

## ShaMaran 2011 Year End Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA-(Marketwire - March 29, 2012) -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, 2011.

### Highlights

- A major oil discovery in the Atrush Block was announced by the Company on April 13, 2011. The Atrush 1 well flowed at rates totalling over 6,393 bopd of 26.5 API oil from three tests in the Middle and Upper Jurassic reservoirs and well analysis indicated that the intervals are capable of much higher rates when completed for production. The well was drilled in budget and on time to a total depth of 3,400 meters.
- The Appraisal Work Programme and Budget on the Atrush Block has been submitted to the KRG. The Programme consists of 3D seismic and a number of appraisal wells and studies. 3D seismic acquisition is in progress and the construction of the location for the Atrush-2 appraisal well is underway with drilling operations planned to commence in May 2012. Planning for an Early Production facility to conduct a long term test in the field is also underway.
- The Company's 100% owned subsidiary ShaMaran Petroleum BV entered into a production sharing contract ("PSC") on July 27, 2011 in respect of the Taza Block (formerly Block K42) in the Kurdistan Region of Iraq. ShaMaran holds a 20% working interest in the PSC, and Oil Search Iraq Limited ("OSIL") is the operator with a 60% working interest in the PSC. The Kurdistan Regional Government of Iraq ("KRG") holds a 20% working interest in the PSC with costs carried by ShaMaran and OSIL. Planning is underway for an exploration well with drilling operations expected to commence near the end of the second quarter of 2012.
- Operations were discontinued in December 2011 in Pulkhana after disappointing testing results from the Pulkhana 9 well. On January 17, 2012 the Company signed a final binding agreement with the KRG to relinquish to the KRG the 60% working interests previously held in each of the Arbat and Pulkhana Production Sharing Contracts.
- In February 2012 the Company received a Detailed Property Report ("the Report") from its third party auditors, McDaniel & Associates Consultants Ltd. The Report includes 124,782 Mboe as best estimate of Gross Estimated Contingent Resources and 87,910 Mboe as the unrisksed best estimate of Gross Estimated Prospective Resources net to ShaMaran for the Company's two assets. These estimates are exclusive of amounts relating to the Pulkhana and Arbat Blocks which were relinquished in January 2012.
- Cash proceeds of \$CAD 51.0 million were raised by the Company (\$CAD 49.7 million net of issuance costs) through a private placement of 127.5 million common shares at \$CAD 0.40 per share which was concluded on November 15, 2011. In May 2011 the Company raised cash proceeds of \$CAD 50.4 million (\$CAD 49.5 million net of issuance costs) through a private placement of 56 million common shares at \$CAD 0.90 per share.
- The Company had a net loss of \$210.9 million for the year ended December 31st, 2011 (2010: \$1,093,000). The cash balance of the Company was \$49.1 million as at December 31st, 2011 (2010: \$58.7 million).

### Financial and Operating Results for the year ended December 31st, 2011

*(Unaudited: Expressed in thousands of United States Dollars)*

During the year 2011 the Company continued its exploration campaign in respect of its petroleum properties in Kurdistan constituting the continuing operations of the Company which currently have no corresponding revenue. The net loss in 2011 was driven by the impairment losses relating to the suspension in December 2011 of all operations associated with the Pulkhana and Arbat Blocks and the relinquishment of these PSCs which was completed on January 17, 2012.

### Consolidated Interim Statement of Comprehensive Income

*(Unaudited: Expressed in thousands of United States Dollars)*

	For the year ended December 31,	
	2011	2010
Expenses from continuing operations		
General and administrative expenses	(1,082)	(594)
Share based payments	(264)	(570)
Depreciation and amortisation expense	(221)	(139)
Impairment losses	(207,504)	-
Share of loss of associate	(271)	(27)
Operating loss	(209,342)	(1,330)

Finance costs	(1,777)	(1,353)
Finance income	518	2,631
Net finance (costs) / income	(1,259)	1,278
Loss before income tax expense	(210,601)	(52)
Income tax expense	(137)	(81)
Net loss from continuing operations	(210,738)	(133)
Discontinued operations		
Loss from discontinued operations	(201)	(960)
Net loss for the year	(210,939)	(1,093)
Other comprehensive income:		
Currency translation differences	(23)	1
Total other comprehensive income / (loss)	(23)	1
Total comprehensive loss for the year	(210,962)	(1,092)

The Company spent \$103 million on exploration and evaluation activities in 2011 consisting primarily of drilling, workover and testing costs incurred on the Pulkhana 8 and Pulkhana 9 wells and a capacity building payment issued to the KRG associated with the signing of the Taza Block PSC. Also during the year 2012 the Company increased by \$7.5 million its investment in GEP, the company operating the Atrush Block, primarily through cash contributions which were required to fund the work program and budget on the Atrush Block. The \$207.5 million provision for impairment related to the Pulkhana and Arbat PSC relinquishment offset the exploration and investment charges capitalized and drive the net decrease by \$105.3 million in total assets reported on the balance sheet relative to the amount reported at the end of the previous year.

#### Consolidated Interim Balance Sheet

*(Unaudited: Expressed in thousands of United States Dollars)*

	As at December 31,	
	2011	2010
Assets		
Non-current assets		
Intangible assets	45,836	149,892
Property, plant and equipment	382	330
Investment in associate	51,835	44,282
	98,053	194,504
Current assets		
Other current assets	647	447
Inventories	3,328	2,656
Other receivables	105	124
Cash and cash equivalents	49,085	58,684
	53,165	61,911
Assets associated with discontinued operations	21	74
Total assets	151,239	256,489
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	23,245	5,156
Current tax liabilities	122	103
Deferred consideration	-	12,643
	23,367	17,902
Liabilities associated with discontinued operations	2,613	3,069
Total liabilities	25,980	20,971
Equity		

Share capital	533,349	432,506
Share based payments reserve	3,828	3,968
Cumulative translation adjustment	(18)	5
Accumulated deficit	(411,900)	(200,961)
Total equity	125,259	235,518
Total liabilities and equity	151,239	256,489

The cash position of the Company decreased by \$9.6 million during year 2011. The main reason for the decrease in the cash position was the outflow of funds on exploration activities in Kurdistan and the investment in GEP. This decrease in cash was offset by the receipt by the Company in May and November 2011 of funds related to the private placement of 183.5 million common shares of the Company for proceeds net of issuance costs in amounts totalling of \$99.8 million.

#### Consolidated Cash Flow Statement

*(Unaudited: Expressed in thousands of United States Dollars)*

	For the year ended December 31,	
	2011	2010
<b>Operating activities</b>		
Net loss for the year from continuing operations	(210,738)	(133)
Adjustments for:		
Interest income	(518)	(416)
Foreign exchange loss / (gain)	862	(2,215)
Depreciation and amortisation expense	221	139
Income tax	19	91
Impairment losses	207,504	-
Share-based payment expense	264	570
Share of loss of associates	271	27
Capitalized expenses	(1,656)	-
Changes in trade and other receivables	19	(93)
Changes in other current assets	(200)	(71)
Changes in inventories	(1,915)	(2,656)
Changes in accounts payable and accrued expenses	18,089	3,069
Cash used in discontinued operations	(1,682)	(562)
Net cash inflows / (outflows) from operating activities	10,540	(2,250)
<b>Investing activities</b>		
Exploration, evaluation and other intangible assets	(100,087)	(26,376)
Property, plant and equipment	(735)	(324)
Investment in associate	(20,467)	(26,666)
Interest received on cash deposits	518	416
Cash provided by discontinued operations	1,078	277
Net cash outflows to investing activities	(119,693)	(52,673)
<b>Financing activities</b>		
Proceeds net of costs on issuance of shares	100,439	47,826
Net cash inflows from financing activities	100,439	47,826
Effect of exchange rate changes on cash and cash equivalents	(885)	2,216
Change in cash and cash equivalents	(9,599)	4,881

Cash and cash equivalents, beginning of the year	58,684	63,565
Cash and cash equivalents, end of the year	49,085	58,684

## Outlook

The outlook for the year 2012 for the two blocks which the Company holds interests in Kurdistan is as follows:

### *Atrush Block*

The operating company (GEP) had completed more than half of the planned 309 square kilometers for the 3D seismic acquisition program by the end of December 2011 when operations were suspended because of the winter weather. Operations to acquire the balance portion of the 3D Seismic will commence by the end of the first quarter 2012 and are likely to be completed by the end of second quarter 2012. The Atrush-2 well location is under construction and GEP is in the process of tendering for a rig for a planned commencement of drilling operations in May 2012.

### *Taza Block (Formerly Block K42)*

Preparations for drilling the first Taza exploration well will continue over the coming months. The surface location of the well has been selected and civil engineering works for site access road and the site preparation are under way. The planned commencement of drilling operations is for the end of the second quarter of 2012.

### *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. It has two projects in the region: the Atrush Block and Taza Block (formerly K42) exploration blocks. These projects are 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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Shamaran Petroleum Corp.  
Keith Hill  
Chairman  
(604) 806-3583  
khill@namdo.com

Shamaran Petroleum Corp.  
Pradeep Kabra  
President and CEO  
0041 22 560 8605  
pradeep.kabra@shamaranpetroleum.com

Shamaran Petroleum Corp.  
Sophia Shane  
Corporate Development  
(604) 689-7842  
(604) 689-4250 (FAX)  
sophias@namdo.com  
www.shamaranpetroleum.com

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