

Business combination between Maha and DBO 2.0 – a private upstream oil and gas company focusing on mature offshore fields in Brazil

Maha Energy AB (publ) ("**Maha**" or the "**Company**") is pleased to announce that it has signed a binding term sheet regarding a business combination with DBO 2.0 S.A. ("**DBO**") for a consideration of 36,775,410 new shares in Maha (the "**Transaction**"). Maha and DBO have agreed in the term sheet to conclude the final documents during a 45-day exclusivity period. The Transaction is subject to inter alia confirmatory and satisfactory due diligence, board approvals and, if applicable, regulatory approvals, and a general meeting in Maha approving the necessary resolutions. The Transaction is expected to close in Q1 2023.

DBO is a private upstream oil and gas company focusing on mature offshore fields in Brazil. DBO was established in 2017 and has brought North Sea investors to invest into Brazilian assets, working with Brazilian partners and applying the most advanced North Sea approaches to identify additional reserves, develop mature oil and gas fields and increase oil and gas recovery.

Maha and DBO had its first strategic discussions in 2018. Since then, the DBO group has invested about USD 40 million in equity and built a strong position in the Brazilian E&P market, having invested in onshore fields with 3R, which was later incorporated in the listing of 3R Petroleum on the Brazilian stock exchange. Building on the partnership with 3R Petroleum, DBO became a 15% shareholder in 3R Petroleum Offshore S.A. ("**3R Offshore**"), which holds operated interests in producing oil and gas fields offshore Brazil. 3R Offshore is operator A (license to operate deepwater fields in Brazil) and has two assets offshore Brazil - the Peroá cluster (100% operated working interest) and the Papa Terra cluster (62.5% operated working interest, subject to completion of transaction with Petróleo Brasileiro S.A. ("**Petrobras**"). Further to these assets, DBO is continuously working on new business development opportunities, and will incorporate all its assets and efforts into Maha with the ambition to execute further growth through the joint strengthened platform.

DBO's major investors and shareholders are Svein Harald Øygard (29.6%), Kjetil Solbrække (20.7%), Halvard Idland (20.7%), AGR Petroleum (9.1%) and Tore Myrholt (8.4%). The new shares in Maha issued as consideration to DBO's shareholders will be subject to a 1 (one) year lock-up from Transaction's closing.

Transaction Highlights¹

- The Transaction reinforces the construction of a diversified portfolio balanced between mature oil and gas onshore and offshore assets.
- In addition to increased production and reserves, DBO brings vast oil and gas experience, a highly successful deal track record, and access to further growth opportunities for Maha.

- The Transaction will increase Maha's net 2P reserves with approximately 18.5 mmboe and is estimated to add around 2,000 boepd net production in 2023.
 - The assets in DBO comes with infrastructure, including the Papa Terra FPSO (after closing) and Peroá production platform, yielding lower operating costs, and of which DBO indirectly owns its pro-rata share, as a shareholder of 3R Offshore.
 - Based on public reserve reports from DeGolyer and MacNaughton and Gaffney Cline, the 1P and 2P reserves have an estimated value (NPV10) of USD 108 million and USD 166 million net to DBO respectively, based on an oil price of USD 71/bbl in 2023 and USD 66/bbl thereafter and a gas price in the range of USD 5.0-5.5/mcf.
 - Subtracting USD 21 million relating to (i) DBO's share of 3R Offshore's contingent payments (subject to oil price and production performance, as well as to the development of Malombe) and (ii) closing consideration for Papa Terra cluster to be paid to Petrobras, yields a net asset value of USD 86 million for 1P reserves and USD 145 million for 2P reserves.
 - The exchange of shares ratio in the Transaction implies for DBO a price to net asset value of approximately 0.42x based on 1P reserves values and 0.25x based on 2P reserves values², and an EV/2P multiple (enterprise value to 2P reserves) of approximately USD 3.1/boe.
- 1) Reserves and asset values are derived from public reserve reports from DeGolyer and MacNaughton and Gaffney Cline
2) Based on closing share price of Maha of SEK 10.15/share and USD/SEK of 10.31 as of 2 December 2022

Peroá cluster: Peroá, Cangoá and Malombe

The Peroá gas cluster is located in the Espírito Santo basin, offshore Brazil in shallow waters. Approximately 72.4% gas has been recovered and remaining 2P reserves are estimated to 19 mmboe gross per year-end 2022. The cluster has a 55km gas pipeline connection to the Cacimbas gas processing plant (operated by Petrobras) and has an unmanned platform owned by 3R Offshore with opex of approximately USD 5/boe. The Peroá cluster includes the Peroá and Cangoá producing fields and the Malombe discovery. Malombe is considered to be tied back to the Peroá platform in the future and could add an estimated production of 16 kboepd (gross) at peak. During October 2022, gross production at the Peroá cluster was 2.5 kboepd (gross).

3R Offshore agreed the acquisition of the Peroá cluster from Petrobras in February 2021 and the acquisition closed in 2022.

Papa Terra cluster

Papa Terra is a heavy oil field located in deep waters in the Campos Basin, approximately 100km off the coast of the State of Rio de Janeiro, Brazil. Approximately 2.4% of the oil has been recovered as of October 2022 and gross 2P reserves are estimated to 166 mmboe per year-end 2022. This represents a 11.4% recovery factor, which compares with an average of 15.6% for the Campos Basin, suggesting further upside potential beyond the 2P reserves. During October 2022, gross production was 16.0 kboepd and production is expected to increase in the coming years due to increased drilling activity.

Papa Terra was discovered in 2003 and production started in November 2013. The field is developed with an FPSO (P-63) and a Tension Leg Wellhead Platform (P-61), both owned pro rata by the owners of the oil field, with a combined processing capacity of 140,000 barrels of oil per day, an injection capacity of 340,000 barrels of water per day, a storage capacity of 1.4 million barrels and slots to connect up to 21 producing wells and 11 injecting wells. Currently, 6 production wells and 3 injection wells are active and all systems have idle capacity to implement revitalization and redevelopment activities.

3R Offshore agreed the acquisition of Petrobras' working interests (62,5%) in the Papa Terra Cluster in July 2021 and this acquisition is subject to specific condition precedent.

Miscellaneous

This information is such information that 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 09:10 CET on 5 December 2022.

For more information, please contact:

Paulo Thiago Mendonça (CEO)

Tel: +46 8 611 05 11

info@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