

ShaMaran Q3 2013 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA—(Marketwired - Nov. 12, 2013) -ShaMaran Petroleum Corp. (“ShaMaran” or the “Company”) (TSX VENTURE:SNM)(OMX:SNM) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2013. Unless otherwise stated all currency amounts indicated as “\$” in this news release are expressed in thousands of United States dollars.

Highlights

- The Company announced on October 30, 2013 that its USD 150 million senior secured bond was fully subscribed. Net proceeds from the bond will be used to fund the Company’s future capital expenditures related to the development of the Atrush Block. The bond is expected to close on November 13, 2013.
- On October 7, 2013 the Company announced that the Kurdistan Regional Government (“KRG”) had approved Phase 1 of the Field Development Plan (“FDP”) for the Atrush Block with an October 1, 2013 effective date for the commencement of the Development Period. The TAQA-operated Atrush Block, located 85 km northwest of Erbil, is planned to have an initial production capacity of 30,000 barrels of gross oil per day (bpd) with first oil expected by early 2015.
- The Atrush-4 Phase 1 development well spudded on October 20, 2013 with planned total depth (“TD”) of 2,460 meters and an estimated drilling time of 70 days.
- The Atrush-3 appraisal well, located 6.5 kilometers to the east of the Atrush-2 appraisal well, was spudded on March 25, 2013 and reached TD of 1,806 meters on June 23, 2013 within the potential Phase 2 development area. The well confirmed the extension of the oil bearing BSAM reservoir (Jurassic age Barsarin-Sargelu-Alan-Mus formations), while also confirming lowest known oil at depths consistent with the previous wells. Drill stem tests conducted with hydrocarbons recovered to surface but due to equipment limitations accurate flow rates were unable to be determined. AT-3 has been suspended as a potential future producer.
- The Company announced on February 4, 2013 an increase of 35% in Best Estimate 2C Contingent Resources (gross) for the Atrush Block, from 465 MMBOE at December 31, 2011 to 627 MMBOE at the end of 2012. The estimates were provided by the Company’s independent qualified resources evaluator, McDaniel & Associates Consultants Ltd., in a Detailed Property Report prepared as at December 31, 2012.
- On March 12, 2013 the Contractor entities to the Atrush Block PSC were notified by the KRG that it had exercised its option to acquire a 25% Government Interest in accordance with the provisions of the Atrush Block PSC.

Financial and Operating Results for the three and nine months ended September 30th 2013

During the three and nine months ended September 30, 2013 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 net loss in the first three quarters of the current year principally relates to the general and administrative expenses and share based payments expense incurred in respect of the continuing operations of the Company.

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Expenses from continuing operations				
General and administrative expense	(572)	(512)	(1,377)	(1,355)
Depreciation and amortisation expense	(19)	(46)	(54)	(143)
Share based payments expense	(159)	(2)	(725)	(8)
Share of loss of associate	-	(97)	-	(209)
Impairment (loss) / recovery	-	(138)	(84)	559
Gain on sale of asset	-	1,100	-	1,100
Relinquishment costs	-	-	-	(25,732)
(Loss) / income before finance items and income tax expense	(750)	305	(2,240)	(25,788)
Finance cost	(64)	(393)	(47)	(719)
Finance income	7	1	26	383
Total finance cost	(57)	(392)	(21)	(336)
Loss before income tax expense	(807)	(87)	(2,261)	(26,124)
Income tax expense	(13)	(11)	(63)	(63)
Loss from continuing operations	(820)	(98)	(2,324)	(26,187)
Discontinued operations				
Loss from discontinued operations	(13)	(12)	(40)	(62)
Loss for the period	(833)	(110)	(2,364)	(26,249)
Other comprehensive income :				
<i>Items that may be reclassified subsequently to net income:</i>				
Currency translation differences	95	21	18	4
Total other comprehensive income	95	21	18	4
Total comprehensive loss for the period	(738)	(89)	(2,346)	(26,245)

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

	At September 30, 2013	At December 31, 2012
Assets		
Non-current assets		
Intangible assets	330,059	303,549
Property, plant and equipment	197	257
	330,256	303,806
Current assets		
Other current assets	107	127
Inventories	-	198
Other receivables	45	204
Cash and cash equivalents	14,711	41,216
	14,863	41,745
Assets associated with discontinued operations	5	3
Total assets	345,124	345,554
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	13,144	7,027
Current tax liabilities	68	90
Deferred liability	-	5,000
	13,212	12,117
Non-current liabilities		
Provisions	161	120
	161	120
Liabilities associated with discontinued operations	1,996	1,941
Total liabilities	15,369	14,178
Equity		
Share capital	534,068	534,068
Share based payments reserve	4,561	3,836
Cumulative translation adjustment	26	8
Accumulated deficit	(208,900)	(206,536)
Total equity	329,755	331,376
Total liabilities and equity	345,124	345,554

The cash position of the Company decreased by \$26.5 million during first three quarters of 2013. The decrease in the cash position was due to outflows of funds of \$26.5 million on appraisal and development operations on the Atrush Block, \$5.0 million payment of a deferred liability and \$1.4 million on G&A and other cash expenses and was offset by \$6.4 million of positive cash movements due to changes in working capital items.

(Unaudited, expressed in thousands of United States Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Operating activities				
Net loss for the period from continuing operations	(820)	(98)	(2,324)	(26,187)
Adjustments for:				
Interest income	(7)	(1)	(26)	(26)
Interest expense on equity based finance fee	-	359	-	719
Foreign exchange loss / (gain)	63	34	46	(357)
Depreciation and amortisation expense	19	46	54	143
Impairment loss / (recovery)	-	138	84	(559)
Share-based payment expense	159	2	725	8
Share of loss of associates	-	97	-	209
Changes in current tax liabilities	15	13	(22)	(59)
Changes in trade and other receivables	(1)	542	159	(4)
Changes in other current assets	259	75	20	515
Changes in inventories	-	(196)	114	2,509
Changes in accounts payable and accrued expenses	7,589	(991)	6,117	(20,708)
Changes in provisions	(20)		41	
Gain on sale of asset	-	(1,100)	-	(1,100)
Cash used in discontinued operations	32	(131)	13	(685)
Net cash inflows from / (outflows to) operating activities	7,288	(1,211)	5,001	(45,582)
Investment activities				
Net proceeds on sale of intangible assets	-	52,671	-	52,671
Purchase of intangible assets	(16,185)	(3,540)	(26,505)	(7,721)
Net proceeds on sale of property, plant & equipment	-	595	-	804
Purchase of property, plant & equipment	-	(134)	-	(595)
Investment in associate	-	(1,105)	-	(5,796)
Repayment of deferred liability	(5,000)	-	(5,000)	-
Interest received on cash deposits	7	1	26	26
Net cash (outflows to) / inflows from investing activities	(21,178)	48,488	(31,479)	39,389
Financing activities				

Repayment of borrowings	-	(10,000)	-	-
Net cash outflows to financing activities	-	(10,000)	-	-
Effect of exchange rate changes on cash and cash equivalents	26	(13)	(27)	361
Change in cash and cash equivalents	(13,864)	37,264	(26,505)	(5,832)
Cash and cash equivalents, beginning of the period	28,575	5,989	41,216	49,085
Cash and cash equivalents, end of the period	14,711	43,253	14,711	43,253

Outlook

The outlook to the end of the year 2013 is as follows:

Atrush Block

Following the KRG approval of Phase 1 plans are being implemented to achieve First Oil of 30,000 bopd by early 2015. The Contractor group and the MNR are working closely to fast-track First Oil.

Drilling of the AT-4 appraisal/development well is expected to continue to year end. Depending on well results, numerous well tests may be conducted.

The FEED for the Phase 1 Production Facilities was completed in October. Bids for the facilities are expected in November, with contracts likely to be awarded by the end of year 2013.

The Company anticipates that the proceeds of a USD 150 million bond issue, expected to close on November 13, 2013, will enable it to finance development activities to achieve first production. Future development phases of the Atrush field are expected to be financed using cash flows from the sale of oil production from the Atrush Block.

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 Block located in the region. This project is nearby and on trend with existing fields and recent discoveries.

Kurdistan lies within the northern extension of the Zagros Folded Belt. The area is highly underexplored and is currently undergoing a significant exploration and development campaign by over 40 mid to large size international oil companies.

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".

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) and are available on the Company's website (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

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.

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