



SHAMARAN REPORTS STRONG FIRST QUARTER RESULTS

May 10, 2023

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 (MD&A) for the three months ended March 31, 2023¹.

Dr. Adel Chaouch, President and Chief Executive Officer of ShaMaran, commented “The first quarter of 2023 represented a significant step up in activity levels across both assets as together with our partners we continue to increase the value from our producing assets. Two new production wells drilled in Atrush are expected to materially increase field production and the activities at Sarsang will further increase production and optimize facility performance during 2023 (new production and water disposal wells and debottlenecking of production facilities). Based on these significant investments at the start of 2023 ShaMaran was on track to deliver another strong set of results for the year.

The interruption to pipeline exports at the end of the quarter means that our plans to hook up the new wells and continue our development activities for the remainder of the year are currently on hold, alongside the guidance for the rest of 2023. We hope for a swift resumption of production and exports, as well as a resolution of the payments situation, so that we can get back to delivering strong results and increasing value for all of our stakeholders.”

Corporate Highlights

- Steady production, revenues and profitability as the addition of Sarsang barrels more than offset the realized price decline versus Q1 2022;
- Strong operational activity during the quarter on both Atrush and Sarsang;
 - Significant drilling activity on both assets, aiming to increase Atrush production back up towards processing capacity limits, and in Sarsang to sustain current plateau rates;
 - Further debottlenecking and optimization of facilities in both fields, aimed at increasing oil and water handling, which in turn increases utilization and lowers lifting costs; and
 - Start of gas flaring reduction project at Atrush and feasibility studies for a Sarsang gas solution.
- Material impact on operations and financial results linked to external events:
 - On February 6, 2023, the Iraq-Turkey pipeline (“ITP”) temporarily suspended exports for one day following an earthquake in southern Turkey; and
 - On March 25, 2023, officials from the Turkish Government ordered the ITP to be shutdown for Kurdish oil exports. The Company is aware that discussions for the re-opening of the ITP to Kurdistan oil exports are continuing among the relevant parties.

Financial Highlights

USD Thousands	Three months ended Mar 31	
	2023	2022
Revenue	43,380	38,836
Cost of goods sold	(21,282)	(11,157)
Gross margin on oil sales	22,098	27,679
Net result	9,599	15,080
Cash flow from operations	18,266	23,762
EBITDAX ²	30,227	30,471

- Increased Q1 2023 oil sales to \$43.4 million, 12% more than Q1 2022;
- Reported an EBITDAX of \$30.2 million in Q1 2023, similar to the EBITDAX of Q1 2022; and
- Payments have been received to date for oil sales through to September 2022, for both Atrush and Sarsang, with \$37.1 million being received in the quarter. The Company (together with other International Oil Companies (“IOCs”)) remains in discussions with the KRG about the appropriate recovery mechanism for the overdue receivables, however in line with precedents full recovery is expected.

Operational Highlights:

- Grew the Company’s gross 2P reserves³ by 225% from 30.4 MMbbls at December 31, 2021 to 68.3 MMbbls at December 31, 2022, which resulted in a ShaMaran record high 2P net reserves replacement ratio⁴ of 950%⁵ and extended the Company’s 2P Reserves Life Index⁶ to nearly 12 years;
- Reported Q1 2023 gross average production of approximately 66.8 Mbopd, resulting in 14.9 Mbopd net to ShaMaran;
- Drilled one additional production well (ST-A2) and one water disposal well (ST-AW1) during Q1 2023 in the Sarsang Block. Both wells are expected in operation during Q2 2023;
- Drilled two additional Atrush production wells in Q1 2023 (CK-19 and CK-20). CK-19 came online in February 2023 contributing to an increase in field production exit rates for Q1 2023. Subject to resumption of pipeline exports and normal field operations, the second well, CK-20, is expected to come online in Q2, 2023;
- Continued implementation of Atrush Capacity Enhancement (“ACE”) project and debottlenecking of Sarsang newly commissioned processing facility; and
- Ordering of long lead items for Atrush gas solution project, intended to be completed during 2023, leading to a significant reduction of diesel consumption in the field and routine gas flaring.

Subsequent Events:

- Following the closure of the ITP for Kurdistan oil exports, our operating partners are significantly deferring planned capital expenditures to focus on only safety critical and firm contractual commitments, which are expected to result in a significant reduction of monthly cash outflows for the business in the second quarter. This is expected to be a temporary measure until the resumption of pipeline exports and field operations and importantly, regular payments for oil sales and repayment of receivables due to IOCs;
- Based upon the public statements of officials from the KRG, the Kurdistan Ministry of Natural Resources and Iraq’s Ministry of Oil and discussions that senior management of the Company has had with relevant officials, the Company continues to believe that the ITP shutdown will be temporary and that the KRG will be permitted to resume exports and payments. Together with our partners in the Atrush block and Sarsang block the Company is prudently taking actions to preserve liquidity through significant reduction of expenditures across the business;

- Capex is planned to be cut by over 50% of the original budget by both operators until production and payments are resumed; and
- Due to such reduction in activity levels until ITP exports and field operations resume the Company is suspending the guidance provided for FY 2023. The Company continues to closely monitor the situation and will update the market as appropriate.

OTHER

ShaMaran is obliged to make this information 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 May 10, 2023 at 6:30 p.m. Eastern Time. Arctic Securities AS (Swedish branch) is the Company's Certified Advisor on Nasdaq First North Growth Market (Sweden), +46 844 68 61 00, certifiedadviser@arctic.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.

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 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 an 18% interest (22.5% paying interest) through its wholly-owned subsidiary ShaMaran 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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Notes

¹ Except as otherwise indicated, all currency amounts indicated as "\$" in this news release are expressed in United States Dollars.

² Earnings before interest, tax, depletion, depreciation, amortization, and exploration expense.

³ Reserves estimates, contingent resource estimates and estimates of future net revenue in respect of ShaMaran's oil and gas assets in the Atrush Block and Sarsang Block are effective as at December 31, 2022, and are included in the report prepared by McDaniel & Associates Consultants Ltd., an independent qualified reserves evaluator, 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 (the COGE Handbook) and using McDaniel's January 1, 2023 price forecasts.

⁴ 2P Net Reserves Replacement Ratio defined as the ratio of reserves additions to production during the year including impacts of acquisitions and dispositions.

⁵ Defined as ShaMaran's net working interest production with full year contribution from the Atrush field plus contribution from the Sarsang fields from September 15, 2022 (being the day following the closing of the Sarsang acquisition). Drilling and completion activities are likely to change when there is a return to more consistent oil sales payments by the KRG.

⁶ 2P Reserve Life Index is defined as the Company reserves divided by the Company December 2022 annualized production.

⁷ Pending final approval of the Atrush 2023 budget by the KRG.