

Maha Energy AB Announces Filing of Fourth Quarter 2021 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 2021

- Daily oil & gas production for Q4 2021 averaged 3,098 BOEPD (Q4 2020: 2,738 BOEPD)
- Revenue of USD 17.8 million (Q4 2020: USD 8.7 million)
- Operating netback of USD 11.9 million or USD 42.37 per BOE (Q4 2020: USD 4.2 million or USD 17.66 per BOE)
- EBITDA of USD 15.6 million (Q4 2020: USD 2.7 million)
- Net result of USD 7.4 million (Q4 2020: USD -15.7 million)
- Basic Earnings per share of USD 0.06 (Q4 2020: USD -0.15)
- Diluted Earnings per share of USD 0.06 (Q4 2020: USD -0.15)
- Subsequent to year end, the company announced 24-hour test results of 4,400 BOPD and 1,766 MSCFPD (4,695 BOEPD1) on the Tie-4 well using an Electric Submersible Pump (ESP).
- On January 25th 2022, the Tie-5 Agua Grande (AG) horizontal well in Brazil was spudded.

Full Year 2021

- Daily oil & gas production for 2021 averaged 3,387 BOEPD (2020: 3,301 BOEPD)
- Revenue of USD 68.3 million (2020: USD 39.0 million)
- Operating netback of USD 46.1 million or USD 38.18 per BOE (2020: USD 23.5 million or USD 20.06 per BOE)
- EBITDA of USD 47.7 million (2020: USD 18.1 million)
- Net result for the period of USD 21.6 million (2020: USD -10.3 million)
- Basic Earnings per share of USD 0.19 (2020: USD -0.10)
- Diluted Earnings per share of USD 0.19 (2020: USD -0.10)
- Cash and cash equivalents balance of USD 25.5 million (2020: USD 6.7 million)

Financial Summary

<i>(TUSD, unless otherwise noted)</i>	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	FY 2021	FY 2020
Net Daily Production (BOEPD)	3,098	3,610	3,104	3,742	2,738	3,387	3,301
Revenue	17,818	19,496	15,178	15,814	8,659	68,306	39,018
Operating netback	11,913	13,568	9,548	11,031	4,247	46,060	23,523
EBITDA	15,615	12,909	8,988	10,213	2,720	47,725	18,104
Net result for the period ¹	7,363	6,083	2,603	5,538	(15,702)	21,587	(10,259)
Earnings per share – Basic (USD)	0.06	0.05	0.02	0.05	(0.15)	0.19	(0.10)
Earnings per share – Diluted (USD)	0.06	0.05	0.02	0.05	(0.15)	0.19	(0.10)
Cash and cash equivalents	25,535	31,778	34,139	5,698	6,681	25,535	6,681

¹ Net result of Q4 2020 and full year 2020 includes an impairment charge of USD 21.0 million.

Letter to shareholders

Tie-4 4,695 BOEPD

After experiencing severe hole problems trying to land the Tie-4 well as a horizontal producer in the Agua Grande (AG) reservoir, it was decided to reconfigure the well to a vertical producer. Once the well was plugged back and sidetracked, it did not take long to reach the total depth of 2,221 m on December 17th, 2021. Initial rig based production tests gave preliminary indications of what was to come, and when the new Electric Submersible Pump (ESP) was finally engaged a month later, it quickly became evident that Tie-4 was to become a record well for Maha. It is the best producing well ever drilled in the Company's short history, and in Brazil it ranks as the third best well ever drilled onshore Brazil. In fact, during the testing operations, all but one well had to be temporarily shut in to accommodate the oil production from Tie-4.

Niclas Biornstad, Maha's Production Manager in Brazil, laughed and said: "We had a little friendly wager going to see who could predict the production rate of Tie-4 before we started the ESP. One of our Operators, Ronald Santos, came closest by estimating 3,600 BOEPD."

The ESP, a first for Maha in the Tie field, was only working at a third of its' potential power suggesting there is more production available. But with a rate of 4,695 BOEPD, the production facility was being put through its' paces.



Maha Tie field staff celebrating the excellent test results of Tie-4.

Tie-4 is now hooked up to the Tie production facilities and producing according to plan. All wells are back on production and the field staff are busy balancing production from all six producers.

Tie Field

Going forward on the Tie field, the GTE-3 well requires a workover to fix a leak in the tubing. This well will also be recompleted with an ESP. The ESP allows for greater drawdown of the reservoir, which translates to higher production volumes compared to a hydraulic jet pump. A drawback of the ESP, however, is that if it breaks it requires a rig assisted intervention, which is costly and takes valuable time.

Furthermore, the Tie-3 well is being converted to a edge water injector to provide important reservoir pressure maintenance. Reservoir pressure maintenance benefits ultimate oil recovery and reduces gas production from the wells. Finally, the ALV-2 water injector requires a tubing change to accommodate gas re-injection.

These planned workovers and the planned hook up of the Tie-5 well will affect Tie production volumes during 2022.

Tie-5 - an important horizontal well

The Tie-5 well was spudded on January 25, 2022 and is currently drilling in the main 12-1/4" hole. Significant changes have been made to the well design to address the drilling obstacles encountered whilst trying to land the Tie-4 well. Changes include; deepening of the 9-5/8" casing shoe, drilling the troublesome Lower Candeias in a shorter section and maintaining a wellbore inclination less than 60 degrees. The Tie-5 well will also be completed using an ESP.

Completion of the Tie-5 well is expected during the second quarter of this year and will provide important spare production capacity to the Tie field. The 500 meter horizontally completed well will access up to 4 times more oil than a conventional vertical producer. And more importantly, it will also serve as swing producer so that the production plateau can be maintained even if a well goes down for maintenance.

Oman

The Mafrag team have been busy procuring long lead items and services for the upcoming drilling program in Oman. At the moment, three drilling rigs are being evaluated with a view to start drilling sometime during the second quarter of 2022.

Illinois Basin (IB)

At our IB properties, Hayden Ott and his team have been busy hooking up all the wells drilled last year to production tanks. At the end of 2021, all wells had been hooked up and all but one were producing oil. Production rates are as expected and although five wells took longer to dewater stimulation fluids than expected, February (to date) average production is 476 BOPD. The last well, Ford-35-3, is now hooked up to a pump and is showing signs of good oil production as well.

Even though the price of oil is conducive for drilling more wells in IB, the Company will continue to further evaluate production results from the twelve wells drilled during 2021 before deciding on further drilling in 2022. However, two commitment wells will be drilled during the first half of 2022.

Since the oil price collapse of 2014, and the ensuing pandemic of 2020/21, the oil industry has been hit hard. Capital investment into the industry has suffered and as demand continues to grow unabated, despite calls for the great energy transition, the world is now finding it-self short of oil and gas. Maha is well positioned in this very exciting industry to deliver more barrels and more gas as demand continues to increase. With the addition of Oman, where approximately half of the Company's future reserves and resources are located, Maha is poised for further growth. Maha has gone from 1,000 BOEPD in 2017 to 4,275 BOEPD in January, 2022 - and that with a pandemic to boot.

Finally, I wish to thank my fellow Maha colleagues who work so tirelessly for all of us, and to all loyal shareholders who support us. Thank you!

Yours truly,

*Jonas Lindvall
Managing Director*

Q4 Webcast today at 16:00 CET

There will be a live webcast today, 28 February at 16:00 CET (Sweden time) to present the quarterly results and provide an operational update. A link to the webcast is available on the Company's website: www.mahaenergy.ca. Questions posted on the day of the presentation should be made directly in the YouTube Comments/Questions field. The webcast will be broadcast live on Nyhetsbyrån Direkts Youtube Channel and is hosted by Laikas' Mr. Kaarlo Airaxin, and will feature Maha's CEO Jonas Lindvall and CFO Andres Modarelli.

This information is such information as Maha Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 07:30 CET on 28 February, 2022.

For more information, please contact:

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

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



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

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 global basis. Maha operates four oil fields: Tartaruga and Tie in Brazil, Powder River (LAK Ranch) and Illinois Basin in the United States. The shares are listed on Nasdaq Stockholm ([MAHA-A](#)). The head office is in Stockholm, Sweden with a technical office in Calgary, Canada, as well as operations offices in Grayville, Illinois, USA and Rio De Janeiro, Brazil. For more information, please visit our website www.mahaenergy.ca