

Shamaran Reports Record Quarterly Oil Sales Revenues And Record Operational Cash Flows

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VANCOUVER, Aug. 9, 2022 - [ShaMaran Petroleum Corp.](#) ("ShaMaran" or the "Company") (TSXV: SNM) (Nasdaq First North Growth Market (Sweden): SNM) today released its financial and operating results and related management's discussion and analysis (MD&A) for the three and six months ended June 30, 2022¹. [View PDF](#)

Dr. Adel Chaouch, President and Chief Executive Officer of ShaMaran, commented "I am very pleased to report that in the second quarter of 2022 the Company delivered to its investors another record set of results. Sales grew by over 78% versus the same quarter in 2021 and cash flow from operations nearly doubled over the same period.

During Q2 2022, ShaMaran completed our rights offering, giving the opportunity to all eligible shareholders to participate in the continued success of the Company and creating additional flexibility for the Company to grow into the future. This rights offering was oversubscribed and demonstrates the continued support of the Company's shareholders to ShaMaran's business direction.

We continue with the Atrush drilling campaign with the production well CK-18 spudded in July 2022, this well is forecast to commence producing in Q4 of 2022. Also in July, the workover operations to increase production at the CK-17 production well began. This well is now back online.

We are awaiting final signatures on the Sarsang acquisition and look forward to that asset delivering additional high-quality barrels for the Company post completion. The acquisition is expected to close in Q3 2022.

The strong operational cash generation from Atrush and the Kurdistan Regional Government ("KRG") repayment of the overdue receivables from November 2019 means that our net debt position is well under one-time EBITDAX² at the end of the first half of 2022. In the current oil price environment, our market leading free cash flow yield is expected to grow significantly post the full ramp up of production at Sarsang, further strengthening the strategic flexibility of ShaMaran going forward."

Atrush Financial Highlights

	Three months ended June 30		Six months ended June 30	
USD Thousands ¹	2022	2021	2022	2021
Revenue	44,844	25,208	83,680	45,814
Gross margin on oil sales	34,208	14,953	61,887	25,207
Net result	21,170	6,834	36,250	9,303
Cash flow from operations	40,720	22,739	64,482	28,023
EBITDAX	37,339	18,402	67,810	31,902

- The Company delivered oil sales in Q2 2022 of \$44.8 million, the highest ever quarterly oil sales revenue;
- Cash flow from operations for Q2 2022 was a record \$40.7 million, nearly two times that of Q2 2021;
- EBITDAX in Q2 2022 was very strong at \$37.3 million, over double the EBITDAX of Q2 2021;

- On May 25, 2022, the successful completion of a rights offering resulted in the Company issuing an additional 558,242,414 common shares, resulting in total gross proceeds (including FX hedging gains) of \$30.15 million; and
- The KRG has fully repaid the \$41.7 million of overdue receivables for November 2019 to February 2020.

Atrush Operational Highlights

- The 60MM bbl cumulative production milestone for Atrush was reached during June 2022;
- The CK-16 well, spudded in March 2022, primary purpose is to serve as a water injection well, providing additional capacity and redundancy to CK-9, the first Atrush water injection well. The CK-16 well reached TD ahead of schedule on May 20, 2022, was completed over the Sarki reservoir in July 2022 and water disposal also commenced in July 2022;
- Q2 2022 average production of approximately 37,125 bopd, 6% lower than Q2 2021 production of 39,538 bopd and within the 2022 guidance. CK-16, discussed above, was drilled as a way of de-bottlenecking production capacity in the latter part of 2022; and
- Q2 2022 lifting costs per barrel of \$5.29 is higher than Q2 2021 lifting costs of \$4.49 per barrel. This increase is mainly due to higher diesel prices, but within our 2022 guidance which takes into account cost inflation.

Sarsang Acquisition

· On July 12, 2021, the Company announced that it signed an agreement with a subsidiary of TotalEnergies S.E. to acquire its affiliate (TEPKRI Sarsang A/S) which holds an 18% non-operated participating interest in the Sarsang Production Sharing Contract in Kurdistan. The Sarsang Acquisition has an effective date of January 1, 2021. The "change of control" of TEPKRI Sarsang A/S resulting from the Sarsang Acquisition is subject to regulatory approval in Kurdistan and exchange approval in Canada and at the date of this news release, the requisite Canadian exchange approval has been received and the approval documents required by the KRG have been signed, delivered, and accepted. They are currently awaiting KRG countersignatures.

OTHER

This information is information that ShaMaran is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, on August 9, 2022 at 6:00 p.m. Eastern Time. Arctic Securities AS (Swedish branch) is the Company's Certified Advisor on Nasdaq First North Growth Market (Sweden), +46 844 68 61 00, certifiedadvisor@arctic.com.

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.

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.

The Covid-19 virus as well as the Russia-Ukraine conflict and the restrictions and disruptions that followed have had a drastic adverse effect on the world demand for, and prices of, oil and gas as well as the market price of the shares of oil and gas companies generally, including the Company's common shares. There can be no assurance that these adverse effects will not continue or that commodity prices will not decrease or remain volatile in the future. These factors are beyond the control of ShaMaran and it is difficult to assess how these, and other factors, will continue to affect the Company and the market price of ShaMaran's common shares. In light of the current situation, as at the date of this news release, the Company continues to review and assess its business plans and assumptions regarding the business environment, as well as its

estimates of future production, cash flows, operating costs, and capital expenditures.

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.

ABOUT SHAMARAN

ShaMaran is a Kurdistan focused oil development and exploration company which holds a 27.6% working interest, through its wholly-owned subsidiary General Exploration Partners, Inc., in the Atrush Block and, upon successful closing of the Sarsang Acquisition, will then also hold an 18% interest through its then wholly-owned subsidiary TEPKRI Sarsang A/S in the Sarsang Block.

ShaMaran is a Canadian oil and gas company listed on the TSX Venture Exchange and the Nasdaq First North Growth Market (Sweden) under the symbol "SNM".

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