



SHAMARAN REPORTS NEW RECORD QUARTERLY OIL SALES REVENUES AND RECORD OPERATIONAL CASH FLOWS

May 23, 2022

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 (MD&A) for the three months ended March 31, 2022¹.

Dr. Adel Chaouch, President and Chief Executive Officer of ShaMaran, commented “We kicked off 2022 with another very strong set of results, further improving on Q4 2021. During the first quarter of 2022 the Company achieved a new record in oil sales revenues of \$38.8 million, 88% higher than the first quarter of 2021, as well as record cash flows from operations of \$23.8 million, nearly five times that of the same quarter last year. ShaMaran’s Q1 2022, EBITDAX² was more than double that of Q1 2021, continuing to demonstrate the Company’s strong profitability in the current oil price environment.

We are excited about the upcoming closing of the Sarsang Acquisition and the impact it will have on the Company. By year end 2022 the combined business is forecast to have an unrestricted cash balance between \$130 million and \$150 million based on Brent oil prices of \$90 to \$100 per barrel. In addition to this the Company will have \$36 million held as restricted cash in line with the 2025 Bond Terms, resulting in year end 2022 leverage below 1x net debt to EBITDAX. This rapid deleveraging will enable ShaMaran to continue being active in seeking further growth through accretive acquisitions like Sarsang. Finally, we have successfully concluded the rights offering in Sweden and Canada and will provide details in due course.”

Atrush Financial Highlights

USD Thousands	Three months ended March 31	
	2022	2021
Revenue	38,836	20,606
Gross margin on oil sales	27,679	10,254
Net result	15,080	2,469
Cash flow from operations	23,762	5,285
EBITDAX	30,471	13,500

- The Company delivered oil sales in Q1 2022 of \$38.8 million, the highest ever quarterly oil sales revenue;
- Cash flow from operations for Q1 2022 were a record \$23.8 million, nearly five times that of Q1 2021;
- EBITDAX in Q1 2022 was very strong at \$30.5 million, more than double the EBITDAX of Q1 2021; and
- The Kurdistan Regional Government (“KRG”) has repaid \$34.71 million of overdue receivables for November 2019 to February 2020, the remaining \$6.99 million is expected to be paid by the end of Q2 2022.

Atrush Operational Highlights

- Average production of approximately 38,812 bopd in Q1 2022, similar to Q1 2021 production of 38,212 bopd and within the 2022 guidance;
- Q1 2022 lifting costs per barrel of \$5.53 is slightly higher than Q1 2021 lifting costs of \$5.12 per barrel. This slight increase is mainly due to higher diesel prices but within our 2022 guidance which takes into account cost inflation; and
- The CK-16 well was spudded in March 2022. The primary purpose of the CK-16 well 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, and the well is currently being logged.

Sarsang Acquisition

- In July 2021 the Company began the implementation of its growth plans by signing an agreement to acquire an affiliate of TotalEnergies S.E. (“TTE”) holding an 18% participating interest in Sarsang block. During Q1 2022, the Company made progress toward the closing of this acquisition through engagement with representatives of the KRG and TTE and the closing is now expected in Q2 2022;
- As announced on July 30, 2021, the Company has successfully issued and settled \$111.5 million principal amount of the \$300 million 12% senior unsecured bond 2021/2025 (the “2025 Bond”). This portion of the 2025 Bond and the \$188.5 million balance will be issued to refinance existing indebtedness of the Company in connection with, and conditional upon completion of, the Company’s acquisition of the 18% non-operated participating interest in the Sarsang block; and
- Following the closing of the Sarsang Acquisition, the combined business is forecasted to result in a 2022 year end unrestricted cash balance between \$130 million and \$150 million based on Brent oil prices of \$90 to \$100 per barrel. This cash balance combined with the \$36 million held as restricted cash in line with the 2025 Bond agreement will result in leverage below 1x net debt to EBITDAX at year end 2022.

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 23, 2022 at 5:30 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, certifiedadviser@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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¹ All currency amounts indicated as "\$" in this news release are expressed in United States Dollars.

² Earnings before interest, tax, depreciation, amortization, and exploration expense.