

FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019

MAY 8, 2019

VANCOUVER, BRITISH COLUMBIA - ShaMaran Petroleum Corp. ("ShaMaran" or the "Company") (TSX VENTURE: SNM) (OMX: SNM) is pleased to announce its financial and operating results for the three months ended March 31, 2019. Unless otherwise stated all currency amounts indicated as "\$" in this news release are expressed in thousands of United States dollars.

HIGHLIGHTS

- First quarter 2019 revenues of \$12.1 million with strong operational cash flows.
- Atrush average daily production rates:
 - 2019 first quarter average of 26.3 Mbopd.
 - Current production at approximately 30 Mbopd.
 - On track to increase Atrush production capacity to 50 Mbopd in the second half of 2019.
 - Forecasted average annual production in line with guidance despite first quarter unplanned production stoppages.
- Agreements for ShaMaran to acquire 7.5% additional Atrush interest have been finalized and approval is expected imminently.
- Heavy oil extended well test ("HOEWT") commenced in April 2019 with the aim to define future development options.
- Chiya Khere-11 successfully completed and expected to be available for production in May 2019.
- Chiya Khere-12 well drilled to total depth of 1,800 metres.

Chris Bruijnzeels, President and CEO of ShaMaran, commented "I am excited to see Atrush producing at a level of 30Mbopd. We now are looking forward to the AT-3 performance during the Heavy Oil Extended Well Test. We are on target with drilling and procurement of the early production facilities to increase our production to 50 Mbopd in the second half of 2019. We are very pleased to be near to the conclusion of the acquisition of an additional interest in Atrush. The parties to the agreements are working diligently on closing which we expect imminently."

Operations

- To facilitate regulatory approval, ShaMaran entered into restructured agreements on April 2, 2019 to acquire jointly with TAQA Atrush B.V. ("TAQA") the 15% interest in the Atrush Block ("the Marathon Acquisition") held by Marathon Oil KDV B.V. ("Marathon"). Following close of these agreements ShaMaran's working interest in Atrush will increase from 20.1% to 27.6%. The parties to the agreements are currently finalizing the process of obtaining the consent of the Kurdistan Regional Government ("KRG") and approval is expected imminently.
- First quarter 2019 average production was 26.3 Mbopd and was negatively influenced by unplanned export pipeline shutdown, the repair of a leak in the water injection pipeline, as well as intervention to replace an electric submersible pump ("ESP"). Currently Atrush is producing around 30 Mbopd.
- The average lifting cost in the first quarter was \$8.89 per barrel, up from \$7.84 per barrel in the fourth quarter 2018 mainly due to the lower production in the quarter. The Company maintains the guidance previously provided for average lifting costs for the year 2019.
- Revenue from oil sales in the first quarter was \$12 million, compared to \$14.5 million reported in the fourth quarter 2018. The decrease is due to the lower first quarter production and lower average netback oil prices over the same period which decreased from \$52.58 per barrel to \$47.76 per barrel.
- The Chiya Khere-11 ("CK-11") was drilled to depth by mid-March and is expected to be complete for production in May 2019. The Chiya Khere-12 ("CK-12") well was drilled to a total depth of 1,800 metres.
- HOEWT facilities have been installed and commissioned, with the test commencing from the Atrush-3 ("AT-3") in mid-April. The intention is for heavy oil from AT-3 to produce together with medium oil from Chiya Khere-10 ("CK-10"), as a diluent, during the test period.
- The Chiya Khere-6 ("CK-6") well was recompleted in February 2019 and will be used to observe the reservoir pressure response to the heavy oil production from AT-3. CK-6 will be subsequently be placed into production.
- The procurement process for Atrush early production facilities ("EPF") is underway and it is expected that these facilities, as well as ongoing debottlenecking of the existing Production Facilities, will deliver 50.0 Mbopd processing capacity in the second half of 2019.

Financial and Corporate

- Amendments were approved to the terms of the Company's \$240 million senior bonds on February 1, 2019. On February 8, 2019 the Company repaid \$50 million of bonds plus accrued interest reducing its bonds currently outstanding to \$190 million due to a reduction in cash needs related to a decrease in the size of the Marathon Acquisition from an additional 15% of Atrush, as contemplated when the bonds were first issued, to the current 7.5%.
- Atrush related cash inflows in the three months ending March 31, 2019:
 - \$14.5 million for entitlement share of Atrush PSC profit oil and cost oil for October 2018 through December 2018 oil deliveries. A further 3.9 million has been received in the year to date 2019 relating to January 2019 oil sales.
 - \$0.8 million of Atrush Exploration Costs receivable¹ on October 2018 through December 2018 oil sales. A further \$0.2 million was received in the year to date 2019 relating to January 2019 oil sales.
 - \$3.9 million in payments of principal plus interest on the Atrush Development Cost Loan and the Atrush Feeder Pipeline Cost loans for invoices from January to March 2019 and an additional \$1.3 million has been collected in the year to date 2019.

¹ The Exploration Costs Receivable is related to the repayment of certain development costs that ShaMaran paid on behalf of the KRG which, for purposes of repayment, are governed under the Atrush PSC and the related Facilitation Agreement and are deemed to be Exploration Costs.

Reserves and Resources

- In February 2019, the Company reported estimated reserves and contingent resources for the Atrush field as at December 31, 2018. Total Field Proven plus Probable (“2P”) Reserves on a property gross basis for Atrush increased from 102.7 million barrels (“MMbbl”) reported as at December 31, 2017 to 106 MMbbl which, when 2018 Atrush production of 8 MMbbl is included, represents an increase of 11 percent. Total Field Unrisked Best Estimate Contingent Oil Resources (“2C”)² on a property gross basis for Atrush decreased from the 2017 estimate of 296 MMbbl to 268 MMbbl. Total discovered oil in place in the Atrush Block is a low estimate of 1.5 billion barrels, a best estimate of 2 billion barrels and a high estimate of 2.6 billion barrels.

OUTLOOK

Operations

The Company provides the following guidance for 2019:

- Atrush field gross average production is expected to range from 30 Mbopd to 35 Mbopd and will depend mainly on the timing of the installation of additional production facilities;
- Atrush lifting costs are estimated to range from \$6.30 per barrel to \$7.90 per barrel. Atrush lifting costs are mainly fixed costs and therefore we expect the dollar per barrel estimates to decrease with increasing levels of production; and
- Atrush gross capital expenditures for 2019 is estimated at \$137 million which includes:
 - debottlenecking to increase existing production capacity beyond 30.0 Mbopd;
 - re-completing the CK-6 well to initially monitor the heavy oil well during the HOEWT, and then later produce from the medium oil interval;
 - drilling, testing and completion activities at CK-11, CK-12 and two additional production wells;
 - expansion of processed oil storage capacity to reduce impact of export pipeline shutdowns on Atrush production rates;
 - installation of a desalter vessel at the Processing Facilities to reduce the operating costs associated with the short-term salt mitigation measures;
 - construction of the Chamanke-D drilling location to enable addition of future production wells, and
 - installing of an EPF and debottlenecking of existing Production Facilities, to extend Atrush oil processing capacity to 50.0 Mbopd in the second half of 2019.

Following the 2019 drilling program, the extended well testing in AT-3 and increased production, the Company expects to further assess the significant undeveloped Atrush resource base with the potential to grow to approximately 100.0 Mbopd production. Management expects that investment decisions for further phases of development can be made by mid-2020.

Financing and corporate

- The cash payment due from the Company to Marathon upon close of the Marathon Acquisition for an additional 7.5% interest in Atrush is expected to be \$31.5 million. The cash payment is equal to 50% of the \$63 million price previously announced on December 27, 2018 to purchase 100% of the shares of Marathon, which holds 15% of Atrush, less all other final closing adjustments including half of the net Atrush cash flows received by Marathon after January 1, 2018, the effective date of the acquisition.

² This estimate of remaining recoverable resources (unrisked) includes contingent resources that have not been adjusted for risk based on the chance of development. It is not an estimate of volumes that may be recovered.

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019

Atrush production operations and work on the Atrush development program continued throughout the first three months of 2019.

Financial Results

The net loss was primarily driven by the gross margin on Atrush oil sales and was offset by finance cost, the substantial portion of which was expensed borrowing costs on the Company's bonds.

First quarter 2018 revenues were inflated due to the once-off reconciliation of a commercial arrangement between ShaMaran and TAQA. The Company's entitlement share of Atrush oil production in the first two quarters of 2018 included an adjustment for the exploration cost sharing arrangement between TAQA and GEP. TAQA and GEP had under the Atrush JOA agreed a priority arrangement for sharing their combined initial \$49.9 million share of exploration cost oil revenues such that TAQA received the initial \$10.8 million and GEP received the next \$39.1 million. Thereafter cost oil revenues for these two parties has been determined by their relative participating interests in the Atrush PSC. The Company's entitlement share of oil sold in 2018 reflects a full recovery of the \$39.1 million. The Company estimates that the commercial arrangement resulted in a total net uplift in entitlement revenues of approximately \$23 million.

Finance cost in the first quarter included an exceptional \$2.8 million of total non-cash bond re-measurement and transaction amortization costs as required under accounting standard IFRS 9 Financial Instruments.

Condensed Interim Statement of Comprehensive Income

(Unaudited, expressed in thousands of United States Dollars)

	For the three months ended March 31,	
	2019	2018
Revenues	12,071	26,501
Cost of goods sold:		
Lifting costs	(4,226)	(2,426)
Other costs of production	(680)	(202)
Depletion	(5,401)	(9,540)
Gross margin on oil sales	1,764	14,333
General and administrative expense	(1,580)	(925)
Depreciation and amortisation expense	(2)	(4)
Income from operating activities	182	13,404
Finance income	408	443
Finance cost	(9,067)	(4,230)
Net finance cost	(8,659)	(3,787)
(Loss)/income before income tax expense	(8,477)	9,617
Income tax expense	(18)	(16)
(Loss)/income for the period	(8,495)	9,601
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	(3)	18
Total other comprehensive (loss)/income	(3)	18
Total comprehensive (loss)/income for the period	(8,498)	9,619

Condensed Interim Consolidated Balance Sheet
(Unaudited, expressed in thousands of United States Dollars)

	At March 31, 2019	At December 31, 2018
Assets		
Non-current assets		
Property, plant and equipment	194,584	195,908
Intangible assets	67,619	67,829
Loans and receivables	20,525	25,184
	282,728	288,921
Current assets		
Cash and cash equivalents, unrestricted	37,822	24,586
Cash and cash equivalents, restricted	53	67,884
Loans and receivables	33,835	36,099
Other current assets	2,265	2,286
	73,975	130,855
Total assets	356,703	419,776
Liabilities and equity		
Current liabilities		
Accrued interest expense on bonds	5,447	14,080
Accounts payable and accrued expenses	4,931	3,875
Current tax liabilities	22	16
	10,400	17,971
Non-current liabilities		
Borrowings	189,448	236,717
Provisions	9,686	9,559
Pension liability	1,318	1,330
	200,452	247,606
Total liabilities	210,852	265,577
Equity		
Share capital	637,688	637,538
Share based payments reserve	6,495	6,495
Cumulative translation adjustment	(15)	(12)
Accumulated deficit	(498,317)	(489,822)
Total equity	145,851	154,199
Total liabilities and equity	356,703	419,776

Total assets decreased in the first three months of 2019 by \$63.1 million with a corresponding decrease in borrowings and related accrued interest by \$55.9 million and increases in accounts payable and accrued expenses by \$1.0 million, pension and other non-current liabilities by \$0.1 million, share capital by \$0.2 million and the accumulated deficit by \$8.5 million related to the loss incurred in the period.

Property, plant & equipment assets decreased during the 3 months of 2019 by \$1.3 million which was due to depletion and depreciation costs of \$5.4 million net of additions of \$4.0 million in Atrush development costs and \$0.1 million in capitalised borrowing costs. The decrease in intangible assets by \$210 thousand during the first quarter of 2019 resulted from the release of an overestimate for Atrush insurance. Loans and receivables decreased by \$6.9 million due to collecting \$3.7 million of Atrush Development Cost and Feeder Pipeline Cost loans and \$0.7 million of Atrush Exploration Cost Receivables, and a draw-down of \$2.5 million of accounts receivables on Atrush oil sales.

Condensed Interim Consolidated Cash Flow Statement
(Unaudited, expressed in thousands of United States Dollars)

	For the three months ended March 31,	
	2019	2018
Operating activities		
(Loss)/income for the period	(8,495)	9,601
Adjustments for:		
Borrowing costs – net of amount capitalised	9,057	4,156
Depreciation, depletion and amortisation expense	5,403	9,544
Unwinding discount on decommissioning provision	10	5
Foreign exchange (gain)/loss	(5)	70
Interest income	(403)	(443)
Changes in accounts receivables on Atrush oil sales	2,460	(12,544)
Changes in accounts payable and accrued expenses	1,056	(2,848)
Changes in other current assets	21	(88)
Changes in current tax liabilities	6	9
Changes in pension liability	-	1
Net cash inflows from operating activities	9,110	7,463
Investing activities		
Loans and receivables – payments received	4,650	540
Interest received on cash deposits	216	8
Insurance credit for intangible assets	209	-
Purchases of intangible assets	-	(61)
Loans and receivables – payments issued	-	(394)
Purchase of property, plant and equipment	(3,820)	(1,449)
Net cash inflows from / (outflows to) investing activities	1,255	(1,356)
Financing activities		
Payments to bondholders - interest	(14,950)	-
Bonds retired	(50,000)	-
Net cash outflows to financing activities	(64,950)	-
Effect of exchange rate changes on cash and cash equivalents	(10)	(13)
Change in cash and cash equivalents	(54,595)	6,094
Cash and cash equivalents, beginning of the year	92,470	5,256
Cash and cash equivalents, end of the period	37,875	11,350

The decrease by \$54.6 million in the cash position of the Company in the first three months of 2019 was due to cash inflows of \$5.3 million from operating activities after G&A and other cash expenses, \$3.8 million of positive cash adjustments on accounts receivables payables and other working capital items and \$4.9 million of principal and interest payments on KRG loans, deposits and the Exploration Cost Receivables which were offset by cash outflows of \$50 million on retirement of bonds, \$15 million on bond coupon interest payments and \$3.6 million on Atrush development activities.

OTHER

This information is information that ShaMaran Petroleum Corp is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 8:00 p.m. Toronto Time on May 8, 2019.

ABOUT SHAMARAN

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration company with a 20.1% direct interest in the Atrush oil discovery. As announced in ShaMaran's April 3, 2019 news release, the Company has signed agreements with Marathon Oil KDV B.V. and TAQA Atrush B.V to increase the Company's interest in the Atrush Block to 27.6%. Currently, certain conditions to close remain outstanding.

ShaMaran is a Canadian oil and gas company listed on the TSX Venture Exchange and the NASDAQ First North Exchange (Stockholm) under the symbol "SNM". Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Pareto Securities AB is the Company's Certified Advisor on NASDAQ First North, +46 8 402 5000, certifiedadviser.se@paretosec.com.

The Company's condensed interim consolidated financial statements, notes to the financial statements and management's discussion and analysis have been filed on SEDAR (www.sedar.com) and are also available on the Company's website (www.shamaranpetroleum.com).

The Company plans to publish on August 7, 2019 its financial and operational results for the six months ended June 30, 2019.

FORWARD LOOKING STATEMENTS

This news release contains statements and information about expected or anticipated future events and financial results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as legal and political risk, civil unrest, general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "outlook", "budget" or the negative of those terms or similar words suggesting future outcomes. The Company cautions readers regarding the reliance placed by them on forward-looking information as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.

Actual results may differ materially from those projected by management. Further, any forward-looking information is made only as of a certain date and the Company undertakes no obligation to update any forward-looking information or statements to reflect events or circumstances after the date on which such statement is made or reflect the occurrence of unanticipated events, except as may be required by applicable securities laws. New factors emerge from time to time, and it is not possible for management of the Company to predict all factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.

Reserves and resources: *ShaMaran Petroleum Corp.'s reserve and contingent resource estimates are as at December 31, 2018, and have been prepared and audited in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook"). Unless otherwise stated, all reserves estimates contained herein are the aggregate of "proved reserves" and "probable reserves", together also known as "2P reserves". Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.*

Contingent resources: *Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be commercially viable for the Company to produce any portion of the contingent resources.*

BOEs: *BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf per 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

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