

Maha Energy enters into a definitive agreement regarding the business combination with DBO 2.0 S.A.

Maha Energy AB (publ) ("Maha" or the "Company") is pleased to announce that it has signed the definitive agreement with the shareholders of DBO 2.0 S.A. ("DBO"), with respect to the previously announced (on December 5, 2022) business combination, which involves (i) a maximum issuance of 36,775,410 new shares in Maha, to be subscribed by DBO's shareholders as a consideration; and (ii) the transfer of DBO's existing shares to Maha by DBO's shareholders ("Transaction"). The Transaction is subject to customary conditions precedent, including an Extraordinary General Meeting in Maha approving the necessary resolutions. The Transaction is expected to close in the 1st half of 2023.

Founded in 2017, DBO is a private upstream oil and gas company that focus on mature offshore fields in Brazil. It has attracted North Sea investors to invest in Brazilian assets, working with Brazilian partners, and applying the most advanced Northern Sea techniques in order to: (1) identify additional reserves, (2) develop mature oil and gas fields, and (3) increase oil and gas recovery.

DBO has a 15% equity interest in 3R Petroleum Offshore S.A. ("**3R Offshore**"), which operates producing Brazilian offshore oil and gas fields through the Peroá cluster (100% operated working interest) and the Papa Terra cluster (62.5% operated working interest). 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 shareholders are DBO Invest (61.74%), Svein Harald Øygard (9.17%), AGR AS (9.05%), and Tore Myrholt (7.99%). The new shares in Maha issued as consideration to DBO's shareholders will be subject to 12 (twelve) months lock-up period from Transaction's closing.

The Transaction reinforces the construction of a diversified portfolio for Maha, balanced between onshore and offshore mature oil and gas assets. The business combination with DBO increases Maha's net 2P reserves around 18.5 mmbob and is estimated to add approximately 2,000 boepd net production in 2023, with further potential upside through a production ramp-up in Papa Terra field, and a potential development in the Malombe field. DBO's 1P and 2P reserves currently have an estimated NAV of USD 86 million and USD 145 million, respectively. These represents an attractive entry price implied multiple P/NAV of approximately 0.39x and 0.23x, respectively (based on public independent reserve reports).

Independent Fairness Opinion

Maha has engaged SpareBank 1 Markets AS (“**SB1M**”) to provide a fairness opinion for Maha’s Shareholders and Board of Directors regarding the overall attractiveness of the Transaction from a financial standpoint. SB1M concludes that the Transaction is attractive for the Company, supporting the Board of Directors’ decision to move forward for its closing. The Fairness Opinion dated February 5, 2023 is attached to this press release.

SB1M notes that the estimated valuation multiples implied in the proposed Transaction is materially below the current consensus trading level of Maha and its key peers in the European and Brazilian capital markets, based on a relative valuation methodology (risked NAV).

Assets Overview (under which DBO holds indirect participation):

Peroá cluster: Peroá, Congo and Malombe

The Peroá gas cluster is located in the Espírito Santo basin. Approximately 72.4% of the gas has been recovered and remaining 2P reserves are estimated to be around 18.5 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 an opex of approximately USD 5/boe. Peroá cluster includes the Peroá and Congo producing fields and the Malombe discovery. Malombe shall 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).

Papa Terra cluster

Papa Terra is a heavy oil field located in deep waters in the Campos Basin, approximately 100km distant from Rio de Janeiro’s coast. Approximately 2.4% of the oil has been recovered as of October 2022 and gross 2P reserves are estimated to be around 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 beyond the 2P reserves. During October 2022, gross production was 16.0 kboepd and it is expected to increase in the upcoming years as a result of increased drilling activity.

Papa Terra was discovered in 2003 and production started in November 2013. The field is being 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.

Miscellaneous

The information was submitted for publication, through the agency of the contact person set out below, at 12:05 CET on 6 February 2023.

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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