

VANCOUVER, BRITISH COLUMBIA--(Marketwired - March 18, 2016) - [ShaMaran Petroleum Corp.](#) ("ShaMaran" or the "Company") (TSX VENTURE:SNM)(OMX:SNM) is pleased to announce its financial and operating results for the year ended December 31, 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") is in progress. Substantially all equipment has been delivered to site and has been installed. Construction and erection of pipe racks is substantially complete. Pipe fabrication and welding is progressing. Pulling and terminating of electrical and instrument cable is ongoing and instrumentation is being installed. 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.

Work on the dedicated feeder pipeline to be constructed between the Production Facility and the tie-in point on the main export pipeline is progressing. The pipeline contractor has mobilised and work on the right of way for the pipeline section within the Atrush Block is in progress. Pipeline installation work is scheduled to start towards the end of the first quarter of 2016. The pipeline is expected to be completed in time for the targeted first oil production date.

The Operator plans to complete the Atrush-2 and Atrush-4 wells prior to first production. Four producing wells, all equipped with ESPs, are planned to be available for production at start up.

Chris Bruijnzeels, President and CEO of ShaMaran, commented, "We are very pleased with the progress made. Despite adverse weather and a prolonged closure of the Turkey-Kurdistan border, the facilities construction project remains on schedule for commissioning in the second quarter of 2016. Pipeline work has started and is scheduled to be completed prior to first oil and will also depend on progress being made on the section outside the Atrush Block for which the Kurdistan Regional Government is responsible."

## FINANCIAL AND OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 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 reports a net loss of \$252.9 million in 2015 which was primarily driven by a non cash impairment loss on the Company's oil and gas assets as well as by routine 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. These charges have been offset by interest income on cash held in short term deposits and by foreign exchange gains.

### Consolidated Statement of Comprehensive Income (Audited, expressed in thousands of United States Dollars)

	For the year ended December 31,	
	2015	2014
Expenses from continuing operations		
Depreciation and amortisation expense	(56	) (53
Share based payments expense	(1,210	) (307
General and administrative expense	(2,359	) (1,548
Impairment loss	(244,557	) -
Loss before finance items and income tax expense	(248,182	) (1,908
Finance income	681	108
Finance cost	(5,321	) (5,304
Net finance cost	(4,640	) (5,196
Loss before income tax expense	(252,822	) (7,104
Income tax expense	(94	) (109
Loss from continuing operations	(252,916	) (7,213
Discontinued operations		
Net income from discontinued operations	33	213
Loss for the year	(252,883	) (7,000

Other comprehensive loss			
<i>Items that may be reclassified to profit or loss:</i> Currency translation differences	(18	) (92	)
Total other comprehensive loss	(18	) (92	)
Total comprehensive loss for the year	(252,901	) (7,092	)

## Consolidated Balance Sheet

(Audited, expressed in thousands of United States Dollars)

	As at December 31,		
	2015	2014	
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	177,044	172	
Intangible assets	88,645	429,277	
	265,689	429,449	
Current assets			
Cash and cash equivalents, unrestricted	30,409	16,062	
Cash and cash equivalents, restricted	1,512	41,142	
Other current assets	200	1,605	
	32,121	58,809	
Total assets	297,810	488,258	
<b>Liabilities and equity</b>			
Current liabilities			
Accounts payable and accrued expenses	9,560	14,207	
Accrued interest expense on bonds	2,252	2,252	
Current tax liabilities	31	41	
	11,843	16,500	
Non-current liabilities			
Borrowings	148,263	147,657	
Provisions	8,080	1,846	
	156,343	149,503	
Liabilities associated with discontinued operations -	-	51	
Total liabilities	168,186	166,054	
Equity			
Share capital	593,179	534,068	
Share based payments reserve	6,235	5,025	
Cumulative translation adjustment	(83	) (65	)
Accumulated deficit	(469,707	) (216,824	)
Total equity	129,624	322,204	
Total liabilities and equity	297,810	488,258	

Total assets decreased during 2015 by \$190.5 million due to the \$252.9 million net loss which was offset by sources of financing of \$59 million through the issue of share capital on the Rights Offering, \$2.1 million in increased liabilities and \$1.2 million increased share based payments reserve relating to the amortization of share options.

Property, plant & equipment ("PP&E") assets increased by \$176.9 million during the year 2015 due to the transfer in November 2015 of \$410.5 million of carrying value from intangible assets which are related to the Atrush Block proved and probable reserves as well as further additions of \$11.0 million in December 2015 and were offset by an impairment loss of \$244.6 million, which is due principally to depressed world oil prices.

The decrease in intangible assets by \$340.6 million during 2015 is due to additions of \$69.9 million relating to Atrush Block appraisal and development activities and the November transfer to PP&E of carrying costs of \$410.5 million.

Consolidated Cash Flow Statement  
(Audited, expressed in thousands of United States Dollars)

	For the year ended December 31,	
	2015	2014
Operating activities		
Net loss from continuing operations	(252,916	) (7,213
Adjustments for:		
Impairment loss	244,557	-
Interest expense on senior secured bonds - net	5,285	5,286
Share based payments expense	1,210	307
Depreciation and amortisation expense	56	53
Unwinding discount on decommissioning provision	36	19
Interest income	(189	) (65
Foreign exchange gain	(492	) (43
Changes in other current assets	1,405	(1,411
Changes in current tax liabilities	(10	) (51
Changes in accounts payable and accrued expenses	(2,147	) 6,749
Cash used in discontinued operations	(18	) (661
Net cash (outflows to) / inflows from operating activities	(3,223	) 2,970
Investing activities		
Interest received on cash deposits	189	65
Purchase of property, plant and equipment	(4,311	) (81
Purchases of intangible assets	(60,271	) (71,040
Net cash outflows to investing activities	(64,393	) (71,056
Financing activities		
Shares issued on Rights Offering	60,462	-
Transaction costs on Rights Offering	(1,351	) -
Interests payments to bondholders	(17,250	) (17,250
Net cash inflows from / (outflows to) financing activities	41,861	(17,250
Effect of exchange rate changes on cash and cash equivalents	472	(48
Change in cash and cash equivalents	(25,283	) (85,384
Cash and cash equivalents, beginning of the year	57,204	142,588
Cash and cash equivalents, end of the year*	31,921	57,204
*Inclusive of restricted cash	1,512	41,142

The decrease by \$25.3 million in the cash position of the Company during 2015 was due to cash outflows of \$64.6 million on Atrush Block development and appraisal activities, \$17.2 million of cash interest payments made to bondholders, \$2.3 million of cash out on G&A and other cash expenses, \$0.3 million of cash outflows on working capital items and to cash inflows of \$59.1 million from the issuance of shares of the Company on the Rights Offering.

### Operating Results

#### Production Facility and Export Pipeline

- Construction of the 30,000 bopd Production Facility is in progress. Most equipment has been delivered to site and has been installed. The civil works for critical individual facilities are complete and non-critical civil works are proceeding according to schedule. A tank farm has been installed. Construction and erection of pipe racks is substantially complete. Pipe fabrication and welding is progressing. Pulling and terminating of electrical and instrument cable is ongoing and instrumentation is being installed. 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.
- Work on the dedicated feeder pipeline to be constructed between the Production Facility and the tie-in point on the main export pipeline is progressing. On November 1, 2015 an engineering, procurement and construction contract for the pipeline to be constructed within the Atrush Block was signed. Actual construction work is scheduled to start towards the end of the first quarter of 2016. The pipeline is expected to be completed in time for the targeted first oil production date.

## Well Results

- The Atrush-3 eastern area appraisal well was re-entered in January 2015 and tested at a maximum oil rate of 4,900 bopd of 14° API oil using an electrical submersible pump ("ESP"). The well was originally drilled in 2013.
- The Chiya Khere-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 rate of 5,000 bopd 25° API oil was established with a constrained drawdown.
- The Chiya Khere-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 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. In connection with the changes in senior management and the Board the Company approved on January 19, 2015 a grant of an aggregate of 26,000,000 incentive stock options with an exercise price of CAD 0.115, to certain senior officers and directors of the Company.
- 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 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.
- The Company announced on March 14, 2016 a financing arrangement which has been proposed (the "Proposed Financing Arrangement") to holders of the \$150 million bonds (the "Existing Bonds") of General Exploration Partners. Inc. ("GEP"), a wholly owned subsidiary of ShaMaran. The Proposed Financing Arrangement would provide the Company with additional liquidity in 2016 of approximately \$33 million based on the issuance of \$17 million of additional super senior bonds (\$16 million proceeds net of transaction costs) and provide terms for the Company to pay bond coupon interest in kind by issuing additional bonds, including approximately \$17 million of 2016 coupon interest. The Proposed Financing Arrangement would also provide holders of the Existing Bonds the option to convert up to \$18 million of Existing Bonds at face value into ShaMaran common shares at market price following approval of the Proposed Financing Arrangement. GEP has entered into an agreement to underwrite the new super senior bonds with ShaMaran's major shareholders, Lorito Holdings SARL and Zebra Holdings and Investments SARL, companies owned by the Lundin Family Trust.

<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.

## OUTLOOK

### *Production Facility*

Construction of the 30,000 bopd Production Facility will continue. Commissioning of the Production Facility is targeted for the second quarter 2016 with first oil to follow in mid 2016.

Water injection facilities are planned to 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. Construction is scheduled to start end of the first quarter of 2016 and 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 on the main export pipeline, which the Company expects to also be completed in time for the targeted first oil date.

### *Wells*

The Operator plans to complete the Atrush-2 and Atrush-4 wells prior to first production. Four producers, all equipped with ESPs,

are planned to be available for production at start up.

The 2016 work program includes the drilling and completion of a dedicated water disposal well and the drilling of an appraisal and development well.

## ANNUAL GENERAL MEETING

The Company also announces that the Annual General Meeting of Shareholders will be held on Wednesday, June 15, 2016, at 8:00 a.m. (Vancouver time) at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

## 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 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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