



## SHAMARAN REPORTS THE BEST ANNUAL FINANCIAL PERFORMANCE SINCE INCEPTION

March 8, 2023

**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 and twelve months ended December 31, 2022’ and a corporate update.

Dr. Adel Chaouch, President and Chief Executive Officer of ShaMaran, commented “2022 represents the best financial performance in the Company’s history on all key metrics with growth in sales, EBITDAX<sup>2</sup> and cash generation reflecting the strength of our business in the current oil price environment. The transformation of the business through the Sarsang acquisition is reflected in the 2022 Q4 results, and we are very excited about the future of the Company as 2023 will better demonstrate the true potential of our enlarged business. The cash generation and deleveraging of our balance sheet is expected to continue at a sustained pace ensuring a strong financial foundation for the Company.”

### Corporate Highlights – the Sarsang acquisition

- On September 14, 2022, the Company announced the closing of the Sarsang acquisition. ShaMaran has become a more diversified company with stakes in three world class producing oil fields (Atrush, Swara Tika and East Swara Tika) in Kurdistan with improved oil qualities and complementary production horizons.

### Financial Highlights

USD Thousands	Three months ended Dec31		Year ended Dec31	
	2022	2021	2022	2021
Revenue	53,173	27,439	176,665	102,323
Gross margin on oil sales	15,194	12,662	105,941	49,889
Net result	12,347	4,061	114,959	13,383
Cash flow from operations	12,551	23,336	105,283	63,903
EBITDAX	39,624	18,456	140,060	66,375

- Delivered Q4 2022 oil sales of \$53.2 million; for the full year (“FY”) year 2022 the Company achieved the highest-ever annual oil sales revenues of \$176.7 million;
- Generated cash flow from operations of \$12.6 million for Q4 2022 and \$105.3 million for FY 2022;
- Reported very strong EBITDAX of \$39.6 million in Q4 2022 and \$140.1 million for FY 2022, representing a 210% increase over the EBITDAX of FY 2021;
- Merged existing bonds into one single \$300 million issue bond, with interest on all bonds fully paid to January 30, 2023;
- Acquired more of its own bonds, and currently owns in excess of 10% of the 2025 bond; and

- Payments have been received to date for oil sales through to August 2022, for both Atrush and Sarsang. The Company (together with other International Oil Companies) remains in discussions with the KRG about the appropriate recovery mechanism for these receivables, however in line with precedents full recovery is expected.

### Operational Highlights

- As of year-end 2022, the Atrush field achieved a cumulative production of approximately 67 MMbbls and the Sarsang fields a cumulative production of approximately 55 MMbbls;
- Grew the Company's gross 2P reserves<sup>3</sup> by 225% from 30.4 MMbbls at December 31, 2021 to 68.3 MMbbls at December 31, 2022, which resulted in a ShaMaran record high 2P net reserves replacement ratio of 950% and extended the Company's 2P Reserves Life Index<sup>4</sup> to nearly 12 years;
- Reported Q4 2022 gross average production of approximately 75,697 barrels oil per day ("bopd"), resulting in 16,761 bopd net to ShaMaran;
- Recorded FY 2022 lifting costs per barrel of \$5.47 which was higher than 2021 lifting costs of \$5.12 per barrel but within the 2022 guidance (the increase was mainly due to higher diesel prices); and
- Invested \$22.2 million in FY 2022 Atrush net capital expenditures.

### 2023 Guidance

With steady oil prices in 2023, the Company anticipates a continuation of strong operating cash flow that will be supported with prudent capital deployment in the coming year. The Company will update the market and this 2023 guidance as may be necessary following approval by the Kurdistan Regional Government of Iraq ("KRG") of the proposed Atrush 2023 budget as well as the implementation of a new KRG receivable repayment mechanism.

ShaMaran's 2023 guidance for the Atrush and Sarsang blocks is:

Net Average Daily Production	15 kbopd - 18 kbopd <sup>5</sup>
Net capital expenditures	US\$64 million <sup>6</sup>
Net operating costs	US\$41 million <sup>7</sup>
Average lifting costs per barrel	US\$5.40 - US\$6.60 <sup>8</sup>

### CORPORATE UPDATE

The Company announces that in connection with the commencement of employment as Chief Financial Officer on October 1, 2022, Mr. Elvis Pellumbi has been granted as of that day five million ShaMaran incentive stock options at a strike price of CAD 0.08 (priced at the 5 day average TSXV closing trading price of the Company's common stock prior to October 1, 2022) and will expire (if not exercised prior) five years after the grant date.

### 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 8, 2023 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, [certifiedadviser@arctic.com](mailto: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.*

*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 an 18% interest (22.5% paying interest) through its wholly-owned subsidiary ShaMaran 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".

## **FOR FURTHER INFORMATION PLEASE CONTACT:**

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**Notes**

<sup>1</sup> Except as otherwise indicated, all currency amounts indicated as "\$" in this news release are expressed in United States Dollars.

<sup>2</sup> Earnings before interest, tax, depletion, depreciation, amortization, and exploration expense.

<sup>3</sup> Reserves estimates, contingent resource estimates and estimates of future net revenue in respect of ShaMaran's oil and gas assets in the Atrush Block and Sarsang Block are effective as at December 31, 2022, and are included in the report prepared by McDaniel & Associates Consultants Ltd., 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, 2023 price forecasts.

<sup>4</sup> 2P Reserve Life Index is defined as the Company reserves divided by the Company December 2022 annualized production.

<sup>5</sup> Defined as ShaMaran's net working interest production with full year contribution from the Atrush field plus contribution from the Sarsang fields from September 15, 2022 (being the day following the closing of the Sarsang acquisition). Drilling and completion activities are likely to change when there is a return to more consistent oil sales payments by the KRG.

<sup>6</sup> Pending final approval of the Atrush 2023 budget by the KRG.

<sup>7</sup> In line with 2022 actual operating costs.

<sup>8</sup> Lifting costs are mainly fixed costs and dollar-per-barrel estimates should decrease with increasing levels of production and operational efficiencies.