

Maha Energy signs an exclusive agreement to potentially invest and acquire 24 percent of the indirect equity interest in the Venezuelan oil company PetroUrdaneta

Maha Energy has signed an exclusivity private instrument with Novonor Latinvest Energy S.à.r.l ("Novonor") granting Maha exclusive rights to acquire 60 percent of Novonor's 100% owned Spanish subsidiary Odebrecht E&P España SL r.l ("OE&P" or "Partner B"), which holds 40 percent equity interest of PetroUrdaneta, an O&G joint venture company operating in Venezuela. The consummation of the transaction will be subject to certain conditions, including the Venezuelan Oil Minister's prior approval. The potential acquisition is evidence of Maha's ambitious growth strategy and value creation plan.

PetroUrdaneta operates three fields in the Maracaibo Basin region in northwestern Venezuela. Shareholders include PDVSA (60%) and OE&P (40%). The field's last reported production is over 1,000 bopd. Upon the obtaining of proper authorizations, we look forward to working closely with the joint venture partner to enhance the operations with potential investments in the area. Maha's plan includes well recompletion and workover, with the upside of a potential production and consequent commercialization of the existing associated natural gas reserves in the area. According to independent energy research company Rystad Energy, the fields in Novonor's portfolio in Venezuela has more than 8 billion barrels of oil in place. Rystad Energy underlined that the estimates in Venezuela are connected to significant uncertainty.

"Maha has previously communicated its intention to continue with ambitious and value-creating global M&A – by targeting mature oil and gas fields. PetroUrdaneta has vast reserves and a large stock of inactive wells, meaning opportunities for rapid ramp-ups through small interventions of shut-in wells at low investment costs," said **Kjetil Solbraekke**, CEO of Maha Energy.

About the transaction:

- Maha to pay EUR 4.6m for an exclusivity period of up to 9 months. During this period, Maha and its advisors intend to perform the necessary due diligence to confirm the financial, legal, regulatory, and operational feasibility of the proposed transaction and obtain necessary approvals for the signing of the definitive documents and relevant agreements, including but not limited to the prior approval of the Venezuelan Oil Minister.
- Maha would pay an additional EUR 4.6m in case it decides to extend the exclusivity for an additional 12 months, or upon the execution of the relevant definitive documents.
- Thereafter, Maha has a call option to acquire shares or quotas representing 60 percent of OE&P's holdings (price: EUR 1.00).
- In the absence material adverse effect ("MAE") and in the event of exercise of Maha's 60 percent-call option, Maha to pay a premium of EUR 18m in instalments, from the 2-, 3-, 4-year after the Maha's exercise its 60 percent call option.
- At any time during the two years following the closing, Maha has a call option on the remaining 40 percent of Partner B – taking Maha Energy's total stake up to 40 percent of PetroUrdaneta.

Venezuela has the largest proven oil reserves in the world. It comprises more than 300 billion barrels, equaling 17,5 percent of the world's entire reserves. On October 18, 2023, the U.S. Department of the Treasury (OFAC) temporarily authorized transactions with certain sanctioned parties in Venezuela, including PdVSA, through midnight of April 17, 2024. The Venezuela General License 44 can be extended if conditions remain favorable. Hence, although there was no US person involved in the transaction, this may change in the future, considering General License 44.

"The acquisition is in line with Maha's ambition to pioneer and generate value to shareholders, as we reinforce our strategy of inorganic growth at attractive low entry multiples. Maha acknowledges the sensitive nature of the acquisition and operations in Venezuela and will never compromise on its commitment to global standards and best practices. We are, therefore, fully committed to being transparent, acting responsibly and adhering to all rules and regulations. Furthermore, Maha intends to actively contribute to surrounding communities through financial initiatives and by utilizing local contracting wherever possible," said **Kjetil Solbraekke**.

Contacts

Kjetil Solbraekke, CEO, Phone: +46 8 611 05 11, E-mail: info@maha-energy.com
Guilherme Guidolin de Campos, CFO, Phone: +46 8 611 05 11, E-mail: info@maha-energy.com
Jakob Sintring, Head of IR, Phone: +46 8 611 05 11, jakob.sintring@maha-energy.com

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.mahaenergy.ca.

This information is information that Maha Energy is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-10-19 22:23 CEST.