

## ShaMaran Q1 2014 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA-(Marketwired - May 16, 2014) -ShaMaran Petroleum Corp. (TSX VENTURE:SNM)(OMX:SNM)("ShaMaran" or the "Company") is pleased to announce its financial and operating results for the three months ended March 31, 2014. Unless otherwise stated all currency amounts indicated as "\$" in this news release are expressed in thousands of United States dollars.

### HIGHLIGHTS

- On April 16, 2014 the Company announced the test results of the Atrush-4 appraisal and development well which was drilled to a total depth of 2,916 metres. Three separate cased hole drill stem tests were conducted in the Jurassic reservoir with the highest reported rates totalling 9,059 bopd of 27-28 API from two of the tests. None of the tests produced formation water. Down hole samples for PVT analysis and surface samples for oil assay studies were taken. Well testing operations were completed on April 7, 2014. Atrush-4 is a deviated well from the Atrush-1 well pad with the bottom hole location approximately 2.2 km SE of the surface location. Atrush-4 has been suspended as a Phase 1 producer.
- The Company reported on March 13, 2014 the initial recognition of reserves (property gross of 58 MMbo 2P) as well as updates to estimated contingent resources (property gross of 518 MMboe 2C) and prospective resources (property gross unrisked best estimate of 245 MMboe) as of December 31, 2013 for the Atrush block. The reserves and resources estimates were provided by McDaniel & Associates Consultants Ltd, the Company's independent qualified resources evaluator.
- At March 31, 2014 the Company had a cash balance of \$122 million and working capital of \$114 million.

### FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2014

During the three months ended March 31, 2014 the Company continued its appraisal and development campaign in respect of the Atrush petroleum property located in the Kurdistan Region of Iraq which constitutes the continuing operations of the Company. Atrush currently generates no revenues.

The Company reported a net loss of \$2.1 million in the first quarter of 2014, which was primarily driven by the bond interest expense, included within finance cost, as well as routine general and administrative expenses and share based payments expense.

### Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited, expressed in thousands of United States dollars)

	For the three months ended March 31,			
	2014		2013	
Expenses from continuing operations				
General and administrative expense	(556	)	(450	)
Share based payments expense	(147	)	(1	)
Depreciation and amortisation expense	(11	)	(19	)
Loss before finance items and income tax expense	(714	)	(470	)
Finance cost	(1,364	)	-	
Finance income	2		50	
Net finance (cost) / income	(1,362	)	50	
Loss before income tax expense	(2,076	)	(420	)
Income tax expense	(32	)	(40	)
Net loss from continuing operations	(2,108	)	(460	)
Discontinued operations				
Net loss from discontinued operations	(15	)	(20	)
Net loss for the period	(2,123	)	(480	)

Other comprehensive income / (loss) :

Currency translation differences	6	(88	)	
Total other comprehensive income / (loss)	6	(88	)	
Total comprehensive loss for the period	(2,117	)	(568	)

Condensed Interim Consolidated Balance Sheet  
(Unaudited, expressed in thousands of United States Dollars)

	At March 31, 2014	At December 31, 2013	
Assets			
Non-current assets			
Intangible assets	361,891	344,990	
Property, plant and equipment	196	179	
	362,087	345,169	
Current assets			
Cash and cash equivalents	121,984	142,588	
Other current assets	1,799	194	
	123,783	142,782	
Assets associated with discontinued operations	2	3	
Total assets	485,872	487,954	
Liabilities and equity			
Current liabilities			
Accrued interest expense on bonds	6,612	2,252	
Accounts payable and accrued expenses	3,527	7,458	
Current tax liabilities	19	92	
	10,158	9,802	
Non-current liabilities			
Borrowings	147,201	147,050	
Provisions	1,077	1,185	
	148,278	148,235	
Liabilities associated with discontinued operations	417	928	
Total liabilities	158,853	158,965	
Equity			
Share capital	534,068	534,068	
Share based payments reserve	4,865	4,718	
Cumulative translation adjustment	33	27	
Accumulated deficit	(211,947	) (209,824	)
Total equity	327,019	328,989	
Total liabilities and equity	485,872	487,954	

The total assets reported at the end of the first quarter of 2014 have decreased by \$2.1 million relative to the total assets reported at the end of 2013, which was due to the use of cash on expenses from continuing operations and accounts payable during this period.

The decrease by \$20.6 million in the cash position of the Company during the three months ended March 31, 2014 was due to cash outflows of \$13.8 million on Atrush Block appraisal and development activities, \$0.6 million on G&A and other cash expenses and \$0.5 million used on discontinued operations and to negative cash movements due to changes in working capital items of \$5.7 million.

Condensed Interim Consolidated Cash Flow Statement  
(Unaudited, expressed in thousands of United States Dollars)

	For the three months ended March 31,	
	2014	2013
Operating activities		
Net loss from continuing operations	(2,108 )	(460 )
Adjustments for:		
Interest expense on senior secured bonds - net	1,336	-
Share based payments expense	147	1
Foreign exchange loss / (gain)	21	(41 )
Depreciation and amortisation expense	11	19
Interest income	(2 )	(9 )
Changes in current tax liabilities	(73 )	(27 )
Changes in provisions	(108 )	-
Changes in other current assets	(1,605 )	(110 )
Changes in accounts payable and accrued expenses	(3,931 )	(2,893 )
Cash used in discontinued operations	(525 )	(2 )
Net cash outflows to operating activities	(6,837 )	(3,522 )
Investing activities		
Interest received on cash deposits	2	9
Purchase of property, plant and equipment	(36 )	-
Purchases of intangible assets	(13,717 )	(2,363 )
Net cash outflows to investing activities	(13,751 )	(2,354 )
Financing activities		
Net cash flows from financing activities	-	-
Effect of exchange rate changes on cash and cash equivalents	(16 )	(40 )
Change in cash and cash equivalents	(20,604 )	(5,916 )
Cash and cash equivalents, beginning of the period	142,588	41,216
Cash and cash equivalents, end of the period	121,984	35,300

## OUTLOOK

The outlook to the end of the year 2014 is as follows:

### Atrush Block

Following the KRG approval of Phase 1 plans are being implemented to achieve First Oil of 30,000 bopd gross by early 2015.

Drilling and testing of the AT-4 appraisal/development well has been completed during the second quarter of 2014. Drilling plans for the remainder of the year 2014 include drilling of CK-5, the third Phase 1 development well, and CK-6 well, a Phase 2 appraisal well. Both CK-5 and CK-6 are expected to spud during the second quarter. Further testing of the AT-3 well will also be conducted during 2014 following a planned re-entry. Access and location preparations are also underway for CK-7.

The front end engineering design ("FEED") for the Phase 1 Production Facilities was completed in October 2013. Orders for the production modules for the 30,000 bopd facilities were finalised in December 2013. Civil engineering at the selected facilities site was commenced in early 2014.

Plans are being put in place to implement a single dedicated feeder pipeline between Atrush and tie-in point at Kurdistan Crude Pipeline pumping station #2 ("KCP2") at kilometre 92 on the KRG export pipeline. The final route being is finalised. The pipeline FEED has been awarded to KAR Group/ILF Consulting Engineers.

## Budget

The Board of Directors approved a budget for the year 2014 which includes net capital spending on the Atrush Block appraisal and development program and debt service and other costs totalling \$101.0 million. During the three months ended March 31, 2014 the Company spent \$18.6 million of the budgeted total for the year 2014.

The Company believes that based on the forecasts and projections they have prepared that its financial resources currently available will be sufficient for it to satisfy its contractual obligations and commitments under the agreed work program over the next 12 months. Nevertheless the potential remains that the Company's financial resources will be insufficient to fund its obligations over the next 12 months. The Company has a number of financing possibilities which it believes it would be able to pursue if and when required.

## New Ventures

As part of its normal business the Company continues to evaluate new opportunities in the MENA region.

## ABOUT SHAMARAN

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration vehicle with a 20.1% direct interest in the Atrush oil discovery, which is currently undergoing appraisal and development.

ShaMaran Petroleum is a Canadian oil and gas company listed on the TSX Venture Exchange and the NASDAQ OMX First North Exchange (Stockholm) under the symbol "SNM". Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

ShaMaran Petroleum's Certified Advisor on NASDAQ OMX First North is Pareto Securities AB.

The Company's condensed interim consolidated financial statements, notes to the financial statements and management's discussion and analysis have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and are available on the Company's website ([www.shamaranpetroleum.com](http://www.shamaranpetroleum.com)).

## FORWARD-LOOKING STATEMENTS

*This press release contains statements about expected or anticipated future events and financial results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as legal and political risk, civil unrest, general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Actual results may differ materially from those projected by management. Further, any forward-looking information is made only as of a certain date and the Company undertakes no obligation to update any forward-looking information or statements to reflect events or circumstances after the date on which such statement is made or reflect the occurrence of unanticipated events, except as may be required by applicable securities laws. New factors emerge from time to time, and it is not possible for management of the Company to predict all of these factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.*

ON BEHALF OF THE BOARD,

Pradeep Kabra, President and CEO

ShaMaran Petroleum Corp.  
Keith Hill  
Chairman  
(604) 806-3583  
[khill@namdo.com](mailto:khill@namdo.com)

Shamaran Petroleum Corp.  
Pradeep Kabra  
President and CEO  
0041 22 560 8605  
pradeep.kabra@shamaranpetroleum.com

Shamaran Petroleum Corp.  
Sophia Shane  
Corporate Development  
(604) 689-7842  
(604) 689-4250 (FAX)  
sophias@namdo.com  
www.shamaranpetroleum.com

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