

SHAMARAN

Petroleum Ltd.

ShaMaran Petroleum Ltd.

(An exempted company limited by shares and incorporated under the laws of Bermuda)

Admission to trading of shares on Euronext Growth Oslo

This information document (the "**Information Document**") has been prepared by ShaMaran Petroleum Ltd., an exempted company limited by shares and incorporated under the laws of Bermuda with registration number 202605870 (the "**Company**" and, together with its direct and indirect subsidiaries, the "**Group**") solely for use in connection with the admission to trading (the "**Admission**") of all issued shares of the Company on Euronext Growth Oslo ("**Euronext Growth**").

As of the date of this Information Document, the Company's authorised share capital is USD 35,000,000, divided into 3,500,000,000 common shares, each with a par value of USD 0.01, of which 2,887,504,313 common shares are currently in issue (the "**Shares**").

The Shares have been approved for Admission on Euronext Growth and it is expected that the Shares will start trading on Euronext Growth on or about 5 June 2026, under the ticker code "SNM". The Shares traded on Euronext Growth are recorded in Euronext Securities Oslo, the Norwegian Central Securities Depository (the "**VPS**") in book-entry form. All Shares rank in parity with one another and carry one vote. As at the date of this Information Document, 2,683,471,371 Shares are registered in Euronext Securities Oslo with ISIN BMG8080M1001. Of the 2,683,471,371 Shares registered in Euronext Securities Oslo, 2,606,241,771 Shares are underlying Shares for the SDRs listed and traded on Nasdaq First North Growth.

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, a multilateral trading facility (MTF), are not subject to the same rules as companies on a regulated market (a main market). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Euronext Growth may therefore be higher than investing in a company on a regulated market. **Investors should take this into account when making investment decisions.**

THE PRESENT INFORMATION DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71 (THE "EU PROSPECTUS REGULATION").

THE PRESENT INFORMATION DOCUMENT HAS BEEN DRAWN UP UNDER THE RESPONSIBILITY OF THE ISSUER. IT HAS BEEN REVIEWED BY THE EURONEXT GROWTH ADVISOR AND OSLO BØRS.

THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk factors") and Section 3.2.2 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.

Euronext Growth Advisor

Pareto Securities AS



The date of this Information Document is 5 June 2026

INFORMATION DOCUMENT

IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Company and its business. This Information Document has been prepared solely in the English language.

Euronext Growth is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (Nw.: *verdipapirhandelloven*) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (Nw.: *verdipapirforskriften*) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Euronext Growth, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Euronext Expand. Euronext Growth is not a regulated market.

As used in this Information Document, unless the context otherwise requires, the "Group" refers to the Company and its consolidated subsidiaries. For definitions of other terms used throughout this Information Document, please refer to Section 14 ("Definitions and glossary of terms").

The Company has engaged Pareto Securities AS as its advisor in connection with its Admission to Euronext Growth (the "**Euronext Growth Advisor**"). This Information Document has been prepared to comply with the Admission to Trading Rules for Euronext Growth (the "**Euronext Growth Admission Rules**") and the Content Requirements for Information Documents for Euronext Growth (the "**Euronext Growth Content Requirements**").

All inquiries relating to this Information Document should be directed to the Company or the Euronext Growth Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Growth Advisor in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Euronext Growth Advisor.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations and applicable securities laws and regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Company's bye-laws (the "**Bye-Laws**") and applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the Company's Bye-Laws and securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 ("Risk factors").

INFORMATION DOCUMENT

BENEFICIAL OWNERSHIP ACT 2025

The Beneficial Ownership Act 2025 (the "**BO Act**") came into force in Bermuda on 3 November 2025, requiring certain legal persons in Bermuda to identify beneficial owners and maintain a beneficial ownership register. Upon continuance into Bermuda, the Company became subject to the provisions of the BO Act. When the Shares are listed on the Euronext Growth Oslo, which is an "appointed stock exchange" for the purposes of the BO Act, the Company will be exempted from the requirements of the BO Act, save for the requirement to confirm its exempted status with the Registrar of Companies in Bermuda and file with the Registrar proof of that exemption, including the name and jurisdiction of the relevant stock exchange.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is an exempted company limited by shares incorporated under the laws of Bermuda. As a result, the rights of holders of the Shares will be governed by Bermuda law and the Company's Bye-Laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Directors**" and the "**Board of Directors**", respectively) and the members of the Group's senior management, as further described in 9.3.2, (the "**Management**") are not residents of the United States. Virtually all of the Company's assets are located outside the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process on the Company, the Directors and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters with either Norway or Bermuda. Uncertainty exists as to whether courts in Norway or Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its directors or officers under the securities laws of those jurisdictions or entertain actions in Norway or Bermuda against the Company or its directors or officers under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway and/or Bermuda. Similar restrictions may apply in other jurisdictions.

INFORMATION DOCUMENT

TABLE OF CONTENTS

1	RISK FACTORS	4
1.1	Risk factors related to the Group's business and industry in which the Group operates	4
1.2	Risks related to the Group's financial situation	8
1.3	Risks related to Laws, Regulations and Litigation	9
1.4	Risks related to the Admission and the Shares.....	11
2	RESPONSIBILITY FOR THE INFORMATION DOCUMENT	13
3	GENERAL INFORMATION	14
3.1	Other important investor information.....	14
3.2	Presentation of information.....	14
4	THE RETAIL PRIVATE PLACEMENT AND ADMISSION TO TRADING	17
4.1	The Retail Private Placement	17
4.2	Reasons for the Admission	17
5	DIVIDENDS AND DIVIDEND POLICY	18
5.1	Dividend policy and legal and contractual constraints on the distribution of dividends	18
5.2	Manner of dividend payment	18
6	THE REDOMICILIATION	19
6.1	Introduction	19
6.2	Effects of the Redomiciliation	19
6.3	Rationale for the Redomiciliation and the listing on Euronext Growth	19
7	BUSINESS OVERVIEW.....	21
7.1	Introduction	21
7.2	History and important events	21
7.3	The Group's principal activities.....	22
7.4	Industry and principal markets.....	27
7.5	Competitive landscape	29
7.6	Strategy and objectives.....	29
7.7	Material transactions of the Group	29
7.8	Material Investments	29
7.9	Material contracts	30
7.10	Material financing agreements.....	30
7.11	Significant changes or transactions.....	31
7.12	Property and equipment	31
7.13	Dependency on contracts, patents, licenses etc.	31
7.14	Intellectual property rights.....	31
7.15	Significant new products/services	31
7.16	Related party transactions	31
7.17	Legal and arbitration proceedings	33
8	SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION.....	34
8.1	Introduction and basis for preparation	34
8.2	Summary of accounting policies and principles	34
8.3	Selected statement of comprehensive income/(loss)	34
8.4	Selected balance sheet information.....	35
8.5	Selected statement of cash flow information	36
8.6	Selected statements of equity information	38
8.7	Operating and financial review.....	39
8.8	Working capital statement	41

INFORMATION DOCUMENT

9	BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE	42
9.1	Introduction	42
9.2	The Board of Directors	42
9.3	Management.....	43
9.4	Employees.....	44
9.5	Long-term incentive plan.....	44
9.6	Benefits upon termination	45
9.7	Corporate governance.....	45
9.8	Committees of the Board of Directors.....	45
9.9	Conflicts of interests etc.	46
10	SHARE CAPITAL AND SHAREHOLDER MATTERS	48
10.1	Corporate information	48
10.2	Legal structure.....	48
10.3	Share capital and share capital history	48
10.4	VPS registration of the Shares	50
10.5	Ownership structure.....	51
10.6	Share repurchase and treasury shares.....	51
10.7	Financial instruments	51
10.8	Shareholder rights	51
10.9	The Certificate of Continuance, Memorandum of Continuance, Bye-Laws and Bermuda Law.....	52
10.10	No mandatory takeover rules.....	60
11	TAXATION	61
11.1	Bermuda taxation	61
11.2	Norwegian taxation.....	61
12	SELLING AND TRANSFER RESTRICTIONS	64
12.1	General.....	64
12.2	Selling restrictions.....	64
12.3	Transfer restrictions.....	65
13	ADDITIONAL INFORMATION	68
13.1	Admission to Euronext Growth	68
13.2	Information sourced from third parties and expert opinions.....	68
13.3	Independent auditor.....	68
13.4	Advisors.....	68
14	DEFINITIONS AND GLOSSARY OF TERMS	69

INFORMATION DOCUMENT

APPENDICES

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| APPENDIX A | Certificate of Continuance, Memorandum of Continuance and the Bye-Laws of ShaMaran Petroleum Ltd. |
| APPENDIX B | Audited consolidated financial statements as of and for the year ended 31 December 2025, and audited consolidated financial statements as of and for the year ended 31 December 2024. |
| APPENDIX C | Unaudited consolidated interim financial statements for the three months period ended 31 March 2026. |

1 RISK FACTORS

Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Information Document, including the financial information and related notes. The risks and uncertainties described in this Information Document are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on its business, financial condition, results of operations and cash flow.

The risk factors described in this section "Risk factors" are sorted into a limited number of categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The risks that are assumed to be of the greatest significance are described first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, and the fact that a risk factor is not mentioned first in its category does not in any way suggest that the risk factor is less important when taking an informed investment decision. The risks mentioned herein could materialize individually or cumulatively.

1.1 Risk factors related to the Group's business and industry in which the Group operates

1.1.1 Geopolitical instability arising from the conflict in Iran

The Group's operations in the Kurdistan Region of Iraq ("KRI") are exposed to significant risks arising from geopolitical instability in the wider region, and in particular from the ongoing military conflict involving Iran. Since February 2026, the United States and Israel have conducted large-scale military operations against Iran, targeting Iran's missile and nuclear programmes, military infrastructure and senior leadership. Iran has retaliated with missile and drone strikes against targets in multiple neighbouring countries, including Iraq, and has effectively disrupted commercial maritime traffic through the Strait of Hormuz, creating what the International Energy Agency has described as the largest supply disruption in the history of the global oil market. In connection with the conflict, attacks have also been conducted on sites in the KRI, including drone strikes on HKN-managed fields that have resulted in a temporary production shut-in at both the Atrush Block (as defined below) and the Sarsang Block (as defined below). As of the date of this Information Document, this shut-in remains in effect, with the timing for a safe resumption of production uncertain.

The conflict has materially disrupted global energy markets, with Brent crude oil prices experiencing significant volatility and substantial reductions in oil flows through the Strait of Hormuz. Although the Group's crude oil is primarily exported by pipeline rather than through the Strait of Hormuz, the conflict and associated instability may adversely affect regional security conditions, the operability of export infrastructure, and the Group's ability to produce from and access its assets. The conflict has also prompted heightened international sanctions activity, including the reimposition of comprehensive United Nations sanctions on Iran. Any expansion, prolongation or escalation of hostilities, including further strikes on energy infrastructure in the region, the potential introduction of ground forces, or retaliatory actions by Iran-aligned groups, could lead to further disruptions to the Group's operations, supply chains and export routes.

The ultimate outcome of the conflict remains highly uncertain with the potential for prolonged severe regional instability, altering the Group's ability to conduct its operations. Such scenario could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

INFORMATION DOCUMENT

1.1.2 *The oil and gas industry is subject to commodity price risk*

The prices that the Group receives for its oil production may have a significant impact on the Group's revenues and cash flows provided by operations and net result. World prices for oil and gas are characterized by significant fluctuations, which are determined by the global balance of supply and demand and by worldwide political developments. In particular, the price received for the Group's oil production in the KRI is dependent upon its ability to export production outside of Iraq. A significant decline in the price at which the Company can sell future oil production could adversely affect the amount of funds available for capital reinvestment purposes and impair the value of the Company's oil asset. The Company does not hedge against commodity price risk.

1.1.3 *The Group is subject to development and production risks*

The Group's business is presently not involved in exploration activities, but is subject to all the risks and hazards inherent in businesses involved in the development, production and marketing of oil, including drilling of unsuccessful wells, fire, explosions, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil wells, production facilities, other property or the environment, or in personal injury. The Group's operations are carried out onshore in the KRI and depend on a network of wells, surface facilities, gathering systems, processing plants, storage and export infrastructure (including third-party export pipelines and terminals); damage to, or failure of, any such infrastructure may result in prolonged production interruptions, reduced production rates, evacuation of personnel and increased remediation and repair costs.

The operations in which the Group has interests involve geological, technical and commercial risks. The Group's success will depend on its ability to find, appraise, develop and commercially produce oil resources and reserves. Future oil development may involve risks relating to dry holes, i.e. wells that do not produce sufficient petroleum to return a profit after drilling, operating and other costs. In addition, operations can be affected by drilling hazards, environmental damage and other field-operating conditions which could adversely affect production and increase the cost of operations. Operational disruptions may also arise from subcontractor or third-party non-performance (including inadequate workmanship, insolvency, strikes and delays), logistical failures, shortages of critical equipment or supplies and personnel shortages. Diligent operations can contribute to maximizing production rates over time, but production delays and declines resulting from normal field operating conditions cannot be eliminated and can adversely affect revenue and cash flow levels.

1.1.4 *The Group's operations are subject to insurance limitations*

The Group is not fully insured against all of these risks, nor are all such risks insurable. Certain risks may be uninsurable or only insurable at prohibitive cost, and insurance policies typically contain exclusions, coverage limits, deductibles and conditions that may reduce or eliminate recovery for a particular loss. In addition, contractual indemnities provided by counterparties may be unenforceable, limited in scope, or of limited value if the counterparty lacks sufficient financial resources or insurance. Accordingly, the Group may retain material risk through self-insurance for losses in excess of policy limits, and it may in the future elect to retain additional risk. No assurance can be given that the Group will be able to maintain adequate insurance or enforceable indemnities in all circumstances. These risks could result in adverse effects to the Group's business, including increased costs or losses due to events arising from accidents or other unforeseen occurrences, including cleanup, repair, containment and/or evacuation activities; settlement of claims associated with injury to personnel or damage to property; and/or loss of revenue as a result of downtime due to an accident. The occurrence of a significant accident, major environmental incident or other adverse event that is not fully covered by insurance or by enforceable indemnities could result in substantial liabilities, loss of production, impairment of assets and could materially and adversely affect the Group's results of operations, cash flow, financial condition and prospects.

1.1.5 *The Group's primary operating market is in Kurdistan*

The Group's assets and operations are in Kurdistan, a federally recognized semi-autonomous political region of Iraq, and may be influenced by political developments between Kurdistan and the Federal Government of Iraq (the "**Federal Government**"), as well as by political developments in neighbouring states in the MENA region, Turkey and in surrounding areas. Kurdistan and Iraq have a history of political instability, with disputes between the Federal Government and the Kurdistan Regional Government (the "**KRG**"). The delineation of powers under the constitution of Iraq has been subject to different interpretations, which has resulted in a number of outstanding political issues and differences between the Federal Government and the KRG,

INFORMATION DOCUMENT

including the financial support to be provided to the KRG by the Federal Government and the jurisdiction over oil and gas matters in Kurdistan.

There is also a risk that levels of authority of the KRG, and corresponding systems in place, could be transferred to the Federal Government. The oil and gas exploration, development and production activities in Kurdistan and Iraq are consequently subject to significant political, social and economic uncertainties, including the risk of changes in government policies and legislations, expropriation, nationalization, renegotiation or nullification of existing or future contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, a limitation on the KRG's ability to export, and the imposition of currency controls.

Kurdistan also has a history of security problems, and the operations in Kurdistan are subject to uncertainties such as the risk of war, terrorism, and criminal activity, which may put the safety of the Company's personnel at risk and interfere with the efficient execution of the Company's operations. This could result in adverse effects to the Company's business, including increased costs associated with planned projects, impairment or termination of future revenue generating activities, impairment of the value of the Company's assets, and/or its ability to meet its contractual commitments as they become due.

1.1.6 *Infrastructure-related risks*

The Group is dependent on access to available and functioning infrastructure (including third party services in Kurdistan) relating to the properties in which it has interests, such as roads, power and water supplies, pipelines and gathering systems, including the Iraq-Turkey Pipeline ("**ITP**") and the Kurdistan pipeline. The Group is particularly dependent on the ITP to transport its products. This pipeline has previously been subject to minor acts of sabotage, earthquake damage, military operations or terrorism and consequently been disrupted for periods of days at a time. If this pipeline were disrupted for a significant period of time, the international oil companies ("**IOCs**") would be unable to market their product, which would significantly impair the Company's sales and cash generation.

More recently, the ITP was shut for an extended period from March 2023 until late September 2025, during which exports were largely limited to local sales and trucking, materially impacting sales and cash generation. International pipeline exports have since resumed under interim arrangements, with current sales flowing via the ITP to Ceyhan. In July 2025, the Government of Türkiye published a notice that it will not renew the treaty governing the ITP, which is set to expire on 27 July 2026. While media have reported that Türkiye is looking to negotiate a new agreement with the Federal Government, there is no certainty on the outcome. Beyond legal disagreements and regional politics, the pipeline may be subject to interruption for a variety of reasons, including, but not limited to, technical, maintenance, repairs, damage (for example as a result of earthquake, military operations or terrorism), theft, smuggling or sanctions. Restrictions on the Group's ability to export crude oil by use of the pipeline may require the Group to explore alternative transportation at increased costs or to sell crude oil to local markets at lower prices, and may have a material adverse effect on its cash flows, results of operations, financial condition and prospects.

1.1.7 *Risks in estimating resources*

The Company's interests in the area covered by the Atrush Block production sharing contract (the "**Atrush Block**") and the area covered by the Sarsang Block production sharing contract (the "**Sarsang Block**"), (jointly the "**Blocks**") are expected to continue producing for a number of years in the future and additional information must be obtained by further seismic surveys, well drilling and testing to ultimately determine the economic viability of developing contingent or prospective resources of those fields. There is no certainty that the Group will be able to commercially produce any portion of such contingent or prospective resources. There are uncertainties inherent in estimating quantities of reserves and resources and the results of drilling, testing, production and new data from seismic may cause revisions to current estimates. Furthermore, reservoir parameters such as permeability and effectiveness of pressure support may affect the recovery process. Recovery of reserves and resources may also be affected by the availability and quality of water, fuel gas, technical services and support, local operating conditions, security, performance of the operating company and the continued operation of well and plant equipment.

1.1.8 *The Group's risks associated with share ownership and dependency on operators*

The Group's operations are, to a significant degree, conducted together with a partner through contractual arrangements, with the execution of the operations being undertaken by the operator in accordance with the terms of a Joint Operating Agreement

INFORMATION DOCUMENT

("JOA"). As a result, the Group has limited ability to exercise influence over the deployment of those assets or their associated costs, and this could adversely affect the Group's financial performance. The Group's return on assets operated by others will therefore depend upon factors that may be outside of the Group's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, and the selection of technology and risk management practices. The operator may have a different opinion from the Group on how to conduct certain operations, which may result in delays, losses, or increased costs not anticipated by the Group. In addition, if the operator or the KRG fails to perform, the Company may, among other things, risk losing rights or revenues or incur additional obligations or costs to perform itself in place of its partners. If a dispute arises with the operator or the KRG, such dispute may have significant negative effects on the Group's operations relating to its projects.

1.1.9 *Petroleum cost recovery*

Under the terms of the production sharing contracts ("PSCs") in respect of the Blocks entered into between the KRG and the Group, as amended, (the "**Atrush Block PSC**" and the "**Sarsang Block PSC**") the KRG is entitled to conduct an audit to verify the validity of incurred petroleum costs that the operator of each block has reported to the KRG and is therefore entitled under the terms of the Atrush Block PSC and the Sarsang Block PSC respectively, to recover such costs through cash payments from future petroleum production. Should any future audits conclude in negative findings concerning the validity of reported incurred petroleum costs, the Company's petroleum cost recovery entitlement could ultimately be reduced.

1.1.10 *The Group's risk relating to community relations and labor disruptions*

The Group's operations may be in or near communities that may regard operations as detrimental to their environmental, economic or social circumstances. This may result in disputes with the KRG or with local communities and may give rise to incremental financial commitments. Additionally, there is a risk that strikes or labor unrest/disruptions may occur near the Group's operations. Negative community reactions and labor disruptions or disputes could increase operational costs and result in delays in the execution of projects.

1.1.11 *Risks related to the concentration of operations*

The Group conducts its operations solely in the KRI and holds interests only in the Atrush Block and the Sarsang Block. Consequently, the Group's business, future revenues and prospects are entirely dependent on commercial production in these two Blocks; if these Blocks do not contain commercially recoverable hydrocarbons, or if production from these Blocks materially underperforms current expectations (for example due to reservoir performance, unsuccessful appraisal/drilling, technical failures, mechanical breakdowns, excessive water or sand production, rapid pressure decline, prolonged shut-ins, or loss/suspension of contractual or regulatory approvals), the Group would have no material operations.

Since the Group has no significant operations outside the Blocks, it has limited ability to mitigate these risks in the short term by reallocating activity to other regions or assets. While the Group seeks to reduce exposure through contractor selection, technical due diligence, phased development and maintaining contingency arrangements, such measures may be insufficient to avoid material adverse effects in the event of one or more of the scenarios described above, and such scenarios may have a material adverse effect on the Group's revenues, financial condition, results of operations, and cash flows.

1.1.12 *Climate change, renewable energy and the regulatory framework may impact the Group's business and reputation*

The ongoing issue of climate change, along with the regulation of greenhouse gases and the growing development of renewable energy alternatives, may negatively impact the Group's industry, business, and reputation. Scientific consensus highlights that increasing concentrations of greenhouse gases in the Earth's atmosphere result in climate change, leading to severe weather events such as storms and floods. Such events can materially affect the Group's operations, particularly given the possibility of operation curtailment or rig damage during significant weather incidents.

Present and future regulations concerning greenhouse gases and climate change may impose higher compliance costs or additional operational constraints on the Group's activities. The negative consequences of greenhouse gases and climate change have previously garnered adverse publicity for the oil and gas industry and could similarly harm the Group's reputation. Furthermore, because the Group's business closely correlates with offshore oil and natural gas industry activity, existing or future regulations and agreements related to greenhouse gases and climate change, including carbon taxes, greenhouse gas

INFORMATION DOCUMENT

fees, or incentives for energy conservation and renewable energy adoption, could decrease oil and natural gas demand or exploration activity. Any of these factors may materially and adversely affect the Group's business, reputation, financial condition, operational results, and cash flow.

1.1.13 *Supplier-related risks*

The Group relies on third-party suppliers, manufacturers, and service providers for procuring equipment essential to its operations. The Group is exposed to potential fluctuations in quality, pricing (due to e.g. inflation), and availability of services from its third-party suppliers, manufacturers and other service providers. Certain specialized components and equipment necessary for the Group's operations may be sourced exclusively from a single or a limited number of suppliers. Disruptions in deliveries from such third-party suppliers, including capacity constraints, production interruptions, price escalations, defects, quality issues, recalls, or reduced availability of parts and equipment, may negatively impact the Group's ability to fulfil its commitments to its customers. Such disruptions may result in unremunerated downtime, reduced exploration and production, or contract cancellations or terminations, ultimately affecting the Group's operations and increasing operational costs. Any of these scenarios could have a material adverse effect on the Group's revenue, operational results, and cash flow.

1.2 **Risks related to the Group's financial situation**

1.2.1 *Risks related to the payments for oil deliveries that the KRG exports*

Since September 2025, cash payments to IOCs for oil exported from Kurdistan rely on interim agreements between the KRG, the Iraq State Organization for Marketing of Oil ("**SOMO**") and IOCs. All the parties have fulfilled their commitments under these agreements as of the date of this Information Document and payments to IOCs have been regular.

Nevertheless, there remains a risk that the Company may face significant delays in receiving cash for its entitlement share of future oil deliveries to the KRG for export to the international market via SOMO, and that the agreements may not be extended or made permanent following their expiry. Should the Company not receive payments as expected, or should exports be curtailed in the future, this could have a material effect on the Company's liquidity and operations.

1.2.2 *The Group's failure to comply with covenants under the PSCs and JOAs*

The PSCs for the Blocks and the respective JOAs include provisions if a party fails to meet its obligations under these contracts. Defaults include failure to carry out drilling as prescribed; interruption of production for more than 90 consecutive days without reasonable cause; intentional extraction of materials other than those permitted; bankruptcy; or a change of control in a party that is not approved in advance by the KRG. If a default is not remedied within three months following notice of intention to terminate, the KRG may terminate the respective PSC with respect to the defaulting party and allocate its interest among the other contractors. Consequently, the Company could, upon a default, lose all its rights and interests in the field without compensation.

The respective JOA definition of "default" includes payment default and failure to provide security as required under the JOA. If a party does not remedy such a default within five business days after notification, its entitlement shall vest in and become the property of the other parties if the default remains unremedied after a 60-day period. During this period, the operator is entitled to sell the entitlement on arm's length, reasonable terms and apply the proceeds to cover costs, liabilities and a reserve fund before releasing any remaining surplus. If a default has continued for 60 days or more, a non-defaulting party has the option to acquire the defaulter's participating interest on specified terms.

Should the Company fail to meet its obligations under the PSCs and/or JOAs, it could suffer adverse effects to its business, including, but not limited to, a default under one or both contracts, termination of future revenue generating activities, and impairment of its ability to meet contractual commitments as they fall due.

1.2.3 *The Group's failure to comply with covenants under its existing financing agreement or debt financing could trigger an event of default*

The Company is subject to certain covenants under its 12% senior unsecured USD 300,000,000 bond 2021/2029 (the "**Bond**") documented through bond terms originally dated 27 July 2021 (as amended and restated from time to time, as latest amended and restated by an amendment and restatement agreement dated 2 May 2025) between the Company as issuer and Nordic

Trustee AS as bond trustee (the "**Bond Trustee**") (as amended and restated from time to time, the "**Bond Terms**"). The Company's failure to comply with the covenants under the Bond Terms could result in an Event of Default that, if not cured or waived, could lead to an acceleration of the Bond, requiring the Company to repay the Bond before their scheduled maturity. The need to refinance the Bond on less favourable terms, or the inability to refinance the Bond at all, could adversely affect the Group's results of operations and financial condition.

1.3 Risks related to Laws, Regulations and Litigation

1.3.1 Risks associated with the validity of petroleum contracts in Kurdistan

The Constitution of Iraq grants the regions of Iraq a role in awarding petroleum contracts for certain types of operations and in regulating petroleum operations occurring within those regions. No federal Iraqi legislation has yet been agreed to or enacted by the Iraqi Federal Parliament to govern the future organization and management of Iraq's petroleum industry (including in Kurdistan), as a number of substantive issues remain to be resolved between the Federal Government and the KRG.

The Iraqi Ministry of Oil ("**MoO**") has historically disputed the validity of the KRG's PSCs and, consequently, the Company's right and title to its oil assets in Kurdistan. The KRG has disputed the Federal Government's claims and maintains that the PSCs comply with the Constitution of Iraq.

A number of Iraqi court rulings in recent years have affirmed the validity of the KRG PSC contracts and the MoO has ceased all litigation against the IOCs. It is however possible that such cases may restart again in the future and it is possible that they may result in changes that negatively alter the economic or operating terms of the Atrush Block PSC and Sarsang Block PSC. This may adversely affect the Company's business, including, but not limited to, impairing the Company's claim to and title in assets held and/or increasing the obligations required under those PSCs.

1.3.2 Risks associated with legal claims and disputes relating to PSCs and JOAs

The Group may incur unexpected costs or other losses if a counterparty to any contractual arrangement entered into by the Company does not meet its obligations under such agreements. In particular, the Company cannot control the actions or omissions of its partners in the Atrush Block PSC and the Sarsang Block PSC. If such parties were to breach the terms of the PSCs or any other agreements affecting the Company's interest in those PSCs, the KRG could revoke, terminate or unfavorably amend the PSCs.

Furthermore, disputes relating to the PSCs and JOAs may disrupt business operations and could materially and adversely affect the Company's business prospects or results of operations.

1.3.3 The Group's ability to operate its operations could be impaired by governmental regulations, licenses and permits

The Group's operations are subject to various changes in taxes, regulations, and other laws or policies affecting the oil and gas industry in general, as well as by changes in taxes, regulations, and other laws or policies applicable specifically to oil and gas development in Kurdistan and in Iraq. Potential government regulation relating to prices, quotas, and other aspects of the oil and gas business could have adverse effects on the Company's operations, including impairing the Company's ability to sell oil and to receive full payment for all deliveries.

The Group conducts its operations pursuant to the rights granted under the Atrush Block PSC and the Sarsang Block PSC, as well as related licenses, permits, and other authorisations. The grant of licenses and permits may require fulfilment of certain conditions or the exercise of discretion by the concerned authorities. The Company's ability to execute its projects may be hindered if it cannot secure the necessary approvals, or if such discretion is exercised in a manner adverse to the Company. Any significant delay in obtaining or renewing a license or permit may result in a delay of the Company's planned activities and the future development of any oil and gas resources.

The taxation system applicable to the Group's operating activities in Kurdistan is governed by the Oil and Gas Law, by general Kurdistan tax law, and by the terms of the PSCs. However, the arrangements under those PSCs could be overridden or adversely affected by the enactment of future oil and gas or tax legislation in Iraq or in the Kurdistan Region.

INFORMATION DOCUMENT

Furthermore, the Group has entities incorporated in and resident for tax purposes in Bermuda, the Cayman Islands and Switzerland. Changes in tax legislation or tax practices in any of the jurisdictions where group entities are registered, are tax resident, or conduct business may increase the Company's expected future tax obligations arising from its activities.

1.3.4 *Risks related to Controlled foreign company ("CFC") taxation*

If Norwegian shareholders (and foreign shareholders that hold the shares in connection with a business that is taxable in Norway), in the aggregate, directly or indirectly own or control 50% or more of the share capital of a company resident in a low-tax jurisdiction at the beginning and end of a fiscal year, or more than 60% at the end of a fiscal year, then such shareholders may become subject to CFC taxation (Nw.: *NOKUS*) in Norway. A jurisdiction is considered a low-tax jurisdiction if the general income tax on the company's total profits amount to less than two thirds of the tax that would be assessed on the company had it been a Norwegian resident company. Bermuda is currently on the list of countries that are generally considered a low-tax jurisdiction. In the event that CFC taxation applies, the relevant company's annual profits will be taxable for the Norwegian shareholders according to their proportionate share of the company's equity.

CFC taxation applies regardless of whether, and to what extent, the profits are distributed to the Norwegian shareholders. The relevant company's profits will, for the purpose of the CFC taxation, be calculated according to Norwegian tax rules as if the relevant company was a Norwegian taxpayer and assessed at the hands of the Norwegian shareholder(s). For shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholder**") who is subject to CFC taxation, dividends distributed from the relevant company are exempt from further taxation to the extent the dividends do not exceed such shareholder's taxable share of the relevant company's net income. Special rules may apply for Norwegian shareholders if a company subject to CFC taxation cease to be subject to CFC taxation. Special rules also apply to the calculation of taxable gains/losses upon realization of shares by a Norwegian Corporate Shareholder that is or has been subject to CFC taxation. While the Board of Directors of the Company, pursuant to the Bye-Laws, can decline to register transfer of shares likely to result in the Company being classified as a CFC and its Norwegian shareholders being subject to CFC taxation (see section 1.4.6 below), this can be challenging for the Board of Directors to enforce in practice and there is no guarantee that the Norwegian shareholders will not become subject to CFC taxation. If the Norwegian shareholders are at risk of becoming subject to CFC taxation this could also affect the price of the Shares as Norwegian shareholders may prefer to sell their Shares instead of becoming subject to CFC taxation. In such scenarios the Board of Directors may, if deemed in the Company's and the shareholders best interest, also consider different alternatives to seek that the Company does not become classified as a CFC (e.g. stock exchange announcements, share issues etc.).

1.3.5 *Legislation enacted in Bermuda as to Economic Substance may affect operations*

The Company is incorporated under the laws of Bermuda. Pursuant to the Economic Substance Act 2018 (as amended) of Bermuda (the "**ES Act**") that came into force on 1 January 2019, a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda ("**Non-resident entity**") that carries on as a business any one or more of the "relevant activities" referred to in the ES Act must comply with economic substance requirements. The ES Act may require in-scope Bermuda entities which are engaged in such "relevant activities" to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain physical offices and premises in Bermuda or perform core income-generating activities in Bermuda. The list of "relevant activities" includes carrying on any one or more of: banking, insurance, fund management, financing and leasing, headquarters, shipping, distribution and service centre, intellectual property and holding entity. At the date of this Information Document, the Company believes it does not carry on any relevant activity and is out of scope of the economic substance requirements in Bermuda, but to the extent the Company is required to increase its substance in Bermuda to satisfy additional requirements in the future, it could result in additional costs that could adversely affect the Company's financial condition or results of operations. If the Company was required to satisfy economic substance requirements in Bermuda but failed to do so, the Company could face automatic disclosure to competent authorities in the European Union or certain other jurisdictions of the information filed by the entity with the Bermuda Registrar of Companies in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of the Company's business activities and/or may be struck off as a registered entity in Bermuda.

1.4 Risks related to the Admission and the Shares

1.4.1 *An active trading market for the Company's Shares on Euronext Growth may not develop*

No assurance can be given that an active trading market for the Shares will develop on Euronext Growth, nor sustain if an active trading market is developed. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Admission.

1.4.2 *The price of the Shares may fluctuate significantly*

The trading volume and price of the Shares could fluctuate significantly. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the Company's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Company operates, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate due to factors that have little or nothing to do with the Company, and such fluctuations may materially affect the price of the Shares. Further, major sales of shares by major shareholders could also negatively affect the market price of the Shares.

1.4.3 *Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares*

In addition to the Retail Private Placement, as defined and further described in Section 4.1 "The Retail Private Placement", the Company may in the future decide to offer and issue new Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including to honor obligations under the Share Units Plan and the Share Option Plan as defined and further described in Section 9.5 "Long-term incentive plan". Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

The Company is a Bermuda exempted company limited by shares. As a result, the rights of holders of its Shares will be governed by Bermuda law and the Bye-Laws. Under Bermuda law, shareholders, inter alia, do not have the same preferential rights in a future offering of shares or other equity related instruments in the Company as shareholders in e.g. Norwegian limited liability companies listed on Euronext Growth normally have. Further, subject to the Bye-Laws, and to any resolution of the shareholders to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing Shares, the Board of Directors holds the power to issue any unissued Shares on such terms and conditions as it may determine.

1.4.4 *The Bye-Laws restrict shareholders from bringing legal action against the Directors and Officers of the Company*

The Company's Bye-Laws contain a broad waiver by the Company's shareholders of any claim or right of action, both individually and on the Company's behalf, against any of the officers or directors of the Company. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against the Company's officers and directors unless the act or failure to act involves fraud or dishonesty.

1.4.5 *The Company will incur increased costs as a result of being listed on Euronext Growth*

As a company with its Shares listed on Euronext Growth, the Company will be required to comply with the reporting and disclosure requirements that apply to companies listed on Euronext Growth. The Company will incur additional legal, accounting and other expenses in order to ensure compliance with the aforementioned requirements and other applicable rules and regulations. The Company anticipates that its incremental general and administrative expenses as a company with

INFORMATION DOCUMENT

its shares listed on Euronext Growth Oslo will include, among other things, costs associated with annual reports to shareholders, shareholders' meetings and investor relations, incremental director's liability insurance costs and director compensation. In addition, the Board of Directors and Management may be required to devote significant time and effort to ensure compliance with applicable rules and regulations for companies with shares listed on Euronext Growth, which may entail that less time and effort can be devoted to other aspects of the business. Any such increased costs, individually or in the aggregate, could have an adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

1.4.6 The Bye-Laws contain restrictions on share transfers

The Company's Bye-Laws contain provisions that could make it more difficult for a third party to acquire the Company without the consent of the Board of Directors. The Bye-Laws provide that the Board of Directors may decline to register, and may require any registrar appointed by the Company to decline to register, a transfer of a Share or any interest therein held through the VPS if such transfer would result in 50% or more of the issued share capital (or of the votes attached to all issued shares in the Company) being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or connected to a Norwegian business activity, in order to avoid the Company being deemed a "Controlled Foreign Company", as such term is defined under the Norwegian tax rules (see section 1.3.4 above).

This provision could make it more difficult for a third party to acquire the Company, even if such third party's offer may be considered beneficial by many shareholders.

INFORMATION DOCUMENT

2 RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared by ShaMaran Petroleum Ltd., solely in connection with the Admission on Euronext Growth.

The Board of Directors of ShaMaran Petroleum Ltd., accepts responsibility for the information contained in this Information Document. The Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Document is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

5 June 2026

The Board of Directors of ShaMaran Petroleum Ltd.

Christiaan Bruijnzeels
Chairman

Keith Hill
Director

Garrett Soden
Director

William Lundin
Director

Michael Ebsary
Director

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Information Document. The responsibility for the accuracy and completeness of the information set forth herein lies with the Company. The Euronext Growth Advisor has assisted the Company in preparing the Information Document and has used reasonable efforts to ensure that the Information Document is in accordance with the content requirements set out by Oslo Børs. For this purpose and in connection with the Company's application for Admission, the Euronext Growth Advisor has engaged legal and financial advisers who have conducted certain limited due diligence investigations related to legal and financial matters pertaining to the Company for the purpose of the Admission.

The Information Document has been reviewed by the Euronext Growth Advisor, but the Euronext Growth Advisor cannot guarantee that the information in this Information Document is correct and/or complete in all respects and accordingly disclaims liability, to the fullest extent permitted, for the accuracy or completeness of the information in this Information Document.

Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of an investment in the Shares.

Investing in the Shares involves a high degree of risk. See Section 1 ("Risk factors").

3.2 Presentation of information

3.2.1 *Industry and market data*

In this Information Document, the Group has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Group confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Group is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Group has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Group's competitive position is based on the Group's own assessment and knowledge of the market in which it operates.

INFORMATION DOCUMENT

3.2.2 *Cautionary note regarding forward-looking statements*

This Information Document includes forward-looking statements that reflect the Group's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Group cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

These forward-looking statements speak only as at the date on which they are made. The Group undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or to persons acting on the Group's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Information Document.

3.2.3 *Financial information*

The Company has prepared consolidated annual financial statements in accordance with IFRS as of and for the years ended 31 December 2025 and 2024 (the "**Annual Financial Statements**"). The Annual Financial Statements are included in [Appendix B](#) to this Information Document. The Annual Financial Statements have been audited by PricewaterhouseCoopers LLP, as set forth in their reports included therein. Reference is also made to Section 13.3 ("Independent Auditor") of this Information Document. The Company has also prepared unaudited financial statements for the three months' period ended 31 March 2026 (the "**Interim Financial Statements**"). The Interim Financial Statements are included in [Appendix C](#) to this Information Document. The Annual Financial Statements and the Interim Financial Statements are also collectively referred to as the "**Financial Information**".

PricewaterhouseCoopers LLP has not audited, reviewed or produced any report or any other information provided in this Information Document. The Company presents its financial information in USD.

On 26 May 2026, the Company continued from British Columbia, Canada, to Bermuda pursuant to the provisions of the Business Corporations Act (British Columbia) and the laws of Bermuda, involving the Company and the shareholders, where (i) the Company continued in Bermuda as an exempted company under the Bermuda Companies Act with company name ShaMaran Petroleum Ltd.; (ii) each common share remained as a common share of the Company; and (iii) the Company became subject to the laws of Bermuda as if it had originally been incorporated under the Bermuda Companies Act (the "**Redomiciliation**"). For further information on the Redomiciliation, see Section 6 ("The Redomiciliation") below.

Consequently, the Company has limited operational and financial history under Bermuda law. The Redomiciliation was solely a change of jurisdiction of incorporation; the Corporation's historical financial information and operating history remain unchanged and apply to the Company under Bermuda law.

3.2.4 *Rounding*

Certain figures included in this Information Document have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in

INFORMATION DOCUMENT

different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

3.2.5 *Exchange rates*

The presentation currency of the Financial Information is USD.

For each entity of the Group, the Group determines the functional currency based on the currency within the entity's primary economic environment. Items included in the financial information of each entity are measured using that functional currency.

The following table sets forth, for the previous five years as indicated, information regarding the average, high and low, reference rates for NOK, expressed in NOK per USD, in each case rounded to the nearest four decimal places, based on the daily exchange rate announced by the Central Bank of Norway:

Fiscal year	Average	High	Low	Period end
2021	8.5990	9.1205	8.1742	8.8194
2022	9.6245	10.9332	8.6467	9.8573
2023	10.5647	11.2476	9.8275	10.1724
2024	10.7433	11.423	10.2971	11.3534
2025	10.3912	11.4817	9.8045	10.0791

The following table sets forth, for the previous five years as indicated, information regarding the average, high and low, reference rates for NOK, expressed in NOK per EUR, in each case rounded to the nearest four decimal places, based on the daily exchange rate announced by the Central Bank of Norway:

Fiscal year	Average	High	Low	Period end
2021	10.1648	10.6170	9.6828	9.9888
2022	10.1040	10.5838	9.4923	10.5138
2023	11.4206	12.0045	10.5135	11.2405
2024	11.6276	12.1108	11.2685	11.7950
2025	11.7177	12.1195	11.2745	11.8430

4 THE RETAIL PRIVATE PLACEMENT AND ADMISSION TO TRADING

4.1 The Retail Private Placement

On 2 June 2026, the Company announced that it had successfully completed a retail private placement in the amount of the NOK equivalent of approximately EUR 1 million, by the issuance of 8,999,999 new Shares (the "**Retail Private Placement Shares**") at a subscription price of NOK 1.20 per Share (the "**Retail Private Placement**"). The Retail Private Placement consisted solely of a primary issue of new Shares and did not include any secondary tranche involving the sale of existing Shares by shareholders.

The application period for the Retail Private Placement took place from 09:00 CEST on 28 May 2026 to 17:30 CEST on 2 June 2026. Notifications of allocation were issued on 3 June 2026, and settlement of the Retail Private Placement is expected to be completed on 5 June 2026 through the facilities of the VPS and Nordnet Bank AB. For further information, please see Section 10.4 "VPS registration of the Shares".

As the size of the Retail Private Placement is below applicable thresholds, the Company has not prepared a prospectus pursuant to the Norwegian Securities Trading Act and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act, in addition to ancillary regulation (the "**EU Prospectus Regulation**"), including Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the EU Prospectus Regulation.

4.2 Reasons for the Admission

The Company believes the Admission will:

- enhance the Group's profile with international oil & gas investors interested in investing in the Group's area of geographic focus, profitability and cash generation profile;
- facilitate a more liquid market for the Shares compared to its previous listing in Canada;
- increase the efficiency of future capital distributions to shareholders (as and when that becomes appropriate); and
- diversify the shareholder base and enable new investors to participate in the Group's future growth and value creation.

As described above, the Company has completed a Retail Private Placement prior to the Admission. As a part of the Retail Private Placement, the Company raised the amount of the NOK equivalent of approximately EUR 1 million, by the issuance of new Shares.

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividend policy and legal and contractual constraints on the distribution of dividends

The Company was incorporated on 3 October 1991 and has not declared or paid any dividends. Any future determination related to dividend policy will be made at the discretion of the Board of Directors after considering the financial condition, results of operations, capital requirements, business prospects and other factors the Board of Directors deems relevant, and subject to the restrictions pursuant to the Bond Terms, applicable laws and any future financing instruments.

Pursuant to the Bye-Laws, the Board of Directors may declare cash dividends or distributions. The payment of any future dividends to shareholders will depend upon decisions that would be at the sole discretion of the Board of Directors and would depend on the then existing conditions, including the Group's operating results, financial condition, contractual restrictions, corporate law restrictions, capital requirements, the applicable laws of Bermuda and business prospects. Under Bermuda law, a company may not declare or pay a dividend, or make a distribution out of "contributed surplus", if there are reasonable grounds for believing that (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of its assets would thereby be less than its liabilities. "Contributed surplus" is defined for purposes of section 54 of the Bermuda Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the Company.

5.2 Manner of dividend payment

The Company's equity capital is denominated in USD and any dividends on the Shares would therefore be declared in USD. The VPS Registrar (as defined herein) would receive any dividend and other payments distributed by the Company via the custodian appointed by VPS. For any payments in other currencies than NOK, the custodian or the VPS Registrar (as the case may be) will exchange the amount to NOK. Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder and will be paid to the shareholders through the VPS Registrar. As such, investors may be affected by USD to NOK currency fluctuations, and investors whose reference currency is a currency other than NOK may be affected by currency fluctuations in the value of NOK relative to such investor's reference currency in connection with a dividend distribution by the Company. Shareholders residing in Norway who have not registered their bank account details on their VPS account would receive dividends by giro payment. Foreign shareholders registered in the VPS who have not provided the VPS Registrar with details of their bank account, would not receive payment of dividends unless they register their bank account details on their VPS account, and thereafter inform the VPS Registrar about said account. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date and time. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares.

The Bye-Laws provide that the Board of Directors may forfeit any dividend or other monies payable in respect of any shares which remain unclaimed for six years from the date when such monies became due for payment. In addition, the Company is entitled to cease sending dividend cheques and drafts by post or otherwise to a shareholder if such instruments have been returned undelivered to, or left uncashed by, such shareholder on at least two consecutive occasions or, following one such occasion, reasonable enquires have failed to establish the shareholder's new address. This entitlement ceases if the shareholder claims a dividend or cashes a dividend cheque or draft.

6 THE REDOMICILIATION

6.1 Introduction

Following a decision by a special meeting of shareholders of the Company on 10 March 2026, the Company continued from British Columbia, Canada, to Bermuda on 26 May 2026 pursuant to the provisions of the Business Corporations Act (British Columbia) and the laws of Bermuda (the Redomiciliation).

Prior to the Redomiciliation, the Company was incorporated pursuant to the Business Corporations Act (British Columbia). The Company was listed and traded on the TSX Venture Exchange (the "**TSX-V**") in Toronto, Canada under the symbol "SNM", and admitted to trading on Nasdaq First North Growth Market in Stockholm, Sweden.

6.2 Effects of the Redomiciliation

The Redomiciliation did not create a new legal entity, nor did it affect the continuity of the Company. However, the Company ceased to be a reporting issuer in all jurisdictions of Canada in which it was a reporting issuer prior to the Redomiciliation, namely, British Columbia, Saskatchewan, Ontario, Nova Scotia, Alberta and Manitoba. Following the Redomiciliation, the Company is incorporated in Bermuda under the Bermuda Companies Act.

Following the Redomiciliation, the Company has been delisted from the TSX-V, as the Company will be listed on Euronext Growth.

The Shares admitted to trading on Nasdaq First North Growth Market prior to the Redomiciliation have, as a result of the Redomiciliation, been exchanged for Swedish depository receipts representing the post-Redomiciliation ShaMaran Petroleum Ltd. Shares (the "**SDRs**").

6.3 Rationale for the Redomiciliation and the listing on Euronext Growth

In the course of its evaluation of the Redomiciliation and the listing on Euronext Growth, with the assistance of its independent financial and legal advisors, the Company carefully considered a number of factors relating to the Redomiciliation and the listing on Euronext Growth, including, without limitation, those listed below. The following summary of the information and factors considered by the Company is not intended to be exhaustive, but includes a summary of the material information and factors considered by it in its consideration of the Redomiciliation.

- The Company has materially transformed since it was first established and it has had no significant business operations in Canada for a number of years;
- The Company has no substantial connection with Canada in that it has no directors resident in Canada and less than 2% of the Shares are held by Canadian Shareholders;
- Substantially all of the research coverage for the Company is carried out by analysts and brokerage firms in the Oslo market (where the Company has issued a number of bonds over the years) and the Company believes that following a primary listing on Euronext Growth it will have better and more efficient capital market access. This is expected to lead to improved trading liquidity for its Shares, as already evidenced by the superior trading liquidity of the Shares admitted to trading on Nasdaq First North Growth Market, benefiting all shareholders of the Company;
- The Company believes it can achieve a significant reduction in administrative costs and efforts associated with remaining a British Columbia incorporated company, and that the Redomiciliation may, subject to compliance with all applicable securities laws, facilitate the Company ceasing to be a reporting issuer in Canada and thereby having to comply with continuous disclosure obligations and reporting requirements under Canadian securities requirements in differing formats to those obligations and requirements under Nasdaq First North Growth policies and the Euronext Growth policies; and

INFORMATION DOCUMENT

- The Company believes that the Redomiciliation to Bermuda and a primary listing on the Euronext Growth may enable a more tax efficient distribution of capital for its shareholders who are not resident in Canada for tax purposes when it is in a position to start such capital returns.

When the Company determined that it would be beneficial for the Company to continue its existence outside of Canada, the Company evaluated a number of potential alternate jurisdictions that were considered favourable bases for an international operation from tax, legal, cost, reputation and other perspectives. Bermuda was selected because it is a well-developed, and politically and economically stable, international business and financial centre with a large number of public companies incorporated within its jurisdiction, and its corporate laws are based in English law and well-regarded as being based in sound legal and business principles.

7 BUSINESS OVERVIEW

This Section provides an overview of the Group's business as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.2.2 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Information Document, in particular Section 1 ("Risk factors").

7.1 Introduction

The Company's legal name is ShaMaran Petroleum Ltd. and its commercial name is ShaMaran Petroleum. The Company is an exempted company limited by shares incorporated under the laws of Bermuda and in accordance with the Bermuda Companies Act. The Company is registered with the Bermuda Registrar of Companies under registration number 202605870.

The Company has three direct subsidiaries as further described in Section 10.2 ("Legal Structure").

Following the Redomiciliation, the Company's jurisdiction of incorporation has been Bermuda since 26 May 2026, however the Company was originally incorporated in British Columbia, Canada, on 3 October 1991. The Company's registered office address is Clarendon House, 2 Church Street Hamilton HM 11, Bermuda. The Company's website can be found at <https://shamaranpetroleum.com/>.

7.2 History and important events

The table below shows the Company's key milestones from its incorporation and to the date of this Information Document:

Year	Event
1991	The Company was incorporated under the laws of the Province of British Columbia, under the name Arauco Resources Corporation.
1997	The Company was continued as a federal company under the Canada Business Corporations Act.
1997	The name of the Company was changed from Arauco to Kit Resources Ltd.
2000	Kit Resources Ltd. and 1395896 Ontario Inc., a wholly-owned subsidiary of Wheaton River, were amalgamated under the name Kit Resources Ltd. As a result, Kit became a wholly-owned subsidiary of Wheaton River Minerals Ltd.
2000	Kit Resources Ltd. was continued from the federal jurisdiction to Ontario under the Ontario Business Corporations Act.
2001	Wheaton River sold its majority interest in the Company.
2006	Kit Resources Ltd. was continued into British Columbia from Ontario under the Business Corporations Act.
2007	The name of the Company was changed to Bayou Bend Petroleum Ltd.
2009	The name of the Company was changed to ShaMaran Petroleum Corp.
2010	Completed acquisition of shareholding in GEP, giving the Company an indirect working interest in Atrush.
2013	Commencement of oil production on the Sarsang Block.
2013	Commencement of the Sarsang Block twenty-year development period.
2013	Commencement of the Atrush Block twenty-year development period.
2017	Commencement of oil production on the Atrush Block.
2019	Completed the acquisition of an additional 7.5% working interest in the Atrush Block from Marathon Oil, increasing the Group's working interest in the block to 27.6%.
2022	Completed the acquisition of TEPKRI Sarsang A/S, a subsidiary of TotalEnergies S.E, providing the Group with an 18% working interest (22.5% paying interest) in the Sarsang Block.
2024	The Group closed the acquisition of TAQA Atrush B.V. and the subsequent sale of an indirect interest in the Atrush Block to HKN Energy IV, Ltd., increasing the Group's stake in the Atrush Block to a 50% working interest (66.67% paying interest)
2026	The Company was continued into Bermuda from British Columbia under the Companies Act 1981 (Bermuda).

7.3 The Group's principal activities

7.3.1 Overview

The Group is engaged in the business of oil and gas exploration and production and holds the following interests in PSCs:

- 50% non-operated working interest (66.67% paying interest) in the Atrush Block PSC in the KRI. On 6 August 2024, the Group 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 22 January 2024 (the "**Atrush Acquisition**"). As a result of the transaction, the Group'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 PSC in the KRI. This interest is consolidated in the Company's financial statements from 14 September 2022, when the Group 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.

Both of the Groups' Blocks are operated by companies in the HKN Energy group, a private company based in Dallas, Texas, United States of America ("**HKN**"). HKN is a Dallas-based oil and gas company owned by the Ross Perot Family. All companies in the HKN Energy group are in the following jointly referred to as "HKN".

An overview of the Blocks is included in the figure below. More information regarding the Atrush Block and the Sarsang Block is included below in Section 7.3.3 and 7.3.4, respectively.

	Atrush Block	Sarsang Block
Area of operation	Kurdistan region of Iraq	Kurdistan region of Iraq
Operator	HKN	HKN
Interest	The Group - 50% (66.67% paying), the KRG - 25% (carried) and HKN - 25% (33.33% paying)	The Group - 18% (22.5% paying), the KRG - 20% (carried) and HKN - 62% (77.5% paying)
License date	10 November 2007	7 November 2007
Production status	Development	Development
Export	Pipeline and trucking	Pipeline and trucking

7.3.2 PSCs and JOAs

The economics of both Blocks are governed by PSCs and JOAs.

The JOAs establish the respective rights and obligations of the operators of the oil blocks with regards to the operations under the production sharing contracts, including the joint exploration, appraisal, development, production and allocation of oil and gas revenues from the oil blocks.

The PSCs set out the framework under which the host country's government, being the KRG, grants petroleum rights to the contractor groups for an initial exploration period followed by a twenty-year development term, each with extension rights, and allocate hydrocarbons and revenues through a sequence of royalty, cost recovery and profit-oil sharing. Under the production sharing contracts, the contractor groups bear the costs and risks of exploration, development and production activities and are entitled to recover eligible costs from a defined portion of available oil, with remaining production shared between the contractor groups and the KRG in accordance with agreed profit-oil splits.

Under the PSCs and JOAs, each party's rights and obligations are determined by reference to its working interest and paying interest in the relevant Block. A brief explanation of these terms are included below:

INFORMATION DOCUMENT

- A company's working interest is its formal ownership share in an oil and gas license, entitling it to participate in exploration, development and production and to receive a corresponding share of production revenues (net of royalties), whilst also obliging it to bear a proportionate share of costs.
- A company's paying interest is the share of costs it actually bears, which may differ from its working interest, under which one party agrees to fund another party's cost obligations in exchange for an ownership interest or other consideration.

The PSCs for the Atrush Block and Sarsang Block are summarized in the tables below.

	Atrush Block	Sarsang Block
Area of operation	Kurdistan region of Iraq	Kurdistan region of Iraq
Contractors	The Company (50%), the KRG (25%) and HKN (25%) (Operator).	The Company (18%), the KRG (20%) and HKN (62%) (Operator).
Effective date	10 November 2007	7 November 2007
Contract status ¹	Development	Development
Original Contract term expiry	30 September 2033	30 June 2033
Recover cost ²	40%	43%
Royalty to KRG	10%	10%
Option to extend contract term	An automatic right to a five-year extension and upon meeting certain conditions, an additional five-year extension.	An automatic right to a five-year extension and upon meeting certain conditions, an additional five-year extension.

¹ The PSCs are comprised of an exploration period and a development period. The exploration period for the Atrush Block PSC ended on 1 October 2013 and for the Sarsang Block PSC on 1 July 2013. Both of the PSCs entered into their twenty-year development period at the end of the exploration period.

² The contractors have the right to recover costs up to a certain amount of the available oil (produced oil less royalty oil).

7.3.3 The Atrush Block

7.3.3.1 Introduction

The Company holds a 50% working interest (66.67% paying interest) in the Atrush Block PSC, through its wholly-owned subsidiary ShaMaran Atrush Ltd. The Atrush Block is 269 km² and includes, on the surface, the Chiya Khere Mountain running east to west, which coincides with the Atrush subsurface structure. The Atrush Block is located approximately 85 kilometres northwest of Erbil, which is the capital of Kurdistan.

The Atrush Block's twenty year development period started on 1 October 2013, with the KRG's approval of the Atrush Block's initial phase 1 field development plan. Construction of the 30,000 barrels of oil per day ("bopd"). Atrush phase 1 production facility commenced in the second quarter of 2014 and, together with related infrastructure — including the section of pipeline from the Atrush block boundary to the tie-in point on the main export pipeline (the "**Atrush Feeder Pipeline**") necessary for exporting Atrush-produced oil — was completed by July 2017. Cumulative oil production from the Atrush Block commenced on 3 July 2017, and, as of 31 December 2025, has exceeded 91 million barrels of crude oil ("**MMbo**").

The Atrush structure is a complex, faulted anticlinal feature developed along a possible shallow thrust zone oriented east–west. The proven and potential stacked oil reservoirs within the block include Barsarin, Naokelekan (Upper Jurassic), Upper and Lower Sargelu (Middle Jurassic), Alan, Mus and Adaiyah/Upper Sarki (time-equivalent Butmah) (Lower Jurassic), which exhibit both fracture and matrix porosity. The Alan anhydrites form a pressure barrier between the Upper/Middle Jurassic and Lower Jurassic reservoirs.

The reservoirs contain a 420-metre oil column of 25–27° API medium crude oil, underlain by a heavy crude oil zone of around 250 metres where API gravity decreases with depth from around 22° API to 14° API. The oil columns are present and producible with the help of electric submersible pumps in both the Upper/Middle Jurassic and Lower Jurassic reservoirs.

INFORMATION DOCUMENT

7.3.3.2 The Atrush Block PSC

The Atrush Block PSC was signed on 10 November 2007. Originally, the participants were General Exploration Partners, Inc. ("**GEP**"), a wholly-owned subsidiary of Aspect Holdings LLP ("**Aspect**"), with an 80% participating interest, and the KRG with a 20% carried third-party interest.

In August 2010, the Group acquired a 33.5% interest in GEP from Aspect, thereby gaining a 26.8% indirect participating interest in the Atrush Block. In October 2010, the government assigned its third-party interest to Marathon Oil KDV B.V. ("**Marathon**"). In December 2012, Aspect sold its interest in the Atrush Block to TAQA Atrush B.V. ("**TAQA**"), which then took over operatorship. Following this sale, the Company became the sole shareholder of GEP (the company name of GEP was changed to ShaMaran Atrush Ltd. during 2024). In March 2013, the KRG informed the Atrush joint venture that it intended to exercise its option to back into a 25% paying interest in the Atrush Block PSC. On 7 November 2016, documentation formalizing the KRG's back-in right was signed, giving the KRG a 25% paying interest in the Atrush Block effective from 7 November 2012. This reduced the Group's interest to 20.1%, Marathon's to 15% and TAQA's to 39.9%. Subsequently, the Group and TAQA agreed to jointly acquire Marathon's 15% interest, with effect from 1 January 2018, which increased the Group's working interest to 27.6%.

On 6 August 2024, the Group closed the acquisition of TAQA and the subsequent sale of an indirect interest in the Atrush Block to HKN, as announced on 22 January 2024, being the Atrush Acquisition. The two-step transaction increased the Group's indirect 27.6% stake in the Atrush Block to a 50% working interest (66.67% paying interest) following the sale of an indirect 25% working interest (33.33% paying interest) to HKN. HKN is now the operator of the Atrush Block (the "**Atrush Operator**"), and the KRG 25% working interest in the block has been converted to a carried interest.

As of the date of this Information Document, the Group has a 50% working interest, the KRG has a 25% carried interest and HKN has a 25% working interest in the Atrush Block PSC.

7.3.3.3 The Atrush Block JOA

On 30 November 2011, the Atrush Operator (at the time being GEP, which was jointly owned by Aspect Energy and the Group) entered into a JOA (as so amended the "**Atrush Block JOA**") with Marathon in respect of the Atrush Block, which was subsequently amended to reflect the sale by Aspect to TAQA, who became the Atrush Operator, and the sale by Marathon of its Atrush interest to TAQA and GEP. In 2024, following the Atrush Acquisition, HKN became the Atrush Operator. The Atrush Block JOA sets out the respective rights and obligations of HKN, as operator, and ShaMaran Atrush Ltd., in relation to operations under the Atrush Block PSC, including the joint exploration, appraisal, development, production and disposition of oil and gas from the Atrush Block.

7.3.4 The Sarsang Block

7.3.4.1 Introduction

The Company holds an 18% working interest (22.5% paying interest) in the Sarsang Block PSC through its wholly-owned subsidiary, ShaMaran Sarsang Ltd. The Sarsang Block is located directly to the north of the Atrush Block and covers an area of 420 km².

The Sarsang Block produces oil from two fields: Swara Tika and East Swara Tika. Swara Tika is the Sarsang Block's most significant production asset, producing approximately 23,000 bopd from three facilities and eleven wells. Current production is focused on the reserves in the Triassic reservoir. Triassic reserves are light crude oil with an API gravity of 36–39°. East Swara Tika has two wells currently producing approximately 1,800 bopd of high-quality light crude oil with an API gravity of 36–39°. The Sarsang crude is of high quality (36–40° API).

7.3.4.2 The Sarsang Block PSC

The Sarsang Block PSC was signed on 7 November 2007. Originally, the participants were the operator of the Sarsang Block, this being HKN, (the "**Sarsang Operator**") and the KRG. In October 2010, Marathon acquired the KRG's interest in the Sarsang Block PSC. In April 2014, HKN assigned 30% of its Sarsang interest to Maersk Oil Kurdistan A/S ("**Maersk Kurdistan**"), giving it an 18% participating interest (22.5% paying interest) in the Sarsang Block. Maersk Kurdistan's corporate name was changed to

INFORMATION DOCUMENT

TEPKRI Sarsang A/S ("**TEPKRI**") following the acquisition by TotalEnergies S.E of the global oil and gas assets of A.P. Moller-Maersk in 2018.

On 14 September 2022, the Group announced that it successfully closed the Sarsang Acquisition. Following the Sarsang Acquisition, the Company holds an 18% participating interest (22.5% paying interest) in the Sarsang Block, through its wholly-owned subsidiary ShaMaran Sarsang Ltd.

As of the date of this Information Document, the Group has an 18% working interest, KRG has a 20% carried third-party interest and HKN has a 62% working interest in the Sarsang Block PSC.

7.3.4.3 The Sarsang Block JOA

On 31 August 2011, HKN and Marathon entered into a JOA in respect of the Sarsang Block, which was subsequently amended to add TEPKRI (as amended, the "**Sarsang Block JOA**"). In 2022, following the Sarsang Acquisition, ShaMaran Sarsang A/S (now ShaMaran Sarsang Ltd.) entered into the Sarsang Block JOA.

The Sarsang Block JOA establishes the respective rights and obligations of HKN, as the operator, and ShaMaran Sarsang Ltd with regard to operations under the Sarsang Block PSC, including the joint exploration, appraisal, development, production, and allocation of oil and gas revenues from the Sarsang Block.

7.3.5 *Export of oil production from the Atrush and Sarsang Blocks*

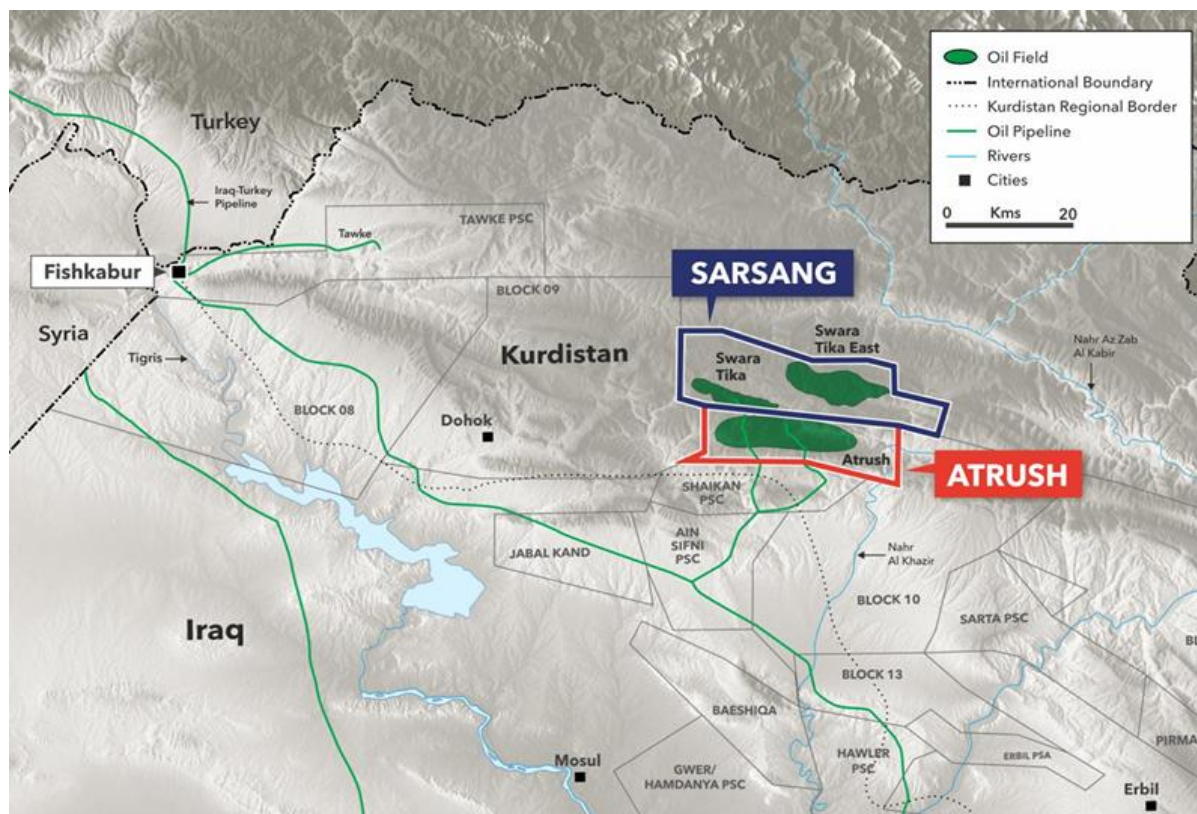
Before March 2023, the Atrush Block and the Sarsang Block exported mainly by pipeline, with trucking used as a backup at the Sarsang Block. The ITP closure on 25 March 2023 had a major operational impact: the Atrush Block stopped production from late March 2023 until 7 November 2023, when it restarted at reduced rates for the local market, while the Sarsang Block operated at curtailed rates supported by extra storage and local sales. Exports during the closure increasingly relied on trucking and local offtake. On 15 July 2025 a suspected drone strike at the Sarsang Block damaged three storage tanks and piping, prompting a precautionary seven day shutdown at both blocks; the Atrush Block resumed full capacity on 22 July 2025.

On 2 March 2026, the Group announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional environment related to the Iran war. On 5 March 2026 and 1 April 2026, the Group announced that a number of explosions related to drone strikes occurred at HKN-managed fields in the KRI. The temporary production shut-in remains in effect as of the date of this Information Document.

Interim agreements signed on 25 September 2025 between the KRG, the Government of Iraq and several IOCs (including the Group) allowed international pipeline exports from the KRI to resume on 27 September 2025. Under the interim framework SOMO markets the KRI crude at Kirkuk official selling price and payments are made in arrears via nominated traders under an initial \$16/bbl cost compensation phase, pending reconciliation to full PSC entitlements. The reopening restored pipeline exports as the primary route (with trucking still available as back up for both blocks now), and is expected to increase revenues versus local sales and support accelerated debt reduction and shareholder returns going forward.

Based on the Company's understanding, the agreement between the Turkish Government and the Federal Government covering the ITP, dating from 1973, expires in July 2026, with a potential five-year extension period depending upon the status of renegotiation or formal termination. As of the date of this Information Document, any potential negotiations around the extension or renegotiation of the agreement are unknown.

Figure 1: The location of the Group's adjacent oil blocks.



(Source: Company information.)

7.3.6 Production development

The Atrush Operator (previously TAQA and now HKN), together with the Group, have implemented the Atrush Field Development Plan ("**Atrush FDP**") for the Atrush Block, with first oil achieved in July 2017. As of 31 December 2025, over 91 MMbo have been produced from the field. Further phases of development will be defined based on production data, appraisal information and economic circumstances.

The Atrush production facilities include the central processing facility ("**CPF**") and an early production facility ("**EPF**") with a capacity of 10,000 bopd that has been installed and operating on the Chamanke E pad. Following a debottlenecking initiative undertaken at the Atrush Block (completed in December 2025), the crude processing capacity of the CPF was increased from 30,000 bopd to 40,000 bopd and there are plans in place to decommission the EPF as the CPF has sufficient processing to handle both estimated crude and water production until the end of the field life.

The Sarsang Operator has operated the Sarsang Block since the Sarsang Block PSC's inception in November 2007. The Sarsang Block has a development plan for the Swara Tika field ("**ST FDP**") and a separate development plan for the East Swara Tika field ("**EST FDP**"). There are three production facilities on the Swara Tika field and an EPF on East Swara Tika, with total processing capacity of 55,000 bopd. The contractors have started investing in water handling facilities at the field in order to deal with the water ingress in producing wells.

Both the Atrush Block and the Sarsang Block are continuously being appraised, and further potential phases of development, including additional drilling and possible facilities expansion, will be defined based on production data, appraisal information and economics.

7.3.7 Reserves information

The Company has engaged McDaniel & Associates Consultants Ltd. ("**McDaniel**") to conduct independent evaluations of all the Company's oil and gas properties as at 31 December 2025.

INFORMATION DOCUMENT

The Company's crude oil reserves as at 31 December 2025 were based on the Company's 50% working interest (66.7% paying interest) in the Atrush Block and 18% working interest (22.5% paying interest) in the Sarsang Block and estimated to be as follows measured in Mbbl (thousand barrels):

<i>Company estimated reserves as at 31 December 2025</i>	Proved Developed	Proved Undeveloped	Total Proved	Probable	Total Proved & Probable	Possible	Total Proved, Probable & Possible
Light/Medium Oil (Mbbl)¹	-	-	-	-	-	-	-
Gross ²	25,785	11,006	36,791	16,429	53,220	18,604	71,824
Net ³	12,902	3,706	16,609	5,098	21,707	4,650	26,358
Heavy Oil (Mbbl)¹	-	-	-	-	-	-	-
Gross ²	6,439	2,633	9,072	4,824	13,896	5,462	19,358
Net ³	3,346	743	4,089	1,518	5,607	1,287	6,894
Total Oil (Mbbl)	-	-	-	-	-	-	-
Gross	32,224	13,639	45,863	21,253	67,116	24,066	91,182
Net	16,248	4,449	20,697	6,617	27,314	5,937	33,251

¹ The Atrush field contains crude oil of variable density. Fluid type is classified according to the Canadian Oil and Gas Evaluation Handbook: Light/Medium Oil is based on density less than 920 kg/m³, and Heavy Oil is between 920 and 1000 kg/m³.

² Company gross reserves are based on the Company's 50% working interest share of the property gross reserves in the Atrush Block plus an 18.0% working interest share of the property gross reserves in the Sarsang Block.

³ Company net reserves are based on Company share of total cost and revenues. Note, as the government pays income taxes on behalf of the Company out of the government's profit-oil share, the net reserves were based on the effective pre-tax revenues by adjusting for the tax rate.

7.4 Industry and principal markets

7.4.1 The global energy market

World energy consumption has steadily increased since the industrial revolution, a trend which is expected to continue in the medium term. Fossil fuels continue to supply around 85% of the world's energy. Oil is the largest energy source, meeting 34% of the world's energy consumption, while natural gas accounts for 25% and coal for 28% and the residual coming from nuclear, hydroelectric and other renewable energy sources.¹

7.4.2 Overview of the oil market

Oil is a common description of hydrocarbons in liquid form. Crude oil produced from different oil fields varies greatly in composition, and the composition and distribution of hydrocarbon components determines the weight of the oil, with light crude oil having a higher percentage of light hydrocarbons than heavier oil. Light oil requires less refinement to be usable and is therefore typically more valuable than heavy oil.

Oil is well-suited for storage and transportation and is transported over long distances in large crude oil tankers or pipelines. Because of this, oil is a commodity with a well-developed global market. The prices are determined on the world's leading commodities exchanges, with New York Mercantile Exchange ("NYMEX") in New York and the Intercontinental Exchange ("ICE") in London as the most important markets for the determination of global oil prices. Relative oil price differentials are primarily determined by the weight of the oil and its sulphur content, with WTI, the main benchmark for NYMEX, as the lightest and sweetest (lowest in sulphur) of the main benchmarks in oil pricing. Brent crude, the main benchmark for ICE, is slightly heavier.

Crude oil is used for a variety of purposes, the most important being the production of energy rich fuels, with approximately 82% of hydrocarbons being used for gasoline, diesel, jet fuel and other fuel oils.² The remaining hydrocarbons are used as raw material for many chemical products, including pharmaceuticals, solvents, fertilizers, pesticides and plastics.

¹ Source: Statistical Review of World Energy 2025 – Energy Institute.

² Source: IEA; www.iea.org/world/oil.

7.4.3 Oil production and consumption

World oil production in 2024 was approximately 97 million bopd (excluding liquid fuels from other sources such as biofuels, oil shales/kerogen and synthetic derivatives of coal and natural gas), of which Middle East, North America and Commonwealth of Independent States (Russia + former Soviet states) accounted for approximately 31%, 29% and 14%, respectively.³

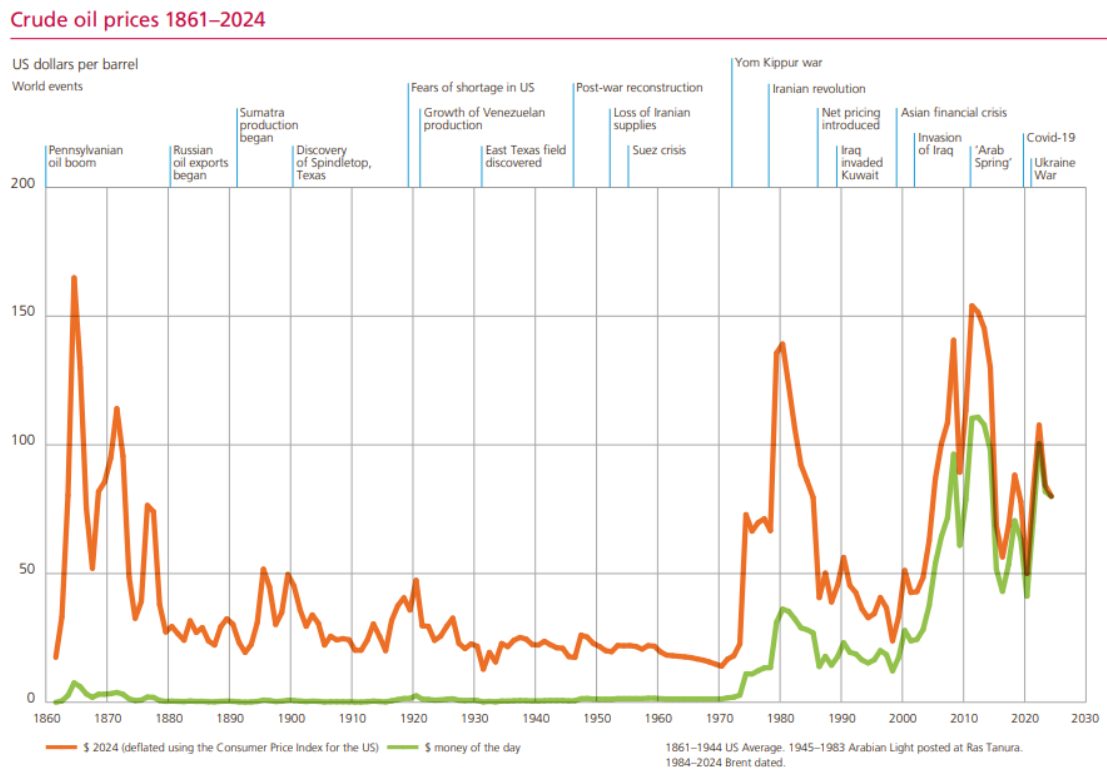
World oil consumption in 2024 was approximately 101 million bopd, of which Asia Pacific, North America and Europe accounted for approximately 38%, 23% and 14%, respectively. Consumption in the Middle East was about 10% of the world total consumption.⁴

The Middle East is the world's largest oil producing region, accounting for 31% of the world total production and only 10% of world total consumption. Despite being the largest consuming region, oil production in Asia Pacific accounts for only 7.5% of total world production.

7.4.4 Oil price dynamics

The oil price is highly dependent on the current and expected future supply and demand of oil. As such, it is influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators and material economic events as well as geopolitical events. Historically, oil prices have also been heavily influenced by organisational and national policies, most significantly the formation of OPEC and subsequent production policies announced by the organisation. The figure below shows Brent oil price development from 1861 through 2024.

Figure 2: Brent oil price development from 1861 through 2024.



Energy Institute Statistical Review of World Energy 2025

[Back to contents](#)

(Source: Statistical Review of World Energy 2025 – Energy Institute.)

³ Source: Statistical Review of World Energy 2025 – Energy Institute.

⁴ Source: Statistical Review of World Energy 2025 – Energy Institute.

7.5 Competitive landscape

The Company participates in a relatively concentrated Kurdistan upstream market anchored by established operators such as DNO (Tawke), Gulf Keystone Petroleum (Shaikan), Pearl Petroleum (Khor Mor and Chemchemical) where operational reliability and efficiency are primary differentiators. The Kurdistan region benefits from highly productive reservoirs and low lifting costs which positions the Kurdistan-based IOCs favourably on the global oil production cost curves. As a non-operator, the Company's competitive position is also impacted by the capabilities of its operating partner, HKN, which operates both Blocks. The combination of operations has created materials synergies across the adjacent blocks.

The various IOCs in Kurdistan do not tend to compete as there are limited growth opportunities through exploration, production in the region is mature and there is sufficient demand for the KRG production via export routes and the local market.

7.6 Strategy and objectives

The Company's strategy is focused on maximizing production and cash generation, with potential for opportunistic M&A in the KRI. The Company expects to achieve its objectives through the following strategies:

Maximise production and cash generation from core KRI assets

The Company sees potential for production optimization and cash harvesting in both assets as they are now mature and require limited investment in facilities going forward. In addition, there is scope for material operational synergies from having the same operator across the portfolio. Following the restart of Kurdistan pipeline flows on 27 September 2025 under interim agreements, all sales are now via the Iraq-Türkiye Pipeline to Ceyhan, which is expected to enhance net entitlement revenues relative to local sales.

Strengthen balance sheet resilience and deleverage to enable future returns

The Company has materially reduced gross debt since 2023 while the ITP was closed, and expects the pipeline reopening to accelerate debt repayment and support equity returns going forward as export normalisation improves cash generation.

Pursue disciplined, accretive M&A focused on Kurdistan

The Company intends to pursue selective, value accretive transactions that enhance reserves, production and cash flow per share, building on its recent track record, including the Sarsang Acquisition in 2022 and the Atrush working interest increase to 50% in 2024 through the Atrush Acquisition. ShaMaran is unique among Kurdistan players on delivering on a consistent strategy of value creation through M&A over the years.

7.7 Material transactions of the Group

The Group has not carried out any transaction after 31 December 2025, which represents a change of more than 25% in its total assets, revenue or profit or loss.

7.8 Material Investments

7.8.1 The Company's material investments during the period covered by the Financial Information and up to the date of this Information Document

The Group's investments primarily related to ongoing field development, facilities and infrastructure in the Atrush and Sarsang PSCs. In 2025, the investment focus at the Atrush Block was on debottlenecking the CPF and a "drill-to-fill" strategy with minimal cost. At the Sarsang Block, the focus was on optimising the water handling solution and production costs. Cash outflows to investing activities in 2025 comprised USD 8.5 million for capital investments in the Atrush and Sarsang development work programmes.

Alongside the debottlenecking of the CPF at Atrush, the Group restarted drilling activities in order to increase production from the field and exploit the enhanced processing capacity of the CPF. One well (CK-21) was drilled and completed in December 2025 and the drilling of a second producing well started in early 2026 (CK-25).

INFORMATION DOCUMENT

Additions to property, plant and equipment totalled USD 18.9 million in 2024, and USD 8.9 million in 2025, reflecting development expenditures in the Atrush and Sarsang Blocks.

On 6 August 2024, the Group completed the Atrush Acquisition, as further increasing its working interest from 27.6% to 50%. It was accounted for as a business combination, recognising a bargain purchase gain of USD 70.3 million. The value of the net assets is recorded as a bargain purchase gain because the additional interest in the Atrush Block was acquired for nominal consideration.

7.8.2 Material investments in progress or for which firm commitments have already been made

Aside from the annual workplan and budgets agreed with the Ministry of Natural Resources of the KRG (and which remain subject to normal operating conditions), the Group does not have any material investments in progress or for which firm commitments have already been made.

Pursuant to the annual workplan referred to above, the focus during 2026 will be to produce wells at the Atrush field and on additional water handling facilities and consolidation of existing production facilities in order to further reduce operating costs at the Sarsang field.

Following the production shut-in related to the Iran war, operational plans for the remainder of 2026, including drilling activity and other capital expenditures, remain dependent on the security environment in the region. The operating plans for 2026 are also contingent on the continuation of the ITP export deal reached with SOMO in 2025, including completion of the reconciliation work by the appointed international consultant and receipt of full PSC entitlement by IOCs, as well as the extension or renegotiation of the ITP agreement between Iraq and Turkey prior to its expiration in July 2026.

7.9 Material contracts

7.9.1 Material contracts entered into outside the ordinary course of business

The Group has not entered into any material contract outside the ordinary course of business for the two years prior to the date of this Information Document. Further, the Group has not entered into any other contract outside the ordinary course of business which contains any provision under which any member of the Group has any material obligation or entitlement.

7.10 Material financing agreements

7.10.1 The senior unsecured 2029 Maturity Bond

The Company has issued high-yield senior unsecured bond with ISIN NO0011057622.

Following the latest extension of the maturity date of the Bond under the amendment and restatement agreement dated 2 May 2025, the Bond mature in full on 30 July 2029 but are also subject to quarterly redemptions, at the discretion of the issuer, as described below. The current outstanding amount under the Bond is USD 143,768,218 ("**Outstanding Bonds**"), and no further bonds may be issued.

The Bond is guaranteed by ShaMaran Sarsang Ltd. and ShaMaran Atrush Ltd. and any group company designated as a material group company. The Bond carries a fixed coupon of 12.00% p.a. Interest is paid quarterly on 30 January, 30 April, 30 July and 30 October each year.

The Bond Terms include a voluntary early redemption, a call option, whereby the Company may redeem the Outstanding Bonds in whole or in parts by written notice to the Bond Trustee at least ten (10) business days prior to the proposed call option repayment dates, as set out in the Bond Terms. In addition, the Bond Terms include a discretionary cash sweep under which the Company may apply up to 100% of quarterly free cash flow to redeem Outstanding Bonds at par following publication of interim accounts.

Pursuant to the Bond Terms, a change of control event will be triggered if any person or group of persons acting in concert gains "Decisive Influence" over the Company, or if the Company is de-listed from the TSX-V without a contemporaneous re-listing on another internationally recognised, regulated exchange reasonably acceptable to the Bond Trustee, giving

INFORMATION DOCUMENT

bondholders the right to require a mandatory repurchase of all or part of their Outstanding Bonds at 101 per cent of the nominal amount, plus accrued interest.

The Company is also required to redeem the Outstanding Bonds following a "Significant Asset Disposal Event" (at the applicable call price) or a "Total Loss Event" (at par), in each case under specified mechanics.

The Bond Terms contain customary undertakings and restrictions, including a negative pledge and limitations on financial indebtedness and financial support, each subject to applicable exemptions and baskets. The Bond Terms also restrict mergers, demergers and disposals that would have a material adverse effect and require the Group to maintain its business profile.

Distributions and certain new debt are restricted and subject to an incurrence test (an "**Incurrence Test**"). An Incurrence Test (of a maximum Group leverage ratio of 1.75x) applies, there must be no continuing event of default, and, for distributions only, there must be a post-transaction minimum of USD 50,000,000 in cash and cash equivalents. Up to 50% of quarterly free cash flow may be used for distributions when the outstanding amount under the Bond exceeds USD 100,000,000, increasing to 75% of quarterly free cash flow when the outstanding amount under the Bond is less than USD 100,000,000. In addition, the Bond Terms contain a financial covenant requiring the Group at all times to maintain an asset coverage ratio of at least 1.25x. The Bond Terms also contain a customary cross-default provision and customary events of default, including non-payment (with limited grace for administrative/technical errors), breach of other obligations (with cure), misrepresentation, insolvency/insolvency proceedings and creditor process events. Upon an event of default, the Outstanding Bonds may be accelerated and become immediately due and payable. Default interest accrues at the coupon plus 3% p.a. on overdue amounts.

7.11 Significant changes or transactions

Other than the Redomiciliation as described in Section 6 ("The Redomiciliation"), there has been no significant change in the financial or trading position of the Group since 31 December 2025.

7.12 Property and equipment

7.12.1.1 Property

The Group does not directly own any real property and operates from leased premises. The Group's main offices are located at Chemin de la Pallanterie 5, 1222 Vézenaz, Switzerland. As at the date of this Information Document, the Group's total annual property lease expenses amounts to approximately USD 66,000.

7.13 Dependency on contracts, patents, licenses etc.

It is the Company's opinion that the Group's existing business and profitability are not dependent upon any patents, licenses or contracts, other than as described in this Information Document.

7.14 Intellectual property rights

The Group does not have any material intellectual property.

7.15 Significant new products/services

The Company has not recently, and is not contemplating to, introduce any significant new products and/or services in the near term.

7.16 Related party transactions

As part of its ordinary business operations, the Group enters into transactions with related parties who are not members of the Group during the financial year. Related party transactions are made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated. For the purpose of the following disclosures of related party transactions in this Information Document, "related party transactions" are those transactions that are set out as such in accordance with the Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

INFORMATION DOCUMENT

The Company's related parties for the period covered by the Financial Information include Nemesia S.à.r.l. ("**Nemesia**"), 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 and the Lundin Foundation, a non-profit organization, of which the Company is a member, that provides services for Lundin Group companies. In addition, the Company's related parties covered by the Financial Information and up to 31 May 2026 include International Petroleum Corp., Namdo Management Services Ltd. and Orrön Energy AB, which are all companies affiliated with shareholders of the Company.

The related parties provide corporate, technical and administrative support services to the Group. These services include provision of technical support (subsurface, operations and due diligence support on M&A transactions), investor relations services to the Group (primarily in Sweden), rental of office space in Geneva, provision of HR support (payroll and other HR services), and support on ESG matters.

Set out in Section 7.16.1, Section 7.16.2 and Section 7.16.3 below are overviews and summaries of the Group's related party transactions for the period covered by the Financial Information and up to the date of this Information Document, as extracted from the Financial Information.

7.16.1 Transactions carried out with related parties in the years ended 31 December 2024 and 2025

The below table shows transactions carried out with related parties in the years ended 31 December 2025, 31 December 2024 and 31 December 2023:

(in USD thousand)	Payments during the year		Amount owing at December 31	
	2025	2024	2025	2024
Nemesia	17,785	2,041	-	1,291
Orrön Energy AB	202	93	1	-
International Petroleum Corp	347	206	36	23
Namdo Management Services Ltd.	31	113	74	52
Lundin Foundation	19	55	-	-
Total	18,384	2,508	111	1,366

7.16.2 Transactions carried out with related parties in the three months period ended 31 March 2026

The below table shows transactions carried out with related parties in the three months period ended 31 March 2026:

(in USD thousand)	Payments for the three months period ended 31 March 2026	Amount owing at 31 March 2026
International Petroleum Corp	98	76
Namdo Management Services Ltd.	9	9
Orrön Energy AB	48	69
Total	155	154

7.16.3 Transactions carried out with related parties in the period following 31 March 2026

The below table shows transactions carried out with related parties since 31 March 2026 and up to 31 May 2026:

(in USD thousand)	Payments following 31 March 2026	Amount owing at 31 May 2026
International Petroleum Corp	32	16
Namdo Management Services Ltd.	1	1
Orrön Energy AB	34	14
Total	67	31

7.17 Legal and arbitration proceedings

From time to time, the Company may become involved in litigation, disputes and other legal proceedings arising in the course of its business. During the course of the preceding 12 months, the Company has not been involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's financial position or profitability. The Company is not aware of any such proceedings which are pending or threatened.

8 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

8.1 Introduction and basis for preparation

The following selected financial information has been extracted from (i) the Company's audited consolidated financial statements for the years ended 31 December 2025 and 2024 (the "**Annual Financial Statements**") and (ii) the Company's unaudited interim financial statements for the three months' period ended 31 March 2026 (the "**Interim Financial Statements**"). The Annual Financial Statements and the Interim Financial Statements are also collectively referred to as the "**Financial Information**".

The Annual Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and are audited by PricewaterhouseCoopers LLP. The auditor's reports do not include any qualifications. The Annual Financial Statements are attached as [Appendix B](#). The auditor's reports are enclosed in the Annual Financial Statements attached hereto.

The Interim Financial Statements have been prepared with IFRS as issued by the International Accounting Standards Board and are unaudited. The Interim Financial Statements are attached as [Appendix C](#).

The selected financial information presented in Section 8.3 to Section 8.6 below has been derived from the Financial Information, solely, and should be read in connection with, and is qualified in its entirety by reference to, as applicable, the Annual Financial Statements ([Appendix B](#)) and the Interim Financial Statements ([Appendix C](#)).

8.2 Summary of accounting policies and principles

For information regarding accounting principles and policies for the Annual Financial Statements, please see note 2 and 3 in the Annual Financial Statements.

For information regarding accounting principles and measures for the Interim Financial Statements, please see page 4 in the Interim Financial Statements.

8.3 Selected statement of comprehensive income/(loss)

The table below sets out selected data from the Group's consolidated statement of comprehensive income/(loss) for (i) the three months' period ended 31 March 2026 and 31 March 2025, as derived from the 2026 Interim Financial Statements, (ii) the twelve months period ended 31 December 2025, as derived from the 2025 Annual Financial Statements, and (iii) the twelve months period ended 31 December 2024, as derived from the 2024 Annual Financial Statements.

Expressed in thousands of United States dollars

	Three months ended 31 March		Twelve months' ended 31 December	
	2026 IFRS (unaudited)	2025 IFRS (unaudited)	2025 IFRS (audited)	2024 IFRS (audited)
Revenues	38,031	35,885	154,869	109,392
Cost of goods sold:			-	-
Lifting costs.....	(7,921)	(9,434)	(39,240)	(25,258)
Other costs of production.....	(111)	(127)	(498)	(281)
Depletion	(7,301)	(13,848)	(50,085)	(40,577)
Gross margin on oil sales.....	22,698	12,476	65,046	43,276
Credit loss provision	(185)	1,314	1,546	4,709
Depreciation and amortization expense.....	(26)	(1)	(85)	(159)
Share-based payments expense	166	(3,471)	(4,837)	(3,690)
General and administrative expense.....	(1,871)	(5,076)	(12,712)	(7,828)
Income from operating activities	20,782	5,242	48,958	36,308

INFORMATION DOCUMENT

Expressed in thousands of United States dollars

	Three months ended 31 March		Twelve months' ended 31 December	
	2026	2025	2025	2024
	IFRS	IFRS	IFRS	IFRS
	(unaudited)	(unaudited)	(audited)	(audited)
Bargain purchase gain on acquisition.....	-	-	-	70,336
Finance income.....	338	641	2,370	3,394
Finance expense.....	(4,076)	(6,982)	(24,394)	(27,591)
Net finance expense	(3,738)	(6,341)	(22,024)	(24,197)
Income/(loss) before income tax expense	17,044	(1,099)	26,934	82,447
Income tax expense.....	(20)	(7)	(107)	(231)
Income/(loss) for the year	17,024	(1,106)	26,827	82,216
Other comprehensive (loss) / income				
Items that will not be reclassified to profit or loss:			-	-
Re-measurements on defined pension plan.....	-	-	139	(253)
Items that may be reclassified to profit or loss:				
Currency translation differences.....	-	48	84	(97)
Total other comprehensive (loss) /income	-	48	223	(350)
Total comprehensive income for the year	17,024	(1,058)	27,050	81,866
Earnings in dollars per share:			-	-
Basic.....	0.01	0	0.01	0.03
Diluted.....	0.01	0	0.01	0.03

8.4 Selected balance sheet information

The table below sets out selected data from the Group's consolidated balance sheet as of (i) the three months period ended 31 March 2026, as derived from the 2026 Interim Financial Statements, (ii) the twelve months period ended 31 December 2025, as derived from the 2025 Annual Financial Statements, (iii) and the twelve months period ended of 31 December 2024, as derived from the 2024 Annual Financial Statements.

Expressed in thousands of United States dollars

	As of the three months ended 31 March	As of 31 December	
	2026	2025	2024
	IFRS	IFRS	IFRS
	(unaudited)	(audited)	(audited)
ASSETS			
Non-current assets		-	-
Property, plant and equipment	340,454	324,505	365,708
Accounts receivable	29,422	22,938	27,358
Right-of-use asset.....	638	656	-
Intangible assets.....	72	79	-

INFORMATION DOCUMENT

Expressed in thousands of United States dollars

	As of the three months ended 31 March	As of 31 December	
	2026 IFRS (unaudited)	2025 IFRS (audited)	2024 IFRS (audited)
	370,586	348,178	393,066
Current assets		-	-
Accounts receivable	55,983	61,965	23,964
Cash and cash equivalents, unrestricted	35,568	41,150	76,792
Cash and cash equivalents, restricted	957	981	9
Other current assets	655	489	855
	93,163	104,585	101,620
TOTAL ASSETS	463,749	452,763	494,686
LIABILITIES			
Non-current liabilities		-	-
Borrowings	131,799	131,799	161,730
Provisions	47,094	44,212	44,336
Cash-settled deferred share units	3,041	3,904	1,854
Lease liability	610	625	-
Pension liability	397	402	500
Loan from related party	-	-	16,891
	182,941	180,942	225,311
Current liabilities	-	-	-
Accrued interest expense on corporate bond ...	13,987	13,549	9,795
Accounts payable and accrued expenses	2,699	8,474	9,583
Other current liabilities	21	21	25
Borrowings	0	-	26,771
	16,707	22,044	46,174
EQUITY			
Share capital	672,636	674,622	672,530
Share-based payments reserve	9,271	9,985	12,551
Cumulative translation adjustment	192	192	108
Accumulated deficit	(417,998)	(435,022)	(461,988)
	264,101	249,777	223,201
TOTAL EQUITY AND LIABILITIES	463,749	452,763	494,686

8.5 Selected statement of cash flow information

The table below sets out selected data from the Group's consolidated statement of cash flow for (i) the three months period ended 31 March 2026 and 31 March 2025, as derived from the 2026 Interim Financial Statements, (ii) the twelve months period ended 31 December 2025, as derived from the 2025 Annual Financial Statements, and (iii) the twelve months period ended 31 December 2024, as derived from the 2024 Annual Financial Statements.

INFORMATION DOCUMENT

Expressed in thousands of United States dollars

	Three months ended 31 March		Twelve months' ended 31 December	
	2026	2025	2025	2024
	IFRS	IFRS	IFRS	IFRS
	(unaudited)	(unaudited)	(audited)	(audited)
Operating activities				
Income for the year.....	17,024	(1,106)	26,827	82,216
Adjustments for non-cash related items:	-	-	-	-
Depreciation, depletion and amortization expense.....	7,327	13,849	50,170	40,736
Borrowing costs – net of amount capitalized.....	3,687	6,878	23,317	27,475
Share-based payment expense.....	(166)	3,471	4,597	3,194
Unwinding discount on decommissioning provision.....	272	48	1,000	81
Re-measurements on defined pension plan.....	-	-	139	(253)
Bargain purchase gain.....	-	-	-	(70,336)
Foreign exchange (loss)gain.....	51	56	(102)	(18)
Interest income.....	(338)	(641)	(2,268)	(3,376)
Changes in other current assets.....	(151)	223	240	55
Changes in current tax liabilities.....	(1)	(25)	(58)	(61)
Changes in pension liability.....	(5)	12	(98)	126
Changes in accounts payable and accrued expenses.....	(5,775)	771	(1,109)	454
Changes in accounts receivable on oil sales.....	(502)	8,496	(33,581)	17,672
Net cash inflows from operating activities ..	21,423	32,032	69,074	97,965
Investing activities				
Interest received on cash deposits.....	323	634	2,394	4,712
Purchase of intangible assets.....	-	-	(89)	-
Purchase of property, plant and equipment.....	(19,578)	5,114	(8,423)	(8,766)
Net cash outflows to investing activities	(19,255)	5,748	(6,118)	(4,054)
Financing activities				
Bond amortization.....	-	-	-	28,402
Principal element of lease payments.....	(12)		(49)	(60)
Bond transaction costs.....	-	-	(556)	(506)
Payments for share and stock compensation plan.....	(3,396)	(1,540)	(3,021)	-
Related-party loan repayment.....	-	-	(15,600)	-
Payments to bondholders and related party-interest.....	(4,313)	(6,933)	(22,435)	(39,348)
Repayment of bonds.....	-	(26,771)	(56,146)	(77,586)

INFORMATION DOCUMENT

Expressed in thousands of United States dollars

	Three months ended 31 March		Twelve months' ended 31 December	
	2026	2025	2025	2024
	IFRS (unaudited)	IFRS (unaudited)	IFRS (audited)	IFRS (audited)
Net cash outflows to financing activities	(7,721)	(35,244)	(97,807)	(89,098)
Effect of exchange rate changes on cash and cash equivalents	(53)	(8)	181	266
Change in cash and cash equivalents	(5,606)	2,528	(34,670)	5,079
Cash and cash equivalents, beginning of the period*	42,131	76,801	76,801	71,722
Cash and cash equivalents, end of the period*	36,525	79,329	42,131	76,801
*Inclusive of restricted cash	957	9	981	9

8.6 Selected statements of equity information

The table below sets out selected data from the Group's consolidated statement of equity for (i) the three months' period ended 31 March 2026 and 31 March 2025, as derived from the 2026 Interim Financial Statements, (ii) the twelve months period ended 31 December 2025, as derived from the 2025 Annual Financial Statements, and (iii) the twelve months period ended 31 December 2024, as derived from the 2024 Annual Financial Statements.

Expressed in thousands of United States dollars

	Share Capital	Share-based payments reserve	Cumulative translation adjustment	Accumulated deficit	Total
Balance at 1 January 2024	671,136	12,041	205	(543,951)	139,431
Total comprehensive loss for the year:					
Income for the year.....	-	-	-	82,216	82,216
Other comprehensive loss.....	-	-	(97)	(253)	(350)
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSU)	-	510	-	-	510
Options exercised.....	1023	-	-	-	1023
RSU Shares vested.....	371	-	-	-	371
	1394	510	(97)	81,963	83,770
Balance at 31 December 2024	672,530	12,551	108	(461,988)	223,201
Total comprehensive income for the year:					
Income for the year.....	-	-	-	26,827	26,827
Other comprehensive income	-	-	84	139	223
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSU)	-	(2,566)	-	-	(2,566)

INFORMATION DOCUMENT

Expressed in thousands of United States dollars

	Share Capital	Share-based payments reserve	Cumulative translation adjustment	Accumulated deficit	Total
Options exercised.....	2,524	-	-	-	2,524
RSU Shares vested.....	(432)	-	-	-	(432)
	2,092	(2,566)	84	26,966	26,576
Balance at 31 December 2025	674,622	9,985	192	(435,022)	249,777
Total comprehensive loss for the year:					
Income for the year.....	-	-	-	17,024	17,024
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSU)	-	(714)	-	-	(714)
Options exercised.....	152	-	-	-	152
RSU Shares vested.....	(2,138)	-	-	-	(2,138)
	(1,986)	(714)	-	17,024	14,324
Balance at 31 March 2026.....	672,636	9,271	192	(417,998)	264,101

8.7 Operating and financial review

8.7.1 Introduction

This Section provides a fair review of the development and performance of the business and position of the Group for the periods covered by the Annual Financial Statements and the Interim Financial Statements. For more information about the Annual Financial Statements and the Interim Financial Statements and basis for preparation, please refer to Section 3.2.3 ("Financial information") above.

8.7.2 2025 vs 2024

8.7.2.1 Results for the year ended 31 December 2025 compared to the year ended 31 December 2024

Revenue for the year ended 31 December 2025 increased to USD 154,869 thousand from USD 109,392 thousand for the year ended 31 December 2024. The increase was primarily due to oil sales at international prices following the restart of pipeline exports at the end of September 2025.

Gross margin on oil sales for the year ended 31 December 2025 increased to USD 65,046 thousand from USD 43,276 thousand for the year ended 31 December 2024. The increase was primarily due to Q4 2025 pipeline export sales at international pricing, higher local oil sales during the year and a higher working and paying interest in the Atrush Block.

Income from operating activities for the year ended 31 December 2025 increased to USD 48,958 thousand from USD 36,308 thousand for the year ended 31 December 2024. The increase was primarily due to the reasons above.

Net finance expense for the year ended 31 December 2025 decreased to USD (22,024) thousand from USD (24,197) thousand for the year ended 31 December 2024. The decrease was primarily due to reduced finance cost linked to bond and loan repayments during the year.

Income for the year ended 31 December 2025 was USD 26,827 thousand compared to a profit of USD 82,216 thousand for the year ended 31 December 2024. The decrease primarily reflects the USD 70,336 thousand bargain purchase gain recorded in 2024.

INFORMATION DOCUMENT

8.7.2.2 Financial position as of 31 December 2025 compared to financial position as of 31 December 2024

Total assets as of 31 December 2025 amounted to USD 452,763 thousand, down from USD 494,686 thousand as of 31 December 2024. The equity was USD 249,777 thousand as of 31 December 2025 up from USD 223,201 thousand as of 31 December 2024, corresponding to an equity ratio of 55% as of 31 December 2025 and an equity ratio of 45% as of 31 December 2024. The changes from 31 December 2024 to 31 December 2025 are mainly explained by the reduced property, plant and equipment value due to depletion charges during the year.

Total non-current assets were USD 348,178 thousand as of 31 December 2025, down from USD 393,066 thousand as of 31 December 2024. Current assets were USD 104,585 thousand as of 31 December 2025, up from USD 101,620 thousand as of 31 December 2024. Total current liabilities were USD 22,044 thousand as of 31 December 2025, down from USD 46,174 thousand as of 31 December 2024 and total non-current liabilities were USD 180,942 thousand as of 31 December 2025, down from USD 225,311 thousand as of 31 December 2024. Non-current assets are lower compared to the prior period due to the reduction in the property, plant and equipment value due to depletion charges. Current assets are higher compared to the prior period due to the increased accounts receivable balance from export sales.

8.7.2.3 Cash flows for the year ended 31 December 2025 compared to the cash flows for the year ended 31 December 2024

Net cash inflow from operating activities was USD 69,074 thousand for the year ended 31 December 2025, compared to an inflow of USD 97,965 thousand for the year ended 31 December 2024. The cash inflow for 2025 was lower than in 2024 primarily due to the timing of cash receipts for pipeline export sales, as well as higher expenditures related to drilling, debottlenecking and maintenance works on both blocks.

Net cash outflow to investing activities was USD (6,118) thousand, for the year ended 31 December 2025, up from an outflow of USD (4,054) thousand for the year ended 31 December 2024. The net cash outflow to investing activities increase is primarily driven by a reduction in interest received on cash deposits due to the lower cash balance.

Net cash outflow to financing activities was USD (97,807) thousand for the year ended 31 December 2025, up from an outflow of USD (89,098) thousand for the year ended 31 December 2024. The net cash outflow to financing activities increase is primarily driven by the repayment of the related-party loan and repayment of bonds in the year.

Outstanding cash (which includes cash and cash equivalents, restricted cash) decreased to USD 42,131 thousand as of 31 December 2025, compared to USD 76,801 thousand as of 31 December 2024.

8.7.3 2026 vs 2025 – As of the three months' period ended 31 March

8.7.3.1 Results for the three months' period ended 31 March 2026 compared to the three months' period ended 31 March 2025

Revenue for the three months ended 31 March 2026 increased to USD 38,031 thousand from USD 35,885 thousand for the three months ended 31 March 2025. The increase was primarily due to oil sales at international prices following the restart of pipeline exports at the end of September 2025.

Gross margin on oil sales for the three months ended 31 March 2026 increased to USD 22,698 thousand from USD 12,476 for the three months ended 31 March 2025. The increase was primarily due to pipeline export sales at international pricing and lower costs due to a temporary production shut-in from 2 March 2026, related to the Iran war.

Income from operating activities for the three months ended 31 March 2026 increased to USD 20,782 thousand from USD 5,242 thousand for the three months ended 31 March 2025. The increase was primarily due to higher revenues from ITP export sales at international prices following the restart of pipeline exports in September 2025, combined with lower lifting and depletion costs resulting from the temporary production shut-in from early March 2026 and lower general and administrative expenses.

Net finance expense for the three months ended 31 March 2026 decreased to USD 3,738 thousand from USD 6,341 thousand for the three months ended 31 March 2025. The decrease was primarily due to reduced finance cost linked to bond and loan repayments during 2025.

INFORMATION DOCUMENT

Income for the three months ended 31 March 2026 was USD 17,024 thousand compared to a loss of USD 1,106 thousand for the three months ended 31 March 2025. The increase primarily reflects the higher gross margin on oil sales and the reduced expenses throughout the cost base.

8.7.3.2 Financial position as of the three months' period ended 31 March 2026 compared to the year ended 31 December 2025

Total assets as of 31 March 2026 amounted to USD 463,749 thousand, up from USD 452,763 thousand as of 31 December 2025. The equity was USD 264,101 thousand as of 31 March 2026 up from USD 249,777 thousand as of 31 December 2025, corresponding to an equity ratio of 57% as of 31 March 2026 and an equity ratio of 55% as of 31 December 2025. The changes from 31 December 2025 to 31 March 2026 are mainly explained by the net profit generated during the period.

Total non-current assets were USD 370,586 thousand as of 31 March 2026, up from USD 348,178 thousand as of 31 December 2025. Current assets were USD 93,163 thousand as of 31 March 2026, down from USD 104,585 thousand as of 31 December 2025. Total current liabilities were USD 16,707 thousand as of 31 March 2026, down from USD 22,044 thousand as of 31 December 2025 and total non-current liabilities were USD 182,941 thousand as of 31 March 2026, up from USD 180,942 thousand as of 31 December 2025. Non-current assets are higher compared to the prior period primarily due to higher capital expenditure during the quarter in connection with the drilling of two new wells and an increase in accounts receivable classified as non-current assets. Current assets are lower compared to the prior period mainly due to the reduced cash balance (related to higher capital expenditures) and reclassification of a certain amount of accounts receivable as non-current assets.

8.7.3.3 Cash flows for the three months' period ended 31 March 2026 compared to the three months' period ended 31 March 2025

Net cash inflow from operating activities was USD 21,423 thousand for the three months ended 31 March 2026, compared to an inflow of USD 32,032 thousand for the three months ended 31 March 2025. The cash inflow for the three months ended 31 March was lower in 2026 than in 2025 primarily due to timing of cash receipts for pipeline export sales, as well as higher expenditures related to drilling activity, debottlenecking and maintenance works on both blocks.

Net cash outflow to investing activities was USD 19,255 thousand, for the three months ended 31 March 2026, up from an inflow of USD 5,748 thousand for the three months ended 31 March 2025. The net cash outflow to investing activities increase is primarily driven by capital investments in the Atrush and Sarsang development work programs at the start of 2026.

Net cash outflow to financing activities was USD 7,721 thousand for the three months ended 31 March 2026, down from an outflow of USD 35,244 thousand for the three months ended 31 March 2025. The net cash outflow to financing activities decrease is primarily driven by repayment of bonds in 2025.

Outstanding cash (which includes cash and cash equivalents, restricted cash) decreased to USD 36,525 thousand as of the three months ended 31 March 2026, compared to USD 79,329 thousand as of the three months ended 31 March 2025.

8.8 Working capital statement

The Company is of the opinion that the working capital available to the Group at the date of this Information Document is sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Information Document.

Whereas the shut-in of production due to the regional security situation has impacted the Group's ability to produce and export from its fields, the Company and its operating partner have materially reduced operating and investment expenditure at both assets in order to preserve liquidity. The Group benefits from a low general and administrative cost structure and fixed charges related to servicing its debt are also limited over the next 3 years. The combination of the above creates a significant liquidity runway for the Company. Moreover, the increase in crude prices as a result of the Iran war and the closure of the strait of Hormuz indirectly increases the inherent value of the Company's assets, creating multiple avenues to raise additional liquidity should the production disruption due to regional conflict persist well beyond the next 12 months.

INFORMATION DOCUMENT

9 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

9.1 Introduction

The Board of Directors is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved to the Company's shareholders pursuant to the Bye-Laws or Bermuda law.

9.2 The Board of Directors

9.2.1 General

The Bye-Laws provide that the Board of Directors shall consist of not less than three, and not more than five, Directors as the Board may determine or such other minimum and maximum numbers as the Board of Directors may from time to time determine. As of the date of this Information Document, the Company has a Board of Directors composed of five Directors (the Directors). The names and positions of the Directors are set out in the table below.

The Company's registered office address at Clarendon House, 2 Church Street Hamilton HM 11, Bermuda, serves as the business address for the members of the Board of Directors in relation to their directorship in the Company.

9.2.2 The composition of the Board of Directors

The Board of Directors consists of the following members:

Name	Position	Served since	Term expires ³	No. of Shares	No. of DSUs
Christiaan Bruijnzeels ¹	Chairman	2015	AGM 2026	2,579,612	5,747,572
Garrett Soden ²	Director	2023	AGM 2026	14,753,436	-
Keith Hill	Director	2007	AGM 2026	1,343,000	5,747,572
Michael Ebsary	Director	2019	AGM 2026	1,197,500	5,747,572
William Lundin	Director	2019	AGM 2026	3,454,400	5,027,519

¹ Christiaan Bruijnzeels served as a Director from January 2015 until he was elected as chairman of the Board of Directors in May 2019.

² Garrett Soden is also the President and CEO of the Company, and holds restricted share units and share options, as further described below in Section 9.3.2. His spouse holds 2,000,000 Shares.

³ It is expected that the current board members will be re-elected at the 2026 Annual General Meeting, anticipated to be held in September 2026.

9.2.3 Brief biographies of the Directors

Set out below are brief biographies of the Directors, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

Christiaan Bruijnzeels, chairman

Mr. Bruijnzeels has over 35 years of experience in the oil and gas industry and has been Chairman of the Company since 2019. Previously, he was President, CEO and Director of the Company from 2015 until 2019. From 2003 until 2015, Mr. Bruijnzeels was Senior Vice President Development at Lundin Petroleum where he was responsible for operations, reserves and the development of the asset portfolio. In 1998, he joined PGS Reservoir Consultants in the UK where he worked as Principal Reservoir Engineer and Director of Evaluations. From 1985 until 1998, Mr. Bruijnzeels worked for Shell International in the Netherlands, Gabon and Oman in several reservoir engineering functions. Mr. Bruijnzeels is a graduate of Delft University in the Netherlands where he obtained a degree in Mining Engineering.

Current directorships and senior management positions International Petroleum Corp. (Director) and CBConsultants BV (Director).

Previous directorships and senior management positions last five years..... Bluenord ASA (Director).

Garrett Soden, Director

Mr. Soden has worked with the Lundin Group for nearly two decades and has extensive experience as a senior executive and Director of various public companies in the natural resources sector. Mr. Soden has been President and CEO of the Company

INFORMATION DOCUMENT

since May 2023. He holds a BSc honours degree from the London School of Economics and an MBA from Columbia Business School.

<i>Current directorships and senior management positions</i>	<i>Utica Resources Inc. (Director, private company).</i>
<i>Previous directorships and senior management positions last five years.....</i>	<i>Africa Energy Corp. (Chairman, President, CEO and Director), Noble Group Holdings Limited (Chairman and Director, private company), Harbour Direct Holdings Ltd. (Director, private company), Gulf Keystone Petroleum Ltd. (Director) and Panoro Energy ASA (Director).</i>

Keith Hill, Director

Mr. Hill has over 35 years of experience in the oil and gas industry, including more than 25 years with the Lundin Group, as well as international new venture management and senior exploration positions at Occidental Petroleum and Shell Oil Company. He is the former President, CEO and Director of Africa Oil Corp. (now Meren Energy Inc.), a publicly-traded oil and gas company focused on Africa. Mr. Hill previously served as President of Valkyries Petroleum, Pearl Exploration and the Company. He currently serves as a director for several listed oil and gas companies. His education includes a Master of Science degree in Geology and Bachelor of Science degree in Geophysics from Michigan State University, as well as an MBA from the University of St. Thomas in Houston.

<i>Current directorships and senior management positions</i>	<i>Africa Energy Corp (Director), NG Energy Inc (Director), Eco Atlantic Oil and Gas (Director) and TAG Oil and Gas (Director).</i>
<i>Previous directorships and senior management positions last five years.....</i>	<i>Africa Oil Corp. (now Meren Energy Inc.) (CEO).</i>

Michael Ebsary, Director

Mr. Ebsary is currently on the board of Meren Energy Inc. (previously Africa Oil corp.) and Inergio Technologies SA. He was the Chief Executive Officer and a director of Oryx Petroleum Corporation Limited from 2010 until 2016. Mr. Ebsary served as the Chief Financial Officer of Addax Petroleum Corporation for eleven years between 1998 and 2009. Both Oryx and Addax had oil and gas operations in Kurdistan. Mr. Ebsary previously held various positions in project finance and treasury with oil companies Elf Aquitaine and Occidental Petroleum in France and the United Kingdom. He began his career in multinational banking institutions in Canada and the United Kingdom. Mr. Ebsary graduated with an MBA from Queen's University in Canada.

<i>Current directorships and senior management positions</i>	<i>Meren Energy Inc. (Director) and Inergio Technologies SA (Director).</i>
<i>Previous directorships and senior management positions last five years.....</i>	<i>N/A.</i>

William Lundin, Director

Mr. Lundin is the President and Chief Executive Officer of International Petroleum Corp. ("IPC"), an international oil and gas exploration and production company with a portfolio of assets in Canada, Malaysia and France. Mr. Lundin has been with IPC since 2018 and was previously a project engineer in production operations. Prior to IPC, Mr. Lundin operated with BlackPearl Resources Inc. at its Onion Lake prospect in Saskatchewan, Canada. Mr. Lundin holds a Bachelor of Engineering in Mineral Resource Engineering from Dalhousie University in Canada.

<i>Current directorships and senior management positions</i>	<i>International Petroleum Corp. (CEO and Director) and Orrön Energy AB (Director).</i>
<i>Previous directorships and senior management positions last five years.....</i>	<i>Africa Energy Corp. (Chairman) and Filo Corp. (Director).</i>

9.3 Management

9.3.1 General

The management of the Group is composed of experienced professionals with a balance of local know-how and significant global experience in the business of developing and producing oil and gas and project management. This management team is integral to the Group's strategy, especially in navigating the complexities of the development and production of oil and gas.

The Company's registered office address, Clarendon House, 2 Church Street Hamilton HM 11, Bermuda, serves as the business address for the members of Management in relation to their position in the Company.

INFORMATION DOCUMENT

9.3.2 The composition of Management

The Management consists of the following members:

Name	Position	No. of Shares	No. of options	No. of RSUs
Garrett Soden.....	Chief Executive Officer	14,753,436 ¹	9,076,666	18,983,332
Elvis Pellumbi	Chief Financial Officer	9,517,106	6,883,333	13,733,333

¹ Garrett Soden's spouse holds 2,000,000 Shares.

9.3.3 Brief biographies of the Management

Garrett Soden, President and Chief Executive Officer:

Please see description in Section 9.2.3 ("Brief biographies of the Directors").

Elvis Pellumbi, Chief Financial Officer and Corporate Secretary:

Mr. Pellumbi has over 25 years of investing and capital market experience, with an exclusive focus on global energy markets for the last 15 years. Mr. Pellumbi has served as Chief Financial Officer of the Company since October 2022. He previously held a senior advisory role with the Company, with a focus on debt advisory and M&A. Mr. Pellumbi holds a BSc honours degree from the University of Maine and an MBA honours degree from the University of Maryland Smith Business School.

Current directorships and senior management positions GR3n SA (non-executive director) and Craft Potters Association of Great Britain (Treasurer (equivalent to a non-executive director))

Previous directorships and senior management positions last five years..... Infra Balance New Energy (CFO and executive director)

9.4 Employees

As of the date of this Information Document, the Group has approximately 8 employees.

The table below show the development in the number of employees (full-time and part-time) in the Group over the period covered by the Annual Financial Statements and the Interim Financial Statements.

Position	As of 31 March 2026	As of 31 December 2025	As of 31 December 2024
Full-time employees.....	7	7	9
Part-time employees.....	1	1	1
Independent contractors.....	1	1	1
Total	9	9	11

9.5 Long-term incentive plan

As of the date of this Information Document, as part of its long-term incentive plan ("**LTIP**"), the Company has established a share units plan (the "**Share Units Plan**"), as further described in Section 9.5.1 below, and a share purchase option plan (the "**Share Option Plan**"), as further described in Section 9.5.2 below, whereby a committee of the Company's Board of Directors may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees or consultants. 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 Shares of the Company.

As at the date of this information document, assuming all share units under the Share Units Plan and all options under the Share Option Plan are exercised in shares, the dilution for the existing shareholders will be approximately 2.85%.

9.5.1 Share Units Plan

As of the date of this Information Document, the Company may under the Share Units Plan grant restricted share units ("**RSU**"), deferred share units ("**DSU**") and performance share units ("**PSU**"), as further described below. The Share Unit Plans provide for redemption of the share units by way of payment in cash, shares or a combination of cash and shares.

INFORMATION DOCUMENT

9.5.1.1 Restricted Share Units (RSUs)

RSU grants may be awarded to employees, directors or consultants annually based on the fulfilment of defined Company performance parameters. RSUs will vest based on the conditions described in the relevant grant agreement and, in any case, no later than the end of the third calendar year following the date of the grant. 24,476,673 RSUs vested in 2025 and 11,971,318 RSUs vested in Q1 2026. As of the respective vesting dates, a further 14,033,332 RSUs will vest in 2026, 22,323,333 RSUs will vest in 2027 and 3,846,659 RSUs will vest in 2028.

As at the date of this Information Document, the total number of outstanding RSUs are 40,203,324.

9.5.1.2 Performance Share Units (PSUs)

PSU grants may be awarded annually to employees, directors or consultants based on the fulfilment of defined Company performance parameters. PSUs will vest based on the conditions described in the relevant grant agreement and, in any case, no later than the end of the third calendar year following the date of the grant.

As at the date of this Information Document, there are no outstanding PSUs.

9.5.1.3 Deferred Share Units (DSUs)

DSU grants may be awarded only to directors annually based on the fulfilment of defined Company performance parameters. DSUs will vest immediately upon grant but they can only be exercised in cash, shares or a combination thereof upon a director's departure from the Board of Directors. On 10 March 2026, at the special shareholder meeting, the Company sought shareholder approval to redeem, in cash, all or part of the outstanding DSUs. As such shareholder approval was granted, the Company will redeem all DSUs following the Admission.

As at the date of this Information Document, the total number of outstanding DSUs are 22,270,235.

9.5.2 Share Option Plan

The Company has established a Share Option Plan for all employees of the Company, as well as some of its consultants. Under the Share Option Plan the term of any options granted under the option plan will be fixed by the Board of Directors and may not exceed five years from the date of grant. Vesting terms are the discretion of the Board of Directors. All issued share options have terms of five years and vest over two years from grant date. The exercise prices reflect trading values of the Company's shares at grant date. As of the respective vesting dates, 14,263,333 share options will vest in 2026 and 2,766,667 share options will vest in 2027.

As at the date of this Information Document, in total 19,826,662 options with an average strike price of 0.15 CAD are outstanding, with each option giving right to subscribe for one Share in the Company.

9.6 Benefits upon termination

Other than the CEO and CFO, who are entitled to severance pay in the event of termination of their employment agreement, no employee has entered into employment agreements which provide for any special benefits upon termination. None of the members of the Board of Directors will be entitled to any benefits upon termination of office, other than as described above in Section 9.5.1.3.

9.7 Corporate governance

The Company is not subject to the Norwegian Code of Practice for Corporate Governance (the "**Corporate Governance Code**") or any other code of practice for corporate governance. Nonetheless the Board of Directors has a responsibility to ensure that the Company has sound corporate governance mechanisms and may consider the requirements of the Corporate Governance Code in its decision making.

9.8 Committees of the Board of Directors

The Board of Directors is advised by four permanent advisory committees on matters relating to its oversight responsibility. The committees set the general business guidelines within the areas of their respective responsibilities, in accordance with

INFORMATION DOCUMENT

applicable laws and the internal policies and controls of the Company. The advisory committees are chaired by a Director and are composed by Directors and of key executives of the Company. Each of the committees has its own charter that establishes its duties and responsibilities. The Company also has enacted a Corporate Governance Handbook that sets out the main procedures and guidelines applicable to Corporate Governance practice.

9.8.1 *Audit committee*

The Audit Committee advise and propose improvements related to its area of activity, with the objectives of supervising the quality and integrity of financial reports, adherence to legal, statutory and regulatory standards, the adequacy of risk management processes and the activities of internal and independent auditors, in order to give greater efficiency and quality to the decisions of the Board of Directors.

The Audit Committee consists of Michael Ebsary (Chair), Christiaan Bruijnzeels and Keith Hill.

9.8.2 *Compensation committee*

The Compensation Committee advise the Board of Directors on compensation, benefits programs and succession planning for managers and key employees and setting performance evaluation targets, as well as evaluates and recommends long-term strategies for candidates for the Board of Directors.

The Compensation Committee consists of Keith Hill (Chair), Michael Ebsary and Christiaan Bruijnzeels.

9.8.3 *Reserves Committee*

The Reserves Committee has the responsibility in general for developing the Company's approach to the reporting of oil and gas reserves and other oil and gas information required to be publicly disclosed. The Reserves Committee's mandate prescribes the methodology that the Company and the independent evaluator selected by management and approved by the Reserves Committee will adhere to in the calculation of oil and gas reserves and the valuation of those reserves.

The Reserves Committee consists of William Lundin, Keith Hill and Christiaan Bruijnzeels.

9.8.4 *Corporate Governance and Nominating Committee*

The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Company's approach to corporate governance issues. The Committee oversees the effective functioning of the Board of Directors, oversees the relationship between the Board of Directors and management, ensures that the Board of Directors can function independently of management at such times as is desirable or necessary, identifies individuals qualified to become new members of the Board of Directors and recommends to the Board the Directors nominees at each annual meeting of Shareholders and, with the assistance of the Board of Directors and where necessary, develops an orientation and education program for new recruits to the Board of Directors.

The Corporate Governance and Nominating Committee consists of Christiaan Bruijnzeels (Chair), William Lundin and Michael Ebsary.

9.9 **Conflicts of interests etc.**

Garrett Soden, President, CEO and Director of the Company, was a member of the board of Noble Group Holdings Limited, a private company that entered liquidation in 2024. Other than this, no member of the Board of Directors or Management has during the last five years preceding the date of the Information Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

INFORMATION DOCUMENT

As described in 10.9.2.1 "*A director can vote in favour of own interest*", the Bye-Laws allow a Director who is directly or indirectly interested in a contract or proposed contract with the Company (an "**Interested Director**") to (1) vote in respect of such contract or proposed contract, and (2) be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on, provided that the Interested Director has declared the nature of such interest as required by the Bermuda Companies Act and the Bye-Laws. Notwithstanding this, Directors owe common law and statutory duties to the Company, including a duty to act in good faith in what he or she considers are in the best interests of the Company as a whole and not for any collateral purpose. To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Directors and members of the Management.

There are no family relationships among the members of the Board of Directors and members of Management.

INFORMATION DOCUMENT

10 SHARE CAPITAL AND SHAREHOLDER MATTERS

10.1 Corporate information

The Company's legal name is ShaMaran Petroleum Ltd. and the Company's commercial name is ShaMaran Petroleum. The Company is an exempted company limited by shares incorporated under the laws of Bermuda and in accordance with the Bermuda Companies Act.

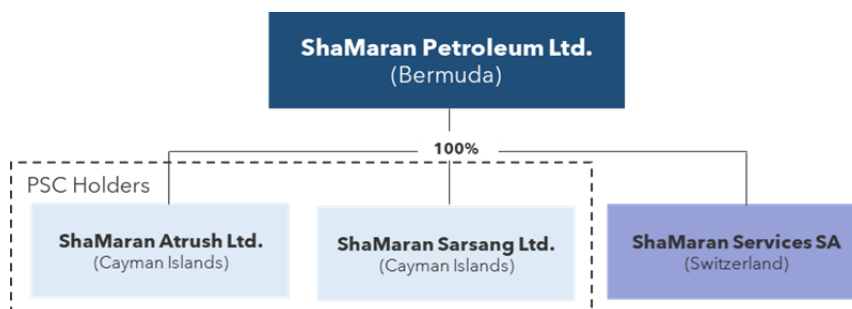
The Company is registered with the Bermuda Registrar of Companies under registration number 202605870. The Company was originally incorporated under the laws of the Province of British Columbia on 3 October 1991, and pursuant to the Redomiciliation the Company continued to Bermuda as a company incorporated under the laws of Bermuda on 26 May 2026.

The Group's business address is Chemin de la Pallanterie 5, 1222 Vérenaz, Switzerland, and its telephone number at this address is +41 22 560 8600. The Company's registered office address is Clarendon House, 2 Church Street Hamilton HM 11, Bermuda. The Group's website is <https://shamaranpetroleum.com/>.

The Shares admitted to trading on Euronext Growth are recorded in VPS in book-entry form under ISIN BMG8080M1001. The Company's shareholders' register in VPS (being a branch register of the Company) is administrated by the VPS Registrar, DNB Bank ASA, Registrars Department. The Company's Legal Entity Identifier ("LEI") code is 529900227RVB89NZH924.

10.2 Legal structure

The Company is the parent company of the Group. Other than being a holding company, the Company has limited activity. The Company has three subsidiaries as of the date of this Information Document, as set out in the structure chart below.



Key information for each subsidiary of the Group is set out in the table below:

Company name	Jurisdiction	Activity	Ownership interest (either direct or indirect)
ShaMaran Atrush Ltd.	Cayman Islands	Oil exploration and production	100%
ShaMaran Sarsang Ltd.	Cayman Islands	Oil exploration and production	100%
ShaMaran Services S.A.	Switzerland	Technical and admin services	100%

10.3 Share capital and share capital history

10.3.1 Authorized and issued share capital

At the date of this Information Document, the Company's authorized share capital is USD 35,000,000, consisting of 3,500,000,000 Shares each with a par value of USD 0.01, of which 2,887,504,313 Shares are currently in issue.

The number of Shares issued as at 1 January 2024 was 2,824,362,157 and the number of Shares issued as at 31 December 2024 was 2,845,961,365.

The number of Shares issued as at 1 January 2025 was 2,845,961,365 and the number of Shares issued as at 31 December 2025 was 2,875,449,249.

INFORMATION DOCUMENT

All of the Company's issued and outstanding Shares are issued pursuant to Bermuda law and are fully paid. Subject to the Bye-Laws, the Board of Directors is authorized to issue any of the authorized but unissued Shares. Subject to the Bye-Laws, there are no limitations on the right of holders of the Shares to hold or vote for the Company's Shares.

10.3.2 Common shares

The holders of Shares do not have pre-emptive rights, redemption rights, conversion rights, or sinking fund rights. Each Share entitles the holder to one vote on all matters that are put to a vote of the shareholders. Unless otherwise required by law or the Bye-Laws, resolutions that require approval from the holders of Shares must receive affirmative votes from a majority of the votes cast at a meeting where a quorum is present. Under the Bye-Laws, each Share is entitled to dividends if, as and when dividends are declared by the Board of Directors, subject to any preferred dividend right of the holders of any preference shares, if such are in issue.

In the event of the Company's liquidation, dissolution, or winding up, the holders of Shares are entitled to an equal and proportionate share in any remaining assets of the Company after the payment of all debts and liabilities. However, this entitlement is subject to any liquidation preference that may exist on any issued and outstanding preference shares.

10.3.3 Preference shares

Pursuant to the Bye-Laws, the Company's shareholders may authorise preference shares by a resolution at a general meeting of the Company. Subject to the Bermuda Companies Act, preference shares may be issued on terms that they are to be redeemed on the occurrence of a specified event or on a specified date or may be redeemed at the option of the holder or, if permitted by its Bye-Laws, the Company. As at the date of this Information Document, the Company has not authorized nor issued any preference shares.

10.3.4 Share capital history

The table below shows the development in the Company's share capital for the period covered by the Annual Financial Statement and up until the date of this Information Document. While the Company was incorporated under the jurisdiction of the Province of British Columbia, Canada, the Company's authorized share capital was unlimited with no par value per share.

Date	Type of change	Change in issued shares	Total no. of issued shares
8 March 2024	RSU vesting	1,323,336	2,825,685,493
24 March 2024	RSU vesting	1,763,334	2,827,448,827
15 April 2024	Option exercise	4,577,000	2,832,025,827
24 May 2024	RSU vesting	2,480,003	2,834,505,830
12 June 2024	Option exercise	4,000	2,834,509,830
14 June 2024	Option exercise	58,000	2,834,567,830
18 June 2024	Option exercise	121,472	2,834,689,302
19 June 2024	Option exercise	66,295	2,834,755,597
20 June 2024	Option exercise	427,869	2,835,183,466
2 July 2024	Option exercise	17,944	2,835,201,410
4 July 2024	Option exercise	48,530	2,835,249,940
5 July 2024	Option exercise	8,659	2,835,258,599
15 November 2024	RSU vesting	1,307,166	2,836,565,765
25 November 2024	Option exercise	2,353,087	2,838,918,852
27 November 2024	Option exercise	3,090,726	2,842,009,578
28 November 2024	Option exercise	1,254,326	2,843,263,904
29 November 2024	Option exercise	907,500	2,844,171,404
9 December 2024	Option exercise	1,742,134	2,845,913,538
19 December 2024	Option exercise	47,827	2,845,961,365

INFORMATION DOCUMENT

Date	Type of change	Change in issued shares	Total no. of issued shares
1 January 2025	Option exercise	116,604	2,846,077,969
7 January 2025	RSU vesting	2,755,017	2,848,832,986
14 January 2025	Option exercise	260,000	2,849,092,986
4 February 2025	Option exercise	6,097,496	2,855,190,482
5 February 2025	Option exercise	11,917	2,855,202,399
12 March 2025	RSU vesting	6,535,999	2,861,738,398
17 March 2025	Option exercise	2,065,155	2,863,803,553
24 March 2025	RSU vesting	426,830	2,864,230,383
26 May 2025	RSU vesting	3,035,331	2,867,265,714
28 May 2025	Option exercise	593,893	2,867,859,607
4 June 2025	Option exercise	990,155	2,868,849,762
5 June 2025	Option exercise	106,056	2,868,955,818
6 June 2025	Option exercise	72,948	2,869,028,766
15 August 2025	Option exercise	227,033	2,869,255,799
18 September 2025	Option exercise	761,667	2,870,017,466
26 September 2025	Option exercise	463,764	2,870,481,230
29 September 2025	Option exercise	4,968,019	2,875,449,249
6 January 2026	Option exercise	2,640,415	2,878,089,664
19 January 2026	Option exercise	183,040	2,878,272,704
11 March 2026	Option exercise	30,613	2,878,303,317
16 March 2026	Option exercise	200,997	2,878,504,314
3 June 2026	Share issue in connection with the Retail Private Placement	8,999,999	2,887,504,313

Following the Retail Private Placement and as of date of this Information Document, the Company's authorized share capital is USD 35,000,000 with par value per share of USD 0.01, as further described in the table below.

Date	Authorized share capital (USD)	Total no. of authorized shares	Total no. of issued shares	Par value per share (USD)
5 June 2026	35,000,000	3,500,000,000	2,887,504,313	0.01

10.4 VPS registration of the Shares

The Shares to be traded on Euronext Growth Oslo are registered in book-entry form with VPS under ISIN BMG8080M1001. The Company's shareholders register in VPS is administrated by DNB Bank ASA, Registrars Department, with registered address Dronning Eufemias gate 30, 0191 Oslo, Norway (the "**VPS Registrar**"). These Shares are registered and delivered through VPS and VPS functions as a shareholders register of the Company, maintained by the VPS Registrar, which is a branch register for the purposes of the Bermuda Companies Act for the Shares to be traded on Euronext Growth Oslo, in addition to the register of members of the Company maintained at the registered office of the Company in Bermuda pursuant to the provisions of the Bermuda Companies Act. Bermuda law permits the transfer of Shares listed or admitted to trading on the Euronext Growth Oslo to be effected in accordance with the rules of the Euronext Growth Oslo (provided it remains an Appointed Stock Exchange). Accordingly, the title to the Shares is evidenced and transferred without a written instrument by the VPS in accordance with the Bye-Laws, provided that they are listed or admitted to trading on the Euronext Growth Oslo.

VPS is the Norwegian paperless centralized securities register, operated by Verdipapirsentralen ASA. It is a computerized, book-entry based system, in which the ownership of, and transactions related to, securities that are listed on Euronext Growth must be recorded. Verdipapirsentralen ASA is wholly-owned by Euronext Nordics Holding AS.

INFORMATION DOCUMENT

Under Norwegian law, shares are registered in VPS in the name of the beneficial owner of the shares. Beneficial owners of Shares that hold their Shares through a nominee (such as banks, brokers, dealers or other third parties) are registered in VPS in the name of the nominee. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the Company and to the Norwegian authorities. In case of registration by nominees, the registration in VPS must show that the registered owner is a nominee. There is, however, no assurance from the Company that beneficial owners of the Shares will receive the notice of any general meeting of the Company in time to instruct their nominees to vote for their Shares in the manner desired by such beneficial owners.

VPS must provide information to the Norwegian Financial Supervisory Authority on an ongoing basis, as well as any information that the Norwegian Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside VPS' control the consequences of which VPS could not reasonably be expected to avoid or overcome. Damages payable by VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

10.5 Ownership structure

To the Company's knowledge, no shareholders other than those set out in the table below held more than 5% of the issued Shares. As some of the Company's shareholders hold their Shares through nominee accounts, the Company is not aware of the exact shareholding of such shareholders.

Shareholder	Number of Shares	Percentage %
Nemesia S.à.r.l. ¹	724,584,065	25.1%
1	<i>Nemesia is a private company ultimately controlled by a trust whose settlor is the estate of the late Adolf H. Lundin.</i>	

There are no arrangements known to the Company that may lead to a change of control in the Company.

10.6 Share repurchase and treasury shares

Pursuant to the Bye-Laws, the Company may purchase its own shares for cancellation or acquire them as treasury shares on such terms and in such manner as may be authorized by the Board of Directors, subject to the Bermuda Companies Act. The Board of Directors may exercise all the powers of the Company to purchase its own Shares.

As of the date of this Information Document, neither the Company nor any of its subsidiaries hold any treasury shares.

10.7 Financial instruments

Other than as described in Section 9.5, no company in the Group has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

10.8 Shareholder rights

The Company has issued only one class of Shares, and all shares within that class have equal rights as specified in the Bye-Laws. There are no differences in voting rights among the shares.

Since the Company is a Bermuda exempted company limited by shares, shareholders do not possess the same preferential rights in a potential offering of shares or other equity-related instruments as shareholders in Norwegian limited liability companies listed on Euronext Growth typically do. Depending on the nature of any future offering, certain current shareholders may not have the opportunity to acquire additional equity securities, resulting in potential dilution of their holdings and voting influence.

10.9 The Certificate of Continuance, Memorandum of Continuance, Bye-Laws and Bermuda Law

The Certificate of Continuance, Memorandum of Continuance and Bye-Laws are enclosed in Appendix A to this Information Document. Below is a summary of certain key provisions of the Memorandum of Continuance and Bye-Laws.

10.9.1 *Objects of the Company*

In accordance with common practice for Bermuda incorporated companies, the objects of the Company, as set out in its Memorandum of Continuance or Memorandum of Association as applicable, are unrestricted.

10.9.2 *The Board of Directors and Management*

Election and removal of Directors

Under the Bye-Laws, the Board of Directors shall consist of not less than three Directors and not more than five Directors as it may determine or such other minimum and maximum numbers as the Board of Directors may from time to time determine. The Board of Directors shall be elected or appointed at the annual general meeting of the shareholders or at any special general meeting of the shareholders called for that purpose.

Only persons who are proposed or nominated in accordance with the Bye-laws of the Company are eligible for election as Directors. Subject to the Bye-Laws, any shareholder, the Board of Directors or the nomination committee (if any) may propose any person for re-election or election as a Director. If a person, other than a retiring Director or a person proposed for re-election or election by the Board of Directors or the nomination committee (if any), is to be proposed as a Director, notice must be given to the Company regarding the intention to propose them and their willingness to serve as a Director. This notice must be provided at least 10 days before the date of the annual general meeting or special general meeting where the Director is to be elected.

The shareholders can, at any general meeting, authorize the Board of Directors to fill any vacancy in their number left unfilled at a general meeting.

The shareholders that are entitled to vote for the election of directors can at any special general meeting convened and held in accordance with the Bye-Laws of the Company remove a director, provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director no less than 14 days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.

If a director is removed in accordance with the Bye-laws of the Company, the shareholders can fill the vacancy at the meeting where the director was removed. If no such election is held, the board may fill the vacancy.

Under the Bye-Laws, unless the shareholders determine such other term of office the Directors shall be elected or appointed for terms of office that expire at the Company's next annual general meeting. At such annual general meeting, and the annual general meeting every year thereafter, or in the case of the shareholders determining such other term of office at the applicable general meeting, successors to such Directors shall be elected or appointed for a term expiring at the next annual general meeting, unless the shareholders shall determine such other term of office.

Remuneration of Directors

Pursuant to the Bye-Laws the remuneration (if any) of the Directors shall be determined by the Board of Directors.

Directors to manage the business

The Board of Directors is responsible for managing and conducting the business of the Company.

Power to appoint manager to manage day-to-day business

The Board of Directors may, *inter alia*, appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business.

Appointment of officers

The Board of Directors has the power to appoint officers, who may or may not be directors, as determined by the Board of Directors for terms deemed appropriate by the Board of Directors. The secretary is appointed by the Board of Directors periodically. Currently, the Company has only appointed chief executive officer, chief financial officer, secretary and assistant secretary as officers.

Remuneration of officers

The officers will be compensated according to the remuneration determined by the Board of Directors.

Issuance of shares

The Board of Directors has the authority to issue any authorized but unissued shares of the Company, unless there is a resolution by the shareholders of the Company that states otherwise. However, if the Board of Directors intends to issue preference shares, prior approval from the shareholders in a general meeting is required, as specified in the Bye-Laws.

Indemnification and exculpation of Directors and officers

Section 98 of the Bermuda Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company. Section 98 further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favour or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Bermuda Companies Act.

The Company has adopted provisions in the Bye-Laws that provide that the Company shall indemnify its officers and directors in respect of their actions and omissions, except in respect of their fraud or dishonesty. The Bye-Laws provide that the shareholders waive all claims or rights of action that they might have, individually or in right of the Company, against any of the Company's directors or officers for any act or failure to act in the performance of such director's or officer's duties, except in respect of any fraud or dishonesty of such director or officer. Section 98A of the Bermuda Companies Act permits the Company to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, whether or not the Company may otherwise indemnify such officer or director. The Company has purchased and maintains a directors' and officers' liability policy for such a purpose. The Company may advance monies to a director or officer for the costs, charges and expenses incurred by the director or officer in defending any civil or criminal proceedings against him, on condition that the director or officer shall repay the advance if any allegation of fraud or dishonesty in relation to the Company is proved against him.

10.9.2.1 A director can vote in favour of own interest

The Bye-Laws allow a Director who is directly or indirectly interested in a contract to vote in respect of such contract, and be counted in the quorum for the meeting at which the contract is to be voted. This is conditional on the fact that the Director declare the nature of such interest as required by the Bermuda Companies Act and the Bye-Laws.

10.9.2.2 Share rights

The holders of Shares do not have pre-emptive rights, redemption rights, conversion rights, or sinking fund rights. Each Share entitles the holder to one vote on all matters that are put to a vote of the shareholders. Unless otherwise required by law or the Bye-Laws, resolutions that require approval from the holders of Shares must receive affirmative votes from a majority of the votes cast at a meeting where a quorum is present.

In the event of the Company's liquidation, dissolution, or winding up, the holders of Shares are entitled to an equal and proportionate share in any remaining assets of the Company after the payment of all debts and liabilities. However, this entitlement is subject to any liquidation preference that may exist on any issued and outstanding preference shares.

10.9.2.3 Variation of share rights

If at any time the Company has more than one class of shares, the rights attaching to any class, unless otherwise provided for by the terms of issue of the relevant class, may be varied either: (i) with the consent in writing of the holders of 75% of the issued shares of that class; or (ii) with the sanction of a resolution passed by a majority of the votes cast at a general meeting of the relevant class of shareholders at which a quorum consisting of at least two persons holding or representing one-third of the issued shares of the relevant class is present. The Bye-Laws specify that the creation or issue of shares ranking equally with existing shares will not, unless expressly provided by the terms of issue of existing shares, vary the rights attached to existing shares. In addition, the creation or issue of preference shares ranking prior to the Shares will not be deemed to vary the rights attached to the Shares or, subject to the terms of any other series of preference shares, to vary the rights attached to any other series of preference shares.

10.9.2.4 Voting rights

At any general meeting, every holder of Shares present in person and every person holding a valid proxy shall have one vote on a show of hands. On a poll, every such holder of Shares present in person or by proxy shall have one vote for every Share held.

Subject to the provisions of the Bermuda Companies Act, and the Bye-Laws, any question proposed for the consideration of the shareholders at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with the provisions of the Bye-Laws and in the case of an equality of votes, the resolution shall fail.

10.9.2.5 Amendment of the memorandum of association and the Bye-Laws

The Bye-Laws provide that the Company's memorandum of association may not be altered or amended, unless it shall have been approved by a resolution by the Board of Directors and by a resolution of the shareholders with the affirmative vote of not less than two-thirds of the votes cast at a general meeting. The Bye-Laws further provide that no Bye-Law shall be rescinded, altered or amended and no new Bye-Law shall be made until the same has been approved by a resolution of the Board of Directors and by a resolution of the shareholders with the affirmative vote of not less than two-thirds of the votes cast at a general meeting.

Under the Bermuda Companies Act, the holders of an aggregate of not less than 20% in par value of the company's issued share capital or any class thereof have the right to apply to the Supreme Court of Bermuda for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment which alters or reduces a company's share capital as provided in the Bermuda Companies Act. Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Supreme Court of Bermuda. An application for an annulment of an amendment of the memorandum of association must be made within 21 days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favour of the amendment.

10.9.2.6 Amalgamations and mergers

The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation or merger agreement to be approved by the company's Board of Directors and by its shareholders. Unless a company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such meeting is required to approve the amalgamation or merger agreement, and the quorum for such meeting must be two persons holding or representing more than one-third of the issued shares of the company. On the date hereof, the Company's Bye-Laws provide that the approval of not less than two-thirds of the votes cast in a general meeting is required to approve any amalgamation or merger of the Company. See also Section 10.9.3.1 ("Appraisal rights and shareholder suits").

10.9.2.7 Transfer of shares

The Bye-Laws provide that the Board of Directors may refuse to register the transfer of any interest in any Share in the register of members or decline to direct any registrar appointed by the Company to decline to register the transfer where such transfer would in the opinion of the Board of Directors be likely to result in 50% or more of the shares or votes in the Company being

INFORMATION DOCUMENT

held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or effectively connected to a Norwegian business activity, or the Company otherwise being deemed a Controlled Foreign Company as such term is defined pursuant to Norwegian tax legislation.

Subject to the above, but notwithstanding anything else to the contrary in the Bye-Laws, shares that are listed or admitted to trading on an Appointed Stock Exchange (which includes Euronext Growth) may be transferred in accordance with the rules and regulations of such exchange. Where applicable, all transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of a depository, the VPS or any other relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board of Directors in accordance with the Bye-Laws. The Board of Directors shall refuse to register a transfer of a share unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained. The Board of Directors may also refuse to recognise an instrument of transfer of a share unless it is accompanied by the relevant share certificate (if one has been issued) and such other evidence of the transferor's right to make the transfer as the Board of Directors shall reasonably require. Subject to these restrictions, a holder of Shares may transfer the title to all or any of his Shares by completing an instrument of transfer in the usual common form or in any other form as the Board of Directors may approve. The instrument of transfer must be signed by the transferor and transferee, although in the case of a fully paid share the Board of Directors may accept the instrument signed only by the transferor. Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Bermuda Companies Act. Under and subject to the Bye-Laws the Board has the power to transfer shares of the Company to or from any depository or any other relevant system in connection with a listing or admission or upon a delisting or ceasing of any such admission.

In accordance with Bermuda law, share certificates are only issued in the names of companies, partnerships or individuals. In the case of a shareholder acting in a special capacity (for example as a trustee), certificates may, at the request of the shareholder, record the capacity in which the shareholder is acting. Notwithstanding such recording of any special capacity, the Company is not bound to investigate or see to the execution of any such trust. The Company will take no notice of any trust applicable to any of the Shares, whether or not the Company has been notified of such trust.

See Section 10.9.3 ("Anti-takeover and change of control") below for a summary of the provisions in the Bye-Laws that contain provisions that could make it more difficult for a third party to acquire the Company without the consent of the Board of Directors.

10.9.3 Anti-takeover and change of control

The Company's Bye-Laws contain provisions that could make it more difficult for a third party to acquire the Company without the consent of the Board of Directors. These provisions include, among other things:

- that the Board of Directors can decline to register certain transfers of Shares in certain circumstances under the Bye-Laws where such transfer is not in accordance with certain provisions in the Bye-Laws or would likely result in 50% or more of the aggregate issued and outstanding Shares or votes of the Company being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or such Shares being effectively connected to a Norwegian business activity, or the Company being deemed a Controlled Foreign Company pursuant to Norwegian tax rules (see Section 10.9.2.7 ("Transfer of shares") for more information); and
- that the Board of Directors may issue any authorised but unissued Shares of the Company, subject to any resolution of the Company's shareholders to the contrary.

Further, other future contractual obligations of the Group may contain change of control provisions.

These provisions could make it more difficult for a third party to acquire the Company, even if the third party's offer may be considered beneficial by many shareholders. As a result, shareholders may be limited in their ability to obtain a premium for their Shares.

INFORMATION DOCUMENT

10.9.3.1 *Appraisal rights and shareholder suits*

Under the Bermuda Companies Act, in the event of an amalgamation or merger of a Bermuda company with another company or corporation, a shareholder of the Bermuda company who did not vote in favour of the amalgamation or merger and who is not satisfied that fair value has been offered for such shareholder's shares may, within one month of notice of the general meeting, apply to the Supreme Court of Bermuda to appraise the fair value of those shares.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association or bye-laws.

Further, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

The Bye-Laws contain a provision by virtue of which the Company's shareholders waive any claim or right of action that they have, both individually and on the Company's behalf, against any director or officer of the Company in relation to any action or failure to take action by such director or officer, except in respect of any fraud or dishonesty of such director or officer.

10.9.3.2 *Capitalisation of profits and reserves*

Pursuant to the Bye-Laws, the Board of Directors may (i) capitalise any part of the amount of the Company's share premium or other reserve accounts or any amount credited to the Company's profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro-rata (except in connection with the conversion of shares) to the shareholders; or (ii) capitalise any amount standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by paying up in full partly or nil paid shares of those shareholders who would have been entitled to such sums if they were distributed by way of dividend or distribution.

10.9.3.3 *Untraced shareholders*

The Bye-Laws provide that the Board of Directors may forfeit any dividend or other monies payable in respect of any shares which remain unclaimed for six years from the date when such monies became due for payment. In addition, the Company is entitled to cease sending dividend warrants and checks by post or otherwise to a shareholder if such instruments have been returned undelivered to, or left uncashed by, such shareholder on at least two consecutive occasions or, following one such occasion, reasonable enquires have failed to establish the shareholder's new address. This entitlement ceases if the shareholder claims a dividend or cashes a dividend check or a warrant.

10.9.3.4 *Dividends*

Under Bermuda law, a company may not declare or pay dividends if there are reasonable grounds for believing that: (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) that the realisable value of its assets would thereby be less than its liabilities. Under the Bye-Laws, each of the Shares is entitled to such dividends as the Board of Directors may from time to time declare, subject to any preferred dividend right of the holders of any preference shares.

According to the Bye-Laws, any dividend and or other monies payable in respect of a Share which has remained unclaimed for six years from the date when it became due for payment shall, if the Board of Directors so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may

INFORMATION DOCUMENT

(but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.

10.9.3.5 General meetings

The annual general meeting of the Company shall be held each year at such time and place as the president or chairman (if any), any two Directors, any Director and the secretary or the Board of Directors shall appoint.

The president or chairman (if any), any two Directors, any Director and the secretary or the Board of Directors may convene a special general meeting whenever in their judgment such a meeting is necessary.

The Board of Directors shall, on the requisition of shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up voting share capital of the Company, forthwith proceed to convene a special general meeting.

At least 14 clear days' notice of an annual general meeting shall be given to each shareholder entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting. At least 14 clear days' notice of a special general meeting shall be given to each shareholder entitled to attend and vote thereat, stating the date, place and time and the general nature of the business to be considered at the meeting. The Board of Directors may fix any date as the record date for determining the shareholders entitled to receive notice of and to vote at any general meeting of the Company, and may provide that the date for determining shareholders entitled to vote at any general meeting may not be more than five days before the date fixed for the meeting.

A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in the Bye-Laws, be deemed to have been properly called if it is so agreed by (i) all the shareholders of the Company entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the Shares giving a right to attend and vote thereat in case of a special general meeting. The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Shareholders may participate in any general meeting by means of such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such meeting shall constitute presence in person at such meeting. Except as otherwise provided in the Bye-Laws, the quorum at any general meeting of the Company shall be constituted by two or more persons, present throughout the meeting in person and representing in person or by proxy, issued and outstanding voting shares of the Company.

Subject to the Bye-Laws, anything which may be done by resolution of the Company in a general meeting, or by resolution of a meeting of any class of the shareholders may, without a meeting, be done by resolution in writing signed by all of the shareholders who at the date of the resolutions would be entitled to attend and vote at such meeting. However, this does not apply to a resolution to remove an auditor from office before the expiration of his/her term of office, or a resolution for the purpose of removing a director before the expiration of his/her term of office.

10.9.3.6 Access to books and records and dissemination of information

Members of the general public have the right to inspect the public documents of a Bermuda company available at the office of the Registrar of Companies in Bermuda. These documents include the Company's memorandum of association, including its objects and powers, and certain alterations to the memorandum of association. The shareholders have the additional right to inspect the Bye-Laws of the Company, minutes of general meetings and the Company's audited financial statements, which must be presented to the annual general meeting. The register of members of a Bermuda company is also open to inspection by shareholders and by members of the general public without charge. The register of members is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of members for not more than thirty days in a year). A company is required to maintain its share register in Bermuda but may, subject to

INFORMATION DOCUMENT

the provisions of the Bermuda Companies Act, establish a branch register outside of Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the public without charge. A company is also required to file with the Registrar of Companies in Bermuda a list of its directors to be maintained on a register which register will be available for public inspection subject to such conditions as the Registrar may impose and on payment of such fee as may be prescribed. However, Bermuda law does not provide a general right for shareholders to inspect or obtain copies of any other corporate records. Where a company (the shares of which are listed on an Appointed Stock Exchange) sends its summarised financial statements to its shareholders pursuant to section 87A of the Bermuda Companies Act, a copy of the full financial statements (as well as the summarised financial statements) must be available for inspection by the public at the company's registered office.

10.9.3.7 *Winding up*

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors (including contingent or prospective creditors) or its contributories. The Bermuda court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, the company shall, from the commencement of the winding up, cease to carry on its business, except so far as may be required for the beneficial winding up thereof.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be deemed a "members' voluntary winding up". In any case where such declaration has not been made, the winding up will be deemed a "creditors' voluntary winding up".

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Bermuda Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator is at any time of the opinion that the company will not be able to pay its debts in full in the period stated in the directors' declaration of solvency, he is obliged to summon a meeting of creditors and lay before the meeting a statement of the assets and liabilities of the company.

As soon as the affairs of the company are fully wound up via a members' voluntary winding up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account, and giving any explanation thereof. This final general meeting shall be called by advertisement in an appointed newspaper, published at least one month before the meeting. Within one week after the meeting the liquidator shall notify the Registrar of Companies in Bermuda that the company has been dissolved and the Registrar shall record that fact in accordance with the Bermuda Companies Act.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of the creditors of the company to be summoned for the day, or the next day following the day, on which the meeting of the members at which the resolution for voluntary winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, the company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company and distributing the assets of the company, provided that if the creditors and the members nominate different persons, the person nominated by the creditors shall be the liquidator. If no person is nominated by the creditors, the person (if any) nominated by the members shall be liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

INFORMATION DOCUMENT

If a creditors' voluntary winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year and must lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year.

As soon as the affairs of the company are fully wound up via a creditors' voluntary winding up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before the meetings, and giving any explanation thereof. Each such meeting shall be called by advertisement in an appointed newspaper, published at least one month before the meeting. Within one week after the date of the meetings, or if the meetings are not held on the same date, after the date of the later meeting, the liquidator is required to send to the Registrar of Companies in Bermuda a copy of the account and make a return to him in accordance with the Bermuda Companies Act. The company will be deemed to be dissolved on the expiration of three months from the registration by the Registrar of Companies in Bermuda of the account and the return. However, a Bermuda court may, on the application of the liquidator or of some other person who appears to the court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the court thinks fit.

10.9.4 *Compulsory Acquisition*

Under Bermuda law, an acquiring party is generally able to compulsorily acquire the common shares of minority holders in the following ways:

By a procedure under the Bermuda Companies Act known as a "scheme of arrangement". A scheme of arrangement could be effected by obtaining the agreement of the company and of holders of common shares, representing in the aggregate a majority in number and at least 75% in value of the common shareholders present and voting at a court ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.

If the acquiring party is a company it may compulsorily acquire all the shares of the target company, by acquiring pursuant to a tender offer 90% of the shares or class of shares not already owned by, or by a nominee for, the acquiring party (the offeror) or any of its subsidiaries. If an offeror has, within four months after the making of an offer for all the shares or class of shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90% or more of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-tendering shareholder to transfer its shares on the same terms as the original offer. In those circumstances, non-tendering shareholders will be compelled to sell their shares unless the Supreme Court of Bermuda (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such shares) orders otherwise.

Where one or more parties hold not less than 95% of the shares or a class of shares of a company, such holder(s) may, pursuant to a notice given to the remaining shareholders or class of shareholders, acquire the shares of such remaining shareholders or class of shareholders. When this notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Supreme Court of Bermuda for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

10.9.5 *Exchange Control*

The Company has been designated by the Bermuda Monetary Authority as a non-resident for Bermuda exchange control purposes. This designation allows the Company to engage in transactions in currencies other than the Bermuda dollar, and there are no restrictions on its ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to United States residents who are holders of its common shares. Approvals or permissions given by the Bermuda Monetary Authority do not constitute a guarantee by the Bermuda Monetary Authority as to the Company's

INFORMATION DOCUMENT

performance or creditworthiness. Accordingly, in giving such consent or permissions, the Bermuda Monetary Authority shall not be liable for the financial soundness, performance or default of the Company's business or for the correctness of any opinions or statements expressed in this Information Document.

10.9.6 The Company's auditor may own shares in the Company

The Bye-laws allow the Company's auditor to own shares in the Company. However, no Director, Officer or employee may serve as auditor.

10.10 No mandatory takeover rules

The Company is not subject to any takeover regulations, meaning that an acquirer may purchase a stake in the Shares exceeding the applicable thresholds for a mandatory offer for a company listed on the regulated marketplaces of the Oslo Stock Exchange (Oslo Børs or Euronext Expand) without triggering a mandatory offer for the remaining Shares.

11 TAXATION

Set out below is a summary of certain Bermuda and Norwegian tax matters related to an investment in the Company. The summary regarding Bermuda and Norwegian taxation are based on the laws in force in Bermuda and Norway as of the date of this Information Document, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis.

The following summary is for general information only and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders should consult with and rely upon their own tax advisors. Shareholders should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence (whether Norway, Bermuda, or another country), and, with respect to Norway, the tax consequences related to ceasing to be resident in Norway for tax purposes.

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from shares in the Company.

11.1 Bermuda taxation

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by us or by our shareholders in respect of our shares. However, Bermuda enacted the Corporate Income Tax Act 2023 on 27 December 2023 (the "**CIT Act**"). Entities subject to tax under the CIT Act are the Bermuda constituent entities of multi-national groups. A multi-national group is defined under the CIT Act as a group with entities in more than one jurisdiction with consolidated revenues of at least EUR750mm for two out of the four previous fiscal years. If Bermuda constituent entities of a multi-national group are subject to tax under the CIT Act, such tax is charged at a rate of 15 per cent of the net taxable income of such constituent entities as determined in accordance with and subject to the adjustments set out in the CIT Act (including in respect of foreign tax credits applicable to the Bermuda constituent entities). No tax is chargeable under the CIT Act until tax years starting on or after 1 January 2025.

11.2 Norwegian taxation

*This Section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**"). The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders refer to the tax residency rather than the nationality of the shareholder.*

11.2.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends distributed by the Company to shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders at an effective rate of currently 37.84% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.72 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 37.84%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate of interest on treasury bills (*Nw: "statskasserveksler"*) with three months' maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("**Excess Allowance**") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share. Any Excess Allowance on a share may also be added to the cost price of such share for the purposes of calculating the tax-free allowance the following years, as described above.

The shares will not qualify for Norwegian share saving accounts (*Nw: "aksjesparekonto"*) held by Norwegian Personal Shareholders as the Company is resident outside the European Economic Area for tax purposes.

Norwegian Corporate Shareholders

Dividends distributed by companies resident in Bermuda for tax purposes, including dividends from the Company, received by shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are taxable as ordinary income in Norway for such shareholders at a flat rate of currently 22%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax (banks, holding companies, etc.), the flat rate of taxation for dividends is currently 25%.

Non-Norwegian Shareholders

As a general rule, dividends received by shareholders (both corporate and personal) that are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**"), from shares in Non-Norwegian companies, including the Company, are not subject to Norwegian taxation unless the Non-Norwegian shareholder holds the shares in connection with business activities carried out or managed from Norway.

11.2.2 Taxation of capital gains on realization of shares

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realized by Norwegian Personal Shareholders is currently 37.84%; i.e., capital gains (less the tax-free allowance) and losses shall be multiplied by 1.72 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses realized by Norwegian Personal Shareholders to 37.84%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 11.2.1 ("Taxation of dividends - Norwegian Personal Shareholders") above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e., any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set off against gains from realization of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis. Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

The shares will not qualify for Norwegian share saving accounts (*Nw: "aksjesparekonto"*) held by Norwegian Personal Shareholders as the Company is resident outside the European Economic Area for tax purposes.

Norwegian Corporate Shareholders

A capital gain or loss derived by a Norwegian Corporate Shareholder from a disposal of shares in the Company is taxable or tax deductible in Norway. The taxable gain/deductible loss per share is calculated as the difference between the consideration for the share and the Norwegian Corporate Shareholder's cost price of the Share, including costs incurred in relation to the acquisition or disposal of the share. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax (banks, holding companies, etc.), the flat rate of taxation of capital gains is currently 25%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

INFORMATION DOCUMENT

If the Norwegian Corporate Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

Non-Norwegian Shareholders

Generally, gains from the sale or other disposal of shares by a Non-Norwegian Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Shareholder holds the shares in connection with business activities carried out or managed from Norway.

11.2.3 *Controlled Foreign Corporation (CFC) taxation*

Norwegian shareholders in the Company will be subject to Norwegian taxation according to the Norwegian Controlled Foreign Corporations regulations (Norwegian CFC-regulations) if Norwegian shareholders directly or indirectly own or control (hereinafter together referred to as "**Control**") the shares of the Company.

Norwegian shareholders will be considered to Control the Company if:

- Norwegian shareholders Control 50% or more of the shares in the Company at the beginning of and at the end of a tax year; or
- If Norwegian shareholders Controlled the Company the previous tax year, the Company will also be considered Controlled by Norwegian shareholders in the following tax year unless Norwegian resident shareholders Control less than 50% of the shares at both the beginning and the end of the following tax year; or
- Norwegian shareholders Control more than 60% of the shares in the Company at the end of a tax year.

If less than 40% of the shares are Controlled by Norwegian shareholders at the end of a tax year, the Company will not be considered Controlled by Norwegian shareholders for Norwegian tax purposes.

Under the Norwegian CFC-regulations Norwegian shareholders are subject to Norwegian taxation on their proportionate part of the taxable net income generated by the Company (and relevant foreign companies of the Group), calculated according to Norwegian tax regulations, regardless of whether or not any dividends are distributed from the Company. Please also refer to Section 1.3 ("Risks related to Laws, Regulations and Litigation") for information on risks relating to law, regulation and litigation.

11.2.4 *Net wealth tax*

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 1% for net wealth exceeding NOK 1,900,000 up to NOK 21,500,000 and 1.1% of the net wealth exceeding NOK 21,500,000. The value for assessment purposes for listed shares is equal to 80% of the listed value as of 1 January in the year of assessment (i.e., the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e., to 80%).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Non-Norwegian (Personal and Corporate) Shareholders are generally not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

11.2.5 *VAT and transfer taxes*

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

11.2.6 *Inheritance tax*

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

12 SELLING AND TRANSFER RESTRICTIONS

12.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

12.2 Selling restrictions

12.2.1 *United States*

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Euronext Growth Advisor has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 ("United States"). Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

12.2.2 *United Kingdom*

No Shares have been offered or will be offered pursuant to an offering to the public in the United Kingdom, except that the Shares may be offered to the public in the United Kingdom at any time in reliance on the following exemptions under Section 71E of the Financial Services and Markets Act 2000 ("**FSMA**");

- a) to any legal entity which is a qualified investor as defined in the FCA Handbook Glossary;
- b) to fewer than 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the Euronext Growth Advisor for any such offer; or
- c) in any other circumstances falling within Part 1 of Schedule 11A to the FSMA.

provided that no such offer of the Shares shall result in a requirement for the Company or Euronext Growth Advisor to publish a prospectus pursuant to the UK Prospectus Rules: Admission to Trading on a Regulated Market (PRM) sourcebook or a requirement to publish a prospectus for a public offer under Section 71N of the FSMA.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom has the meaning given in Section 71AA of the FSMA, and the expression "UK Prospectus Rules" means the rules made by the Financial Conduct Authority under Part 6 of the FSMA as amended by the Public Offers and Admissions to Trading Regulations 2024.

The Euronext Growth Advisor has represented, warranted and agreed that:

INFORMATION DOCUMENT

- a) It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- b) It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

12.2.3 *European Economic Area*

In no member state of the EEA (each a "**Relevant Member State**") have Shares been offered and in no Relevant Member State will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

- a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State; or
- c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Euronext Growth Advisor to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Information Document.

12.2.4 *Other jurisdictions*

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

12.3 **Transfer restrictions**

12.3.1 *United States*

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

INFORMATION DOCUMENT

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Information Document.
- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognise any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that the Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution of the Shares, as the case may be.
- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant

INFORMATION DOCUMENT

to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser will not deposit or cause to be deposited such Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.
- The purchaser acknowledges that the Company shall not recognise any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.
- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

12.3.2 *European Economic Area*

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Information Document will be deemed to have represented, warranted and agreed to and with the Euronext Growth Advisor and the Company that:

- a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and
- b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

13 ADDITIONAL INFORMATION

13.1 Admission to Euronext Growth

On 19 May 2026, the Company applied for Admission to Euronext Growth. The first day of trading on Euronext Growth is expected to be on or about 5 June 2026.

As described in Section 6 ("The Redomiciliation"), the Shares admitted to trading on Nasdaq First North Growth Market prior to the Redomiciliation will as a result of the Redomiciliation be exchanged for Swedish depository receipts representing the post-Redomiciliation ShaMaran Petroleum Ltd. Shares ("SDRs") in the ratio of 1:1. Hence, the Company has SDRs admitted to trading on Nasdaq First North Growth Market.

13.2 Information sourced from third parties and expert opinions

In this Information Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Information Document.

13.3 Independent auditor

The Company's independent auditor is PricewaterhouseCoopers LLP, with registered office at Suncor Energy Centre, 111 5th Avenue South West, Suite 3100, Calgary, Alberta, Canada T2P 5L3. PricewaterhouseCoopers LLP is registered as a third-country auditor with the Norwegian Financial Supervisory Authority and is registered with the Chartered Professional Accountants of Canada and Chartered Professional Accountants of Alberta, and is subject to the supervision of Canadian Public Accountability Board. PricewaterhouseCoopers LLP was appointed as the Company's auditor in 2024 and has been the Company's auditor for the last two financial years.

13.4 Advisors

The Company's Euronext Growth Advisor in connection with the Admission is Pareto Securities AS. The beneficial owners of, and persons with managerial roles within, Pareto Securities AS do not hold any ownership interests in the Company.

Advokatfirmaet Thommessen AS is acting as Norwegian legal counsel to the Company in connection with the Admission. Conyers Dill & Pearman Limited is acting as special Bermuda legal counsel to the Company.

Wikborg Rein Advokatfirma AS is acting as Norwegian legal counsel to the Euronext Growth Advisor in connection with the Admission.

INFORMATION DOCUMENT

14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Information Document, the following defined terms shall have the following meaning:

Admission	The admission to trading of the Company's shares on Euronext Growth.
Annual Financial Statements	Audited consolidated financial statements as of and for the year ended 31 December 2025, and audited consolidated financial statements as of and for the year ended 31 December 2024.
Appointed Stock Exchange.....	As such term is defined in the Bermuda Companies Act.
Appropriate Channels for Distribution	All distribution channels as are permitted by MiFID II.
Aspect.....	Aspect Holdings LLP.
Atrush Acquisition.....	On 6 August 2024, the Group closed the acquisition of TAQA and the subsequent sale of an indirect interest in the Atrush Block to HKN Energy IV, Ltd.
Atrush Block	The area covered by the Atrush Block PSC.
Atrush Block JOA	The joint operating agreement dated 30 November 2011, as amended, in respect of the Atrush Block.
Atrush Block PSC.....	The production sharing contract dated 10 November 2007, as amended, in respect of the Atrush Block.
Atrush FDP	Atrush Field Development Plan.
Atrush Feeder Pipeline	The section of pipeline from Atrush Block boundary to the tie-in point on the main export pipeline.
Atrush Operator	HKN, the operator of the Atrush Block.
Bermuda Companies Act	The Companies Act 1981, as amended, of Bermuda.
Blocks	The Atrush Block and Sarsang Block.
BO Act.....	The Beneficial Ownership Act 2025.
Board of Directors (or Directors).....	The board of directors of the Company.
Bond	The Company's 12% senior unsecured USD 300,000,000 bond.
Bond Terms	The bond agreement for the Bond originally dated 27 July 2021.
Bond Trustee	Nordic Trustee AS as bond trustee.
bopd	Barrels of oil per day.
Bye-Laws	The Company's bye-laws.
CFC.....	Controlled foreign company.
CIT Act	The Corporate Income Tax Act 2023 of Bermuda.
Company.....	Shamaran Petroleum Ltd.
Control	Has the meaning ascribed to such term under "11.2.3 Controlled Foreign Corporation (CFC) taxation".
Corporate Governance Code.....	The Norwegian Code of Practice for Corporate Governance.
CPF.....	The central processing facility.
DSU.....	Deferred share units.
EPF	Early production facility.
ES Act.....	The Economic Substance Act 2018 (as amended) of Bermuda.
EST FDP	The East Swara Tika field development plan.

INFORMATION DOCUMENT

EU Prospectus Regulation.....	Regulation (EU) 2017/1129 of the European parliament and the council of 14 June 2017
Euronext Growth.....	Euronext Growth Oslo.
Euronext Growth Admission Rules	Has the meaning ascribed to such term under "Important Information".
Euronext Growth Advisor.....	Pareto Securities AS.
Euronext Growth Content Requirements.....	Content requirements for Information Documents for Euronext Growth.
Excess allowance.....	Any part of the calculated allowance one year exceeding the dividend distributed on the share.
Federal Government.....	The Federal Government of Iraq.
Financial Information.....	The Annual Financial Statements and the Interim Financial Statements.
FSMA.....	The Financial Services and Markets Act 2000.
GEP	General Exploration Partners, Inc.
Group	The Company together with its subsidiaries.
HKN	All companies in the HKN Energy group, a private company based in Dallas, Texas, United States of America.
ICE.....	The Intercontinental Exchange.
Incurrence Test	Distributions and certain new debt are restricted and subject to an incurrence test.
Information Document.....	This Information Document, dated 5 June 2026.
Interested Director	A Director who is directly or indirectly interested in a contract or proposed contract with the Company.
Interim Financial Statements.....	The Company's unaudited financial statements for the three months' period ended 31 March 2026.
IOCs	international oil companies.
IPC.....	International Petroleum Corp., an international oil and gas exploration and product company.
ITP.....	The Iraq-Turkey Pipeline.
JOA.....	Joint Operating Agreement.
KRG.....	Kurdistan Regional Government.
KRI.....	Kurdistan Region of Iraq.
LEI	The Company's Legal Entity Identifier.
LTIP	Long-term incentive plan.
Maersk Kurdistan.....	Maersk Oil Kurdistan A/S.
Management	The members of the management of the Group.
Marathon	Marathon Oil KDV B.V.
McDaniel	McDaniel & Associates Consultants Ltd.
MiFID II	EU directive 2014/65/EU on markets in financial instruments.
MiFID II Product Governance Requirements.....	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
MMbo	Million barrels of crude oil.

INFORMATION DOCUMENT

MoO.....	The Iraqi Ministry of Oil.
Negative Target Market.....	Has the meaning ascribed to such term under "Important Information".
Nemesia	Nemesia S.à.r.l.
Non-Norwegian Shareholders.....	Shareholders who are not resident in Norway for tax purposes.
Non-resident entity.....	An entity which is resident in certain jurisdictions outside Bermuda for tax purposes.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes.
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (Nw.: <i>verdipapirhandelloven</i>).
Norwegian Securities Trading Regulation.....	The Norwegian Securities Trading Regulation of 29 June 2007 no. 876 (as amended) (Nw.: <i>verdipapirforskriften</i>).
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes.
NYMEX.....	New York Mercantile Exchange.
Outstanding Bonds.....	The current outstanding amount under the Bond is USD 143,768,218 and no further bonds may be issued.
Positive Target Market.....	Has the meaning ascribed to such term under "Important Information".
PSCs.....	The production sharing contracts.
PSU	Performance share units.
QIBs	Qualified institutional buyers.
Redomiciliation.....	On 26 May 2026, the Company continued from British Columbia, Canada, to Bermuda pursuant to the provisions of the Business Corporations Act (British Columbia) and the laws of Bermuda.
Relevant Member State.....	Each of the member states of the European Economic Area other than Norway.
Retail Private Placement.....	A retail private placement completed on 2 June 2026 in the amount of the NOK equivalent of approximately EUR 1 million, by the issuance of 8,999,999 new Shares in the Company at a subscription price of NOK 1.20 per Share.
Retail Private Placement Shares.....	The issuance of 8,999,999 new Shares in the Retail Private Placement.
RSU	Restricted share units.
Sarsang Acquisition	On 14 September 2022, the Company closed the acquisition of TEPKRI.
Sarsang Block	The area covered by the Sarsang Block PSC.
Sarsang Block JOA.....	The joint operating agreement dated 31 August 2011, as amended, in respect of the Sarsang Block.
Sarsang Block PSC.....	The production sharing contract dated 7 November 2007, as amended, in respect of the Sarsang Block.
Sarsang Operator.....	HKN, the operator of the Sarsang Block.
SDRs	Swedish Depository Receipts.

INFORMATION DOCUMENT

Share Option Plan	As part of the Company's LTIP, the Company has established a share option plan under which options may be granted to employees, as well as certain consultants, of the Company.
Share Units Plan	As part of the Company's LTIP, the Company may grant RSUs, DSUs and PSUs under the share units plan.
Shares	The Company's common shares, each with a par value of USD 0.01.
SOMO	The Iraq State Organization for Marketing of Oil.
ST FDP	The Swara Tika field development plan.
TAQA	TAQA Atrush B.V.
Target Market Assessment	Has the meaning ascribed to such term under "Important Information".
TEPKRI	TEPKRI Sarsang A/S.
TSX-V	TSX Venture Exchange.
VPS	The Norwegian Central Securities Depository (Nw.: <i>Verdipapirsentralen</i>).
VPS Registrar	DNB Bank ASA, Registrars Department, with registered address Dronning Eufemias gate 30, 0191 Oslo, Norway.

* * *

APPENDIX A

CERTIFICATE OF CONTINUANCE, MEMORANDUM OF CONTINUANCE AND BYE-LAWS OF SHAMARAN PETROLEUM LTD.



GOVERNMENT OF BERMUDA

Registrar of Companies

The Companies Act 1981

CERTIFICATE OF CONTINUANCE

I hereby in accordance with the provisions of section 14 and section 132C(4)(d) of **the Companies Act 1981**, issue this Certificate of Continuance and do certify that on the **26th day of May 2026**

Shamaran Petroleum Ltd.

was registered under the provisions of the said section and that the status of the said Company is that of an **Exempted** Company.

A handwritten signature in black ink, appearing to be 'KJ' with a flourish.

Kenneth Joaquin

Registrar of Companies

26th day of May 2026





**BERMUDA
THE COMPANIES ACT 1981**

**MEMORANDUM OF CONTINUANCE OF COMPANY LIMITED BY SHARES
Section 132C(2)**

**MEMORANDUM OF CONTINUANCE
OF
ShaMaran Petroleum Ltd.**

(hereinafter referred to as the "Company")

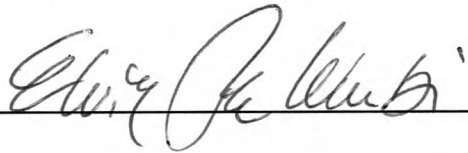
1. The liability of the members of the Company is limited to the amount (if any) for the time being unpaid on the shares respectively held by them.
2. The Company is an exempted company as defined by the Companies Act 1981.
3. The authorised share capital of the Company is US\$35,000,000 divided into 3,500,000,000 shares of par value USD \$0.01 each.
4. The Company, with the consent of the Minister of Finance, has power to hold land situate in Bermuda not exceeding N/A in all, including the following parcels:-
5. Details of Incorporation:

The Company was incorporated in Ontario, Canada on 3 October 1991 and most recently continued into British Columbia, Canada on 29 December 2006.
6. The objects of the Company from the date of continuance are unrestricted.
7. The following are provisions regarding the powers of the Company –

Subject to paragraph 4, the Company may do all such things as are incidental or conducive to the attainment of its objects and shall have the capacity, rights, powers and privileges of a natural person, and—

- (i) pursuant to Section 42 of the Act, the Company shall have the power to issue preference shares which are, at the option of the holder, liable to be redeemed;
- (ii) pursuant to Section 42A of the Act , the Company shall have the power to purchase its own shares; and
- (iii) pursuant to Section 42B of the Act, the Company shall have the power to acquire its own shares to be held as treasury shares.

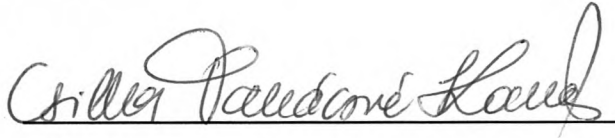
Signed by duly authorised persons in the presence of at least one witness attesting the signature thereof:-



ELVIS PELLUMB

CHIEF FINANCIAL OFFICER

(Authorised persons)



CSILLA TAKÁCSNÉ KALMAR

Admin & Receptionist

(Witnesses)

Dated this 26th day of May, 2026

BYE LAWS

of

ShaMaran Petroleum Ltd.



FOR AND ON BEHALF OF CONYERS CORPORATE SERVICES (BERMUDA) LIMITED

ASSISTANT SECRETARY

ADOPTED: 26th May, 2026

CONYERS

Bye-laws of

ShaMaran Petroleum Ltd.

Clarendon House, 2 Church Street

Hamilton HM 11, Bermuda

conyers.com

TABLE OF CONTENTS

INTERPRETATION	1
1. Definitions	1
SHARES	3
2. Power to Issue Shares	3
3. Power of the Company to Purchase its Shares	3
4. Rights Attaching to Shares	3
5. Calls on Shares	5
6. Forfeiture of Shares	6
7. Share Certificates	7
8. Fractional Shares	8
REGISTRATION OF SHARES	8
9. Register of Members	8
10. Registered Holder Absolute Owner	9
11. Transfer of Registered Shares	9
12. Transmission of Registered Shares	10
ALTERATION OF SHARE CAPITAL	11
13. Power to Alter Capital	11
14. Variation of Rights Attaching to Shares	11
DIVIDENDS AND CAPITALISATION	12
15. Dividends	12
16. Power to Set Aside Profits	12
17. Method of Payment	12
18. Capitalisation	13
MEETINGS OF MEMBERS	13
19. Annual General Meetings	13
20. Special General Meetings	13
21. Requisitioned General Meetings	13
22. Notice	14
23. Giving Notice and Access	15
24. Postponement or Cancellation of General Meeting	16

25.	Electronic Participation and Security in Meetings	16
26.	Quorum at General Meetings	16
27.	Chairman to Preside at General Meetings	17
28.	Voting on Resolutions	17
29.	Power to Demand a Vote on a Poll	17
30.	Voting by Joint Holders of Shares	18
31.	Instrument of Proxy	18
32.	Representation of Corporate Member	19
33.	Adjournment of General Meeting	19
34.	Written Resolutions	20
35.	Directors Attendance at General Meetings	21
	DIRECTORS AND OFFICERS	21
36.	Election of Directors	21
37.	Term of Office of Directors	22
38.	Alternate Directors	22
39.	Removal of Directors	22
40.	Vacancy in the Office of Director	22
41.	Remuneration of Directors	23
42.	Defect in Appointment	23
43.	Directors to Manage Business	23
44.	Powers of the Board of Directors	23
45.	Register of Directors and Officers	24
46.	Appointment of Officers	25
47.	Appointment of Secretary	25
48.	Duties of Officers	25
49.	Remuneration of Officers	25
50.	Conflicts of Interest	25
51.	Indemnification and Exculpation of Directors and Officers	26
	MEETINGS OF THE BOARD OF DIRECTORS	27
52.	Board Meetings	27
53.	Notice of Board Meetings	27

54.	Electronic Participation in Meetings	27
55.	Quorum at Board Meetings	27
56.	Board to Continue in the Event of Vacancy	27
57.	Chairman to Preside	27
58.	Written Resolutions	27
59.	Validity of Prior Acts of the Board	28
CORPORATE RECORDS		28
60.	Minutes	28
61.	Place Where Corporate Records Kept	28
62.	Form and Use of Seal	28
ACCOUNTS		28
63.	Records of Account	28
64.	Financial Year End	29
AUDITS		29
65.	Annual Audit	29
66.	Appointment of Auditor	29
67.	Remuneration of Auditor	29
68.	Duties of Auditor	29
69.	Access to Records	29
70.	Financial Statements and the Auditor's Report	30
71.	Vacancy in the Office of Auditor	30
VOLUNTARY WINDING-UP AND DISSOLUTION		30
72.	Winding-Up	30
CHANGES TO CONSTITUTION		30
73.	Changes to Bye-laws	30
74.	Changes to the Memorandum of Association	31
75.	Discontinuance	31
AMALGAMATION OR MERGER		31
76.	Amalgamation or Merger	31

INTERPRETATION

1. DEFINITIONS

- 1.1. In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

“Act”	the Companies Act 1981;
“Auditor”	includes an individual, company or partnership;
“Board”	the board of directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Act and these Bye-laws or the directors present at a meeting of directors at which there is a quorum;
“Common Shares”	has the meaning attributed to it in Bye-law 4;
“Company”	the company for which these Bye-laws are approved and confirmed;
“Depository”	the VPS (or its nominee) or any other securities depository (or its nominee) or bank, institution or company (or its nominee) whose name or whose nominee's name is entered as a Member of the Company in the Register of Members;
“Director”	a director of the Company;
“Member”	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
“notice”	written notice as further provided in these Bye-laws unless otherwise specifically stated;
“Officer”	any person appointed by the Board to hold an office in the Company;
“Preference Shares”	has the meaning attributed to it in Bye-law 4;
“Register of Directors and Officers”	the register of directors and officers referred to in these Bye-laws;

“Register of Members”	the register of members referred to in these Bye-laws;
“Registrar”	a bank, institution or company, acting through its registrar department, issuer services or similar capacity, if and as applicable, appointed by the Company to provide VPS and/or any other relevant system concerned securities services to the Company, if applicable;
“Resident Representative”	any person appointed to act as resident representative and includes any deputy or assistant resident representative;
“Secretary”	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
“Treasury Share”	a share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled; and
“VPS”	Euronext Securities Oslo, the Norwegian Central Securities Depository.

1.2. In these Bye-laws, where not inconsistent with the context:

- (a) words denoting the plural number include the singular number and *vice versa*;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
- (d) the words:-
 - (i) "may" shall be construed as permissive; and
 - (ii) "shall" shall be construed as imperative;
- (e) a reference to a statutory provision shall be deemed to include any amendment or re-enactment thereof;
- (f) the phrase "issued and outstanding" in relation to shares, means shares in issue other than Treasury Shares;

- (g) the word "corporation" means a corporation whether or not a company within the meaning of the Act; and
- (h) unless otherwise provided herein, words or expressions defined in the Act shall bear the same meaning in these Bye-laws.

- 1.3. In these Bye-laws expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.
- 1.4. Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. POWER TO ISSUE SHARES

- 2.1. Subject to these Bye-laws, and Bye-law 2.2 in particular with regard to the issuance of any preference shares, and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares on such terms and conditions as it may determine.
- 2.2. Without limitation to the provisions of Bye-law 4, subject to the provisions of the Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion), PROVIDED THAT prior approval for the issuance of such shares is given by resolution of the Members in general meeting.

3. POWER OF THE COMPANY TO PURCHASE ITS SHARES

- 3.1. The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit.
- 3.2. The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Act.

4. RIGHTS ATTACHING TO SHARES

- 4.1. At the date these Bye-laws are adopted, the share capital of the Company shall consist of common shares of par value US\$0.01 each (the "**Common Shares**").
- 4.2. The holders of Common Shares shall, subject to these Bye-laws (including, without limitation, the rights attaching to any Preference Shares that may be authorised for the issue in the future by the Board pursuant to Bye-law 4.3):
 - (a) be entitled to one vote per share;
 - (b) be entitled to such dividends as the Board may from time to time declare;

- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to shares.

4.3. Subject to obtaining prior approval for the issuance of such shares by resolution of the Members in general meeting pursuant to Bye-law 2.2, the Board is authorised to provide for the issuance of one or more classes of preference shares in one or more series (the “**Preference Shares**”), and to establish from time to time the number of shares to be included in each such series, and to fix the terms, including designation, powers, preferences, rights, qualifications, limitations and restrictions of the shares of each such series (and, for the avoidance of doubt, such matters and the issuance of such Preference Shares shall not be deemed to vary the rights attached to the Common Shares or, subject to the terms of any other series of Preference Shares, to vary the rights attached to any other series of Preference Shares). Subject to obtaining prior approval for the issuance of such shares by resolution of the Members in general meeting pursuant to Bye-law 2.2, the authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

- (a) the number of shares constituting that series and the distinctive designation of that series;
- (b) the dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of the payment of dividends on shares of that series;
- (c) whether the series shall have voting rights, in addition to the voting rights provided by law and, if so, the terms of such voting rights;
- (d) whether the series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares) and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;
- (e) whether or not the shares of that series shall be redeemable or repurchaseable and, if so, the terms and conditions of such redemption or repurchase, including the manner of selecting shares for redemption or repurchase if less than all shares are to be redeemed or repurchased, the date or dates upon or after which they shall be redeemable or repurchaseable, and the amount per share payable in case of redemption or repurchase, which amount may vary under different conditions and at different redemption or repurchase dates;
- (f) whether that series shall have a sinking fund for the redemption or repurchase of shares of that series and, if so, the terms and amount of such sinking fund;
- (g) the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase,

redemption or other acquisition by the Company or any subsidiary of any issued shares of the Company;

- (h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment in respect of shares of that series;
- (i) the rights of holders of that series to elect or appoint directors; and
- (j) any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.

4.4. Any Preference Shares of any series which have been redeemed (whether through the operation of a sinking fund or otherwise) or which, if convertible or exchangeable, have been converted into or exchanged for shares of any other class or classes shall have the status of authorised and unissued Preference Shares of the same series and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preference Shares to be created by resolution or resolutions of the Board or as part of any other series of Preference Shares, all subject to the conditions and the restrictions on issuance set forth in the resolution or resolutions adopted by the Board providing for the issue of any series of Preference Shares and subject to obtaining prior approval for the issuance of such shares by resolution of the Members in general meeting pursuant to Bye-law 2.2.

4.5. At the discretion of the Board, whether or not in connection with the issuance and sale of any shares or other securities of the Company, the Company may issue securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations on such terms, conditions and other provisions as are fixed by the Board including, without limiting the generality of this authority, conditions that preclude or limit any person or persons owning or offering to acquire a specified number or percentage of the issued Common Shares, other shares, option rights, securities having conversion or option rights, or obligations of the Company or transferee of the person or persons from exercising, converting, transferring or receiving the shares, option rights, securities having conversion or option rights, or obligations.

4.6. All the rights attaching to a Treasury Share shall be suspended and shall not be exercised by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

5. CALLS ON SHARES

5.1. The Board may make such calls as it thinks fit upon the Members in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

- 5.2. Any amount which, by the terms of allotment of a share, becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Bye-laws be deemed to be an amount on which a call has been duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Bye-laws as to payment of interest, costs and expenses, forfeiture or otherwise shall apply as if such amount had become payable by virtue of a duly made and notified call.
- 5.3. The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.
- 5.4. The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up.

6. FORFEITURE OF SHARES

- 6.1. If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Notice of Liability to Forfeiture for Non-Payment of Call

Shamaran Petroleum Ltd. (the "Company")

You have failed to pay the call of [amount of call] made on [date], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on [date], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [] per annum computed from the said [date] at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this [date]

[Signature of Secretary] By Order of the Board

- 6.2. If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Bye-laws and the Act.

- 6.3. A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture, together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.
- 6.4. The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

7. SHARE CERTIFICATES

- 7.1. Subject to the Act, no share certificates shall be issued by the Company unless, in respect of a class of shares, the Board has either for all or for some holders of such shares (who may be determined in such manner as the Board thinks fit) determined that the holders of such shares may be entitled to share certificates. In the case of a share held jointly by several persons, delivery of a certificate to one of the several joint holders shall be sufficient delivery to all.
- 7.2. Subject to being entitled to a share certificate under the provisions of Bye-law 7.1, the Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted.
- 7.3. If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.
- 7.4. Notwithstanding any provisions of these Bye-laws:
- (a) the Board shall, subject always to the Act and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements it may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares by means of a Depository, the VPS system or any other relevant system, and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form. The Board may from time to time take such actions and do such things as the Board may in its absolute discretion think fit in relation to the operation of any such arrangements;
 - (b) the Board shall have the power to transfer shares of the Company (including, without limitation, legal title to any shares of the Company) held by any holder thereof to or from any Depository or any other relevant system in connection with a listing or admission, or upon any delisting or ceasing of any admission, to trading or shares of the Company (or beneficial interests, depository interests or any such other interests in shares of the Company) on an appointed stock exchange or other stock exchange. Each Member authorises and grants the Board, and any person appointed and/or authorised by the Board, the power to act as agent of such Member to sign any instrument of transfer, if necessary or desirable, in respect of any transfer of shares pursuant to this Bye-law 7.4 for and on behalf of the Member. The Board is authorised to appoint and/or authorise any person to sign any such instrument of transfer on behalf of such Member or person. Such

instrument of transfer shall be effective as if it has been executed by the registered holder and title of the transferee shall not be affected by any irregularity or invalidity of proceedings related thereto. Notice shall be given to a Member before transferring such Member's share(s) to any Depository or any other relevant system, provided the accidental omission to give notice to, or the non-receipt of a notice by, any person entitled to receive such notice shall not invalidate any such transfer. A Member may request by written notice to the Secretary for the Board: (i) to not transfer such Member's shares to any Depository or any other relevant system pursuant to this Bye-law; and/or (ii) to subsequently transfer such Member's shares to or from any such Depository or any other relevant system in accordance with such rules, regulations, facilities and requirements of any such Depository or such other relevant system; and

- (c) unless otherwise determined by the Board and as permitted by the Act and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

8. FRACTIONAL SHARES

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

REGISTRATION OF SHARES

9. REGISTER OF MEMBERS

- 9.1. The Board shall cause to be kept in one or more books a Register of Members and shall enter therein the particulars required by the Act. Subject to the provisions of the Act, the Board may resolve that the Company may keep one or more branch registers in any place in or outside of Bermuda, and the Board may make, amend and revoke any such regulations as it may think fit respecting the keeping of such branch registers. The Board may authorise any share on the Register of Members to be included in a branch register or any share registered on a branch register to be registered on another branch register, provided that at all times the Register of Members is maintained in accordance with the Act.
- 9.2. The Register of Members shall be open to inspection without charge at the registered office of the Company on every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each business day be allowed for inspection. The Register of Members may, after notice has been given in accordance with the Act, be closed for any time or times not exceeding in the whole thirty days in each year.

10. REGISTERED HOLDER ABSOLUTE OWNER

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

11. TRANSFER OF REGISTERED SHARES

- 11.1. Subject to the Act and to such of the restrictions contained in these Bye-laws as may be applicable, any Member may transfer all or any of his shares by an instrument of transfer in the usual common form or in any other form which the Board may approve. No such instrument shall be required on the redemption of a share or on the purchase by the Company of a share. Where applicable, all transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of a Depository, the VPS system or any other relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board pursuant to Bye-law 7.
- 11.2. An instrument of transfer shall be signed by (or in the case of a party that is a corporation, on behalf of) the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Members.
- 11.3. The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares (if one has been issued) to which it relates and by such other evidence as the Board may reasonably require to prove the right of the transferor to make the transfer.
- 11.4. The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.
- 11.5. The Board may refuse to register the transfer of any share, and may direct a Registrar and/or transfer agent to decline (and such Registrar and/or transfer agent, to the extent it is able to do so, shall decline if so requested) to register the transfer of any interest in a share held through a Depository, the VPS or any other relevant system, where such a transfer would, in the opinion of the Board, be likely to result in 50% or more of the aggregate issued and outstanding share capital of the Company, or shares of the Company which are attached 50% or more of the votes attached to all issued and outstanding shares of the Company, being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares being effectively connected to a Norwegian business activity, or the Company otherwise being deemed a Controlled Foreign Company as such term is defined pursuant to Norwegian tax legislation.

- 11.6. The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share which is not fully paid up. The Board shall refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.
- 11.7. Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Act.
- 11.8. Subject to Bye-law 11.5, but notwithstanding anything to the contrary in these Bye-laws, shares that are listed or admitted to trading on an appointed stock exchange may be transferred in accordance with the rules and regulations of such exchange.
- 11.9. The Board in its absolute discretion may transfer shares, and register the transfer of such shares, pursuant to Bye-law 7.4.

12. TRANSMISSION OF REGISTERED SHARES

- 12.1. In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.
- 12.2. Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member

Shamaran Petroleum Ltd. (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof;

and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [date]

Signed by:

In the presence of:

Transferor

Witness

Signed by:

In the presence of:

Transferee

Witness

- 12.3. On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.
- 12.4. Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to such share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

ALTERATION OF SHARE CAPITAL

13. POWER TO ALTER CAPITAL

- 13.1. The Company may if authorised by resolution of the Members increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.
- 13.2. Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit.

14. VARIATION OF RIGHTS ATTACHING TO SHARES

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

DIVIDENDS AND CAPITALISATION

15. DIVIDENDS

- 15.1. The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.
- 15.2. The Board may fix any date as the record date for determining the Members entitled to receive any dividend.
- 15.3. The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.
- 15.4. The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

16. POWER TO SET ASIDE PROFITS

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose.

17. METHOD OF PAYMENT

- 17.1. Any dividend, interest, or other moneys payable in cash in respect of the shares may be paid through a Depository, the VPS system or any other relevant system, by cheque or bank draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the Member may direct in writing, or by transfer to such account as the Member may direct in writing.
- 17.2. In the case of joint holders of shares, any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or bank draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may direct in writing, or by transfer to such account as the joint holders may direct in writing. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.
- 17.3. The Board may deduct from the dividends or distributions payable to any Member all moneys due from such Member to the Company on account of calls or otherwise.

- 17.4. Any dividend and/or other moneys payable in respect of a share which has remained unclaimed for 6 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.
- 17.5. The Company shall be entitled to cease sending dividend cheques and drafts by post or otherwise to a Member if those instruments have been returned undelivered to, or left uncashed by, that Member on at least two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish the Member's new address. The entitlement conferred on the Company by this Bye-law 17.5 in respect of any Member shall cease if the Member claims a dividend or cashes a dividend cheque or draft.

18. CAPITALISATION

- 18.1. The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.
- 18.2. The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

19. ANNUAL GENERAL MEETINGS

Subject to an election made by the Company in accordance with the Act to dispense with the holding of annual general meetings, an annual general meeting shall be held in each year (other than the year of incorporation) at such time and place as the president or the chairman of the Company (if any) or any two Directors or any Director and the Secretary or the Board shall appoint.

20. SPECIAL GENERAL MEETINGS

The president or the chairman of the Company (if any) or any two Directors or any Director and the Secretary or the Board may convene a special general meeting whenever in their judgment such a meeting is necessary.

21. REQUISITIONED GENERAL MEETINGS

The Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings, forthwith proceed to convene a special general meeting and the provisions of the Act shall apply.

22. NOTICE

- 22.1. At least fourteen (14) days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting.
- 22.2. At least fourteen (14) days' notice of a special general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.
- 22.3. Subject to Bye-law 22.6, the Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting.
- 22.4. A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving a right to attend and vote thereat in the case of a special general meeting.
- 22.5. The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 22.6. Notwithstanding any other provisions of these Bye-laws, in relation to any general meeting, or any class meeting of the Members or any adjourned meeting or any poll taken at a meeting or adjourned meeting of which notice is given, the Board may specify in the notice of the meeting or adjourned meeting or in any document sent to the Members by or on behalf of the Board in relation to the meeting, a time and date (a "**Record Date**") which is not more than five (5) days before the date fixed for the meeting (the "**Meeting Date**") and notwithstanding any provision in these Bye-laws to the contrary, in such case:
- (a) each person entered in the Register of Members at the Record Date as a Member, or a Member of the relevant class (a "**Record Date Holder**") shall be entitled to attend and vote at the relevant meeting and to exercise all of the rights and privileges of a Member or a Member of the relevant class, as applicable, in relation to that meeting in respect of the shares, or the shares of the relevant class, registered in such Member's name in the Register of Members (including, for the avoidance of doubt, a branch register) at the Record Date;
 - (b) as regards any shares, or shares of the relevant class, which are registered in the name of a Record Date Holder at the Record Date but are not so registered at the Meeting Date (the "**Relevant Shares**"), each holder of any Relevant Shares at the meeting date shall be deemed to have irrevocably appointed that Record Date Holder as his proxy for the purpose of attending and voting in respect of those Relevant Shares at the relevant meeting (with power to appoint, or to authorise the appointment of, some other person as

proxy), in such manner as the Record Date Holder in his absolute discretion may determine;

- (c) accordingly, except through his proxy pursuant to this Bye-law 22.6, a holder of Relevant Shares at the meeting date who is not a Record Date Holder, shall not be entitled to attend or to vote at the relevant meeting, or to exercise any of the rights or privileges of a Member or a Member of the relevant class, in respect of the Relevant Shares at that meeting; and
- (d) the entry of the name of a person in the Register of Members as a Record Date Holder shall be sufficient evidence of his appointment as proxy in respect of any Relevant Shares for the purposes of this Bye-law 22.6, but all the provisions of these Bye-laws relating to execution and deposit of an instrument appointing a proxy or any ancillary matter (including the Board's powers and discretions relevant to such matter) shall apply to any instrument appointing any person other than the Record Date Holder as proxy in respect of any Relevant Shares.

22.7. Notwithstanding any other provisions in these Bye-laws, no Member shall be entitled to attend any general meeting unless notice in writing of the intention to attend and vote in person or by proxy signed by or on behalf of the Member (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) addressed to the Secretary is deposited (by post, courier, facsimile transmission or other electronic means) at the registered office of the Company at least 48 hours before the time appointed for holding the general meeting or the adjournment thereof.

23. GIVING NOTICE AND ACCESS

23.1. A notice may be given by the Company to a Member:

- (a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or
- (b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served five days after the date on which it is deposited, with postage prepaid, in the mail; or
- (c) by sending it by courier to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served two days after the date on which it is deposited, with courier fees paid, with the courier service; or
- (d) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or
- (e) by delivering it in accordance with the provisions of the Act pertaining to delivery of electronic records by publication on a website, in which case the notice shall be deemed to have been served at the time when the requirements of the Act in that regard have been met.

- 23.2. Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.
- 23.3. In proving service under paragraphs 23.1(b), (c) and (d), it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, deposited with the courier, or transmitted by electronic means.

24. POSTPONEMENT OR CANCELLATION OF GENERAL MEETING

The Secretary may, and on the instruction of the chairman of the Company or the Board, the Secretary shall, postpone or cancel any general meeting called in accordance with these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement or cancellation is given to the Members before the time for such meeting. Fresh notice of the date, time and place for a postponed meeting shall be given to each Member in accordance with these Bye-laws.

25. ELECTRONIC PARTICIPATION AND SECURITY IN MEETINGS

- 25.1. Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
- 25.2. The Board may, and at any general meeting, the chairman of such meeting may, make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.

26. QUORUM AT GENERAL MEETINGS

- 26.1. At any general meeting two or more persons present throughout the meeting and representing in person or by proxy issued and outstanding shares in the Company shall form a quorum for the transaction of business.
- 26.2. If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Secretary may determine. Unless the meeting is adjourned to a specific date, time and place announced at the meeting being adjourned, fresh notice of the resumption of the meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

27. CHAIRMAN TO PRESIDE AT GENERAL MEETINGS

Unless otherwise agreed by a majority of those attending and entitled to vote at a general meeting, the chairman of the Company, if there be one who is present, and if not the president of the Company, if there be one who is present, shall act as chairman of such meeting. In their absence a chairman of the meeting shall be appointed or elected by those present at the meeting and entitled to vote.

28. VOTING ON RESOLUTIONS

- 28.1. Subject to the Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes the resolution shall fail.
- 28.2. No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.
- 28.3. At any general meeting a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to these Bye-laws, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his hand.
- 28.4. In the event that a Member participates in a general meeting by telephone, electronic or other communication facilities or means, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands.
- 28.5. At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.
- 28.6. At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Bye-laws, be conclusive evidence of that fact.

29. POWER TO DEMAND A VOTE ON A POLL

- 29.1. Notwithstanding the foregoing, a poll may be demanded by any of the following persons:
 - (a) the chairman of such meeting; or
 - (b) at least three Members present in person or represented by proxy; or
 - (c) any Member or Members present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the Members having the right to vote at such meeting; or

- (d) any Member or Members present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total amount paid up on all such shares conferring such right.

29.2. Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, electronic or other communication facilities or means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

29.3. A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman (or acting chairman) of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.

29.4. Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communication facilities or means shall cast his vote in such manner as the chairman of the meeting shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two Members or proxy holders appointed by the chairman of the meeting for the purpose and the result of the poll shall be declared by the chairman of the meeting.

30. VOTING BY JOINT HOLDERS OF SHARES

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

31. INSTRUMENT OF PROXY

31.1. An instrument appointing a proxy by

- (a) an instrument in writing in substantially the following form or such other form as the Board may determine from time to time or the Board or the chairman of the meeting shall accept:

Proxy

ShaMaran Petroleum Ltd. (the "Company")

I/We, [insert names here] , being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on [date] and at any adjournment thereof. [Any restrictions on voting to be inserted here.]

Signed this [date]

Member(s)

- (b) such telephonic, electronic or other means as may be approved by the Board from time to time.

31.2. The appointment of a proxy must be received by the Company at the registered office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the appointment proposes to vote, and appointment of a proxy which is not received in the manner so permitted shall be invalid.

31.3. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.

31.4. The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

32. REPRESENTATION OF CORPORATE MEMBER

32.1. A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

32.2. Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

33. ADJOURNMENT OF GENERAL MEETING

33.1. The chairman of a general meeting at which a quorum is present may, with the consent of the Members holding a majority of the voting rights of those Members present in person or by proxy (and shall if so directed by Members holding a majority of the voting rights of those Members present in person or by proxy) adjourn the meeting.

- 33.2. The chairman of a general meeting may adjourn the meeting to another time and place without the consent or direction of the Members if it appears to him that:
- (a) it is likely to be impractical to hold or continue that meeting because of the number of Members wishing to attend who are not present; or
 - (b) the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or
 - (c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.
- 33.3. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

34. WRITTEN RESOLUTIONS

- 34.1. Subject to the following, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may, without a meeting and without any previous notice being required, be done by resolution in writing signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, all the Members who at the date of the resolution would be entitled to attend the meeting and vote on the resolution.
- 34.2. A resolution in writing may be signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, all the Members, or all the Members of the relevant class thereof, in as many counterparts as may be necessary.
- 34.3. A resolution in writing made in accordance with this Bye-law is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Bye-law to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.
- 34.4. A resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Act.
- 34.5. This Bye-law shall not apply to:
- (a) a resolution passed to remove an Auditor from office before the expiration of his term of office; or
 - (b) a resolution passed for the purpose of removing a Director before the expiration of his term of office.

- 34.6. For the purposes of this Bye-law, the date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last Member to sign and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date.

35. DIRECTORS ATTENDANCE AT GENERAL MEETINGS

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

DIRECTORS AND OFFICERS

36. ELECTION OF DIRECTORS

- 36.1. The Board shall consist of such number of Directors being not less than three Directors and not more than five Directors as it may determine or such other minimum and maximum numbers as the Board may from time to time determine. The Board shall be elected or appointed at the annual general meeting of the Members or at any special general meeting of the Members called for that purpose.
- 36.2. Where the number of persons validly proposed for re-election or election as a Director is greater than the number of Directors to be elected, the persons receiving the most votes (up to the number of Directors to be elected) shall be elected as Directors, and an absolute majority of the votes cast shall not be a prerequisite to the election of such Directors.
- 36.3. Only persons who are proposed or nominated in accordance with this Bye-law shall be eligible for election as Directors. Subject to these Bye-laws, any Member, the Board or the nomination committee (if any) may propose any person for re-election or election as a Director. Where any person, other than a Director retiring at the meeting or a person proposed for re-election or election as a Director by the Board or the nomination committee (if any), is to be proposed for election as a Director, notice must be given to the Company of the intention to propose him and of his willingness to serve as a Director. Whether a Director is to be elected at an annual general meeting or a special general meeting that notice must be given not less than 10 days before the date of such general meeting.

- 36.4. The Company in general meeting may appoint a nomination committee (the “**nomination committee**”), comprising such number of persons as the Members may determine in general meeting from time to time, and members of the nomination committee shall be appointed by resolution of the Members. Members, the Board and members of the nomination committee may suggest candidates for the election of Directors and members of the nomination committee to the nomination committee provided such suggestions are in accordance with any nomination committee guidelines or corporate governance rules adopted by the Company in general meeting from time to time and Members, Directors and the nomination committee may also propose any person for election as a Director in accordance with Bye-laws 36.2 and 36.3. The nomination committee may or may not recommend any candidates suggested or proposed by any Member, the Board or any member of the nomination committee in accordance with any nomination committee guidelines or corporate governance rules adopted by the Company in general meeting from time to time. The nomination committee may provide recommendations on the suitability of candidates for the Board and the nomination committee, as well as the remuneration of the members of the Board and the nomination committee. The Members at any general meeting may stipulate guidelines for the duties of the nomination committee.
- 36.5. At any general meeting the Members may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.

37. TERM OF OFFICE OF DIRECTORS

Directors shall hold office for such term as the Members may determine or, in the absence of such determination until the next annual general meeting or until their successors are elected or appointed or their office is otherwise vacated.

38. ALTERNATE DIRECTORS

The election or appointment of a person or persons to act as a Director in the alternate to any one or more of the Directors shall not be permitted.

39. REMOVAL OF DIRECTORS

- 39.1. Subject to any provision to the contrary in these Bye-laws, the Members entitled to vote for the election of Directors may, at any special general meeting convened and held in accordance with these Bye-laws, remove a Director provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director not less than 14 days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.
- 39.2. If a Director is removed from the Board under this Bye-law the Members may fill the vacancy at the meeting at which such Director is removed. In the absence of such election or appointment, the Board may fill the vacancy.

40. VACANCY IN THE OFFICE OF DIRECTOR

- 40.1. The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;
- (b) is or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
- (c) is or becomes of unsound mind or dies; or
- (d) resigns his office by notice to the Company.

40.2. The Members in general meeting or the Board shall have the power to appoint any person as a Director to fill a vacancy on the Board occurring as a result of the death, disability, disqualification or resignation of any Director.

41. REMUNERATION OF DIRECTORS

The remuneration (if any) of the Directors shall be determined by Board and shall be deemed to accrue from day to day. The Directors may also be paid all travel, hotel and other expenses properly incurred by them (or in the case of a director that is a corporation, by its representative or representatives) in attending and returning from Board meetings, meetings of any committee appointed by the Board or general meetings, or in connection with the business of the Company or their duties as Directors generally.

42. DEFECT IN APPOINTMENT

All acts done in good faith by the Board, any Director, a member of a committee appointed by the Board, any person to whom the Board may have delegated any of its powers, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that he was, or any of them were, disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or act in the relevant capacity.

43. DIRECTORS TO MANAGE BUSINESS

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Act or by these Bye-laws, required to be exercised by the Company in general meeting.

44. POWERS OF THE BOARD OF DIRECTORS

The Board may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;

- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;
- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may consist partly or entirely of non-Directors, provided that every such committee shall conform to such directions as the Board shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by directions imposed by the Board;
- (h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;
- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law;
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company; and
- (l) take all necessary or desirable actions within its control to ensure that the Company is not deemed to be a Controlled Foreign Company as such term is defined pursuant to Norwegian tax legislation.

45. REGISTER OF DIRECTORS AND OFFICERS

The Board shall cause to be kept in one or more books at the registered office of the Company a Register of Directors and Officers and shall enter therein the particulars required by the Act.

46. APPOINTMENT OF OFFICERS

The Board may appoint such Officers (who may or may not be Directors) as the Board may determine for such terms as the Board deems fit.

47. APPOINTMENT OF SECRETARY

The Secretary shall be appointed by the Board from time to time for such term as the Board deems fit.

48. DUTIES OF OFFICERS

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

49. REMUNERATION OF OFFICERS

The Officers shall receive such remuneration as the Board may determine.

50. CONFLICTS OF INTEREST

50.1. Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company on such terms, including with respect to remuneration, as may be agreed between the parties. Nothing herein contained shall authorise a Director or a Director's firm, partner or company to act as Auditor to the Company.

50.2. A Director who is directly or indirectly interested in a contract or proposed contract with the Company (an "**Interested Director**") shall declare the nature of such interest as required by the Act.

50.3. An Interested Director who has complied with the requirements of the foregoing Bye-law may:

- (a) vote in respect of such contract or proposed contract; and/or
- (b) be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on,

and no such contract or proposed contract shall be void or voidable by reason only that the Interested Director voted on it or was counted in the quorum of the relevant meeting and the Interested Director shall not be liable to account to the Company for any profit realised thereby.

51. INDEMNIFICATION AND EXCULPATION OF DIRECTORS AND OFFICERS

- 51.1. The Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly), and their heirs, executors and administrators (each of which an **"indemnified party"**), shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer.
- 51.2. The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him under the Act in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.
- 51.3. The Company may advance moneys to a Director or Officer for the costs, charges and expenses incurred by the Director or Officer in defending any civil or criminal proceedings against him, on condition that the Director or Officer shall repay the advance if any allegation of fraud or dishonesty in relation to the Company is proved against him.

MEETINGS OF THE BOARD OF DIRECTORS

52. BOARD MEETINGS

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a Board meeting shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

53. NOTICE OF BOARD MEETINGS

A Director may, and the Secretary on the requisition of a Director shall, at any time summon a Board meeting. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose.

54. ELECTRONIC PARTICIPATION IN MEETINGS

Directors may participate in any meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

55. QUORUM AT BOARD MEETINGS

The quorum necessary for the transaction of business at a Board meeting shall be a majority of the Directors then in office.

56. BOARD TO CONTINUE IN THE EVENT OF VACANCY

The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at Board meetings, the continuing Directors or Director may act for the purpose of (i) summoning a general meeting; or (ii) preserving the assets of the Company.

57. CHAIRMAN TO PRESIDE

Unless otherwise agreed by a majority of the Directors attending a Board meeting, the chairman of the Company, if there be one who is present, and if not, the president of the Company, if there be one who is present, shall act as chairman at such Board meeting. In their absence a chairman of the meeting shall be appointed or elected by the Directors present at the meeting.

58. WRITTEN RESOLUTIONS

A resolution signed by (or in the case of a Director that is a corporation, on behalf of) all the Directors, which may be in counterparts, shall be as valid as if it had been passed at a Board meeting duly called and constituted, such resolution to be effective on the date on which the resolution is signed by the last Director.

59. VALIDITY OF PRIOR ACTS OF THE BOARD

No regulation or alteration to these Bye-laws made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

60. MINUTES

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each Board meeting and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, Board meetings, meetings of managers and meetings of committees appointed by the Board.

61. PLACE WHERE CORPORATE RECORDS KEPT

Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the registered office of the Company.

62. FORM AND USE OF SEAL

- 62.1. The Company may adopt a seal in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.
- 62.2. A seal may, but need not, be affixed to any deed, instrument or document, and if the seal is to be affixed thereto, it shall be attested by the signature of (i) any Director, or (ii) any Officer, or (iii) the Secretary, or (iv) any person authorised by the Board for that purpose.
- 62.3. A Resident Representative may, but need not, affix the seal of the Company to certify the authenticity of any copies of documents.

ACCOUNTS

63. RECORDS OF ACCOUNT

- 63.1. The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:
 - (a) all amounts of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;
 - (b) all sales and purchases of goods by the Company; and
 - (c) all assets and liabilities of the Company.

63.2. Such records of account shall be kept at the registered office of the Company or, subject to the Act, at such other place as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

63.3. Such records of account shall be retained for a minimum period of five years from the date on which they are prepared.

64. FINANCIAL YEAR END

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31st December in each year.

AUDITS

65. ANNUAL AUDIT

Subject to any rights to waive laying of accounts or appointment of an Auditor pursuant to the Act, the accounts of the Company shall be audited at least once in every year.

66. APPOINTMENT OF AUDITOR

66.1. Subject to the Act, the Members shall appoint an auditor to the Company to hold office for such term as the Members deem fit or until a successor is appointed.

66.2. The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

67. REMUNERATION OF AUDITOR

67.1. The remuneration of an Auditor appointed by the Members shall be fixed by the Company in general meeting or in such manner as the Members may determine.

67.2. The remuneration of an Auditor appointed by the Board to fill a casual vacancy in accordance with these Bye-laws shall be fixed by the Board.

68. DUTIES OF AUDITOR

68.1. The financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

68.2. The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

69. ACCESS TO RECORDS

The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers for any information in their possession relating to the books or affairs of the Company.

70. FINANCIAL STATEMENTS AND THE AUDITOR'S REPORT

70.1. Subject to the following Bye-law, the financial statements and/or the auditor's report as required by the Act shall

- (a) be laid before the Members at the annual general meeting; or
- (b) be received, accepted, adopted, approved or otherwise acknowledged by the Members by written resolution passed in accordance with these Bye-laws; or
- (c) in circumstances where the Company has elected to dispense with the holding of an annual general meeting, be made available to the Members in accordance with the Act in such manner as the Board shall determine.

70.2. If all Members and Directors shall agree, either in writing or at a meeting, that in respect of a particular interval no financial statements and/or auditor's report thereon need be made available to the Members, and/or that no auditor shall be appointed then there shall be no obligation on the Company to do so.

71. VACANCY IN THE OFFICE OF AUDITOR

The Board may fill any casual vacancy in the office of the auditor.

VOLUNTARY WINDING-UP AND DISSOLUTION

72. WINDING-UP

If the Company shall be wound up the liquidator may, with the sanction of a resolution of the Members of the votes cast in a general meeting, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

73. CHANGES TO BYE-LAWS

No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and by a resolution of the Members including the affirmative vote of not less than two-thirds of the votes cast in a general meeting.

74. CHANGES TO THE MEMORANDUM OF ASSOCIATION

No alteration or amendment to the Memorandum of Association may be made save in accordance with the Act and until same has been approved by a resolution of the Board and by a resolution of the Members including the affirmative vote of not less than two-thirds of the votes cast in a general meeting.

75. DISCONTINUANCE

The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.

AMALGAMATION OR MERGER

76. AMALGAMATION OR MERGER

Any amalgamation or merger of the Company with any other company, wherever incorporated, shall require the approval of the Board, and following the approval of the Board by a resolution of the Members including the affirmative vote of not less than two-thirds of the votes cast in a general meeting.

APPENDIX B

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2025, AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2024**

2025

SHAMARAN
petroleum corp

Annual Report

For the year ended December 31, 2025

Contents

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION.....	1
2025 HIGHLIGHTS AND SUBSEQUENT EVENTS.....	2
OPERATIONS REVIEW	3
FINANCIAL REVIEW	5
• <i>Financial Results</i>	5
• <i>Capital Expenditures</i>	9
• <i>Financial Position and Liquidity</i>	9
• <i>Non-IFRS Measures</i>	11
• <i>Off Balance Sheet Arrangements</i>	12
• <i>Transactions with Related Parties</i>	12
• <i>Outstanding Share Data, Share Units and Stock Options</i>	13
• <i>Contractual Obligations and Commitments</i>	14
• <i>Critical Accounting Policies and Estimates</i>	14
RESERVES AND RESOURCES ESTIMATES	15
FINANCIAL INSTRUMENTS	17
RISKS AND UNCERTAINTIES	18
FORWARD-LOOKING INFORMATION	19
RESERVES AND RESOURCES ADVISORY	19
SUPPLEMENTARY INFORMATION	20

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS REPORT	21
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	27
CONSOLIDATED BALANCE SHEET	28
CONSOLIDATED STATEMENT OF CASH FLOW	29
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	30
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	31

Management's Discussion and Analysis

For the three months and year ended December 31, 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 March 4, 2026, 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 audited consolidated financial statements for the year ended December 31, 2025, together with the accompanying notes ("Financial Statements"), the annual information form for the year ended December 31, 2024 ("2024 Annual Information Form") and the fourth 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 1LC, 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

For the three months and year ended December 31, 2025

2025 HIGHLIGHTS

- International oil exports from the KRI through the Iraq-Türkiye pipeline ("ITP") restarted on September 27, 2025, and continued uninterrupted during Q4 2025, in line with the interim agreements executed between the Kurdistan Regional Government ("KRG"), Government of Iraq and several international oil companies ("IOCs"), including ShaMaran.
 - IOCs are entitled to receive export payments "in kind" under the interim agreements, with cargoes sold by the IOC-appointed marketing firm on a regular basis, and payments for the sales received approximately 30 days after each lifting.
 - The interim agreements were extended to March 31, 2026, in order to facilitate the reconciliation of IOC invoices with the respective PSCs by the appointed international consulting firm. Payment for each participating IOC's full PSC entitlement is expected when the review is completed.
- The Company's working interest proved plus probable ("2P") reserves¹ decreased from 71.5 MMbbls at December 31, 2024, to 67.1 MMbbls at December 31, 2025, primarily due to produced volumes offset by positive technical revisions, representing a replacement ratio of 42% for year-end 2025;
- The Company's working interest best estimate ("2C") contingent resource² volumes increased from 72.2 MMbbls at December 31, 2024, to 72.8 MMbbls at December 31, 2025;
- Average gross daily oil production from Atrush and Sarsang in Q4 2025 on a combined basis was 57.3 Mbopd (14% lower than the 66.4 Mbopd in Q4 2024) and 58.4 Mbopd for the full-year ("FY") 2025 (2% lower than the 59.5 Mbopd in FY 2024) primarily due to lower production at the Sarsang Block and the impact of the drone strike in July 2025;
- Average Company net daily oil production from Atrush and Sarsang in Q4 2025 on a combined basis was 20.0 Mbopd (7% lower than the 21.6 Mbopd in Q4 2024) and 20.9 Mbopd for FY 2025 (32% higher than the 15.8 Mbopd in FY 2024) primarily due to a planned shutdown at the Atrush Block during the quarter as part of the central processing facility ("CPF") debottlenecking project, lower production at the Sarsang block and higher working interest in Atrush for FY 2025;
- Revenue in Q4 2025 was \$54.7 million (57% higher than the \$34.7 million in Q4 2024) and \$154.9 million for FY 2025 (42% higher than the \$109.4 million in FY 2024) primarily due to oil sales at international prices following the restart of pipeline exports;
- Oil sales in Q4 2025 averaged a net oil price of \$58.17/bbl from the two blocks on a combined basis (72% higher than the \$33.74/bbl in Q4 2024) and \$39.61/bbl for FY 2025 (11% higher than the \$35.65/bbl in FY 2024) due to international pricing since the restart of pipeline exports;
- Lifting costs in Q4 2025 were \$11.5 million (46% higher than the \$7.9 million in Q4 2024) and \$39.2 million for FY 2025 (55% higher than the \$25.3 million in FY 2024) mainly due to the impact of the Q3 2025 drone attack and a full year of a higher working and paying interest in the Atrush Block;
- Gross margin on oil sales in Q4 2025 was \$30.5 million (60% higher than the \$19.1 million in Q4 2024) and \$65.0 million for FY 2025 (50% higher than \$43.3 million in FY 2024) mainly due to Q4 2025 pipeline export sales at international pricing, higher local oil sales during the year and a higher working and paying interest in the Atrush Block;
- Adjusted EBITDAX³ in Q4 2025 was \$39.9 million (71% higher than the \$23.4 million in Q4 2024) and \$107.1 million for FY 2025 (41% higher than the \$76.0 million in FY 2024) due to a combination of the effects described above;
- The Company generated \$4.7 million in cash flow from operating activities during Q4 2025 mainly from local sales and pipeline interim payments (86% lower than the \$34.7 million in Q4 2024) and \$69.1 million during FY 2025 (29% lower than the \$98.0 million in FY 2024). The decrease is due to timing of cash receipts for pipeline export sales, as well as higher expenditures related to drilling, debottlenecking and maintenance works on both blocks; and
- At December 31, 2025, the Company had cash of \$42.1 million and gross debt (corporate bond) of \$143.8 million. Net debt³ was \$101.6 million.

¹ Reserves and contingent resources estimates were provided by McDaniel & Associates Consultants Ltd. ("McDaniel"), the Company's independent qualified resources evaluator, and were prepared in accordance with standards set out in the Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook.

² The Company's working interest 2C contingent resources are defined as the best estimate of working interest quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.

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.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

SUBSEQUENT EVENTS:

- On January 19, 2026, the Company announced that it is pursuing a change in the Company's primary listing on the TSXV to the Euronext Growth Oslo market operated by the Oslo Stock Exchange. The Company will continue to fully support the secondary listing on Nasdaq First North Growth Market in Stockholm. ShaMaran plans to simultaneously effect a corporate continuance from Canada to Bermuda to have a more efficient corporate structure. If ShaMaran completes both transactions, the Company will no longer be incorporated in British Columbia and subject to the laws of Canada, it will cease to be listed on the TSXV, and it will no longer be a reporting issuer in any jurisdiction in Canada. ShaMaran will instead be incorporated in and subject to the laws of Bermuda. ShaMaran intends to hold a special meeting of shareholders on March 10, 2026, to seek approval of a special resolution approving the continuance of the Company from British Columbia, Canada to Bermuda (the "Continuance"). If approved by shareholders, the continuance is expected to be effective on or around March 16, 2026; and
- On March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional security environment. HKN plans to restart production as soon as possible.

OPERATIONS REVIEW

Reserves and Resources

On March 4, 2026, the Company reported estimated reserves and contingent resources for the Atrush and Sarsang fields as at December 31, 2025, as reported by the Company's independent reserves and resources evaluator, McDaniel.

For 2025, total property gross production was 21.3 MMbbls, and total Company working interest production was 7.6 MMbbls. As of December 31, 2025, Atrush had achieved cumulative production of approximately 91.5 MMbbls, and Sarsang had achieved cumulative production of approximately 86.8 MMbbls since development commenced in both fields in 2013.

The Company's working interest 2P reserves decreased from 71.5 MMbbls on December 31, 2024 to 67.1 MMbbls on December 31, 2025. Atrush working interest 2P reserves decreased by 2.5 MMbbls, reflecting a reserve replacement ratio of 58%. The reserve change is due to strong field performance resulting in a technical increase in reserves, offset by barrels produced during 2025. At Sarsang, working interest 2P reserves decreased by 2.0 MMbbls, including the barrels produced during 2025, representing a reserves replacement ratio of minus 14%. The Company's 2P reserves revisions for 2025 led to an overall reserves replacement ratio of 42%.

The Company's working interest 2C contingent resource volumes increased from 72.2 MMbbls at December 31, 2024, to 72.8 MMbbls at December 31, 2025.

For more information on reserves and resources, please reference our Form 51-101 F1 Statement of Reserves Data and Other Oil and Gas Information as at December 31, 2025, and available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

Production

	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
Average daily oil production – gross 100% field (Mbopd)				
- Atrush	30.2	30.0	32.5	25.5
- Sarsang	27.1	36.4	25.9	34.0
Total	57.3	66.4	58.4	59.5
Average daily oil production – Company net (Mbopd)				
- Atrush (27.6% until August 6, 2024; 50% thereafter)	15.1	15.0	16.2	9.7
- Sarsang (18%)	4.9	6.6	4.7	6.1
Total	20.0	21.6	20.9	15.8
Oil sales – gross 100% field (Mbbl)				
- Atrush	2,775	2,764	11,843	9,324
- Sarsang	2,451	3,264	9,418	12,180
Total	5,226	6,028	21,261	21,504
ShaMaran oil sales entitlement (Mbbl)				
- Atrush (27.6% until August 6, 2024; 50% thereafter)	665	665	2,848	1,701
- Sarsang (18%)	275	365	1,062	1,372
Total	940	1,030	3,910	3,073

Atrush and Sarsang delivered international exports via the ITP in the fourth quarter of 2025.

At Atrush, average production in Q4 2025 was 30.2 Mbopd. Production was lower than potential during this period due to planned downtime in connection with the commissioning of new facilities as part of the Atrush CPF debottlenecking project and the workover of wells CK-18 and CK-19 to replace ageing electrical submersible pumps ("ESPs"). Following the commissioning of the CPF enhancement project, the successful completion of the CK-21 well and the replacement of three ESPs (CK-10 ESP replaced in early 2026), Atrush production reached 40.0 Mbopd in mid-February 2026. Assuming continued export sales and receipt of full PSC entitlement post reconciliation of invoices, drilling is planned to continue in the field in order to keep the facility full at plateau production.

At Sarsang, average production in Q4 2025 was 27.1 Mbopd. Sarsang gas generators were commissioned during the quarter. The B1(25k) facility is now running fully on fuel gas for the hot oil system and power generation. Sarsang production during January 2026 was stable at approximately 24.0 Mbopd, a decrease since the previous quarter due to field decline and the suspension of the ST-2 well pending installation of water handling facilities later in 2026.

During 2025, the major event impacting production at both blocks was the drone attack at the start of Q3 2025. At the Atrush Block, the focus during the year was to debottleneck the CPF and "drill-to-fill" with minimal cost. At the Sarsang Block, the focus during the year was to optimize the water handling solution and production costs.

Management's Discussion and Analysis

For the three months and year ended December 31, 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)	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Continuing operations:								
Revenue	54,663	28,936	35,385	35,885	34,749	29,425	22,630	22,588
Cost of goods sold	(24,146)	(19,658)	(22,610)	(23,409)	(15,673) ⁴	(19,470)	(15,225)	(15,748)
Bargain purchase gain on acquisitions	-	-	-	-	-	70,336	-	-
General and administrative expense	(4,592)	(1,492)	(1,552)	(5,076)	(3,340)	(1,282)	(1,426)	(1,780)
Share-based payments expense	1,115	(1,477)	(1,004)	(3,471)	(1,533)	(273)	(887)	(997)
Depreciation and amortization	(27)	(20)	(37)	(1)	(32)	(26)	(42)	(59)
Credit loss provision	(420)	(390)	1,042	1,314	24	1,591	298	2,796
Finance expense	(4,625)	(4,594)	(8,286)	(6,982)	(6,793)	(5,569)	(6,812)	(8,555)
Finance income	582	584	655	641	782	384	1,046	1,320
Income tax expense	(7)	(18)	(75)	(7)	(65)	(17)	(91)	(58)
Net income/(loss)	22,543	1,871	3,518	(1,106)	8,119	75,099	(509)	(493)
EBITDAX⁵	39,568	16,391	23,846	17,777	21,885	21,509	14,707	14,234
Adjusted EBITDAX⁶	39,887	17,868	24,850	24,465	23,418	21,782	15,594	15,231
Earnings per share in \$								
- Basic	0.008	0.001	0.001	-	0.003	0.026	-	-
- Diluted	0.008	0.001	0.001	-	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 Fourth Quarter Financial Information

The \$22.5 million net income generated in Q4 2025 was primarily driven by the increase in revenue as the Q4 2025 oil sales are recorded at the Kirkuk blend official selling price. The income and expenses in Q4 2025 are explained in more detail in the following sections.

⁴ Costs of goods sold at year-end includes an annual depletion true-up based on the updated year-end reserve report.

⁵ 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.

⁶ Adjusted EBITDAX adds back the non-cash share-based payments expense each quarter, as well as non-recurring, transaction and project related expenses in 2025.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

Selected Annual Financial Information

USD Thousands
(except per share data)

	For the year ended December 31,		
	2025	2024	2023
Revenues	154,869	109,392	82,886
Cost of goods sold	(89,823)	(66,116)	(52,363)
Bargain purchase gain on acquisitions	-	70,336	-
General and administrative expense	(12,712)	(7,828)	(10,287)
Share-based payments expense	(4,837)	(3,690)	(2,064)
Depreciation and amortization expense	(85)	(159)	(236)
Credit loss provision	1,546	4,709	(13,938)
Finance income	2,370	3,394	7,393
Finance expense	(24,394)	(27,591)	(37,932)
Income tax expense	(107)	(231)	(165)
Income/(loss) for the year	26,827	82,216	(26,706)
Earnings per share in \$:			
Basic	0.01	0.03	(0.01)
Diluted	0.01	0.03	(0.01)

	As at December 31,		
	2025	2024	2023
Financial position – net book value of principal items			
Property, plant & equipment	324,505	365,708	302,192
Loans and receivables	84,903	51,322	74,334
Cash and other assets	42,620	77,656	73,816
Other non-current assets	735	-	69
Total assets	452,763	494,686	450,411
Net borrowings	(131,799)	(188,501)	(238,746)
Other liabilities	(71,187)	(82,984)	(72,234)
Shareholders' equity	249,777	223,201	139,431
Common shares outstanding ('000)	2,875,449	2,845,961	2,824,362

Summary of Principal Changes in Annual Financial Information

The net income in 2025 of \$26.8 million is attributable to a number of key drivers:

- Continual local sales during the year until the start of ITP export sales at the end of Q3 2025, then a full quarter of ITP export sales at international prices;
- A full year of higher entitlement at Atrush due to the acquisition in 2024; and
- Reduced finance costs linked to the bond repayments.

The income and expense details and the principal changes in annual financial information are further explained in the sections below.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

Gross margin on oil sales

USD Thousands	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Revenue from oil sales	54,663	34,749	154,869	109,392
Lifting costs	(11,503)	(7,881)	(39,240)	(25,258)
Other costs of production	(115)	(110)	(498)	(281)
Depletion costs	(12,528)	(7,682)	(50,085)	(40,577)
Cost of goods sold	(24,146)	(15,673)	(89,823)	(66,116)
Gross margin on oil sales	30,517	19,076	65,046	43,276

Revenue from oil sales relates to the Company's entitlement share of local oil sales until September 26, 2025, and then ITP export sales for the rest of the year, from the Atrush and Sarsang blocks. Revenue was 57% higher in Q4 2025 compared to Q4 2024. The revenue of \$154.9 million in the 2025 was 42% higher than 2024, driven by the increased working interest in the Atrush Block from August 2024 and the higher international prices of ITP export sales. The average net oil price in Q4 2025 was \$58.17/bbl from the two blocks on a combined basis (72% higher than the \$33.74/bbl in Q4 2024). The average net oil price for the year 2025 was \$39.61 /bbl, 11% higher than the average net oil price of \$35.65 /bbl for the year 2024. The Company's entitlement share of oil sales in 2025 was 3.9 MMbbls, 26% higher than the 3.1 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 operations and maintenance of wells and production facilities, insurance and the operator's related support costs as charged to the Company. Lifting costs were 46% higher in Q4 2025 compared to Q4 2024, and 55% higher in 2025 compared to 2024, mainly due to the impact of the Q3 2025 drone attack and a full year of increased working and paying interest in the Atrush Block (as the KRG working interest was converted to a carried interest during 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 63% higher in Q4 2025 compared to Q4 2024, and 23% higher in 2025 compared to 2024, due to an annual depletion true-up based on the updated year-end reserve report resulting in a credit in Q4 2024 and higher production in the year due to the higher working interest in the Atrush Block.

Gross margin on oil sales was 60% higher in Q4 2025 versus Q4 2024, and 50% higher in 2025 versus 2024, due to ITP export sales at international prices from the end of Q3 2025, higher local oil sales during the year and a higher working and paying interest in the Atrush Block.

General and administrative expense

USD Thousands	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Salaries and benefits	2,602	2,486	8,227	4,994
Legal, accounting and audit fees	1,325	394	2,164	850
Management and consulting fees	404	171	1,319	842
General and other office expenses	105	153	451	642
Travel expenses	86	71	181	137
Listing costs and investor relations	69	65	350	308
Corporate sponsorship	1	-	20	55
General and administrative expense	4,592	3,340	12,712	7,828

The increase in general and administrative expenses in the quarter is mainly due to legal costs associated with the proposed continuance to Bermuda and primary listing move to Oslo. The increase in the year 2025 compared to the year 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 months and year ended December 31, 2025

Finance expense

USD Thousands	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Interest/amortization charges on bonds	4,858	6,659	21,078	31,839
Amortization of related-party loan	-	555	1,326	2,040
Finance cost for bond purchase	-	26	-	26
Adjustment of bond and loan amortization	(392)	909	2,499	(3,076)
Total borrowing costs	4,466	8,149	24,903	30,829
Re-measurement of contingent consideration	552	(84)	663	110
Unwinding discount on decommissioning provision	255	21	1,000	81
Interest expense	19	-	19	-
Lease – interest expense	15	-	58	9
Total finance expense before borrowing costs capitalized	5,307	8,086	26,643	31,029
Borrowing costs capitalized	(682)	(1,293)	(2,249)	(3,438)
Total finance expense	4,625	6,793	24,394	27,591

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.

Interest charges were lower in 2025 than 2024 due to the repayments made during these years.

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".

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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	Year ended December 31, 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
Additions/(credit)	8,883	-	8,883	18,935	(2)	18,933
Atrush Acquisition	-	-	-	85,256	-	85,256
Depletion and depreciation expense	(50,085)	(1)	(50,086)	(40,577)	(96)	(40,673)
Net book value	324,503	2	324,505	365,705	3	365,708

Financial Position and Liquidity

Accounts receivable

At December 31, 2025, the Company had the following outstanding receivables:

USD Thousands	For the year ended December 31,	
	2025	2024
Accounts receivable on oil sales	96,093	64,058
Credit loss provision	(11,190)	(12,736)
Total accounts receivable	84,903	51,322

The accounts receivable balance at December 31, 2025, relates to \$52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the "Overdue Receivables") and \$43.3 million representing the remaining PSC entitlement amounts owed for the 2025 ITP export sales. It is Management's view that the counterparty risk related to oil sales under the 2025 interim agreements is better diversified than that of the Overdue Receivables from the KRG. The compensation for the Company's sales under the interim agreements is paid by the Iraqi State Organization for Marketing of Oil ("SOMO") on behalf of the KRG in barrels allocated to the IOC-appointed trader, and the Company benefits from contractual recourse against both the KRG and/or SOMO for non-payment. There have been no delays in receiving payment from SOMO as part of the interim agreements since the start of exports in September 2025. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. The Company has reassessed the credit loss provision for the Overdue Receivables 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 December 31, 2025. The result of the Company's assessment under IFRS 9 is a \$1.5 million credit adjustment to these trade receivables in 2025, included in the Statement of Comprehensive Income (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.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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	For the year ended December 31,	
	2025	2024
Opening balance	198,296	257,255
Interest/amortization charges	23,572	28,762
Own bond	-	28,402
Bond transaction costs	(556)	(1,061)
Payments to bondholders – interest	(19,818)	(37,476)
Bond cancellation	(56,146)	(77,586)
Ending balance	145,348	198,296

Liquidity and Capital Resources

Cash in the bank at December 31, 2025, was \$42.1 million, compared to \$76.8 million at December 31, 2024. In the year 2025, the balance decreased by \$34.7 million compared to an increase of \$5.1 million in the year 2024. The main components of the movement in funds during 2025 were as follows:

- The operating activities of the Company in 2025 resulted in an increase of \$69.1 million in the cash position (2024: increase of \$98.0 million);
- Net cash outflows related to investing activities in 2025 were \$6.1 million (2024: net cash outflows of \$4.1 million). Cash outflows to investing activities comprised \$8.5 million for capital investments in the Atrush and Sarsang development work programs, plus cash inflows of \$2.4 million for interest received; and
- Net cash outflows for financing activities in 2025 were \$97.8 million (2024: \$89.1 million) and comprised \$56.2 million for the quarterly bond cash sweeps, \$19.8 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 \$3.0 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

For the three months and year ended December 31, 2025

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 and project related expenses. A quantitative reconciliation to revenues, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Revenues	54,663	34,749	154,869	109,392
Lifting costs	(11,503)	(7,881)	(39,240)	(25,258)
Other costs of production	(115)	(110)	(498)	(281)
General and administrative expense	(4,592)	(3,340)	(12,712)	(7,828)
Share-based payments	1,115	(1,533)	(4,837)	(3,690)
EBITDAX	39,568	21,885	97,582	72,335
Share-based payments	(1,115)	1,533	4,837	3,690
Non-recurring costs	1,434	0	4,651	0
Adjusted EBITDAX	39,887	23,418	107,070	76,025

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 December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net cash inflows from operating activities	4,671	34,692	69,074	97,965
Net cash inflows from investing activities	(12,196)	3,357	(6,118)	(4,054)
Free cash flow before debt service	(7,525)	38,049	62,956	93,911

Management's Discussion and Analysis

For the three months and year ended December 31, 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	For the year ended December 31,	
	2025	2024
Outstanding principal of ShaMaran Bond	(143,768)	(199,914)
Loan from related party	-	(15,600)
Total debt	(143,768)	(215,514)
Cash and cash equivalents	42,131	76,801
Net debt	(101,637)	(138,713)

All figures in the net debt calculation are based on their nominal value at the balance sheet date. See Notes 17, 18 and 22 in the Financial Statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

USD Thousands	Payments during the year		Amounts owing at December 31,	
	2025	2024	2025	2024
Nemesia	17,785	2,041	-	1,291
Orrön Energy AB	202	93	1	-
International Petroleum Corp.	347	206	36	23
Namdo Management Services Ltd.	31	113	74	52
Lundin Foundation	19	55	-	-
Total	18,384	2,508	111	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 months and year ended December 31, 2025

Outstanding Share Data, Share Units and Stock Options

Common shares

The Company had 2,875,449,249 outstanding shares and 2,977,536,136 fully-diluted shares at December 31, 2025, and 2,878,272,704 outstanding shares and 2,973,104,241 fully-diluted shares at the date of this MD&A.

A summary of the share issuances in the year 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 December 31, 2025, a total of 102,086,887 shares, 4% 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 December 31, 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 year 2025, a total of 24,476,673 RSUs vested, and 46,193,336 options were exercised.

At December 31, 2025, there were 27,403,328 stock options outstanding under the Company's employee incentive Stock Option Plan, which represents 1% of the total shares outstanding at December 31, 2025.

The Company has no warrants outstanding.

Movements in the Company's outstanding options and share units in the year 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
Granted in the year	8,300,000	11,540,000	-
Options exercised	(46,193,336)	-	-
RSUs vested	-	(24,476,673)	-
At December 31, 2025	27,403,328	52,413,324	22,270,235
Quantities vested and unexercised:			
At December 31, 2024	29,660,839	-	22,270,235
At December 31, 2025	9,816,670	-	22,270,235

Management's Discussion and Analysis

For the three months and year ended December 31, 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 December 31, 2025, the outstanding commitments of the Company were as follows:

USD Thousands	For the year ended December 31,				Total
	2026	2027	2028	Thereafter	
Atrush and Sarsang block development and PSC	101,117	400	400	1,800	103,717
Sarsang contingent consideration	-	-	-	15,000	15,000
Corporate office and other	73	63	63	382	581
Total commitments	101,190	463	463	17,182	119,298

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2026 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon continuation of 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 based on forecasted results from the reserves report 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, 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 months and year ended December 31, 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 were conducted jointly with others.

RESERVES AND RESOURCE ESTIMATES

The Company engaged McDaniel to evaluate 100% of the Company's reserves and resource data as at December 31, 2025. The conclusions of this evaluation have been presented in a detailed property report that has been prepared in accordance with standards set out in the Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGEH").

The Company's crude oil reserves as at December 31, 2025, were based on the Company's 50% working interest (66.7% paying interest) in the Atrush Block and 18% working interest (22.5% paying interest) in the Sarsang Block and estimated to be as follows:

Company estimated reserves As at December 31, 2025

	Proved Developed	Proved Undeveloped	Total Proved	Probable	Total Proved & Probable	Possible	Total Proved, Probable & Possible
Light/Medium Oil (Mbbl) ⁽¹⁾							
Gross ⁽²⁾	25,785	11,006	36,791	16,429	53,220	18,604	71,824
Net ⁽³⁾	12,902	3,706	16,609	5,098	21,707	4,650	26,358
Heavy Oil (Mbbl) ⁽¹⁾							
Gross ⁽²⁾	6,439	2,633	9,072	4,824	13,896	5,462	19,358
Net ⁽³⁾	3,346	743	4,089	1,518	5,607	1,287	6,894
Total Oil (Mbbl)							
Gross	32,224	13,639	45,863	21,253	67,116	24,066	91,182
Net	16,248	4,449	20,697	6,617	27,314	5,937	33,251

Notes:

- (1) The Atrush Field contains crude oil of variable density. Fluid type is classified according to COGEH: Light/Medium Oil is based on density less than 920 kg/m³, and Heavy Oil is between 920 and 1000 kg/m³.
- (2) Company gross reserves are based on the Company's 50% working interest share of the property gross reserves in the Atrush Block plus an 18.0% working interest share of the property gross reserves in the Sarsang Block.
- (3) Company net reserves are based on Company share of total cost and revenues. Note, as the government pays income taxes on behalf of the Company out of the government's profit-oil share, the net reserves were based on the effective pre-tax revenues by adjusting for the tax rate.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

The Company's crude oil resources as at December 31, 2025, were estimated to be as follows:

Company estimated contingent resources ^{(1) (2) (4) (5)} As at December 31, 2025

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Riskd Best Estimate
Light/Medium Oil (Mbbbl) ⁽³⁾				
Gross (Development On Hold)	5,444	16,830	57,112	10,573
Gross (Development Not Viable)	-	-	-	-
Heavy Oil (Mbbbl) ⁽³⁾				
Gross (Development On Hold)	7,752	13,013	37,948	9,109
Gross (Development Not Viable)	16,769	43,002	59,963	4,300
Gross Total	29,966	72,845	155,023	23,982

Notes:

- (1) Company gross interest resources are based on a 50% working interest share of the property gross resources in the Atrush Block plus an 18.0% working interest of the property gross resources in the Sarsang Block.
- (2) There is no certainty that it will be commercially viable to produce any portion of the contingent resources.
- (3) The Atrush Field contains crude oil of variable density. Fluid type is classified according to COGEH: Light/Medium Oil is based on a density less than 920 kg/m³, and Heavy Oil is between 920 and 1000 kg/m³.
- (4) The "Riskd Best Estimate" contingent resources account for the chance of development, which is defined as the probability of a project being commercially viable. Quantifying the chance of development requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are extremely difficult to quantify, the chance of development is uncertain and must be used with caution. The chance of development was estimated to be between 60% and 70% for the Light/Medium and Heavy Crude Oil Development "On Hold" contingent resources and 10% for the Heavy Crude Oil Development "Not-Viable" contingent resources.
- (5) The contingent resources are sub-classified as "Development On Hold" and "Development Not Viable."

Prospective resources have not been re-evaluated since December 31, 2013.

Risks in estimating resources

There are uncertainties inherent in estimating the quantities of reserves and resources, including factors that are beyond the control of the Company. Estimating reserves and resources is a subjective process, and the results of drilling, testing, production and other new data after the date of an estimate may result in revisions to original estimates.

Reservoir parameters may vary within reservoir sections. The degree of uncertainty in reservoir parameters used to estimate the volume of hydrocarbons, such as porosity, net pay and water saturation, may vary. The type of formation within a reservoir section, including rock type and proportion of matrix or fracture porosity, may vary laterally, and the degree of reliability of these parameters as representative of the whole reservoir may be proportional to the overall number of data points (wells) and the quality of the data collected. Reservoir parameters such as permeability and effectiveness of pressure support may affect the recovery process. Recovery of reserves and resources may also be affected by the availability and quality of water, fuel gas, technical services and support, local operating conditions, security, performance of the operating company and the continued operation of well and plant equipment.

Additional risks associated with estimates of reserves and resources include risks associated with the oil and gas industry in general, such as normal operational risks during drilling activity, development and production; delays or changes in plans for development projects or capital expenditures; the uncertainty of estimates and projections related to production, costs and expenses; health, safety, security and environmental risks; drilling equipment availability and efficiency; the ability to attract and retain key personnel; the risk of commodity price and foreign exchange rate fluctuations; the uncertainty associated with dealing with governments and obtaining regulatory approvals; performance and conduct of the respective operator; and risks associated with international operations.

The Company has engaged professional geologists and engineers to evaluate reservoir and development plans. However, process implementation risk remains. The Company's reserves and resource estimations are based on data obtained by the Company that has been independently evaluated by McDaniel.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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.

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 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.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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 from the KRI via the ITP 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. The agreements were extended until March 31, 2026, to allow the international consultant to complete a reconciliation of export invoices to PSC terms for each block that is party to the export agreements. There is no certainty that the interim agreements entered into will be implemented as agreed or extended beyond the expiry date of March 31, 2026, especially in light of the ongoing negotiations regarding the formation of a new government in Iraq following parliamentary elections 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.

Iran conflict, Russia-Ukraine war and other regional escalations

At the date of this MD&A, most of the oil production in the KRI, including from the Atrush and Sarsang blocks, is being sold at international prices via the ITP. The impact of Russia-Ukraine and Israel-Palestine conflicts has been limited on the oil market to date. The more recent conflict between Iran, Israel and the United States, and its spillover into neighboring Gulf states, however, could have more serious implications, both in terms of market pricing and the ability of KRI-based producers to safely operate their fields. If these conflicts continue or escalate, they may have further adverse impacts on production volumes and realized pricing for international oil markets.

The evolving situation in Iran has already had an 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, such as the temporary production shut-in announced in March 2026. Although the actual impact of regional geopolitics on physical infrastructure has been limited to date, the closure of Iraqi airspace, recent rocket and drone attacks reported on US forces stationed in the KRI and 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 HKN and the 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.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of disclosure controls and procedures.

Design of internal controls over financial reporting is the responsibility of management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud. There have been no material changes to the Company's internal control over financial reporting during the three and twelve month periods ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A 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, including, but not limited to: 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 MD&A 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", "assume", "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 that any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.

RESERVES AND RESOURCE ADVISORY

ShaMaran's reserve and contingent resource estimates are as at December 31, 2025, and have been prepared and audited in accordance with NI 51-101 and the COGEH. 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 are those quantities of petroleum estimated, as at 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.

Contingent resources are further categorized according to the level of certainty associated with the estimates and may be sub-classified based on a project maturity and/or characterized by their economic status. There are three classifications of contingent resources: low estimate, best estimate and high estimate. Best estimate is a classification of estimated resources described in the COGEH as the best estimate of the quantity that will be actually recovered; it is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the best estimate.

The project maturity subclasses include development pending, development on hold, development unclarified and development not viable. The contingent resources disclosed in this MD&A are classified as either development on hold or development not viable. Development on hold is defined as a contingent resource where there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. Development not viable is defined as a contingent resource where no further data acquisition or evaluation is currently planned and hence there is a low chance of development.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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.

This MD&A contains an oil and gas metric, being 2P reserves replacement ratio, which does not have a standardized meaning or a standard method of calculation, and therefore such measure may not be comparable to similar measures used by other companies. This metric is commonly used in the oil and gas industry and has been included herein to provide readers with an additional measure to evaluate ShaMaran's performance, however, such measure is not a reliable indicator of the future performance of ShaMaran, and future performance may not compare to the performance in previous periods.

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 three months ending March 31, 2026, on May 6, 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



Independent auditor's report

To the Shareholders of ShaMaran Petroleum Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ShaMaran Petroleum Corp. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of comprehensive income for the years ended December 31, 2025 and December 31, 2024;
- the consolidated balance sheets as at December 31, 2025 and 2024;
- the consolidated statements of cash flow for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers LLP
Suncor Energy Centre, 111 5th Avenue South West, Suite 2900
Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825
Fax to mail: ca_calgary_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2b to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
The impact of oil and gas reserves on the Company's net oil and gas assets included in Property, Plant and Equipment (PP&E) Refer to note 3 – Material accounting policies, note 4 – Critical accounting judgments and key sources of estimation	Our approach to addressing the matter included the following procedures, among others: • The work of management's experts was used in performing the procedures to evaluate the reasonableness of the proved and probable oil and gas

Key audit matter	How our audit addressed the key audit matter
uncertainty and note 13 – Property, plant and equipment to the consolidated financial statements. The Company had \$324.5 million of oil and gas assets as at December 31, 2025. Depletion and depreciation expense for the oil and gas assets was \$50.1 million for the year then ended. Oil and gas assets are depleted using the unit of production method based on proved and probable reserves. The proved and probable oil and gas reserves are prepared by the Company's independent qualified reserve evaluators (management's experts). The assumptions used by management to determine proved plus probable reserves include production forecasts, forward commodity prices, production costs and future development expenditures. We considered this a key audit matter due to (i) the critical judgment by management, including the use of management's experts, when developing the proved and probable oil and gas reserves; and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the assumptions.	reserves used to determine the depletion and depreciation expense for the oil and gas assets. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. • Tested how management determined the proved plus probable reserves used to determine depletion and depreciation expense of the oil and gas assets, which included the following: – Evaluated the appropriateness of the methods used by management in making these estimates. – Tested the data used in determining these estimates. – Evaluated the reasonableness of the assumptions used by management in developing the underlying estimates, including: - o production forecasts, production costs and future development expenditures by considering the current and past performance of the oil and gas CGUs, and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable; and - o forward commodity prices by comparing them to reputable third party industry forecasts. • Recalculated the unit of production rates used to calculate depletion and depreciation expense for the oil and gas assets.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alisa SoroChan.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta

March 4, 2026

Consolidated Statement of Comprehensive Income

For the year ended December 31

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	2025	2024
Revenues	6	154,869	109,392
Cost of goods sold:			
Lifting costs	7	(39,240)	(25,258)
Other costs of production	7	(498)	(281)
Depletion	7	(50,085)	(40,577)
Gross margin on oil sales		65,046	43,276
Credit loss provision	14	1,546	4,709
Depreciation and amortization expense		(85)	(159)
Share-based payments expense	21	(4,837)	(3,690)
General and administrative expense	8	(12,712)	(7,828)
Income from operating activities		48,958	36,308
Bargain purchase gain on acquisition	9	-	70,336
Finance income	10	2,370	3,394
Finance expense	11	(24,394)	(27,591)
Net finance expense		(22,024)	(24,197)
Income before income tax expense		26,934	82,447
Income tax expense	12	(107)	(231)
Income for the year		26,827	82,216
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Re-measurements on defined pension plan		139	(253)
Items that may be reclassified to profit or loss:			
Currency translation differences		84	(97)
Total other comprehensive income / (loss)		223	(350)
Total comprehensive Income for the year		27,050	81,866
Earnings in dollars per share (Note 20):			
Basic		0.01	0.03
Diluted		0.01	0.03

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

Consolidated Balance Sheet

As at December 31

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	2025	2024
ASSETS			
Non-current assets			
Property, plant and equipment	13	324,505	365,708
Accounts receivable	14	22,938	27,358
Right-of-use asset	15	656	-
Intangible assets		79	-
		348,178	393,066
Current assets			
Accounts receivable	14	61,965	23,964
Cash and cash equivalents, unrestricted		41,150	76,792
Cash and cash equivalents, restricted		981	9
Other current assets		489	855
		104,585	101,620
TOTAL ASSETS		452,763	494,686
LIABILITIES			
Non-current liabilities			
Borrowings	17	131,799	161,730
Provisions	19	44,212	44,336
Cash-settled deferred share units	21	3,904	1,854
Lease liability	15	625	-
Pension liability		402	500
Loan from related party	18	-	16,891
		180,942	225,311
Current liabilities			
Accrued interest expense on corporate bond	17	13,549	9,795
Accounts payable and accrued expenses	16	8,474	9,583
Other current liabilities		21	25
Borrowings	17	-	26,771
		22,044	46,174
EQUITY			
Share capital	20	674,622	672,530
Share-based payments reserve		9,985	12,551
Cumulative translation adjustment		192	108
Accumulated deficit		(435,022)	(461,988)
		249,777	223,201
TOTAL EQUITY AND LIABILITIES		452,763	494,686

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

Going concern (Note 2b)
 Commitments and contingencies (Note 23)
 Subsequent events (Note 26)

Signed on behalf of the Board of Directors

/s/Michael Ebsary

Michael Ebsary, Director

/s/Chris Bruijnzeels

Chris Bruijnzeels, Director

Consolidated Statement of Cash Flow

For the year ended December 31

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	2025	2024
Operating activities			
Income for the year		26,827	82,216
Adjustments for non-cash related items:			
Depreciation, depletion and amortization expense		50,170	40,736
Borrowing costs – net of amount capitalized		23,317	27,475
Share-based payment expense		4,597	3,194
Unwinding discount on decommissioning provision		1,000	81
Re-measurements on defined pension plan		139	(253)
Bargain purchase gain	9	-	(70,336)
Foreign exchange gain	10	(102)	(18)
Interest income	10	(2,268)	(3,376)
Changes in other current assets		240	55
Changes in current tax liabilities		(58)	(61)
Changes in pension liability		(98)	126
Changes in accounts payable and accrued expenses		(1,109)	454
Changes in accounts receivables on oil sales		(33,581)	17,672
Net cash inflows from operating activities		69,074	97,965
Investing activities			
Interest received on cash deposits		2,394	4,712
Purchase of intangible assets		(89)	-
Purchase of property, plant and equipment		(8,423)	(8,766)
Net cash outflows to investing activities		(6,118)	(4,054)
Financing activities			
Bond amortization		-	28,402
Principal element of lease payments		(49)	(60)
Bond transaction costs		(556)	(506)
Cash taxes on share and stock compensation plan		(3,021)	-
Related-party loan repayment	18	(15,600)	-
Payments to bondholders and related party – interest	17,18	(22,435)	(39,348)
Repayment of bonds		(56,146)	(77,586)
Net cash outflows to financing activities		(97,807)	(89,098)
Effect of exchange rate changes on cash and cash equivalents		181	266
Change in cash and cash equivalents		(34,670)	5,079
Cash and cash equivalents, beginning of the year*		76,801	71,722
Cash and cash equivalents, end of the year*		42,131	76,801
*Inclusive of restricted cash		981	9

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

Consolidated Statement of Changes in Equity

For the year ended December 31

	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 year:					
Income for the year	-	-	-	82,216	82,216
Other comprehensive loss	-	-	(97)	(253)	(350)
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 21)	-	510	-	-	510
Options exercised*	1,023	-	-	-	1,023
RSU shares issued*	371	-	-	-	371
	1,394	510	(97)	81,963	83,770
Balance at December 31, 2024	672,530	12,551	108	(461,988)	223,201
Total comprehensive income for the year:					
Income for the year	-	-	-	26,827	26,827
Other comprehensive income	-	-	84	139	223
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 21)	-	(2,566)	-	-	(2,566)
Options exercised*	2,524	-	-	-	2,524
RSU shares issued*	(432)	-	-	-	(432)
	2,092	(2,566)	84	26,966	26,576
Balance at December 31, 2025	674,622	9,985	192	(435,022)	249,777

*Refer to Note 20

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 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 (“TSXV”) 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 December 31, 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The significant accounting policies of the Company have been applied consistently throughout the year. The policies applied in these consolidated financial statements are based on IFRS Accounting Standards as of March 4, 2026, the date these consolidated financial statements were approved and authorized for issuance by the Company’s board of directors (“the Board”).

b. Going concern

These 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, later extended to six months, during which IOCs are 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”) is marketing the KRI crude at the Kirkuk blend official selling price, and IOCs are being paid in arrears from the sale of their allocation at Ceyhan via their nominated trader.

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. Refer to Note 14 for additional information.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

Management believes that the signing of the interim agreements and restart of pipeline exports are positive steps towards improving the operating environment for IOCs with assets 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. Additionally, on March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the security environment, and there is no certainty as to the duration of the shut-in (refer to Note 26). 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 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.

3. Material accounting policies

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries and entities controlled by the Company that apply accounting policies consistent with those of the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Intercompany balances and unrealized gains and losses on intercompany transactions are eliminated upon consolidation.

b. Interest in joint operations

A joint operation is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control.

Where the Company undertakes its activities under joint operation arrangements directly, the Company's share of jointly controlled operations and any liabilities incurred jointly with other joint operations are recognized in the financial statements of the relevant company and classified according to their nature.

Liabilities and expenses incurred directly in respect of interests in jointly-controlled operations are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly-controlled operations and its share of the joint operations are recognized when it is probable that the economic benefit associated with the transactions will flow to/from the Company and the amount can be reliably measured.

c. Business combinations

The acquisition method of accounting is used to account for business combinations under IFRS 3. The consideration transferred is measured at the aggregate of the fair values at the date of acquisition of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred. The fair value of assets acquired and liabilities assumed is estimated based on information available at the date of acquisition. Various valuation techniques are applied for measuring fair value, including analysis of the present value of the expected future cash flow derived from the acquired oil and gas reserves that rely on assumptions such as production forecasts, forward commodity prices, production costs, future development expenditures and discount rates. Changes in these variables could significantly impact the carrying value of the net assets.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

d. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional and presentation currency of the Company is the United States dollar ("USD").

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate at the date of that balance sheet.
- Income and expenses are translated at the average exchange rate for the period in which they were incurred as a reasonable approximation of the cumulative effect of rates prevailing on transaction dates.
- All resulting exchange-rate differences are recognized in other comprehensive income as part of the cumulative translation reserve.

Transactions and balances

Transactions in currencies other than the functional currency are recorded in the functional currency at the exchange rates prevailing on the dates of the transactions or valuation where items are re-measured. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Exchange-rate differences are recognized in the statement of comprehensive income during the period in which they arise.

e. Property, plant and equipment

Oil and gas assets

Oil and gas assets are composed of 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 recognising provisions for future restoration and decommissioning. Oil and gas costs are accumulated separately for each contract area.

Depletion of oil and gas assets

Oil and gas assets are depleted using the unit of production method based on proved and probable ("2P") reserves using estimated production forecasts, forward commodity prices, production costs and future development expenditures necessary to bring those reserves into production.

Other property, plant and equipment

Other property, plant and equipment ("PP&E") include expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the assets' carrying value or recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

The carrying amount of an item of PP&E is derecognized on disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income during the period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

PP&E assets are carried at cost less accumulated depreciation and any recognized impairment loss and are depreciated on a straight-line basis over their expected useful economic lives as follows:

- Furniture and office equipment: 5 years
- Computer equipment: 3 years

f. Impairment of non-financial assets

Oil and gas assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Such indicators include:

- Extended decreases in prices or margins for oil and gas commodities or products.
- A significant downwards revision in estimated volumes or an upward revision in future development costs.

For impairment testing, the assets are aggregated into cash generating unit ("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 cost of disposal 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 discounted cash flows of 2P oil and gas reserves using forward prices, development costs and operating costs consistent with estimates prepared by ShaMaran's independent qualified reserves evaluator's estimates and may also consider an evaluation of comparable asset transactions, as applicable.

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

g. Financial instruments

Financial assets and liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to cash flows from the assets expire or the Company transfers the financial asset and substantially all the risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the consolidated statement of income. The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or expelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income.

Classification and measurement

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 flows where those cash flows represent solely payments of principal and interest. This includes the Company's cash and cash equivalents, as well as receivables that consist of fixed or determined cash flows related solely to principal and interest amounts or contractual sales of oil. The Company's intent is to hold these receivables until cash flows are 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

Impairment of financial assets

The Company measures impairment of financial assets based on expected credit losses ("ECL"). Where financial assets have a significant financing component, they are assessed and a lifetime ECL is determined, measured and recognized at the date of initial recognition of the receivables. For its receivables, the Company applies the simplified approach to providing for ECLs. In estimating the lifetime ECL provision, the Company considers historical industry default rates, as well as the history of its customer.

h. Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand and demand deposits and other short-term liquid investments that are readily convertible to a known amount of cash within three months or less from the acquisition date. Restricted cash is cash held in a trust account for a specific purpose and is therefore not available for general business use.

i. Borrowings

Borrowings are recognized initially at fair value, net of any transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate method. General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized together with the qualifying assets. Once a qualified asset is fully prepared for its intended use and is producing, borrowing costs are no longer capitalized. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

j. Taxation

Income tax expense comprises current income tax. Current income tax is the expected tax payable on the taxable income for the period. It is calculated based on the tax laws enacted or substantively enacted at the balance sheet date and includes any adjustment to tax payable in respect of previous years.

Deferred income tax is the tax recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilized. Deferred income tax is not recorded if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor loss.

Deferred income tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures except where the Company can control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the year when the deferred tax liability is settled, or the asset is realized. Deferred tax is charged or credited in the statement of comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognized directly in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

Income tax arising from the Company's activities in Kurdistan is settled by the KRG on behalf of the Company as part of the compensation arrangements under the production sharing contracts. However, the Company is not able to measure with sufficient accuracy the tax that has been paid on its behalf, and consequently revenue is not reported gross of income tax paid.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

k. Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, due to a past event when it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, accounting for the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimates to settle the present obligation, its carrying amount is the present value of those cash flows.

l. Decommissioning and site restoration

Provisions for decommissioning and site restoration are recognized when the Company has a present legal or constructive obligation to dismantle and remove production, storage and transportation facilities and to carry out site restoration work. The provision is calculated as the net present value of the Company's share of the expenditure expected to be incurred at the end of the producing life of each field using a discount rate that reflects the market assessment of the time value of money at that date. Unwinding of the discount on the provision is charged to the statement of comprehensive income within finance costs during the period. The amount recognized as the provision is included as part of the cost of the relevant asset and is charged to the statement of comprehensive income in accordance with the Company's policy for depreciation, depletion and amortization.

Changes in the estimated timing of decommissioning and site restoration cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the relevant asset.

m. Pension obligations

The Company's Swiss subsidiary, ShaMaran Services SA, has a defined benefit pension plan that is managed through a private pension plan. Independent actuaries determine the cost of the defined benefit plan on an annual basis, and ShaMaran Services SA pays the annual insurance premium. The pension plan provides benefits coverage to the employees of ShaMaran Services SA in the event of retirement, death or disability. ShaMaran Services SA and its employees jointly finance retirement and risk benefits. Employees of ShaMaran Services SA pay 40% of the savings, risk and cost contributions, and ShaMaran Services SA contributes the difference between the total of all required pension plan contributions and the total of all employees' contributions.

n. Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

o. Share-based payments

The Company issues cash and equity-settled, share-based payments to certain directors, employees and third parties. The fair value of the cash-settled, share-based payments is remeasured at the end of each quarter at the closing share price until settled. The fair value of the equity-settled, share-based payments is measured at the date of grant. The total expense is recognized over the vesting period, which is the period where all conditions to entitlement are to be satisfied. The cumulative expense recognized for equity-settled, share-based payments at each balance sheet date represents the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for the period and the corresponding adjustment to the share-based payments reserve account during the period represents the movement in the cumulative expense recognized for all equity instruments expected to vest. The fair value of equity-settled, share-based payments is determined using the Black-Scholes option pricing model.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

p. Revenue recognition

Sales of oil production

Revenue for sales of oil is recognized when the significant risks and rewards of ownership are deemed to have been transferred to the buyer, the amount can be measured reliably, and it is assessed as probable that the economic benefit associated with the sale will flow to the Company. This occurs when oil reaches the delivery point enroute to the KRG's main export pipeline, or when oil loaded into a buyer's truck crosses the field boundary.

Revenue is recognized at fair value, which is composed of the Company's entitlement production due under the terms of the Atrush and Sarsang Joint Operating Agreements and the Atrush and Sarsang PSCs that have two principal components: cost oil, the mechanism by which the Company recovers qualifying costs it has incurred in exploring and developing an asset; and profit oil, the mechanism through which profits are shared between the Company, its partners and the KRG. The Company pays capacity-building payments on profit oil that are due for payment once the Company has received the related profit-oil proceeds. Profit-oil revenue is reported net of any related capacity-building payments. The revenue for local sales was recognized using the same method.

The Company's oil sales made to the KRG are under the terms of the most recently effective sales agreements that reflect a benchmark rate less estimated oil quality adjustments and all local and international transportation costs. The Company's oil sales made to local buyers were under the terms of a local sales agreement with an agreed oil price and volume nomination. The Company's single performance obligation in its contracts with its customers is the delivery of crude oil at the agreed delivery point (currently the block boundary) where control is transferred to the buyer and revenue is recognized for crude that will be compensated on the basis of an agreed pricing mechanism.

Interest income

Interest income is recognized using the effective interest method. The effective interest rate exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

q. Changes in accounting policies

There are no IFRS Accounting Standards or interpretations that have been issued effective for financial years beginning on or after January 1, 2025, that would have a material impact on the Company's consolidated financial statements.

r. Accounting standards issued but not yet applied

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which will replace IAS 1 and includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals and categories for income and expenses in the statements of comprehensive income, as well as classification changes to the consolidated statements of cash flows. IFRS 18 also requires disclosures of management-defined performance measures ("MPMs") and additional requirements regarding the aggregation and disaggregation of certain information. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, and must be adopted on a retrospective basis.

Shamaran is currently assessing system changes, preparing draft disclosures and planning comparative restatements ahead of the 2027 effective date.

IFRS 9 amendment

In May 2024, the International Accounting Standards Board issued amendments to *IFRS 7 Financial Instruments: Disclosures* and *IFRS 9 Financial Instruments* relating to settling financial liabilities using electronic payment systems and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, and the Company has assessed the impact that are not material.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

There are no other new accounting standards that will come into effect for annual periods beginning on or after January 1, 2026, that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable-future transactions.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management has made judgments, estimates and assumptions about the carrying amounts of the assets, liabilities, revenues, expenses and related disclosures. These estimates and associated assumptions are based on historical experience, current trends and other factors that management believes to be relevant at the time these consolidated financial statements were prepared. Actual results may differ as future events and their effects cannot be determined with certainty, and such differences could be material. Management reviews the accounting policies, underlying assumptions, estimates and judgments on an on-going basis to ensure that the financial statements are presented fairly in accordance with IFRS Accounting Standards.

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies in these consolidated financial statements:

a. Revenue recognition

As explained in Note 3(p), the Company recognizes revenues when oil reaches the delivery point on the basis that control is deemed to have passed to the buyer, and that the mechanism for calculating the transaction price has been agreed upon. The conclusion that the economic benefits will flow to the Company at this point is a significant judgment and is based on management's evaluation that it is probable that the Company will collect the consideration from the KRG in exchange for oil deliveries.

b. Oil and gas reserves and resources

The business of the Company is the exploration and development of oil and gas reserves in the KRI. Estimates of commercial oil and gas reserves are used in the calculations for impairment and depletion. Changes in estimates of oil and gas reserves resulting in different future production profiles will affect the discounted cash flows used for impairment testing purposes and the depletion charges based on the unit of production method. Reserves are estimated using standard recognised evaluation techniques. Key assumptions used in estimating reserve volumes include the following: production forecasts, production costs, future development expenditures and forward commodity pricing. The Company uses independent qualified evaluators to evaluate the reserves.

c. Recoverability of receivables

The Company has reported non-current and current receivables composed of the Company's share of Atrush and Sarsang oil sales to the KRG.

The recovery of the receivable amounts from the KRG depends on several factors, including the continued production and exports of oil from the Atrush and Sarang blocks, the financial environment in the KRI and global oil prices. Under the terms of the relevant agreements, the receivable balances are recoverable in several ways, including by cash settlement and/or through payment in kind with oil production.

d. Impairment of assets

IAS 36 Impairment of Assets require that a review for impairment be carried out if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment is recorded if the net book value of the asset exceeds its recoverable amount. Refer to Note 13.

Future cash flow estimates that are used to calculate the fair value of the Company's CGUs are based on expectations about future operations, primarily comprising estimates about production and export volumes, oil prices, operating costs and capital expenditures. Changes in such estimates could impact recoverable values.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

e. Decommissioning and site restoration provisions

The Company recognizes a provision for decommissioning and site restoration costs expected to be incurred to remove and dismantle production, storage and transportation facilities and to carry out site restoration work. The provisions are estimated taking into consideration existing technology and current prices after adjusting for expected inflation and discounted using rates reflecting current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company makes an estimate based on its experience and data from the operator. Refer also to Note 19.

5. 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.

6. 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, all oil sales are to the KRG, and revenues are recorded as per the interim agreements at the Kirkuk blend official selling price, with payments in arrears.

Refer also to Note 14.

7. 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 6 and 13.

8. 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

9. Atrush Acquisition

a. Summary of acquisition

On August 6, 2024, the Company closed the Atrush Acquisition. The two-step transaction increased the Company's indirect 27.6% stake in the Atrush Block to a 50% working interest (66.67% paying interest) following the sale of an indirect 25% working interest (33.33% paying interest) to HKN Energy IV, Ltd. The purchase and sale were carried out simultaneously, and the net acquired position was therefore 22.4%. An affiliate of HKN Energy Ltd ("HKN") is now operator of the Atrush Block, and the KRG's 25% working interest in the Atrush Block was converted to a carried interest.

The Atrush Acquisition was accounted for using the acquisition method pursuant to IFRS 3. Refer to Note 3c. Under the acquisition method, assets and liabilities are recorded at fair value on the date of acquisition. The fair value of the PP&E acquired was assessed using fair value less cost of disposal methodology (level 3 analysis) using the present value of the expected future cash flows. The expected future cash flows used as part of the fair value were derived from a reserve report prepared by ShaMaran's independent qualified reserves evaluators.

The value of the net assets was recorded as a bargain purchase gain because the Atrush Acquisition was acquired for nominal consideration. As the only other independent joint venture partner at Atrush, the Company was able to provide the seller with a relatively quick exit and a high degree of certainty, at a time when Atrush was incurring monthly losses with production shut-in due to the ITP closure and the lack of trucking facilities. The bargain purchase gain arose from the fact that Atrush was able to restart production by establishing, growing and maintaining local sales.

b. Identifiable assets acquired and liabilities assumed

The preliminary purchase price allocation was based on management's best estimate of fair value. Upon finalizing the fair value of net assets acquired, adjustments to initial estimates, including the bargain purchase gain, may be required, and can be made up to twelve months from the closing date of the acquisition. No adjustments have been made.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair Value
Property, plant, and equipment	85,256
Decommissioning liabilities	(9,580)
Accounts receivable on oil sales adjustment	(5,340)
Net identifiable assets acquired	70,336
Purchase consideration	-
Bargain purchase gain	70,336

There were no acquisitions in the year ending December 31, 2025.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

10. Finance income

	For the year ended December 31,	
	2025	2024
Interest on deposits	2,268	2,741
Interest from own corporate bond	-	635
Total interest income	2,268	3,376
Foreign exchange gain	102	18
Total finance income	2,370	3,394

11. Finance expense

	For the year ended December 31,	
	2025	2024
Interest/amortization charges on bonds	21,078	31,839
Adjustment of bond and loan amortization	2,499	(3,076)
Amortization of related-party loan	1,326	2,040
Finance cost for bond purchase	-	26
Total borrowing costs	24,903	30,829
Unwinding discount on decommissioning provision	1,000	81
Re-measurement of contingent consideration	663	110
Lease – interest expense	58	9
Interest expenses	19	-
Total finance expense before borrowing costs capitalized	26,643	31,029
Borrowing costs capitalized	(2,249)	(3,438)
Total finance expense	24,394	27,591

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 17 and 18 for additional information.

Refer to Note 19 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 15 regarding lease interest.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

12. Taxation

a. Income tax expense

The current tax expense is incurred on the profits of the Swiss administrative company and the Danish company that is currently winding down. The Company is not required to pay any cash corporate income taxes on its activities in the KRI, as disclosed in Note 3(j).

b. Tax losses carried forward

The Company has tax losses and costs that are available to apply to future taxable income as follows:

	For the year ended December 31,	
	2025	2024
Canadian losses from operations	136,945	226,196
Canadian exploration expenses	2,464	2,464
Canadian unamortized share-issue costs	2	1
Total tax losses carried forward	139,411	228,661

The Canadian losses from operations may be used to offset future Canadian taxable income and will expire over the period from 2031 to 2045. The Canadian exploration expenses may be carried forward indefinitely to offset future taxable Canadian income. Canadian unamortized share-issue costs may offset future taxable Canadian income from years 2026 to 2028.

The Company has not recognized deferred tax assets amounting to approximately \$38 million (2024: \$62 million) as it is not probable that these amounts will be realized.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

13. Property, plant and equipment

	Oil and gas assets	Computer equipment	Furniture and office equipment	Total
At January 1, 2024				
Cost	484,707	140	241	485,088
Accumulated depletion and depreciation	(182,616)	(73)	(207)	(182,896)
Net book value	302,091	67	34	302,192
For the year ended December 31, 2024				
Opening net book value	302,091	67	34	302,192
Atrush Acquisition	85,256	-	-	85,256
Additions	18,935	-	(2)	18,933
Depletion and depreciation expense	(40,577)	(64)	(32)	(40,673)
Net book value	365,705	3	-	365,708
At December 31, 2024				
Cost	588,898	129	222	589,249
Accumulated depletion and depreciation	(223,193)	(126)	(222)	(223,541)
Net book value	365,705	3	-	365,708
For the year ended December 31, 2025				
Opening net book value	365,705	3	-	365,708
Additions	8,883	-	-	8,883
Depletion and depreciation expense	(50,085)	(1)	-	(50,086)
Net book value	324,503	2	-	324,505
At December 31, 2025				
Cost	597,781	22	19	597,822
Accumulated depletion and depreciation	(273,278)	(20)	(19)	(273,317)
Net book value	324,503	2	-	324,505

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.

At each reporting date, the Company assesses its CGUs for indicators of impairment or when facts and circumstances suggest the carrying amount may exceed the recoverable amount. At December 31, 2025, there was no indicator for impairment and the carrying amounts did not exceed the recoverable amounts.

Refer also to Notes 6 and 7.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

14. Accounts receivable

At December 31, 2025, the Company had outstanding receivables as follows:

	For the year ended December 31,	
	2025	2024
Accounts receivable on oil sales	96,093	64,058
Credit loss provision	(11,190)	(12,736)
Total accounts receivable, net of provisions	84,903	51,322
Current portion	61,965	23,964
Non-current portion	22,938	27,358

The accounts receivable balance at December 31, 2025, relates to \$52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the "Overdue Receivables") and \$43.3 million representing the remaining PSC entitlement amounts owed for the 2025 ITP export sales. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. Refer to Note 2b. The Company has reassessed the credit loss provision for the Overdue Receivables 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 December 31, 2025. The result of the Company's assessment under IFRS 9 is a \$1.5 million credit adjustment to these trade receivables in 2025, included in the Statement of Comprehensive Income (2024: \$4.7 million). The portion of these receivables that is estimated to be received after 2026 is classified as non-current due to uncertainty in the timing of recovery.

The remaining PSC entitlement amounts owed for the 2025 ITP export sales are all classified as current receivables. Following the review of the IOC invoices and contractual entitlements by an industry consultant at the end of March 2026, it is expected that the remaining amounts will be paid.

Refer also to Note 6.

15. 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 December 31, 2025, the balance sheet shows a value of \$656 for the right-of-use asset and a total lease liability value of \$679; split \$54 as a current liability (within other current liabilities) and \$625 as a non-current liability. The income statement for the year 2025 includes the depreciation charge of the right-of-use asset of \$59 plus an interest expense of \$58 included in the finance cost. There were no right-of use assets or lease liabilities in the year 2024.

Refer also to Note 11.

16. Accounts payable and accrued expenses

	For the year ended December 31,	
	2025	2024
Payables to joint-operations partners	5,583	8,547
Accrued expenses	2,372	614
Trade payables	519	422
Total accounts payable and accrued expenses	8,474	9,583

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

17. 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 11 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:

	For the year ended December 31,	
	2025	2024
Opening balance:	198,296	257,255
Interest/amortization charges	23,572	28,762
Own bond	-	28,402
Bond transaction costs	(556)	(1,061)
Payments to bondholders – interest	(19,818)	(37,476)
Bond cancellation	(56,146)	(77,586)
Ending balance	145,348	198,296
Non-current portion – net borrowings	131,799	161,730
Current portion – accrued bond interest expense	13,549	9,795
Current portion – amortization instalments	-	26,771

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

18. 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:

	For the year ended December 31,	
	2025	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 11 and 25.

19. Provisions

	For the year ended December 31,	
	2025	2024
Opening balance	32,972	16,585
Unwinding discount on decommissioning provision	1,000	81
Atrush Acquisition obligations acquired	-	9,580
Discount rate adjustment on obligations acquired	-	6,553
Changes in estimates and obligations incurred	(698)	416
Changes in discount and inflation rates	(1,089)	(243)
Total decommissioning and site restoration provisions	32,185	32,972
Contingent consideration	12,027	11,364
Total provisions	44,212	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 2038 for Sarsang and will take ten years to abandon. The undiscounted provision at December 31, 2025, is \$34.0 million (2024: \$33.8 million), and was discounted using a risk-free rate of 3.24% for the Atrush Block and 3.8% for the Sarsang Block (2024: both blocks 3.12%), and an inflation rate of 2.68% (2024: 2.89%).

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 based on forecasted results from the reserves report at the end of each quarter and treats any difference as a finance income/cost.

Refer also to Note 11.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

20. 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	(432)
Options	16,734,707	2,524
At December 31, 2025	2,875,449,249	674,622

During 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 21.

Earnings per share

	For the year ended December 31,	
	2025	2024
Net income, in dollars	26,827,000	82,216,000
Weighted average number of shares outstanding during the year	2,866,319,855	2,832,926,845
Weighted average diluted number of shares outstanding during the year	2,968,406,742	2,988,598,758
Basic income per share, in dollars	0.01	0.03
Diluted income per share, in dollars	0.01	0.03

21. 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 December 31, 2025, a total of 102,086,887 shares (4% of the issued share capital) had been granted of the potential 287,544,925 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 2025, a total of 24,476,673 RSUs vested, 46,193,336 options were exercised and no DSUs were redeemed (2024: 12,952,465 RSUs vested, 47,223,004 options were exercised and 1,475,335 DSUs were redeemed in cash, and 8,747,540 RSUs and 10,023,332 options were forfeited).

The result of the movements in 2025 resulted in charges to the Statement of Comprehensive Income for options of \$893 (2024: \$1,029), for RSUs of \$1,654 (2024: \$1,312) and for DSUs of \$2,290 (2024: \$1,349). The carrying amount of the DSU liability at December 31, 2025, is \$3,904 (December 31, 2024: \$1,854), which is valued at the year-end closing share price.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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
Granted in the year	8,300,000	11,540,000	-
Options exercised	(46,193,336)	-	-
RSUs vested	-	(24,476,673)	-
At December 31, 2025	27,403,328	52,413,324	22,270,235
Quantities vested and unexercised:			
At December 31, 2024	29,660,839	-	22,270,235
At December 31, 2025	9,816,670	-	22,270,235
Weighted average exercise price of options exercised in the year:			
2024	CAD 0.06		
2025	CAD 0.07		
Weighted average remaining contractual life of options:			
At December 31, 2024	3.8 years		
At December 31, 2025	4.1 years		
Weighted average exercise price of outstanding options:			
At December 31, 2024	CAD 0.08		
At December 31, 2025	CAD 0.14		

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.

The Company's stock options granted in 2025 were calculated using a risk-free rate of 2.77% (2024: 2.98%), volatility rate of 72.96% (2024: 73.94%) and have a strike price of CAD 0.245 (2024: CAD 0.12) which represents the share price at grant.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

22. 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	
		December 31, 2025	December 31, 2024
Accounts receivable ⁵	Level 3	84,903	51,322
Cash and cash equivalents, unrestricted ²	Level 1	41,150	76,792
Cash and cash equivalents, restricted ²	Level 1	981	9
Other receivables ²	Level 2	142	529
Total financial assets		127,176	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	
		December 31, 2025	December 31, 2024
Borrowings ³	Level 2	131,799	188,501
Accrued interest on bond	Level 2	13,549	9,795
Contingent consideration	Level 3	12,027	11,364
Accounts payable and accrued expenses ²	Level 2	8,474	9,583
Related-party loan ⁴	Level 2	-	16,891
Current tax liabilities	Level 2	-	25
Total financial liabilities		165,849	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 19 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 \$150.6 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 14 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 Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

Capital risk management

The Company manages its capital to ensure that entities within the Company will be able to continue as a going concern while maximising return to shareholders. The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Company had debt relating to borrowings and accrued interest of \$146.6 million as at December 31, 2025 (2024: \$224.0 million).

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

The prices that the Company receives for its oil and gas production may have a significant impact on the Company's revenues and cash flows provided by operations. Global market prices for oil and gas are characterised by significant fluctuations that are determined by the global balance of supply and demand and worldwide geopolitical developments. The price received for the Company's oil and gas production in the KRI is dependent upon international oil prices and the KRG's ability to continue exporting production outside of Iraq. A decline in the price of ICE Brent crude oil and Kirkuk blend crude oil official selling price, a reference in determining the price at which the Company can sell future oil production, could adversely affect the amount of funds available for capital reinvestment purposes, as well as the Company's value-in-use calculations for impairment test purposes. Refer also to Note 4(d).

The Company does not hedge against commodity-price risk.

Foreign-currency risk

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 Swiss Francs ("CHF") and Canadian dollars ("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 transactions in foreign currencies is relatively low. Therefore, the Company does not hedge its exposure to changes in foreign currency exchange rates.

The carrying amounts of the Company's principal monetary assets, liabilities and equity denominated in foreign currency at the reporting date are as follows:

	Assets at December 31,		Liabilities at December 31,	
	2025	2024	2025	224
Canadian dollars in thousands ("CAD '000")	138	299	394	115
Swiss francs in thousands ("CHF '000")	312	1,383	814	372

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

Interest-rate risk

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

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 on relatively short-term deposits.

The Company is highly leveraged through financing at the corporate level due to the 2029 Bond. However, the Company is not exposed to interest-rate risks associated with the bonds as the coupon rate is fixed.

Credit risk

Credit risk is the 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, oil receivables and other 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 consolidated financial statements represent the Company's maximum exposure to credit risk.

Refer to Note 14.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties meeting its financial obligations as they become due. Like many oil and gas exploration companies, the Company raises financing for its exploration and development activities in discrete tranches to finance its activities for limited periods. The Company seeks to acquire additional funding as and when required. The Company anticipates making substantial capital expenditures in the future for the acquisition, exploration, 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, would 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 flows. Annual capital expenditure budgets are prepared, which are regularly monitored and updated as necessary. In addition, the Company requires authorisations for expenditure on both operating and non-operating projects to further manage capital expenditures.

The maturity profile of the Company's financial liabilities is indicated by their classification in the consolidated balance sheet as "current" or "non-current".

The remaining maturities of financial liabilities, including associated interest, are shown in the table below:

	Less than one year	From one to two years	Total
Borrowings	17,252	191,212	208,464
Payables to joint-operations partner	5,583	-	5,583
Trade payables and accrued expenses	2,891	-	2,891
Total	25,726	191,212	216,938

Refer to Notes 2b, 16 and 17.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

23. Commitments and contingencies

At December 31, 2025, the outstanding commitments of the Company were as follows:

	For the year ended December 31,				
	2026	2027	2028	Thereafter	Total
Atrush and Sarsang block development and PSC	101,117	400	400	1,800	103,717
Sarsang contingent consideration	-	-	-	15,000	15,000
Corporate office and other	73	63	63	382	581
Total commitments	101,190	463	463	17,182	119,298

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2026 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon continuation of sales and other economic factors.

Refer to Note 19 for further information regarding the Sarsang contingent consideration.

24. Interests in joint operations and other entities

Interests in joint operation – Atrush Block Production Sharing Contract

Shamaran holds a 50% participating interest (66.7% paying interest) in the Atrush PSC through Shamaran Atrush Ltd. (formerly General Exploration Partners, Inc). HKN is the Operator of the Atrush Block with a 25% direct interest (33.3% paying interest), and the KRG holds a 25% direct carried interest. HKN, the KRG and Shamaran Atrush Ltd. together are "the Contractors" to the Atrush PSC.

Under the terms of the Atrush PSC, the development period is for 20 years with an automatic right to a five-year extension and the possibility to extend for an additional five years. All qualifying petroleum costs incurred by the Contractors shall be recovered from a portion of available petroleum production, defined under the terms of the Atrush PSC. All modifications to the Atrush PSC are subject to the approval of the KRG. The Company is responsible for its pro-rata share of the KRG's costs and its own pro-rata share of the costs incurred in executing the development work program on the Atrush Block, which commenced on October 1, 2013.

Interests in joint operation – Sarsang Block Production Sharing Contract

Shamaran holds an 18% participating interest (22.5% paying interest) in the Sarsang PSC through Shamaran Sarsang Ltd. HKN is the Operator of the Sarsang Block with a 62% direct interest (77.5% paying interest), and the KRG holds a 20% direct carried interest. HKN, the KRG and Shamaran Sarsang Ltd. together are "the Contractors" to the Sarsang PSC.

Under the original terms of the Sarsang PSC, the development period is for 20 years with an automatic right to a five-year extension and the possibility to extend for an additional five years. All qualifying petroleum costs incurred by the Contractors shall be recovered from a portion of available petroleum production, defined under the terms of the Sarsang PSC. All modifications to the Sarsang PSC are subject to the approval of the KRG. The Company is responsible for its pro-rata share of the KRG's costs and its own pro-rata share of the costs incurred in executing the development work program on the Sarsang Block, which commenced on June 30, 2013.

Refer also to Notes 7 and 19.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

Information about subsidiaries

The consolidated financial statements of the Company include:

Subsidiary	Principal activities	Country of incorporation	% Equity interest as at	
			Dec 31, 2025	Dec 31, 2024
Shamaran Atrush Ltd.	Oil exploration and production	Cayman Islands	100	100
Sunrise Atrush B.V.	Oil exploration and production	Netherlands	0	100
Shamaran Sarsang A/S	Oil exploration and production	Denmark	100	100
Shamaran Sarsang Ltd.	Oil exploration and production	Cayman Islands	100	0
Shamaran Services S.A.	Technical and admin. services	Switzerland	100	100

Sunrise Atrush B.V. is the Dutch company acquired in 2024, formerly TAQA Atrush B.V., which was liquidated in 2025.

Shamaran Sarsang Ltd. is a newly created company in 2025 to which all the assets and liabilities of Shamaran Sarsang A/S were sold at the end of June 2025. Shamaran Sarsang A/S is in the process of liquidation.

25. Related-party transactions

Transactions with corporate entities

	Payments during the year		Amounts owing at December 31,	
	2025	2024	2025	2024
Nemesia	17,785	2,041	-	1,291
International Petroleum Corp.	347	206	36	23
Orrön Energy AB	202	93	1	-
Namdo Management Services Ltd.	31	113	74	52
Lundin Foundation	19	55	-	-
Total	18,384	2,508	111	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 2025. Refer also to Note 18 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 11.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Expressed in thousands of United States dollars, unless otherwise noted

Key management compensation

The Company's key management included its directors and executive officers that were remunerated as follows:

	For the year ended December 31,	
	2025	2024
Management short-term benefits	4,240	1,623
Management share-based payments	3,818	1,685
Director share-based payments	2,140	1,413
Management salaries	1,088	1,404
Director fees	335	240
Management pension benefits	213	221
Total	11,834	6,586

Short-term employee benefits include non-equity incentive plan compensation and other short-term benefits. Share-based payments compensation represents the portion of the Company's share-based payments expense incurred during the year attributable to key management, accounted for in accordance with *IFRS 2 'Share-Based Payments'*.

26. Subsequent Events

On January 19, 2026, the Company announced that it is pursuing a change in the Company's primary listing on the TSXV to the Euronext Growth Oslo market operated by the Oslo Stock Exchange. The Company will continue to fully support the secondary listing on Nasdaq First North Growth Market in Stockholm. ShaMaran plans to simultaneously effect a corporate continuance from Canada to Bermuda to have a more efficient corporate structure. If ShaMaran completes both transactions, the Company will no longer be incorporated in British Columbia and subject to the laws of Canada, it will cease to be listed on the TSXV, and it will no longer be a reporting issuer in any jurisdiction in Canada. ShaMaran will instead be incorporated in and subject to the laws of Bermuda. ShaMaran intends to hold a special meeting of shareholders on March 10, 2026, to seek approval of a special resolution approving the continuance of the Company from British Columbia, Canada to Bermuda. If approved by shareholders, this is expected to be effective on or around March 16, 2026.

On March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional security environment.

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

CORPORATE OFFICE

1055 Dunsmuir Street, Suite 2800
PO Box 49225
Vancouver, British Columbia V7X 1LC
Canada
Telephone: +1 604 689 7842
Website: www.shamaranpetroleum.com

OPERATIONS and ADMINISTRATIVE OFFICE

5 Chemin de la Pallanterie
1222 Vézenaz
Switzerland
Telephone: +41 22 560 8600

REGISTERED and RECORDS OFFICE

1075 West Georgia Street, Suite 1200
Vancouver, British Columbia V6E 3C9
Canada

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

2024

SHAMARAN
petroleum corp

Annual Report

For the year ended December 31, 2024

Contents

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION.....	1
2024 HIGHLIGHTS, 2025 GUIDANCE AND SUBSEQUENT EVENTS.....	2
OPERATIONS REVIEW.....	3
FINANCIAL REVIEW	4
• <i>Financial Results</i>	4
• <i>Capital Expenditures</i>	9
• <i>Financial Position and Liquidity</i>	10
• <i>Non-IFRS Measures</i>	12
• <i>Off Balance Sheet Arrangements</i>	13
• <i>Transactions with Related Parties</i>	13
• <i>Outstanding Share Data, Share Units and Stock Options</i>	14
• <i>Contractual Obligations and Commitments</i>	15
• <i>Critical Accounting Policies and Estimates</i>	15
RESERVES AND RESOURCES ESTIMATES	16
FINANCIAL INSTRUMENTS	18
RISKS AND UNCERTAINTIES	19
FORWARD-LOOKING INFORMATION.....	20
RESERVES AND RESOURCES ADVISORY	20
ADDITIONAL INFORMATION	21
SUPPLEMENTARY INFORMATION	21

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS REPORT	22
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	29
CONSOLIDATED BALANCE SHEET	30
CONSOLIDATED STATEMENT OF CASH FLOW	31
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	32
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	33

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

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 March 12, 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 audited consolidated financial statements for the year ended December 31, 2024, together with the accompanying notes ("Financial Statements"), the annual information form for the year ended December 31, 2023 ("2023 Annual Information Form") and the fourth quarter 2024 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% working interest (66.7% paying interest) in the Atrush Block in the Kurdistan Region of Iraq ("KRI") through its wholly-owned subsidiary ShaMaran Atrush Ltd (formerly named General Exploration Partners, Inc.). On August 6, 2024, the Company closed the transactions announced on January 22, 2024 (the "Atrush Acquisition"), following which ShaMaran's working interest in the Atrush Block increased from 27.6% to 50%. TAQA Atrush B.V. is now a wholly-owned subsidiary of ShaMaran Atrush Ltd, and its name has been changed to Sunrise Atrush B.V.
- 18% working interest (22.5% paying interest) in the Sarsang Block in the KRI through its wholly-owned subsidiary, ShaMaran Sarsang A/S. The Company announced closing the acquisition of TEPKRI Sarsang A/S (the "Sarsang Acquisition"), a wholly-owned subsidiary of TotalEnergies S.E., on September 14, 2022. The name of the company was subsequently changed to ShaMaran Sarsang A/S.

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

For the three months and year ended December 31, 2024

2024 HIGHLIGHTS

- On August 6, 2024, the Company closed the acquisition of TAQA Atrush B.V. and the subsequent sale of an indirect interest in the Atrush Block to HKN Energy IV, Ltd., as announced on January 22, 2024. The two-step transaction increased the Company's indirect 27.6% stake in the Atrush Block to a 50% working interest (66.67% paying interest) following the sale of an indirect 25% working interest (33.33% paying interest) to HKN Energy IV, Ltd. An affiliate of HKN Energy Ltd. is now operator of Atrush, and the Kurdistan Regional Government's ("KRG") 25% working interest in the block has been converted to a carried interest;
- On July 1, 2024, the Company's amended bond terms became effective, including a two-year extension of the maturity date to July 2027. During 2024, the Company repaid \$77.6 million (28%) of its bond;
- The closure of the Iraq-Türkiye pipeline ("ITP") since March 25, 2023, continues to have a material impact on ShaMaran's operations and financial results. The Company is actively engaging with the relevant parties to resume pipeline exports;
- The Company's working interest proved plus probable ("2P") reserves¹ increased from 65.4 MMbbls at December 31, 2023, to 71.5 MMbbls at December 31, 2024, a replacement ratio of more than 200% for year-end 2024 ;
- The Company's working interest best estimate ("2C") contingent resource² volumes increased from 41.5 MMbbls at December 31, 2023, to 72.2 MMbbls at December 31, 2024;
- Average gross daily oil production from Atrush and Sarsang was 66,400 bopd in Q4 2024 on a combined basis (46% higher than the 45,400 bopd in Q4 2023) and 59,500 bopd for the full-year ("FY") 2024 (51% higher than the 39,400 bopd in FY 2023), mostly due to higher local sales from Atrush;
- Revenue was \$34.7 million in Q4 2024 (71% higher than the \$20.3 million in Q4 2023) and \$109.4 million for the FY 2024 (32% higher than the \$82.9 million in FY 2023) due to higher local oil sales, the restart of Atrush production since November 7, 2023 and the increased working and paying interest in the Atrush Block from August 7, 2024;
- Oil sales to the KRI local market in Q4 2024 averaged a net oil price of \$33.74/bbl from the two blocks on a combined basis (15% lower than the \$39.77/bbl in Q4 2023) and \$35.65/bbl for the FY 2024 (27% lower than the \$48.87/bbl in FY 2023) due to higher volumes from Atrush in the local sales mix and the lack of any exports at international prices in 2024;
- Lifting costs in Q4 2024 were \$7.9 million (88% higher than the \$4.2 million in Q4 2023) and \$25.3 million for the FY 2024 (4% lower than the \$26.2 million in FY 2023), with the increase in Q4 2024 due to increased production, as well as the higher working and paying interest in the Atrush Block;
- Gross margin on oil sales in Q4 2024 was \$19.1 million (74% higher than the \$11.0 million in Q4 2023) and \$43.3 million for the FY 2024 (42% higher than \$30.5 million in FY 2023) due to increased production and local sales and the higher working and paying interest in the Atrush Block;
- EBITDAX³ has consistently increased since the ITP shutdown, with Q4 2024 EBITDAX of \$21.9 million (71% higher than the \$12.8 million in Q4 2023), and FY 2024 EBITDAX of \$72.3 million (64% higher than the \$44.0 million in FY 2023);
- The Company generated \$34.7 million in cash flow from operating activities during Q4 2024 from local sales (\$9.8 million in Q4 2023) and \$98.0 million during the FY 2024 (\$40.5 million in FY 2023);
- ShaMaran generated \$38.0 million of free cash flow before debt service³ in Q4 2024 (\$8.0 million in Q4 2023) and \$94.0 million in the FY 2024 (\$18.2 million in FY 2023) due to the strength of local sales and proactive cost-cutting; and
- At December 31, 2024, the Company had cash of \$76.8 million and gross debt of \$215.5 million (including the \$199.9 million outstanding under its corporate bond and \$15.6 million related-party loan). Net debt³ was \$138.7 million.

2025 Guidance:

- Due to the continued closure of the ITP and the unpredictability of the local sales market in the KRI, the Company has not provided production guidance for 2025.

SUBSEQUENT EVENTS

- Under the terms of the Company's bond, a cash sweep mechanism is in effect on each quarterly interest payment date for cash held above \$50 million. As a result, \$26.8 million was swept to partially repay the bond at par during January 2025. The total outstanding amount of the Company's bond as of the date of this MD&A is \$173.1 million. The next cash sweep will be in April 2025.

¹ Reserves and contingent resources estimates were provided by McDaniel & Associates Consultants Ltd. ("McDaniel"), the Company's independent qualified resources evaluator, and were prepared in accordance with standards set out in the Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook.

² The Company's working interest 2C contingent resources are defined as the best estimate of working interest quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.

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.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

OPERATIONS REVIEW

Reserves and Resources

On March 12, 2025, the Company reported estimated reserves and contingent resources for the Atrush and Sarsang fields as at December 31, 2024, as reported by the Company's independent reserves and resources evaluator, McDaniel.

For 2024, total property gross production was 21.8 MMbbls, and total Company working interest production was 5.8 MMbbls. As of December 31, 2024, Atrush had achieved cumulative production of approximately 79.8 MMbbls, and Sarsang had achieved cumulative production of approximately 78.8 MMbbls since development commenced in both fields in 2013.

The Company's working interest 2P reserves increased from 65.4 MMbbls on 31 December 2023 to 71.5 MMbbls on 31 December 2024. Atrush working interest 2P reserves increased by 22.6 MMbbls. This growth reflects additional equity, strong field performance and includes the barrels produced in 2024. At Sarsang, working interest 2P reserves decreased by 16.5 MMbbls, including the barrels produced in 2024. Remapping of the Swara Tika field, based on the latest 3D seismic survey, has resulted in fewer future development drilling locations. Additionally, undeveloped volumes at East Swara Tika have been reclassified as contingent resources to better reflect the development timeline. Including the Atrush acquisition, the Company's reserve revisions for 2024 led to a reserve's replacement ratio of over 200%.

The Company's working interest 2C contingent resource volumes increased from 41.5 MMbbls at December 31, 2023, to 72.2 MMbbls at December 31, 2024. The increase reflects the additional working interest at Atrush and the reclassification of some East Swara Tika contingent resources.

For more information on reserves and resources, please reference our Form 51-101 F1 Statement of Reserves Data and Other Oil and Gas Information as at December 31, 2024, and available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Production

	Three months ended Dec 31,		Year ended Dec 31,	
	2024	2023	2024	2023
Average daily oil production – gross 100% field (Mbopd)				
- Atrush	30.0	9.0	25.5	9.8
- Sarsang	36.4	36.4	34.0	29.6
Total	66.4	45.4	59.5	39.4
Average daily oil production – Company net (Mbopd)				
- Atrush (27.6% until August 6, 2024; 50% thereafter)	15.0	2.5	9.7	2.7
- Sarsang(18%)	6.6	6.6	6.1	5.3
Total	21.6	9.1	15.8	8.0
Oil sales – gross 100% field (Mbbbl)				
- Atrush	2,764	829	9,324	3,557
- Sarsang	3,264	3,519	12,180	10,852
Total	6,028	4,348	21,504	14,409
ShaMaran oil sales entitlement (Mbbbl)				
- Atrush (27.6% until August 6, 2024; 50% thereafter)	665	110	1,701	471
- Sarsang (18%)	365	401	1,372	1,225
Total	1,030	511	3,073	1,696

Atrush and Sarsang delivered substantial local sales in the fourth quarter of 2024. At Atrush, average production in Q4 2024 was 30.0 Mbopd and exceeded 32.0 Mbopd in December 2024. The 2025 investment focus on Atrush is expected to be on completing the central processing facility upgrade that will enhance its liquid processing capacity and enable the release of the early production facility from the field towards the end of 2025, which is expected to further reduce operating costs. At Sarsang, average production in Q4 2024 was 36.4 Mbopd. 2025 is expected to be a transition year for Sarsang with investment focus on the installation of above and below ground water handling facilities. This investment is designed to enable the production of incremental barrels that are currently being curtailed due to excess water production, resulting in lower current levels of production during Q1 relative to the end of 2024. The benefits of the Sarsang investment plan are expected in late 2025/early 2026.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

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)	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Continuing operations:								
Revenue	34,749	29,425	22,630	22,588	20,320	12,644	6,542	43,380
Cost of goods sold	(15,673)	(19,470)	(15,225)	(15,748)	(9,291) ⁴	(11,049)	(10,741)	(21,282)
Bargain purchase gain on acquisitions	-	70,336	-	-	(360)	-	-	360
General and administrative expense	(3,340)	(1,282)	(1,426)	(1,780)	(2,865)	(1,575)	(2,486)	(3,361)
Share-based payments expense	(1,533)	(273)	(887)	(997)	(376)	(315)	(1,151)	(222)
Depreciation and amortization	(32)	(26)	(42)	(59)	(58)	(61)	(59)	(58)
Credit loss provision	24	1,591	298	2,796	(305)	(644)	(11,568)	(1,421)
Finance expense	(6,655)	(5,569)	(6,812)	(8,555)	(9,560)	(8,961)	(9,748)	(9,700)
Finance income	644	384	1,046	1,320	1,691	1,774	2,042	1,923
Income tax expense	(65)	(17)	(91)	(58)	(100)	(15)	(30)	(20)
Net income / (loss)	8,119	75,099	(509)	(493)	(904)	(8,202)	(27,199)	9,599
EBITDAX	21,885	21,509	14,707	14,234	12,839	5,834	(4,876)	30,227
Net income/(loss) in \$ per share								
- Basic	0.003	0.026	-	-	-	(0.003)	(0.010)	0.003
- Diluted	0.003	0.025	-	-	-	(0.003)	(0.009)	0.003

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 Fourth Quarter Financial Information

The \$8.1 million net income generated in Q4 2024 was primarily driven by increased revenue due to the Atrush Acquisition and higher production from the field during the quarter. The income and expenses in Q4 2024 are explained in more detail in the following sections.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

Selected Annual Financial Information

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

USD Thousands
(except per share data)

	For the year ended December 31,		
	2024	2023	2022
Revenues	109,392	82,886	176,665
Cost of goods sold	(66,116)	(52,363)	(70,724)
Bargain purchase gain on acquisitions	70,336	-	60,081
General and administrative expense	(7,828)	(10,287)	(9,909)
Share-based payments expense	(3,690)	(2,064)	(2,338)
Depreciation and amortization expense	(159)	(236)	(218)
Credit loss provision	4,709	(13,938)	(3,873)
Finance income	3,394	7,393	4,909
Finance expense	(27,591)	(37,932)	(39,479)
Income tax expense	(231)	(165)	(155)
Income / (loss) for the year	82,216	(26,706)	114,959
Income / (loss) in \$ per share:			
Basic	0.03	(0.01)	0.05
Diluted	0.03	(0.01)	0.04

	As at December 31,		
	2024	2023	2022
Financial position – net book value of principal items			
Property plant & equipment	365,708	302,192	302,384
Loans and receivables	51,322	74,334	88,279
Cash and other assets	77,656	73,816	107,819
Other non-current assets	-	69	211
Total assets	494,686	450,411	498,693
Net borrowings	(188,501)	(238,746)	(258,943)
Other liabilities	(82,984)	(72,234)	(76,056)
Shareholders' equity	223,201	139,431	163,694
Common shares outstanding (x 1,000)	2,845,961	2,824,362	2,808,851

Summary of Principal Changes in Annual Financial Information

The net income in 2024 of \$82.2 million is attributable to a number of key drivers:

- The Atrush Acquisition, resulting in a bargain purchase gain of \$70.3 million;
- Continual local sales during the year and a higher entitlement at Atrush due to the acquisition; and
- Reduced finance costs linked to faster bond repayment post amendment.

The income and expense details and the principal changes in annual financial information are further explained in the sections below.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

Atrush Acquisition

On August 6, 2024, the Company closed the Atrush Acquisition. The two-step transaction increased the Company's indirect 27.6% stake in the Atrush Block to a 50% working interest (66.67% paying interest) following the sale of an indirect 25% working interest (33.33% paying interest) to HKN Energy IV, Ltd. The purchase and sale were carried out simultaneously, and the net acquired position was therefore 22.4%. An affiliate of HKN Energy Ltd. is now operator of the Atrush Block, and the KRG 25% working interest in the Atrush Block has been converted to a carried interest.

The Atrush Acquisition was accounted for using the acquisition method pursuant to IFRS 3. Under the acquisition method, assets and liabilities are recorded at fair value on the date of acquisition. The value of the net assets is recorded as a bargain purchase gain because the Atrush Acquisition was acquired for nominal consideration. As the only other independent joint venture partner at Atrush, the Company was able to provide the seller with a relatively quick exit and a high degree of certainty, at a time when Atrush was incurring monthly losses with production shut-in due to the ITP closure and the lack of trucking facilities. The bargain purchase gain arises from the fact that Atrush has been able to restart production by establishing, growing and maintaining local sales. Atrush is expected to continue generating meaningful positive cash flow on the basis of continued sales.

Identifiable assets acquired and liabilities assumed

The preliminary purchase price allocation is based on management's best estimate of fair value. Upon finalizing the fair value of net assets acquired, adjustments to initial estimates, including the bargain purchase gain, may be required, and can be made up to twelve months from the closing date of the acquisition.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair Value
Property, plant, and equipment	85,256
Decommissioning liabilities	(9,580)
Accounts receivable on oil sales adjustment	(5,340)
Net identifiable assets acquired	70,336
Purchase consideration	-
Bargain purchase gain	70,336

There were no acquisitions in the year ending December 31, 2023.

Acquisition-related costs

Acquisition-related costs incurred during 2024 of \$216 thousand (2023: \$315 thousand) are included in general and administrative expenses in the consolidated statement of comprehensive income.

Revenue and profit contribution

The acquired business contributed revenues of \$15 million and net profit of \$4.8 million to the Company from the period August 7, 2024, to December 31, 2024, in the consolidated statement of comprehensive income for the reporting period. If the closing of the acquisition had occurred on January 1, 2024, the Company's consolidated pro forma revenues and net profit for the year 2024 would have been \$131.9 million and \$91.0 million, respectively.

This pro forma information is not necessarily indicative of the results that would have been obtained if the acquisition had occurred on January 1, 2024.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

Gross margin on oil sales

USD Thousands	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Revenue from oil sales	34,749	20,320	109,392	82,886
Lifting costs	(7,881)	(4,169)	(25,258)	(26,191)
Other costs of production	(110)	(71)	(281)	(320)
Depletion costs	(7,682)	(5,051)	(40,577)	(25,852)
Cost of goods sold	(15,673)	(9,291)	(66,116)	(52,363)
Gross margin on oil sales	19,076	11,029	43,276	30,523

Revenue from oil sales relates to the Company's entitlement share of oil sales from the Atrush and Sarsang blocks. The increase in revenues in Q4 2024 compared to Q4 2023 was driven by the increased local sales volume (local sales only started in Atrush from November 2023 following the ITP closure) and the increased working interest in the Atrush Block. The revenue of \$109.4 million in 2024 relates to local oil sales from Sarsang and Atrush and is 32% higher than 2023 (Q1 2023 also included some pipeline exports prior to the ITP shutdown in March 2023). The oil prices for local sales are at a significant discount to international benchmark prices. The average net oil price for 2024 was \$35.65 per barrel, 27% lower than the average net oil price of \$48.87 per barrel in 2023 (Q1 2023 sales included exports through the ITP at international prices, net of deductions for oil quality and transportation costs). The Company's entitlement share of oil sales in 2024 was 3.1 MMbbls, 82% higher than the 1.7 MMbbls entitlement in 2023.

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 respective operator's related support costs as charged to the Company. Lifting costs were 89% higher in Q4 2024 compared to Q4 2023 due to increased production and an increased working and paying interest in the Atrush Block, and 4% lower in 2024 compared to 2023 due to a focus on cost control at Atrush.

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

Depletion costs have increased 52% in Q4 2024 compared to Q4 2023, and 57% in 2024 compared to 2023, due to increased production from both assets. At Atrush, there was no production from March 25, 2023 until November 7, 2023 (due to the pipeline closure and lack of trucking facilities), and therefore no related depletion during this time.

Gross margin on oil sales was significantly higher in Q4 2024 versus Q4 2023 due to higher local oil sales from both blocks and a higher working and paying interest in the Atrush Block from August 7, 2024, resulting in the full-year gross margin on oil sales also being significantly higher on an annual basis.

General and administrative expense

USD Thousands	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Salaries and benefits	2,486	1,984	4,994	5,852
Legal, accounting and audit fees	394	464	850	1,346
Management and consulting fees	171	179	842	1,503
General and other office expenses	153	176	642	738
Travel expenses	71	28	137	280
Listing costs and investor relations	65	34	308	351
Corporate sponsorship	-	-	55	217
General and administrative expense	3,340	2,865	7,828	10,287

The decrease in general and administrative expenses in 2024 compared to 2023 is due to savings from ongoing cost reduction initiatives. In 2023, there were substantial one-off costs for the departure of the former CEO, as well as one-off business development, legal and consulting fees incurred.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

Finance expense

USD Thousands	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Interest /amortization charges on corporate bond	6,659	9,418	31,839	38,707
Adjustment of bond and loan amortization	909	-	(3,076)	-
Amortization of the related-party loan	555	550	2,040	2,128
Finance cost for bond purchase	26	-	26	-
Total borrowing costs	8,149	9,968	30,829	40,835
Unwinding discount on decommissioning provision	21	(6)	81	(76)
Foreign exchange loss	-	252	-	251
Other interest expenses	-	69	-	69
Lease – interest expense	-	3	9	11
Re-measurement of contingent consideration	(84)	98	110	43
Total finance expense before borrowing costs capitalized	8,086	10,384	31,029	41,133
Borrowing costs capitalized	(1,293)	(824)	(3,438)	(3,201)
Total finance expense	6,793	9,560	27,591	37,932

Interest and amortization charges relate to the Company's corporate bond and related-party loan. The bond amendments effective July 1, 2024, as well as the extension of the repayment date 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".

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

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	Year ended December 31, 2024			Year ended December 31, 2023		
	Oil and gas assets	Office equipment	Total	Oil and gas assets	Office equipment	Total
Opening net book value	302,091	101	302,192	302,217	167	302,384
Atrush Acquisition	85,256	-	85,256	-	-	-
Additions	18,935	(2)	18,933	25,725	57	25,782
Depletion and depreciation expense	(40,577)	(96)	(40,673)	(25,851)	(123)	(25,974)
Net book value	365,705	3	365,708	302,091	101	302,192

At each reporting date, the Company assesses its cash generating units ("CGUs") for indicators of impairment or when facts and circumstances suggest the carrying amount may exceed the recoverable amount. At December 31, 2024, the Company tested the Sarsang CGU for impairment due to downward technical revisions on the 2P reserves for the CGU. The recoverable amount of the CGU was assessed using its fair value less cost of disposal (level 3 analysis) based on the McDaniel 2P reserves report, including production forecasts, forward commodity prices, production costs and future development expenditures. Assumptions included a future cost inflation factor of 2% per annum and a discount rate of 17% to calculate the net present value at December 31, 2024. The assessment concluded that there is no impairment to PP&E.

The price assumptions used for the impairment assessment performed at December 31, 2024, are based on current local sales prices continuing through 2025 until June 2026. After June 2026, sales prices were based on average Brent oil price assumptions from the McDaniel forecast less an estimated discount to Brent based on past precedent.

Year	2025	2026	2027	2028
Average price forecast \$/bbl	39.83	55.50	72.73	74.32

For the Sarsang CGU, a 2% increase in the discount rate or a 5% decrease in forward commodity prices would not impact the result of the impairment test.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

Financial Position and Liquidity

Accounts receivable

At December 31, 2024, the Company had the following outstanding receivables:

USD Thousands	For the year ended December 31,	
	2024	2023
Accounts receivable on oil sales	69,398	95,474
Credit Loss Provision – transportation costs	-	(3,695)
Credit Loss Provision	(12,736)	(17,445)
Atrush Acquisition adjustment	(5,340)	-
Total accounts receivable	51,322	74,334

The accounts receivable balance at December 31, 2024, mainly relates to oil deliveries to the KRG from October 2022 through March 2023. 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 December 31, 2024. The result of the Company's assessment under IFRS 9 is a \$4.7 million credit adjustment to these trade receivables in 2024, included in the statement of comprehensive loss (2023: \$13.9 million debit). The portion of these receivables that is estimated to be received after 2025 is classified as non-current owing to uncertainty in timing of recovery.

As part of the Atrush Acquisition, certain historic differences in the accounts receivable were reconciled with the KRG. The adjustments align with the treatment of similar items previously accounted for at Sarsang.

Borrowings

On June 10, 2024, the Company announced bondholder approval for certain amendments to the terms of the Company's \$300 million bond, which originally matured in July 2025 (the "2025 Bond"). The new terms include 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 on July 1, 2024 (the "2027 Bond"). The annual interest rate on the 2027 Bond remains the same at 12%, but the interest payment timing has changed from semi-annual to quarterly. The total outstanding amount of the new bond at December 31, 2024, was \$199.9 million. This was treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense.

A waiver fee equal to 0.25% of the outstanding bond following the tender was paid to all bondholders in connection with the interest payment in July 2024. This fee is included in bond transaction costs along with other fees. Interest expenses associated with the bond are calculated using the effective interest rate method.

A key amendment to the bond terms is the replacement of the previous bond amortization schedule with a quarterly cash sweep mechanism whereby the amount by which cash and cash equivalents exceed \$50 million five business days after each quarter end is used to repay bonds at par on the next quarterly interest payment date. The new mechanism started operating as of Q3 2024. Any amount of the 2027 Bond that is not repaid through the cash sweep is due at maturity in July 2027. \$2.2 million bonds were acquired in the market and cancelled during the interest payment quarter ending October 31, 2024. Refer to the subsequent events for the January 2025 sweep.

Due to the uncertainty surrounding the reopening of the ITP, and the impact that continued ITP closure could have on the Company's operations, there is uncertainty around the timing and amount of bonds that will be repaid through the cash sweep over the remaining term of the 2027 Bond.

The 2027 Bond has a financial covenant which states 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 value report. Net debt is calculated as the total of debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the 2027 Bond was issued.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

The movements in borrowings are explained below:

USD Thousands	For the year ended December 31,	
	2024	2023
Opening balance	257,255	269,145
Interest / amortization charges	28,762	38,707
Own bond	28,402	2,303
Bond transaction costs	(1,061)	-
Payments to bondholders – interest	(37,476)	(30,400)
Bond cancellation	(77,586)	(22,500)
Ending balance	198,296	257,255
Non-current portion – net borrowings	161,730	193,746
Current portion – accrued bond interest expense	9,795	18,509
Current portion – amortization instalments	26,771	45,000

Liquidity and Capital Resources

USD Thousands	For the year ended December 31,	
	2024	2023
Selected liquidity indicators		
Cash flow from operations	97,965	40,482
Working capital positive	55,446	41,027
Cash in bank	76,801	71,722

Cash flow from operations of \$98.0 million for the year ended December 31, 2024 is \$57.5 million higher than the amount reported in 2023 due to increased production and consistent local oil sales payments.

Working capital at December 31, 2024 was positive \$55.4 million compared to positive \$41.0 million at December 31, 2023. The increase in working capital since December 31, 2023, is principally due to a lower amount of the Company's 2027 Bond being classified as a current liability.

Cash in bank increased by \$5.1 million in 2024 compared to a decrease of \$34.0 million in 2023. The main components of the movement in funds were as follows:

- The operating activities of the Company in 2024 resulted in an increase of \$98.0 million in the cash position (2023: increase of \$40.5 million).
- Net cash outflows for investing activities in 2024 were \$4.1 million (2023: \$22.3 million). Cash outflows for investing activities comprised \$8.8 million for capital investments in the Atrush and Sarsang development work programs net of cash inflows of \$4.7 million for interest received.
- Net cash outflows for financing activities in 2024 were \$89.1 million (2023: \$52.3 million) and comprised \$49.2 million for the bond tender, \$506 thousand of bond transaction costs, \$37.5 million of interest payments to bondholders and \$1.9 million of interest payments for the Nemesia loan.

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

For the three months and year ended December 31, 2024

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.

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. A quantitative reconciliation to revenues, the most directly comparable IFRS Accounting Standards measure is provided below.

USD Thousands	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Revenues	34,749	20,320	109,392	82,886
Lifting costs	(7,881)	(4,169)	(25,258)	(26,191)
Other costs of production	(110)	(71)	(281)	(320)
General and administrative expense	(3,340)	(2,865)	(7,828)	(10,287)
Share-based payments	(1,533)	(376)	(3,690)	(2,064)
EBITDAX	21,885	12,839	72,335	44,024

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 of 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 December 31,		Year ended December 31,	
	2024	2023	2024	2023
Net cash inflows from operating activities	34,692	9,824	97,965	40,482
Net cash inflows from / (outflows to) investing activities	3,357	(1,770)	(4,054)	(22,277)
Free cash flow before debt service	38,049	8,054	93,911	18,205

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

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	For the year ended December 31,	
	2024	2023
Cash and cash equivalents, unrestricted	76,792	48,881
Cash and cash equivalents, restricted	9	22,841
Company-held ShaMaran Bond	-	28,400
Outstanding principal of ShaMaran Bond	(199,914)	(277,500)
Loan from related party	(15,600)	(15,600)
Net debt	(138,713)	(192,978)

All figures in the net debt calculation are based on their nominal value at the balance sheet date. See Notes 16 and 17 in the Financial Statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

USD Thousands	Purchase of services during the year		Amounts owing at December 31,	
	2024	2023	2024	2023
Nemesia	2,041	2,128	1,291	1,123
International Petroleum Corp.	206	5	23	31
Namdo Management Services Ltd.	113	31	52	-
Orrön Energy AB	93	33	-	-
Lundin Foundation	55	65	-	-
Total	2,508	2,262	1,366	1,154

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 has a subordinated 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 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 months and year ended December 31, 2024

Outstanding Share Data, Share Units and Stock Options

Common shares

The Company had 2,845,961,365 outstanding shares (3,001,633,278 shares fully diluted) at December 31, 2024, and 2,861,738,401 outstanding shares at the date of this MD&A.

Details of share issuance in the year 2024 are as follows:

- 6,873,839 common shares were issued from restricted share units ("RSUs") that vested in accordance with the Share Unit Plan (defined below) and were issued to grantees. The carrying value of the RSUs has been determined based on the Company's average closing share price over the 5-day period prior to the vesting date; and
- 14,725,369 common shares were issued to grantees 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 December 31, 2024, a total of 152,916,896 shares, 5% of the issued share capital, had been granted of the possible 284,596,136 shares that could be granted under the plans. Under the plans, the Company may also grant performance share units ("PSUs"), RSUs or deferred share units ("DSUs"). As at December 31, 2024, and the date of this MD&A, there are no PSUs outstanding. The DSU Plan exists for non-executive directors of the Company.

During 2024, the Company made two separate grants totaling:

- 62,450,000 RSUs to certain senior officers and other eligible persons of the Company. The first grant in March 2024 of 41,110,000 RSUs at a grant-date share price of CAD \$0.05 and the second grant in December 2024 of 21,340,000 RSUs at a grant-date share price of CAD \$0.12;
- 7,160,849 DSUs to non-executive directors. The first grant in March 2024 of 5,239,369 DSUs at a grant-date share price of CAD \$0.05 and the second grant in December 2024 of 1,921,480 DSUs at a grant-date share price of CAD \$0.12; and
- 41,680,000 stock options to certain senior officers and other eligible persons of the Company. The first grant in March 2024 of 26,540,000 stock options at a grant-date share price of CAD \$0.05 and the second grant in December 2024 of 15,140,000 stock options at a grant-date share price of CAD \$0.12.

During 2024, a total of 12,952,465 RSUs vested, 47,223,004 options were exercised, 1,475,335 DSUs were redeemed in cash and 8,747,540 RSUs and 10,023,332 options were forfeited. The forfeiture of RSUs and options and the DSU redemption were due to the end of service of plan participants.

At December 31, 2024, there were 65,296,664 stock options outstanding under the Company's employee incentive Stock Option Plan, which represents 2.3% of the total shares outstanding at December 31, 2024.

The Company has no warrants outstanding.

Movements in the Company's outstanding options and share units in the year ended December 31, 2024 are explained below:

	Number of stock options outstanding	Number of RSUs outstanding	Number of DSUs outstanding
At December 31, 2023	80,863,000	24,600,002	16,584,721
Granted in the year	41,680,000	62,450,000	7,160,849
Expired/forfeited in the year	(10,023,332)	(8,747,540)	-
Options exercised	(47,223,004)	-	-
DSUs redeemed	-	-	(1,475,335)
RSUs vested	-	(12,952,465)	-
At December 31, 2024	65,296,664	65,349,997	22,270,235
Quantities vested and unexercised:			
At December 31, 2023	80,863,000	-	16,584,721
At December 31, 2024	29,660,839	-	22,270,235

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

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 Block.

As at December 31, 2024, the outstanding commitments of the Company were as follows:

USD Thousands	For the year ended December 31,				Total
	2025	2026	2027	Thereafter	
Atrush and Sarsang block development and PSC	105,809	400	400	2,000	108,609
Sarsang contingent consideration	-	-	-	15,000	15,000
Corporate office and other	45	-	-	-	45
Total commitments	105,854	400	400	17,000	123,654

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.

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.

Material Accounting Policies

Accounting for Oil and Gas Operations

Oil and gas assets are comprised of 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 months and year ended December 31, 2024

- 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 flow. 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 flow 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 2024, all of the Company's development activities are conducted jointly with others.

RESERVES AND RESOURCE ESTIMATES

The Company engaged McDaniel to evaluate 100% of the Company's reserves and resource data as at December 31, 2024. The conclusions of this evaluation have been presented in a detailed property report that has been prepared in accordance with standards set out in the Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGEH").

The Company's crude oil reserves as at December 31, 2024, were based on the Company's 50% working interest (66.7% paying interest) in the Atrush Block and 18% working interest (22.5% paying interest) in the Sarsang Block and estimated to be as follows:

Company estimated reserves As at December 31, 2024

	Proved Developed	Proved Undeveloped	Total Proved	Probable	Total Proved & Probable	Possible	Total Proved, Probable & Possible
Light/Medium Oil (Mbbbl) ⁽¹⁾							
Gross ⁽²⁾	27,081	12,794	39,875	18,375	58,251	21,672	79,923
Net ⁽³⁾	16,247	5,216	21,463	5,820	27,283	6,665	33,948
Heavy Oil (Mbbbl) ⁽¹⁾							
Gross ⁽²⁾	5,232	3,166	8,399	4,887	13,286	5,948	19,234
Net ⁽³⁾	3,310	1,306	4,615	1,644	6,260	1,859	8,118
Total Oil (Mbbbl)							
Gross	32,314	15,961	48,274	23,263	71,537	27,619	99,517
Net	19,557	6,522	26,079	7,464	33,543	8,524	42,067

Notes:

- (1) The Atrush Field contains crude oil of variable density. Fluid type is classified according to COGEH: Light/Medium Oil is based on density less than 920 kg/m³, and Heavy Oil is between 920 and 1000 kg/m³.
- (2) Company gross reserves are based on the Company's 50% working interest share of the property gross reserves in the Atrush Block plus an 18.0% working interest share of the property gross reserves in the Sarsang Block.
- (3) Company net reserves are based on Company share of total cost and revenues. Note, as the government pays income taxes on behalf of the Company out of the government's profit-oil share, the net reserves were based on the effective pre-tax revenues by adjusting for the tax rate.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

The Company's crude oil resources as at December 31, 2024, were estimated to be as follows:

Company estimated contingent resources ^{(1) (2) (4) (5)}

As at December 31, 2024

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Risked Best Estimate
Light/Medium Oil (Mbbbl) ⁽³⁾				
Gross (Development On Hold)	5,206	15,349	54,496	9,540
Gross (Development Not Viable)	-	-	-	-
Heavy Oil (Mbbbl) ⁽³⁾				
Gross (Development On Hold)	7,050	12,283	37,971	8,598
Gross (Development Not Viable)	18,571	44,543	59,791	4,454
Gross Total	30,827	72,175	152,257	22,592

Notes:

- (1) Company gross interest resources are based on a 50% working interest share of the property gross resources in the Atrush Block plus an 18.0% working interest of the property gross resources in the Sarsang Block.
- (2) There is no certainty that it will be commercially viable to produce any portion of the contingent resources.
- (3) The Atrush Field contains crude oil of variable density. Fluid type is classified according to COGEH: Light/Medium Oil is based on a density less than 920 kg/m³, and Heavy Oil is between 920 and 1000 kg/m³.
- (4) The "Risked Best Estimate" contingent resources account for the chance of development, which is defined as the probability of a project being commercially viable. Quantifying the chance of development requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are extremely difficult to quantify, the chance of development is uncertain and must be used with caution. The chance of development was estimated to be 70% for the Light/Medium and Heavy Crude Oil Development "On Hold" contingent resources and 10% for the Heavy Crude Oil Development "Not-Viable" contingent resources.
- (5) The contingent resources are sub-classified as "Development On Hold" and "Development Not Viable".

Prospective resources have not been re-evaluated since December 31, 2013.

Risks in estimating resources

There are uncertainties inherent in estimating the quantities of reserves and resources, including factors that are beyond the control of the Company. Estimating reserves and resources is a subjective process, and the results of drilling, testing, production and other new data after the date of an estimate may result in revisions to original estimates.

Reservoir parameters may vary within reservoir sections. The degree of uncertainty in reservoir parameters used to estimate the volume of hydrocarbons, such as porosity, net pay and water saturation, may vary. The type of formation within a reservoir section, including rock type and proportion of matrix or fracture porosity, may vary laterally, and the degree of reliability of these parameters as representative of the whole reservoir may be proportional to the overall number of data points (wells) and the quality of the data collected. Reservoir parameters such as permeability and effectiveness of pressure support may affect the recovery process. Recovery of reserves and resources may also be affected by the availability and quality of water, fuel gas, technical services and support, local operating conditions, security, performance of the operating company and the continued operation of well and plant equipment.

Additional risks associated with estimates of reserves and resources include risks associated with the oil and gas industry in general, such as normal operational risks during drilling activity, development and production; delays or changes in plans for development projects or capital expenditures; the uncertainty of estimates and projections related to production, costs and expenses; health, safety, security and environmental risks; drilling equipment availability and efficiency; the ability to attract and retain key personnel; the risk of commodity price and foreign exchange rate fluctuations; the uncertainty associated with dealing with governments and obtaining regulatory approvals; performance and conduct of the respective operator; and risks associated with international operations.

The Company has engaged professional geologists and engineers to evaluate reservoir and development plans. However, process implementation risk remains. The Company's reserves and resource estimations are based on data obtained by the Company that has been independently evaluated by McDaniel.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

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 benefits 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 provided by operations. During the quarter, the Company received oil sales revenues at a negotiated local sales price that was considerably less than would otherwise have been received if the ITP was open for export and sales were made at least at the KBT price. It is unclear when the ITP will re-open or a payment mechanism will be agreed so that export sales can resume at international pricing.

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.

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 on 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 2027 Bond or the Nemesia loan as these interest rates are 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.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

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, would 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-operating 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")

As previously noted in the Company's 2023 Annual Information Form, there has not yet been consistent monthly budget allocations paid to the KRG since the enactment of the Federal Budget Law. As at the date of this MD&A, there remains uncertainty as to the amounts and timing of the budget allocation payments, and no federal payments received have been allocated for the payment of Kurdistan PSC obligations except for the KRG's local employee salaries. There has been some progress in discussions among the relevant parties on the mechanisms for regular payments for KRI oil exports per the PSC terms and for the outstanding payables to international oil companies ("IOCs"), and the recent approval of the 2025 Budget Law Amendment by the Iraqi Parliament could provide an intermediate step to a full normalization of the KRI oil export and payment situation. However, there can be no certainty that the negotiations between the various parties will result in a positive outcome on this matter.

Continuing export pipeline closure

The ITP was closed on March 25, 2023, and remains shut as at the date of this MD&A. The ITP reopening was the subject of the recent approval of the 2025 Budget Law Amendment by the Iraqi Parliament. Despite several meetings between the Government of Iraq and the KRG, there are a number of unresolved issues, so there can be no certainty as to when the ITP will reopen for exports or when payments at international oil market prices will resume for oil production from the KRI. The Company is working with the various parties, including other IOCs, to find a commercial solution to reopen the ITP.

Federal Supreme Court of Iraq ruling

As previously noted in the Company's 2023 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 Company continues to monitor the situation closely and will proactively protect its commercial interests.

Russia-Ukraine, Israel and Syria conflicts

At the date of this MD&A, all oil production in the KRI, including from the Atrush and Sarsang blocks, is being sold in the domestic market at local sales prices that have not been affected by the Russia-Ukraine, Israel or Syria conflicts. If these conflicts continue, they may have an adverse impact on realized pricing in the international oil markets.

The Israel and Syria conflicts do not yet appear to have had any impact on the Company's operations in the KRI, nor have they, as at the date of the MD&A, had any direct impact on local sales pricing of Kurdistan oil.

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 2023 Annual Information Form.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of disclosure controls and procedures.

Design of internal controls over financial reporting is the responsibility of management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud. There have been no material changes to the Company's internal control over financial reporting during the three and twelve month periods ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A 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, including, but not limited to: 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 MD&A 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", "assume", "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 that any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.

RESERVES AND RESOURCE ADVISORY

Shamaran's reserve and contingent resource estimates are as at December 31, 2024, and have been prepared and audited in accordance with NI 51-101 and the COGEH. 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 are those quantities of petroleum estimated, as at 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.

Contingent resources are further categorized according to the level of certainty associated with the estimates and may be sub-classified based on a project maturity and/or characterized by their economic status. There are three classifications of contingent resources: low estimate, best estimate and high estimate. Best estimate is a classification of estimated resources described in the COGEH as the best estimate of the quantity that will be actually recovered; it is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the best estimate.

The project maturity subclasses include development pending, development on hold, development unclarified and development not viable. The contingent resources disclosed in this MD&A are classified as either development on hold or development not viable. Development on hold is defined as a contingent resource where there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. Development not viable is defined as a contingent resource where no further data acquisition or evaluation is currently planned and hence there is a low chance of development.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

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.

This MD&A contains an oil and gas metric, being 2P reserves replacement ratio, which does not have a standardized meaning or a standard method of calculation and therefore such measure may not be comparable to similar measures used by other companies. This metric is commonly used in the oil and gas industry and has been included herein to provide readers with an additional measure to evaluate ShaMaran's performance; however, such measure is not a reliable indicator of the future performance of ShaMaran and future performance may not compare to the performance in previous periods.

ADDITIONAL INFORMATION

Additional information related to the Company, including its 2023 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 three months ending March 31, 2025, on May 7, 2025.

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



Independent auditor's report

To the Shareholders of ShaMaran Petroleum Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ShaMaran Petroleum Corp. and its subsidiaries (together, the Company) as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of comprehensive income/(loss) for the year ended December 31, 2024;
- the consolidated balance sheet as at December 31, 2024;
- the consolidated statement of cash flow for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2b to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP

Suncor Energy Centre, 111 5th Avenue South West, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825, Fax to mail: ca_calgary_main_fax@pwc.com



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of property, plant and equipment (PP&E) assets acquired in the acquisition of the Atrush Block <i>Refer to note 1 – General information, note 3 – Material accounting policies, note 4 – Critical accounting judgments and key sources of estimation uncertainty, note 6 – Atrush Acquisition and note 13 – Property, plant and equipment to the consolidated financial statements.</i> On August 6, 2024, the Company closed the acquisition of the 22.4% working interest in the Atrush Block. The acquisition was accounted for using the acquisition method, which requires that the identifiable assets acquired and liabilities assumed be measured at their fair values at the acquisition date. The identifiable assets acquired included \$85.3 million of PP&E assets. Management determined the fair value of these assets based on a fair value less cost of disposal methodology, calculating the present value of the expected future cash flows derived from the acquired oil and gas reserves (the discounted cash flow model). The assumptions and estimates used to determine the fair value of the acquired PP&E assets require critical judgment by management and include production forecasts, forward commodity prices, production costs, future development expenditures and the discount rate. The acquired oil and gas reserve estimates are prepared by the Company's independent qualified reserve evaluators (management's experts).	Our approach to addressing the matter included the following procedures, among others: • Tested how management estimated the fair value of the acquired PP&E assets, which included the following: – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the acquired oil and gas reserves used to determine the fair value of the acquired PP&E assets. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of data used by management's experts and an evaluation of their findings. – Evaluated the appropriateness of the methods and the discounted cash flow model used by management in determining the fair value of the acquired PP&E assets. – Tested the data used in determining the fair value of the acquired PP&E assets. – Evaluated the reasonableness of assumptions used in determining the fair



Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to (i) the critical judgment applied by management, including the use of management's experts, when developing the estimates of the acquired oil and gas reserves and the fair value of the acquired PP&E assets, including the development of assumptions; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to the assumptions used by management; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	value of the acquired PP&E assets by: - o Considering whether production forecasts, production costs and future development expenditures were consistent with the actual performance of the acquired PP&E assets, and whether they were consistent with evidence obtained in other areas of the audit. - o Comparing forward commodity prices to reputable third party industry forecasts. - o Using professionals with specialized skill and knowledge in the field of valuation, who assisted us in assessing the reasonableness of the discount rate used in the discounted cash flow model and the reasonableness of the fair value assigned to the acquired PP&E assets.
The impact of oil and gas reserves on the Company's net oil and gas assets (oil and gas assets) included in PP&E <i>Refer to note 3 – Material accounting policies, note 4 – Critical accounting judgments and key sources of estimation uncertainty and note 13 – Property, plant and equipment to the consolidated financial statements.</i> The Company had \$365.7 million of oil and gas assets as at December 31, 2024, of which a portion related to the Sarsang cash generating unit (CGU). Depletion and depreciation expense for the oil and gas assets was \$40.6 million for the year then ended. Oil and gas assets are depleted using the unit of production method based on proved and probable reserves. At each reporting date, oil and gas assets are assessed for indicators of impairment or when facts and circumstances suggest that the carrying amount	Our approach to addressing the matter included the following procedures, among others: • The work of management's experts was used in performing the procedures to evaluate the reasonableness of the proved and probable oil and gas reserves used to determine the depletion and depreciation expense for the oil and gas assets and the recoverable amount of the Sarsang CGU. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings.



Key audit matter	How our audit addressed the key audit matter
may exceed its recoverable amount. Where such indicators are identified, management determines the recoverable amount. PP&E assets are grouped for recoverability assessment purposes into CGUs. Impairment is identified by comparing the recoverable amount of the CGU to its carrying amount. The recoverable amount of a CGU is the greater of its fair value less cost of disposal and its value in use. As at December 31, 2024, Management tested the Sarsang CGU for impairment. The recoverable amount of this CGU was assessed using its fair value less cost of disposal, which is based on the discounted after-tax cash flows of proved and probable oil and gas reserves. The proved and probable oil and gas reserves are prepared by the Company's independent qualified reserve evaluators (management's experts). The assumptions used by management to determine the recoverable amount of the Sarsang CGU include the proved and probable oil and gas reserves, production forecasts, forward commodity prices, production costs, future development expenditures and the discount rate. We considered this a key audit matter due to (i) the critical judgment by management, including the use of management's experts, when developing the proved and probable oil and gas reserves and the expected future cash flows to determine the recoverable amount of the Sarsang CGU; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the assumptions; and (iii) the audit effort that involved the use of professionals with specialized skill and knowledge in the field of valuation.	• Tested how management determined the recoverable amount of the Sarsang CGU and the depletion and depreciation expense of the oil and gas assets, which included the following: – Evaluated the appropriateness of the methods used by management in making these estimates. – Tested the data used in determining these estimates. – Evaluated the reasonableness of the assumptions used by management in developing the underlying estimates, including: - o Production forecasts, production costs and future development expenditures by considering the current and past performance of the oil and gas CGUs, and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable. - o Forward commodity prices by comparing them to reputable third party industry forecasts. - o The discount rate used to determine the recoverable amount of the Sarsang CGU, through the assistance of professionals with specialized skill and knowledge in the field of valuation. • Recalculated the unit of production rates used to calculate depletion and depreciation expense for the oil and gas assets.



Comparative information

The consolidated financial statements of the Company for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 6, 2024.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a



guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alisa Sorochan.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
March 12, 2025

Consolidated Statement of Comprehensive Income/(Loss)
For the year ended December 31

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	2024	2023
Revenues	7	109,392	82,886
Cost of goods sold:			
Lifting costs	8	(25,258)	(26,191)
Other costs of production	8	(281)	(320)
Depletion	8	(40,577)	(25,852)
Gross margin on oil sales		43,276	30,523
Credit loss provision	14	4,709	(13,938)
Depreciation and amortization expense		(159)	(236)
Share-based payments expense	20	(3,690)	(2,064)
General and administrative expense	9	(7,828)	(10,287)
Income from operating activities		36,308	3,998
Bargain purchase gain on acquisition	6	70,336	-
Finance income	10	3,394	7,393
Finance expense	11	(27,591)	(37,932)
Net finance expense		(24,197)	(30,539)
Income / (loss) before income tax expense		82,447	(26,541)
Income tax expense	12	(231)	(165)
Income / (loss) for the year		82,216	(26,706)
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss:			
Re-measurements on defined pension plan		(253)	(47)
Items that may be reclassified to profit or loss:			
Currency translation differences		(97)	184
Total other comprehensive (loss) / income		(350)	137
Total comprehensive income / (loss) for the year		81,866	(26,569)
Earnings / (loss) in dollars per share:			
	19		
Basic		0.03	(0.01)
Diluted		0.03	(0.01)

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

Consolidated Balance Sheet

As at December 31

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	6,13	365,708	302,192
Accounts receivable	14	27,358	35,421
Other non-current assets		-	69
		393,066	337,682
Current assets			
Cash and cash equivalents, unrestricted		76,792	48,881
Accounts receivable	14	23,964	38,913
Other current assets		855	2,094
Cash and cash equivalents, restricted	16	9	22,841
		101,620	112,729
TOTAL ASSETS		494,686	450,411
LIABILITIES			
Non-current liabilities			
Borrowings	16	161,730	193,746
Provisions	18	44,336	27,839
Loan from related party	17	16,891	16,723
Cash-settled deferred share units	20	1,854	565
Other non-current liabilities		500	405
		225,311	239,278
Current liabilities			
Borrowings	16	26,771	45,000
Accrued interest expense on corporate bond	16	9,795	18,509
Accounts payable and accrued expenses	15	9,583	8,047
Other current liabilities		25	146
		46,174	71,702
EQUITY			
Share capital	19	672,530	671,136
Share-based payments reserve		12,551	12,041
Cumulative translation adjustment		108	205
Accumulated deficit		(461,988)	(543,951)
		223,201	139,431
TOTAL EQUITY AND LIABILITIES		494,686	450,411

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

Going concern (Note 2b)
 Commitments and contingencies (Note 22)
 Subsequent events (Note 25)

Signed on behalf of the Board of Directors

/s/Michael S. Ebsary
 Michael S. Ebsary, Director

/s/Chris Bruijnzeels
 Chris Bruijnzeels, Director

Consolidated Statement of Cash Flow

For the year ended December 31

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	2024	2023
Operating activities			
Income / (loss) for the year		82,216	(26,706)
Adjustments for non-cash related items:			
Depreciation, depletion and amortization expense		40,736	26,088
Borrowing costs – net of amount capitalized		27,475	37,758
Share-based payment expense		3,194	2,026
Unwinding discount on decommissioning provision		81	(76)
Foreign exchange (gain) / loss	10/11	(18)	251
Re-measurements on defined pension plan		(253)	(47)
Interest income	10	(3,376)	(7,393)
Bargain purchase gain	6	(70,336)	-
Changes in accounts receivable		17,672	13,945
Changes in accounts payable and accrued expenses		454	(5,330)
Changes in pension liability		126	(25)
Changes in other current assets		55	(5)
Changes in current tax liabilities		(61)	(4)
Net cash inflows from operating activities		97,965	40,482
Investing activities			
Interest received on cash deposits		4,712	6,714
Purchase of intangible assets		-	(43)
Sarsang acquisition adjustment		-	(951)
Purchase of property, plant and equipment		(8,766)	(27,997)
Net cash outflows to investing activities		(4,054)	(22,277)
Financing activities			
Bond amortization		28,402	2,303
Principal element of lease payments		(60)	(77)
Bond transaction costs		(506)	-
Payments to bondholders and related party – interest	16,17	(39,348)	(31,981)
Repayment of corporate bond		(77,586)	(22,500)
Net cash outflows to financing activities		(89,098)	(52,255)
Effect of exchange rate changes on cash and cash equivalents		266	42
Change in cash and cash equivalents		5,079	(34,008)
Cash and cash equivalents, beginning of the year*		71,722	105,730
Cash and cash equivalents, end of the year*		76,801	71,722
*Inclusive of restricted cash	16	9	22,841

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

Consolidated Statement of Changes in Equity

For the year ended December 31

	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, 2023	670,250	10,621	21	(517,198)	163,694
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(26,706)	(26,706)
Other comprehensive income / (loss)	-	-	184	(47)	137
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSU, Note 20)	-	1,420	-	-	1,420
Options exercised*	38	-	-	-	38
RSU Shares issued*	848	-	-	-	848
	886	1,420	184	(26,753)	(24,263)
Balance at December 31, 2023	671,136	12,041	205	(543,951)	139,431
Total comprehensive income for the year:					
Income for the year	-	-	-	82,216	82,216
Other comprehensive loss	-	-	(97)	(253)	(350)
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSU, Note 20)	-	510	-	-	510
Options exercised*	1,023	-	-	-	1,023
RSU Shares issued*	371	-	-	-	371
	1,394	510	(97)	81,963	83,770
Balance at December 31, 2024	672,530	12,551	108	(461,988)	223,201

*Refer to Note 19

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

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 December 31, 2024:

- 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%. Refer to Note 6 for additional information. The Atrush Block twenty-year development period commenced in Q4 2013 with an automatic right to a five-year extension and the possibility to extend for an additional five years. 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 with an automatic right to a five-year extension and the possibility to extend for an additional five years. Oil production on the Sarsang Block commenced in Q1 2013.

2. Basis of preparation and going concern

a. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The significant accounting policies of the Company have been applied consistently throughout the year. The policies applied in these consolidated financial statements are based on IFRS Accounting Standards as of March 12, 2025, the date these consolidated financial statements were approved and authorized for issuance by the Company's board of directors ("the Board").

b. Going concern

These consolidated financial statements have been prepared on the 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 Company's operations have been heavily impacted by the closure of the Iraq-Türkiye pipeline ("ITP") on March 25, 2023, a situation that continues as of the date of these financial statements. The Atrush Block had no production from late March 2023 until November 7, 2023, when production restarted at a reduced rate with sales to local refineries. The Sarsang Block, after a brief shut-in during April 2023, continued producing at a reduced rate with additional oil storage capacity secured late in April 2023 and sales to local refineries on an ad hoc basis. Turkish officials stated that the ITP was ready to resume operations as of October 4, 2023. The recent Budget Amendment Law by the Iraqi Parliament in February 2025 has created a path to a potential reopening of the pipeline, but the readiness and willingness of the Iraqi side to supply oil into the pipeline remains subject to ongoing negotiations between the Government of Iraq, the Kurdistan Regional Government ("KRG") and International Oil Companies ("IOCs") operating in the KRI.

Uncertainty also remains regarding the timing and viability of payments by the KRG for overdue accounts receivable from past oil sales. As a result, the Company has adjusted the credit loss provision to reflect this uncertainty. Refer to Note 14 for additional information. The Company (together with other IOCs) is still discussing the appropriate recovery mechanism for these receivables with the KRG, and while full recovery is expected based on past precedents, there is no guarantee this will be the case.

These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

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 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.

3. Material accounting policies

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries and entities controlled by the Company that apply accounting policies consistent with those of the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Intercompany balances and unrealized gains and losses on intercompany transactions are eliminated upon consolidation.

b. Interest in joint operations

A joint operation is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control.

Where the Company undertakes its activities under joint operation arrangements directly, the Company's share of jointly controlled operations and any liabilities incurred jointly with other joint operations are recognized in the financial statements of the relevant company and classified according to their nature.

Liabilities and expenses incurred directly in respect of interests in jointly-controlled operations are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly-controlled operations and its share of the joint operations are recognized when it is probable that the economic benefit associated with the transactions will flow to/from the Company and the amount can be reliably measured.

c. Business combinations

The acquisition method of accounting is used to account for business combinations under IFRS 3, as described in Note 6. The consideration transferred is measured at the aggregate of the fair values at the date of acquisition of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred. The fair value of assets acquired and liabilities assumed is estimated based on information available at the date of acquisition. Various valuation techniques are applied for measuring fair value, including analysis of the present value of the expected future cash flow derived from the acquired oil and gas reserves that rely on assumptions such as production forecasts, forward commodity prices, production costs, future development expenditures and discount rates. Changes in these variables could significantly impact the carrying value of the net assets.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

d. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional and presentation currency of the Company is the United States dollar ("USD").

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate at the date of that balance sheet.
- Income and expenses are translated at the average exchange rate for the period in which they were incurred as a reasonable approximation of the cumulative effect of rates prevailing on transaction dates.
- All resulting exchange-rate differences are recognized in other comprehensive income as part of the cumulative translation reserve.

Transactions and balances

Transactions in currencies other than the functional currency are recorded in the functional currency at the exchange rates prevailing on the dates of the transactions or valuation where items are re-measured. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Exchange-rate differences are recognized in the statement of comprehensive income during the period in which they arise.

e. Property, plant and equipment

Oil and gas assets

Oil and gas assets are composed of 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 recognising provisions for future restoration and decommissioning. Oil and gas costs are accumulated separately for each contract area.

Depletion of oil and gas assets

Oil and gas assets are depleted using the unit of production method based on proved and probable ("2P") reserves using estimated production forecasts, forward commodity prices, production costs and future development expenditures necessary to bring those reserves into production.

Other property, plant and equipment

Other property, plant and equipment ("PP&E") include expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the assets' carrying value or recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

The carrying amount of an item of PP&E is derecognized on disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income during the period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

PP&E assets are carried at cost less accumulated depreciation and any recognized impairment loss and are depreciated on a straight-line basis over their expected useful economic lives as follows:

- Furniture and office equipment: 5 years
- Computer equipment: 3 years

f. Impairment of non-financial assets

Oil and gas assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Such indicators include:

- Extended decreases in prices or margins for oil and gas commodities or products.
- A significant downwards revision in estimated volumes or an upward revision in future development costs.

For impairment testing, the assets are aggregated into cash generating unit ("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 cost of disposal 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 discounted cash flows of 2P oil and gas reserves using forward prices, development costs and operating costs consistent with estimates prepared by ShaMaran's independent qualified reserves evaluator's estimates, and may also consider an evaluation of comparable asset transactions, as applicable.

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

g. Financial instruments

Financial assets and liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to cash flows from the assets expire or the Company transfers the financial asset and substantially all the risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the consolidated statement of income. The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or expelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income.

Classification and measurement

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 flows where those cash flows represent solely payments of principal and interest. This includes the Company's cash and cash equivalents, as well as receivables that consist of fixed or determined cash flows related solely to principal and interest amounts or contractual sales of oil. The Company's intent is to hold these receivables until cash flows are 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

Impairment of financial assets

The Company measures impairment of financial assets based on expected credit losses ("ECL"). Where financial assets have a significant financing component, they are assessed and a lifetime ECL is determined, measured and recognized at the date of initial recognition of the receivables. For its receivables, the Company applies the simplified approach to providing for ECLs. In estimating the lifetime ECL provision, the Company considers historical industry default rates, as well as the history of its customer.

h. Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand and demand deposits and other short-term liquid investments that are readily convertible to a known amount of cash within three months or less from the acquisition date. Restricted cash is cash held in a trust account for a specific purpose and is therefore not available for general business use.

i. Borrowings

Borrowings are recognized initially at fair value, net of any transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate method.

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized together with the qualifying assets. Once a qualified asset is fully prepared for its intended use and is producing, borrowing costs are no longer capitalized. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

j. Taxation

Income tax expense comprises current income tax. Current income tax is the expected tax payable on the taxable income for the period. It is calculated based on the tax laws enacted or substantively enacted at the balance sheet date and includes any adjustment to tax payable in respect of previous years.

Deferred income tax is the tax recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilized. Deferred income tax is not recorded if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor loss.

Deferred income tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures except where the Company can control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the year when the deferred tax liability is settled, or the asset is realized. Deferred tax is charged or credited in the statement of comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognized directly in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

Income tax arising from the Company's activities under production sharing contracts is settled by the KRG at no cost and on behalf of the Company. However, the Company is not able to measure with sufficient accuracy the tax that has been paid on its behalf, and consequently revenue is not reported gross of income tax paid.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

k. Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, due to a past event when it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, accounting for the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimates to settle the present obligation, its carrying amount is the present value of those cash flows.

l. Decommissioning and site restoration

Provisions for decommissioning and site restoration are recognized when the Company has a present legal or constructive obligation to dismantle and remove production, storage and transportation facilities and to carry out site restoration work. The provision is calculated as the net present value of the Company's share of the expenditure expected to be incurred at the end of the producing life of each field using a discount rate that reflects the market assessment of the time value of money at that date. Unwinding of the discount on the provision is charged to the statement of comprehensive income within finance costs during the period. The amount recognized as the provision is included as part of the cost of the relevant asset and is charged to the statement of comprehensive income in accordance with the Company's policy for depreciation and amortization.

Changes in the estimated timing of decommissioning and site restoration cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the relevant asset.

m. Pension obligations

The Company's Swiss subsidiary, ShaMaran Services SA, has a defined benefit pension plan that is managed through a private pension plan. Independent actuaries determine the cost of the defined benefit plan on an annual basis, and ShaMaran Services SA pays the annual insurance premium. The pension plan provides benefits coverage to the employees of ShaMaran Services SA in the event of retirement, death or disability. ShaMaran Services SA and its employees jointly finance retirement and risk benefits. Employees of ShaMaran Services SA pay 40% of the savings, risk and cost contributions, and ShaMaran Services SA contributes the difference between the total of all required pension plan contributions and the total of all employees' contributions.

n. Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

o. Share-based payments

The Company issues equity-settled, share-based payments to certain directors, employees and third parties. The fair value of the equity-settled, share-based payments is measured at the date of grant. The total expense is recognized over the vesting period, which is the period where all conditions to entitlement are to be satisfied. The cumulative expense recognized for equity-settled, share-based payments at each balance sheet date represents the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for the period and the corresponding adjustment to the share-based payments reserve account during the period represents the movement in the cumulative expense recognized for all equity instruments expected to vest. The fair value of equity-settled, share-based payments is determined using the Black-Scholes option pricing model.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

p. Revenue recognition

Sales of oil production

Revenue for sales of oil is recognized when the significant risks and rewards of ownership are deemed to have been transferred to the buyer, the amount can be measured reliably, and it is assessed as probable that the economic benefit associated with the sale will flow to the Company. This occurs when oil reaches the delivery point enroute to the KRG's main export pipeline, or when oil loaded into a buyer's truck crosses the field boundary.

Revenue is recognized at fair value, which is composed of the Company's entitlement production due under the terms of the Atrush and Sarsang Joint Operating Agreements and the Atrush and Sarsang PSCs that have two principal components: cost oil, the mechanism by which the Company recovers qualifying costs it has incurred in exploring and developing an asset; and profit oil, the mechanism through which profits are shared between the Company, its partners and the KRG. The Company pays capacity-building payments on profit oil that are due for payment once the Company has received the related profit-oil proceeds. Profit-oil revenue is reported net of any related capacity-building payments. The revenue for local sales is recognized using the same method.

The Company's oil sales made to the KRG are under the terms of the most recently effective sales agreements that reflect a benchmark rate less estimated oil quality adjustments and all local and international transportation costs. The Company's oil sales made to local buyers are under the terms of a local sales agreement with an agreed oil price and volume nomination. The Company's single performance obligation in its contracts with its customers is the delivery of crude oil at a pre-determined price, and control is transferred to the buyer at the agreed delivery point when the revenue is recognized.

Interest income

Interest income is recognized using the effective interest method. The effective interest rate exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

q. Changes in accounting policies

IAS 1 amendment: Classification of liabilities

Effective from January 1, 2024, the guidance for classifying liabilities as current versus non-current on the balance sheet under IFRS Accounting Standards has changed. In order to classify a liability as non-current, the right to defer settlement for 12 months must exist at the reporting date and have substance, the classification of the liability must be unaffected by the likelihood that the Company will exercise that right. Previously, liabilities were classified as current unless, among other things, it had an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

The Company has assessed the non-current liabilities and their compliance in line with IAS 1 and concludes that the right to defer settlement for 12 months exists at the reporting date and has substance.

There are no other IFRS Accounting Standards or interpretations that have been issued effective for financial years beginning on or after January 1, 2024, that would have a material impact on the Company's consolidated financial statements.

r. Accounting standards issued but not yet applied

IFRS 18 Presentation and Disclosure in Financial Statements

Effective from January 1, 2027, IFRS 18 replaces IAS 1 regarding presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories (operating, investing and financing) and present subtotals for operating profit or loss and profit or loss before financing and income taxes. The new standard also provides that the aggregation and disaggregation of items of assets, liabilities, equity, revenue, expenses and cash flow are based on shared characteristics. Furthermore, in the notes to the financial statements, companies are required to aggregate or disaggregate items to provide material information, but, in doing so, must not obscure material information. Given the current presentation of the financial statements, the Company expects very few changes.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

IFRS 9 amendment

In May 2024, the International Accounting Standards Board issued amendments to *IFRS 7 Financial Instruments: Disclosures* and *IFRS 9 Financial Instruments* relating to settling financial liabilities using electronic payment systems and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, and the Company is still assessing the full impact of this amendment.

There are no other new accounting standards that will come into effect for annual periods beginning on or after January 1, 2025, that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable-future transactions.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management has made judgments, estimates and assumptions about the carrying amounts of the assets, liabilities, revenues, expenses and related disclosures. These estimates and associated assumptions are based on historical experience, current trends and other factors that management believes to be relevant at the time these consolidated financial statements were prepared. Actual results may differ as future events and their effects cannot be determined with certainty, and such differences could be material. Management reviews the accounting policies, underlying assumptions, estimates and judgments on an on-going basis to ensure that the financial statements are presented fairly in accordance with IFRS Accounting Standards.

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies in these consolidated financial statements:

a. Fair value of assets acquired and liabilities assumed in the Atrush Acquisition

The fair value of assets acquired and liabilities in the Atrush Acquisition, as described in Note 6, is estimated based on information available at the date of the acquisition and requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of PP&E acquired generally require judgment and include estimates of total reserves acquired and discount rate. Reserve estimates are based on production forecasts, forward commodity prices, production costs and future development expenditures. These estimates were prepared by ShaMaran's independent qualified reserves evaluators.

b. Revenue recognition

As explained in Note 3(p), the Company recognizes revenues when oil reaches the delivery point on the basis that control is deemed to have passed to the buyer, and that the transaction price has been agreed upon. The conclusion that the economic benefits will flow to the Company at this point is a significant judgment and is based on management's evaluation that it is probable that the Company will collect the consideration from the KRG and/or local buyers in exchange for oil deliveries.

c. Oil and gas reserves and resources

The business of the Company is the exploration and development of oil and gas reserves in the KRI. Estimates of commercial oil and gas reserves are used in the calculations for impairment and depletion. Changes in estimates of oil and gas reserves resulting in different future production profiles will affect the discounted cash flows used for impairment testing purposes and the depletion charges based on the unit of production method. Reserves are estimated using standard recognised evaluation techniques. Assessment of reserves are determined using estimates of oil in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

d. Recoverability of receivables

The Company has reported non-current and current receivables composed of the Company's share of Atrush and Sarsang oil sales to the KRG and local refineries.

The recovery of the receivable amounts from the KRG depends on several factors, including the continued production and exports of oil from the Atrush and Sarang blocks, the financial environment in the KRI and global oil prices. Under the terms of the relevant agreements, the receivable balances are recoverable in several ways, including by cash settlement and/or through payment in kind of oil production.

e. Impairment of assets

IAS 36 *Impairment of Assets* require that a review for impairment be carried out if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment is recorded if the net book value of the asset exceeds its recoverable amount. Refer to Note 13.

Future cash flow estimates that are used to calculate the fair value of the Company's CGUs are based on expectations about future operations, primarily comprising estimates about production and export volumes, oil prices, operating costs and capital expenditures. Changes in such estimates could impact recoverable values.

f. Decommissioning and site restoration provisions

The Company recognizes a provision for decommissioning and site restoration costs expected to be incurred to remove and dismantle production, storage and transportation facilities and to carry out site restoration work. The provisions are estimated taking into consideration existing technology and current prices after adjusting for expected inflation and discounted using rates reflecting current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company makes an estimate based on its experience and historical data. Refer also to Note 18.

5. Business and geographical segments

The Company operates in one business segment, oil and gas exploration and production, in 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.

6. Atrush Acquisition

a. Summary of acquisition

On August 6, 2024, the Company closed the Atrush Acquisition. The two-step transaction increased the Company's indirect 27.6% stake in the Atrush Block to a 50% working interest (66.67% paying interest) following the sale of an indirect 25% working interest (33.33% paying interest) to HKN Energy IV, Ltd. The purchase and sale were carried out simultaneously, and the net acquired position was therefore 22.4%. An affiliate of HKN Energy Ltd ("HKN") is now operator of the Atrush Block, and the KRG's 25% working interest in the Atrush Block has been converted to a carried interest.

The Atrush Acquisition was accounted for using the acquisition method pursuant to IFRS 3. Refer to Note 3c. Under the acquisition method, assets and liabilities are recorded at fair value on the date of acquisition. The fair value of the PP&E acquired was assessed using fair value less cost of disposal methodology (level 3 analysis) using the present value of the expected future cash flows. The expected future cash flows used as part of the fair value were derived from a reserve report prepared by ShaMaran's independent qualified reserves evaluators.

The value of the net assets is recorded as a bargain purchase gain because the Atrush Acquisition was acquired for nominal consideration. As the only other independent joint venture partner at Atrush, the Company was able to provide the seller with a relatively quick exit and a high degree of certainty, at a time when Atrush was incurring monthly losses with production shut-in due to the ITP closure and the lack of trucking facilities. The bargain purchase gain arises from the fact that Atrush has been able to restart production by establishing, growing and maintaining local sales. Atrush is expected to continue generating meaningful positive cash flow on the basis of continued sales.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

b. Identifiable assets acquired and liabilities assumed

The preliminary purchase price allocation is based on management's best estimate of fair value. Upon finalizing the fair value of net assets acquired, adjustments to initial estimates, including the bargain purchase gain, may be required, and can be made up to twelve months from the closing date of the acquisition.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair Value
Property, plant, and equipment	85,256
Decommissioning liabilities	(9,580)
Accounts receivable on oil sales adjustment	(5,340)
Net identifiable assets acquired	70,336
Purchase consideration	-
Bargain purchase gain	70,336

There were no acquisitions in the year ending December 31, 2023.

c. Acquisition-related costs

Acquisition-related costs incurred during 2024 of \$216 (2023: \$315) are included in general and administrative expenses in the consolidated statement of comprehensive income.

d. Revenue and profit contribution

The acquired business contributed revenues of \$15.0 million and net profit of \$4.8 million to the Company from the period August 7, 2024, to December 31, 2024, in the consolidated statement of comprehensive income for the reporting period. If the closing of the acquisition had occurred on January 1, 2024, the Company's consolidated pro forma revenues and net profit for the year 2024 would have been \$131.9 million and \$91.0 million, respectively.

This pro forma information is not necessarily indicative of the results that would have been obtained if the acquisition had occurred on January 1, 2024.

Refer also to Notes 13, 14 and 18.

7. Revenues

As discussed in Note 2b, the ITP has been closed since March 25, 2023. The revenues recorded since this date relate entirely to oil sold to local refineries from the Sarsang Block since April 2023 and from the Atrush Block since November 2023. These sales are *ad hoc* and vary in quantity from week to week but are expected to continue on an *ad hoc* basis until ITP exports resume. Prices for crude oil sales to local refineries are in line with the local market and at a significant discount to international benchmark prices.

Refer also to Note 14.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

8. 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 respective 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. There were no oil sales from Atrush from March 25, 2023, to November 7, 2023, and therefore no related depletion during this period.

Refer also to Notes 7 and 13.

9. 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.

10. Finance income

For the year ended December 31,

	2024	2023
Interest from deposits	2,741	3,580
Interest from own corporate bond	635	3,813
Total interest income	3,376	7,393
Foreign exchange gain	18	-
Total finance income	3,394	7,393

11. Finance expense

For the year ended December 31,

	2024	2023
Interest/amortization charges on corporate bond	31,839	38,707
Amortization of the related-party loan	2,040	2,128
Finance cost for bond purchase	26	-
Adjustment of bond and loan amortization	(3,076)	-
Total borrowing costs	30,829	40,835
Re-measurement of contingent consideration	110	43
Unwinding discount on decommissioning provision	81	(76)
Lease – interest expense	9	11
Foreign exchange loss	-	251
Other interest expenses	-	69
Total finance expense before borrowing costs capitalized	31,029	41,133
Borrowing costs capitalized	(3,438)	(3,201)
Total finance expense	27,591	37,932

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

Interest and amortization charges relate to the Company's bond and related-party loan. The bond amendments effective July 1, 2024, as well as the extension of the repayment date 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 16 and 17 for additional information.

Refer to Note 18 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.

12. Taxation

a. Income tax expense

The current tax expense is incurred on the profits of the Swiss administrative company and the intercompany transactions of the Danish company. The Company is not required to pay any cash corporate income taxes on its activities in the KRI, as disclosed in Note 3(j).

b. Tax losses carried forward

The Company has tax losses and costs that are available to apply to future taxable income as follows:

	For the year ended December 31,	
	2024	2023
Canadian losses from operations	226,196	169,486
Canadian exploration expenses	2,464	2,464
Canadian unamortized share-issue costs	1	3
Total tax losses carried forward	228,661	171,953

The Canadian losses from operations may be used to offset future Canadian taxable income and will expire over the period from 2030 to 2044. The Canadian exploration expenses may be carried forward indefinitely to offset future taxable Canadian income. Canadian unamortized share-issue costs may offset future taxable Canadian income from years 2025 to 2027.

The Company has not recognized deferred tax assets amounting to approximately \$62 million (2023: \$46 million) as it is not probable that these amounts will be realized.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

13. Property, plant and equipment

	Oil and gas assets	Computer equipment	Furniture and office equipment	Total
At January 1, 2023				
Cost	458,982	173	221	459,376
Accumulated depletion and depreciation	(156,765)	(77)	(150)	(156,992)
Net book value	302,217	96	71	302,384
For the year ended December 31, 2023				
Opening net book value	302,217	96	71	302,384
Additions	25,725	57	-	25,782
Depletion and depreciation expense	(25,851)	(86)	(37)	(25,974)
Net book value	302,091	67	34	302,192
At December 31, 2023				
Cost	484,707	140	241	485,088
Accumulated depletion and depreciation	(182,616)	(73)	(207)	(182,896)
Net book value	302,091	67	34	302,192
For the year ended December 31, 2024				
Opening net book value	302,091	67	34	302,192
Atrush Acquisition	85,256	-	-	85,256
Additions	18,935	-	(2)	18,933
Depletion and depreciation expense	(40,577)	(64)	(32)	(40,673)
Net book value	365,705	3	-	365,708
At December 31, 2024				
Cost	588,898	129	222	589,249
Accumulated depletion and depreciation	(223,193)	(126)	(222)	(223,541)
Net book value	365,705	3	-	365,708

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.

At each reporting date, the Company assesses its CGUs for indicators of impairment or when facts and circumstances suggest the carrying amount may exceed the recoverable amount. At December 31, 2024, the Company tested the Sarsang CGU for impairment due to downward technical revisions on the 2P reserves for the CGU. The recoverable amount of the CGU was assessed using its fair value less cost of disposal using its discounted after-tax cash flows (level 3 analysis) based on the McDaniel & Associates Consultants Ltd. ("McDaniel") 2P reserves report, including production forecasts, forward commodity prices, production costs and future development expenditures. Assumptions included a future cost inflation factor of 2% per annum and a discount rate of 17% to calculate the net present value at December 31, 2024. The assessment concluded that there is no impairment to PP&E.

The price assumptions used for the impairment assessment performed at December 31, 2024, are based on current local sales prices continuing through 2025 until June 2026. After June 2026, sales prices were based on average Brent oil price assumptions from the McDaniel forecast less an estimated discount to Brent based on past precedent.

Year	2025	2026	2027	2028
Average price forecast \$/bbl	39.83	55.50	72.73	74.32

For the Sarsang CGU, a 2% increase in the discount rate or a 5% decrease in forward commodity prices would not impact the result of the impairment test.

Refer also to Notes 6 and 8.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

14. Accounts receivable

At December 31, 2024, the Company had outstanding receivables as follows:

	For the year ended December 31,	
	2024	2023
Accounts receivable on oil sales	69,398	95,474
Credit loss provision – transportation costs	-	(3,695)
Credit loss provision	(12,736)	(17,445)
Atrush Acquisition adjustment	(5,340)	-
Total accounts receivable, net of provisions	51,322	74,334
Current portion	23,964	38,913
Non-current portion	27,358	35,421

The accounts receivable balance at December 31, 2024, mainly relates to oil deliveries to the KRG from October 2022 through March 2023. 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 December 31, 2024. The result of the Company's assessment under IFRS 9 is a \$4.7 million credit adjustment to these trade receivables in 2024, included in the statement of comprehensive loss (2023: \$13.9 million debit). The portion of these receivables that is estimated to be received after 2025 is classified as non-current owing to uncertainty in timing of recovery.

As part of the Atrush Acquisition, certain historic differences in the accounts receivable were reconciled with the KRG. The adjustments align with the treatment of similar items previously accounted for at Sarsang.

Refer also to Notes 6 and 7.

15. Accounts payable and accrued expenses

	For the year ended December 31,	
	2024	2023
Payables to joint-operations partners	8,547	5,997
Accrued expenses	614	1,129
Trade payables	422	921
Total accounts payable and accrued expenses	9,583	8,047

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

16. 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 new terms include 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 remains the same at 12%, but the interest payment timing has changed from semi-annual to quarterly. The total outstanding amount of the new bond at December 31, 2024, was \$199.9 million. This was treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense. Refer to Note 11 for more information.

The \$22.8 million of restricted cash held at December 31, 2023, in the Debt Service Retention Account pledged to the Bond Trustee was fully released to utilise in the tender. A waiver fee equal to 0.25% of the outstanding bond following the tender was paid to all bondholders in connection with the interest payment in July 2024. This fee is included in bond transaction costs along with other fees. Interest expenses associated with the bond are calculated using the effective interest rate method.

A key amendment to the bond terms is the replacement of the previous bond amortization schedule with a quarterly cash sweep mechanism whereby the amount by which cash and cash equivalents exceed \$50 million five business days after each quarter end is used to repay bonds at par on the next quarterly interest payment date. The new mechanism started operating as of Q3 2024. Any amount of the 2027 Bond that is not repaid through the cash sweep is due at maturity in July 2027. \$2.2 million bonds were acquired in the market and cancelled during the interest payment quarter ending October 31, 2024. Refer to Note 25 regarding the January 2025 cash sweep.

Due to the uncertainty surrounding the reopening of the ITP, and the impact that continued ITP closure could have on the Company's operations, there is uncertainty around the timing and amount of bonds that will be repaid through the cash sweep over the remaining term of the 2027 Bond.

The 2027 Bond has a financial covenant which states 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 value report. Net debt is calculated as the total of debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the 2027 Bond was issued.

The movements in borrowings are explained below:

	For the year ended December 31,	
	2024	2023
Opening balance:	257,255	269,145
Interest/amortization charges	28,762	38,707
Own bond	28,402	2,303
Bond transaction costs	(1,061)	-
Payments to bondholders – interest	(37,476)	(30,400)
Bond cancellation	(77,586)	(22,500)
Ending balance	198,296	257,255
Non-current portion – net borrowings	161,730	193,746
Current portion – accrued bond interest expense	9,795	18,509
Current portion – amortization instalments	26,771	45,000

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

17. Loan from related party

The loan balance with the related party Nemesia S.à.r.l. ("Nemesia") is \$15.6 million, and repayment is due on January 30, 2028, six months after maturity of the 2027 Bond. This loan is subordinated to all obligations under the Company's 2027 Bond terms. The interest rate on the Nemesia loan is 12% per annum payable in cash semi-annually, plus an additional interest amount of 2% per annum payable in kind at maturity.

The 2024 movements in the Nemesia loan balance are explained below:

	For the year ended December 31,	
	2024	2023
Opening balance	16,723	16,175
Amortization	2,040	2,129
Payment to Nemesia – interest	(1,872)	(1,581)
Ending balance	16,891	16,723

Refer also to Notes 11 and 24.

18. Provisions

	For the year ended December 31,	
	2024	2023
Opening balance	16,585	22,077
Changes in estimates and obligations incurred	416	469
Atrush Acquisition obligations acquired (Note 6)	9,580	-
Discount rate adjustment on obligations acquired	6,553	-
Unwinding discount on decommissioning provision	81	(76)
Changes in discount and inflation rates	(243)	(5,885)
Total decommissioning and site restoration provisions	32,972	16,585
Contingent consideration	11,364	11,254
Total provisions	44,336	27,839

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.

The decommissioning obligations associated with the Atrush Acquisition are 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 Notes 6 and 11.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

19. 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, 2023	2,808,850,904	670,250
RSUs	14,954,253	848
Options	557,000	38
At December 31, 2023	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

During 2024, a total of 6,873,839 common shares from vested Restricted Share Units ("RSUs") and 14,725,369 common shares from exercised options were issued to plan participants in accordance with the Company's Share Unit Plan (2023 full year: 14,954,253 RSUs and 557,000 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 20.

Earnings per share

The earnings per share amounts were as follows:

	For the year ended December 31,	
	2024	2023
Net income/(loss), in dollars	82,216,000	(26,706,000)
Weighted average number of shares outstanding during the year	2,832,926,845	2,820,794,284
Weighted average diluted number of shares outstanding during the year	2,988,598,758	2,942,842,006
Basic income/(loss) per share, in dollars	0.03	(0.01)
Diluted income/(loss) per share, in dollars	0.03	(0.01)

20. 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 December 31, 2024, a total of 152,916,896 shares (5% of issued share capital) had been granted of the possible 284,596,136 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").

Stock options vest in three equal tranches over 2 years with the first vesting immediately on 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 has left the Company.

In 2024, the Company made two separate grants totaling 41,680,000 stock options, 62,450,000 RSUs and 7,160,849 DSUs (2023 one grant: 49,400,000 stocks options, 19,750,000 RSUs and 4,770,110 DSUs). The grants were calculated as follows:

- 62,450,000 RSUs to certain senior officers and other eligible persons of the Company. The first grant in March 2024 of 41,110,000 RSUs at a grant-date share price of CAD \$0.05 related to 2023 performance, and the second grant in December 2024 of 21,340,000 RSUs at a grant-date share price of CAD \$0.12 related to 2024 performance;

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

- 7,160,849 DSUs to non-executive directors. The first grant in March 2024 of 5,239,369 DSUs at a grant-date share price of CAD \$0.05, and the second grant in December 2024 of 1,921,480 DSUs at a grant-date share price of CAD \$0.12; and
- 41,680,000 stock options to certain senior officers and other eligible persons of the Company. The first grant in March 2024 of 26,540,000 stock options at a grant-date share price of CAD \$0.05 related to 2023 performance, and the second grant in December 2024 of 15,140,000 stock options at a grant-date share price of CAD \$0.12 related to 2024 performance. Each grant was fair-valued based on the Black-Scholes option pricing model. For the first grant in March 2024, the assumptions used in the calculation of the adjusted share price included a risk-free rate of 3.33%, expected volatility of 57.64%, dividend yield of 0% and an exercise price of CAD \$0.05. For the second grant in December 2024, the assumptions used in the calculation of the adjusted share price included a risk-free rate of 2.98%, expected volatility of 73.94%, dividend yield of 0% and an exercise price of CAD \$0.12.

In 2024, a total of 12,952,465 RSUs vested, 47,223,004 options were exercised, 1,475,335 DSUs were redeemed in cash and 8,747,540 RSUs and 10,023,332 options were forfeited (2023: 14,954,253 RSUs vested, 557,000 options were exercised, 50,720,000 options and 2,319,084 RSUs were forfeited). The forfeiture of RSUs and options and the DSU redemption were due to the end of service of plan participants.

The result of the movements in 2024 are charges to the Statement of Comprehensive Income/(Loss) for options of \$1,029 (2023: \$1,331), for RSUs \$1,312 (2023: \$953) and for DSUs \$1,349 (2023: \$(220)). The carrying amount of the DSU liability at December 31, 2024, is \$1,854 (December 31, 2023: \$565).

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, 2023	80,863,000	24,600,002	16,584,721
Granted in the year	41,680,000	62,450,000	7,160,849
Expired/forfeited in the year	(10,023,332)	(8,747,540)	-
Options exercised	(47,223,004)	-	-
DSUs redeemed	-	-	(1,475,335)
RSUs vested	-	(12,952,465)	-
At December 31, 2024	65,296,664	65,349,997	22,270,235
Quantities vested and unexercised:			
At December 31, 2023	80,863,000	-	16,584,721
At December 31, 2024	29,660,839	-	22,270,235
Weighted average remaining contractual life of options:			
At December 31, 2023	3.5 years		
At December 31, 2024	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 Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

21. 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	
		December 31, 2024	December 31, 2023
Cash and cash equivalents, unrestricted ²	Level 1	76,792	48,881
Accounts receivable ⁵	Level 3	51,322	74,334
Other receivables ²	Level 2	529	1,789
Cash and cash equivalents, restricted ²	Level 1	9	22,841
Total financial assets		128,652	147,845

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	
		December 31, 2024	December 31, 2023
Borrowings ³	Level 2	188,501	238,746
Related-party loan ⁴	Level 2	16,891	16,723
Contingent consideration	Level 3	11,364	11,254
Accrued interest on bond	Level 2	9,795	18,509
Accounts payable and accrued expenses ²	Level 2	9,583	8,047
Current tax liabilities	Level 2	25	86
Total financial liabilities		236,159	293,365

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 18 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, owing 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 2027 Bond) at the balance sheet date is \$201.9 million (December 31, 2023: \$225.4 million) based on recent trading in the Company's bond and indicative pricing provided by brokers.

⁴ The Company's estimate of the fair value of its related-party loan at the balance sheet date is \$15.6 million based on its nominal value (December 31, 2023: \$15.6 million).

⁵ Provisions have been made to the accounts receivable. Refer to Note 14 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 Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

Capital risk management

The Company manages its capital to ensure that entities within the Company will be able to continue as a going concern while maximising return to shareholders. The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Company had debt relating to borrowings and accrued interest of \$224 million as at December 31, 2024 (2023: \$284.3 million).

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

The prices that the Company receives for its oil and gas production may have a significant impact on the Company's revenues and cash flows provided by operations. Global market prices for oil and gas are characterised by significant fluctuations that are determined by the global balance of supply and demand and worldwide geopolitical developments. The price received for the Company's oil and gas production in the KRI is dependent upon the KRG and its ability to export production outside of Iraq. A decline in the price of ICE Brent Crude oil and KBT Crude oil, a reference in determining the price at which the Company can sell future oil production, could adversely affect the amount of funds available for capital reinvestment purposes, as well as the Company's value in use calculations for impairment test purposes. Refer also to Note 4(e). The 2024 revenue is from local oil sales where the prices for crude oil sales to local refineries are in line with the local market and at a significant discount to international benchmark prices.

The Company does not hedge against commodity-price risk.

Foreign-currency risk

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 Swiss Francs ("CHF") and Canadian dollars ("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 is limited because it holds relatively small amounts of foreign currencies at any point in time, and because its volume of transactions in foreign currencies is relatively low. Therefore, the Company does not hedge its exposure to changes in foreign currency exchange rates.

The carrying amounts of the Company's principal monetary assets, liabilities and equity denominated in foreign currency at the reporting date are as follows:

	Assets at		Liabilities at	
	December 31,		December 31,	
	2024	2023	2024	2023
Canadian dollars in thousands ("CAD 000")	299	402	115	149
Swiss francs in thousands ("CHF 000")	1,383	775	372	1,264

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

Interest-rate risk

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

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 on relatively short-term deposits.

The Company is highly leveraged through financing at the corporate level due to the 2027 Bond. However, the Company is not exposed to interest-rate risks associated with the bonds or the Nemesia loan as the coupon and interest rate are fixed.

Credit risk

Credit risk is the 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, oil receivables and other 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 consolidated financial statements represent the Company's maximum exposure to credit risk.

Refer to Note 14.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties meeting its financial obligations as they become due. Like many oil and gas exploration companies, the Company raises financing for its exploration and development activities in discrete tranches to finance its activities for limited periods. The Company seeks to acquire additional funding as and when required. The Company anticipates making substantial capital expenditures in the future for the acquisition, exploration, 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, would 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 flows. Annual capital expenditure budgets are prepared, which are regularly monitored and updated as necessary. In addition, the Company requires authorisations for expenditure on both operating and non-operating projects to further manage capital expenditures.

The maturity profile of the Company's financial liabilities is indicated by their classification in the consolidated balance sheet as "current" or "non-current".

The remaining maturities of financial liabilities, including associated interest, are shown in the table below:

	Less than one year	From one to two years	Total
Borrowings	48,351	209,503	257,854
Loan from related party	1,872	22,042	23,914
Payables to joint-operations partner	8,547	-	8,547
Trade payables and accrued expenses	1,036	-	1,036
Total	59,806	231,545	291,351

Refer to Notes 2b, 15, 16 and 17.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

22. Commitments and contingencies

At December 31, 2024, the outstanding commitments of the Company were as follows:

	2025	For the year ended December 31,			Total
		2026	2027	Thereafter	
Atrush and Sarsang block development and PSC	105,809	400	400	2,000	108,609
Sarsang contingent consideration	-	-	-	15,000	15,000
Corporate office and other	45	-	-	-	45
Total commitments	105,854	400	400	17,000	123,654

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.

Refer to Note 18 for further information regarding the Sarsang contingent consideration.

23. Interests in joint operations and other entities

Interests in joint operation – Atrush Block Production Sharing Contract

Shamaran holds a 50% participating interest (66.7% paying interest) in the Atrush PSC through Shamaran Atrush Ltd (formerly General Exploration Partners, Inc). HKN is the Operator of the Atrush Block with a 25% direct interest (33.3% paying interest), and the KRG holds a 25% direct carried interest. HKN, the KRG and Shamaran Atrush Ltd together are "the Contractors" to the Atrush PSC.

Under the terms of the Atrush PSC, the development period is for 20 years with an automatic right to a five-year extension and the possibility to extend for an additional five years. All qualifying petroleum costs incurred by the Contractors shall be recovered from a portion of available petroleum production, defined under the terms of the Atrush PSC. All modifications to the Atrush PSC are subject to the approval of the KRG. The Company is responsible for its pro-rata share of the costs incurred in executing the development work program on the Atrush Block, which commenced on October 1, 2013.

Interests in joint operation – Sarsang Block Production Sharing Contract

Shamaran holds a 18% participating interest (22.5% paying interest) in the Sarsang PSC through Shamaran Sarsang A/S. HKN is the Operator of the Sarsang Block with a 62% direct interest (77.5% paying interest), and the KRG holds a 20% direct carried interest. HKN, the KRG and Shamaran Sarsang A/S together are "the Contractors" to the Sarsang PSC.

Under the terms of the Sarsang PSC, the development period is for 20 years with an automatic right to a five-year extension and the possibility to extend for an additional five years. All qualifying petroleum costs incurred by the Contractors shall be recovered from a portion of available petroleum production, defined under the terms of the Sarsang PSC. All modifications to the Sarsang PSC are subject to the approval of the KRG. The Company is responsible for its pro-rata share of the KRG's and its own pro-rata share of the costs incurred in executing the development work program on the Sarsang Block, which commenced on June 30, 2013.

Refer also to Note 8 and 18.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

Information about subsidiaries

The consolidated financial statements of the Company include:

Subsidiary	Principal activities	Country of incorporation	% Equity interest as at	
			Dec 31, 2024	Dec 31, 2023
ShaMaran Atrush Ltd	Oil exploration and production	Cayman Islands	100	100
Sunrise Atrush B.V.	Oil exploration and production	Netherlands	100	0
ShaMaran Sarsang A/S	Oil exploration and production	Denmark	100	100
ShaMaran Services S.A.	Technical and admin. services	Switzerland	100	100

ShaMaran Atrush Ltd was formerly General Explorations Partners Inc. The company name was changed during 2024.

Sunrise Atrush B.V. is the Dutch company acquired in 2024, formerly TAQA Atrush B.V. which holds no assets or liabilities. Refer to Note 6.

24. Related-party transactions

Transactions with corporate entities

	Purchase of services during the year		Amounts owing at December 31,	
	2024	2023	2024	2023
Nemesia	2,041	2,128	1,291	1,123
International Petroleum Corp.	206	5	23	31
Namdo Management Services Ltd.	113	31	52	-
Orrön Energy AB	93	33	-	-
Lundin Foundation	55	65	-	-
Total	2,508	2,262	1,366	1,154

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 has a subordinated 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. Refer also to Note 17.

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 11.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Expressed in thousands of United States dollars, unless otherwise noted

Key management compensation

The Company's key management included its directors and executive officers that were remunerated as follows:

	For the year ended December 31,	
	2024	2023
Management share-based payments	1,685	1,431
Management short-term benefits	1,623	1,952
Director share-based payments	1,413	(235)
Management salaries	1,404	1,591
Director fees	240	274
Management pension benefits	221	214
Total	6,586	5,227

Short-term employee benefits include departure costs, non-equity incentive plan compensation and other short-term benefits. Share-based payments compensation represents the portion of the Company's share-based payments expense incurred during the year attributable to key management, accounted for in accordance with *IFRS 2 'Share-Based Payments'*.

25. Subsequent Events

Under the cash sweep mechanism of the 2027 Bond, \$26.8 million was utilized in January 2025 to partially repay the bond at par. The total outstanding amount of the 2027 Bond as of the date these financial statements were approved is \$173.1 million.

Refer to Note 16.

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

CORPORATE OFFICE

1055 Dunsmuir Street, Suite 2800
PO Box 49225
Vancouver, British Columbia V7X 1LC
Canada
Telephone: +1 604 689 7842
Website: www.shamaranpetroleum.com

OPERATIONS and ADMINISTRATIVE OFFICE

5 Chemin de la Pallanterie
1222 Vézenaz
Switzerland
Telephone: +41 22 560 8600

REGISTERED and RECORDS OFFICE

1075 West Georgia Street, Suite 1200
Vancouver, British Columbia V6E 3C9
Canada

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

APPENDIX C

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS PERIOD ENDED 31
MARCH 2026**

Q1

SHAMARAN
petroleum corp

Financial Report

For the three months ended March 31, 2026

(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.

Contents

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION.....	1
INTERIM MD&A QUARTERLY HIGHLIGHTS AND SUBSEQUENT EVENTS.....	2
OPERATIONS REVIEW.....	3
FINANCIAL REVIEW	4
• <i>Financial Results</i>	4
• <i>Capital Expenditures</i>	7
• <i>Financial Position and Liquidity</i>	7
• <i>Non-IFRS Measures</i>	9
• <i>Off Balance Sheet Arrangements</i>	10
• <i>Transactions with Related Parties</i>	10
• <i>Outstanding Share Data, Share Units and Stock Options</i>	11
• <i>Contractual Obligations and Commitments</i>	12
• <i>Critical Accounting Policies and Estimates</i>	12
FINANCIAL INSTRUMENTS	13
RISKS AND UNCERTAINTIES	15
ADDITIONAL INFORMATION	16
SUPPLEMENTARY INFORMATION	16

FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	17
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET	18
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW	19
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	21

Management's Discussion and Analysis

For the three months ended March 31, 2026

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 May 6, 2026, 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 months ended March 31, 2026, together with the accompanying notes ("Financial Statements"), the annual information form for the year ended December 31, 2024 ("2024 Annual Information Form") and the first quarter 2026 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"). 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. 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 ("TSXV") in Canada and the NASDAQ First North Growth Market ("Nasdaq First North") 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 1LC, 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

For the three months ended March 31, 2026

INTERIM MD&A QUATERLY HIGHLIGHTS

- On March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional security environment related to the Iran war. Other international oil companies ("IOCs") in the region have also announced temporary production shut-ins since early March, with only a fraction of the pre-Iran war oil volumes being exported from the KRI via the Iraq-Türkiye pipeline ("ITP");
- The Company announced on March 5, 2026, an explosion at one of the processing facilities in the Sarsang field and on April 1, 2026, an explosion at one of the storage facilities in the Sarsang field. All personnel were safely accounted for, and no injuries were reported;
- International oil exports from the KRI through the ITP restarted on September 27, 2025, and continue in line with the interim agreements executed between the Kurdistan Regional Government ("KRG"), Government of Iraq and several IOCs, including ShaMaran.
 - IOCs are entitled to receive export payments "in-kind" under the interim agreements, with cargoes sold by the IOC-appointed marketing firm on a regular basis and payments for the sales received approximately 30 days after each lifting. There have been no delays in receiving payment from the Iraqi State Organization for Marketing of Oil ("SOMO") as part of the interim agreements since the start of exports in September 2025.
 - The interim agreements were extended to June 30, 2026, in order to facilitate the reconciliation of IOC invoices with the respective PSCs by the appointed international consulting firm. IOCs expect full PSC entitlement payment when the review is completed.
- On March 10, 2026, the Company announced shareholder approval for the proposed continuance of the Company from Canada to Bermuda and the delisting of the Company's shares from the TSXV. Following the continuance to Bermuda, the Company plans to list its shares on the Euronext Growth Oslo market operated by the Oslo Stock Exchange while maintaining the Company's secondary listing on the Nasdaq First North in Stockholm. Once ShaMaran completes both transactions, the Company will no longer be incorporated in British Columbia and subject to the laws of Canada, it will cease to be listed on the TSXV, and it will no longer be a reporting issuer in any jurisdiction in Canada. ShaMaran will instead be incorporated in and subject to the laws of Bermuda;
- Average gross daily oil production from Atrush and Sarsang in Q1 2026 on a combined basis was 35.9 Mbopd (45% lower than the 65.2 Mbopd in Q1 2025) primarily due to the shut-in from the beginning of March 2026 and lower production at the Sarsang Block;
- Average Company net daily oil production from Atrush and Sarsang in Q1 2026 on a combined basis was 13.1 Mbopd (43% lower than the 23.0 Mbopd in Q1 2025) primarily due to the shut-in from the beginning of March 2026 and lower production at the Sarsang Block;
- Revenue in Q1 2026 was \$38.0 million (6% higher than the \$35.9 million in Q1 2025) primarily due to oil sales at international prices following the restart of pipeline exports. Production has been suspended since March 2, 2026, impacting revenue in Q1 2026;
- Oil sales in Q1 2026 averaged a net oil price of \$63.08/bbl from the two blocks on a combined basis (88% higher than the \$33.57/bbl in Q1 2025) due to international pricing since the restart of pipeline exports;
- Lifting costs in Q1 2026 were \$7.9 million (16% lower than the \$9.4 million in Q1 2025) mainly due to immediate cost control following the shut-in from the beginning of March 2026;
- Gross margin on oil sales in Q1 2026 was \$22.7 million (82% higher than the \$12.5 million in Q1 2025) mainly due to Q1 2026 pipeline export sales at international pricing and lower costs due to the shut-in;
- Adjusted EBITDAX¹ in Q1 2026 was \$28.1 million (15% higher than the \$24.5 million in Q1 2025) due to a combination of the effects described above and lower corporate costs;
- The Company generated \$21.4 million in cash flow from operating activities during Q1 2026 mainly from pipeline export interim payments (33% lower than the \$32.0 million in Q1 2025). The decrease is due to timing of cash receipts for pipeline export sales, as well as higher expenditures related to drilling, debottlenecking and maintenance works on both blocks; and
- At March 31, 2026, the Company had cash of \$36.5 million and gross debt (corporate bond) of \$143.8 million. Net debt¹ was \$107.2 million.

SUBSEQUENT EVENTS:

- On April 1, 2026, the Company announced an explosion at one of the storage facilities in the Sarsang field. All personnel were safely accounted for, and no injuries were reported. Both the Atrush and Sarsang blocks remain shut-in at the date of this MD&A due to the regional security environment, and there is no certainty as to the duration of the shut-in. HKN Energy Ltd. ("HKN"), the operator of the blocks, plans to restart production as soon as safe and secure operations are possible.

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 months ended March 31, 2026

OPERATIONS REVIEW

	Three months ended March 31,		Three months ended Dec 31,
	2026	2025	2025
Average daily oil production – gross 100% field (Mbopd)			
- Atrush	20.6	35.3	30.2
- Sarsang	15.3	29.9	27.1
Total	35.9	65.2	57.3
Average daily oil production – Company net (Mbopd)			
- Atrush (50%)	10.3	17.6	15.1
- Sarsang (18%)	2.8	5.4	4.9
Total	13.1	23.0	20.0
Oil sales – gross 100% field (Mbbl)			
- Atrush	1,852	3,175	2,775
- Sarsang	1,357	2,705	2,451
Total	3,209	5,880	5,226
ShaMaran oil sales entitlement (Mbbl)			
- Atrush (50%)	442	764	665
- Sarsang (18%)	153	305	275
Total	595	1,069	940

Atrush and Sarsang delivered international exports via the ITP in the first quarter of 2026 until the temporary production shut-in at the beginning of March 2026 due to the regional security environment. The operator, HKN, will be able to assess the damage from drone attacks and recommend any needed repairs when the security environment allows unrestricted access to the fields. The operator expects that Atrush will be able to produce at full capacity shortly after field operations restart. Sarsang is expected to restart at reduced capacity, with full production to be reached in phases over several months, as damage assessment is complete and repairs or modifications are made.

Operational plans for the remainder of 2026, including drilling and other capital expenditures, are contingent on the security environment in the region. The operating plans for 2026 are also contingent on the continuation of the ITP export deal reached with SOMO in 2025, including completion of the reconciliation work by the appointed international consultant and receipt of full PSC entitlement by IOCs, as well as the extension or renegotiation of the ITP agreement between Iraq and Turkey prior to its expiry in July 2026.

At Atrush, average production in Q1 2026 was 20.6 Mbopd, below potential due to the precautionary security shutdown. Atrush production reached 40.0 Mbopd in mid-February 2026 due to commissioning of the CPF expansion, replacement of the CK-10 electrical submersible pump and successful completion of the CK-21 well, which demonstrated initial production rates of approximately 6.0 Mbopd. CK-25, the next well in the drilling sequence, was successfully drilled to the reservoir. However, it was suspended after cementing the production casing due to the security environment.

At Sarsang, average production in Q1 2026 was 15.3 Mbopd, below potential due to the precautionary security shutdown. Daily spot production rates prior to the shutdown were approximately 24.0 Mbopd, representing a decrease from the previous quarter due to natural field decline and the suspension of the ST-2 well pending installation of water-handling facilities.

Management's Discussion and Analysis

For the three months ended March 31, 2026

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)	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Continuing operations:								
Revenue	38,031	54,663	28,936	35,385	35,885	34,749	29,425	22,630
Cost of goods sold	(15,333)	(24,146)	(19,658)	(22,610)	(23,409)	(15,673)	(19,470)	(15,225)
Bargain purchase gain on acquisitions	-	-	-	-	-	-	70,336	-
General and administrative expense	(1,871)	(4,592)	(1,492)	(1,552)	(5,076)	(3,340)	(1,282)	(1,426)
Share-based payments expense	166	1,115	(1,477)	(1,004)	(3,471)	(1,533)	(273)	(887)
Depreciation and amortization	(26)	(27)	(20)	(37)	(1)	(32)	(26)	(42)
Credit loss provision	(185)	(420)	(390)	1,042	1,314	24	1,591	298
Finance expense	(4,076)	(4,625)	(4,594)	(8,286)	(6,982)	(6,793)	(5,569)	(6,812)
Finance income	338	582	584	655	641	782	384	1,046
Income tax expense	(20)	(7)	(18)	(75)	(7)	(65)	(17)	(91)
Net income/(loss)	17,024	22,543	1,871	3,518	(1,106)	8,119	75,099	(509)
EBITDAX²	28,294	39,568	16,391	23,846	17,777	21,885	21,509	14,707
Adjusted EBITDAX³	28,128	39,887	17,868	24,850	24,465	23,418	21,782	15,594
Earnings per share in \$								
- Basic	0.006	0.008	0.001	0.001	-	0.003	0.026	-
- Diluted	0.006	0.008	0.001	0.001	-	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 First Quarter Financial Information

The \$17.0 million net income generated in Q1 2026 was primarily driven by higher price realizations in revenue, with Q1 2026 oil sales recorded at the Kirkuk blend official selling price, and the reduction in costs throughout the cost base. The income and expenses in Q1 2026 are explained in more detail in the following sections.

² 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.

³ Adjusted EBITDAX adds back the non-cash share-based payments expense each quarter, as well as non-recurring, transaction and project related expenses.

Management's Discussion and Analysis

For the three months ended March 31, 2026

Gross margin on oil sales

USD Thousands	Three months ended March 31,	
	2026	2025
Revenue from oil sales	38,031	35,885
Lifting costs	(7,921)	(9,434)
Other costs of production	(111)	(127)
Depletion costs	(7,301)	(13,848)
Cost of goods sold	(15,333)	(23,409)
Gross margin on oil sales	22,698	12,476

Revenue from oil sales relates to the Company's entitlement share of local oil sales until September 26, 2025, and then ITP export sales until the shut-in at the start of March 2026, from the Atrush and Sarsang blocks. The revenue of \$38.0 million in Q1 2026 was 6% higher than Q1 2025, driven by the higher international prices of ITP export sales. The average net oil price in Q1 2026 was \$63.08/bbl from the two blocks on a combined basis (88% higher than the \$33.57/bbl in Q1 2025). The Company's entitlement share of oil sales in Q1 2026 was 0.6 MMbbls, 45% lower than the 1.1 MMbbls entitlement in Q1 2025, mainly due to the shut-in.

Lifting costs comprise the Company's share of expenses related to the production of oil from the Atrush and Sarsang blocks, including operations and maintenance of wells and production facilities, insurance and the operator's related support costs as charged to the Company. Lifting costs were 16% lower in Q1 2026 compared to Q1 2025, mainly due to the immediate cost control following the shut-in.

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

Depletion costs were 47% lower in Q1 2026 compared to Q1 2025, due to the reduction in production. Average gross daily oil production from Atrush and Sarsang in Q1 2026 on a combined basis was 35.9 Mbopd (45% lower than the 65.2 Mbopd in Q1 2025).

Gross margin on oil sales was 79% higher in Q1 2026 versus Q1 2025, due to ITP export sales at international prices and lower costs due to the shut-in.

General and administrative expense

USD Thousands	Three months ended March 31,	
	2026	2025
Salaries and benefits	976	4,093
Management and consulting fees	453	344
Legal, accounting and audit fees	148	315
Listing costs and investor relations	148	105
General and other office expenses	102	143
Travel expenses	44	21
Corporate sponsorship	-	55
General and administrative expense	1,871	5,076

The decrease in general and administrative expenses in the quarter is mainly due to Q1 2025 including non-recurring, transaction-related management compensation, as well as consulting, legal and audit fees. Part of the compensation-related increase in Q1 2025 was linked to contractual obligations under employment agreements, including severance payments and M&A triggers.

Management's Discussion and Analysis

For the three months ended March 31, 2026

Finance expense

USD Thousands	Three months ended March 31,	
	2026	2025
Interest/amortization charges on bonds	4,750	5,886
Adjustment of bond and loan amortization	-	846
Amortization of related-party loan	-	535
Total borrowing costs	4,750	7,267
Unwinding discount on decommissioning provision	272	48
Interest expense	52	-
Foreign exchange loss	51	56
Lease – interest expense	14	-
Re-measurement of contingent consideration	(76)	156
Total finance expense before borrowing costs capitalized	5,063	7,527
Borrowing costs capitalized	(987)	(545)
Total finance expense	4,076	6,982

The Company had a loan from a related party, Nemesia S.à.r.l. ("Nemesia"). In Q3 2025, the Company repaid the full balance of the loan plus all accrued and unpaid interest.

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.

Interest/amortization charges on bonds were lower in 2026 due to the repayments made during 2025.

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".

Management's Discussion and Analysis

For the three months ended March 31, 2026

Capital Expenditures

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

PP&E principally comprises development costs related to the Company's share of the PSCs, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

The movements in PP&E are explained below:

USD Thousands	At March 31, 2026	At December 31, 2025
Opening net book value	324,505	365,708
Additions	23,191	8,883
Depletion and depreciation expense	(7,242)	(50,086)
Net book value	340,454	324,505

Financial Position and Liquidity

Accounts receivable

At March 31, 2026, the Company had the following outstanding receivables:

USD Thousands	At March 31, 2026	At December 31, 2025
Accounts receivable on oil sales	96,779	96,093
Credit loss provision	(11,374)	(11,190)
Total accounts receivable	85,405	84,903

The accounts receivable balance at March 31, 2026, relates to \$52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the "Overdue Receivables") and \$44.0 million representing the remaining PSC entitlement amounts owed for the 2025-2026 ITP export sales. It is Management's view that the counterparty risk related to oil sales under the 2025 interim agreements is better diversified than that of the Overdue Receivables from the KRG. The compensation for the Company's sales under the interim agreements is paid by the SOMO on behalf of the KRG in barrels allocated to the IOC-appointed trader, and the Company benefits from contractual recourse against both the KRG and/or SOMO for non-payment. There have been no delays in receiving payment from SOMO as part of the interim agreements since the start of exports in September 2025. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. The Company has reassessed the credit loss provision for the Overdue Receivables 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 March 31, 2026. The result of the Company's assessment under IFRS 9 is a \$0.2 million adjustment to these trade receivables in Q1 2026, included in the Statement of Comprehensive Income (Q1 2025: \$1.3 million).

Management's Discussion and Analysis

For the three months ended March 31, 2026

Borrowings

On April 11, 2025, the Company announced bondholder approval for 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 March 31, 2026	At December 31, 2025
Opening balance	145,348	198,296
Interest/amortization charges	4,751	23,572
Bond transaction costs	-	(556)
Bond cancellation	-	(56,146)
Payments to bondholders – interest	(4,313)	(19,818)
Ending balance	145,786	145,348

Liquidity and Capital Resources

Cash in the bank at March 31, 2026, was \$36.5 million, compared to \$42.1 million at December 31, 2025. The main components of the \$5.6 million decrease in funds during Q1 2026 were as follows:

- The operating activities of the Company in Q1 2026 resulted in an increase of \$21.4 million in the cash position (Q1 2025: increase of \$32.0 million);
- Net cash outflows related to investing activities in Q1 2026 were \$19.3 million (Q1 2025: net cash inflows of \$5.7 million). Cash outflows to investing activities comprised \$19.6 million for capital investments in the Atrush and Sarsang development work programs, plus cash inflows of \$0.3 million for interest received; and
- Net cash outflows for financing activities in Q1 2026 were \$7.7 million (Q1 2025: \$35.2 million) and comprised \$4.3 million of interest payments to bondholders and \$3.4 million of cash taxes and payments on the share and stock compensation plan.

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

For the three months ended March 31, 2026

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 and project related expenses. A quantitative reconciliation to revenues, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	Three months ended March 31,	
	2026	2025
Revenues	38,031	35,885
Lifting costs	(7,921)	(9,434)
Other costs of production	(111)	(127)
General and administrative expense	(1,871)	(5,076)
Share-based payments	166	(3,471)
EBITDAX	28,294	17,777
Share-based payments	(166)	3,471
Non-recurring costs	-	3,217
Adjusted EBITDAX	28,128	24,465

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 March 31,	
	2026	2025
Net cash inflows from operating activities	21,423	32,032
Net cash (outflows)/inflows from investing activities	(19,255)	5,748
Free cash flow before debt service	2,168	37,780

Management's Discussion and Analysis

For the three months ended March 31, 2026

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 March 31,	
	2026	2025
Outstanding principal of ShaMaran Bond	(143,768)	(173,143)
Loan from related party	-	(15,600)
Total debt	(143,768)	(188,743)
Cash and cash equivalents	36,525	79,329
Net debt	(107,243)	(109,414)

All figures in the net debt calculation are based on their nominal value at the balance sheet date. See Notes 9, 15 and 19 in the Financial Statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

USD Thousands	Purchase of services in the three months ended March 31,		Amounts owing at the balance sheet date	
	2026	2025	March 31, 2026	December 31, 2025
International Petroleum Corp.	98	76	76	36
Orrön Energy AB	48	34	9	1
Namdo Management Services Ltd.	9	6	69	74
Nemesia	-	536	-	-
Lundin Foundation	-	55	-	-
Total	155	707	154	111

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 that was fully repaid in 2025.

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 months ended March 31, 2026

Outstanding Share Data, Share Units and Stock Options

Common shares

The Company had 2,878,504,314 outstanding shares and 2,960,804,535 fully-diluted shares at March 31, 2026, and at the date of this MD&A.

A summary of the share issuances in the first quarter of 2026 is below:

- No common shares were issued from restricted share units ("RSUs"); and
- 3,055,065 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 March 31, 2026, a total of 82,300,221 shares, 3% of the issued share capital, had been granted of the potential 287,850,431 shares that could be granted under the plans. Under the plans, the Company may also grant performance share units ("PSUs") or RSUs. As at March 31, 2026, and the date of this MD&A, there are no PSUs outstanding. The DSU Plan is for non-executive directors of the Company.

During Q1 2026, a total of 11,971,318 RSUs vested, 238,682 RSUs were forfeited, 7,366,666 options were exercised and 210,000 options were forfeited.

At March 31, 2026, there were 19,826,662 stock options outstanding under the Company's employee incentive Stock Option Plan, which represents 0.7% of the total shares outstanding at March 31, 2026.

The Company has no warrants outstanding.

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

	Number of stock options outstanding	Number of RSUs outstanding	Number of DSUs outstanding
At December 31, 2025	27,403,328	52,413,324	22,270,235
Options exercised	(7,366,666)	-	-
Expired/forfeited	(210,000)	(238,682)	-
RSUs vested	-	(11,971,318)	-
At March 31, 2026	19,826,662	40,203,324	22,270,235
Quantities vested and unexercised:			
At December 31, 2025	9,816,670	-	22,270,235
At March 31, 2026	9,408,333	-	22,270,235

Management's Discussion and Analysis

For the three months ended March 31, 2026

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 March 31, 2026, the outstanding commitments of the Company were as follows:

USD Thousands	For the year ended March 31,				Total
	2027	2028	2029	Thereafter	
Atrush and Sarsang block development and PSC	74,368	400	400	1,200	76,368
Sarsang contingent consideration	-	-	-	15,000	15,000
Corporate office and other	74	64	64	364	566
Total commitments	74,442	464	464	16,564	91,934

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2026 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon the security situation, continuation of sales and other economic factors.

The contingent consideration relates to the purchase consideration for the acquisition of the interest in the Sarsang Block, purchased in September 2022, 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 based on forecasted results from the reserves report 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, 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.

Management's Discussion and Analysis

For the three months ended March 31, 2026

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;
- 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 2026, all of the Company's development activities were 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.

Management's Discussion and Analysis

For the three months ended March 31, 2026

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.

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 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.

Management's Discussion and Analysis

For the three months ended March 31, 2026

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 from the KRI via the ITP 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. The agreements were initially extended until March 31, 2026, and then again until June 30, 2026, to allow the appointed international consultant to complete a reconciliation of export invoices to PSC terms for each block that is party to the export agreements. There is no certainty that the interim agreements entered into will be implemented as agreed or extended beyond the expiry date of June 30, 2026, especially in light of the ongoing negotiations regarding the formation of a new government in Iraq following parliamentary elections 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 for 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 ("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, however there is no certainty this will not be challenged again.

Iran conflict, Russia-Ukraine war and other regional escalations

At the date of this MD&A, most of the oil production in the KRI, including from the Atrush and Sarsang blocks, is contracted to be sold at international prices via the ITP. The impact of the Russia-Ukraine and Israel-Palestine conflicts has been limited on the oil market to date. The more recent conflict between Iran, Israel and the United States, and its spillover into neighboring Gulf states, however, has had and could continue to have more serious implications, both in terms of market pricing and the ability of KRI producers to safely operate their fields. If these conflicts continue or escalate, they may have further adverse impacts on production volumes and realized pricing for international oil markets.

The evolving situation in Iran has already had an 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, such as the temporary production shut-in announced in March 2026. Taking into account the severity of the regional security situation, the actual overall impact on oil production infrastructure in the KRI has been limited to date, despite the closure of Iraqi airspace, recent rocket and drone attacks reported on US assets in the KRI. However, there have been several drone attacks on KRI fields, including fields operated by HKN, which highlight the potential risk of injury to personnel, damage to equipment 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 HKN, other IOCs and the 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.

Management's Discussion and Analysis

For the three months ended March 31, 2026

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 six months ending June 30, 2026, on August 5, 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/(Loss) (unaudited)

For the three months ended March 31

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	2026	2025
Revenues	5	38,031	35,885
Cost of goods sold:			
Lifting costs	6	(7,921)	(9,434)
Other costs of production	6	(111)	(127)
Depletion	6	(7,301)	(13,848)
Gross margin on oil sales		22,698	12,476
Share-based payments expense	18	166	(3,471)
Depreciation and amortization expense		(26)	(1)
Credit loss provision	12	(185)	1,314
General and administrative expense	7	(1,871)	(5,076)
Income from operating activities		20,782	5,242
Finance income	8	338	641
Finance expense	9	(4,076)	(6,982)
Net finance expense		(3,738)	(6,341)
Income / (loss) before income tax expense		17,044	(1,099)
Income tax expense	10	(20)	(7)
Income / (loss) for the period		17,024	(1,106)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Currency translation differences		-	48
Total other comprehensive income		-	48
Total comprehensive income / (loss) for the period		17,024	(1,058)
Earnings in dollars per share (Note 17):			
Basic		0.006	-
Diluted		0.006	-

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

Condensed Interim Consolidated Balance Sheet (unaudited)

As at March 31, 2026, and December 31, 2025

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	March 31, 2026	December 31, 2025
ASSETS			
Non-current assets			
Property, plant and equipment	11	340,454	324,505
Accounts receivable	12	29,422	22,938
Right-of-use asset	13	638	656
Intangible assets		72	79
		370,586	348,178
Current assets			
Accounts receivable	12	55,983	61,965
Cash and cash equivalents, unrestricted		35,568	41,150
Cash and cash equivalents, restricted		957	981
Other current assets		655	489
		93,163	104,585
TOTAL ASSETS		463,749	452,763
LIABILITIES			
Non-current liabilities			
Borrowings	15	131,799	131,799
Provisions	16	47,094	44,212
Cash-settled deferred share units	18	3,041	3,904
Lease liability	13	610	625
Pension liability		397	402
		182,941	180,942
Current liabilities			
Accrued interest expense on corporate bond	15	13,987	13,549
Accounts payable and accrued expenses	14	2,699	8,474
Other current liabilities		21	21
		16,707	22,044
EQUITY			
Share capital	17	672,636	674,622
Share-based payments reserve		9,271	9,985
Cumulative translation adjustment		192	192
Accumulated deficit		(417,998)	(435,022)
		264,101	249,777
TOTAL EQUITY AND LIABILITIES		463,749	452,763

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

Going concern (Note 2b)

Commitments and contingencies (Note 20)

Subsequent events (Note 22)

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 months ended March 31

<i>Expressed in thousands of United States dollars</i>	<i>Note</i>	2026	2025
Operating activities			
Income / (loss) for the period		17,024	(1,106)
Adjustments for non-cash related items:			
Depreciation, depletion and amortization expense		7,327	13,849
Borrowing costs – net of amount capitalized		3,687	6,878
Unwinding discount on decommissioning provision		272	48
Foreign exchange loss	9	51	56
Share-based payment expense		(166)	3,471
Interest income		(338)	(641)
Changes in current tax liabilities		(1)	(25)
Changes in pension liability		(5)	12
Changes in other current assets		(151)	223
Changes in accounts receivables on oil sales		(502)	8,496
Changes in accounts payable and accrued expenses		(5,775)	771
Net cash inflows from operating activities		21,423	32,032
Investing activities			
Interest received on cash deposits		323	634
Purchase of property, plant and equipment		(19,578)	5,114
Net cash outflows to investing activities		(19,255)	5,748
Financing activities			
Principal element of lease payments	13	(12)	-
Payments for share and stock compensation plan		(3,396)	(1,540)
Payments to bondholders and related party – interest	15	(4,313)	(6,933)
Repayment of bonds		-	(26,771)
Net cash outflows to financing activities		(7,721)	(35,244)
Effect of exchange rate changes on cash and cash equivalents		(53)	(8)
Change in cash and cash equivalents		(5,606)	2,528
Cash and cash equivalents, beginning of the period*		42,131	76,801
Cash and cash equivalents, end of the period*		36,525	79,329
*Inclusive of restricted cash		957	9

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

Consolidated Statement of Changes in Equity

For the year ended December 31

	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, 2025	672,530	12,551	108	(461,988)	223,201
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(1,106)	(1,106)
Other comprehensive income	-	-	48	-	48
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 18)	-	(1,810)	-	-	(1,810)
Options exercised*	978	-	-	-	978
RSU shares issued*	1,193	-	-	-	1,193
	2,171	(1,810)	48	(1,106)	(697)
Balance at March 31, 2025	674,701	10,741	156	(463,094)	222,504
Balance at December 31, 2025	674,622	9,985	192	(435,022)	249,777
Total comprehensive income for the period:					
Income for the period	-	-	-	17,024	17,024
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 18)	-	(714)	-	-	(714)
Options exercised*	152	-	-	-	152
RSU shares vested*	(2,138)	-	-	-	(2,138)
	(1,986)	(714)	-	17,024	14,324
Balance at March 31, 2026	672,636	9,271	192	(417,998)	264,101

*Refer to Note 17

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 three months ended March 31, 2026

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 (“TSXV”) in Canada and NASDAQ First North Growth Market in Sweden under the symbol “SNM”.

On March 10, 2026, the Company announced shareholder approval for the proposed continuance of the Company from Canada to Bermuda and the delisting of the Company’s shares from the TSXV. Following the continuance to Bermuda, the Company plans to list its shares on the Euronext Growth Oslo market operated by the Oslo Stock Exchange while maintaining the Company’s secondary listing on the Nasdaq First North in Stockholm. Once Shamaran completes both transactions, the Company will no longer be incorporated in British Columbia and subject to the laws of Canada, it will cease to be listed on the TSXV, and it will no longer be a reporting issuer in any jurisdiction in Canada. Shamaran will instead be incorporated in and subject to the laws of Bermuda.

The Company is engaged in the business of oil and gas exploration and production and holds the following interests at March 31, 2026:

- 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”). 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. 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”). The significant accounting policies of the Company have been applied consistently throughout the period. The policies applied in these unaudited consolidated financial statements are based on IFRS Accounting Standards as of May 6, 2026, 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, later extended to nine months, during which IOCs are 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”) is marketing the KRI crude at the Kirkuk blend official selling price, and IOCs are being 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 three months ended March 31, 2026

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. 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 with assets 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.

On March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional security environment related to the Iran war, and on March 5, 2026, and April 1, 2026, the Company announced explosions at the Sarsang field. There is no certainty as to the duration of the shut-in (refer to Note 22).

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 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, 2025.

3. Critical accounting judgments and key sources of estimation uncertainty

Areas of critical accounting judgments 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, 2025.

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. Prices for these crude oil sales 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, all oil sales are sold to the KRG for ITP export, and revenues are recorded as per the interim agreements at the Kirkuk blend official selling price, with payments in arrears. As also discussed in Note 2b, production has been suspended since March 2, 2026, impacting revenue in the first quarter of 2026.

Refer also to Note 12.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

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

Finance income relates to the interest received on cash deposits.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

9. Finance expense

	For the three months ended March 31,	
	2026	2025
Interest/amortization charges on bonds	4,750	5,886
Adjustment of bond and loan amortization	-	846
Amortization of related-party loan	-	535
Total borrowing costs	4,750	7,267
Unwinding discount on decommissioning provision	272	48
Interest expenses	52	-
Foreign exchange loss	51	56
Lease – interest expense	14	-
Re-measurement of contingent consideration	(76)	156
Total finance expense before borrowing costs capitalized	5,063	7,527
Borrowing costs capitalized	(987)	(545)
Total finance expense	4,076	6,982

The Company had a loan from a related party, Nemesia S.à.r.l. (“Nemesia”). In Q3 2025, the Company repaid the full balance of the loan plus all accrued and unpaid interest.

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 regarding the Company bond, Note 16 regarding the contingent consideration and decommissioning provision and Note 13 regarding the lease interest.

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.

10. Taxation

The tax expense is incurred on the profits of the Swiss administrative company and the Danish company that is currently winding down.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

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 PSCs, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

During the first three months of 2026, movements in PP&E include general additions of \$23.2 million (2025 full year: \$8.9 million of general additions), which included capitalized borrowing costs of \$1.0 million (2025 full year: \$2.2 million), plus depletion and depreciation expense of \$7.2 million (2025 full year: \$50.1 million), that resulted in a net increase to PP&E assets of \$16.0 million.

Refer also to Notes 5 and 6.

12. Accounts receivable

At March 31, 2026, the Company had outstanding receivables as follows:

	At March 31, 2026	At December 31, 2025
Accounts receivable on oil sales	96,779	96,093
Credit loss provision	(11,374)	(11,190)
Total accounts receivable, net of provisions	85,405	84,903
Current portion	55,983	61,965
Non-current portion	29,422	22,938

The accounts receivable balance at March 31, 2026, relates to \$52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the "Overdue Receivables") and \$44.0 million representing the remaining PSC entitlement amounts owed for 2025-2026 ITP export sales. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. Refer to Note 2b. The Company has reassessed the credit loss provision for the Overdue Receivables 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 March 31, 2026. The result of the Company's assessment under IFRS 9 is a \$0.2 million adjustment to these trade receivables in the first quarter of 2026, included in the Statement of Comprehensive Income (2025: \$1.3 million credit). The portion of these receivables that is estimated to be received after 2027 is classified as non-current due to uncertainty in the timing of recovery.

The remaining PSC entitlement amounts owed for the 2025-2026 ITP export sales are all classified as current receivables. It is expected that these amounts will be paid following completion of the review of the IOC invoices and contractual entitlements by the appointed industry consultant.

Refer also to Note 5.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

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 Vézenaz, Switzerland. At March 31, 2026, the balance sheet shows a value of \$638 for the right-of-use asset and a total lease liability value of \$665; split \$55 as a current liability (within other current liabilities) and \$610 as a non-current liability. The income statement for the three months ended March 31, 2026, includes the depreciation charge of the right-of-use asset of \$15 plus an interest expense of \$12 included in the finance cost. There were no right-of-use assets or lease liabilities in the three first months of 2025.

Refer also to Note 9.

14. Accounts payable and accrued expenses

	At March 31, 2026	At December 31, 2025
Payables to joint-operations partners	514	5,583
Accrued expenses	1,256	2,372
Trade payables	929	519
Total accounts payable and accrued expenses	2,699	8,474

15. Borrowings

On April 11, 2025, the Company announced bondholder approval for 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 at March 31, 2026, was \$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:

	March 31, 2026	December 31, 2025
Opening balance:	145,348	198,296
Interest/amortization charges	4,751	23,572
Bond transaction costs	-	(556)
Bond cancellation	-	(56,146)
Payments to bondholders – interest	(4,313)	(19,818)
Ending balance	145,786	145,348
Non-current portion – net borrowings	131,799	131,799
Current portion – accrued bond interest expense	13,987	13,549

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

16. Provisions

	March 31, 2026	At December 31, 2025
Opening balance	32,185	32,972
Changes in discount and inflation rates	1,372	(1,089)
Changes in estimates and obligations incurred	1,314	(698)
Unwinding discount on decommissioning provision	272	1,000
Total decommissioning and site restoration provisions	35,143	32,185
Contingent consideration	11,951	12,027
Total provisions	47,094	44,212

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 2038 for Sarsang and will take ten years to abandon. The undiscounted provision at March 31, 2026, is \$35.7 million (2025: \$34.0 million) and was discounted using a risk-free rate of 3.30% for the Atrush Block and 3.81% for the Sarsang Block (2025: 3.24 % for the Atrush Block and 3.80% for the Sarsang Block) with an inflation rate of 3.26% (2025: 2.68%).

The contingent consideration relates to the purchase consideration for the acquisition of the interest in the Sarsang Block, purchased in September 2022, 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 based on forecasted results from the reserves report at the end of each quarter and treats any difference as a finance income/cost.

Refer also to Note 9.

17. 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, 2025	2,845,961,365	672,530
RSUs	12,753,177	(432)
Options	16,734,707	2,524
At December 31, 2025	2,875,449,249	674,622
RSUs	-	(2,138)
Options	3,055,065	152
At March 31, 2026	2,878,504,314	672,636

During the first quarter of 2026, a total of 3,055,065 common shares from exercised options and nil common shares from vested Restricted Share Units ("RSUs") were issued to plan participants in accordance with the Company's Share Unit Plan (2025 full year: 12,753,177 RSUs and 16,734,707 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 18.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

Earnings per share

	For the three months ended March 31,	
	2026	2025
Net income, in dollars	17,024	(1,106)
Weighted average number of shares outstanding during the period	2,878,106,472	2,854,304,631
Weighted average diluted number of shares outstanding during the period	2,960,406,693	2,967,614,885
Basic income per share, in dollars	0.006	(0.000)
Diluted income per share, in dollars	0.006	(0.000)

18. 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 March 31, 2026, a total of 82,300,221 shares (3% of the issued share capital) had been granted of the potential 287,850,431 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 quarter of 2026, a total of 11,971,318 RSUs vested, 238,682 RSUs were forfeited, 7,366,666 options were exercised and 210,000 options were forfeited (2025: 12,223,336 RSUs vested and 27,383,336 options were exercised).

The movements in the first quarter of 2026 resulted in charges to the Statement of Comprehensive Income for options of \$155 (2025: \$191), for RSUs of \$542 (2025: \$1,711) and for DSUs of \$(863) (2025: \$1,569). The carrying amount of the DSU liability at March 31, 2026, is \$3,041 (December 31, 2025: \$3,904), which is valued at the quarter-end closing share price. The closing share price at March 31, 2026, was CAD 0.19 (December 31, 2025, CAD 0.24).

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

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, 2025	27,403,328	52,413,324	22,270,235
Options exercised	(7,366,666)	-	-
Expired/forfeited	(210,000)	(238,682)	-
RSUs vested	-	(11,971,318)	-
At March 31, 2026	19,826,662	40,203,324	22,270,235
Quantities vested and unexercised:			
At December 31, 2025	9,816,670	-	22,270,235
At March 31, 2026	9,408,333	-	22,270,235
Weighted average exercise price of options exercised:			
At December 31, 2025	CAD 0.07		
At March 31, 2026	CAD 0.10		
Weighted average remaining contractual life of options:			
At December 31, 2025	4.1 years		
At March 31, 2026	3.9 years		
Weighted average exercise price of outstanding options:			
At December 31, 2025	CAD 0.14		
At March 31, 2026	CAD 0.15		

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 three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

19. Financial instruments

Financial assets

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

	Fair value hierarchy ⁵	Carrying and fair values at ¹	
		March 31, 2026	December 31, 2025
Accounts receivable ⁴	Level 3	85,405	84,903
Cash and cash equivalents, unrestricted ²	Level 1	35,568	41,150
Cash and cash equivalents, restricted ²	Level 1	957	981
Other receivables ²	Level 2	159	142
Total financial assets		122,089	127,176

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 ⁵	Carrying values at	
		March 31, 2026	December 31, 2025
Borrowings ³	Level 2	131,799	131,799
Accrued interest on bond	Level 2	13,987	13,549
Contingent consideration	Level 3	11,951	12,027
Accounts payable and accrued expenses ²	Level 2	2,699	8,474
Total financial liabilities		160,436	165,849

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 16 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 \$147.7 million (December 31, 2025: \$150.6 million) based on recent trading in the Company's bond and indicative pricing provided by brokers.

⁴ Provisions have been made to the accounts receivable. Refer to Note 12 for additional information.

⁵ *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 three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

20. Commitments and contingencies

At March 31, 2026, the outstanding commitments of the Company were as follows:

	2027	For the year ended March 31,			Total
		2028	2029	Thereafter	
Atrush and Sarsang block development and PSC	74,368	400	400	1,200	76,368
Sarsang contingent consideration	-	-	-	15,000	15,000
Corporate office and other	74	64	64	364	566
Total commitments	74,442	464	464	16,564	91,934

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2026 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon the security situation, continuation of sales and other economic factors.

Refer to Note 16 for further information regarding the Sarsang contingent consideration.

21. Related-party transactions

Transactions with corporate entities

	Purchase of services in the three months ended March 31,		Current amounts owing at the balance sheet dates	
	2026	2025	March 31, 2026	December 31, 2025
International Petroleum Corp.	98	76	76	36
Orrön Energy AB	48	34	9	1
Namdo Management Services Ltd.	9	6	69	74
Nemesia	-	536	-	-
Lundin Foundation	-	55	-	-
Total	155	707	154	111

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 that was fully repaid in 2025. Refer to Note 9 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.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

22. Subsequent events

On April 1, 2026, the Company announced an explosion at one of the oil storage facilities in the Sarsang field. Both the Atrush and Sarsang blocks remain shut-in at the date of this document.

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

CORPORATE OFFICE

1055 Dunsmuir Street, Suite 2800
PO Box 49225
Vancouver, British Columbia V7X 1LC
Canada
Telephone: +1 604 689 7842
Website: www.shamaranpetroleum.com

OPERATIONS and ADMINISTRATIVE OFFICE

5 Chemin de la Pallanterie
1222 Vézenaz
Switzerland
Telephone: +41 22 560 8600

REGISTERED and RECORDS OFFICE

1075 West Georgia Street, Suite 1200
Vancouver, British Columbia V6E 3C9
Canada

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