

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 15, 2016) - [ShaMaran Petroleum Corp.](#) ("ShaMaran" or the "Company") (TSX VENTURE:SNM)(OMX:SNM) is pleased to announce its financial and operating results for the nine months ended September 30, 2016. Unless otherwise stated all currency amounts indicated as "\$" in this news release are expressed in thousands of United States dollars.

On November 7, 2016 the Assignment, Novation and Fourth Amendment Agreement to the PSC (the "4th PSC Amendment") and Atrush Facilitation Agreement were concluded between TAQA Atrush B.V. ("TAQA" and the Operator of the Atrush Block), General Exploration Partners. Inc. ("GEP" and a wholly owned subsidiary of ShaMaran), Marathon Oil KDV ("MOKDV")(together, the "Non-Government Contractors") and the Kurdistan Regional Government ("KRG") resulting in participating interests in the Atrush Block PSC of TAQA at 39.9%, the KRG at 25%, GEP at 20.1% and MOKDV at 15%. In addition these agreements include the terms for repayment to the Non-Government Contractors for costs which they have agreed to pay for on behalf of the KRG, including those relating to the Feeder Pipeline.

Construction of the 30,000 bopd Atrush Phase 1 Production Facility ("Production Facility") is complete and commissioning is in progress. The Atrush-2 ("AT-2") and Atrush-4 ("AT-4") wells were successfully completed in the second and third quarters of this year. All four wells intended for production are now completed, connected to the Production Facility and ready for start-up. Work on the pipeline being constructed between the Production Facility and the block boundary (the "Spur Pipeline") is expected to be completed in the fourth quarter of 2016.

Work has now commenced on the final 35km section of pipeline which will run from the Atrush block boundary to the tie-in point on the main export pipeline (the "Feeder Pipeline") and is subject to the terms of an Engineering, Procurement and Construction ("EPC") contract between TAQA and KAR Company ("KAR") which became effective on November 7, 2016. The length and complexity of the commercial discussions associated with the EPC contract, the 4th PSC Amendment, and the Atrush Facilitation Agreement have brought the commencement of the Atrush Feeder Pipeline closer to the winter season which means there is an increased risk to the schedule. While completion in the first quarter of 2017 is still the target and a possibility, it is probable that first production from Atrush will be further delayed to the second quarter of 2017. As a result the Company estimates that it will require approximately \$20 million of additional funding which the Company expects will be made available by increasing GEP's Super Senior Bond through facilities provided for in GEP's April 2016 financing arrangement.

## FINANCIAL AND OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

During the reporting period the Company continued its appraisal and development campaign in respect of the Atrush petroleum property located in the Kurdistan Region of Iraq which constitutes the continuing operations of the Company. Atrush currently generates no revenues.

### Financial Results

The Company reports a net loss of \$7.4 million in the first three quarters of 2016 which was primarily driven by general and administrative expenses, share based payments expense and finance cost, the substantial portion of which were expensed borrowing costs on the Company's Senior Bonds and Super Senior Bonds. These expenses have been slightly offset by interest income on interest bearing funds as well as service fees.

#### Condensed Interim Statement of Comprehensive Income (Unaudited, expressed in thousands of United States Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Continuing Operations				
Income				
Service fees	90	-	120	-
Expenses				
Depreciation and amortisation expense	(12	) (13	) (34	) (45
Share based payments expense	(58	) (186	) (192	) (1,038
General and administrative expense	(695	) (384	) (3,006	) (1,899
Loss before finance items and income tax expense	(765	) (583	) (3,232	) (2,982
Finance income	16	88	39	634
Finance cost	(1,393	) (1,331	) (4,228	) (3,993
Net finance cost	(1,377	) (1,243	) (4,189	) (3,359
Loss before income tax expense	(2,052	) (1,826	) (7,301	) (6,341
Income tax expense	(14	) (23	) (55	) (84

Loss from continuing operations	(2,066	) (1,849	) (7,356	) (6,425	)
Discontinued operations					
Net gain from discontinued operations	-	46	-	32	
Loss for the period	(2,066	) (1,803	) (7,356	) (6,393	)
Other comprehensive income					
<i>Items that may be reclassified to profit or loss:</i>					
Currency translation differences	(11	) (48	) 53	5	
Actuarial loss on defined pension plan	-	-	(505	) -	
Total other comprehensive (loss) / income	(11	) (48	) (452	) 5	
Total comprehensive loss for the period	(2,077	) (1,851	) (7,808	) (6,388	)

#### Condensed Interim Consolidated Balance Sheet

(Unaudited, expressed in thousands of United States Dollars)

	At September 30, 2016	At December 31, 2015
Assets		
Non-current assets		
Property, plant and equipment	214,210	177,044
Intangible assets	89,256	88,645
	303,466	265,689
Current assets		
Cash and cash equivalents, restricted	8,715	1,512
Cash and cash equivalents, unrestricted	6,198	30,409
Other current assets	284	200
	15,197	32,121
Total assets	318,663	297,810
Liabilities and equity		
Current liabilities		
Accrued interest expense on bonds	6,950	2,252
Accounts payable and accrued expenses	4,587	9,560
Current tax liabilities	-	31
	11,537	11,843
Non-current liabilities		
Borrowings	155,804	148,263
Provisions	10,795	8,080
Pension liability	2,207	-
	168,806	156,343
Total liabilities	180,343	168,186
Equity		
Share capital	611,179	593,179
Share based payments reserve	6,427	6,235
Cumulative translation adjustment	(30	) (83
Accumulated deficit	(479,256	) (469,707
Total equity	138,320	129,624
Total liabilities and equity	318,663	297,810

Total assets increased during the first nine months of 2016 by \$20.9 million which corresponds to increases in share capital and equity reserves by \$18.3 million, borrowings by \$7.5 million and other non-current liabilities by \$4.9 million which were offset by an increase in the accumulated deficit by \$9.5 million, principally due to the net loss recorded in the period, and a decrease in current liabilities by \$0.3 million.

Property, plant & equipment assets increased by \$37.2 million during the three quarters of 2016 due to \$27.6 million of Atrush development costs and capitalised borrowing costs of \$9.6 million incurred during the period. The increase in intangible assets by \$0.6 million during the first nine months of 2016 is due to \$0.3 million of Atrush exploration costs and capitalised borrowing costs of \$0.3 million incurred in the period.

#### Condensed Interim Consolidated Cash Flow Statement

(Unaudited, expressed in thousands of United States Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Operating activities				
Net loss from continuing operations	(2,066	) (1,849	) (7,356	) (6,425
Adjustments for:				
Interest expense on senior secured bonds - net	1,375	1,321	4,103	3,964
Share based payments expense	58	186	192	1,038
Unwinding discount on decommissioning provision	19	-	62	-
Depreciation and amortisation expense	12	13	34	45
Pension expense	-	-	14	-
Interest income	(6	) (43	) (39	) (164
Foreign exchange (gain) / loss	(10	) (45	) 64	(470
Changes in provisions	-	711	-	444
Changes in current tax liabilities	(8	) 2	(31	) (7
Changes in other current assets	(41	) (11	) (84	) 1,340
Changes in accounts payable and accrued expenses	(4,317	) 1,848	(4,970	) (3,429
Cash used in discontinued operations	-	(8	) -	(16
Net cash inflows from / (outflows to) operating activities	(4,984	) 2,125	(8,011	) (3,680
Investing activities				
Interest received on cash deposits	6	43	39	164
Purchases of intangible assets	(58	) (13,404	) (56	) (46,771
Purchase of property, plant and equipment	(8,641	) (1	) (25,186	) (3
Net cash outflows to investing activities	(8,693	) (13,362	) (25,203	) (46,610
Financing activities				
Proceeds on bond issue	-	-	17,000	-
Bond transaction costs	-	-	(780	) -
Transaction costs on Rights Offering	-	-	-	60,462
Shares issued on Rights Offering	-	-	-	(1,351
Interest payments to bondholders	-	-	-	(8,625
Net cash inflows from financing activities	-	-	16,220	50,486
Effect of exchange rate changes on cash and cash equivalents	(3	) (1	) (14	) 471
Change in cash and cash equivalents	(13,680	) (11,238	) (17,008	) 667
Cash and cash equivalents, beginning of the period	28,593	69,109	31,921	57,204
Cash and cash equivalents, end of the period*	14,913	57,871	14,913	57,871

The decrease by \$17 million in the cash position of the Company during the first nine months of 2016 was due to cash outflows of \$25.2 million on Atrush Block development activities, \$2.9 million of cash out on G&A and other cash expenses and \$5.1 million of negative cash adjustments from changes in working capital items which were offset by \$16.2 million of net proceeds on the issue of Super Senior Bonds.

## Operating Results

### Atrush Contract

- On November 7, 2016 the Assignment, Novation and Fourth Amendment Agreement to the PSC (the "4th PSC Amendment") and Atrush Facilitation Agreement were concluded between TAQA Atrush B.V. ("TAQA" and the Operator of the Atrush Block), General Exploration Partners. Inc. ("GEP" and a wholly owned subsidiary of ShaMaran), Marathon Oil KDV ("MOKDV")(together, the "Non-Government Contractors") and the Kurdistan Regional Government ("KRG") resulting in participating interests in the Atrush Block PSC of TAQA at 39.9%, the KRG at 25%, GEP at 20.1% and MOKDV at 15%.
- The above agreements include the terms for repayment to the Non-Government Contractors for costs which they have agreed to pay for on behalf of the KRG, including those relating to the Feeder Pipeline.

### Production Facility, Export Pipeline and Wells

- Construction of the 30,000 bopd Atrush Phase 1 Production Facility ("Production Facility") is complete and commissioning is in progress.
- The Atrush-2 ("AT-2") and Atrush-4 ("AT-4") wells were successfully completed in the second and third quarters of this year. All four wells intended for production are now completed, connected to the Production Facility and ready for start-up.
- Work on the pipeline being constructed between the Production Facility and the block boundary (the "Spur Pipeline") is substantially complete. Construction of the pump station and the intermediate pigging and pressure reduction station ("IPPR") is nearing completion and is expected to be finalised by the end of this year.
- Work has now commenced on the final 35km section of pipeline which will run from the Atrush Block boundary to the tie-in point on the main export pipeline (the "Feeder Pipeline") and is subject to the terms of an Engineering, Procurement and Construction ("EPC") contract between TAQA and KAR Company ("KAR") which became effective on November 7, 2016. The length and complexity of the commercial discussions associated with the EPC contract, the 4th PSC Amendment, and the Atrush Facilitation Agreement have brought the commencement of the Atrush Feeder Pipeline closer to the winter season which means there is an increased risk to the schedule. While completion in the first quarter of 2017 is still the target and a possibility, it is probable that first production from Atrush will be further delayed to the second quarter of 2017.

## Corporate

- As a result of the increased risk of delay in the schedule the Company estimates that it will require approximately \$20 million of additional funding which the Company expects will be made available by increasing GEP's Super Senior Bond through facilities provided for in GEP's April 2016 financing arrangement.
- The Company completed a financing arrangement in early May 2016 (the "Financing Arrangement") with holders of the \$140.6 million bonds (the "Senior Bonds") of GEP, a wholly owned subsidiary of ShaMaran. The Financing Arrangement provides the Company with additional liquidity in 2016 of approximately \$33 million based on the issuance of \$17 million (\$16.2 million proceeds net of transaction costs) of additional super senior bonds ("Super Senior Bonds") and provides terms for the Company to pay bond coupon interest in kind by issuing additional bonds, including approximately \$17.9 million of 2016 coupon interest. Also under the Financing Arrangement the Company issued 218,863,000 common shares at a deemed price of CAD 0.105 per share to holders of the Senior Bonds who elected to convert Senior Bonds into ShaMaran common shares which represented \$18 million of Senior Bonds at face value. PIK Bonds of \$8.1 million and \$1.0 million were issued under the Senior Bonds and Super Senior Bonds agreements, respectively, to satisfy coupon interest for the six months ended November 13, 2016.
- On February 15, 2016 the Company reported updates to estimated reserves and contingent resources for the Atrush block as of December 31, 2015. Total oil in place is estimated at 1.5 to 2.8 billion barrels, with Total Field Proven plus Probable ("2P") Reserves on a property gross basis increasing from 61.5 million barrels ("MMbbl") to 85.1 MMbbl, an increase of 38 percent. Total Field Unrisked Best Estimate Discovered Recoverable Resources ("2P + 2C")<sup>1</sup> on a property gross basis increased from 372 million barrels oil equivalent (MMboe)<sup>2</sup> to 389 MMboe.

<sup>1</sup> This estimate of remaining recoverable resources (unrisked) includes contingent resources that have not been adjusted for risk based on the chance of development. It is not an estimate of volumes that may be recovered.

<sup>2</sup> Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 million cubic feet ("Mcf") per one barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

## ATRUSH OUTLOOK

### *Production Facility*

The construction of the 30,000 bopd Atrush Phase 1 Production Facility is complete. Commissioning is in progress and is expected to be complete in advance of the Feeder Pipeline.

Engineering and design of water injection facilities has commenced and will continue in 2017.

### *Oil Export Pipeline*

TAQA, as operator of the Atrush PSC, is responsible for the construction of the Spur Pipeline to the block boundary. The construction of the Spur Pipeline is substantially complete. Construction of the pump station and the IPPR is nearing completion and is expected to be finalised by the end of this year.

Work has commenced on the Feeder Pipeline which will ultimately be owned by the KRG. The complexity of commercial and

legal discussions has led to delays in the start of construction of the Feeder Pipeline. Completion is targeted for the first quarter of 2017 but due to onset of winter conditions it is probable that it will slip to the second quarter of 2017. Production start is planned to begin after the Feeder Pipeline is commissioned.

## *Wells*

AT-2, the final of four initial producing wells, all equipped with electric submersible pumps, was completed in the third quarter of this year. The four initial producing wells are all connected to the Production Facility and now ready for start up.

Plans in 2017 are to drill and test CK-7, an appraisal and development well located in the central area of the Atrush Block, and CK-9, a dedicated water disposal well.

This information in this release is subject to the disclosure requirements of [ShaMaran Petroleum Corp.](#) under the EU Market Abuse Regulation and/or the Swedish Securities Market Act. This information was publicly communicated on November 15, 2016 at 23h30 Central European Time.

## ABOUT SHAMARAN

[ShaMaran Petroleum Corp.](#) is a Kurdistan focused oil development and exploration company with a 20.1% direct interest in the Atrush oil discovery. The Atrush Block is currently undergoing an appraisal and development campaign.

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

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

## FORWARD LOOKING STATEMENTS

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

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

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