

Press release
Stockholm
26 May 2020

Maha Energy AB Announces Filing of First Quarter Report & Live Webcast

Maha Energy AB (publ) (“Maha” or the “Company”) is pleased to announce its First Quarter results. The report is attached to this press release and available on the Company’s website at www.mahaenergy.ca.

First Quarter 2020

- Daily oil & gas production for Q1 2020 averaged 3,288 BOEPD (Q1 2019: 2,669 BOEPD)
- On 31 March 2020, the Company closed an acquisition for certain producing properties in the Illinois basin for USD 4 million (plus assumed working capital deficiency).
- During the quarter, the 107D well was placed on production with initial oil rates of 939 BOPD (on pump).
- Revenue of USD 11.2 million (Q1 2019: USD 11.8 million)
- Operating netback of USD 7.9 million or USD 27.91 per BOE (Q1 2019: USD 9.0 million or USD 40.22 per BOE)
- EBITDA of USD 6.4 million (Q1 2019: USD 7.7 million)
- Net result of USD 3.2 million (Q1 2019: USD 4.2 million)
- Basic Earnings per share of USD 0.03 (Q1 2019: USD 0.04)
- Diluted Earnings per share of USD 0.03 (Q1 2019: USD 0.04)
- Cash and cash equivalents balance of USD 19.2 million (Q1 2019: 19.8 million)

Financial Summary

<i>(TUSD, unless otherwise noted)</i>	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Full Year 2019
Net Daily Production (BOEPD)	3,288	3,165	3,593	2,739	2,669	3,044
Revenue	11,207	13,672	16,068	14,098	11,751	55,589
Operating netback	7,858	9,825	12,017	10,668	9,029	41,539
EBITDA	6,434	8,354	10,663	9,188	7,663	35,868
Net result for the period	3,191	2,679	6,570	6,157	4,248	19,654
Earnings per share – Basic (USD)	0.03	0.03	0.07	0.06	0.04	0.20
Earnings per share – Diluted (USD)	0.03	0.02	0.06	0.06	0.04	0.18
Cash and cash equivalents	19,190	22,450	20,421	20,504	19,768	22,450

Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

“Bromsa inte i uppförsbacke!” Roughly translated this means: “Do not brake when going uphill!” This is the advice a good friend once imparted on me many years ago. And I think that with the acquisition of the Illinois Basin assets in the USA, we clearly demonstrate that Maha is not slowing down even though the rest of the world seem to have come to a complete standstill.

The brief Saudi/Russia spat along with the unprecedented and massive demand erosion caused by the COVID-19 pandemic created for oil prices not seen since the 1990's. The low oil price environment is a huge challenge for a sector that has been under siege since the 2014 oil price collapse. Maha is not unaffected but with a cash position of USD 19 million, low operating costs (USD 6.46/BOE), and increasing production volumes we are well positioned to ride the storm out.

In fact, with most of our capital requirements for production growth behind us, we are optimally positioned for organic growth and acquisitions. The Illinois Basin assets purchased at the end of Q1 represents very low risk growth potential in the USA. These assets are conventional, shallow, and proven. As production volumes increase, our operating costs decrease on a per barrel basis. It is our intention to grow these assets to around 1,000 BOPD as soon as COVID-19 and the current economic climate permits. The acquisition metrics on this deal are outstanding. With a purchase price of USD 4.0 million (adjusted for the assumption of USD 0.25 m in liabilities), and 2P reserves of 2.941 million bbls, Maha paid USD 1.44/bbl for the oil. According to the Dome AB Inc. December 31, 2019 reserve report, Proved Developed Producing (PDP) reserves (0.458 m bbls) were valued at Net Present Value (10%) USD 7.2 million, which mean that we bought these producing assets well below the PDP value. Even though the value was based on a WTI price of USD 57/bbl – the value in the asset speaks for it-self. We are excited about the future growth in the Illinois Basin.

In Brazil, production for the first quarter was affected by a three week strike at Petrobras in February, a prolonged maintenance shutdown at one of the gas end users, and then by the COVID-19 Pandemic in March. But even with these interruptions, the quarter marked the second highest production volumes in the Company's short history. As the COVID-19 pandemic expanded across the world and Brazil, our gas customers at the Tie field had to reduce and eventually cease receiving Tie gas deliveries. A decrease in gas deliveries meant a decrease in oil deliveries in order to comply with the country's flaring limitations. By the middle of April, however, the Government of Brazil took swift and decisive action to safeguard oil production across the country and decreed a temporary flaring easement of up to 100,000 m3 per day. We continually monitor the oil offtake requirements with our customers, and as Brazil is a net importer of oil, we do not anticipate oil production reductions in the immediate future.

We recently announced a reduction in our 2020 production guidance which is attributable to the effects of the COVID-19 Pandemic. With the reduction in the production guidance we also reduced our 2020 OPEX and G&A costs by similar amounts. And as previously announced we have rearranged our 2020 capital investments to further reduce spending in 2020. All these efforts are made in order to ensure we can meet all our future financial obligations, but at the same time, take full advantage of the opportunities this period of unprecedented volatility presents.

Right now, in this market, Maha is almost in poll position. We can afford to keep all our options open; if we need to, we can hunker down and conserve our future cashflows, or we can use this opportunity to acquire quality assets and position us for even greater growth when the oil market returns. It's a good place to be, right now.

Stay well, stay safe and stay with us! We are hitting the accelerator (not the brake) on this hill.

“Jonas Lindvall”
Managing Director

Q1 Webcast 26 May, 2020

The Company will present its Q1 Report on Tuesday 26 May at 6 PM CET. During this presentation, Jonas Lindvall, the CEO of Maha Energy AB, will provide a full Company operational update, comment on the production guidance revision and be available to take questions. A link to the webcast is available on the Company's website: www.mahaenergy.ca. Interested parties are encouraged to e-mail questions ahead of time to victoria@mahaenergy.ca. Questions posed on the day of the presentation should be done directly in the YouTube Comments/Questions field.

Adviser

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Miscellaneous

This information is published in accordance with the EU Market Abuse Regulation.

Maha in Brief

Maha Energy AB is a Swedish public limited liability company. FNCA Sweden AB has been engaged as Certified Adviser and can be contacted at info@fnca.se or +46-8-528 00 399. The Company's auditors are Deloitte. The Company's predecessor Maha Energy Inc. was founded in 2013 in Calgary, Canada, by Jonas Lindvall and Ron Panchuk. In May 2016, the new group was formed with Maha Energy AB as parent company for purposes completing an initial public offering on the Nasdaq First North Sweden stock exchange. Jonas Lindvall, CEO and Managing Director, has 30 years of international experience in the oil and gas industry, starting his career with Lundin Oil during the early days of E&P growth. After 6 years at Shell and Talisman, Jonas joined, and helped secure the success of, Tethys Oil AB. Maha's strategy is to target and develop underperforming hydrocarbon assets on global basis. The Company operates three oil fields, Tartaruga and Tie in Brazil, Powder River (LAK Ranch) and Illinois basins in the United States For more information, please visit our website www.mahaenergy.ca.