

Q3

SHAMARAN
petroleum corp

Financial Report

*For the three and nine months ended September 30, 2025
(UNAUDITED)*

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these financial statements.

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Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

INTRODUCTION

Management's discussion and analysis ("MD&A") of the financial and operating results of ShaMaran Petroleum Corp. (together with its subsidiaries, "ShaMaran" or the "Company") is prepared with an effective date of November 5, 2025, and is intended to provide an overview of the Company's operations, financial performance and current and future business opportunities. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025, together with the accompanying notes ("Financial Statements"), the audited condensed consolidated financial statements for the year ended December 31, 2024, the annual information form for the year ended December 31, 2024 ("2024 Annual Information Form") and the third quarter 2025 results press release.

Company Overview

The Company is engaged in the business of oil and gas exploration and production and holds the following interests in production sharing contracts ("PSCs"):

- 50% non-operated working interest (66.7% paying interest) in the Atrush Block production sharing contract ("Atrush PSC") in the Kurdistan Region of Iraq ("KRI"). On August 6, 2024, the Company closed the acquisition of TAQA Atrush B.V. and the subsequent sale of an indirect interest in Atrush to HKN Energy IV, Ltd., as previously announced on January 22, 2024 (the "Atrush Acquisition"). As a result of the transaction, ShaMaran's working interest in the Atrush Block increased from 27.6% to 50%. The Atrush Block twenty-year development period commenced in Q4 2013, and oil production on the Atrush Block commenced in Q3 2017.
- 18% non-operated working interest (22.5% paying interest) in the Sarsang Block production sharing contract ("Sarsang PSC") in the KRI. This interest is consolidated in the Company's Financial Statements from September 14, 2022, when ShaMaran closed the acquisition of TEPKRI Sarsang A/S, a subsidiary of TotalEnergies S.E. (the "Sarsang Acquisition"). The Sarsang Block twenty-year development period commenced in Q2 2013, and oil production on the Sarsang Block commenced in Q1 2013.

ShaMaran's common shares are listed on the TSX Venture Exchange in Canada and the NASDAQ First North Growth Market in Sweden. The Company is incorporated and domiciled in British Columbia, Canada under the *Business Corporations Act* (British Columbia). The address of its registered and records office is 1075 West Georgia Street, Suite 1200, Vancouver, BC V6E 3C9, Canada, and its business address is 1055 Dunsmuir Street, Suite 2800, PO Box 49225, Vancouver, BC V7X 1L1, Canada.

Basis of Preparation

The MD&A and Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Unless otherwise stated herein, all currency amounts indicated as "\$" in this MD&A are expressed in United States dollars ("USD").

Management's Discussion and Analysis

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INTERIM MD&A QUARTERLY HIGHLIGHTS

- On September 25, 2025, the Company announced that interim agreements were executed between the Kurdistan Regional Government ("KRG"), Government of Iraq and several international oil companies ("IOCs"), including ShaMaran. These agreements enabled the restart of international oil exports by the Iraq-Türkiye pipeline ("ITP") from the KRI on September 27, 2025. Key terms include the following:
 - The agreements are based on the Iraqi Budget Law amendment in February 2025 and Iraq's recognition of the KRI PSCs. The Budget Law provides for an initial period of approximately three months during which IOCs will be compensated at \$16 per barrel for the cost of production and transportation, resulting in similar economics to the recent KRI local oil sales, with a reconciliation to full PSC entitlement following a review of the IOC invoices and contractual entitlements by an industry consultant;
 - The Iraqi State Organization for Marketing of Oil ("SOMO") will market the KRI crude at the Kirkuk blend official selling price, and IOCs will be paid in arrears from the sale of their allocation at Ceyhan via their nominated trader;
 - The Company will recognize oil sales revenues for pipeline exports according to its PSC entitlement at international prices (versus selling locally at a discount with prompt payment), leading to an increase in accounts receivable balances due to the longer payment terms, especially for the incremental amount due above the initial \$16 per barrel that will be paid following the reconciliation of invoices by the industry consultant (expected to be completed within the next few months); and
 - The agreements also provide that the IOCs and KRG will continue discussions about recovering outstanding accounts receivable from past oil sales.
- In August 2025, the Company repaid the outstanding \$10.6 million balance of the related-party loan plus all accrued and unpaid interest (as permitted under the recent amendments to the bond terms) in order to simplify the balance sheet and reduce financing costs;
- On July 15, 2025, a drone strike damaged three storage tanks and related pipes at the Sarsang Block and resulted in the full shutdown of production at both the Sarsang and Atrush blocks for seven days. On July 22, 2025, the Atrush Block restarted at full capacity, and the Sarsang Block restarted at a reduced rate due to the damage. Note the following:
 - The rapid shutdown at Atrush likely triggered an electronic submersible pump ("ESP") failure after the restart of CK-7, one of the most prolific wells in the field, leading to a partial loss of production during August 2025. The replacement of the ESP was carried out successfully, and Atrush returned to full production from late August 2025; and
 - The repair works at Sarsang were completed on September 20, 2025, nearly one month ahead of schedule, and the field has returned to full capacity.
- Average gross daily oil production from Atrush and Sarsang in Q3 2025 on a combined basis was 47.6 Mbopd (20% lower than the 59.3 Mbopd in Q3 2024) primarily due to the impact of the drone strike in July 2025;
- Average Company net daily oil production from Atrush and Sarsang in Q3 2025 on a combined basis was 18.0 Mbopd (6% higher than the 17.0 Mbopd in Q3 2024) due to the higher working interest in the Atrush Block, offset by the impact of the drone strike;
- Revenue in Q3 2025 was \$28.9 million (2% lower than the \$29.4 million in Q3 2024) primarily due to the impact of the drone strike, partially offset by four days of sales at international prices following the restart of exports via the ITP;
- Oil sales in Q3 2025 averaged a net oil price of \$34.76/bbl from the two blocks on a combined basis, including the four days of sales at international prices (2% lower than the \$35.65/bbl in Q3 2024);
- Lifting costs in Q3 2025 were \$9.4 million (49% higher than the \$6.3 million in Q3 2024) mainly due to the higher working and paying interest in the Atrush Block and exceptionally low Atrush costs in Q3 2024 (associated with accrual releases in connection with the Atrush Acquisition);
- Gross margin on oil sales in Q3 2025 was \$9.3 million (7% lower than the \$10.0 million in Q3 2024) due to the impact of the drone strike and the higher working and paying interest in the Atrush Block;
- Adjusted EBITDAX¹ in Q3 2025 was \$17.9 million (18% lower than the \$21.8 million in Q3 2024) due to a combination of the effects described above;
- The Company generated \$5.9 million in cash flow from operating activities during Q3 2025 mainly from local sales (80% lower than the \$29.1 million in Q3 2024). This is due to lower sales (as explained above), delayed cash receipts for both local sales and ITP sales (connected with the pipeline export restart), as well as higher expenditures related to repair works on both blocks; and
- At September 30, 2025, the Company had cash of \$54.7 million and gross debt of \$143.8 million (corporate bond). Net debt¹ was \$89.1 million.

¹ Non-IFRS Accounting Standards measures do not have any standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other public companies. Non-IFRS Accounting Standards measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. The Company uses non-IFRS Accounting Standards measures to provide investors with supplemental measures. Refer to the "Non-IFRS Accounting Standards Measures" section of this MD&A for more information.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

OPERATIONS REVIEW

	Three months ended Sept 30		Nine months ended Sept 30	
	2025	2024	2025	2024
Average daily oil production – gross 100% field (Mbopd)				
- Atrush	29.4	26.8	33.2	23.9
- Sarsang	18.2	32.5	25.5	33.2
Total	47.6	59.3	58.7	57.1
Average daily oil production – Company net (Mbopd)				
- Atrush (27.6% until August 6, 2024; 50% thereafter)	14.7	11.1	16.6	7.9
- Sarsang (18%)	3.3	5.9	4.6	6.0
Total	18.0	17.0	21.2	13.9
Oil sales – gross 100% field (Mbbl)				
- Atrush	2,701	2,463	9,068	6,559
- Sarsang	1,599	2,949	6,967	8,916
Total	4,300	5,412	16,035	15,475
ShaMaran oil sales entitlement (Mbbl)				
- Atrush (27.6% until August 6, 2024; 50% thereafter)	652	492	2,183	1,036
- Sarsang (18%)	181	333	787	1,007
Total	833	825	2,970	2,043

On July 15, 2025, the Company was notified by HKN Energy Ltd. ("HKN"), the operator of the Sarsang Block, that production had been shut-in following an explosion at on one of the facilities due to a suspected drone strike. There were no injuries, but three storage tanks and related pipes were damaged. Although there were no incidents at the Atrush Block and no further drone strikes at Sarsang, production at both blocks was shut down as a precaution following several similar incidents at other KRI fields. HKN resumed production at both blocks when it was deemed safe to do so after consultations with the KRG. On July 22, 2025, the Atrush Block restarted production at full capacity, and the Sarsang Block restarted production at a reduced rate due to the damage, with full production restored by September 22, 2025.

Local sales continued in Q3 2025 until September 26, 2025, and international exports via the ITP commenced on September 27, 2025.

At Atrush, average production in Q3 2025 was 29.4 Mbopd, exiting the quarter at over 35 Mbopd. Production was augmented by successful well interventions on the CK-11 and CK-5 wells. Production was temporarily affected by a precautionary shut-in after the Sarsang drone strike and a maintenance workover on the CK-7 well. The AT-4 gas cap management pilot test was successfully completed, confirming the forward development plan. A dedicated gas well is now planned for 2026 drilling. The facility debottlenecking project to expand liquids processing capacity remains on schedule for Q4 2025 start-up. The CK-21 infill well will be spudded in Q4 with production expected in Q1 2026 to make full use of the expanded facility capacity.

At Sarsang, average production in Q3 2025 was 18.2 Mbopd. A drone strike in July caused a seven-day suspension and a period of reduced production. Additional downtime resulted from produced water system issues, leading to production deferrals. By the end of the quarter, production was restored to target levels exceeding 30 Mbopd. The ST-1Z and ST-B4 wells continue to perform well following interventions in the first half of the year.

The Operator's well intervention campaigns at both fields continue to deliver results in line with quick investment payback metrics agreed by the partnership.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

FINANCIAL REVIEW

Financial Results

Selected Quarterly Financial Information

The following is a summary of selected quarterly financial information for the Company:

USD Thousands (except per share data)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Continuing operations:								
Revenue	28,936	35,385	35,885	34,749	29,425	22,630	22,588	20,320
Cost of goods sold	(19,658)	(22,610)	(23,409)	(15,673) ²	(19,470)	(15,225)	(15,748)	(9,291) ²
Bargain purchase gain on acquisitions	-	-	-	-	70,336	-	-	(360)
General and administrative expense	(1,492)	(1,552)	(5,076)	(3,340)	(1,282)	(1,426)	(1,780)	(2,865)
Share-based payments expense	(1,477)	(1,004)	(3,471)	(1,533)	(273)	(887)	(997)	(376)
Depreciation and amortization	(20)	(37)	(1)	(32)	(26)	(42)	(59)	(58)
Credit loss provision	(390)	1,042	1,314	24	1,591	298	2,796	(305)
Finance expense	(4,594)	(8,286)	(6,982)	(6,793)	(5,569)	(6,812)	(8,555)	(9,560)
Finance income	584	655	641	782	384	1,046	1,320	1,691
Income tax expense	(18)	(75)	(7)	(65)	(17)	(91)	(58)	(100)
Net income/(loss)	1,871	3,518	(1,106)	8,119	75,099	(509)	(493)	(904)
EBITDAX³	16,391	23,846	17,777	21,885	21,509	14,707	14,234	12,839
Adjusted EBITDAX⁴	17,868	24,850	24,465	23,418	21,782	15,594	15,231	13,215
Net income/(loss) in \$ per share								
- Basic	-	-	-	0.003	0.026	-	-	-
- Diluted	-	-	-	0.003	0.025	-	-	-

EBITDAX is calculated as the net result before financial items, taxes, depletion of oil and gas properties, impairment costs, the gains on acquisitions, depreciation and exploration expenses and adjusted for non-recurring profit/loss on sale of assets and other income. Explanations of the significant variances between periods are provided in the following sections.

Summary of Principal Changes in the Third Quarter Financial Information

The \$1.9 million net income generated in Q3 2025 was primarily driven by the gross margin on oil sales, impacted by the drone strike, and continued cost control during the quarter, particularly the lower finance expense. The income and expenses in Q3 2025 are explained in more detail in the following sections.

² Costs of goods sold at year-end includes an annual depletion true-up based on the updated year-end reserve report.

³ Non-IFRS Accounting Standards measures do not have any standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other public companies. Non-IFRS Accounting Standards measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. The Company uses non-IFRS Accounting Standards measures to provide investors with supplemental measures. Refer to the "Non-IFRS Accounting Standards Measures" section of this MD&A for more information.

⁴ Adjusted EBITDAX adds back the non-cash share-based payments expense each quarter, as well as non-recurring, transaction-related expenses in Q1 2025.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Gross margin on oil sales

	Three months ended September 30		Nine months ended September 30	
USD Thousands	2025	2024	2025	2024
Revenue from oil sales	28,936	29,425	100,206	74,643
Lifting costs	(9,426)	(6,330)	(27,737)	(17,377)
Other costs of production	(150)	(31)	(383)	(171)
Depletion costs	(10,082)	(13,109)	(37,557)	(32,895)
Cost of goods sold	(19,658)	(19,470)	(65,677)	(50,443)
Gross margin on oil sales	9,278	9,955	34,529	24,200

Revenue from oil sales relates to the Company's entitlement share of local oil sales until September 26, 2025, and then ITP sales for the following four days, from the Atrush and Sarsang blocks. Revenue was 2% lower in Q3 2025 compared to Q3 2024, impacted by the drone strike in July 2025. The revenue of \$100.2 million in the first nine months of 2025 was 34% higher than the same period in 2024, driven by the increased working interest in the Atrush Block from August 2024. The average net oil price in Q3 2025 was \$34.76/bbl from the two blocks on a combined basis, including the four days of sales at international prices (2% lower than the \$35.65/bbl in Q3 2024). The average net oil price for the first nine months of 2025 was \$33.74 per barrel, 8% lower than the average net oil price of \$36.54 per barrel for the same period in 2024 (primarily linked to lower oil prices in 2025). The Company's entitlement share of oil sales in the first nine months of 2025 was 2.97 MMbbls, 46% higher than the 2.04 MMbbls entitlement in 2024.

Lifting costs comprise the Company's share of expenses related to the production of oil from the Atrush and Sarsang blocks, including operation and maintenance of wells and production facilities, insurance and the operator's related support costs as charged to the Company. Lifting costs were 49% higher in Q3 2025 compared to Q3 2024, and 60% higher in the nine-month period, mainly due to the increased working and paying interest in the Atrush Block (as the KRG working interest was converted to a carried interest during the Atrush Acquisition). The Atrush lifting costs were exceptionally low in Q3 2024 due to accrual releases connected to the Atrush Acquisition.

Other costs of production include the Company's share of other costs prescribed under the Atrush and Sarsang PSCs.

Depletion costs were 23% lower in Q3 2025 compared to Q3 2024, and 14% higher in the nine-month period, due to lower production in the quarter (from the drone strike) and higher production in the first nine-months due to the higher working interest in the Atrush Block.

Gross margin on oil sales was 7% lower in Q3 2025 versus Q3 2024, and 43% higher in the nine-month period, due to the impact of the drone strike in Q3 2025, higher local oil sales and a higher working and paying interest in the Atrush Block in the nine-months.

General and administrative expense

	Three months ended September 30		Nine months ended September 30	
USD Thousands	2025	2024	2025	2024
Salaries and benefits	743	786	5,625	2,508
Legal, accounting and audit fees	302	61	839	456
Management and consulting fees	234	203	915	671
General and other office expenses	116	136	346	489
Listing costs and investor relations	81	75	281	243
Travel expenses	16	21	95	66
Corporate sponsorship	-	-	19	55
General and administrative expense	1,492	1,282	8,120	4,488

The increase in general and administrative expenses in 2025 compared to 2024 is due to non-recurring, transaction-related management compensation, as well as consulting, legal and audit fees. Part of the compensation-related increase is linked to contractual obligations under employment agreements, including severance payments and M&A triggers.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Finance expense

USD Thousands	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Interest/amortization charges on bonds	4,867	9,490	16,374	25,180
Amortization of related-party loan	168	455	1,173	1,485
Re-measurement of contingent consideration	53	341	111	194
Adjustment of bond and loan amortization	(242)	(3,985)	2,891	(3,985)
Total borrowing costs	4,846	6,301	20,549	22,874
Unwinding discount on decommissioning provision	256	36	745	60
Foreign exchange loss	21	102	92	75
Lease – interest expense	14	1	43	9
Total finance expense before borrowing costs capitalized	5,137	6,440	21,429	23,018
Borrowing costs capitalized	(543)	(871)	(1,568)	(2,145)
Total finance expense	4,594	5,569	19,861	20,873

Interest and amortization charges relate to the Company's bond and related-party loan. The bond amendments effective May 2, 2025, as well as the repayments of the related-party loan, were treated as a modification to the bond and loan, and the amortization schedules were adjusted accordingly.

Borrowing costs directly attributable to the preparation of development assets for their intended use have been capitalized together with the related oil and gas assets. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

For further information on the Company's borrowings, refer to the discussions in the section below entitled "Borrowings".

Capital Expenditures

Capital Expenditures on Property, Plant & Equipment ("PP&E")

The net book value of PP&E principally comprises development costs related to the Company's share of the Atrush PSC, before the Atrush Acquisition, and the fair values of the Sarsang Acquisition and Atrush Acquisition, plus development costs related to the Company's share of the PSCs since these acquisitions, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

The movements in PP&E are explained below:

USD Thousands	Nine months ended September 30, 2025			Year ended December 31, 2024		
	Oil and gas assets	Office equipment	Total	Oil and gas assets	Office equipment	Total
Opening net book value	365,705	3	365,708	302,091	101	302,192
Atrush Acquisition	-	-	-	85,256	-	85,256
(Credit)/additions	(1,541)	-	(1,541)	18,935	(2)	18,933
Depletion and depreciation expense	(37,557)	-	(37,557)	(40,577)	(96)	(40,673)
Net book value	326,607	3	326,610	365,705	3	365,708

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Financial Position and Liquidity

Accounts receivable

At September 30, 2025, the Company had the following outstanding receivables:

USD Thousands	At September 30, 2025	At December 31, 2024
Accounts receivable on oil sales	59,515	64,058
Credit loss provision	(10,770)	(12,736)
Total accounts receivable	48,745	51,322

The accounts receivable balance at September 30, 2025, mainly relates to oil deliveries to the KRG from October 2022 through March 2023, net of the agreed Atrush Acquisition adjustments. The Company continues to discuss the recovery of these receivables with the KRG, but timing is uncertain. The Company has reassessed the credit loss provision and has compared the carrying value of the relevant trade receivables with the present value of the estimated future cash flows based on reasonable recovery scenarios, weighted by the relative probability of these potential outcomes. A relevant discount rate has been applied to reflect counterparty credit risk to provide a reasonable approximation of the fair value of these trade receivables at September 30, 2025. The result of the Company's assessment under IFRS 9 is a \$2.0 million credit adjustment to these trade receivables in the first nine months of 2025, included in the statement of comprehensive loss (Q3 2024: \$4.7 million).

Borrowings

On June 10, 2024, the Company announced bondholder approval of certain amendments to the terms of the Company's \$300 million bond, which originally matured in July 2025 (the "2025 Bond"). The amended terms included a two-year extension of the maturity date to July 2027 and several other amendments. Following a successful tender on June 26, 2024, \$47 million of the 2025 Bond and \$5.9 million of the 2025 Bond held by the Company were cancelled. Following the tender and satisfaction of other conditions precedent, the amended terms became effective July 1, 2024 (the "2027 Bond"). The annual interest rate on the 2027 Bond remained the same at 12%, but the interest payment timing changed from semi-annual to quarterly. A key amendment in the 2027 Bond terms was a mandatory quarterly cash sweep mechanism as of Q3 2024 that resulted in partial bond repayments at par of \$26.8 million in January 2025 and a further \$29.4 million in April 2025.

On April 11, 2025, the Company announced bondholder approval of certain further amendments to the terms of the Company's outstanding bond. The new amendments became effective on May 2, 2025, and included converting the mandatory cash sweep to voluntary and extending the maturity by an additional two years to July 2029 (the "2029 Bond"). All amendments to the bond have been treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense.

The bond has a financial covenant stating that at all times the ratio of reserve value to net debt ("Asset Coverage Ratio") shall be a minimum of 1.25x. The reserve value is based on the latest 2P reserve value as set out in the latest published reserve report. Net debt is calculated as total debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the covenant was included in the bond terms.

The movements in borrowings are explained below:

USD Thousands	At September 30, 2025	At December 31, 2024
Opening balance	198,296	257,255
Interest/amortization charges	19,112	28,762
Own bond	-	28,402
Bond transaction costs	(555)	(1,061)
Payments to bondholders – interest	(15,505)	(37,476)
Bond cancellation	(56,146)	(77,586)
Ending balance	145,202	198,296
Non-current portion – net borrowings	131,799	161,730
Current portion – accrued bond interest expense	13,403	9,795
Current portion – amortization instalments	-	26,771

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Liquidity and Capital Resources

Cash in the bank at September 30, 2025, was \$54.7 million, compared to \$46.8 million at September 30, 2024. In the first nine months of 2025, it decreased by \$22.1 million compared to a decrease of \$25.0 million in the same period of 2024. The main components of the movement in funds during the nine months were as follows:

- The operating activities of the Company in 2025 resulted in an increase of \$64.4 million in the cash position (2024: increase of \$63.3 million);
- Net cash inflows from investing activities in 2025 were \$6.1 million (2024: net cash outflows of \$7.4 million). Cash inflows from investing activities comprised \$4.1 million net credit for historic capital investments in the Atrush and Sarsang development work programs, plus cash inflows of \$2.0 million for interest received; and
- Net cash outflows for financing activities in 2025 were \$92.6 million (2024: \$80.8 million) and comprised \$56.2 million for the quarterly bond cash sweeps, \$15.5 million of interest payments to bondholders, \$2.6 million of interest payments and the \$15.6 million repayment of the Nemesia loan, \$0.6 million of bond transaction costs and \$2.1 million of cash taxes on the share and stock compensation plan.

Repayment of related party loan

The Company had a loan from a related party, Nemesia S.à.r.l. ("Nemesia"), with an interest rate of 12% per annum payable in cash semi-annually, plus an additional interest amount of 2% per annum payable in kind at maturity. In May 2025, the Company elected to make a partial repayment of the loan of \$5.0 million, as permitted under the amendments to the bond terms. In August 2025, the remaining \$10.6 million balance of the loan was repaid plus all accrued and unpaid interest.

The Financial Statements were prepared on a going-concern basis, which assumes that the Company will be able to realize into the foreseeable future its assets and liabilities in the normal course of business as they come due. Refer also to the discussion in the section below on "Risks and Uncertainties."

Management's Discussion and Analysis

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Non-IFRS Accounting Standards Measures

This MD&A contains certain financial measures and ratios, as described below, which do not have standardized meanings prescribed by IFRS Accounting Standards or generally accepted accounting principles (GAAP). As these non-IFRS financial measures and ratios are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

The non-IFRS financial measures and ratios used in this MD&A are used by the Company as key measures of financial performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with IFRS Accounting Standards.

The following tables set out how the Non-IFRS Accounting Standards Measures are calculated from figures shown in the Financial Statements:

EBITDAX

EBITDAX is calculated as the net result before financial items, taxes, depletion of oil and gas properties, impairment costs, the gains on acquisitions, depreciation and exploration expenses and adjusted for non-recurring profit/loss on sale of assets and other income. The Company uses EBITDAX primarily as a measure of profitability and cash generation. Adjusted EBITDAX adds back non-cash, share-based payments and non-recurring, transaction-related expenses. A quantitative reconciliation to revenues, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Revenues	28,936	29,425	100,206	74,643
Lifting costs	(9,426)	(6,330)	(27,737)	(17,377)
Other costs of production	(150)	(31)	(383)	(171)
General and administrative expense	(1,492)	(1,282)	(8,120)	(4,488)
Share-based payments	(1,477)	(273)	(5,952)	(2,157)
EBITDAX	16,391	21,509	58,014	50,450
Adjusted EBITDAX	17,868	21,782	67,183	52,607

Free cash flow before debt service

Free cash flow before debt service is a non-IFRS financial measure calculated as the sum of cash flows from operating and investment activities. The Company uses free cash flow before debt service primarily as a measure of cash generation. A quantitative reconciliation to net cash inflows from operating activities, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Net cash inflows from operating activities	5,923	29,127	64,403	63,272
Net cash inflows from investing activities	(1,165)	(7,554)	6,078	(7,411)
Free cash flow before debt service	4,758	21,573	70,481	55,861

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Net debt

Net debt is a non-IFRS financial measure calculated as total debt less cash and cash equivalents. The Company uses net debt primarily as a measure of leverage. A quantitative reconciliation to total debt, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	At September 30,	
	2025	2024
Outstanding principal of ShaMaran Bond	(143,768)	(202,098)
Loan from related party	-	(15,600)
Total debt	(143,768)	(217,698)
Cash and cash equivalents	54,713	46,778
Net debt	(89,055)	(170,920)

All figures in the net debt calculation are based on their nominal value at the balance sheet date. See Notes 15, 16 and 20 in the Financial Statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

USD Thousands	Transactions for periods ended September 30,				Amounts owing at the balance sheet dates	
	three months		nine months		September 30, 2025	December 31, 2024
	2025	2024	2025	2024		
Nemesia	11,657	940	17,785	1,970	-	1,291
Orrön Energy AB	123	29	171	56	12	-
International Petroleum Corp.	70	49	252	138	29	23
Namdo Management Services Ltd.	7	8	23	99	53	52
Lundin Foundation	-	-	19	55	-	-
Total	11,857	1,026	18,250	2,318	94	1,366

Nemesia is a company controlled by a trust settled by the estate of the late Adolf H. Lundin and is a shareholder and bondholder of the Company. The Company had a loan from Nemesia and the obligation to accrue 12% annual interest payable in cash semi-annually, plus an additional interest amount of 2% per annum payable in kind based on the principal balance outstanding. In May 2025, the Company elected to make a partial repayment of the loan of \$5.0 million, as permitted under the recent amendments to the bond terms. In August 2025, the remaining \$10.6 million balance of the loan was repaid plus all accrued and unpaid interest.

The Lundin Foundation is a non-profit organization, of which the Company is a member, that provides services for Lundin Group companies.

International Petroleum Corp., Namdo Management Services Ltd. and Orrön Energy AB are companies affiliated with shareholders of the Company and provide corporate, technical and administrative support services to the Company.

All transactions with related parties are conducted in the normal course of business and are made on an arm's-length basis, as with all third parties.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Outstanding Share Data, Share Units and Stock Options

Common shares

The Company had 2,875,449,249 outstanding shares (2,964,809,473 shares fully diluted) at September 30, 2025, and at the date of this MD&A.

A summary of the share issuances in the first nine months of 2025 is below:

- 12,753,177 common shares were issued from restricted share units ("RSUs") that vested in accordance with the Share Unit Plan (defined below). The carrying value of the RSUs has been determined based on the Company's average closing share price over the five-day period prior to the vesting date; and
- 16,734,707 common shares were issued as a result of options exercised in accordance with the Stock Option Plan (defined below).

Share units and stock options

ShaMaran has established a deferred share unit plan (the "DSU Plan"), a share unit plan (the "Share Unit Plan") and a stock option plan (the "Stock Option Plan") whereby the Company may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees or consultants. At September 30, 2025, a total of 89,360,224 shares, 3% of the issued share capital, had been granted of the potential 287,544,924 shares that could be granted under the plans. Under the plans, the Company may also grant performance share units ("PSUs") or RSUs. As at September 30, 2025, and the date of this MD&A, there are no PSUs outstanding. The DSU Plan is for non-executive directors of the Company.

During the first nine months of 2025, a total of 17,363,336 RSUs vested, and 46,193,336 options were exercised.

At September 30, 2025, there were 19,103,328 stock options outstanding under the Company's employee incentive Stock Option Plan, which represents 0.7% of the total shares outstanding at September 30, 2025.

The Company has no warrants outstanding.

Movements in the Company's outstanding options and share units in the quarter are explained below:

	Number of stock options outstanding	Number of RSUs outstanding	Number of DSUs outstanding
At December 31, 2024	65,296,664	65,349,997	22,270,235
Options exercised	(46,193,336)	-	-
RSUs vested	-	(17,363,336)	-
At September 30, 2025	19,103,328	47,986,661	22,270,235
Quantities vested and unexercised:			
At December 31, 2024	29,660,839	-	22,270,235
At September 30, 2025	2,133,334	-	22,270,235

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Contractual Obligations and Commitments

Production Sharing Contracts

The Company is responsible for its pro-rata share of petroleum costs incurred in executing the development and production work programs on the Atrush and Sarsang blocks. ShaMaran also carries its pro-rata share of the KRG's petroleum costs in the Sarsang and Atrush blocks.

As at September 30, 2025, the outstanding commitments of the Company were as follows:

USD Thousands	For the year ended September 30,				Total
	2026	2027	2028	Thereafter	
Atrush and Sarsang block development and PSC	54,504	400	400	2,000	57,304
Sarsang contingent consideration	-	-	-	15,000	15,000
Corporate office and other	74	64	64	398	600
Total commitments	54,578	464	464	17,398	72,904

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2025 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon continuation of local sales and other economic factors.

The contingent consideration relates to the purchase consideration for the Sarsang Acquisition and is payable to the seller upon (i) cumulative gross oil production from the Sarsang PSC reaching 130 MMbbls and (ii) Brent crude oil prices averaging at least \$60/bbl for the preceding twelve-month period. The Company estimates the fair value of this contingent consideration at the end of each quarter and treats any difference as a finance income/cost.

Critical Accounting Policies and Estimates

The Financial Statements of the Company have been prepared by management using IFRS Accounting Standards. In preparing financial statements, management makes informed judgments and estimates that affect the reported amounts of assets and liabilities as at the date of the Financial Statements and affect the reported amounts of revenues and expenses during the period. Specifically, estimates are utilized in calculating depletion, asset retirement obligations, fair values of assets on acquisition of control, share-based payments, amortization and impairment write-downs, as required. Actual results could differ from these estimates, and differences could be material.

Accounting for Oil and Gas Operations

Oil and gas assets comprise development and production costs for areas where technical feasibility and commercial viability have been established and include any exploration and evaluation assets transferred after conclusion of appraisal activities, as well as costs of development drilling, completion, gathering and production infrastructure, directly attributable overheads, borrowing costs capitalized and the cost of recognizing provisions for future restoration and decommissioning. Oil and gas costs are accumulated separately for each contract area.

Exploration well costs are initially capitalized and, if subsequently determined to have not found sufficient reserves to justify commercial production, are charged to exploration expense. Exploration well costs that have found sufficient reserves to justify commercial production, but whose reserves cannot be classified as proved, continue to be capitalized if sufficient progress is being made to assess the reserves and economic viability of the well or related project.

Capitalized costs of proved oil and gas properties are depleted using the unit of production method based on estimated gross proved and probable reserves of petroleum and natural gas as determined by independent engineers. Successful exploratory wells and development costs and acquired resource properties are depleted over proved and probable reserves. Acquisition costs of unproved reserves are not depleted or amortized while under active evaluation for commercial reserves. Costs associated with significant development projects are depleted once commercial production commences. A revision to the estimate of proved and probable reserves can have a significant impact on earnings as they are a key component in the calculation of depreciation, depletion and accretion.

Producing properties and significant unproved properties are assessed annually, or more frequently as economic events dictate, for potential indicators of impairment. Economic events that would indicate impairment include:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of petroleum resources in the specific area is neither budgeted nor planned;

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amounts of exploration and evaluation costs and oil and gas assets is unlikely to be recovered in full from successful development or by sale;
- Extended decreases in prices or margins for oil and gas commodities or products; and
- A significant downwards revision in estimated volumes or an upward revision in future development costs.

For impairment testing, the assets are aggregated into CGU cost pools based on their ability to generate largely independent cash flows. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's-length transaction. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU.

Where conditions giving rise to the impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the statement of comprehensive income net of any depletion and depreciation that would have been charged since the impairment.

In 2025, all of the Company's development activities are conducted jointly with others.

FINANCIAL INSTRUMENTS

The Company's financial instruments currently consist of cash, cash equivalents, advances to joint operations, other receivables, borrowings, related-party loans, accounts payable and accrued expenses, accrued interest on bonds, provisions for decommissioning costs and current tax liabilities. The Company classifies its financial assets and liabilities at initial recognition in the following categories:

- **Financial Assets at Amortized Cost** – Assets that are held for collection of contractual cash flow where that cash flow represents solely payments of principal and interest. This includes the Company's receivables that consist of fixed or determined cash flow related solely to principal and interest amounts or contractual sales of oil. The Company's intent is to hold these receivables until cash flow is collected. Financial assets at amortized cost are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for any expected credit losses on a financial asset that is measured at amortized cost.
- **Financial Liabilities at Amortized Cost** – Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at Fair Value through Profit or Loss ("FVTPL"), or the Company has opted to measure them at FVTPL. Borrowings and accounts payable are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

With the exception of borrowings, accrued interest on bonds and provisions for decommissioning costs, which have fair-value measurements based on valuation models and techniques where the significant inputs are derived from quoted prices or indices, the fair values of the Company's other financial instruments did not require valuation techniques to establish fair values as the instrument was either cash and cash equivalents or, due to the short-term nature, readily convertible to or settled with cash and cash equivalents.

The Company is exposed in varying degrees to a variety of financial instrument-related risks that are discussed in the following sections:

Financial Risk Management Objectives

The Company's management monitors and manages the Company's exposure to financial risks facing the operations. These financial risks include market risk (including commodity-price, foreign-currency and interest-rate risks), credit risk and liquidity risk.

The Company does not presently hedge against these risks as the benefit of entering into such agreements is not considered to be significant enough as to outweigh the significant cost and administrative burden associated with such hedging contracts.

Commodity-price risk is a risk as the prices that the Company receives for its oil production may have a significant impact on the Company's revenues and cash flow from operations.

The Company does not hedge against commodity price risk.

Foreign-currency risk is a low risk since all of the Company's revenues and most of its purchases are denominated in USD, and therefore the Company maintains a substantial portion of its cash and cash equivalents in the currency. Certain of its operations require the Company to make purchases denominated in foreign currencies, which are currencies other than USD and correspond to the various countries in which the Company conducts its business, such as CHF and CAD. As a result, the Company holds some cash and cash equivalents in foreign currencies and is therefore exposed to foreign-currency risk due to exchange-rate fluctuations between the foreign currencies and the USD. The Company considers its foreign-currency risk to be limited because it holds relatively small amounts of foreign currencies at any point in time and because its volume of foreign currency transactions is relatively low. Therefore, the Company does not hedge its exposure to changes in foreign currency exchange rates.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Interest-rate risk is a risk due to the fluctuation in short-term interest rates as the Company earns interest income at variable rates on its cash and cash equivalents.

The Company's policy on interest-rate management is to maintain a certain amount of funds in the form of cash and cash equivalents for short-term liabilities and to have the remainder held in relatively short-term deposits.

Shamaran is leveraged through bond financing and a related-party loan at the corporate level. However, the Company is not exposed to interest-rate risks associated with its corporate bond as the interest rate is fixed.

Credit risk is a risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is primarily exposed to credit risk on its cash and cash equivalents and receivables.

The Company manages credit risk by monitoring counterparty ratings and credit limits and by maintaining excess cash and cash equivalents on account in instruments having a minimum credit rating of R-1 (mid) or better (as measured by Dominion Bond Rate Services) or the equivalent thereof according to a recognized bond-rating service.

The carrying amounts of the Company's financial assets recorded in the Financial Statements represent the Company's maximum exposure to credit risk.

Liquidity risk is a risk that the Company will have difficulties meeting its financial obligations as they become due. Like with many oil and gas companies, the Company raises financing for its development activities in discrete tranches to finance its activities for limited periods. The Company will seek additional funding as and when required. The Company anticipates making substantial capital expenditures in the future for the development and production of oil and gas reserves, and, as the Company continues to develop projects, specific financing, including the possibility of additional debt, may be required to enable future development to take place. The financial results of the Company will impact its access to the capital markets necessary to undertake or complete future drilling and development programs. There can be no assurance that debt or equity financing, or future cash generated by operations, will be available or sufficient to meet these requirements or, if debt or equity financing is available, that it will be on terms acceptable to the Company.

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasted and actual cash flow. Annual capital expenditure budgets are prepared, monitored and updated, as necessary. In addition, the Company requires authorization for expenditures on both of its non-operated projects to further manage capital expenditures.

RISKS AND UNCERTAINTIES

Shamaran is engaged in the exploration and production of crude oil and natural gas, and its operations are subject to various risks and uncertainties that include but are not limited to those listed below. Additional risks and uncertainties not presently known to the management of the Company, or that the management of the Company presently deem to be immaterial, may also impair the business and operations of the Company and cause the price of the shares in the Company to decline. If any of the risks described below materialize, the effect on the Company's business, financial condition or operating results could be materially adverse.

Implementation of the 2023-2025 Federal Budget Law ("Federal Budget Law")

On September 25, 2025, the Company announced that interim agreements were executed between the KRG, Government of Iraq and several IOCs, including Shamaran. These agreements enabled the restart of international oil exports by the ITP from the KRI on September 27, 2025. The agreements are based on the Iraqi Budget Law amendment in February 2025 and Iraq's recognition of the KRI PSCs. There is no certainty that the interim agreements entered into will be implemented as agreed or extended beyond the expiry date of December 31, 2025, especially in light of the upcoming Parliamentary elections in Iraq in November 2025. If the implementation of all material aspects of the interim agreements fails or if there is no extension of these agreements, KRI oil exports may stop again.

2026 ITP renegotiation

On July 26, 2025, Türkiye notified Iraq of its intent to terminate the ITP agreement on the maturity date of July 27, 2026. Following various press reports, it is expected that Türkiye and Iraq will enter negotiations on a new ITP agreement (where Türkiye would like a non-exclusive deal) before the expiration of the current contract. It may also be possible for the KRG to enter negotiations with Türkiye on a new export deal via the ITP. There is a risk that exports via the ITP could stop in their current form if there is no new agreement reached between Türkiye and Iraq by the time the ITP agreement expires in July 2026.

Federal Supreme Court of Iraq ruling

As previously noted in the Company's 2024 Annual Information Form, the Federal Supreme Court of Iraq's ("FSC") 2022 ruling that the Kurdistan Region's 2007 Oil and Gas Law is unconstitutional and the instruction to the Ministry of Oil to take steps to implement the FSC's decision are still in place. In October 2024, a Baghdad commercial court ruled that various KRI PSCs are valid (including the Atrush and Sarsang PSCs to which a Shamaran subsidiary is a party). It has been reported that the Ministry of Oil has failed in its appeals of the October 2024 decisions and that those decisions now stand as final, confirming the legality and validity of the KRI PSCs under Iraqi law. The interim agreements signed by the KRG, Government of Iraq and several IOCs in September 2025 confirm the validity of KRI PSCs under Iraqi law.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Russia-Ukraine and other regional conflicts

At the date of this MD&A, the majority of oil production in the KRI, including from the Atrush and Sarsang blocks, is being sold at international prices via the ITP. The impact of the Russia-Ukraine, Israel/Palestine or Syria conflicts has been limited on the oil market to date. If these conflicts continue, they may have an adverse impact on realized pricing in the international oil markets.

The Israel/Palestine and Syria conflicts do not yet appear to have had any impact on the Company's operations in the KRI. The proximity of Kurdistan to Iran and the presence of pro-Iranian militias in Iraq exposes the Company's operations to potential risks should there be further escalation in regional conflicts. Although the impact of regional geopolitics on physical infrastructure has been limited to date, drone attacks on several KRI fields, including Sarsang, in July 2025 highlight the potential risk of injury to personnel and disruption to production. It is possible that further disruptions may be experienced during times of heightened geopolitical tensions, and the Company continues to work closely with local government and security forces to minimize the impact of any such activities.

For more information on risk factors that may affect the Company's business, refer also to the discussion of risks under the "Reserves and Resource Estimates" and "Financial Instruments" sections of this MD&A, as well as to the "Risk Factors" section of the 2024 Annual Information Form.

ADDITIONAL INFORMATION

Additional information related to the Company, including its 2024 Annual Information Form, is available on SEDAR+ at www.sedarplus.ca under the Company's profile and on the Company's website at www.shamaranpetroleum.com.

Shamaran plans to publish its financial statements for the year ending December 31, 2025, on March 4, 2026.

OTHER SUPPLEMENTARY INFORMATION

Abbreviations

CAD	Canadian dollar
CHF	Swiss franc
USD	US dollar

Oil-related terms and measurements

bbl	Barrel (1 barrel = 159 litres)
boe	Barrels of oil equivalent
boepd	Barrels of oil equivalent per day
bopd	Barrels of oil per day
kg	Kilograms
Mbbl	Thousand barrels
MMbbl	Million barrels
Mboe	Thousand barrels of oil equivalent
Mboepd	Thousand barrels of oil equivalent per day
Mbopd	Thousand barrels of oil per day
Mcf	Thousand cubic feet
MMboe	Million barrels of oil equivalent
m ³	Cubic metres

Condensed Interim Consolidated Statement of Comprehensive Income (unaudited)
For the three and nine months ended September 30

<i>Expressed in thousands of United States dollars</i>	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
Revenues	5	28,936	29,425	100,206	74,643
Cost of goods sold:					
Lifting costs	6	(9,426)	(6,330)	(27,737)	(17,377)
Other costs of production	6	(150)	(31)	(383)	(171)
Depletion	6	(10,082)	(13,109)	(37,557)	(32,895)
Gross margin on oil sales		9,278	9,955	34,529	24,200
Depreciation and amortization expense		(20)	(26)	(58)	(127)
Credit loss provision	12	(390)	1,591	1,966	4,685
Share-based payments expense	19	(1,477)	(273)	(5,952)	(2,157)
General and administrative expense	7	(1,492)	(1,282)	(8,120)	(4,488)
Income from operating activities		5,899	9,965	22,365	22,113
Bargain purchase gain on acquisition		-	70,336	-	70,336
Finance income	8	584	384	1,880	2,687
Finance expense	9	(4,594)	(5,569)	(19,861)	(20,873)
Net finance expense		(4,010)	(5,185)	(17,981)	(18,186)
Income before income tax expense		1,889	75,116	4,384	74,263
Income tax expense	10	(18)	(17)	(100)	(166)
Income for the period		1,871	75,099	4,284	74,097
Other comprehensive (loss) / income					
Items that will not be reclassified to profit or loss:					
Re-measurements on defined pension plan		-	(1)	-	(179)
Items that may be reclassified to profit or loss:					
Currency translation differences		(12)	128	84	52
Total other comprehensive (loss) / income		(12)	127	84	(127)
Total comprehensive Income for the period		1,859	75,226	4,368	73,970
Income in dollars per share:					
Basic		-	0.03	-	0.03
Diluted		-	0.03	-	0.03

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Balance Sheet (unaudited)

As at September 30, 2025, and December 31, 2024

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	September 30, 2025	December 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	11	326,610	365,708
Accounts receivable	12	21,062	27,358
Right-of-use asset	13	673	-
Intangible assets		33	-
		348,378	393,066
Current assets			
Cash and cash equivalents		54,713	76,801
Accounts receivable	12	27,683	23,964
Other current assets		401	855
		82,797	101,620
TOTAL ASSETS		431,175	494,686
LIABILITIES			
Non-current liabilities			
Borrowings	15	131,799	161,730
Provisions	17	46,259	44,336
Cash-settled deferred share units	19	4,399	1,854
Lease liability	13	638	-
Pension liability		565	500
Loan from related party	16	-	16,891
		183,660	225,311
Current liabilities			
Accrued interest expense on corporate bond	15	13,403	9,795
Accounts payable and accrued expenses	14	5,222	9,583
Other current liabilities	13	30	25
Borrowings	15	-	26,771
		18,655	46,174
EQUITY			
Share capital	18	676,955	672,530
Share-based payments reserve		9,417	12,551
Cumulative translation adjustment		192	108
Accumulated deficit		(457,704)	(461,988)
		228,860	223,201
TOTAL EQUITY AND LIABILITIES		431,175	494,686

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

Going concern (Note 2b)

Commitments and contingencies (Note 21)

Signed on behalf of the Board of Directors

/s/Michael Ebsary

Michael Ebsary, Director

/s/Chris Bruijnzeels

Chris Bruijnzeels, Director

Condensed Interim Consolidated Statement of Cash Flow (unaudited)
For the three and nine months ended September 30

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
Operating activities					
Income for the period		1,871	75,099	4,284	74,097
Adjustments for non-cash related items:					
Depreciation, depletion and amortization expense		10,102	13,135	37,615	33,022
Borrowing costs – net of amount capitalized		4,302	5,430	18,981	20,729
Share-based payment expense		1,477	472	5,952	2,296
Unwinding discount on decommissioning provision		256	36	745	60
Foreign exchange loss	9	21	102	92	75
Re-measurements on defined pension plan		-	(1)	-	(179)
Bargain purchase gain		-	(70,336)	-	(70,336)
Interest income	8	(584)	(384)	(1,880)	(2,687)
Changes in other current assets		95	(377)	397	74
Changes in pension liability		1	1	65	66
Changes in current tax liabilities		(23)	-	(48)	(86)
Changes in accounts payable and accrued expenses		(4,857)	3,609	(4,377)	1,087
Changes in accounts receivables on oil sales		(6,738)	2,341	2,577	5,054
Net cash inflows from operating activities		5,923	29,127	64,403	63,272
Investing activities					
Interest received on cash deposits		617	402	1,937	4,164
Purchase of Intangible		(34)	-	(34)	-
Purchase of property, plant and equipment		(1,748)	(7,956)	4,175	(11,575)
Net cash (outflows to) / inflows from investing activities		(1,165)	(7,554)	6,078	(7,411)
Financing activities					
Bond amortization		-	-	-	28,402
Cash taxes on share and stock compensation plan		-	-	(2,115)	-
Repayment of bonds		-	-	(56,146)	(75,402)
Principal element of lease payments		(12)	(4)	(37)	(60)
Bond transaction costs		(526)	(506)	(541)	(506)
Payments to bondholders and related party – interest	15,16	(5,994)	(13,062)	(18,122)	(33,222)
Related-party loan repayment	16	(10,630)	-	(15,600)	-
Net cash outflows to financing activities		(17,162)	(13,572)	(92,561)	(80,788)
Effect of exchange rate changes on cash and cash equivalents		(33)	52	(8)	(17)
Change in cash and cash equivalents		(12,437)	8,053	(22,088)	(24,944)
Cash and cash equivalents, beginning of the period		67,150	38,725	76,801	71,722
Cash and cash equivalents, end of the period		54,713	46,778	54,713	46,778

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

Condensed interim Consolidated Statement of Changes in Equity (unaudited)
For the nine months ended September 30

	Share capital	Share-based payments reserve	Cumulative translation adjustment	Accumulated deficit	Total
<i>Expressed in thousands of United States dollars</i>					
Balance at January 1, 2024	671,136	12,041	205	(543,951)	139,431
Total comprehensive loss for the period:					
Income for the period	-	-	-	74,097	74,097
Other comprehensive income / (loss)	-	-	52	(179)	(127)
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSU, Note 19)	-	1,230	-	-	1,230
Options exercised*	280	-	-	-	280
RSU Shares issued*	276	-	-	-	276
	556	1,230	52	73,918	75,756
Balance at September 30, 2024	671,692	13,271	257	(470,033)	215,187
Balance at January 1, 2025	672,530	12,551	108	(461,988)	223,201
Total comprehensive income for the period:					
Income for the period	-	-	-	4,284	4,284
Other comprehensive income	-	-	84	-	84
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSU, Note 19)	-	(3,134)	-	-	(3,134)
Options exercised*	2,524	-	-	-	2,524
RSU Shares issued*	1,901	-	-	-	1,901
	4,425	(3,134)	84	4,284	5,659
Balance at September 30, 2025	676,955	9,417	192	(457,704)	228,860

*Refer to Note 18

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

1. General information

ShaMaran Petroleum Corp. (“ShaMaran” and, together with its subsidiaries, the “Company”) is incorporated under the Business Corporations Act, British Columbia, Canada. The address of the registered office is 1075 West Georgia Street, Suite 1200, Vancouver, British Columbia V6E 3C9, Canada. The Company’s shares trade on the TSX Venture Exchange in Canada and NASDAQ First North Growth Market in Sweden under the symbol “SNM”.

The Company is engaged in the business of oil and gas exploration and production and holds the following interests at September 30, 2025:

- 50% non-operated working interest (66.7% paying interest) in the Atrush Block production sharing contract (“Atrush PSC”) in the Kurdistan Region of Iraq (“KRI”). On August 6, 2024, the Company closed the acquisition of TAQA Atrush B.V. and the subsequent sale of an indirect interest in Atrush to HKN Energy IV, Ltd., as previously announced on January 22, 2024 (the “Atrush Acquisition”). As a result of the transaction, ShaMaran’s working interest in the Atrush Block increased from 27.6% to 50%. The Atrush Block twenty-year development period commenced in Q4 2013, and oil production on the Atrush Block commenced in Q3 2017.
- 18% non-operated working interest (22.5% paying interest) in the Sarsang Block production sharing contract (“Sarsang PSC”) in the KRI. This interest is consolidated in the Company’s financial statements from September 14, 2022, when ShaMaran closed the acquisition of TEPKRI Sarsang A/S, a subsidiary of TotalEnergies S.E. (the “Sarsang Acquisition”). The Sarsang Block twenty-year development period commenced in Q2 2013, and oil production on the Sarsang Block commenced in Q1 2013.

2. Basis of preparation and going concern

a. Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) applicable to the preparation of interim financial statements, including International Accounting Standard 34: *Interim Financial Reporting*. The significant accounting policies of the Company have been applied consistently throughout the year. The policies applied in these unaudited condensed consolidated financial statements are based on IFRS Accounting Standards as of November 5, 2025, the date these unaudited condensed consolidated financial statements were approved and authorized for issuance by the Company’s board of directors (“the Board”).

b. Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and liabilities in the normal course of business as they come due in the foreseeable future.

The closure of the Iraq-Türkiye pipeline (“ITP”) on March 25, 2023, heavily impacted the Company’s operations. On September 25, 2025, the Company announced that interim agreements were executed between the Kurdistan Regional Government (“KRG”), Government of Iraq and several international oil companies (“IOCs”), including ShaMaran. These agreements enabled the restart of international oil exports by pipeline from the KRI on September 27, 2025. The agreements to resume oil exports from the KRI are based on the Iraqi Budget Law amendment in February 2025 and Iraq’s recognition of the KRI PSCs. The Budget Law provides for an initial period of approximately three months during which IOCs will be compensated at US\$16 per barrel for the cost of production and transportation, resulting in similar economics to the recent KRI local oil sales, with a reconciliation to full PSC entitlement following a review of the IOC invoices and contractual entitlements by an industry consultant. The Iraqi State Organization for Marketing of Oil (“SOMO”) will market the KRI crude at the Kirkuk blend official selling price, and IOCs will be paid in arrears from the sale of their allocation at Ceyhan via their nominated trader.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

The agreements also provide that the IOCs and KRG will continue discussions about recovering outstanding accounts receivable from past oil sales. As uncertainty remains regarding the timing and viability of payments by the KRG for these receivables, the Company has adjusted the credit loss provision to reflect this uncertainty. Refer to Note 12 for additional information.

Management believes that the signing of the interim agreements and restart of pipeline exports are positive steps towards improving the operating environment for IOCs operating in the KRI. However, long-term agreements are needed with regular payments for oil sales based on PSC invoices before the Company can be confident that the uncertainties introduced by the ITP closure are resolved. These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flow from operations or to secure additional funding from shareholders or lenders. These unaudited interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

c. Significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of application as those in the Company's audited annual consolidated financial statements for the year ended December 31, 2024.

3. Critical accounting judgments and key sources of estimation uncertainty

Areas of critical accounting judgments and estimates that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2024.

4. Business and geographical segments

The Company operates in one business segment, oil and gas exploration and production, and one geographical segment, the KRI. As a result, in accordance with *IFRS 8: Operating Segments*, the Company has presented its financial information collectively for one operating segment.

5. Revenues

As discussed in Note 2b, the ITP was closed from March 25, 2023, until September 27, 2025. The revenues recorded during this period relate entirely to oil sold to local refineries from the Sarsang Block since April 2023 and from the Atrush Block since November 2023. Prices for these crude oil sales to local refineries were in line with the local market and at a significant discount to international benchmark prices but with upfront or prompt payment. From September 27, 2025, revenues are recorded as per the interim agreements at the Kirkuk blend official selling price, with payments in arrears.

The drone strike on July 15, 2025, resulted in three damaged storage tanks and related pipes at the Sarsang Block and full shutdown of production at both blocks for seven days. On July 22, 2025, the Atrush Block restarted at full capacity, and the Sarsang Block restarted at a reduced rate due to the damage sustained.

Refer also to Note 12.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

6. Cost of goods sold

Lifting costs are composed of the Company's share of expenses related to the production of oil from the Atrush and Sarsang blocks, including operation and maintenance of wells and production facilities, insurance and the operator's related support costs charged to the Company.

Other costs of production include the Company's share of other costs prescribed under the PSCs.

Oil and gas assets are depleted using the unit of production method based on proved and probable reserves using estimated future prices and costs and accounting for future development expenditures necessary to bring those reserves into production.

Refer also to Notes 5 and 11.

7. General and administrative expense

General and administrative expenses principally include the Company's cost of technical and administrative personnel, travel, office, business development, stock exchange listing and regulatory costs.

8. Finance income

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Interest on deposits	584	384	1,880	2,116
Interest from own corporate bond	-	-	-	571
Total finance income	584	384	1,880	2,687

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

9. Finance expense

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Interest/amortization charges on bonds	4,867	9,490	16,374	25,180
Amortization of related-party loan	168	455	1,173	1,485
Re-measurement of contingent consideration	53	341	111	194
Adjustment of bond and loan amortization	(242)	(3,985)	2,891	(3,985)
Total borrowing costs	4,846	6,301	20,549	22,874
Unwinding discount on decommissioning provision	256	36	745	60
Foreign exchange loss	21	102	92	75
Lease – interest expense	14	1	43	9
Total finance expense before borrowing costs capitalized	5,137	6,440	21,429	23,018
Borrowing costs capitalized	(543)	(871)	(1,568)	(2,145)
Total finance expense	4,594	5,569	19,861	20,873

Interest and amortization charges relate to the Company's bond and related-party loan. The bond amendments effective May 2, 2025, as well as the repayments of the related-party loan, were treated as a modification to the bond and loan, and the amortization schedules were adjusted accordingly. Refer to Notes 15 and 16 for additional information.

Refer to Note 17 regarding the contingent consideration and decommissioning provision.

Borrowing costs directly attributable to the preparation of development assets for their intended use have been capitalized together with the related oil and gas assets. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

Refer also to Note 13.

10. Taxation

The income tax expense is incurred on the profits of the Swiss administrative subsidiary and the intercompany transactions of the Danish subsidiary.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

11. Property, plant and equipment

PP&E principally comprises development costs related to the Company's share of the Atrush PSC before the Atrush Acquisition and the fair values of the Sarsang Acquisition and Atrush Acquisition, plus development costs related to the Company's share of the PSCs since these acquisitions, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

During the first nine months of 2025, movements in PP&E include a net credit in general additions of \$1.5 million (2024 full year: \$18.9 million of general additions cost and \$85.3 million of acquisition cost), which included capitalized borrowing costs of \$1.6 million (2024 full year: \$3.4 million), plus depletion and depreciation expense of \$37.6 million (2024 full year: \$40.7 million) that resulted in a net decrease to PP&E assets of \$39.1 million.

Refer also to Note 6.

12. Accounts receivable

At September 30, 2025, the Company had outstanding receivables as follows:

	At September 30, 2025	At December 31, 2024
Accounts receivable on oil sales	59,515	64,058
Credit loss provision	(10,770)	(12,736)
Total accounts receivable, net of provisions	48,745	51,322
Current portion	27,683	23,964
Non-current portion	21,062	27,358

The accounts receivable balance at September 30, 2025, mainly relates to oil deliveries to the KRG from October 2022 through March 2023, net of the agreed Atrush Acquisition adjustment. The Company continues to discuss the recovery of these receivables with the KRG, but timing is uncertain. Refer to Note 2b. The Company has reassessed the credit loss provision and has compared the carrying value of the relevant trade receivables with the present value of the estimated future cash flows based on reasonable recovery scenarios, weighted by the relative probability of these potential outcomes. A relevant discount rate has been applied to reflect counterparty credit risk to provide a reasonable approximation of the fair value of these trade receivables at September 30, 2025. The result of the Company's assessment under IFRS 9 is a \$2.0 million credit adjustment to these trade receivables in the first nine months of 2025, included in the statement of comprehensive loss (2024: \$4.7 million). The portion of these receivables that is estimated to be received after September 2026 is classified as non-current due to uncertainty in the timing of recovery.

Refer also to Note 5.

13. Right-of-use asset and lease liability

The right-of-use asset relates to the ten-year office lease for the Company's technical and administrative services office in Vésenaz, Switzerland. At September 30, 2025, the balance sheet shows a value of \$673 for the right-of-use asset and a total lease liability value of \$691; split \$53 as a current liability (within other current liabilities) and \$638 as a non-current liability. The income statement for the year 2025 includes the depreciation charge of the right-of-use asset of \$44 plus an interest expense of \$43 included in the finance cost. There were no right-of use assets or lease liabilities in the year 2024.

Refer also to Note 9.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

14. Accounts payable and accrued expenses

	At September 30, 2025	At December 31, 2024
Payables to joint-operations partners	4,176	8,547
Accrued expenses	780	614
Trade payables	266	422
Total accounts payable and accrued expenses	5,222	9,583

15. Borrowings

On June 10, 2024, the Company announced bondholder approval of certain amendments to the terms of the Company's \$300 million bond, which originally matured in July 2025 (the "2025 Bond"). The amended terms included a two-year extension of the maturity date to July 2027 and several other amendments. Following a successful tender on June 26, 2024, \$47 million of the 2025 Bond and \$5.9 million of the 2025 Bond held by the Company were cancelled. Following the tender and satisfaction of other conditions precedent, the amended terms became effective July 1, 2024 (the "2027 Bond"). The annual interest rate on the 2027 Bond remained the same at 12%, but the interest payment timing changed from semi-annual to quarterly. A key amendment in the 2027 Bond terms was a mandatory quarterly cash sweep mechanism as of Q3 2024 that resulted in partial bond repayments at par of \$26.8 million in January 2025 and a further \$29.4 million in April 2025.

On April 11, 2025, the Company announced bondholder approval of certain further amendments to the terms of the Company's outstanding bond. The new amendments became effective on May 2, 2025, and included converting the mandatory cash sweep to voluntary and extending the maturity by an additional two years to July 2029 (the "2029 Bond"). All amendments to the bond have been treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense. Refer to Note 9 for more information. The total outstanding nominal amount of the 2029 Bond as of the date these financial statements were approved is \$143.8 million.

The bond has a financial covenant stating that at all times the ratio of reserve value to net debt ("Asset Coverage Ratio") shall be a minimum of 1.25x. The reserve value is based on the latest 2P reserve value as set out in the latest published reserve report. Net debt is calculated as total debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the covenant was included in the bond terms.

The movements in borrowings are explained below:

	At September 30, 2025	At December 31, 2024
Opening balance:	198,296	257,255
Interest/amortization charges	19,112	28,762
Own bond	-	28,402
Bond transaction costs	(555)	(1,061)
Payments to bondholders – interest	(15,505)	(37,476)
Bond cancellation	(56,146)	(77,586)
Ending balance	145,202	198,296
Non-current portion – net borrowings	131,799	161,730
Current portion – accrued bond interest expense	13,403	9,795
Current portion – amortization instalments	-	26,771

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

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16. Loan from related party

The Company had a loan from a related party, Nemesia S.à.r.l. ("Nemesia"), with an interest rate of 12% per annum payable in cash semi-annually, plus an additional interest amount of 2% per annum payable in kind at maturity. In May 2025, the Company elected to make a partial repayment of the loan of \$5.0 million, as permitted under the amendments to the bond terms. In August 2025, the remaining \$10.6 million balance of the loan was repaid plus all accrued and unpaid interest.

The movements in the Nemesia loan balance are explained below:

	At September 30, 2025	At December 31, 2024
Opening balance	16,891	16,723
Amortization	1,326	2,040
Repayment	(15,600)	-
Payment to Nemesia – interest	(2,617)	(1,872)
Ending balance	-	16,891

Refer also to Notes 9 and 22.

17. Provisions

	At September 30, 2025	At December 31, 2024
Opening balance	32,972	16,585
Changes in estimates and obligations incurred	591	416
Unwinding discount on decommissioning provision	745	81
Atrush Acquisition obligations acquired	-	9,580
Discount rate adjustment on obligations acquired	-	6,553
Changes in discount and inflation rates	476	(243)
Total decommissioning and site restoration provisions	34,784	32,972
Contingent consideration	11,475	11,364
Total provisions	46,259	44,336

The decommissioning and site restoration provision relates to the Company's share of future costs in respect of the Company's 50% interest (66.7% paying interest) in the Atrush Block and 18% interest (22.5% paying interest) in the Sarsang Block. The provision assumes these works will commence in 2032 for Atrush and in 2034 for Sarsang.

In 2024, the decommissioning obligations associated with the Atrush Acquisition were subsequently re-measured at the end of the reporting period using a risk-free discount rate, with any changes recognized in the decommissioning liabilities and PP&E in the consolidated financial statements, in line with the Company's accounting policy for decommissioning obligations.

The contingent consideration relates to the purchase consideration for the Sarsang Acquisition and is payable to the seller upon (i) cumulative gross oil production from the Sarsang PSC reaching 130 MMbbls and (ii) Brent crude oil prices averaging at least \$60/bbl for the preceding twelve-month period. The Company estimates the fair value of this contingent consideration at the end of each quarter and treats any difference as a finance income/cost.

Refer also to Note 9.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

18. Share capital

The Company is authorized to issue an unlimited number of common shares with no par value. The Company's issued share capital is as follows:

	Number of shares	Share capital
At January 1, 2024	2,824,362,157	671,136
RSUs	6,873,839	371
Options	14,725,369	1,023
At December 31, 2024	2,845,961,365	672,530
RSUs	12,753,177	1,901
Options	16,734,707	2,524
At September 30, 2025	2,875,449,249	676,955

During the nine months of 2025, a total of 12,753,177 common shares from vested Restricted Share Units ("RSUs") and 16,734,707 common shares from exercised options were issued to plan participants in accordance with the Company's Share Unit Plan (2024 full year: 6,873,839 RSUs and 14,725,369 options). The carrying value of the RSU shares has been determined based on the Company's average closing share price over the five-day period prior to the vesting date.

Refer also to Note 19.

19. Share-based payments expense

The Company has established share unit plans and a share purchase option plan whereby a committee of the Board may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees and consultants. At September 30, 2025, a total of 89,360,224 shares (3% of the issued share capital) had been granted of the potential 287,544,924 shares that could be granted under the plans. The number of shares issuable under these plans at any specific time to any one recipient shall not exceed 5% of the issued and outstanding common shares of the Company. Under the plans, the Company may grant stock options, performance share units, RSUs and deferred share units ("DSUs"). The DSU Plan is for non-executive directors of the Company.

Stock options vest in three equal tranches over two years with the first vesting immediately on the grant date, the next on the first anniversary date and the remaining third on the second anniversary date. RSUs vest in three equal tranches over three years with the first vesting on the first anniversary of the grant date, the next on the second anniversary date and the remaining third on the third anniversary date. The grants are subject to continued employment with the Company. DSUs vest immediately on grant but are not available until the non-executive director leaves the Company.

In the first nine months of 2025, a total of 17,363,336 RSUs vested, 46,193,336 options were exercised and no DSUs were redeemed (2024: 5,566,673 RSUs vested, 11,126,334 options were exercised and 1,475,335 DSUs were redeemed in cash).

The movements in the first nine months of 2025 resulted in charges to the Statement of Comprehensive Loss for options of \$456 thousand (2024: \$772 thousand), for RSUs of \$2,951 thousand (2024: \$816 thousand) and for DSUs of \$2,545 thousand (2024: \$569 thousand). The carrying amount of the DSU liability at September 30, 2025, is \$4,399 thousand (December 31, 2024: \$1,854 thousand), which is valued at the quarter's closing share price.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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Expressed in thousands of United States dollars, unless otherwise noted

A summary of movements in the Company's outstanding options and share units is below:

	Number of stock options outstanding	Number of RSUs outstanding	Number of DSUs outstanding
At December 31, 2024	65,296,664	65,349,997	22,270,235
Options exercised	(46,193,336)	-	-
RSUs vested	-	(17,363,336)	-
At September 30, 2025	19,103,328	47,986,661	22,270,235
Quantities vested and unexercised:			
At December 31, 2024	29,660,839	-	22,270,235
At September 30, 2025	2,133,334	-	22,270,235
Weighted average remaining contractual life of options:			
At December 31, 2024	3.8 years		
At September 30, 2025	3.8 years		

The Company recognizes compensation expense on stock options granted to both employees and non-employees using the fair value method at the date of grant. The share-based payments expense for these options is calculated using the Black-Scholes option pricing model.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

20. Financial instruments

Financial assets

The financial assets of the Company on the balance sheet dates were as follows:

	Fair value hierarchy ⁶	Carrying and fair values at ¹	
		September 30, 2025	December 31, 2024
Cash and cash equivalents ²	Level 1	54,713	76,801
Accounts receivable ⁵	Level 3	48,745	51,322
Other receivables ²	Level 2	243	529
Total financial assets		103,701	128,652

Financial assets classified as other receivables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Financial liabilities

The financial liabilities of the Company on the balance sheet dates were as follows:

	Fair value hierarchy ⁶	Carrying values at	
		September 30, 2025	December 31, 2024
Borrowings ³	Level 2	131,799	188,501
Accrued interest on bond	Level 2	13,403	9,795
Accounts payable and accrued expenses ²	Level 2	5,222	9,583
Contingent consideration	Level 3	11,475	11,364
Related-party loan ⁴	Level 2	-	16,891
Current tax liabilities	Level 2	-	25
Total financial liabilities		161,899	236,159

Financial liabilities other than the contingent consideration are initially recognized at the fair value of the amount expected to be paid and are subsequently measured at amortized cost using the effective interest rate method. The contingent consideration is recorded at its estimated fair value at the end of each quarter with any movements recorded to finance income/cost. Refer to Note 17 for additional information.

¹ The carrying amount of the Company's financial assets approximate their fair values at the balance sheet dates.

² No valuation techniques have been applied to establish the fair value of these financial instruments as they are either cash and cash equivalents, correspond to payment terms fixed by contract or, due to the short-term nature, are readily convertible to or settled with cash and cash equivalents.

³ The Company's estimate of the fair value of its net borrowings (the gross outstanding amount of the 2029 Bond) at the balance sheet date is \$151.0 million (December 31, 2024: \$201.9 million) based on recent trading in the Company's bond and indicative pricing provided by brokers.

⁴ The Company's related-party loan was fully repaid at the balance sheet date (Estimated fair value at December 31, 2024: \$15.6 million, based on its nominal value).

⁵ Provisions have been made to the accounts receivable. Refer to Note 12 for additional information.

⁶ Fair value measurements

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy of three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1: fair value measurements are based on unadjusted quoted market prices;
- Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted prices or indices; and
- Level 3: fair value measurements are derived from valuation techniques that include inputs that are not based on observable market data.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2025

Expressed in thousands of United States dollars, unless otherwise noted

21. Commitments and contingencies

At September 30, 2025, the outstanding commitments of the Company were as follows:

	For the year ended September 30,				
	2026	2027	2028	Thereafter	Total
Atrush and Sarsang block development and PSC	54,504	400	400	2,000	57,304
Sarsang contingent consideration	-	-	-	15,000	15,000
Corporate office and other	74	64	64	398	600
Total commitments	54,578	464	464	17,398	72,904

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2025 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon continuation of local sales and other economic factors.

Refer to Note 17 for further information regarding the Sarsang contingent consideration.

22. Related-party transactions

Transactions with corporate entities

	Transactions for periods ended September 30,				Amounts owing at the balance sheet dates	
	three months		nine months		September 30, 2025	December 31, 2024
	2025	2024	2025	2024		
Nemesia	11,657	940	17,785	1,970	-	1,291
Orrön Energy AB	123	29	171	56	12	-
International Petroleum Corp.	70	49	252	138	29	23
Namdo Management Services Ltd.	7	8	23	99	53	52
Lundin Foundation	-	-	19	55	-	-
Total	11,857	1,026	18,250	2,318	94	1,366

Nemesia is a company controlled by a trust settled by the estate of the late Adolf H. Lundin and is a shareholder and bondholder of the Company. The Company had a loan from Nemesia and the obligation to accrue 12% annual interest payable in cash semi-annually, plus an additional interest amount of 2% per annum payable in kind based on the principal balance outstanding. The loan plus all outstanding interest was fully repaid in the quarter. Refer also to Note 16 for further details.

The Lundin Foundation is a non-profit organization, of which the Company is a member, that provides services for Lundin Group companies.

International Petroleum Corp., Namdo Management Services Ltd. and Orrön Energy AB are companies affiliated with shareholders of the Company and provide corporate, technical and administrative support services to the Company.

All transactions with related parties are conducted in the normal course of business and are made on an arm's-length basis, as with all third parties.

Refer also to Note 9.

NON-EXECUTIVE DIRECTORS

Chris Bruijnzeels
Director, Chairman

Michael Ebsary
Director

Keith Hill
Director

William Lundin
Director

OFFICERS

Garrett Soden
Director, President and Chief Executive Officer

Elvis Pellumbi
Chief Financial Officer and Corporate Secretary

INVESTOR RELATIONS

Robert Eriksson

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INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Calgary, Canada

TRANSFER AGENT

Computershare Trust Company of Canada
Vancouver, Canada

STOCK EXCHANGE LISTINGS

Toronto: TSX Venture Exchange

Stockholm: NASDAQ First North
Growth Market

Trading Symbol: SNM