

ShaMaran Petroleum Finalises Agreement With KRG to Relinquish Pulkhana and Arbat Blocks in Kurdistan

VANCOUVER, BRITISH COLUMBIA—(Marketwire - Jan. 18, 2012) -ShaMaran Petroleum Corp. (TSX VENTURE:SNM)(OMX:SNM)(“ShaMaran” or the “Company”) provides the following update.

ShaMaran has signed a final binding agreement with the Kurdistan Regional Government (“KRG”) to relinquish to the KRG the 60% working interests currently held in each of the Arbat and Pulkhana Production Sharing Contracts (“PSC”).

Under the terms of the agreement the PSC for each of the Pulkhana and Arbat blocks is terminated whereby ShaMaran’s interests in both PSCs are relinquished. The Company has agreed to a payment to the KRG of consideration valued at \$US25 million after which the Company will be relieved of all further obligations under the PSCs.

This asset realignment will relieve the Company from the remaining work program obligations of Pulkhana and Arbat block, and allow ShaMaran to focus its activities and resources on the Atrush and Taza Blocks, which the Company considers to be their most prospective blocks.

The Company, as part of General Exploration Partners Inc (“GEP”), and its partner, Marathon Petroleum KDV B.V., are currently carrying out an appraisal program in the Atrush block in which a major discovery was announced in April 2011. This program consists of a 3D seismic survey which is underway and expected to be completed in the first quarter. The partnership is also planning to drill an appraisal well in the second quarter of 2012 followed by the installation of an early production system. ShaMaran, through its wholly-owned subsidiary, ShaMaran Ventures B.V., has a 33.5% stake in GEP, which is a party to the Atrush Block Production Sharing Contract and currently holds an 80% interest. Marathon Petroleum KDV B.V., a wholly-owned subsidiary of Marathon Oil Corporation (NYSE:MRO), holds a 20% interest in the block.

The Company in coordination with Oil Search Iraq Limited (“OSIL”) is also planning to drill its first well in the Taza Block (formerly Block K42) in the second quarter of 2012. ShaMaran holds a 20% working interest in the PSC. 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.

ShaMaran President and CEO, Pradeep Kabra, commented, “This agreement allows ShaMaran to move forward in Kurdistan on its highly prospective remaining projects by removing the high financial obligations of the Pulkhana and Arbat blocks which were not as prospective as anticipated. We still consider Kurdistan to be one of the most attractive regions in the world to explore and develop oil projects and will continue to look for growth opportunities in the country.”

About ShaMaran

ShaMaran Petroleum Corp. is a Kurdistan-focused oil development and exploration vehicle with two ongoing projects in the region: the Atrush oil discovery, and the Taza exploration blocks. These projects are nearby and on trend to 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 30 mid to large size international oil companies.

ShaMaran Petroleum is a Canadian oil and gas company listed on the TSX Venture Exchange under the symbol “SNM” as well as NASDAQ OMX First North under the symbol “SNM”.

On behalf of the Board,

Pradeep Kabra, President and CEO

Certain statements made and information contained in this press release constitute “forward-looking information” (within the meaning of applicable Canadian securities legislation), including statements about expected or anticipated future events and financial results that are forward-looking in nature. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources and dates by which certain areas will be explored, developed or reach expected operating capacity.

Forward-looking statements 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, 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 statements are 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 to 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 statements.

ShaMaran Petroleum’s Certified Advisor on NASDAQ OMX First North is Pareto Öhman AB.

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.

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