# MAHA ENERGY

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Maha Energy

May 2023

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# Q1 was a transitory quarter that set the pillars for Maha to implement its long-term strategy

**Transformational events in the Q1:**

- ✓ Closing of Maha's Brazilian entity sale;
- ✓ Farm-out and start of the production test in Block 70
- ✓ Approval of DBO transaction by Maha's shareholder

**28th Jan 2023** — Conclusion of Joint Operational Agreement for Block 70 in Oman

**3rd Feb 2023** — New certification of reserves

**28th Feb 2023** — Closing of the transaction for a total consideration[1] of up to USD 186.9m

**10th Mar 2023** — Appointment of new CFO

**17th Mar 2023** — Commence of production test on Block 70 in Oman

**29th Mar 2023** — EGM approves DBO transaction and appoints new Board Members

**6th Apr 2023** — New certification of reserves for Peroá and Papa Terra

**23rd May 2023** — Closing of DBO transaction

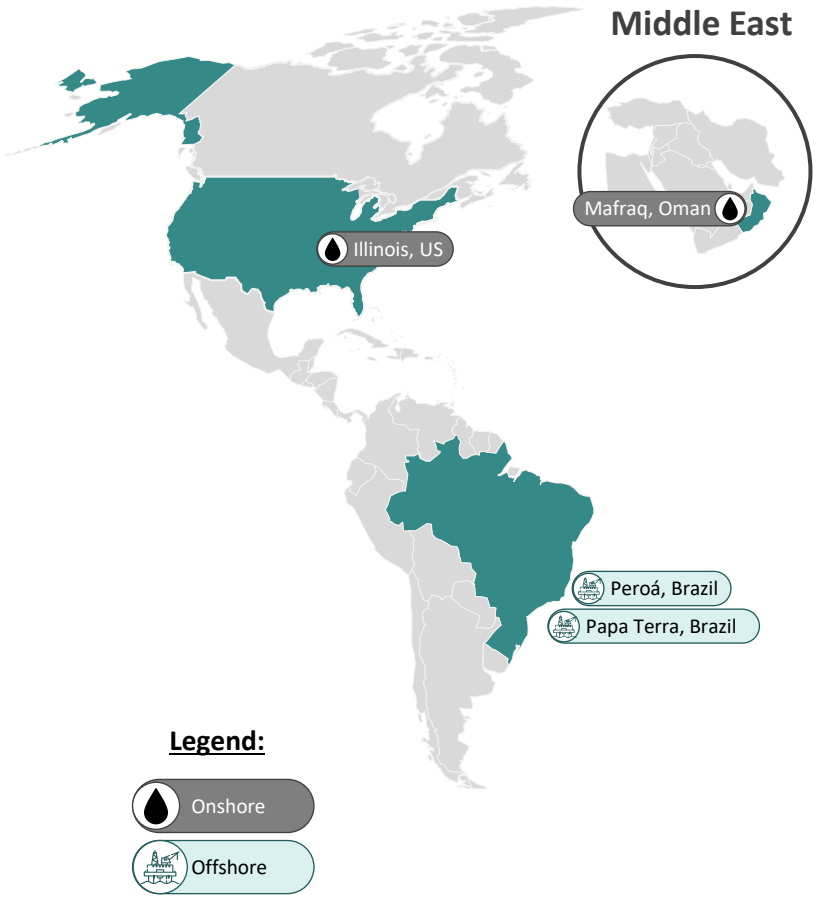
***"Cash flow-oriented company with a solid balance sheet, focused on inorganic and organic growth by recovering oil and gas reserves and operating productive assets"***

1) Purchase price (USD 138m) + Earn outs (USD 36m) + WK adj. net of taxes (USD 9.2m) + Net Cash (USD 3.7m)

Source: Company Information

# Reshuffling of assets, together with attractive M&A transactions are the guidelines for Maha's new business strategy

## Maha's Global Footprint[1]




## Portfolio Highlights

### Potential Business Combination with DBO 2.0 (Papa Terra and Peroá)

- ✓ Issuance of 34,829,057 shares (USD 28.9 m on 22nd May 2023)
- ✓ Attractive transaction multiple[2] of 0.23x P/2P NPV10
- ✓ For year end 2022, 2P reserves of 18.8 mmboe. Production[4] in April 2023 2,074 boepd.
- ✓ Transaction approved on the 29th March 2023 EGM
- ✓ Closing on 23rd May 2023

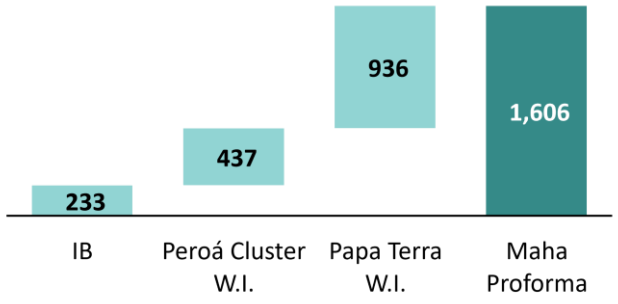
### Block 70 (Oman) – Commence of production test & end of drilling campaign

- ✓ Production test started on 17th March 2023
- ✓ Block 70 2022-2023 drilling campaign is expected to comes to an end in late 2Q 2023.

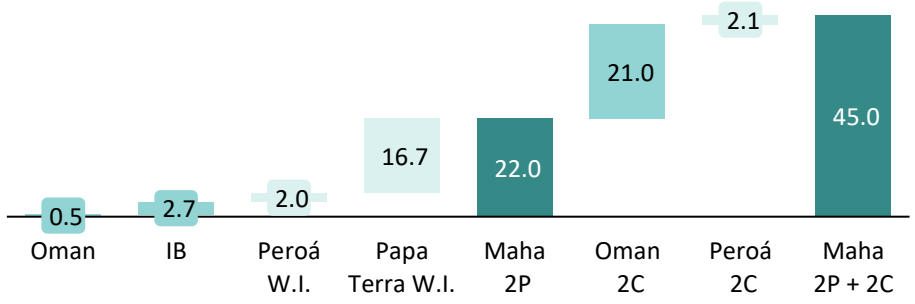
### Signing LAK Ranch Divestment

- ✓ Signing of LAK Ranch divestment with closing expected for 2Q 2023

## Proforma Production Profile for 1Q23 (boepd)




## Reserves and resources[4] for YE 2022 (mmboe)




1) LAK Ranch divestment is still pending closing ; 2) According to the Fairness Opinion released on 6th February 2023; 3) Does not consider the gas production for Papa Terra given that the gas is reinjected; 4) Contingent resources are contingent upon Declaration of Commerciality and sanctioned Field Development Plan

Source: Company information, ANP; 3R Petroleum

# Maha's Reserves breakdown

## Reserves

| | Source | Data | Unit | 1P | 2P | 3P |
|---|---|---|---|---|---|---|
| IB | McDANIEL | Reserves | mmbbls | 1.3 | 2.7 | 3.6 |
| | | NPV10 | USD million | 10.5 | 20.7 | 37.3 |
| Oman (65% W.I.) | McDANIEL | Reserves | mmbbls | 0.4 | 0.5 | 0.6 |
| | | NPV10 | USD million | 2.2 | 4.1 | 6.1 |
| DBO | DeGolyer and MacNaughton | Reserves | mmboe | 11.2 | 18.8 | 23.6 |
| | | NPV10 | USD million | 88.1 | 147.5 | 194.2 |
| MAHA ENERGY | | **Reserves** | **mmboe** | **12.9** | **22.0** | **27.8** |
| | | **NPV10** | **USD million** | **100.8** | **172.3** | **237.6** |
| | | **Cash position + Proceeds from sale[2]** | **USD million** | **202.7** | **202.7** | **202.7** |
| | | GAV | USD million | 303.5 | 375.0 | 440.3 |
| | | **NAV[3]** | **USD million** | **239.4** | **310.9** | **376.2** |
| | | **Market Cap[4]** | **USD million** | **147.9** | **147.9** | **147.9** |

## Resources

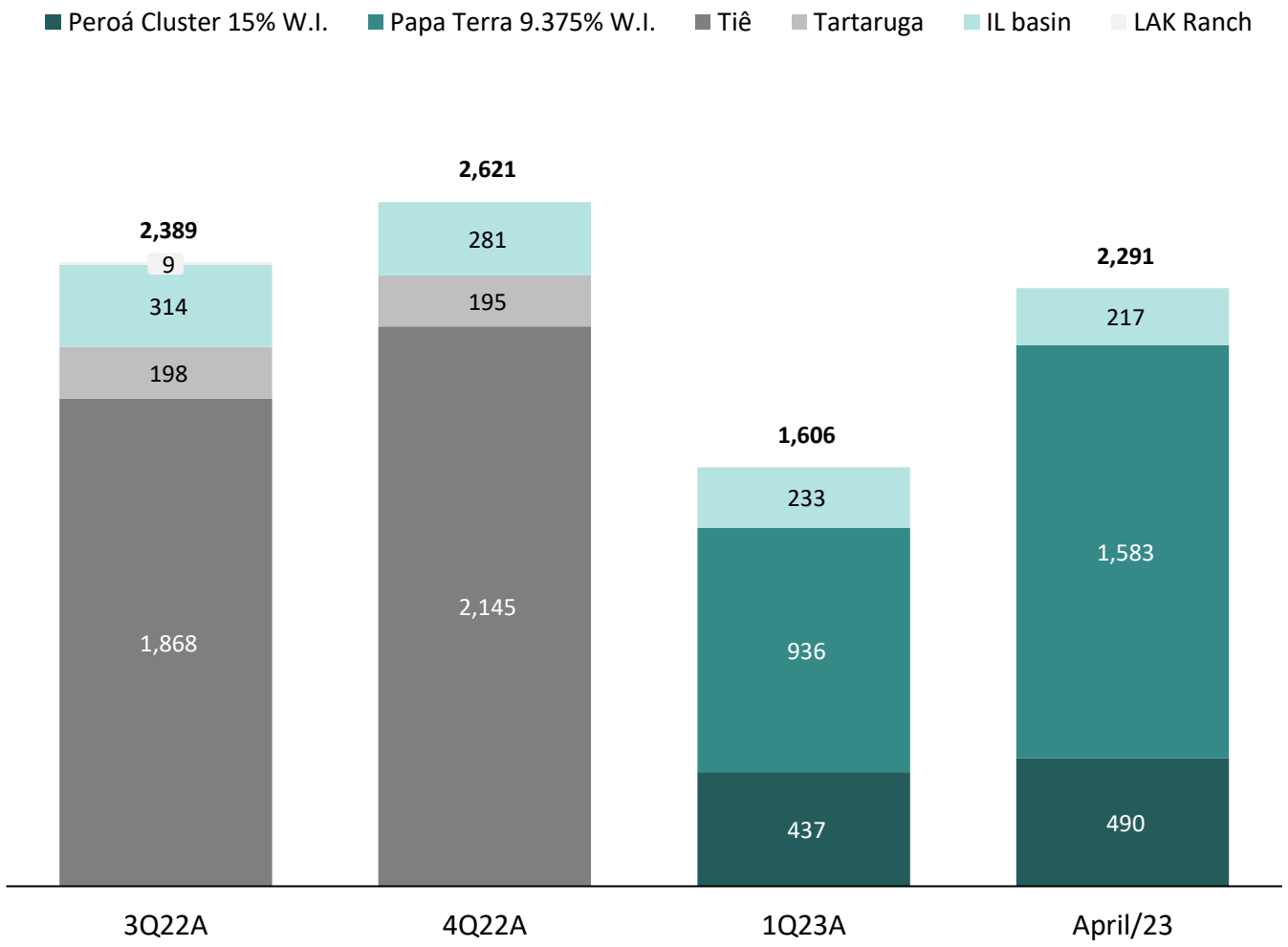
| | Source | Data | Unit | 1C | 2C | 3C |
|---|---|---|---|---|---|---|
| Oman (65% W.I.) | McDANIEL | **Contingent Resources** | mmbbls | 11.1 | 21.0 | 35.1 |
| DBO | DeGolyer and MacNaughton | **Contingent Resources** | mmboe | 1.3 | 2.1 | 2.4 |
| | | **NPV10** | USD million | 8.7 | 17.4 | 20.1 |

1) LAK Ranch was not included in McDaniel's certification; 2) Cash position 1Q 23 (USD 110.4m including restricted cash) USD + Earn outs (USD 36m) + Second Installment from the sale (USD 55m) + Mafraq Reimbursement (USD 1.3m); 3) Net of contingent payments of USD 21.3m and Bank Debt of USD 42.7m; 4) Including DBO shares, updated on 22nd May 2023

Source: Company Information; McDaniel & Associates; DeGolyer & MacNaughton

# Proforma Quaterly Production

**Proforma Maha Production Profile including DBO assets (boepd)**




## Peroá Cluster

- ✓ In Q1 2023, production output was limited to the minimum demand established by the take or pay contract: 500 Mm³/d.
- ✓ 3R Offshore (the operator) is in negotiations with Petrobras to use its facilities to treat the production that exceeds the minimum demand of the take or pay contract.
- ✓ That initiative will allow 3R Offshore to reach other clients, unlocking production and revenues while reducing lifting cost.
- ✓ **April production 490 boepd**

## Papa Terra

- ✓ Production was halted during part of Feb/23 and Mar/23 as 3R Offshore (the operator) **had to anticipate a maintenance intervention programmed for the year.**
- ✓ After the stoppage, production has reached a stable level above 16,000 boepd (~1,500 boepd DBO stake) from the end of March through mid April.
- ✓ 3R Offshore closed Papa Terra transaction and assumed the operation in late December 2022, so the 1Q23 marked the transition from Petrobras.
- ✓ **April production 1,583 bopd**

## IL Basin

- ✓ Average daily production volumes for the quarter decreased due to natural decline of the wells that were drilled during the drilling program in 2021.
- ✓ Production decline is mainly due to delay in the capital projects and temporary weather events such as localized flooding.

Source: Company information; 3R Q1 results presentation

# Updates on Block 70 test

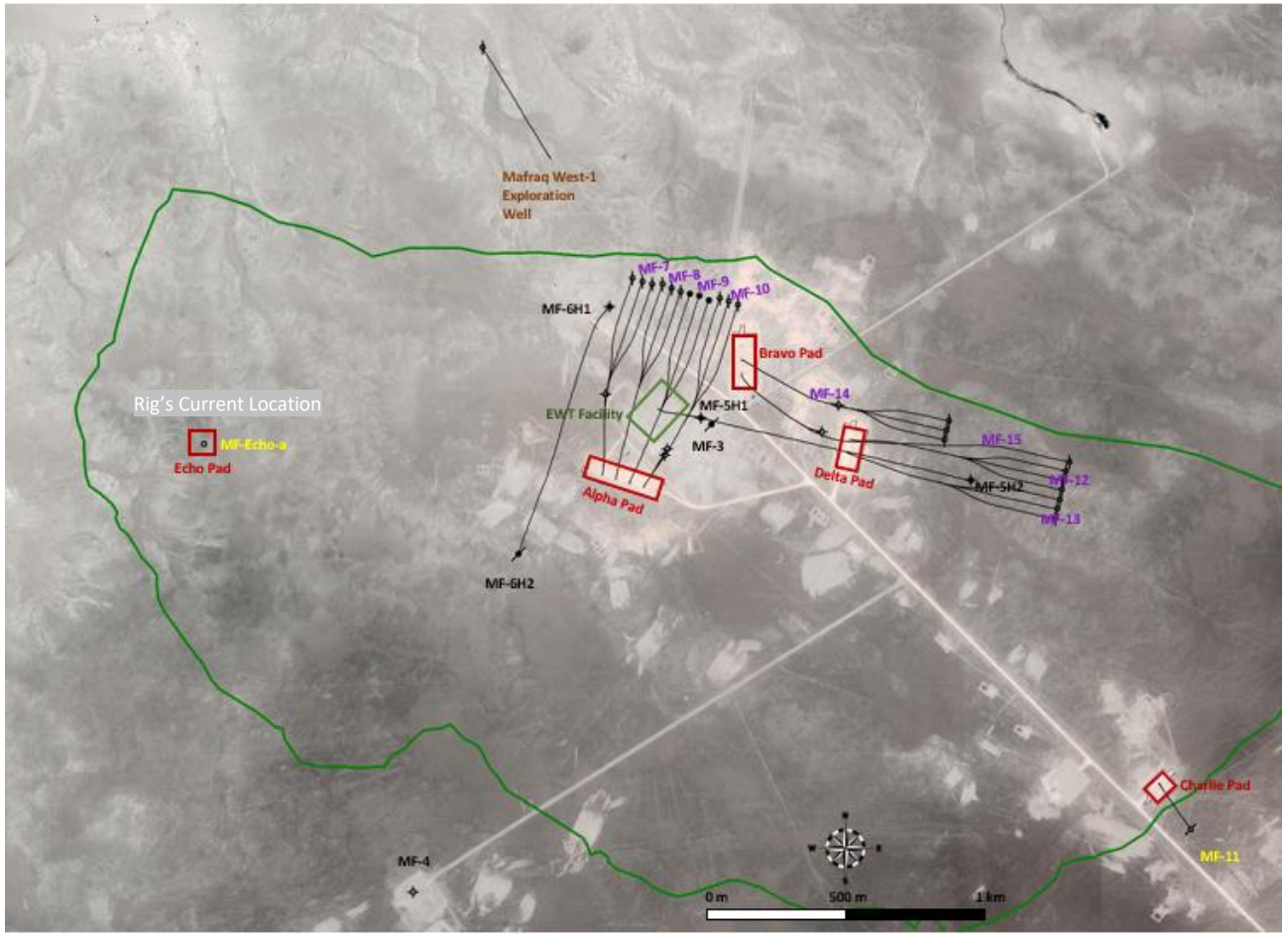
## Key updates from the extended well testing

- Project start up was deferred as continued negotiations and approvals for offtake and processing were concluded in the quarter
- **MF-9** well was started up for initial production testing on **March 17th**
- After initial completion clean up phase, the well produced at a rate between **300 – 350 bopd**, with an estimated **BSW of approximately 5%.**
- Initial testing indicates a heavy **11-13 API** crude of high viscosity close to pre-test expectations
- This was followed by shorter-term testing of **MF-7** which encountered startup issues and **was shut-in for the moment.**
- **MF-10 reached a peak of 430 bopd** with about 10% water cut before the test ended.
- **Mafraq-8 that reached an estimated production of 600 bopd** with a water cut below 5%.

## Next Steps

- The company is currently carrying out extensive testing on various thermal and chemical treatment options to **allow optimized production processing of the crude and to meet specifications.**
- In parallel, the company continues **testing additional wells** to further ascertain field productivity and crude properties.

## *9 wells drilled in the 2022/2023 campaign*




Source: Company information

# Corporate Responsibility is Core at Maha

## E — Environmental efforts to minimize negative impact

### Maha's Activities in Divested Assets

- ✓ Gas to Wire project allowed electricity generation with gas that would otherwise be flared
- ✓ Zero water discharge. All water was reinjected as part of water injection scheme
- ✓ Important source of gas to local community
- ✓ Operations was set up to minimize disruption to local wildlife and habitat
- ✓ Instead of traditional rig, short mast rig was used to minimize light pollution during turtle nesting season

### Illinois Basin

- ✓ Reduced water discharge to zero (100% water recycling)
- ✓ Special pump jacks to allow simultaneous irrigation activities and oil production
- ✓ Proactive spill prevention management

## S — Employment & Community Relations

*Local contracting wherever possible*

***96%** of companies contracted from country of operations*

### SAPOTI Cultural Enrichment Program

- ✓ Non-traditional education project in reading, public speaking and theoretical performance
- ✓ 300+ community members in Tararuga participated

### Maha Connect

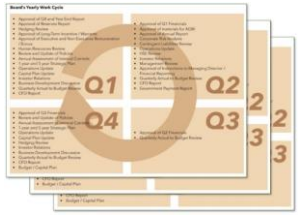
*Local stackholders can connect with Maha through a new communication channel called **Maha Connect***

## G — Strict Governance Importance

### External

Nasdaq

*Listing in Stockholm ensures transparancy In reporting*




### Internal

*Internal governance guidelines to assist in decision making process*

- ✓ 0 discrimination incidents
- ✓ 0 whistle blowers' incidents
- ✓ 0 anticorruption incidents

## H&S — Focus on Efficient and Safe Operations

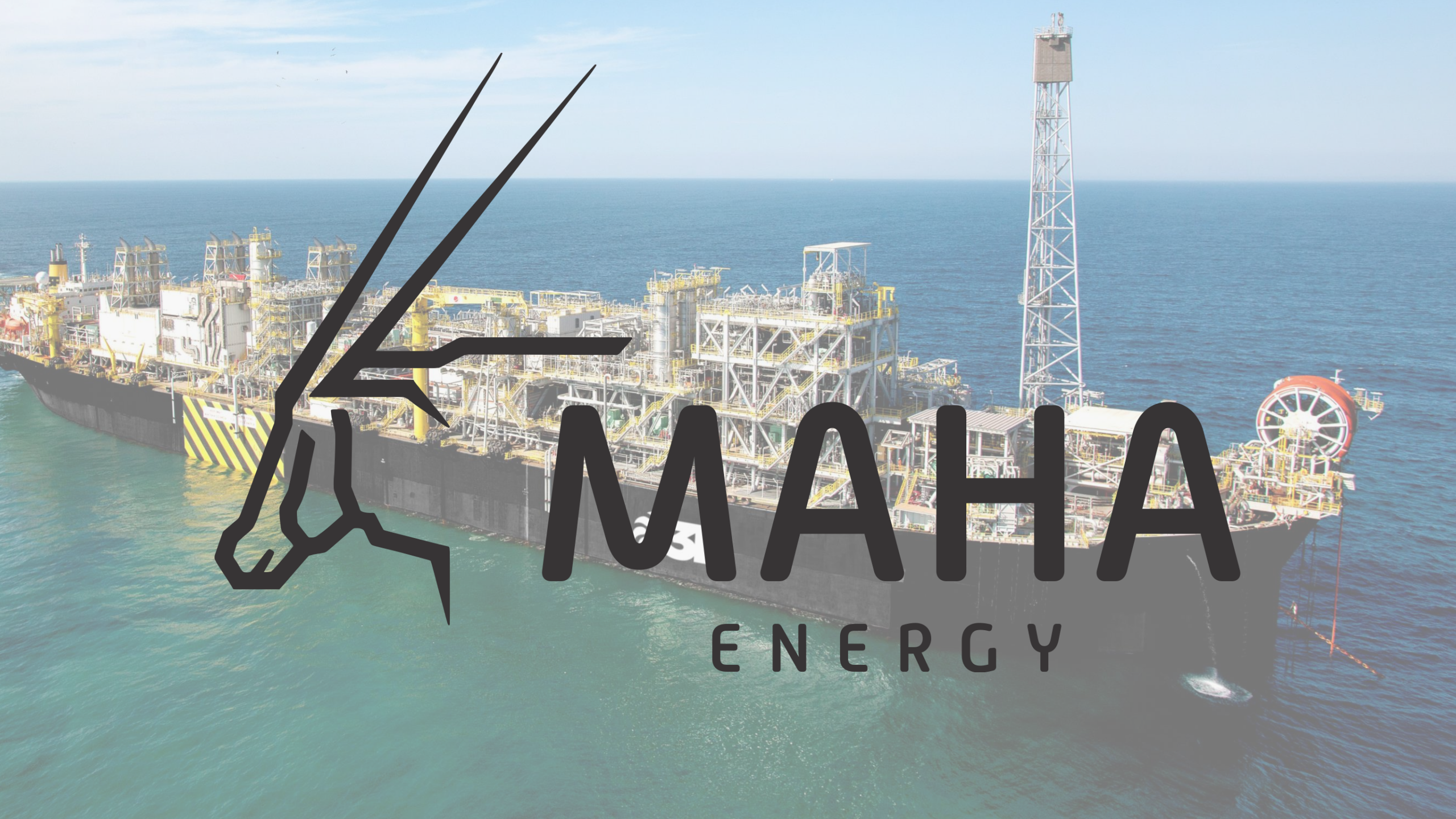
*HSE committee established to review operations and HSE management systems*

DUPONT

### A year of safe opeartions

- ✓ **Corporate wide training complete** on DuPont STOP™ safety system
- ✓ **2,146** safety training and awareness manhours in 2022
- ✓ **1,347** safety card submitted by personnel in 2022

Source: 2022 Annual Report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