

ShaMaran Q2 2013 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA—(Marketwired - Aug. 19, 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 six months ended June 30, 2013. Unless otherwise stated all currency amounts indicated as “\$” in this news release are expressed in thousands of United States dollars.

Highlights

- A Field Development Plan for the Atrush Block was submitted for approval to the KRG on May 6 2013 which is in accordance with the terms of the Atrush Block PSC.
- 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 total depth of 1,806 meters on June 23, 2013. The well testing program is nearing conclusion with results expected by end of August 2013.
- 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 Kurdistan regional Government (“KRG”) that it had exercised its option to acquire a 25% Government Interest in accordance with the provisions of the Atrush Block PSC.
- At June 30, 2013 the Company had a cash balance of \$28.6 million and working capital of \$18.4 million.

Financial and Operating Results for the three and six months ended June 30th 2013

During the three and six months ended June 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 half 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 June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Expenses from continuing operations				
General and administrative expense	(355)	(459)	(805)	(843)
Depreciation and amortisation expense	(16)	(48)	(35)	(97)
Share based payments expense	(565)	(8)	(566)	(6)
Share of loss of associate	-	(46)	-	(112)

Impairment (loss) / recovery	(84)	945	(84)	697
Relinquishment costs	-	-	-	(25,732)
(Loss) / income before finance items and income tax expense	(1,020)	384	(1,490)	(26,093)
Finance cost	(23)	(360)	-	(360)
Finance income	10	25	37	416
Total finance (cost) / income	(13)	(335)	37	56
(Loss) / income before income tax expense	(1,033)	49	(1,453)	(26,037)
Income tax expense	(10)	(28)	(50)	(52)
(Loss) / income from continuing operations	(1,043)	21	(1,503)	(26,089)
Discontinued operations				
Loss from discontinued operations	(7)	(13)	(27)	(50)
(Loss) / income for the period	(1,050)	8	(1,530)	(26,139)
Other comprehensive income / (loss) :				
<i>Items that may be reclassified subsequently to net income:</i>				
Currency translation differences	11	(50)	(77)	(17)
Total other comprehensive income / (loss)	11	(50)	(77)	(17)
Total comprehensive loss for the period	(1,039)	(42)	(1,607)	(26,156)

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

	At June 30, 2013	At December 31, 2012
Assets		
Non-current assets		
Intangible assets	313,871	303,549
Property, plant and equipment	214	257
	314,085	303,806
Current assets		
Other current assets	366	127
Inventories	-	198
Other receivables	44	204
Cash and cash equivalents	28,575	41,216

Assets associated with discontinued operations	28,985	41,745
Total assets	343,070	345,554
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	5,555	7,027
Current tax liabilities	53	90
Deferred liability	5,000	5,000
	10,608	12,117
Non-current liabilities		
Provisions	181	120
	181	120
Liabilities associated with discontinued operations	1,946	1,941
Total liabilities	12,735	14,178
Equity		
Share capital	534,068	534,068
Share based payments reserve	4,402	3,836
Cumulative translation adjustment	(69)) 8
Accumulated deficit	(208,066) (206,536)
Total equity	330,335	331,376
Total liabilities and equity	343,070	345,554

The cash position of the Company decreased by \$12.6 million during first two quarters of 2013. The decrease in the cash position was due to outflows of funds of \$10.3 million on appraisal and development operations on the Atrush Block, \$1.3 million net on changes in working capital items and \$1.0 million on G&A and other cash expenses. The Company has a number of additional financing possibilities which will be pursued as required.

Condensed Interim Consolidated Cash Flow Statement

(Unaudited, expressed in thousands of United States Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Operating activities				
Net loss for the period from continuing operations	(1,043)	21	(1,503)	(26,089)
Adjustments for:				
Interest income	(10)	(1)	(19)	(25)
Interest expense on equity based				

finance fee	-	360	-	360
Foreign exchange gain / (loss)	23	(24)	(18)	(391)
Depreciation and amortisation expense	16	48	35	97
Income tax	(10)	(70)	(37)	(72)
Impairment loss / (recovery)	84	(945)	84	(697)
Share-based payment expense	565	8	566	6
Share of loss of associates	-	46	-	112
Changes in trade and other receivables	2	696	160	(546)
Changes in other current assets	29	170	(239)	440
Changes in inventories	114	1,403	114	2,705
Changes in accounts payable and accrued expenses	1,421	(4,145)	(1,472)	(19,717)
Changes in provisions	61	-	61	-
Cash used in discontinued operations	(17)	(337)	(19)	(554)
Net cash inflows from / (outflows to) operating activities	1,235	(2,770)	(2,287)	(44,371)
Investment activities				
Purchase of intangible assets	(7,957)	(1,749)	(10,320)	(4,181)
Purchase of property, plant & equipment	-	(446)	-	(252)
Investment in associate	-	(4,691)	-	(4,691)
Interest received on cash deposits	10	1	19	25
Net cash outflows to investing activities	(7,947)	(6,885)	(10,301)	(9,099)
Financing activities				
Proceeds from borrowings	-	10,000	-	10,000
Net cash inflows from financing activities	-	10,000	-	10,000
Effect of exchange rate changes on cash and cash equivalents	(13)	(26)	(53)	374
Change in cash and cash equivalents	(6,725)	319	(12,641)	(43,096)
Cash and cash equivalents, beginning of the period	35,300	5,670	41,216	49,085
Cash and cash equivalents, end of the period	28,575	5,989	28,575	5,989

Outlook

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

Atrush Block

The Operator (TAQA) submitted to the KRG for approval a Field Development Plan (“FDP”) in May 2013 and discussions will continue with the Ministry of Natural Resources to obtain necessary approvals. In the meantime, work will continue with preparations for the implementation of the Phase 1 development.

The Atrush-3 appraisal well testing program is nearing conclusion with the results expected to be announced by the end of August 2013.

Final processing of the complete 3D seismic survey is expected in the third quarter of 2013. The enhanced data will be used for the development drilling program. The Atrush-4 appraisal/development well is planned to commence drilling in the third quarter 2013. Atrush-4 will be a high-deviation appraisal/development well from the AT-1 drilling pad targeting the undrilled crest of the field.

The Company is currently considering a number of financing initiatives.

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 Öhman AB.

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