



ShaMaran Reports 2020 Financial Results and Corporate Update

VANCOUVER, BC – March 3, 2021 ShaMaran Petroleum Corp. (“ShaMaran” or the “Company”) (SNM: TSXV) (SNM: 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 and year ended December 31, 2020¹.

Dr. Adel Chaouch, President and Chief Executive Officer of ShaMaran, commented “We have witnessed in 2020 the profound impact of the global coronavirus pandemic and the collapse of crude prices on the oil and gas industry worldwide. Despite these tremendous challenges, ShaMaran remained resilient, delivering on its targets with a record production in excess of 16MM barrels in Atrush and a continuation of full replacement of 2P reserves year on year. The Company also successfully implemented rigorous cost reduction measures and secured new agreements with the bondholders that not only resolved its liquidity shortfall but also that put the Company on a stronger financial footing.

We are entering 2021 cautiously optimistic despite continuous uncertainties in the global market. Our early focus will remain on financial discipline to generate strong cash flow and pay down debt. As markets recover, we believe we are well positioned to enhance production growth, and benefit from new market opportunities.”

2020 Operational Highlights

- 2020 oil production increase of 39% (2020 vs 2019);
- Cumulative production of 40 million barrels achieved on January 4, 2021 despite a significantly reduced 2020 development program due to the global pandemic and first quarter 2020 collapse of crude oil prices;
- Average production of approximately 40,800 barrels of oil per day (“bopd”) for the fourth quarter of 2020; lower than the year’s average due deferral of capital development wells, and operational interventions aggregated in this quarter;
- Full year 2020 average production of approximately 45,100 bopd in line with 2020 guidance;
- Full year 2020 lifting costs per barrel of \$5.08 in line with 2020 guidance and a 31% decrease vs. 2019 lifting costs;
- Full year 2020 capital expenditure of \$34 million (\$9.4 million net to ShaMaran) in line with the capex program as revised in April 2020 in response to the global pandemic and collapse of oil prices; and
- Atrush Property gross 2P reserves² increased to 109.9 MMbbls as at December 31, 2020 from 108.5 in 2019 being a 108% reserves replacement and Company’s gross 2P reserves from 29.9 MMbbls to 30.3 MMbbls;

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.

2020 Financial Highlights

USD Thousands	Three months ended Dec 31		Year ended Dec 31	
	2020	2019	2020	2019
Revenue	14,081	24,345	56,673	70,291
Gross margin on oil sales	10,253	10,274	7,106	20,032
Net result	(1,785)	1,586	(144,425)	(13,397)
Cash flow from operations	5,350	1,882	12,860	14,629
EBITDA	6,614	14,833	20,052	36,378

- Liquidity shortfall successfully resolved and strengthened Company financial position;
- Consistent oil sales and entitlement payments from the KRG for the months March 2020 to December 2020;
- Full year 2020 operating cash flow of \$12.9 million and \$5.4 million for the fourth quarter 2020; and
- Full year 2020 net result of (\$144 million) and (\$2 million) for the fourth quarter 2020 including a non-cash impairment charge of \$116 million made to oil and gas assets in the first quarter of 2020.

CORPORATE UPDATE

Mr. Brenden Johnstone, Chief Financial Officer, will be leaving the Company later this month. Dr. Chaouch commented, "We thank Brenden for his dedicated service to the Company over the past decade and wish him all the best in his future endeavors." Financial reporting and other financial-related responsibilities for the Company are being allocated to other members of the Company's management and staff.

As part of ShaMaran's continued implementation of prudent 2021 cashflow management this year's corporate budget was reduced by 30% as compared to 2020 as previously reported in the Company's news release dated February 15, 2021. This spending reduction has necessitated staff reductions in March 2021 and other non-critical activities to be discontinued.

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 March 3, 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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