

## **ShaMaran Petroleum Corp.: Corporate Update**

VANCOUVER, BRITISH COLUMBIA-(Marketwired - March 31, 2016) -ShaMaran Petroleum Corp. ("ShaMaran" or the "Company") (TSX VENTURE:SNM)(OMX:SNM) is providing the following corporate update concerning a review by the Financial Supervisory Authority of Norway ("Finanstilsynet" or "FSAN") of the financial reporting of General Exploration Partners, Inc. ("GEP"), a wholly owned subsidiary of the Company.

As previously communicated in the presentation that was issued on March 14, 2016 together with the summons letter for a bondholders meeting in the Company's USD 150 million bond, the Finanstilsynet has, since mid-2015, undertaken a review of certain aspects of the financial reporting of GEP in its audited financial statements for the year ended December 31, 2014 and for the unaudited financial statements for the 9 months ended September 30, 2015 both of which were prepared in accordance with International Financial Reporting Standards ("IFRS").

On March 30, 2016 the FSAN provided an advance notice of final decision ("Advance Notice of Decision") of its intention to issue a correction order under the Norwegian Securities Trading Act and Regulations requiring GEP and the Company to restate certain published financial statement disclosures for the years ended December 31, 2014 and 2015.

GEP and GEP's auditor, PricewaterhouseCoopers AG ("PwC"), have been in ongoing discussions with the FSAN concerning the accounting issues, which are discussed in more detail below, and are in the process of preparing a comprehensive response to the FSAN to provide further clarification of its position. GEP and PwC are of the view that the audited financial statements of GEP and of the Company for the years ended December 31, 2014 and 2015 give a true and fair view of the state of GEP's and the Company's affairs in accordance with IFRS. ShaMaran believes that the outcome of the review by the FSAN should not impact GEP's ability to generate future cash flows from sales of oil production from the Atrush Block oil and gas asset nor should it impact the underlying fair value.

The Company maintains its recommendation to proceed with the financing arrangement proposed to GEP's bondholders, which was previously announced on March 14, 2016, and which is required for the Company to provide its share of the estimated 2016 investments needed to deliver the Atrush field into production. The Lundin Family Trust has reconfirmed its commitment to underwrite the proposed placement of the Super Senior Bonds by GEP. However, in order to provide GEP's bondholders with sufficient additional time to assess this new information the Company has agreed with the Nordic Trustee to cancel the meeting of the bondholders scheduled for April 1, 2016. The Company will revert early next week with a new date for the bondholder meeting.

In its Advance Notice of Decision the FSAN has advised GEP of its intention, subject to its assessment of any new information and new arguments which GEP may provide, to order GEP to make the following corrections in respect of its financial statements:

1. The Atrush Block oil and gas asset can no longer be deemed to be within the scope of IFRS 6 by December 31, 2014. In accordance with IFRS 6.17 the asset should have been reclassified prior to this date, and an impairment test performed at that time in accordance with IAS 36. The principles and practices under IFRS 6, including full cost accounting, cannot be applied to expenditures incurred after the time of reclassification as per IFRS 6.5b. GEP should cease to classify the Atrush Block asset as an exploration and evaluation asset and the reclassification to property, plant and equipment should be performed at the very latest by December 31, 2014.

A reclassification of oil and gas assets from exploration and evaluation assets to property plant and equipment at December 31, 2014 would require that GEP and the Company re-perform its impairment calculation accordingly. Refer to point 2 below.

Following an agreement being reached in November 2015 to construct the feeder pipeline from Atrush production facility to the main export pipeline, in their 2015 audited financial statements GEP and the Company reclassified to property plant and equipment costs of exploration and evaluation assets which related to GEP's proved plus probable Atrush reserves as determined at December 31, 2015 by McDaniel & Associate, the independent reserves and resources evaluator of the Company, and assessed the impairment of its oil and gas assets accordingly.

2. In its assessment that the carrying value of its Atrush Block oil and gas assets exceeded the recoverable

value at December 31, 2014 GEP did not use reasonable and supportable assumptions in accordance with IAS 36 to estimate the recoverable value. The assumptions that are questioned by the FSAN include (i) estimates with respect to the future oil price and which discount to reference oil price that shall be applied for the Atrush Block, (ii) uncertainties related to recoverability and commerciality of contingent resource volumes, (iii) timing of cash flows as well as risk related to payments, and (iv) which discount rate reflects assumed risk levels. GEP should re-perform the impairment test of the Atrush Block oil and gas assets at December 2014 using reasonable and supportable assumptions available at the time as well as an appropriate discount rate.

Re-performing the impairment calculation strictly according to the 2014 year end assumptions considered by the FSAN would result in an impairment in the book value of oil and gas assets reported by GEP and the Company as at December 31, 2014 which would require GEP and the Company to restate their 2014 financial statements and would result in the breach of the book equity ratio under GEP's bond agreement which requires a minimum of 40% equity to total assets.

In the 2015 audited financial statements of GEP and of the Company, after applying reasonable and supportable assumptions under IFRS at 2015 year end, an impairment loss of USD 34 million (the Company: USD 245 million) relating to the Atrush property plant and equipment assets, the substantial portion of which was reclassified during the year, was reported. The Atrush exploration and evaluation assets were not impaired.

3. The cash held in GEP's escrow bank accounts and pledged in favor of the bond trustee as at December 31, 2014 should, in accordance with IAS 1.55, have been presented in a separate balance sheet line item as "Restricted funds" and also split between short term and long term (IAS 1.66d).

In the 2015 audited financial statements of GEP and of the Company the portion of 2014 and 2015 cash and cash equivalents which were restricted were presented accordingly.

4. Improve the disclosures of assumptions used in the impairment test and of the risks and uncertainties relating to the going concern assumption.

The suggestions of the FSAN have been considered in the preparation of the 2015 audited financial statements of GEP and of the Company and the corresponding management reports.

As mentioned above GEP and PwC remain of the view that GEP's audited financial statements for the years ended December 31, 2014 and 2015 give a true and fair view of the state of the Company's affairs in accordance with IFRS.

#### ABOUT SHAMARAN

Shamaran Petroleum Corp. is a Kurdistan focused oil development and exploration company with a 26.8% direct interest in the Atrush oil discovery until such time that the Kurdistan Regional Government has completed the exercise of its right to acquire up to a 25% interest. 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 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. Pareto Securities AB is the Company's Certified Advisor on NASDAQ OMX 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.*

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