



SHAMARAN REPORTS STRONG Q1 RESULTS AS EBITDA INCREASES 104% YEAR-OVER-YEAR AND \$10MM BOND REPAYMENT MADE AHEAD OF SCHEDULE

May 5, 2021

VANCOUVER, BRITISH COLUMBIA – ShaMaran Petroleum Corp. (“ShaMaran” or the “Company”) (SNM: TSXV and Nasdaq First North Growth Market (Sweden)) today released its financial and operating results and related management’s discussion and analysis for the three months ended March 31, 2020¹.

Dr. Adel Chaouch, President and Chief Executive Officer of ShaMaran, commented: “ShaMaran’s focus on financial discipline and reducing our debt has resulted in extremely positive results for the Company. Our Q1 EBITDA of \$13.5 million is more than double that of the same period last year and we are consistently sustaining positive cash generation. We have accelerated the amortization obligation due in December 2021 by acquiring our bonds at attractive market rates. We have already reduced that obligation by two thirds from \$15 million down to \$5 million.

We also have resumed a number of the suspended capital programs and re-established the pre-covid trend of quarter-on-quarter production growth. The current production is now averaging 42,000 barrels per day, up from Q1 and in line with our guidance, positioning Atrush as the second largest IOC producing field in Kurdistan. Also in line with our financial and corporate strategy, we have implemented substantial cost saving measures as well as operating efficiencies which have allowed us to lower production costs while improving output.

We continue to be optimistic about 2021 and believe that ShaMaran is well positioned to benefit from new market opportunities as they arise.”

Q1 2021 Operational Highlights

- Cumulative production of 40 million barrels achieved on January 4, 2021 despite the challenges of the global COVID pandemic with its impact on crude oil prices, and a significantly reduced capital development program in 2020;
- Average production of approximately 38,212 barrels of oil per day (“bopd”) for the first quarter of 2021; slightly lower than the 2020 average as expected due to the deferral of capital development wells and as a result of operational interventions aggregated in the first quarter;
- First quarter 2021 lifting costs per barrel of \$5.12 in line with 2021 guidance and a 13% decrease vs Q1 2020 lifting costs due to improved operating efficiencies; and
- Atrush Property gross 2P reserves² increased 108% to 109.9 MMbbls as at December 31, 2020 from 108.5 in 2019. The Company’s gross 2P reserves increased from 29.9 MMbbls to 30.3 MMbbls. A consistent record of reserves replacement year on year since the inception of production.

¹ All currency amounts indicated as “\$” in this news release are expressed in United States Dollars.

² Reserves estimates, contingent resource estimates and estimates of future net revenue in respect of ShaMaran’s oil and gas assets in the Atrush Block are effective as at December 31, 2020, and are included in the report prepared by McDaniel & Associates Consultants Ltd. (McDaniel), an independent qualified reserves evaluator, 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 (the COGE Handbook) and using McDaniel’s January 1, 2021 price forecasts.

Q1 2021 Financial Highlights

USD Thousands	Three months ended March 31	
	2021	2020
Revenue	20,606	19,841
Gross margin on oil sales	10,254	(930)
Net result	2,469	(125,211)
Cash flow from operations	5,285	1,861
EBITDA	13,500	6,613

- The first quarter of 2021 saw a positive net result of \$2.5 million, the first quarter to achieve a positive net income since the COVID-19 pandemic commenced;
- A strong EBITDA of \$13.5 million for Q1 2021, more than twice the EBITDA of Q1 2020;
- The Kurdistan Regional Government (“KRG”) has started repayment of the \$41.7 million of outstanding receivables owed to the Company for November 2019 to February 2020. At the date of this news release \$12.9 million net to the Company has been invoiced to the KRG and \$4.4 million net to the Company has been paid. Full recovery of the KRG receivable is expected within 12 months due to forecasted oil prices; and
- After approval in January 2021 by Bondholders for the Company to buy back its Bonds in the market, the Company is pleased to report that it has purchased in total this year \$10 million of its 12% Bonds at attractive market rates and that all of these Bonds have been retired. The Company's Bond amortization payment due in December 2021 has correspondingly been reduced by two-thirds (from \$15 million to \$5 million) and the total outstanding principal amount of ShaMaran bonds reduced to \$180 million.

CORPORATE UPDATE

Ms. Terry Allen, Director who joined the Board in 2018, has elected not to stand for re-election at the next Annual General Meeting of Shareholders scheduled for June 23, 2021. Chris Bruijnzeels, Chairman of the Board commented “We thank Terry for her dedicated service to the Corporation and her leadership on the audit committee of the Board. We wish Terry all the best.”

Management of the Company will be seeking the affirmative vote of its Shareholders at the next Annual General Meeting on June 23, 2021 to approve the reduction of the number of directors of the Company from six (6) to five (5).

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 May 5, 2021 at 5:30 p.m. Eastern Time. Pareto Securities AB is the Company's Certified Advisor on Nasdaq First North Growth Market (Stockholm), +46 8402 5000, certifiedadviser.se@paretosec.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 and the restrictions and disruptions related to it 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.

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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