VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 16, 2016) - ShaMaran Petroleum Corp. ("ShaMaran" or the "Company") (TSX VENTURE:SNM)(OMX:SNM) is pleased to announce its financial and operating results for the six months ended June 30, 2016. Unless otherwise stated all currency amounts indicated as "$" in this news release are expressed in thousands of United States dollars.

Following the announcement on May 19, 2016 regarding the changed scope of the 31 km long 12" and 36" feeder pipeline from the Atrush block boundary to a tie in point with the main Kurdistan export pipeline (the "Feeder Pipeline"), TAQA Atrush B.V. ("TAQA"), General Exploration Partners, Inc. ("GEP", a wholly owned subsidiary of ShaMaran) and Marathon Oil KDV BV, have been working very closely with the Kurdistan Regional Government ("KRG") and KAR Company ("KAR") regarding a contractual and commercial arrangement for the construction of the Feeder Pipeline.

Commercial and legal discussions are in an advanced state, but proved to be more complex than initially envisaged and have resulted in a delay in the start of construction of the Feeder Pipeline. This will most likely result in first oil to slip into Q1 2017.

Construction and commissioning of the 30,000 bopd Atrush Phase 1 Production Facility ("Production Facility") is nearing completion. Works are progressing on the 8.5 km section of pipeline being constructed between the Production Facility and block boundary (the "Spur Pipeline") up to the Feeder Pipeline. The Spur Pipeline is also being constructed by KAR.

The Atrush-4 production well has recently been completed and works are now in progress to complete Atrush-2, the final of four producing wells which will be available for production at startup.

Chris Bruijnzeels, President and CEO of ShaMaran, commented: *"Construction of the Atrush production facilities is substantially complete. Following the change in scope for the Feeder Pipeline, all parties involved have been working diligently towards a common goal to get a contractual and commercial arrangement in place to allow construction of the Feeder Pipeline to commence. Unfortunately legal and commercial discussions proved to be more complex and have taken longer than initially envisaged, but are now close to being finalised."*

FINANCIAL AND OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 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 $5.3 million in the first half of 2016 which was primarily driven by general and administrative expenses, share based payments expense and finance cost, the substantial portion of which was 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 June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Continuing Operations				
Income				
Service fees	30	-	30	-
Expenses				
Depreciation and amortisation expense	(11)	(16)	(22)	(32)
Share based payments expense	(58)	(176)	(134)	(852)
General and administrative expense	(1,009)	(552)	(2,311)	(1,515)
Loss before finance items and income tax expense	(1,078)	(744)	(2,467)	(2,399)
Finance income	12	58	33	546
Finance cost	(1,443)	(1,370)	(2,845)	(2,662)
Net finance cost	(1,431)	(1,312)	(2,812)	(2,116)
Loss before income tax expense	(2,479)	(2,056)	(5,249)	(4,515)
Income tax expense	(15)	(34)	(41)	(61)

Loss from continuing operations	(2,494)	(2,090)	(5,290)	(4,576)
Discontinued operations				
Net loss from discontinued operations	-	(4)	-	(14)
Loss for the period	(2,494)	(2,094)	(5,290)	(4,590)
Other comprehensive income				
Items that may be reclassified to profit or loss: Currency translation differences	32	42	64	53
Actuarial loss on defined pension plan	(505)	-	(505)	-
Total other comprehensive income	(473)	42	(441)	53
Total comprehensive loss for the period	(2,967)	(2,052)	(5,731)	(4,537)

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

	At June 30, 2016	At December 31, 2015
Assets		
Non-current assets		
Property, plant and equipment	201,285	177,044
Intangible assets	89,039	88,645
	290,324	265,689
Current assets		
Cash and cash equivalents, unrestricted	12,186	30,409
Cash and cash equivalents, restricted	16,407	1,512
Other current assets	243	200
	28,836	32,121
Total assets	319,160	297,810
Liabilities and equity		
Current liabilities		
Accounts payable and accrued expenses	8,907	9,560
Accrued interest expense on bonds	2,420	2,252
Current tax liabilities	8	31
	11,335	11,843
Non-current liabilities		
Borrowings	155,592	148,263
Provisions	9,687	8,080
Pension liability	2,207	-
	167,486	156,343
Total liabilities	178,821	168,186
Equity		
Share capital	611,179	593,179
Share based payments reserve	6,369	6,235
Cumulative translation adjustment	(19)	(83)
Accumulated deficit	(477,190)	(469,707)
Total equity	140,339	129,624
Total liabilities and equity	319,160	297,810

Total assets increased during the first half of 2016 by $21.3 million which corresponds to increases in share capital by $18 million, borrowings by $7.3 million and other non-current liabilities by $3.8 million which were offset by an increase in the accumulated deficit by $7.3 million, principally due to the net loss recorded in the period, and a decrease in current liabilities by $0.5 million.

Property, plant & equipment assets increased by $24.2 million during the first six months of 2016 was due to $17.9 million of Atrush development costs and capitalised borrowing costs of $6.3 million incurred during the period. The increase in intangible assets by $0.4 million during the first half of 2016 is due to $0.2 million of Atrush exploration costs and capitalised borrowing costs of $0.2 million incurred in the period.

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Operating activities				
Net loss from continuing operations	(2,494)	(2,090)	(5,290)	(4,576)
Adjustments for:				
Interest expense on senior secured bonds - net	1,393	1,307	2,728	2,643
Share based payments expense	58	176	134	852
Foreign exchange loss / (gain)	33	54	74	(425)
Unwinding discount on decommissioning provision	17	-	43	-
Pension expense	14	-	14	-
Depreciation and amortisation expense	11	16	22	32
Interest income	(12)	(58)	(33)	(121)
Changes in provisions	-	(191)	-	(267)
Changes in current tax liabilities	(8)	(1)	(23)	(9)
Changes in other current assets	(21)	61	(43)	1,351
Changes in accounts payable and accrued expenses	(3,049)	(2,797)	(653)	(5,277)
Cash used in discontinued operations	-	-	-	(8)
Net cash outflows to operating activities	(4,058)	(3,523)	(3,027)	(5,805)
Investing activities				
Purchases of intangible assets	363	(17,043)	2	(33,367)
Interest received on cash deposits	12	58	33	121
Purchase of property, plant and equipment	(8,180)	(1)	(16,545)	(2)
Net cash outflows to investing activities	(7,805)	(16,986)	(16,510)	(33,248)
Financing activities				
Proceeds on bond issue	17,000	-	17,000	-
Bond transaction costs	(780)	-	(780)	-
Shares issued on Rights Offering	-	-	-	60,462
Transaction costs on Rights Offering	-	-	-	(1,351)
Interest payments to bondholders	-	(8,625)	-	(8,625)
Net cash inflows from / (outflows to) financing activities	16,220	(8,625)	16,220	50,486
Effect of exchange rate changes on cash and cash equivalents	-	(15)	(11)	472
Change in cash and cash equivalents	4,357	(29,149)	(3,328)	11,905
Cash and cash equivalents, beginning of the period	24,236	98,258	31,921	57,204
Cash and cash equivalents, end of the period*	28,593	69,109	28,593	69,109

The decrease by $3.3 million in the cash position of the Company during the first six months of 2016 was due to cash outflows of $16.5 million on Atrush Block development activities, $2.3 million of cash out on G&A and other cash expenses and $0.7 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

Production Facility, Export Pipeline and Wells

- Construction and commissioning of the 30,000 bopd Atrush Phase 1 Production Facility is nearing completion.
- Work on the Spur Pipeline being constructed between the Production Facility and the block boundary is progressing and is expected to be completed well before the finalisation of the Feeder Pipeline. Construction of the Feeder Pipeline is expected to start shortly. The Atrush partnership, has been working very closely with the KRG and KAR regarding a contractual and commercial arrangement for the construction of the Feeder Pipeline. Commercial and legal discussions are in an advanced state.
- The completion for the Atrush-4 well has been installed and tested. Work on the Atrush-2 well completion, the final of four producers, has now commenced and is expected to be completed by end August 2016. All four producing wells are now connected to the Production Facility and will be ready for production prior to start-up.

Corporate

- 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")[1] on a property gross basis increased from 372 million barrels oil equivalent (MMboe)[2] to 389 MMboe.
- 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 General Exploration Partners. Inc., 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.

[1] 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.

[2] 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 and commissioning of the 30,000 bopd Atrush Phase 1 Production Facility is substantially complete.

Engineering and design of water injection facilities is planned to commence in 2016 and to 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 ongoing and is expected to be completed in Q3 2016. The Feeder Pipeline will be owned by the KRG and construction is expected to start shortly under an agreed contractual and commercial arrangement between the Atrush partnership, the KRG and KAR. Commercial and legal discussions are in an advanced state, but delays in the start of construction of the Feeder Pipeline will most likely result in first oil to slip into Q1 2017. Production start is expected once the Feeder Pipeline is commissioned.

Well

Installing the completion of the AT-2 well is expected to be completed by end August 2016. Four producing wells, all equipped with ESPs, will be available for production at start up. This will be followed by the drilling and completion of a dedicated water disposal well and the drilling of an appraisal and development well in 2017.

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) and are also available on the Company's website (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.

Contact

Chris Bruijnzeels
President and CEO
ShaMaran Petroleum Corp.
+41 22 560 8605
chris.bruijnzeels@shamaranpetroleum.com
Sophia Shane
Corporate Development
ShaMaran Petroleum Corp.
+1 604 689 7842
sophias@namdo.com
www.shamaranpetroleum.com
Robert Eriksson
Investor Relations, Sweden
ShaMaran Petroleum Corp.
+46 701 112615
reriksson@rive6.ch