



MESSAGE FROM SHAMARAN PRESIDENT AND CEO, DR. ADEL CHAOUCH

As we enter the new year, I wanted to take this opportunity to express my heartfelt gratitude and appreciation to our shareholders for their support throughout 2021. Indeed, their support has sustained us through some very volatile times in the industry and the world as a whole.

Looking back at 2021, one of the most significant achievements for ShaMaran was re-establishing the financial stability of the company. This not only allowed us to support our current business activities but also to focus on growth opportunities.

Last year was unpredictable and challenging at times, but hard work, focus on sustained performance and improving oil prices resulted in record quarterly revenues for the company. Our EBITDAX of \$48 million for the nine months of 2021 was over 3 1/2 times the EBITDAX for the same period the previous year. Additionally, the re-negotiated debt terms enabled us to buy back our bonds at competitive market rates and retire them.

At Atrush, the focus in 2021 was continued operation optimization and efficiencies that allowed decreasing the field lifting costs. Additionally, the field delivered a major operating milestone as it reached 50 million barrels of cumulative oil production in September. This is a significant accomplishment by any measure considering the very short tenure of Atrush, coming online less than five years ago. Atrush is considered a world-class oil asset and has kept us consistently over the past two years as one of the top five IOCs managed producing fields in Kurdistan, a prolific oil producing region of the world. Furthermore, a gas solution for the field has been agreed and initiated with the intent to eliminate flaring and significantly reduce emissions overtime. This initiative will use associated gas produced from the field to generate all needed electrical power on site and displace diesel, further reducing future operating costs

Our early bullish views on oil prices, along with these positive developments allowed us to execute on our growth strategy. As such, this summer the company undertook to acquire an 18% interest in the neighboring Sarsang oil fields from an affiliate of TotalEnergies. A truly transformative transaction for the company, it will add immediate incremental production of approximately 5,000 bopd of light crude oil upon closing in early 2022. It is expected to double ShaMaran's average net production following the completion of a processing facility expansion at the Swara Tika field by the second half of 2022. The acquisition enhances the company's oil reserves through the addition of high API and low sulphur oil that achieves a low discount to Brent and provides a low-cost structure with life-of-field operating expenditures. To support this transaction, ShaMaran undertook a very successful and oversubscribed capital campaign. The company's debt was re-financed through the placement of a new \$300 million bond with enhanced terms for the benefit of the credit holders as well as shareholders.

Finally, we are happy to report that with regard to the global Covid pandemic, our proactive measures and strict Covid prevention policies continued to provide a safe work

environment in 2021. 100% of our workforce is vaccinated and operations have been largely not impacted.

On behalf of the Management and the Board of Directors, I would like to extend my sincere gratitude to all our stakeholders and thank our employees and contractors for their continued efforts and dedication in 2021.

The focus on growth will continue this year and remains a top priority for the company. We look forward to the closing of the Sarsang transaction as we progress the regulatory approvals and launch the rights offering in the near future.