidation plan within the Brazilian onshore segment, followed by the separation of 3R Petroleum's offshore assets. This endeavor would entail the following steps:

- (a) Onshore Carve Out: segregation of 3R Petroleum's onshore oil concessions, midstream and downstream assets, as well as its debt/liabilities, under a contribution into another onshore player, ("Carve-Out Transaction"). We foresee PetroRecôncavo as the natural candidate for the Carve-Out Transaction, given the extensive existing synergies.

Maha's proposal envisions the Carve Out Transaction to be carried out on along the lines of a 50/50 rationale. That said, upon the conclusion of the Carve-Out Transaction (i) 3R Petroleum's shareholders would also hold PetroRecôncavo's shares; and (ii) the existing PetroRecôncavo's team will remain in charge of running its business, such team being strengthened by the highly talented 3R Petroleum's staff.

- (b) Offshore Strength: post the Carve Out Transaction (i) 3R Petroleum's offshore assets – namely, Papa Terra and Peroá Clusters – would remain under 3R Petroleum's corporate structure, and continue to be led/ operated by the Company's existing team; and (ii) 3R Petroleum would continue to be listed on B3 (Brazilian Stock Exchange). With that, 3R Petroleum will concentrate its efforts on the enchantment of its offshore assets.

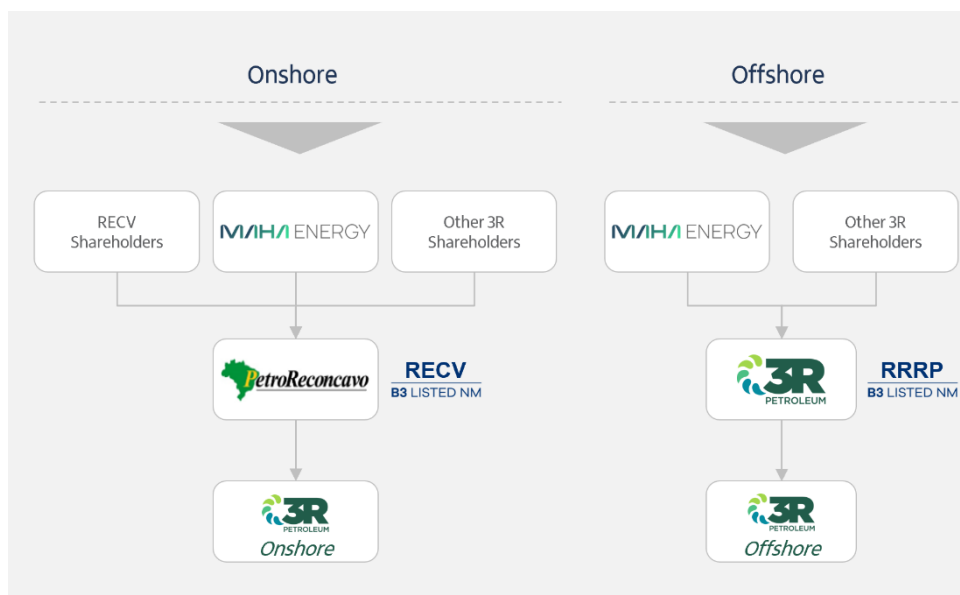


Figure 1: Shareholder structure post proposed transaction

The current moment presents an ideal window for revitalizing 3R Petroleum, primarily by consolidating its onshore assets, while simultaneously intensifying efforts to enhance its offshore portfolio (which also offers substantial consolidation potential).

(III) Rationale

Latin America and Brazil has been a prime area of focus for Maha given the company and its largest shareholders presence and extensive experience in the region. Benefiting from a strong balance sheet, Maha has over the last year analyzed multiple investment opportunities in the E&P industry.

We strongly believe our Proposed Transaction offers the most appealing investment opportunity available today.

(a) Consolidation of the onshore assets

We view the consolidation of 3R Petroleum's onshore assets with PetroRecôncavo as a logical progression in the pursuit of shareholder value enhancement for both entities. Among the innumerable merits of the business combination are:

- The combined onshore portfolio would encompass approximately 458¹ million barrels of 1P reserves and 604¹ million barrels of 2P reserves (based on the most recent public information). These figures would translate into a 2024 combined production of around 80,000 boed, with potential to generate ~USD 2.1 billion in revenues and ~USD 1.1 billion in EBITDA² pre-synergies.
- There are sound and operational synergies within the Potiguar (Rio Grande do Norte) and Recôncavo (Bahia) basins. This synergy is particularly pronounced as PetroRecôncavo requires access to critical infrastructure, including the Guamaré Gas Processing Plant, the export facilities at Terminal de Guamaré, and the Clara Camarão refinery. These essential assets are all integral components of 3R Petroleum's Potiguar cluster. The combined entity would avoid the need for PetroRecôncavo to make substantial investments in creating its own infrastructure, thus maximizing output, efficiency and operational reliability.
- Increased production scale has the potential to enable the combined entity to negotiate more favorable terms and conditions with its primary suppliers. This, in turn, can result in the substantial reduction of SG&A (Selling, General, and Administrative) and operational costs, ultimately driving down lifting costs to single-digit levels.
- Potential synergy gains to be captured by optimizing rig usage among both companies, reducing idleness and overlaps. The integration of adjacent fields into one single operation, and the more optimal mix of owned and leased fleet of the combined company, could lead to a more efficient deployment of workover and drilling rigs and better capital allocation towards the large production revitalization plans of the coming years.
- As an immediate outcome of this potential combination, we anticipate a significantly stronger balance sheet, characterized by more favorable leverage ratios, better ratings and ultimately resulting in a likely reduction in debt costs. The pro-forma estimated Net Debt to EBITDA ratio would be around 1.4x in 2024 with a Gross Debt/NAV of 28%.

¹ Based on the latest reserve certification reports. For PetroReconcavo, includes Tiê e Tartaruga, as per Maha's latest reserve report available

² The numbers provided hereunder are based on Maha's internal assumptions.

With the Full Onshore Carve-Out Transaction, PetroRecôncavo is poised to transform into a significant cash flow generator, and dividend payer, establishing itself with a distinctive position in the Brazilian oil and gas market. Both companies have experienced underperformance of its shares over the past months. PetroRecôncavo is trading 43% below its all-time high, while 3R is trading 45% below its all-time high.³ Both companies are currently trading at significant discount to the industry benchmark (RRRP3 current multiple P/NAV of 0.27x and EV/2P of USD 5.3/boe and RECV3 current multiple P/NAV⁴ of 0.58x and EV/2P of USD 7.2/boe). Following the proposed transactions, however, this combined entity would possess noteworthy attributes that could justify a premium over its peers. These include:

- Diversified production from multiple wells, yielding high-quality oil and gas output.
- Operating on an investor-friendly jurisdiction, with solid regulatory framework and royalties below 10% rate.
- Fully verticalized business model with ample access to rigs, infrastructure and no dependance from third parties to deliver its business plan.
- The scale to drive down lifting costs substantially.
- Improvement in oil trading prices with larger volumes
- The most experienced management team in the industry
- Eligibility to SUDENE benefits due to its location in the northeastern region of Brazil, resulting in a 75% reduction in its tax rate.
- Substantial increase in trading liquidity.

The combination of these elements shall allow the company to have one of the highest Free Cash Flow per barrel in the Latin American context, warranting a comprehensive reevaluation of 3R Petroleum's and PetroRecôncavo's valuation and a strong downside protection in lower oil prices scenarios.

(b) Offshore Assets

We are impressed by the latest production progress in the Papa Terra field and understand that there is still lot of potential upside in 3R Petroleum's offshore assets in terms of production profile and efficiency increase arising from the improvements on the 3R Offshore's unique existing infrastructure. 3R Offshore assumed control of the Papa-Terra cluster's assets subsequent to substantial investments made by Petrobras and its joint venture partner in field development and infrastructure. Papa Terra is one of the most important assets of 3R Petroleum with approximately 2 billion barrels of oil in place (as per ANP's public information) and has been presenting consistent production increase in the last quarters.

Papa Terra is very well positioned and unique asset given, mostly, the existing infrastructure (which includes its own FPSO), avoiding expensive daily rates. Furthermore, there is ample room for future exploratory upsides in the years ahead, considering the field's low oil recovered factor, currently estimated at approximately 2%.

Regarding the Peroá Cluster, which includes, among its assets, a large tieback opportunity (large gas prospect with low-cost tieback to existing infrastructure), we are convinced that it is a very high-quality asset with stable production and good take-or-pay contracts with possible room for growth, considering Malombe discovery -- with contingent resources of dry gas in an industrial area with high consumption.

³ Based on publicly available information, considering January 16, 2024's shares price.

⁴ PetroRecôncavo NAV was adjusted to reflect applicable estimated income taxes.

Finally, we currently envision a number of consolidation opportunities in the offshore space in Brazil and 3R Petroleum would be well positioned to lead that process once the Carve-Out Transaction is implemented.

The current market dynamics present an ideal window for reorganizing 3R Petroleum, primarily by consolidating its onshore assets, while simultaneously intensifying efforts to enhance its offshore portfolio.

(IV) Implementation Strategy

Maha's strategic plan includes the following key steps:

- Together with the 3R Petroleum's Board of Directors present a business combination proposal to PetroRecôncavo, aiming to agree on a term sheet no later than February 28th, 2024.
- Negotiate with PetroRecôncavo, with ambition to finalize and execute definite agreements during the 2Q.
- Proceed to secure approvals from relevant authorities and creditors to close the transaction in the 3Q.

The benefits of this proposed transaction and refreshing to 3R Petroleum's, PetroRecôncavo and Maha's shareholders are manifold. The proposed Full Onshore Carve-Out Transaction will create a massive enterprise, poised for substantial cost reduction and efficiency gains. Lower debt costs will be achieved through improved access to capital markets and enhanced financial stability. Furthermore, the consolidated entity will offer shareholders the advantage of a much larger liquidity pool in the stock exchange, providing improved trading opportunities and liquidity for investors of the involved entities.

We firmly believe that the creation of a pure-play onshore portfolio, characterized by a cash-flow-focused approach, has the potential to prompt a substantial reevaluation of the involved entities. Assuming 40% discount to NAV (estimated for the combined entity at USD 6.2 billion), in line with market peers, this enterprise could witness a valuation increase of approximately USD 1.2 billion. In addition to that, we also estimate that the NPV of the synergies could reach over USD 1 billion. These effects combined could almost double the current market value of PetroRecôncavo and 3R's onshore assets.

We hope and believe that you share our views on 3R Petroleum and on our suggested steps forward. Thank you for your attention to this important matter, and we anticipate a prosperous and mutually rewarding journey with 3R Petroleum.

Yours faithfully,

Maha Energy AB

About Maha

Maha Energy AB (publ) is a listed, international upstream oil and gas company whose business activities include exploration, development and production of crude oil and natural gas. The strategy is to target and develop underperforming hydrocarbon assets on a global basis. Maha holds direct and indirect interests in producing assets in Brazil and the United States, and in an exploration asset in the Sultanate of Oman. The shares are listed on Nasdaq Stockholm (MAHA-A). For more information, please visit Maha's corporate website www.maha-energy.com.