

ShaMaran Reports on First KRG Oil Export Payments

VANCOUVER, BRITISH COLUMBIA—(Marketwire - May 6, 2011) -ShaMaran Petroleum Corp. (TSX VENTURE:SNM) (“ShaMaran” or “the Company”) is pleased to report on very positive developments recently announced by the Kurdistan Regional Government (“KRG”) confirming release of the first oil export payments to KRG contractors.

Pradeep Kabra, President and CEO, commented, “This is extremely good news for the region and the companies working there. As recently announced, ShaMaran and its partners have made a major new oil discovery in Kurdistan on the Atrush block which will become a significant producing asset for the Company upon development. In addition, the Company has a drilling campaign underway on its Pulkhana block and plans an aggressive exploration program on its other two blocks in the region.”

Prime Minister Salih’s statement on oil export payments was as follows:

“The Kurdistan Regional Government (KRG) has received a written notice from the federal Ministry of Finance in Baghdad, confirming release of the first oil export payment to the KRG contractors,” Prime Minister Barham Salih announced today.

The Prime Minister said, “This confirmation of payment to the KRG for the Region’s contractors amounts to around 50 percent (US\$243 million) of net revenues derived from the export of over 5 million barrels of oil from the Kurdistan Region between the start of February 2011 and March 27.”

The payment is part of the recent interim agreement on revenue allocation reached by the KRG with the federal Prime Minister Nuri al Maliki and the federal Ministers of Oil and Finance.

That arrangement allowed for the resumption of oil exports from newly discovered fields in the Kurdistan Region, marketed by the federal government’s State Oil Marketing Organization (SOMO), and with a percentage of the revenues going via the KRG to the contractors to pay exploration and extraction costs.

“This is a significant and welcome step forward for the Kurdistan Region and Iraq,” the Prime Minister said. “I am pleased that the KRG and its contractors are making an important contribution to Iraq’s oil output and thus to the revival of Iraq’s economy.”

The Prime Minister said, “The triggering of the oil payments mechanism signifies the commitment to resolve the outstanding issues between Erbil and Baghdad in accordance with Iraq’s Constitution.”

He said, “This positive development will add impetus to discussions over a long-delayed raft of federal oil and gas related legislation. The dispensation of the costs to the relevant companies will adhere to our agreement and in accordance with verifiable auditing standards.”

“It augurs well for the timely passage of a federal hydrocarbons law, a federal revenue sharing law, and the other federal oil legislation,” the Prime Minister said, adding, “Articles 18 and 19 of the KRG’s Oil and Gas Law, passed in 2007, explicitly commit the KRG to cooperation with the federal government in pursuance of the federal constitution requirement to ‘generate maximum revenues in a timely manner for the benefit of the people of Iraq’.”

Prime Minister Salih said, “The new federal laws would be in harmony with the KRG’s existing Oil and Gas Law” and “would provide stability and the regulatory glue that holds Iraq together.”

He said, “The KRG’s management of oil and gas fields has, since 2007, attracted over US\$10 billion new investment in exploration and development activities from more than 40 companies from 17 countries around the world, and this should be harnessed to its full potential for the benefit of all Iraqi people.”

Dr. Ashti Hawrami, the KRG Minister of Natural Resources, said the money from Baghdad would be allocated by the KRG to the producing companies, “In line with the KRG’s contractual obligations and the contributions made by the companies to the oil export from the Region.”

Dr. Hawrami said, “The payments will be reinvested by the companies to boost production levels in the Kurdistan Region” and, “in due course, significantly boost Iraqi and thereby KRG revenues.”

“In the period 27 March – 29 April, a further 4.5 million barrels of oil were exported from the Kurdistan Region through Turkey, at an average rate of 135,000 bpd,” said Dr. Hawrami. He noted: “The start of the payments will only serve to add confidence in and further strengthen our policy which is on track for an increase in oil export to 200,000 bpd by the end of this year.”

Source: www.krg.org

<http://www.krg.org/articles/detail.asp?rnr=223&lngnr=12&smap=02010100&anr=39875>

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration vehicle. Its initial four projects in the region are the Pulkhana development/appraisal block, the Arbat and K42 exploration blocks as well as the Atrush block on which a major new oil discovery was recently announced. 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 Exchange under the symbol “SNM”.

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ON BEHALF OF THE BOARD

Pradeep Kabra, President and CEO

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