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SHAMARAN ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018

MARCH 8, 2019

VANCOUVER, BRITISH COLUMBIA - 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, 2018. Unless otherwise stated all currency amounts indicated as "$" in this news release are expressed in thousands of United States dollars.

HIGHLIGHTS

- ShaMaran agreed with Marathon Oil KDV B.V. and TAQA Atrush B.V. to acquire 7.5% additional Atrush interest.
- 11% increase in Gross 2P reserves announced in February 2019.
- Bonds refinanced: In July 2018 issued $240 million of new ShaMaran bonds with 5-year term and retired old bonds maturing November 2018. $50 million of ShaMaran bonds repaid in February 2019.
- 2018 revenues of $69.6 million with strong operational cash flows.
- Atrush average daily production rates:
  - 2018 annual average of 22.1 Mbopd.
  - 2018 fourth quarter average of 27.4 Mbopd.
  - Current production at approximately 30 Mbopd.
- Heavy oil extended well test ("HOEWT") expected to commence in March 2019 with a goal to eventually reclass contingent resources to proven reserves.
- Process underway to procure early production facilities ("EPF") and to debottleneck current facilities to increase Atrush production capacity to 50 Mbopd in the second half of 2019.
- Agreement for Atrush oil sales amended to reduce discount to Brent from $15.73 per barrel to $15.43 per barrel.

Chris Bruijnzeels, President and CEO of ShaMaran, commented "During 2018 we have been able to further strengthen ShaMaran and prepare the Company for future growth. The July bond refinancing and the subsequent repayment in February 2019 has placed ShaMaran on a solid financial footing and the agreements to acquire an additional 7.5 percent interest in Atrush puts the Company on track to further increase cash flows. We are making good progress to close this acquisition. With the HOEWT, EPF and debottlenecking activities we have a solid plan to increase Atrush production capacity to 50Mbopd in 2019, and another increase in proved and probable reserves confirms the value we see in Atrush. We are determined to look for more ways in 2019 to continue building value in ShaMaran."

Atrush Operations

- ShaMaran entered into agreements on December 26, 2018 to acquire jointly with TAQA Atrush B.V. ("TAQA") the 15% interest in the Atrush Block ("the Marathon Acquisition") held by Marathon International Oil Company ("MIOC"). Following close of these agreements ShaMaran's working interest in Atrush will increase from 20.1% to 27.6%. The parties to the agreements are currently in the process of obtaining the consent of the Kurdistan Regional Government ("KRG").
- YTD 2019 average production was 26 thousand barrels of oil per day ("Mbopd"), coming mainly from four wells: Atrush-2, ("AT-2") Chiya Khere-5 "CK-5"), Chiya Khere-7 ("CK-7") and Chiya Khere-8 ("CK-8"). The Chiya Khere-10 ("CK-10") well was offline for 18 days for an intervention to replace an electric submersible pump and the Atrush facilities were shut-in for 7 days in February during maintenance of the export pipeline. Currently Atrush is producing around 30 Mbopd.
- Fourth quarter average production was 27.4 Mbopd, significantly up from the 21.7 Mbopd average third quarter production. The increase was due to successful resolution of processing capacity restrictions caused by high salt concentrations produced from two wells.
- Annual production for the year 2018 was 22.1 Mbopd, which was below guidance mainly due to salt-related processing restrictions negatively impacting production during the second and third quarters. Processing capacity constraints associated with salt production and low ambient temperatures during the winter months have been addressed. The Atrush Production Facilities can now consistently operate at, or above, the 30.0 thousand barrels of liquids per day ("Mblpd") design rate during normal operations.
- The average lifting costs in the fourth quarter was $7.84 per barrel, down from $7.92 per barrel in the third quarter mainly due to the higher average production in the fourth quarter. Lifting costs averaged $7.41 per barrel over the year 2018 compared to $8.52 per barrel in the year 2017. The 2018 average lifting costs were above guidance due to lower production than planned and additional costs related to mitigating salt related problems.
- Revenue from oil sales in the fourth quarter was $14.5 million, up from $13.2 million reported in the third quarter due to the higher fourth quarter production and despite lower average netback oil prices over the same period which decreased from $59.72 per barrel to $52.58 per barrel. The Company reported $69.6 million of revenue from oil sales for the year 2018.
- Three wells were successfully drilled in the year 2018. The CK-7 and CK-10 production wells started production near the end of July 2018. The Chiya Khere-9 ("CK-9) water disposal well was completed and tested according to schedule during November 2018 and is now online and used for disposal of Atrush produced water.
- In December 2018 the Atrush 3 ("AT-3") well was re-completed as a heavy oil production well. Following the AT-3 re-completion the CK-11 production well was spudded at the start of January 2019.
- Heavy oil extended well test ("HOEWT") facilities have been installed and heavy oil production from AT-3 is expected to commence in March 2019. This test aims to progress development planning for the significant volumes of heavy oil currently classified as Atrush contingent resources.
- The procurement process for Atrush early production facilities ("EPF") is underway and it is expected that these facilities, as well as ongoing debottlenecking of the existing Production Facilities, will deliver 50.0 Mblpd processing capacity in the second half of 2019.

Financial and Corporate

- The Company issued new $240 million senior unsecured bonds with 5-year term to July 5, 2023 and 12% semi-annual coupon interest and bonds due to mature in November 2018 were retired. On December 31, 2018 the Company deposited cash of $14.4 million to the bondholders' Debt Service Retention Account and, on January 5, 2019, paid the first semi-annual interest payment of $14.4 million to ShaMaran bondholders. Refer to the discussion under "Borrowings" section below.
- Amendments were approved to the terms of the Company's $240 million senior bonds on February 1, 2019. On February 8, 2019 the Company repaid $50 million of bonds plus accrued interest reducing its bonds currently outstanding to $190 million.

- Atrush related cash inflows in the year ending December 31, 2018:
  - $69 million for entitlement share of Atrush PSC profit oil and cost oil for October 2017 through September 2018 oil deliveries. A further $10.9 million has been received in the year to date 2019 relating to October and November 2018 oil sales.
  - $2.3 million of Atrush Exploration Costs receivable[1] on October 2017 through September 2018 oil sales. A further $0.5 million was received in the year to date 2019 relating to October and November 2018 oil sales.
  - $15.6 million in payments of principal plus interest on the Atrush Development Cost Loan and the Atrush Feeder Pipeline Cost loans for invoices from January to December 2018 and an additional $2.6 million has been collected in the year to date 2019.
- An amended Atrush oil sales agreement was concluded between Atrush co-venturers and the KRG in the fourth quarter which reduced the oil price discount from the previous $15.73 per barrel to $15.43 per barrel with effect from October 1, 2018. The KRG purchases oil exported from the Atrush field by pipeline at the Atrush block boundary based upon the Dated Brent oil price minus an oil price discount for quality and all local and international transportation costs.

Reserves and Resources

- In February 2019, the Company reported estimated reserves and contingent resources for the Atrush field as at December 31, 2018. Total Field Proven plus Probable ("2P") Reserves on a property gross basis for Atrush increased from 102.7 million barrels ("MMbbl") reported as at December 31, 2017 to 106 MMbbl which, when 2018 Atrush production of 8 MMbbl is included, represents an increase of 11 percent. Total Field Unrisked Best Estimate Contingent Oil Resources ("2C")[2] on a property gross basis for Atrush decreased from the 2017 estimate of 296 MMbbl to 268 MMbbl. Total discovered oil in place in the Atrush Block is a low estimate of 1.5 billion barrels, a best estimate of 2 billion barrels and a high estimate of 2.6 billion barrels**.**

OUTLOOK

Operations

The Company provides the following guidance for 2019:

- Atrush field gross production is expected to range from 30 Mbopd to 35 Mbopd and will depend mainly on the timing of the installation of additional production facilities;
- Atrush lifting costs are estimated to range from $6.30 per barrel to $7.90 per barrel. Atrush lifting costs are mainly fixed costs and therefore we expect the dollar per barrel estimates to decrease with increasing levels of production; and
- Atrush gross capital expenditures for 2019 is estimated at $137 million which includes:
  - debottlenecking to increase existing production capacity beyond 30.0 Mbopd;
  - re-completing the Chiya Khere-6 well to initially monitor the heavy oil well during the HOEWT, and then later produce from the medium oil interval;
  - completing drilling, testing and completion activities at CK-11;
  - drilling, testing and completing three additional production wells;
  - expansion of processed oil storage capacity to reduce impact of export pipeline shutdowns on Atrush production rates;
  - installation of a desalter vessel at the Processing Facilities to reduce the operating costs associated with the short-term salt mitigation measures;

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[1] The Exploration Costs Receivable is related to the repayment of certain development costs that ShaMaran paid on behalf of the KRG which, for purposes of repayment, are governed under the Atrush PSC and the related Facilitation Agreement and are deemed to be Exploration Costs.

[2] 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.

- construction of the Chamanke-D drilling location to enable addition of future production wells; and
- installation of an EPF and debottlenecking of existing Production Facilities overall Atrush oil processing capacity to 50.0 Mblpd in the second half of 2019.

Following the 2019 drilling program, the extended well testing in AT-3 and increased production, the Company expects to further assess the significant undeveloped Atrush resource base with the potential to grow to approximately 100.0 Mblpd production. Management expects that investment decisions for further phases of development can be made by early 2020.

FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018

Atrush production operations and work on the Atrush development program continued throughout the year 2018.

Financial Results

The Company has reported in 2018 a net income of $1.9 million which was primarily driven by the gross margin on Atrush oil sales, interest income on Atrush cost loans and interest on cash held in short term deposits offset by finance cost, the substantial portion of which was expensed borrowing costs on the Company's bonds, and routine general and administrative expenses.

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

	For the year ended December 31, 2018	2017
Revenues	69,600	17,689
Cost of goods sold:		
Lifting costs	(12,047)	(5,547)
Other costs of production	(1,854)	(834)
Depletion	(28,171)	(7,628)
Gross margin on oil sales	27,528	3,680
General and administrative expense	(4,564)	(4,511)
Depreciation and amortisation expense	(8)	(26)
Share based payments expense	-	(11)
Income / (loss) from operating activities	**22,956**	**(868)**
Finance income	2,091	1,649
Finance cost	(23,114)	(12,195)
Net finance cost	**(21,023)**	**(10,546)**
Income / (loss) before income tax expense	**1,933**	**(11,414)**
Income tax expense	(64)	(85)
Income / (loss) for the year	**1,869**	**(11,499)**
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Currency translation differences	18	31
Items that will not be reclassified to profit or loss:		
Re-measurements on defined pension plan	357	(13)
Total other comprehensive income	**375**	**18**
Total comprehensive income / (loss) for the year	**2,244**	**(11,481)**

Consolidated Balance Sheet

(Audited, expressed in thousands of United States Dollars)

	As at December 31, 2018	2017
Assets		
Non-current assets		
Property, plant and equipment	195,908	184,921
Intangible assets	67,829	89,119
Loans and receivables	25,184	44,696
	288,921	**318,736**
Current assets		
Cash and cash equivalents, restricted	67,884	2,162
Cash and cash equivalents, unrestricted	24,586	3,094
Loans and receivables	36,099	32,277
Other current assets	2,286	212
	130,855	**37,745**
Total assets	**419,776**	**356,481**
Liabilities and equity		
Current liabilities		
Accrued interest expense on bonds	14,080	2,799
Accounts payable and accrued expenses	3,875	4,827
Current tax liabilities	16	-
Borrowings	-	185,692
	17,971	**193,318**
Non-current liabilities		
Borrowings	236,717	-
Provisions	9,559	9,427
Pension liability	1,330	1,781
	247,606	**11,208**
Total liabilities	**265,577**	**204,526**
Equity		
Share capital	637,538	637,538
Share based payments reserve	6,495	6,495
Cumulative translation adjustment	(12)	(30)
Accumulated deficit	(489,822)	(492,048)
Total equity	**154,199**	**151,955**
Total liabilities and equity	**419,776**	**356,481**

Total assets increased in the year 2018 by $63.3 million due to increases of $51 million in borrowings, of $10.3 million in accounts payable and accrued expenses and $2.3 million comprehensive income generated in the year and offset by a decrease of $0.3 million in pension and other non-current liabilities.

The book value of property, plant & equipment assets increased during the year ended December 31, 2018 by $11.0 million which was due to additions of $12.5 million in Atrush development costs, $4.9 million in capitalised borrowing costs and a one-time cost reclass to PP&E from E&E of $21.8 million net of depletion and depreciation costs of $28.2. The decrease by $21.3 million in the book value of intangible assets during 2018 resulted from the one time reclass to PP&E of $21.8 million net of $0.5 million of additions. Loans and receivables decreased by $15.7 million due to collecting $14.3 million of Atrush Development Cost and Feeder Pipeline Cost loan balances and $2.3 million of Atrush Exploration Cost Receivables, net of increases by $0.5 million of accounts receivables on Atrush oil sales and a $0.4 million increase in the Feeder Pipeline loan balance due to a final contribution in March 2018.

Consolidated Cash Flow Statement

(Audited, expressed in thousands of United States Dollars)

	For the year ended December 31, 2018	2017
Operating activities		
Income / (loss) for the year	1,869	(11,499)
Adjustments for:		
Depreciation, depletion and amortisation expense	28,179	7,654
Borrowing costs – net of amount capitalised	23,084	12,089
Re-measurements on defined pension plan	357	(13)
Foreign exchange loss	26	102
Unwinding discount on decommissioning provision	5	4
Share based payments expense	-	11
Interest income	(2,091)	(1,649)
Changes in current tax liabilities	16	-
Changes in pension liability	(438)	37
Changes in accounts receivables on Atrush oil sales	(574)	(13,957)
Changes in accounts payable and accrued expenses	(952)	(1,607)
Changes in other current assets	(2,074)	12
Net cash inflows from / (outflows to) operating activities	**47,407**	**(8,816)**
Investing activities		
Loans and receivables – payments received	18,029	2,806
Interest received on cash deposits	720	107
Loans and receivables – payments issued	(394)	(10,914)
Purchases of intangible assets	(632)	(82)
Purchase of property, plant and equipment	(12,259)	(8,621)
Net cash inflows from / (outflows to) investing activities	**5,464**	**(16,704)**
Financing activities		
Net proceeds received on bonds issued	100,376	-
Proceeds from shares issued	-	27,281
Share issue related transaction costs	-	(922)
Payments to bondholders - interest and call premiums	(15,575)	-
Cash paid out on bonds retired	(50,437)	-
Net cash inflows from financing activities	**34,364**	**26,359**
Effect of exchange rate changes on cash and cash equivalents	(21)	1
Change in cash and cash equivalents	**87,214**	**840**
Cash and cash equivalents, beginning of the year	5,256	4,416
Cash and cash equivalents, end of the year	**92,470**	**5,256**

The increase by $87.2 million in the cash position of the Company in the year 2018 was due to cash inflows of $51.4 million from operating activities after G&A and other cash expenses, $49.9 net cash received on bond refinancing and $18.0 million of principal and interest payments on KRG loans and the Exploration Cost Receivables and $0.7 million of interest generated on cash deposits which were offset by cash outflows of $15.6 million on bond coupon interest and call premiums, $12.9 million on Atrush development activities, $3.9 million of negative cash adjustments on accounts receivables, payables and other working capital items and $0.4 million of loans provided to the KRG.

OTHER

This information is information that ShaMaran Petroleum Corp 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, at 5:30 p.m. ET on March 8, 2019.

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. As announced in ShaMaran's December 27, 2018 news release, the Company has signed agreements with Marathon Oil KDV B.V. and TAQA Atrush B.V to increase the Company's interest in the Atrush Block to 27.6%. Currently, certain conditions to close remain outstanding.

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 First North, +46 8 402 5000, certifiedadviser.se@paretosec.com.

The Company's 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).

The Company plans to publish on May 8, 2019 its financial and operational results for the three months ended March 31, 2019.

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 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.

***Reserves and resources**: ShaMaran Petroleum Corp.'s reserve and contingent resource estimates are as at December 31, 2018 and have been prepared and audited in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook"). Unless otherwise stated, all reserves estimates contained herein are the aggregate of "proved reserves" and "probable reserves", together also known as "2P reserves". Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.*

***Contingent resources**: Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be commercially viable for the Company to produce any portion of the contingent resources.*

***BOEs**: BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf per 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

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