

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 13, 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 nine months ended September 30, 2015. Unless otherwise stated all currency amounts indicated as "\$" in this news release are expressed in thousands of United States dollars.

A contract for the engineering, procurement and construction of the pipeline to be constructed within the Atrush Block was signed on November 1, 2015 by TAQA and a Kurdistan Regional Government ("KRG") approved pipeline contractor. The pipeline is expected to be completed in time for first oil which is targeted for mid-year 2016.

Construction of the 30,000 bopd Atrush Phase 1 Production Facility ("Production Facility") is continuing. The main production modules have been delivered to site and are being installed. Construction of the tank farm is substantially complete. Power generation packages and the main power sub-station have been installed and construction of pipe racks and pipe fabrication is progressing. This is a challenging environment which continues to put pressure on the schedule.

The Chiya Khere-5 ("CK-5") and Chiya Khere-8 ("CK-8") development wells were successfully tested and completed. The Operator plans to complete the previously tested Atrush-2 ("AT-2") and Atrush-4 ("AT-4") wells in the first half of 2016. All four wells are to be tied-in to the Production Facility and ready for production at start-up.

Chris Bruijnzeels, President and CEO of ShaMaran, commented, "The signing of the contract for the dedicated feeder pipeline represents an important milestone on the path to first oil and, while certain challenges remain, with the continued progress on the construction activities at the Production Facility and four successfully tested production wells in hand Atrush Phase 1 remains on target for commissioning during the second quarter of 2016 with first oil to follow in mid 2016."

#### FINANCIAL AND OPERATING RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 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*

The Company has reported a net loss of \$1.9 million in the third 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 September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Expenses from continuing operations				
Depreciation and amortisation expense	(13)	(14)	(45)	(38)
Share based payments expense	(186)	(51)	(1,038)	(259)
General and administrative expense	(384)	(154)	(1,899)	(1,172)
Loss before finance items and income tax expense	(583)	(219)	(2,982)	(1,469)
Finance income	88	64	634	71
Finance cost	(1,331)	(1,326)	(3,993)	(3,978)
Net finance cost	(1,243)	(1,262)	(3,359)	(3,907)
Loss before income tax expense	(1,826)	(1,481)	(6,341)	(5,376)
Income tax expense	(23)	(29)	(84)	(84)
Loss from continuing operations	(1,849)	(1,510)	(6,425)	(5,460)
Discontinued operations				
Net income / (loss) from discontinued operations	46	(1)	32	(17)
Loss for the period	(1,803)	(1,511)	(6,393)	(5,477)
Other comprehensive (loss) / income :				
Currency translation differences	(48)	(55)	5	(66)
Total other comprehensive (loss) / income	(48)	(55)	5	(66)
Total comprehensive loss for the period	(1,851)	(1,566)	(6,388)	(5,543)

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

	At September 30, 2015	At December 31, 2014
<b>Assets</b>		
Non-current assets		
Intangible assets	485,497	429,277
Property, plant and equipment	113	172
	485,610	429,449
Current assets		
Cash and cash equivalents	57,871	57,204
Other current assets	265	1,605
	58,136	58,809
<b>Total assets</b>	<b>543,746</b>	<b>488,258</b>
<b>Liabilities and equity</b>		
Current liabilities		
Accounts payable and accrued expenses	10,778	14,207
Accrued interest expense on bonds	6,565	2,252
Current tax liabilities	34	41
	17,377	16,500
Non-current liabilities		
Borrowings	148,111	147,657
Provisions	2,290	1,846
	150,401	149,503
Liabilities associated with discontinued operations	3	51
<b>Total liabilities</b>	<b>167,781</b>	<b>166,054</b>
<b>Equity</b>		
Share capital	593,179	534,068
Share based payments reserve	6,063	5,025
Cumulative translation adjustment	(60)	(65)
Accumulated deficit	(223,217)	(216,824)
<b>Total equity</b>	<b>375,965</b>	<b>322,204</b>
<b>Total liabilities and equity</b>	<b>543,746</b>	<b>488,258</b>

Total assets increased during the first three quarters of 2015 by \$55.4 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 increases of \$1.7 million in liabilities and \$1.0 million in the share based payments reserve relating to the amortization of share options, which were offset by a net loss of \$6.4 million.

The intangible assets increased by \$56.1 million in the 9 months ended September 30, 2015 which was comprised of Atrush field development and appraisal activity costs totalling \$44.4 million, capitalised borrowing costs of \$9.4 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 \$2.3 million.

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
<b>Operating activities</b>				
Net loss from continuing operations	(1,849)	(1,510)	(6,425)	(5,460)
Adjustments for:				
Interest expense on senior secured bonds - net	1,321	1,321	3,964	3,964
Share based payments expense	186	51	1,038	259
Depreciation and amortisation expense	13	14	45	38
Interest income	(43)	(25)	(164)	(38)
Foreign exchange gain	(45)	(39)	(470)	(33)
Changes in accounts payable and accrued expenses	1,848	(1,113)	(3,429)	(2,267)
Changes in current tax liabilities	2	2	(7)	(63)

Changes in other current assets	(11)	74	1,340	22
Changes in provisions	711	154	444	579
Cash used in discontinued operations	(8)	(116)	(16)	(660)
Net cash inflows from / (outflows to) operating activities	2,125	(1,187)	(3,680)	(3,659)
Investing activities				
Interest received on cash deposits	43	25	164	38
Purchase of property, plant and equipment	(1)	(2)	(3)	(45)
Purchases of intangible assets	(13,404)	(22,959)	(46,771)	(51,624)
Net cash outflows to investing activities	(13,362)	(22,936)	(46,610)	(51,631)
Financing activities				
Transaction costs on Rights Offering	-	-	60,462	-
Shares issued on Rights Offering	-	-	(1,351)	-
Interests payments to bondholders	-	-	(8,625)	(8,625)
Net cash inflows from / (outflows to) financing activities	-	-	50,486	(8,625)
Effect of exchange rate changes on cash and cash equivalents	(1)	(17)	471	(33)
Change in cash and cash equivalents	(11,238)	(24,140)	667	(63,948)
Cash and cash equivalents, beginning of the period	69,109	102,780	57,204	142,588
Cash and cash equivalents, end of the period	57,871	78,640	57,871	78,640

The increase by \$0.7 million in the cash position of the Company during the nine months ended September 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 \$46.8 million on Atrush Block development and appraisal activities, \$8.6 million of cash interest payments made to bondholders, \$1.4 million on G&A and other cash expenses and \$1.6 million in negative cash movements due to changes in working capital items.

### *Operating Results*

#### *Production Facility and Export Pipeline*

- Implementation of the 30,000 bopd Atrush Phase 1 Production Facility ("Production Facility") is in progress. The main production modules for the Production Facility have been delivered to site and are being installed. The civil construction site preparation work and foundations of critical individual facilities are complete and non-critical civil works are proceeding according to schedule. Substantially all materials have been ordered and shipment and delivery are progressing. Piping installation is ongoing and on the critical path for first oil. Based on progress to date, commissioning of the Production Facility is targeted for the second quarter of 2016, with first oil production to follow in mid 2016.
- Engineering and design on the dedicated feeder pipeline to be constructed between the Production Facility and the tie-in point on the main export pipeline has been completed and on November 1, 2015 an engineering, procurement and construction contract for the pipeline to be constructed within the Atrush Block was signed. The pipeline is expected to be completed in time for first oil production.

#### *Well Results*

- The Atrush-3 ("AT-3") eastern area appraisal well tested at a maximum oil rate of 4,900 bopd of 14° API oil using an electrical submersible pump ("ESP") during testing conducted in January 2015 in connection with well re-entry operations. The well was originally drilled in 2013.
- The CK-5 development well was successfully tested in June 2015. Three well tests were carried out using an ESP, confirming excellent well productivity. During the main test period an average oil rate was established with a constrained drawdown of 5,000 bopd of 24° API oil.
- The CK-8 development well was re-entered and tested in August 2015. Two well tests were carried out producing 4,200 bopd each using an ESP. For the first time medium gravity 24° API oil was tested from the Mus formation.

#### *Corporate Highlights*

- 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.

- On September 21, 2015 the Company announced that General Explorations Partners, Inc. ("GEP"), had received a Default Notice from TAQA Atrush BV ("TAQA"), claiming that GEP had failed to pay its full participating interest share of July and August cash calls pursuant to the Atrush Block Joint Operating Agreement (the "JOA") between TAQA, GEP and Marathon Oil KDV B.V. ("MOKDV"). MOKDV, the other non-operating Atrush partner, also received a similar Default Notice from TAQA. Following discussions between the parties to the JOA of the issues associated with the Default Notices the Company announced on November 3, 2015 that its participating interest had been clarified, the defaults had been cured, and that the Default Notices had been withdrawn.

## OUTLOOK

### *Production Facility*

Construction of the 30,000 bopd Atrush Phase 1 Production Facility will continue. Installation of pipe racks and pipework will continue, followed by installation of electrical equipment and instrumentation. Pipe fabrication and welding will continue and special attention will be given to progress of these critical items. Commissioning of the Production Facility is targeted for the second quarter 2016, with first oil to follow in mid 2016.

Water injection facilities will be installed in 2016.

### *Oil Export Pipeline*

A contract for the engineering, procurement and construction of the pipeline to be constructed within the Atrush Block was signed on November 1, 2015 by TAQA and a KRG approved pipeline contractor. The pipeline is expected to be completed in time for first oil production. The KRG is responsible for constructing the pipeline section from the Atrush block boundary to the tie-in point, which the Company expects to also be completed in time for the targeted first oil date.

### *Wells*

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 for production prior to start up.

## ABOUT SHAMARAN

[ShaMaran Petroleum Corp.](#) is a Kurdistan focused oil development and exploration company with a 26.8% direct interest in the Atrush oil discovery until such time that the Kurdistan Regional Government has completed the exercise of its right to acquire up to a 25% interest. 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 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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