



SHAMARAN REPORTS RECORD PROFITS AND EBITDAX OVER 6 TIMES HIGHER THAN 2020

August 10, 2021

VANCOUVER, BRITISH COLUMBIA – ShaMaran Petroleum Corp. (“ShaMaran” or the “Company”) (SNM: TSXV and Nasdaq First North Growth Market (Sweden)) today released its financial and operating results and related management’s discussion and analysis for the three and six months ended June 30, 2021¹.

Dr. Adel Chaouch, President and Chief Executive Officer of ShaMaran, commented: “ShaMaran continues to focus on financial discipline and the second quarter’s extremely positive results for the Company demonstrates record profits. Our six months EBITDAX in 2021 of \$31.9 million is more than six times that of the same period last year and we continue to consistently sustain positive cash generation. We have accelerated the amortization obligation due in December 2021 by acquiring our bonds at attractive market rates. We have already reduced that obligation by two thirds from \$15 million down to \$5 million.

These are very exciting times for ShaMaran as we work towards completing the acquisition of TotalEnergies interest in Sarsang which will transform the Company by supplementing our portfolio with high API and low sulphur oil with complimentary production horizons as well as de-leveraging our debt. We continue to be optimistic about the remainder of 2021 and believe that ShaMaran is well positioned to benefit from new market opportunities as they arise.”

Corporate Highlights

- The second quarter of 2021 saw a record profit with net result of \$ 6.8 million, resulting in a profit for the first six months of 2021 of \$9.3 million;
- Cumulative production of 45 million barrels achieved on May 13, 2021 despite the challenges of the global coronavirus pandemic (“COVID-19”)²; and
- Average production of approximately 39,538 barrels of oil per day (“bopd”) for the second quarter of 2021. With the resumption of capital development spending, Atrush has seen a return to sustained quarter on quarter production growth in 2021 (current production rates are approximately 42,000 bopd).

Sarsang Acquisition

- The Company has
 - signed an agreement to acquire an affiliate of TotalEnergies (the “Acquisition”) that holds an 18% non-operated participating interest in Sarsang, adjacent to the Atrush block;
 - successfully placed its new \$300 million bond (the “2025 Bond”);
 - announced the approval of proposals for the conditional refinancing of the existing bond (the “2023 Bond”) as well as necessary waivers for the issuance of the 2025 Bond; and
 - agreed with Nemesia S.à.r.l. that the planned \$30 million rights offering will be underwritten by them.
- Upon the successful closing of the Acquisition, the interest in Sarsang block effective as of January 1, 2021:

- adds immediate incremental participating interest production of approximately 5,000 bopd of light crude oil (36 – 38 API);
- is expected to double ShaMaran’s Q2 2021 average net production, exceeding 20,000 bopd, following the completion of the processing facility expansion at Swara Tika field by mid-2022; and
- enhances ShaMaran’s oil reserves through the addition of high API and low sulphur oil that achieves a low discount to Brent.

Atrush Operations

- Cumulative production of 45 million barrels achieved on May 13, 2021 despite the challenges of the global COVID-19 pandemic;
- Average production of approximately 39,538 barrels of oil per day (“bopd”) for the second quarter of 2021. With the resumption of capital development spending Atrush now sees a return to sustained quarter-on-quarter production growth in 2021 (current production rate at approximately 42,000 bopd); and
- Atrush development drilling activities resumed with the spudding from Pad A of the CK-17 well on April 1, 2021. The CK-17 well was drilled and completed ontime, below budget and came online at an initial rate of 2,000 bopd and brought the Atrush production well count to eleven.

Atrush Financial

- The second quarter of 2021 saw a record profit with net result of \$ 6.8 million, resulting in \$ 9.3 million net profit for the six months of 2021;
- A very strong EBITDAX of \$18.4 million for Q2 2021 and \$31.9 million for the six months of 2021, over six times the EBITDAX result for the six months of 2020;
- The KRG continues to repay the \$41.7 million of outstanding receivables for November 2019 to February 2020. At the date of this news release \$13.8 million has been invoiced to the KRG and \$9.6 million paid; and
- The Company's 2023 Bond amortization payment due in December 2021 has been reduced from \$15 million to \$5 million, due to the Company purchasing 2023 Bonds and retiring them in the first six months of 2021, the total of ShaMaran 2023 Bonds outstanding is \$180 million and 2025 Bonds is \$111.5 million as at the date of this news release.

USD Thousands	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Revenue	25,208	7,393	45,814	27,234
Gross margin on oil sales	14,953	(6,169)	25,207	(7,099)
Net result	6,834	(14,631)	9,303	(139,842)
Cash flow from operations	22,739	1,162	28,023	3,023
EBITDAX	18,402	(1,882)	31,902	4,731

OTHER

This information is information that ShaMaran 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, on August 10, 2021 at 5:30 p.m. Eastern Time. Pareto Securities AB is the Company’s Certified Advisor on Nasdaq First North Growth Market (Stockholm), +46 8402 5000, certifiedadviser.se@paretosec.com.

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.

The rights offering referred to herein will be conditional on, among other things, requisite approvals of the TSX Venture Exchange, the filing of a rights offering circular or prospectus in Canada and in Sweden, and other regulatory approvals.

This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company in any jurisdiction. There shall be no offer or sale of, or solicitation of an offer to buy, any securities referred to herein in any jurisdiction in which such offer, sale or solicitation would be unlawful.

The 2025 Bond and share subscription rights referred to herein, and any shares issuable upon exercise of such subscription rights, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws, and may not be directly or indirectly offered, sold, resold or exercised, as applicable, in the United States or to, or for the account or benefit of, any U.S. person (as those terms are defined in Regulation S under the 1933 Act) unless they are registered under, or the transaction is exempt from the registration requirements of, the 1933 Act and applicable state securities laws.

Further information regarding the Acquisition and financing transactions referred to in this news release is provided in the material change report of the Company dated July 22, 2021 filed with applicable securities regulatory authorities in Canada, a copy of which is available through the SEDAR website at www.sedar.com.

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.

The Covid-19 virus and the restrictions and disruptions related to it have had a drastic adverse effect on the world demand for, and prices of, oil and gas as well as the market price of the shares of oil and gas companies generally, including the Company's common shares. There can be no assurance that these adverse effects will not continue or that commodity prices will not decrease or remain volatile in the future. These factors are beyond the control of ShaMaran and it is difficult to assess how these, and other factors, will continue to affect the Company and the market price of ShaMaran's common shares. In light of the current situation, as at the date of this news release, the Company continues to review and assess its business plans and assumptions regarding the business environment, as well as its estimates of future production, cash flows, operating costs and capital expenditures.

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 of these

factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.

ABOUT SHAMARAN

ShaMaran is a Kurdistan focused oil development and exploration company which holds a 27.6% working interest, through its wholly-owned subsidiary General Exploration Partners, Inc., in the Atrush Block and, upon successful closing of the Acquisition, will then also hold an 18% interest through its then wholly-owned subsidiary TEPKRI Sarsang A/S in the Sarsang Block.

ShaMaran is a Canadian oil and gas company listed on the TSX Venture Exchange and the Nasdaq First North Growth Market (Sweden) under the symbol "SNM".

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Footnotes:

¹ All currency amounts indicated as "\$" in this news release are expressed in United States Dollars.

² In March 2020 the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of COVID-19. The outbreak and subsequent measures intended to limit the pandemic contributed to significant declines and volatility in financial markets. The pandemic adversely impacted global commercial activity, including significantly reducing worldwide demand for crude oil.

The full extent of the impact of COVID-19 on the Company's operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact.

The outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by management in the preparation of its financial results.