



NEWS RELEASE

March 9, 2017 – 11:30 AM PT

SHAMARAN 2016 YEAR END FINANCIAL AND OPERATING RESULTS

Vancouver, British Columbia

Shamaran Petroleum Corp. ("Shamaran" or the "Company") (**TSX VENTURE: SNM**) (**OMX: SNM**) is pleased to announce its financial and operating results for year ended December 31, 2016. Unless otherwise stated all currency amounts indicated as "\$" in this news release are expressed in thousands of United States dollars.

Highlights and accomplishments included:

- Construction of the 30,000 bopd Atrush Phase 1 Production Facility is complete and final commissioning is in progress.
- Four production wells are now completed, connected to the Production Facility and ready for start-up.
- Work on the Spur Pipeline being constructed between the Production Facility and the Atrush block boundary and construction of the pump station and the intermediate pigging and pressure reduction station is substantially complete.
- Work has commenced on the 35km Feeder Pipeline between the Atrush block boundary and the main export pipeline in Kurdistan and completion is expected in the second quarter of 2017.
- On November 7, 2016 the 4th PSC Amendment and Atrush Facilitation Agreement were concluded between the Non-Government Contractors and the Kurdistan Regional Government ("KRG") resulting in, among other things, the KRG acquiring a 25% participating interest in the Atrush PSC and in a 20.1% interest for General Exploration Partners, Inc. (a wholly owned subsidiary of the Company). These agreements also include terms for repayment of costs paid for on behalf of the KRG, including those relating to the Feeder Pipeline.
- In January 2017 the Company completed the issue of 360 million common shares of Shamaran on a private placement basis at a price per share of CAD 0.10 (equal to SEK 0.67) which resulted in gross proceeds to the Company of \$27.3 million (\$26.4 million net of transaction related costs).

- In early May 2016 the Company completed a financing arrangement which has provided the Company with additional liquidity in 2016 of approximately \$33 million due to the issuance of \$17 million of new super senior bonds, the conversion of \$18 million of existing senior bonds into 218,863,000 ShaMaran common shares, and providing terms for the Company to pay future bond coupon interest in kind by issuing additional bonds.
- In February 2016 the Company reported on a property gross basis estimates as at December 31, 2016 of 85.1 MMbbl of Total Field Proven plus Probable (“2P”) Reserves and 389 MMboe Total Field Unrisked Best Estimate Discovered Recoverable Resources (“2P + 2C”) ^{1 2}. Reserves and resources are unchanged from prior year estimates.

Chris Bruijnzeels, President and CEO of ShaMaran, commented *“We are pleased to see the light at the end of the tunnel. Our production facilities are ready, the producing wells are connected and the pipeline project is progressing. We are expecting first oil in Q2 2017.”*

¹ “MMbbl” means million barrels and “MMboe” means million barrels of oil equivalents. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 million cubic feet (“Mcf”) per one barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

² This estimate of remaining recoverable resources (unrisked) includes contingent resources that have not been adjusted for risk based on the chance of development. It is not an estimate of volumes that may be recovered.

FINANCIAL AND OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2016

During the reporting period the Company continued with the first phase of the development program in respect of the Atrush petroleum property located in the Kurdistan Region of Iraq which constitutes the continuing operations of the Company. Atrush currently generates no revenues.

Financial Results

The Company reports a net loss of \$9.2 million in the year ended December 31, 2016 which was primarily driven by routine general and administrative expenses, share based payment expenses and finance cost, the substantial portion of which was expensed borrowing costs on the Company's bonds. These charges have been offset by service fee revenues, interest income on Atrush cost loans and interest on cash held in short term deposits.

Condensed Interim Statement of Comprehensive Income

(Audited, expressed in thousands of United States Dollars)

	For the year ended December 31,	
	2016	2015
Continuing Operations		
Income		
Service fees	120	-
Expenses		
Impairment loss	-	(244,557)
Depreciation and amortisation expense	(45)	(56)
Share based payments expense	(249)	(1,210)
General and administrative expense	(3,811)	(2,359)
Loss before finance items and income tax expense	(4,105)	(248,182)
Finance income	484	681
Finance cost	(5,586)	(5,321)
Net finance cost	(5,102)	(4,640)
Loss before income tax expense	(9,087)	(252,822)
Income tax expense	(69)	(94)
Loss from continuing operations	(9,156)	(252,916)
Discontinued operations		
Net gain from discontinued operations	-	33
Loss for the year	(9,156)	(252,883)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	22	(18)
Actuarial gain on defined pension plan	15	-
Total other comprehensive income / (loss)	37	(18)
Total comprehensive loss for the year	(9,119)	(252,901)

Condensed Interim Consolidated Balance Sheet
(Audited, expressed in thousands of United States Dollars)

	As at December 31,	
	2016	2015
Assets		
Non-current assets		
Property, plant and equipment	174,658	177,044
Intangible assets	89,007	88,645
Loans and receivables	46,114	-
	309,779	265,689
Current assets		
Loans and receivables	7,252	-
Cash and cash equivalents, unrestricted	4,416	30,409
Cash and cash equivalents, restricted	-	1,512
Other current assets	224	200
	11,892	32,121
Total assets	321,671	297,810
Liabilities and equity		
Current liabilities		
Accounts payable and accrued expenses	6,434	9,560
Accrued interest expense on bonds	2,503	2,252
Current tax liabilities	-	31
	8,937	11,843
Non-current liabilities		
Borrowings	165,129	148,263
Provisions	8,869	8,080
Pension liability	1,670	-
	175,668	156,343
Total liabilities	184,605	168,186
Equity		
Share capital	611,179	593,179
Share based payments reserve	6,484	6,235
Cumulative translation adjustment	(61)	(83)
Accumulated deficit	(480,536)	(469,707)
Total equity	137,066	129,624
Total liabilities and equity	321,671	297,810

Total assets increased during the year 2016 by \$23.9 million as a result of increases in share capital and equity reserves by \$18.2 million, borrowings by \$16.9 million and other non-current liabilities by \$2.5 million which were offset by an increase in the accumulated deficit by \$10.8 million, principally due to the net loss recorded in the period, and a decrease in current liabilities by \$2.9 million.

Property, plant & equipment assets decreased during the year 2016 by \$2.4 million which was due to addition of \$32.7 million in Atrush development costs and \$13.1 million in capitalised borrowing and transfers out of a total of \$48.2 million to loans and receivables relating to the Atrush Exploration Costs receivable and Atrush Development Cost Loan. The increase in intangible assets by \$0.4 million during 2016 is due to \$0.1 million of Atrush exploration costs and capitalised borrowing costs of \$0.3 million incurred in the year.

Condensed Interim Consolidated Cash Flow Statement
(Audited, expressed in thousands of United States Dollars)

	For the year ended December 31,	
	2016	2015
Operating activities		
Net loss from continuing operations	(9,156)	(252,916)
Adjustments for:		
Interest expense on borrowings – net	5,518	5,285
Share based payments expense	249	1,210
Unwinding discount on decommissioning provision	68	36
Depreciation and amortisation expense	45	56
Actuarial gain on pension plan	15	-
Foreign exchange gain	-	(492)
Impairment loss	-	244,557
Interest income	(484)	(189)
Change in pension liability	(18)	-
Changes in other current assets	(24)	1,405
Changes in current tax liabilities	(31)	(10)
Changes in accounts payable and accrued expenses	(3,126)	(2,147)
Cash used in discontinued operations	-	(18)
Net cash outflows to operating activities	(6,944)	(3,223)
Investing activities		
Interest received on cash deposits	44	189
Purchases of intangible assets	(7)	(60,271)
Loans and receivables – advances to joint venture partner	(4,769)	-
Purchase of property, plant and equipment	(32,073)	(4,311)
Net cash outflows to investing activities	(36,805)	(64,393)
Financing activities		
Proceeds on bond issue	17,000	-
Bond transaction costs	(777)	-
Shares issued on Rights Offering	-	60,462
Transaction costs on Rights Offering	-	(1,351)
Interest payments to bondholders	-	(17,250)
Net cash inflows from financing activities	16,223	41,861
Effect of exchange rate changes on cash and cash equivalents	21	472
Change in cash and cash equivalents	(27,505)	(25,283)
Cash and cash equivalents, beginning of the year	31,921	57,204
Cash and cash equivalents, end of the year	4,416	31,921

The decrease by \$27.5 million in the cash position of the Company during the year 2016 was due to cash outflows of \$32.1 million on Atrush Block development activities, \$4.8 million of financing provided to a joint venture partner, \$3.6 million of cash out on G&A and other cash expenses and \$3.2 million of negative cash adjustments from changes in working capital items which were offset by \$16.2 million of net proceeds on the issue of Super Senior Bonds.

ATRUSH OUTLOOK

Production Facility

Plans for 2017 include the engineering and design of gas sweetening facilities, the installation of water handling facilities and the installation of 100,000 bbls of oil storage capacity.

It is also planned to conduct extended testing of the CK-6 well and possibly the AT-3 well, both of which are located on the eastern side of the Atrush Block. This would involve the installation of temporary production facilities near the Chamanke–C well pad and the delivery by truck of oil to the main Phase I Production Facilities.

Oil Export Pipeline

Completion of the Feeder Pipeline is expected in the second quarter of 2017. Production is planned to begin after the Feeder Pipeline is commissioned.

Wells

Plans in 2017 are to drill and test CK-7, an appraisal and development well located in the central area of the Atrush Block, and CK-9, a dedicated water disposal well.

This information in this release is subject to the disclosure requirements of ShaMaran Petroleum Corp. under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publicly communicated on March 9, 2017 at 11:30 a.m. Pacific Time.

ANNUAL GENERAL MEETING

The Company also announces that the Annual General Meeting of Shareholders will be held on Thursday, June 15, 2017, at 8:00 a.m. (Vancouver time) at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

ABOUT SHAMARAN

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration company with a 20.1% direct interest in the Atrush oil discovery. The Atrush Block is currently undergoing an appraisal and development campaign.

ShaMaran is a Canadian oil and gas company listed on the TSX Venture Exchange and the NASDAQ First North Exchange (Stockholm) under the symbol "SNM". 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. Pareto Securities AB is the Company's Certified Advisor on NASDAQ First North.

The Company's audited consolidated financial statements, notes to the financial statements and management's discussion and analysis have been filed on SEDAR (www.sedar.com) and are also available on the Company's website (www.shamaranpetroleum.com).

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.

Reserves and resources: *Shamaran Petroleum Corp.'s reserve and contingent resource estimates are as at December 31, 2016, and have been prepared and audited 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 ("COGE Handbook"). Unless otherwise stated, all reserves estimates contained herein are the aggregate of "proved reserves" and "probable reserves", together also known as "2P reserves". Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.*

Contingent resources: *Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be commercially viable for the Company to produce any portion of the contingent resources.*

BOEs: *BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf per 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

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