

## ShaMaran Q2 2017 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA—(Marketwired - Aug. 15, 2017) -ShaMaran Petroleum Corp. (“ShaMaran” or the “Company”) (TSX VENTURE:SNM)(OMX:SNM) is pleased to announce its financial and operating results for the six months ended June 30, 2017. Unless otherwise stated all currency amounts indicated as “\$” in this news release are expressed in thousands of United States dollars.

Chris Bruijnzeels, President and CEO of ShaMaran, commented “*I am extremely pleased that ShaMaran has reached first oil which is a significant milestone for the Company. I continue to believe strongly in the future potential of the Atrush Field which is a world class asset and we are working towards defining Phase 2 to fully develop Atrush’s resource potential.*”

### HIGHLIGHTS AND DEVELOPMENTS

#### *Operations*

- Oil production on the Atrush Block commenced on July 3, 2017. Atrush is currently producing between 15 and 20 thousand barrels of oil per day. Atrush production is on track to ramp up in 2017 to the facilities’ design capacity of 30,000 barrels of oil equivalent per day.
- Negotiations between the operator of the Atrush Block, TAQA Atrush B.V., (on behalf of the Atrush co-venturers) and the Kurdistan Regional Government (“KRG”) for an agreement for the sale of Atrush oil are in an advanced state and are expected to be concluded shortly.
- The construction work and commissioning on the 30,000 bopd Atrush Phase 1 Production Facilities (“Production Facilities”), including the tie-in point on the main export pipeline (the “Feeder Pipeline”) were all concluded in the first half of 2017.

#### *Corporate*

- In January 2017 the Company completed the issue of 360 million common shares of ShaMaran on a private placement basis at a price per share of CAD 0.10 (equal to SEK 0.67) which resulted in gross proceeds to the Company of \$27.3 million (\$26.4 million net of transaction related costs).
- In February 2017 the Company reported estimated reserves and contingent resources for the Atrush block as of December 31, 2016. Reserves and resource estimates have remained unchanged from those reported for the prior year. Total discovered oil in place in the Atrush Block is a low estimate of 1.5 billion barrels, a best estimate of 2.1 billion barrels and a high estimate of 2.8 billion barrels, with Total Field Proven plus Probable (“2P”) Reserves on a property gross basis estimated at 85.1 MMbbl and Total Field Unrisked Best Estimate Contingent Resources (“2C”) on a property gross basis estimated at 304 million barrels oil equivalent (MMboe). (1)(2)

### OUTLOOK

#### *Operations*

- Atrush production is on track to ramp up in 2017 to the facilities’ design capacity of 30,000 barrels of oil equivalent per day.
- It is planned in 2017 to drill and test CK-7, an appraisal and development well located in the central area of the Atrush Block, and in early 2018 to commence drilling CK-9, a dedicated water disposal well.
- Plans include conducting extended testing in early 2018 of the CK-6 well which is located on the

eastern side of the Atrush Block and which is not one of the four initial production wells. This would involve the installation of temporary production facilities near the Chamanke-C well pad and the delivery by truck of oil to the main Phase 1 Production Facilities.

- Following the results of the CK-7 well, the extended well testing in CK-6 and sustained production from the Phase 1 Production Facilities the Company expects to be able to define Phase 2 of the significant Atrush resource base.

(1) “MMbbl” means million barrels and “MMboe” means million barrels of oil equivalents. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 million cubic feet (“Mcf”) per one barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

(2) This estimate of remaining recoverable resources (unrisked) includes contingent resources that have not been adjusted for risk based on the chance of development. It is not an estimate of volumes that may be recovered.

## FINANCIAL AND OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2017

During the reporting period the Company continued with the first phase of the development program in respect of the Atrush petroleum property located in the Kurdistan Region of Iraq.

### *Financial Results*

The Company reports a net loss of \$4.2 million for the six months ended June 30, 2017 which was primarily driven by routine general and administrative expenses and finance cost, the substantial portion of which was expensed borrowing costs on the Company’s bonds. These charges have been offset by interest income on Atrush development and pipeline cost loans and interest on cash held in short term deposits.

### Condensed Interim Statement of Comprehensive Income

*(Unaudited, expressed in thousands of United States Dollars)*

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Income				
Service fees	-	30	-	30
Expenses				
Share based payments expense	-	(58 )	(11 )	(134 )
Depreciation and amortisation expense	(8 )	(11 )	(18 )	(22 )
General and administrative expense	(818 )	(1,009 )	(1,908 )	(2,311 )
Loss before finance items and income tax expense	(826 )	(1,078 )	(1,937 )	(2,467 )
Finance income	439	12	770	33

Finance cost	(1,482 )	(1,443 )	(2,964 )	(2,845 )
Net finance cost	(1,043 )	(1,431 )	(2,194 )	(2,812 )
Loss before income tax expense	(1,869 )	(2,479 )	(4,131 )	(5,249 )
Income tax expense	(14 )	(15 )	(35 )	(41 )
Loss for the period	(1,883 )	(2,494 )	(4,166 )	(5,290 )

Other comprehensive income

*Items that may be reclassified to profit or loss:*

Currency translation differences	18	32	34	64
Actuarial loss on defined pension plan		(505 )	-	(505 )
Total other comprehensive income	18	(473 )	34	(441 )
Total comprehensive loss for the period	(1,865 )	(2,967 )	(4,132 )	(5,731 )

Condensed Interim Consolidated Balance Sheet

*(Unaudited, expressed in thousands of United States Dollars)*

	At June 30, 2017	At December 31, 2016
Assets		
Non-current assets		
Property, plant and equipment	188,402	174,658
Intangible assets	89,141	89,007
Loans and receivables	48,050	46,114
	325,593	309,779
Current assets		
Cash and cash equivalents	14,759	4,416
Loans and receivables	13,498	7,252
Other current assets	239	224
	28,496	11,892
Total assets	354,089	321,671
Liabilities and equity		
Current liabilities		
Accounts payable and accrued expenses	6,135	6,434
Accrued interest expense on bonds	2,647	2,503
	8,782	8,937
Non-current liabilities		
Borrowings	175,134	165,129

Provisions	9,204	8,869
Pension liability	1,665	1,670
	186,003	175,668
Total liabilities	194,785	184,605
Equity		
Share capital	637,538	611,179
Share based payments reserve	6,495	6,484
Cumulative translation adjustment	(27 )	(61 )
Accumulated deficit	(484,702 )	(480,536 )
Total equity	159,304	137,066
Total liabilities and equity	354,089	321,671

Total assets increased during the first half of 2017 by \$32.4 million as a result of increases in share capital and equity reserves by \$26.4 million, borrowings by \$10 million, and other non-current liabilities by \$0.2 million which were offset by an increase in the accumulated deficit by \$4.2 million, principally due to the net loss recorded in the period.

Property, plant & equipment assets increased during the first six months of 2017 by \$13.7 million which was due to additions of \$6.6 million in Atrush development costs and \$7.1 million in capitalised borrowing. The increase in intangible assets by \$0.1 million during the first half of 2017 resulted principally from capitalised borrowing costs. Loans and receivables increased by \$8.2 million from funding \$5.4 million of Feeder Pipeline costs, from funding \$2.1 million of the KRG's share of development costs and from accruing \$0.7 million in interest on the outstanding loan balances.

#### Condensed Interim Consolidated Cash Flow Statement

*(Unaudited, expressed in thousands of United States Dollars)*

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Operating activities				
Loss for the period	(1,883 )	(2,494 )	(4,166 )	(5,290 )
Adjustments for:				
Interest expense on borrowings - net	1,478	1,393	2,944	2,728
Pension expense	11	14	11	14
Depreciation and amortisation expense	8	11	18	22
Unwinding discount on decommissioning provision	3	17	(7 )	43
Share based payments expense	-	58	11	134
Foreign exchange loss / (gain)	(21 )	33	26	74
Interest income	(418 )	(12 )	(770 )	(33 )
Changes in other current assets	29	(21 )	(15 )	(43 )
Changes in current tax liabilities	-	(8 )	-	(23 )

Changes in accounts payable and accrued expenses	(412 )	(3,049 )	(299 )	(653 )
Net cash outflows to operating activities	(1,205 )	(4,058 )	(2,247 )	(3,027 )
Investing activities				
Interest received on cash deposits	39	12	65	33
Purchases of intangible assets	(6 )	363	(36 )	2
Purchase of property, plant and equipment	(2,920 )	(8,180 )	(6,311 )	(16,545 )
Loans and receivables - advances to joint venture partner	(3,150 )	-	(7,477 )	-
Net cash outflows to investing activities	(6,037 )	(7,805 )	(13,759 )	(16,510 )
Financing activities				
Proceeds from shares issued	-	-	27,281	-
Share issue related transaction costs	-	-	(922 )	-
Proceeds from shares issued	-	17,000	-	17,000
Bond transaction costs	-	(780 )	-	(780 )
Net cash inflows from financing activities	-	16,220	26,359	16,220
Effect of exchange rate changes on cash and cash equivalents				
	(5 )	-	(10 )	(11 )
Change in cash and cash equivalents	(7,247 )	4,357	10,343	(3,328 )
Cash and cash equivalents, beginning of the period	22,006	24,236	4,416	31,921
Cash and cash equivalents, end of the period*	14,759	28,593	14,759	28,593

The increase by \$10.3 million in the cash position of the Company during the first half of 2017 was due to cash inflows of \$26.4 million in net proceeds from the sale of the Company's shares in a private placement completed in January 2017 which were offset by spending of \$6.3 million on Atrush development activities, \$7.5 million of financing provided to a joint venture partner and \$2.3 million of cash out on G&A and other cash expenses.

## OTHER

This information in this release is subject to the disclosure requirements of ShaMaran Petroleum Corp. under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publicly communicated on August 15, 2017 at 3:38 p.m. Toronto Time.

## ABOUT SHAMARAN

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration company with a 20.1% direct interest in the Atrush oil discovery. The Atrush Block is currently undergoing an appraisal and development campaign.

Shamaran is a Canadian oil and gas company listed on the TSX Venture Exchange and the NASDAQ 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. Pareto Securities AB is the Company’s Certified Advisor on NASDAQ First North.

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 also available on the Company’s website ([www.shamaranpetroleum.com](http://www.shamaranpetroleum.com)).

## FORWARD LOOKING STATEMENTS

*This news release contains statements and information 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. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as “may”, “will”, “should”, “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “projects”, “potential”, “scheduled”, “forecast”, “outlook”, “budget” or the negative of those terms or similar words suggesting future outcomes. The Company cautions readers regarding the reliance placed by them on forward-looking information as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.*

*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.*

*Reserves and resources: ShaMaran Petroleum Corp.’s reserve and contingent resource estimates are as at December 31, 2016, and have been prepared and audited in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“NI 51-101”) and the Canadian Oil and Gas Evaluation Handbook (“COGE Handbook”). Unless otherwise stated, all reserves estimates contained herein are the aggregate of “proved reserves” and “probable reserves”, together also known as “2P reserves”. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.*

*Contingent resources: Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be commercially viable for the Company to produce any portion of the contingent resources.*

*BOEs: BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf per 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

Shamaran Petroleum Corp.  
Chris Bruijnzeels  
President and CEO  
+41 22 560 8605  
chris.bruijnzeels@shamaranpetroleum.com

Shamaran Petroleum Corp.  
Sophia Shane  
Corporate Development  
+1 604 689 7842  
sophias@namdo.com  
www.shamaranpetroleum.com

Robert Eriksson  
Investor Relations, Sweden  
Shamaran Petroleum Corp.  
+46 701 112615  
reriksson@rive6.ch

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