

NEWS RELEASE

May 12, 2017 – 4:00 PM ET

SHAMARAN Q1 2017 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 three months ended March 31, 2017. Unless otherwise stated all currency amounts indicated as "\$" in this news release are expressed in thousands of United States dollars.

Chris Bruijnzeels, President and CEO of ShaMaran, commented *"I am extremely pleased that we expect to be producing before the end of June 2017. The Atrush field holds significant resources and the onset of production will allow us to move forward to realise full value from this asset."*

HIGHLIGHTS AND DEVELOPMENTS

Operations

- The 30,000 bopd Atrush Phase 1 Production Facility ("Production Facility"), the pipeline between the Production Facility and the block boundary (the "Spur Pipeline"), the pump station, the intermediate pigging and pressure reduction station ("IPPR") and four production wells are all ready for first oil.
- The final 35km section of pipeline which will run from the Atrush Block boundary to the tie-in point on the main export pipeline (the "Feeder Pipeline") is nearing completion. It is expected that the Feeder Pipeline will be completed and first oil exports will commence by the end of June 2017.

Corporate

- 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 February 2017 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 the 2015 year end estimates.

OUTLOOK

Operations

- First oil is expected by the end of June 2017.
- 2017 plans include conducting extended testing of the CK-6 well which is located on the eastern side of the Atrush Block and which is not one of the four initial production wells. 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.
- Work on the final pipeline facilities, to allow for other future users, will continue after first oil.
- It is planned in 2017 to drill and test CK-7, an appraisal and development well located in the central area of the Atrush Block, and to commence drilling CK-9, a dedicated water disposal well.

Corporate

- Semi-annual coupon interest on the Senior Bonds and Super Senior Bonds issued by General Exploration Partners Inc., a wholly owned subsidiary of the Company, which amounts to \$9.6 million in total and is due on May 13, 2017, will be paid in kind in accordance with the terms of the bond agreements by issuing new bonds (“PIK Bonds”).

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 THREE MONTHS ENDED MARCH 31, 2017

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. Atrush currently generates no revenues.

Financial Results

The Company reports a net loss of \$2.3 million for the three months ended March 31, 2017 which was primarily driven by routine general and administrative expenses and finance cost, the substantial portion of which was expensed borrowing costs on the Company's bonds. These charges have been offset by interest income on Atrush cost loans and interest on cash held in short term deposits.

Condensed Interim Statement of Comprehensive Income (Unaudited, expressed in thousands of United States Dollars)

	For the three months ended March 31,	
	2017	2016
Expenses		
Depreciation and amortisation expense	(10)	(11)
Share based payments expense	(11)	(76)
General and administrative expense	(1,090)	(1,302)
Loss before finance items and income tax expense	(1,111)	(1,389)
Finance income	352	21
Finance cost	(1,503)	(1,402)
Net finance cost	(1,151)	(1,381)
Loss before income tax expense	(2,262)	(2,770)
Income tax expense	(21)	(26)
Loss for the period	(2,283)	(2,796)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	16	32
Total other comprehensive income	16	32
Total comprehensive loss for the period	(2,267)	(2,764)

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

At March 31, 2017 At December 31, 2016

Assets

Non-current assets

Property, plant and equipment	182,504	174,658
Intangible assets	89,202	89,007
Loans and receivables	47,614	46,114
	319,320	309,779

Current assets

Cash and cash equivalents	22,006	4,416
Loans and receivables	10,405	7,252
Other current assets	268	224
	32,679	11,892

Total assets	351,999	321,671
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Liabilities and equity

Current liabilities

Accrued interest expense on bonds	7,349	2,503
Accounts payable and accrued expenses	6,547	6,434
	13,896	8,937

Non-current liabilities

Borrowings	165,339	165,129
Provisions	9,898	8,869
Pension liability	1,697	1,670
	176,934	175,668

Total liabilities	190,830	184,605
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Equity

Share capital	637,538	611,179
Share based payments reserve	6,495	6,484
Cumulative translation adjustment	(45)	(61)
Accumulated deficit	(482,819)	(480,536)
	161,169	137,066

Total equity	161,169	137,066
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Total liabilities and equity	351,999	321,671
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Total assets increased during the first quarter of 2017 by \$30.3 million as a result of increases in share capital and equity reserves by \$26.4 million, accrued bond interest by \$4.9 million and other non-current liabilities by \$1.3 million which were offset by an increase in the accumulated deficit by \$2.3 million, principally due to the net loss recorded in the period.

Property, plant & equipment assets increased during the first three months of 2017 by \$7.8 million which was due to addition of \$4.3 million in Atrush development costs and \$3.5 million in capitalised borrowing. The increase in intangible assets by \$0.2 million during 2016 resulted principally from capitalised borrowing costs. Loans and receivables increased by \$4.7 million from funding \$3.2 million of Feeder Pipeline costs, from funding \$1.2 million of the KRG's share of development costs and from accruing \$0.3 million in interest on the outstanding loan balances.

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

	For the three months ended March 31,	
	2017	2016
Operating activities		
Loss for the period	(2,283)	(2,796)
Adjustments for:		
Interest expense on borrowings – net	1,466	1,335
Foreign exchange loss	47	41
Share based payments expense	11	76
Depreciation and amortisation expense	10	11
Unwinding discount on decommissioning provision	(10)	26
Interest income	(352)	(21)
Changes in accounts payable and accrued expenses	113	2,396
Changes in current tax liabilities	-	(15)
Changes in other current assets	(44)	(22)
Net cash (outflows to) / inflows from operating activities	(1,042)	1,031
Investing activities		
Interest received on cash deposits	26	21
Purchases of intangible assets	(30)	(361)
Purchase of property, plant and equipment	(3,391)	(8,365)
Loans and receivables – advances to joint venture partner	(4,327)	-
Net cash outflows to investing activities	(7,722)	(8,705)
Financing activities		
Shares issued on private placement	27,281	-
Transaction costs on private placement	(922)	-
Net cash inflows from financing activities	26,359	-
Effect of exchange rate changes on cash and cash equivalents	(5)	(11)
Change in cash and cash equivalents	17,590	(7,685)
Cash and cash equivalents, beginning of the period	4,416	31,921
Cash and cash equivalents, end of the period	22,006	24,236

The increase by \$17.6 million in the cash position of the Company during the first quarter of 2017 was due to cash inflows of \$26.4 million in net proceeds from the sale of the Company's shares in a private placement completed in January 2017 which were offset by spending of \$3.4 million on Atrush development activities, \$4.3 million of financing provided to a joint venture partner and \$1.1 million of cash out on G&A and other cash expenses.

ANNUAL GENERAL MEETING

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

OTHER

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 May 12, 2017 at 4:00 p.m. Toronto Time.

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 condensed interim 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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