Shamaran Petroleum

Shamaran 2012 Year End Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA–(Marketwire - March 15, 2013) -ShaMaran Petroleum Corp. (“ShaMaran” or the “Company”) (TSX VENTURE:SNM)(OMX:SNM) is pleased to announce its financial and operating results for the year ended December 31, 2012. 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 February 4, 2013 an increase of 35% in Best Estimate 2C Contingent Resources (gross) for the Atrush Block, from 465.6 MMBOE at December 31, 2011 to 627.3 MMBOE at the end of 2012. The estimates were provided by an independent qualified resources evaluator, McDaniel & Associates Consultants Ltd., in a Detailed Property Report prepared as at December 31, 2012.
- On November 7, 2012 General Exploration Partners Inc. (“GEP”) then operator of the Atrush Block and acting on behalf of the Contractor Group under the Atrush Block Production Sharing Contract, submitted to the Atrush Block Management Committee a Declaration of Commercial Discovery with effect from November 7, 2012.
- The Atrush-2 appraisal well was spudded on May 23, 2012 and a total depth of 1,750 meters was reached ahead of schedule on July 10, 2012. Following the conclusion of the comprehensive well testing program the Company announced on September 13, 2012 that the main reservoir in Atrush-2 produced a combined flow rate from three separate cased hole tests of more than 42,200 barrels of oil per day (“bopd”) and that additional oil resources were confirmed in two additional formations.
- The Company announced on August 20, 2012 that it sold its entire 20% direct interest in the Taza production sharing contract (“PSC”) to a subsidiary of Total S.A. for a $48 million purchase price plus a reimbursement of costs incurred on joint operations from April 1, 2012 until the closing date.
- The Company signed final binding agreements with the Kurdistan Regional Government (“KRG”) in January 2012 to relinquish the 60% working interests previously held in each of the Arbat and Pulkhana PSCs. An amount of $25 million was paid in January 2012 to the KRG as relinquishment fees to fulfill all outstanding financial commitments on these two blocks. The agreements relieve the Company of any further obligations under these PSCs. Disappointing testing results from the Pulkhana 9 well led the Company to this decision.
- In August 2012 the Company repaid in full the short term loan of $10 million which had been obtained in April 2012 from two related parties.
- The cash balance of the Company was $41.2 million as at December 31, 2012 (2011: $49.1 million).
- On March 12, 2013 the Contracting 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 year ended December 31st 2012

During the year ended December 31, 2012 the Company continued its exploration and appraisal campaign in respect of petroleum properties located in the Kurdistan Region of Iraq which constitute the continuing operations of the Company. These petroleum properties have generated no revenues.

On December 31, 2012 GEP completed two principal transactions resulting in the sale of a 53.2% direct interest in the Atrush Block to TAQA Atrush B.V. (“TAQA”), a subsidiary of Abu Dhabi National Energy Company PJSC, and the repurchase from Aspect Energy International, LLC (“Aspect”) of the entire 66.5% shareholding interest which Aspect held in GEP. As a result of the transactions the Company has acquired a

100% shareholding interest in and control of GEP which then held a 26.8% direct interest in the Atrush Block.

The $205 million net income in the year 2012 was primarily comprised of income from associate of $129 million related to the sale by GEP on December 31, 2012 of the 53.2% interest in the Atrush Block and by the gain of $103 million relating to the fair valuation (required by International Financial Reporting Standards on acquiring control) of GEP's net assets and liabilities (together, the "Fair Value Increase") offset by $25.7 million of relinquishment fees and other costs relating to the termination of the Pulkhana and Arbat Block PSCs in January 2012. Also during the year the Company sold the 20% direct interest which it held in the Taza Block PSC for net proceeds of $53.3 million resulting in a net gain of $1.1 million.

Consolidated Statement of Comprehensive Income

(Audited, expressed in thousands of United States Dollars)

	For the year ended December 31,	
	2012	2011
Expenses from continuing operations		
General and administrative expense	(2,852)	(1,082)
Share based payments expense	(8)	(264)
Depreciation and amortisation expense	(183)	(221)
Share of income / (loss) of associate	129,000	(271)
Impairment recovery / (loss)	1,814	(207,504)
Gain on fair valuation of net assets of subsidiary	102,735	-
Gain on sale of asset	1,100	-
Relinquishment costs	(25,732)	-
Income / (loss) before finance items and income tax expense	205,874	(209,342)
Finance cost	(719)	(1,777)
Finance income	359	518
Net finance loss	(360)	(1,259)
Income / (loss) before income tax expense	205,514	(210,601)
Income tax expense	(89)	(137)
Net income / (loss) from continuing operations	205,425	(210,738)
Discontinued operations		
Loss from discontinued operations	(61)	(201)
Net income / (loss) for the year	205,364	(210,939)
Other comprehensive income / (loss):		
Currency translation differences	26	(23)
Total other comprehensive income / (loss)	26	(23)
Total comprehensive income / (loss) for the year	205,390	(210,962)

Consolidated Balance Sheet

(Audited, expressed in thousands of United States Dollars)

	As at December 31,	
	2012	2011
Assets		
Non-current assets		
Intangible assets	303,549	45,836
Property, plant and equipment	257	382
Investment in associate	-	51,835
	303,806	98,053
Current assets		
Other current assets	127	647
Inventories	198	3,328
Other receivables	204	105
Cash and cash equivalents	41,216	49,085
	41,745	53,165
Assets associated with discontinued operations	3	21
Total assets	345,554	151,239
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	7,027	23,245
Current tax liabilities	90	122
Deferred liability	5,000	-
	12,117	23,367
Non-current liabilities		
Provisions	120	-
	120	-
Liabilities associated with discontinued operations	1,941	2,613
Total liabilities	14,178	25,980
Equity		
Share capital	534,068	533,349
Share based payments reserve	3,836	3,828
Cumulative translation adjustment	8	(18)
Accumulated deficit	(206,536)	(411,900)
Total equity	331,376	125,259
Total liabilities and equity	345,554	151,239

The total assets reported at the end of the year 2012 have increased by $194 million which was mainly due to recording the Fair Value Increase of $232 million relating to the Atrush Block oil and gas assets and net cash out on other operating and investing activities of $38 million.

Consolidated Cash Flow Statement

(Audited, expressed in thousands of United States Dollars)

	For the year ended December 31,	
	2012	2011
Operating activities		
Net income / (loss) from continuing operations	205,425	(210,738)
Adjustments for:		
Gain on sale of asset	(1,100)	-
Interest income	(26)	(518)
Interest expense on equity based finance fee	719	-
Foreign exchange (gain) / loss	(333)	862
Depreciation and amortisation expense	183	221
Income tax	(32)	19
Impairment (recovery) / loss	(1,814)	207,504
Share based payments expense	8	264
Share of loss / (income) of associate	(129,000)	271
Gain on fair valuation of net assets of subsidiary	(102,735)	-
Capitalized expenses	-	(1,656)
Changes in trade and other receivables	(99)	19
Changes in other current assets	520	(200)
Changes in inventories	2,552	(1,915)
Changes in accounts payable and accrued expenses	(16,550)	18,089
Changes in provisions	120	-
Cash used in discontinued operations	(715)	(1,682)
Net cash (outflows to) / inflows from operating activities	(42,877)	10,540
Investing activities		
Net proceeds on sale of intangible assets	52,671	-
Purchases of intangible assets	(8,395)	(100,087)
Proceeds on reimbursement of intangible costs	1,250	-
Net proceeds on sale of property, plant and equipment	802	-
Purchases of property, plant and equipment	(595)	(735)
Investment in associate	(16,110)	(20,467)
Deferred liability	5,000	-
Interest received on cash deposits	26	518
Cash provided by discontinued operations	-	1,078
Net cash inflows from / (outflows to) investing activities	34,649	(119,693)

Financing activities		
Net proceeds on issuance of shares	-	100,439
Net cash inflows from financing activities	-	100,439
Effect of exchange rate changes on cash and cash equivalents	359	(885)
Change in cash and cash equivalents	(7,869)	(9,599)
Cash and cash equivalents, beginning of the year	49,085	58,684
Cash and cash equivalents, end of the year	41,216	49,085

The cash position of the Company decreased by $7.9 million during the year 2012. The decrease in the cash position was due to $67.9 in cash outflows, which was mainly comprised of cash payments to the KRG of $25 million in relinquishment fees, $24.5 million in spending related to the Atrush and Taza Block petroleum properties, and payments against accounts payable and accrued expenses and other movements in working capital of $18.4 million offset by cash inflows of $60.0 million comprised of $53.5 million related to the sale of the Taza Block PSC interest, $5 million held back from Aspect Energy International LLC ("Aspect", the outgoing shareholder of GEP) as security for potential settlement by GEP of costs owed by Aspect, and $1.5 in other asset sales and reimbursements.

Outlook

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

Atrush Block

The Operator (TAQA) is currently in the process of preparing a Field Development Plan ("FDP") which is required to be submitted to the Atrush Block Management Committee within 180 days following the Declaration of Commercial Discovery, submitted on November 7, 2012. The FDP will outline the revised general forward plan for the block.

The Atrush-3 appraisal well is expected to spud during March 2013. The well is located approximately 5km east of the Atrush-2 well. The drilling rig will be moved from the Atrush-1 well site to the Atrush-3 location. The Atrush-3 well is an important stepout from the previous two Atrush wells. In particular, the well is targeting the Oil Water Contact / Free Water Level in the reservoir section.

There are plans to drill two additional wells in 2013. Technical discussions on the final location of the Atrush-4 and Atrush-5 wells are underway.

The 3D seismic acquisition program which covered the entire Atrush block and adjoining Swara Tika discovery in the Sarsang Block was completed on August 11, 2012. Final processing of the complete 3D seismic survey is expected in the first quarter of 2013. Further processing is expected during 2013 with the specific purpose on enhancing the data for the development drilling program.

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 consolidated financial statements, notes to the financial statements, management's discussion and analysis and Annual Information Form have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.shamaranpetroleum.com). The Annual Information Form includes the Company's resource data for the period ended December 31, 2012 as evaluated by McDaniel & Associates Consultants Ltd and other oil and natural gas information prepared in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. ShaMaran will hold an annual general meeting of shareholders on June 18, 2013 in Vancouver, British Columbia.

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's Certified Advisor on NASDAQ OMX First North is Pareto Öhman AB.

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