

ShaMaran Q1 2011 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA—(Marketwire - June 10, 2011) -ShaMaran Petroleum Corp. (TSX VENTURE:SNM) (“ShaMaran” or the “Company”) is pleased to announce its financial and operating results for the three months ended March 31st, 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.
- Pulkhana 9 was spudded by the Company on April 3, 2011 with a planned total depth of approximately 2,700 meters. The well targets the proven Euphrates/Upper Jaddala and Shiranish oil reservoirs, as well as evaluating a further potential reservoir in the Lower Jaddala.
- Cash proceeds of \$CAD 50.4 million (\$CAD 49.1 million net of issuance costs) were raised by the Company through a private placement of 56 million common shares at \$CAD 0.90 per share which was concluded on May 5, 2011.
- McDaniel & Associates Consultants Ltd, the Company’s independent qualified resource evaluator, provided the Company with a Detailed Property Report (“the Report”) in March 2011 which was based on information prior to the appraisal drilling of Pulkhana and results from the Atrush-1 well. The Report includes 82,461,000 boe as best estimate of Company Gross Estimated Contingent Resources and 287,555,000 boe as the unrisks best estimate of Company Gross Estimated Prospective Resources for all four of the Company’s assets.
- The Company had net income of \$462,000 for the three months ended March 31st, 2011 (2010: net income of \$679,000). The cash balance of the Company was \$51.3 million as at March 31, 2011 (December 31st, 2010: \$58.7 million).

Financial and Operating Results for the first quarter of 2011

(Unaudited: Expressed in thousands of United States Dollars)

In the first quarter of 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 income in the first quarter was primarily driven by the cumulative foreign currency translation gain of \$1,053 which has offset normal operational expenses during this period.

Consolidated Interim Statement of Comprehensive Income

(Unaudited: Expressed in thousands of United States Dollars)

For the three months ended March 31,

| | 2011 | 2010 |
|--------------------------------------|-------|-------|
| Expenses from continuing operations: | | |
| General and administrative | (164) | (219) |
| Share based payments | (59) | (254) |
| Depreciation expense | (52) | (26) |
| Share of loss of associate | (79) | - |

| | | |
|---|-------|-------|
| Operating loss | (354) | (499) |
| Finance costs | (227) | (458) |
| Finance income | 1,162 | 1,760 |
| Net finance income | 935 | 1,302 |
| Income before income tax expense | 581 | 803 |
| Income tax expense | (41) | (13) |
| Net income from continuing operations | 540 | 790 |
| Discontinued operations: | | |
| Loss from discontinued operations | (78) | (111) |
| Net income for the period | 462 | 679 |
| Other comprehensive income: | | |
| Currency translation differences | 36 | 2 |
| Total other comprehensive income | 36 | 2 |
| Total comprehensive income for the period | 498 | 681 |

The Company increased its investment in exploration, evaluation and other intangible assets by \$5.2 million during the first three months of 2011 which relates to the initial stages of the exploration drilling campaign on the petroleum properties located in Kurdistan. In addition the deferred consideration liability was decreased by \$4 million relating to funds provided to the associate of the Company, General Exploration Partners Inc, for the approved work program on the Atrush Block. There were no other significant changes to the consolidated balance sheet for the three months ended March 31st, 2011.

Consolidated Interim Balance Sheet

(Unaudited: Expressed in thousands of United States Dollars)

| | Mar 31, 2011 | Dec 31, 2010 | Jan 1, 2010 |
|---|-----------------|-----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Exploration, evaluation and other intangible assets | 155,086 | 149,892 | 185,035 |
| Property, plant & equipment | 315 | 330 | 145 |
| Investment in associate | 44,203 | 44,282 | - |
| | 199,604 | 194,504 | 185,180 |
| Current assets | | | |
| Other current assets | 716 | 447 | 376 |
| Inventories | 3,519 | 2,656 | - |
| Trade and other receivables | 142 | 124 | 31 |
| Cash and cash equivalents | 51,260 | 58,684 | 63,565 |
| | 55,637 | 61,911 | 63,972 |
| Assets associated with discontinued operations | 65 | 74 | 847 |

| | | | |
|---|-----------|-----------|-----------|
| Total assets | 255,306 | 256,489 | 249,999 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 7,436 | 5,156 | 2,087 |
| Current tax liabilities | 146 | 103 | 12 |
| Deferred consideration | 8,643 | 12,643 | - |
| | 16,225 | 17,902 | 2,099 |
| Non-current liabilities | | | |
| Other long-term liabilities | - | - | 170 |
| | - | - | 170 |
| Liabilities associated with discontinued operations | 2,950 | 3,069 | 3,167 |
| Total liabilities | 19,175 | 20,971 | 5,436 |
| Equity | | | |
| Share capital | 432,602 | 432,506 | 379,673 |
| Equity share rights | - | - | 61,349 |
| Share premium account | 3,987 | 3,968 | 3,405 |
| Cumulative translation adjustment | 41 | 5 | 4 |
| Accumulated deficit | (200,499) | (200,961) | (199,868) |
| Total equity | 236,131 | 235,518 | 244,563 |
| Net liabilities and equity | 255,306 | 256,489 | 244,999 |

The cash position of the Company decreased by \$7,424 over the first quarter of 2011 compared to a decrease in cash by \$994 during the first quarter of 2010.

Net cash used in investment activities during the quarter was \$8,931 compared to funds used in first quarter of 2010 in the amount of \$2,955. The main components of cash used were funding the investment in GEP in the amount of \$4,000 and spending on E&E costs of \$5,003 related to the drilling programs on the Company's petroleum properties in Kurdistan with an offset in the amount of \$109 from interest received on cash deposits.

The Company had no significant financing activities during the first quarters of 2011 and 2010. In May 2011 the Company received funds from financing related to the private placement of 56 million common shares of \$CAD 49.1 million.

Consolidated Cash Flow Statement

(Unaudited: Expressed in thousands of United States Dollars)

Three months ended March 31,

| | 2011 | 2010 |
|--|---------|---------|
| Operating activities | | |
| Net income for the period from continuing operations | 540 | 790 |
| Adjustments for: | | |
| Interest income | (109) | (66) |
| Foreign exchange gain | (1,053) | (1,694) |

| | | |
|--|---------|---------|
| Depreciation expense | 52 | 26 |
| Income tax | 43 | 13 |
| Share-based payment expense | 59 | 254 |
| Share of loss of associates | 79 | - |
| Capitalized expenses | (191) | - |
| Changes in trade and other receivables | (18) | (395) |
| Changes in other current assets | (269) | 262 |
| Changes in inventories | (863) | - |
| Changes in trade and other payables | 2,280 | 1,482 |
| Cash used in discontinued operations | (188) | (407) |
| Net cash inflows from operating activities | 362 | 265 |
| Investment activities | | |
| Exploration, evaluation and other intangible assets | (5,003) | (3,258) |
| Property, plant & equipment | (37) | (40) |
| Investment in associate | (4,000) | - |
| Interest received on cash deposits | 109 | 66 |
| Cash provided by discontinued operations | - | 277 |
| Net cash outflows to investing activities | (8,931) | (2,955) |
| Financing activities | | |
| Net proceeds on issuance of shares | 56 | - |
| Net cash inflows from financing activities | 56 | - |
| Effect of exchange rate changes on cash and cash equivalents | 1,089 | 1,696 |
| Change in cash and cash equivalents | (7,424) | (994) |
| Cash and cash equivalents, beginning of the period | 58,684 | 63,565 |
| Cash and cash equivalents, end of the period | 51,260 | 62,571 |

Outlook

The outlook for the four blocks in Kurdistan for the remainder of the year 2011 is as follows:

Atrush Block

Atrush 1 was drilled to a total depth of 3,400 meters on January 21, 2011 and the comprehensive well testing program which concluded on April 13, 2011 confirmed a major oil discovery. The operating company, GEP, is currently preparing a program to appraise the Atrush Block for development and production.

Pulkhana Block

Pulkhana-9 was spudded in April 2011 and is planned to be drilled to a Total Depth of 2700m. The well is designed to appraise the proven Euphrates/Jaddala & Shiranish oil reservoirs as well as appraise possible upside in the Jeribe & Lower Jaddala formations.

ShaMaran has also received Ministry of Natural Resources (“MNR”) approval for the Pulkhana-10 and preparations are being made to enable drilling of this well. The Company is tendering for a workover rig for the planned third quarter workover of Pulkhana-8 and at the same time progressing with the feasibility study and design for the Pulkhana Early Production Facility (“EPF”) planned to be installed by the end of the year 2011. The first 3 wells (Pulkhana 8, 9 & 10) will be connected to the EPF, with the possibility to expand as future development wells are drilled.

Arbat Block

Following completion of seismic interpretation the Company has received MNR approval for the location of the first commitment exploration well (designated Arbat-A). Tendering and preparations are underway to enable drilling to commence in the 4th quarter of this year.

Block K42

Following the completion of 232.0 km of 2D seismic data acquisition the Company exercised its option to enter into a Production Sharing Contract. Approval from the KRG is currently pending.

New Ventures

As part of its normal business the Company is actively pursuing new opportunities in the region.

About ShaMaran

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration vehicle. It has four projects in the region: the Pulkhana development/appraisal block and the Arbat, Atrush and 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 30 mid to large size international oil companies.

ShaMaran Petroleum is a Canadian oil and gas company listed on the TSX Venture 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

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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

<https://shamaran.mediaroom.com/index.php?s=2429&item=122601>