

## ShaMaran Reports Third Quarter 2023 Results

November 8, 2023

**VANCOUVER, BRITISH COLUMBIA – ShaMaran Petroleum Corp. (“ShaMaran” or the “Company”)** (TSXV: SNM) (Nasdaq First North: SNM) today released its financial and operating results and related management’s discussion and analysis (MD&A) for the three and nine months ended September 30, 2023.

Garrett Soden, President and CEO of ShaMaran, commented: “The Iraq-Turkey pipeline has been closed for more than seven months, and it is still unclear if and when exports will resume. We are actively seeking commercial solutions for crude exports and payments. Due to the challenging situation in Kurdistan and the wider region, ShaMaran remains focused on cost control and cash preservation. We are working with our operating partners to increase local oil sales, which include timely payments and resulted in improved cash generation for Q3. We expect higher revenues and cash flow in Q4 with Sarsang production increasing and Atrush production recently restarted.”

### Corporate Highlights:

- The closure of the Iraq-Turkey pipeline (“ITP”) since March 25, 2023, continues to have a material impact on ShaMaran’s operations and financial results. The Company is actively engaged in discussions with the relevant parties to re-open the ITP export route for Kurdistan crude;
- ShaMaran generated \$13.1 million in operating cash flow during the quarter due to the strength of local sales from Sarsang and proactive cost-cutting at both the corporate and operating asset levels;
- Sarsang oil production increased in Q3 relative to Q2 but is still below full capacity with sales to local refineries via trucking on an *ad hoc* weekly basis. Sarsang local sales vary in price and volume from week to week and are expected to continue until ITP exports resume; and
- Atrush remained shut-in during Q3 due to a lack of oil storage and trucking facilities. The Atrush operator restarted production on November 7, 2023, with sales to a local refinery via pipeline.

### Financial Highlights:

USD Thousands	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Revenue	12,644	39,812	62,566	123,492
Gross margin on oil sales	1,595	28,860	19,494	90,747
Net result	(8,202)	66,428	(25,802)	102,678
Cash flow from operations	13,126	28,250	30,658	92,732
EBITDAX	5,834	32,626	31,185	100,436

- Q3 2023 Sarsang oil sales went to the Kurdistan local market via trucking at an average net back price of \$39.41/bbl and generated net revenues and cash payments to the Company of \$12.6 million;
- On July 26, 2023, the Company announced that it had requested and received bondholder approval for a waiver to release cash from the 2025 Bond Debt Service Retention Account (“DSRA”). The waiver allowed the Company to use restricted cash in the DSRA to pay the bond interest and amortization obligations on July 30, 2023;

- At September 30, 2023, \$5.4 million of payables are claimed overdue by the Atrush operator. ShaMaran is reviewing Atrush joint venture cash calls as part of the Company's efforts to preserve liquidity while encouraging the operator to accelerate local sales;
- At September 30, 2023, the Company had cash of \$63.6 million (including restricted cash of \$20.3 million), receivables from past oil sales of \$94.9 million (before any provision for credit risk on overdue invoices) and gross debt of \$293.1 million (including the \$277.5 million bond and \$15.6 million related party loan). Net debt was \$201.1 million (including \$28.4 million in ShaMaran 2025 bonds held by the Company); and
- At November 8, 2023, the Company had cash of \$66.8 million (including restricted cash of \$20.3 million), receivables from past oil sales of \$94.9 million (before any provision for credit risk on overdue invoices) and gross debt of \$293.1 million (including the \$277.5 million bond and \$15.6 million related party loan). Net debt was \$197.9 million (including \$28.4 million in ShaMaran 2025 bonds held by the Company).

### **Operational Highlights:**

- Sarsang average gross production was 27.7 Mbopd during Q3 2023 (compared to 18.0 Mbopd in Q2 2023). During Q3, Atrush remained shut-in due to a lack of oil storage and trucking facilities. The Atrush operator restarted production on November 7, 2023, with sales to a local refinery through existing pipeline infrastructure;
- The 2023 capital programs associated with further drilling activity and processing capacity expansion at both the Sarsang and Atrush blocks have been reduced and/or deferred completely; and
- Due to the reduced activity levels following the ITP closure, ShaMaran has suspended guidance for 2023. The Company is working with the Kurdistan Regional Government and our operating partners to address the challenges in Kurdistan.

### **Subsequent Events:**

- On October 3, 2023, Turkish officials stated that the ITP was ready to resume operations as of October 4, 2023. The readiness and willingness of the Iraqi side to supply oil into the pipeline remains unclear, and both parties continue discussions. As noted in press statements by the Association of the Petroleum Industry of Kurdistan ("APIKUR"), international oil companies need a clear payment framework for future production and outstanding accounts receivables before pipeline exports can resume from Kurdistan. The Company continues to actively engage with the relevant parties to enable oil exports via the ITP; and
- The Atrush operator restarted production on November 7, 2023, with sales to a local refinery through existing pipeline infrastructure.

### **Corporate Update:**

- Nick Walker is resigning as a Director of the Company effective today due to his recent appointment as Chief Executive Officer of Vår Energi. We would like to thank Nick for his valuable contribution to ShaMaran during his tenure and wish him the best in his new role. The Board will not appoint a replacement for Nick at this time.

ShaMaran plans to publish its financial statements for the year ending December 31, 2023, on March 6, 2024. Except as otherwise indicated, all currency amounts indicated as "\$" in this news release are expressed in United States dollars.

## **About ShaMaran Petroleum Corp.**

ShaMaran is a Canadian independent oil and gas company focused on the Kurdistan region of Iraq. The Company holds a 27.6% working interest in the Atrush Block through its wholly-owned subsidiary General Exploration Partners, Inc. and an 18% interest (22.5% paying interest) in the Sarsang Block through its wholly-owned subsidiary ShaMaran Sarsang A/S. The Company is listed in Toronto on TSX Venture Exchange and in Stockholm on Nasdaq First North Growth Market (ticker "SNM"). ShaMaran is part of the Lundin Group of Companies.

### Important Information

*This is information that ShaMaran is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication through the agency of the contact persons set out above on November 8, 2023, at 5:30 p.m. Eastern Time.*

*The Company's certified advisor on Nasdaq First North Growth Market is Arctic Securities AS (Swedish branch), +46 844 68 6100, [certifiedadviser@arctic.com](mailto:certifiedadviser@arctic.com).*

### Forward looking statements

*Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or the Company's future performance, business prospects and opportunities, which are based on assumptions of management.*

*The use of any of the words "will", "expected", "planned" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of certain future events. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, including results, timing and costs of seismic, drilling and development related activity in the Company's area of operations and, uninsured risks, regulatory changes, defects in title, availability of funds required to participate in the development activities, or of financing on reasonable terms, availability of materials and equipment on satisfactory terms, outcome of commercial negotiations with government and other regulatory authorities, timeliness of government or other regulatory approvals, actual performance of facilities, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information.*

*Neither 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.*

Source: ShaMaran Petroleum Corp.

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