

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug. 14, 2015) - [ShaMaran Petroleum Corp.](#) ("ShaMaran" or the "Company") (TSX VENTURE:SNM)(OMX:SNM) is pleased to announce its financial and operating results for the three and six months ended June 30, 2015. Unless otherwise stated all currency amounts indicated as "\$" in this news release are expressed in thousands of United States dollars.

Construction of the 30,000 bopd Atrush Phase 1 Production Facility ("Production Facility") has progressed in the second quarter of 2015. The main production modules for the facility have now been delivered to site. The tank farm is nearing completion and power generation equipment is installed. Pipe rack construction has started.

Contractual negotiations for a dedicated feeder pipeline between the Production Facility and the tie-in point on the main export pipeline are progressing well.

The previously drilled Chiya Khere-5 development well was re-entered and three well tests using an electrical submersible pump were carried out, confirming excellent well productivity. The rig has now moved to the Chiya Khere-8 development well to complete testing and completion operations.

Chris Bruijnzeels, President and CEO of ShaMaran, commented: "I am pleased that construction activities at the Production Facility have started in earnest and that good progress is now being made. However the situation in Kurdistan remains challenging and has an impact on progress. We are currently targeting commissioning during the second quarter of 2016 with first oil mid 2016. The Chiya Khere-5 well test results are encouraging and we are on track to produce at our planned Phase 1 production level of 30,000 bopd from four wells. Based on our latest forecast the Company has sufficient funds to get to first oil."

## FINANCIAL AND OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015

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*

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.

The Company has reported a net loss of \$2.1 million in the second quarter of 2015 driven primarily by general and administrative expenses, share based payment expenses and finance cost, the substantial portion of which was expensed borrowing costs on the Company's senior secured bonds.

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Expenses from continuing operations				
Depreciation and amortisation expense	(16 )	(13 )	(32 )	(24 )
Share based payments expense	(176 )	(61 )	(852 )	(208 )
General and administrative expense	(552 )	(462 )	(1,515 )	(1,018 )
Loss before finance items and income tax expense	(744 )	(536 )	(2,399 )	(1,250 )
Finance income	58	26	546	13
Finance cost	(1,370 )	(1,309 )	(2,662 )	(2,658 )
Net finance cost	(1,312 )	(1,283 )	(2,116 )	(2,645 )
Loss before income tax expense	(2,056 )	(1,819 )	(4,515 )	(3,895 )
Income tax expense	(34 )	(23 )	(61 )	(55 )
Loss from continuing operations	(2,090 )	(1,842 )	(4,576 )	(3,950 )
Discontinued operations				
Net loss from discontinued operations	(4 )	(1 )	(14 )	(16 )
Loss for the period	(2,094 )	(1,843 )	(4,590 )	(3,966 )

Other comprehensive income / (loss):				
Currency translation differences	42	(17 )	53	(11 )
Total other comprehensive income / (loss)	42	(17 )	53	(11 )
Total comprehensive loss for the period	(2,052 )	(1,860 )	(4,537 )	(3,977 )

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

	At June 30, 2015	At December 31, 2014
<b>Assets</b>		
Non-current assets		
Intangible assets	468,944	429,277
Property, plant and equipment	133	172
	469,077	429,449
Current assets		
Cash and cash equivalents	69,109	57,204
Other current assets	254	1,605
	69,363	58,809
Total assets	538,440	488,258
<b>Liabilities and equity</b>		
Current liabilities		
Accounts payable and accrued expenses	8,930	14,207
Accrued interest expense on bonds	2,252	2,252
Current tax liabilities	32	41
	11,214	16,500
Non-current liabilities		
Borrowings	147,960	147,657
Provisions	1,579	1,846
	149,539	149,503
Liabilities associated with discontinued operations	57	51
Total liabilities	160,810	166,054
Equity		
Share capital	593,179	534,068
Share based payments reserve	5,877	5,025
Cumulative translation adjustment	(12 )	(65 )
Accumulated deficit	(221,414 )	(216,824 )
Total equity	377,630	322,204
Total liabilities and equity	538,440	488,258

Total assets increased during the half of 2015 by \$50.2 million due to inflow of funds of \$59.1 raised through the issue of share capital on a Rights Offering concluded in February 2015 and an increase by \$0.9 million in the share based payments reserve relating to the amortization of share options which were offset by a net loss of \$4.5 million and reduction in current liabilities of \$5.3 million.

The intangible assets increased by \$39.7 million which was comprised of Atrush field development and appraisal activity costs totalling \$31.6 million, capitalised borrowing costs of \$6.3 million which relate to the financing of the Atrush development project, and capitalised general and administrative costs relating to Atrush Block E&E activities totalling \$1.7 million.

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

Three months ended June 30,		Six months ended June 30,	
2015	2014	2015	2014

Operating activities				
Net loss from continuing operations	(2,090 )	(1,842 )	(4,576 )	(3,950 )
Adjustments for:				
Interest expense on senior secured bonds - net	1,307	1,307	2,643	2,643
Share based payments expense	176	61	852	208
Foreign exchange loss / (gain)	54	(15 )	(425 )	6
Depreciation and amortisation expense	16	13	32	24
Interest income	(58 )	(11 )	(121 )	(13 )
Changes in other current assets	61	1,553	1,351	(52 )
Changes in current tax liabilities	(1 )	8	(9 )	(65 )
Changes in accounts payable and accrued expenses	(2,797 )	2,777	(5,277 )	(1,154 )
Changes in provisions	(191 )	533	(267 )	425
Cash used in discontinued operations	-	(19 )	(8 )	(544 )
Net cash (outflows to) / inflows from operating activities	(3,523 )	4,365	(5,805 )	(2,472 )
Investing activities				
Interest received on cash deposits	58	11	121	13
Purchase of property, plant and equipment	(1 )	(7 )	(2 )	(43 )
Purchases of intangible assets	(17,043 )	(14,948 )	(33,367 )	(28,665 )
Net cash outflows to investing activities	(16,986 )	(14,944 )	(33,248 )	(28,695 )
Financing activities				
Shares issued on Rights Offering	-	-	60,462	-
Transaction costs on Rights Offering	-	-	(1,351 )	-
Interests payments to bondholders	(8,625 )	(8,625 )	(8,625 )	(8,625 )
Net cash (outflows to) / inflows from financing activities	(8,625 )	(8,625 )	50,486	(8,625 )
Effect of exchange rate changes on cash and cash equivalents	(15 )	-	472	(16 )
Change in cash and cash equivalents	(29,149 )	(19,204 )	11,905	(39,808 )
Cash and cash equivalents, beginning of the period	98,258	121,984	57,204	142,588
Cash and cash equivalents, end of the period	69,109	102,780	69,109	102,780

The increase by \$11.9 million in the cash position of the Company during the six months ended June 30, 2015 was due to cash inflows of \$59.1 million from the issuance of shares of the Company on an offering of rights to existing shareholders of the Company and to cash outflows of \$33.2 million on Atrush Block development and appraisal activities, \$8.6 million of cash interest payments made to bondholders, \$1.2 million on G&A and other cash expenses and \$4.2 million in negative cash movements due to changes in working capital items.

### *Operating Results*

#### *Production Facility and Export Pipeline*

- Implementation of the Production Facility is in progress. The civil construction site preparation work and foundations of critical individual facilities are complete and the main production modules for the Production Facility have now been delivered to site. Underground piping work is nearing final stages and substantially all materials have been ordered.
- Engineering and design is substantially completed on the dedicated feeder pipeline which will be constructed between the Production Facility and the tie-in point on the main export pipeline. Negotiations with the pipeline contractor are progressing well and pipeline commissioning is expected to be completed in time for production start-up.

#### *Well Results*

- The Atrush-3 eastern area appraisal well tested at a maximum oil rate of 4,900 bopd of 14° API oil using an electrical submersible pump during testing conducted in January 2015 in connection with well re-entry operations. The well was originally drilled in 2013.
- The DQE#30 workover rig was mobilized in May 2015 and has tested the previously drilled Chiya Khere-5 development well. Three well tests were carried out using an ESP, confirming excellent well productivity.
- The workover rig has now moved to the adjacent Chiya Khere-8 development well and testing operations have commenced.

## Corporate Highlights

- On January 19, 2015 the Company effected changes to its senior management and Board of Directors (the "Board"). Mr. Chris Bruijnzeels was appointed as the President and Chief Executive Officer of ShaMaran and as a member of the Board replacing Mr. Pradeep Kabra who resigned from these positions. Mr. C. Ashley Heppenstall was also appointed as a member of the Board while Mr. Alex Schneider and Mr. J. Cameron Bailey have resigned their positions as members of the Board, all with effect from January 19, 2015.
- On March 12, 2015 the Company reported Atrush Block gross 2P reserve estimates of 61 MMbbls (2013: 58 MMbbls) as well as Atrush Block gross contingent resource estimates of 310 MMboe 2C (2013: 404 MMboe) as of December 31, 2014.
- ShaMaran raised funds of \$59.1 million (net of transaction costs) through the issuance of an aggregate of 754,214,990 common shares of the Company in February 2015. The shares were issued further to an offering of rights to existing shareholders of the Company to purchase shares of ShaMaran at an exercise price of CAD 0.10 per share.

## OUTLOOK

### *Production Facility*

Construction of the 30,000 bopd Atrush Phase 1 Production Facility will continue. Non critical foundations and the tank farm are to be finalised and installation of pipe racks and pipework will continue, followed by installation of electrical equipment and instrumentation. Commissioning of the Production Facility is targeted for the second quarter 2016, with first oil to follow mid 2016.

### *Oil Export Pipeline*

Contractual negotiations regarding the feeder pipeline between the Atrush Phase 1 Production Facility and the tie-in point on the main export pipeline at KCP2 at kilometre 92 are to be finalized. The KRG is expected to construct the pipeline section from the block boundary to the tie-in point.

### *Wells*

The DQE#30 workover rig is currently conducting well tests on the previously untested Chiya Khere-8 well. Completion of the Chiya Khere-5 and Chiya Khere-8 wells are planned following the conclusion of testing. The Operator plans to complete the AT-2 and AT-4 wells in the first half of 2016. Four producers, all equipped with ESPs, are planned to be available prior to production start up.

## 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, which is currently undergoing appraisal and development.

ShaMaran Petroleum 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.

ShaMaran's Certified Advisor on NASDAQ OMX First North is Pareto Securities AB.

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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