

## ShaMaran Q3 2012 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA—(Marketwire - Nov. 21, 2012) -ShaMaran Petroleum Corp. (TSX VENTURE:SNM)(OMX:SNM)(“ShaMaran” or the “Company”) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2012.

### Highlights

- On November 7, 2012 General Exploration Partners Ltd, 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 of more than 42,200 barrels of oil per day (“bopd”) and that additional oil resources were confirmed in two additional formations.
- The Atrush 1 discovery well which was drilled last year was completed in November 2012. The well is now ready to be connected to production facilities and put on stream as a future producer.
- Civil works for road access and site preparation for the Atrush-3 appraisal well are nearing completion. The drilling rig used to drill Atrush-2 and complete Atrush-1 will be moved to Atrush-3 which is expected to spud before the end of this year.
- 3D seismic acquisition on the Atrush Block was completed on August 11, 2012. Final processing of the complete 3D seismic survey is expected in the first quarter of 2013.
- The tendering process has been completed for a contract to install and operate extended test facilities (“ETF”) on the Atrush Block with a production capacity of up to 5,000 bopd. The ETF is expected to be commissioned in the first quarter of the year 2013 with production coming from the Atrush-1 well.
- The Company announced on August 20, 2012 that it sold its entire 20% undivided participating interest in the Taza production sharing contract (“PSC”) to a subsidiary of Total S.A. for a USD 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 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.
- The Company has re-engaged McDaniel & Associates Consultants Ltd (“McDaniels”), its independent qualified resources evaluator, to provide the Company with a Detailed Property Report (“DPR”) which will include the results of an evaluation of the reserves and resources data of the Company as at December 31, 2012.
- In August 2012 the Company repaid in full the short term financing of \$10 million which had been obtained in April 2012 from two related parties.
- The Company reported net income of nil and a net loss of \$26.2 million for the three and nine months ended September 30, 2012 (2011: net losses of \$2.8 million and 3.3 million). The cash balance of the Company was \$43.3 million as at September 30, 2012 (December 31, 2011: \$49.1 million).

During the nine months ended September 30, 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. The net loss in the first three quarters of 2012 was primarily driven by one-time relinquishment fees totaling \$25 million which were relating to the relinquishment of the Pulkhana and Arbat Block PSCs paid to the KRG in January 2012.

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,	
	2012	2011	2012	2011
Expenses from continuing operations				
General and administrative (expense) / recovery	(512)	202	(1,355)	(799)
Share based payments expense	(2)	(70)	(8)	(243)
Depreciation and amortisation expense	(46)	(58)	(143)	(166)
Share of loss of associate	(97)	(173)	(209)	(282)
Relinquishment costs	-	-	(25,732)	-
Impairment recovery / (loss)	(138)	-	559	-
Gain on sale of asset	1,100	-	1,100	-
Income / (loss) before finance items and income tax expense	305	(99)	(25,788)	(1,490)
Finance cost	(393)	(2,780)	(719)	(1,984)
Finance income	1	147	383	424
Net finance loss	(392)	(2,633)	(336)	(1,560)
Loss before income tax expense	(87)	(2,732)	(26,124)	(3,050)
Income tax expense	(11)	(32)	(63)	(106)
Net loss from continuing operations	(98)	(2,764)	(26,187)	(3,156)
Discontinued operations				
Loss from discontinued operations	(12)	(46)	(62)	(167)
Net loss for the period	(110)	(2,810)	(26,249)	(3,323)
Other comprehensive income:				
Currency translation differences	21	(61)	4	8
Total other comprehensive income / (loss)	21	(61)	4	8
Total comprehensive loss for the period	(89)	(2,871)	(26,245)	(3,315)

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

	September 30, 2012	December 31, 2011
Assets		
Non-current assets		
Intangible assets	3,046	45,836
Property, plant and equipment	112	382
Investment in associate	57,422	51,835
	60,580	98,053
Current assets		
Other current assets	132	647
Inventories	236	3,328
Other receivables	109	105
Cash and cash equivalents	43,253	49,085
	43,730	53,165
Assets associated with discontinued operations	5	21
Total assets	104,315	151,239
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	2,537	23,245
Current tax liabilities	63	122
	2,600	23,367
Liabilities associated with discontinued operations	1,974	2,613
Total liabilities	4,574	25,980
Equity		
Share capital	534,068	533,349
Share based payments reserve	3,836	3,828
Cumulative translation adjustment	(14)	(18)
Accumulated deficit	(438,149)	(411,900)
Total equity	99,741	125,259
Total liabilities and equity	104,315	151,239

The cash position of the Company decreased by \$5.8 million during first nine months of 2012. The decrease in the cash position was due to \$59.3 in cash outflows, which was mainly comprised of cash payments to the KRG of \$25 million in relinquishment fees, payments against accounts payable and accrued expenses by \$20.7 million and \$14.1 million in spending related to the Atrush and Taza Block petroleum properties, offset by cash inflows of \$53.5 million related to the sale of the Taza Block PSC interest and other assets.

Condensed Interim Consolidated Cash Flow Statement  
*(Unaudited, expressed in thousands of United States Dollars)*

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Operating activities				
Net loss for the period from continuing operations	(98)	(2,764)	(26,187)	(3,156)
Adjustments for:				
Gain on sale of asset	(1,100)	-	(1,100)	-
Interest income	(1)	(147)	(26)	(424)
Interest expense on equity based finance fee	359	-	719	-
Foreign exchange loss / (gain)	34	2,572	(357)	1,320
Depreciation and amortisation expense	46	58	143	166
Income tax	13	(98)	(59)	(7)
Impairment (recovery) / loss	138	-	(559)	-
Share based payments expense	2	70	8	243
Share of loss of associates	97	173	209	282
Capitalized expenses	-	(473)	-	(1,070)
Changes in trade and other receivables	542	14	(4)	(22)
Changes in other current assets	75	489	515	(115)
Changes in inventories	(196)	(210)	2,509	(770)
Changes in accounts payable and accrued expenses	(991)	8,136	(20,708)	15,863
Cash used in discontinued operations	(131)	(104)	(685)	(458)
Net cash inflows from / (outflows to) operating activities	(1,211)	7,716	(45,582)	11,852
Investing activities				
Net proceeds on sale of intangible assets	52,671	-	52,671	-
Purchases of intangible assets	(3,540)	(46,222)	(7,721)	(74,549)
Net proceeds on sale of property, plant and equipment	595	-	804	-
Purchases of property, plant and equipment	(134)	(9)	(595)	(611)
Investment in associate	(1,105)	(2,345)	(5,796)	(17,788)
Interest received on cash deposits	1	147	26	424
Net cash inflows from / (outflows to) investing activities	48,488	(48,429)	39,389	(92,524)
Financing activities				
Net proceeds (costs) on issuance of shares	-	(4)	-	51,917
Repayment of borrowings	(10,000)	-	-	-
Net cash inflows from / (outflows to) financing activities	(10,000)	(4)	-	51,917
Effect of exchange rate changes on cash and cash equivalents	(13)	(2,633)	361	(1,312)
Change in cash and cash equivalents	37,264	(43,350)	(5,832)	(30,067)
Cash and cash equivalents, beginning of the period	5,989	71,967	49,085	58,684

Cash and cash equivalents, end of the period	43,253	28,617	43,253	28,617
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## Outlook

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

### *Atrush Block*

The Contractor is currently in the process of preparing a Field Development Plan which will be submitted to the Atrush Block Management Committee within 180 days following the Declaration of Commercial Discovery which was submitted on November 7, 2012.

The Atrush-3 appraisal well is expected to be spudded before the end of the current year. Civil engineering work is nearing completion which will provide road access to the Atrush-3 well location which is 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-4 and Atrush-5 appraisal wells are planned to be spudded during the year 2013. Planning for these wells is currently underway.

The 3D seismic acquisition program which covered the entire Atrush block and adjoining Swara Tika discovery was completed on August 11, 2012. Final processing of the complete 3D seismic survey is expected in the first quarter of 2013.

The tendering process has been completed for a contract to install and operate extended test facility (“ETF”) with a maximum production capacity of 5,000 bopd. The ETF is expected to be commissioned in the first quarter of 2013 with production coming from the Atrush-1 well. The Atrush-2 well will be used to monitor reservoirs. An additional ETF is planned to be installed on the Atrush-3 well in the second half of the year 2013. Work on an enhanced ETF with production capacities from 10,000 bopd expandable to 30,000 bopd is planned to commence in the second half of the year 2013.

### *New Ventures*

As part of its normal business the Company continues to evaluate new opportunities in the region.

### *About ShaMaran*

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration vehicle with an indirect 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”.

### *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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