SHAMARAN PETROLEUM CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2012

Management's discussion and analysis ("MD&A") of the financial and operating results of ShaMaran Petroleum Corp. ("ShaMaran" together with its subsidiaries the "Company") is prepared as of March 15, 2013. The MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012 together with the accompanying notes.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Unless otherwise stated herein all currency amounts indicated as "$" in this MD&A are expressed in thousands of United States Dollars.

Overview

ShaMaran is a Canadian-based oil and gas company with a 20.1% direct interest in the Atrush petroleum property located in Kurdistan in Northern Iraq ("Kurdistan"). The Company is currently in the pre-production stages of its appraisal and development program relating to the Atrush oil discovery on this petroleum property. ShaMaran trades on the TSX Venture Exchange and the NASDAQ OMX First North Exchange (Stockholm) under the symbol "SNM".

Highlights

- The Company announced on February 4, 2013 an increase of 35% in Best Estimate 2C Contingent Resources (gross) for the Atrush Block, from 465.6 MMBOE at December 31, 2011 to 627.3 MMBOE at the end of 2012. The estimates were provided by an independent qualified resources evaluator, McDaniel & Associates Consultants Ltd., in a Detailed Property Report prepared as at December 31, 2012.
- On November 7, 2012 General Exploration Partners Inc ("GEP"), then operator of the Atrush Block and acting on behalf of the Contractor Group under the Atrush Block Production Sharing Contract, submitted to the Atrush Block Management Committee a Declaration of Commercial Discovery with effect from November 7, 2012.
- The Atrush-2 appraisal well was spudded on May 23, 2012 and a total depth of 1,750 meters was reached ahead of schedule on July 10, 2012. Following the conclusion of the comprehensive well testing program the Company announced on September 13, 2012 that the main reservoir in Atrush-2 produced a combined flow rate from three separate cased hole tests of more than 42,200 barrels of oil per day ("bopd") and that additional oil resources were confirmed in two additional formations.
- The Company announced on August 20, 2012 that it sold its entire 20% direct interest in the Taza production sharing contract ("PSC") to a subsidiary of Total S.A. for a $48 million purchase price plus a reimbursement of costs incurred on joint operations from April 1, 2012 until the closing date.
- The Company signed final binding agreements with the Kurdistan Regional Government ("KRG") in January 2012 to relinquish the 60% working interests previously held in each of the Arbat and Pulkhana PSCs. An amount of $25 million was paid in January 2012 to the KRG as relinquishment fees to fulfill all outstanding financial commitments on these two blocks. The agreements relieve the Company of any further obligations under these PSCs. Disappointing testing results from the Pulkhana 9 well led the Company to this decision.
- In August 2012 the Company repaid in full the short term loan of $10 million which had been obtained in April 2012 from two related parties.
- At December 31, 2012 the Company had a cash balance of $41.2 million and working capital of $29.6 million.
- On March 12, 2013 the Contractor entities to the Atrush Block PSC were notified by the KRG that it had exercised its option to acquire a 25% Government Interest in accordance with the provisions of the Atrush Block PSC.

Operations in Kurdistan

The Company holds a 20.1% direct interest in the Atrush Block petroleum property which is located in Kurdistan in the northern extension of the Zagros Folded Belt adjacent to several major oil discoveries. The area is currently undergoing a major exploration and development campaign by internationally recognised mid to large sized oil companies.

In the twelve months ended December 31, 2012 the Company completed a strategic realignment of its asset portfolio and acquired control of GEP which holds the Company's interest in the Atrush Block. In addition, significant progress was made on the appraisal and development program in the Atrush Block with a Declaration of Commercial Discovery submitted to the Atrush Block Management Committee on November 7, 2012.

In January 2012 ShaMaran signed a final binding agreement to relinquish to the KRG the 60% working interests which it then held in each of the Arbat and Pulkhana PSCs. Under the terms of the agreement the PSC for each of the Pulkhana and Arbat blocks was terminated whereby ShaMaran's interests in both PSCs are relinquished and the Company has been relieved of any further obligations under these PSCs.

The Company announced on August 20, 2012 that it had sold its entire 20% direct interest in the Taza Block to a subsidiary of Total S.A. At this time the Taza-1 exploration well had been drilled to a depth of approximately 1,650m, which was above the target reservoirs. This asset realignment has relieved the Company from the remaining work program obligations of the Pulkhana, Arbat and Taza Blocks, provided ShaMaran with a solid financial position and cash resources, and enables the Company to focus its activities and resources on the appraisal and development program now in progress on the Atrush Block.

The Atrush-2 appraisal well was drilled to total depth from May 2012 to July 2012 followed by a comprehensive well testing program. On September 13, 2012 the Company announced the results of the testing program indicating that the main reservoir produced a total flow rate of more than 42,200 bopd and that additional oil resources were confirmed in two additional formations. After the conclusion of operations on Atrush-2 the drilling rig was moved to the Atrush-1 discovery well to do a workover which was completed in November 2012. The drilling rig will now be moved to the Atrush-3 appraisal well which is expected to be spudded in March 2013.

GEP completed two principal transactions in December 2012 (the "Transactions") resulting in the December 31, 2012 sale of a 53.2% direct interest in the Atrush Block to TAQA Atrush B.V. ("TAQA"), a subsidiary of Abu Dhabi National Energy Company PJSC, and the December 31, 2012 repurchase from Aspect of the entire 66.5% shareholding interest which Aspect held in GEP. As a result of the Transactions ShaMaran Ventures B.V., a 100% owned subsidiary of the Company, became the sole remaining shareholder of GEP and the Company has therefore acquired control of GEP which then held a 26.8% direct interest in the Atrush Block. Following the March 12, 2013 exercise by the KRG of its option to acquire a 25% PSC interest the Company's interest in this PSC is 20.1%.

Atrush Block

The Atrush Block is located approximately 85 km northwest of Erbil, the capital of the Kurdish administered part of Iraq, and is 269 square kilometers in area. The topography is similar to the Shaikan Block to the south which had a major discovery reported by Gulf Keystone Petroleum Ltd in January 2010. Immediately to the north of the Atrush Block is the Sarsang block where Hillwood International Energy also made an oil discovery in the Swara Tika-1 well. To the east is the Kalegran-operated Akri-Bijeel block which also has discoveries. The structures located on the block contain multiple stacked oil reservoirs in the Cretaceous, Jurassic and Triassic sections and due to a high-degree of fracturing have demonstrated very high production rates. In addition to the proven Atrush Jurassic oil discovery the Atrush Block has additional exploration upside in the shallower Cretaceous reservoirs, a northern extension of the Atrush oil accumulation at the Jurassic level into the Swara Tika structure, and the deeper Triassic Kurra Chine "C" ("KCC").

In August 2010 the Company acquired a 33.5% shareholding in GEP which then held an 80% working interest in the Atrush Block PSC, with the remaining 20% third party interest ("TPI") being held by the KRG. In October 2010 Marathon Oil Corporation ("Marathon") was assigned the 20% TPI in the PSC. On December 31, 2012 GEP sold a 53.2% direct interest in the Atrush Block to TAQA who also assumed from GEP the operatorship of the Block, and repurchased the entire 66.5% shareholding which Aspect held in GEP, leaving the Company with a 100% shareholding interest in GEP which then held a 26.8% direct interest in the PSC. The Company's direct interest in the PSC was 20.1% after the KRG exercised its option to participate, explained in the following paragraph.

On March 12, 2013 the Contractor entities to the Atrush Block PSC were notified by the KRG that it had exercised its option to acquire a 25% Government Interest in accordance with the provisions of the Atrush Block PSC. The KRG now participates as a Contractor Entity with a 25% undivided interest in the petroleum operations and all the other rights, duties, obligations and liabilities of the Contractor in the PSC and becomes liable for its share of the petroleum costs incurred on or after the first commercial declaration date.

Fiscal terms under the PSC include a 10% royalty, a variable profit split, based on a percentage share to the KRG and a capacity building payment equal to 30% of profit oil (produced oil, less royalty and cost oil) to be paid to the KRG. GEP has the right to recover costs using up to 40% of the available oil (produced oil less royalty oil) and 55% of the produced gas.

GEP acquired 143 km of 2D seismic data over the Atrush Block in 2008. The first exploration well was spudded on October 5, 2010 and a total depth of 3,400 meters was reached on January 21, 2011. A comprehensive well testing program consisting of ten drill stem tests ("DSTs") commenced on January 30, 2011 and was completed on April 3, 2011. Following notification to the KRG of a major Jurassic oil discovery on April 4, 2011 GEP submitted an Appraisal Work Program consisting of 3D seismic, appraisal wells and studies and a possible installation of an extended test facility to conduct production testing in the field.

3D seismic acquisition operations commenced on the block in July 2011 and were completed on August 11, 2012 with 3D seismic data now covering the entire Atrush block. Final processing of the complete 3D seismic survey is expected in the first quarter of 2013.

The Atrush-2 appraisal well was spudded on May 23, 2012 and drilled to a planned total depth of 1,750m in the Butmah formation ahead of schedule on July 10, 2012. The Company announced on September 13, 2012 the results of the comprehensive Atrush-2 well testing program which confirmed through three separate DSTs the Atrush-1 Jurassic oil discovery in the Barsarin-Sareglu-Alan-Mus ("BSAM") reservoir. The combined test rate for the three BSAM DSTs, constrained by surface testing equipment, was over 42,200 bopd (approximately 27 degree API) and confirms the significant potential for production from the highly fractured BSAM reservoir. An additional two DSTs conducted on the Jurassic Adaiyah (cased hole) and Butmah (open hole) formations confirmed them to be oil bearing. GEP submitted in October 2012 to the Ministry of Natural Resources of Kurdistan an Atrush-2 Discovery Report giving notice of the additional Discovery.

In September 2012 the drilling rig was moved from the Atrush-2 well to the Atrush-1 discovery well drilled in 2011. A workover on this well was completed in November 2012.

On November 7, 2012 GEP and Marathon, collectively being the Contractor under the Atrush Block PSC, submitted to the Atrush Block Management Committee a Declaration of Commercial Discovery ("DCD") with effect from November 7, 2012 under Clause 12.6 (a) of the PSC. The DCD was submitted together with an Appraisal Report covering the Atrush field. The Operator (TAQA) is currently in the process of preparing a Field Development Plan which will be submitted to the Atrush Block Management Committee within 180 days following the DCD.

On February 4, 2013 the Company announced an increase of 35% in Best Estimate 2C Contingent Resources for the Atrush Block, from 465.6 MMBOE at December 31, 2011 to 627.3 MMBOE at the end of 2012. The estimates were provided by an independent qualified resources evaluator, McDaniel & Associates Consultants Ltd. ("McDaniel"), in a Detailed Property Report prepared as at December 31, 2012 in accordance with standards set out in the Canadian National Instrument NI 51-101 and Canadian Oil and Gas Evaluation Handbook ("COGEH"). McDaniel estimates take into account the results of the Atrush-2 well (including the additional discovery in the Butmah formation) and remapping based on the recently acquired 3D seismic. In addition the Triassic Kurra Chine C is a new Prospective Resource for 2012 based on 3D seismic and reported results from nearby wells.

Preparation work is continuing to enable the drilling rig to move from the Atrush-1 location to the Atrush-3 appraisal well location. Construction work is almost complete to provide road access to the Atrush-3 location which is approximately 9km east of Atrush-1. Atrush-3 is expected to spud in March 2013. The Atrush-3 well is an important stepout from the previous two Atrush wells with the overall objective to establish contingent resources in the eastern part of the Atrush structure.

Refer also to discussion under "Commitments" in this MD&A.

Taza Block

On August 20, 2012 the Company announced that it had sold to a subsidiary of Total S.A. its 20% interest in the Taza Block PSC.

The Taza Block is a 511 square kilometer exploration area located in the south of Kurdistan immediately northeast of the Pulkhana Block.

Prior to the sale of its interest in Taza the Company held a 20% direct interest in the production sharing contract. Oil Search Iraq Limited ("OSIL"), the operator, held a 60% working interest in the PSC and the KRG held a 20% working interest in the PSC with costs carried by ShaMaran and OSIL. The Company had previously been a party to an option agreement in respect of the Taza Block with the KRG and OSIL. ShaMaran and OSIL exercised their option to convert that agreement into the PSC.

The Taza-1 exploration well was spudded on July 3, 2012 and by August 20, 2012, the date the Company announced the sale of its interest in Taza, the well was drilled to a depth of depth of approximately 1,650m which was above the reservoir targets.

Pulkhana Block

Operations were discontinued in the Pulkhana block after disappointing test results from the Pulkhana 9 well. The Pulkhana Block PSC was fully relinquished to the KRG with an effective date of January 17, 2012.

The Pulkhana Block is a 529 square kilometer appraisal/development area located in southern Kurdistan.

Prior to relinquishing this PSC the Company was the operator of the project with a 60% direct interest in the production sharing contract. Petoil Petroleum and Petroleum Products International Exploration and Production Inc. retained a 20% interest in the PSC and the KRG held the remaining 20%.

Arbat Block

On January 17, 2012 the Company completed the relinquishment to the KRG of the Arbat Block PSC.

The Arbat Block is a 973 square kilometer exploration area located in eastern Kurdistan.

Prior to relinquishing this PSC the Company was the operator of the project and held a 60% direct interest in the PSC with the KRG holding a 20% interest and the remaining 20% a third party interest which the KRG has the option to assign to a third party or parties.

Selected annual information

The following is a summary of selected annual financial information for the Company:

(In $000s, except per share data)	For the year ended December 31,		
	2012	**2011**	**2010**
Continuing operations			
General and administrative expense	(2,852)	(1,082)	(594)
Share based payments expense	(8)	(264)	(570)
Depreciation and amortisation expense	(183)	(221)	(139)
Share of income / (loss) of associate	129,000	(271)	(27)
Relinquishment costs	(25,732)	-	-
Impairment recovery / (loss)	1,814	(207,504)	-
Gain on sale of asset	1,100	-	-
Gain on fair valuation of net assets of subsidiary	102,735	-	-
Finance cost	(719)	(1,777)	(1,353)
Finance income	359	518	2,631
Income tax expense	(89)	(137)	(81)
Net income / (loss) from continuing operations	205,425	(210,738)	(133)
Discontinued operations			
Expenses	(61)	(1,279)	(1,037)
Gain on sale of asset	-	1,078	77
Net loss from discontinued operations	(61)	(201)	(960)
Net income / (loss)	205,364	(210,939)	(1,093)
Basic income / (loss) in $ per share:			
Continuing operations	0.25	(0.31)	-
Discontinued operations	-	-	-
	0.25	(0.31)	-
Diluted income / (loss) in $ per share:			
Continuing operations	0.25	(0.31)	-
Discontinued operations	-	-	-
	0.25	(0.31)	-

	As at December 31,		
	2012	**2011**	**2010**
Total assets	345,554	151,239	256,489
Working capital surplus	29,628	29,798	44,009
Shareholders' equity	331,376	125,259	235,518
Common shares outstanding (x 1,000)	810,984	807,894	623,182

Summary of principal changes in annual information

The Company has reported net income in 2012 of $205 million which was primarily comprised of income from associate of $129 million related to the sale by GEP on December 31, 2012 of a 53.2% interest in the Atrush Block and by the gain of $103 million relating to the fair valuation as required by IFRS of GEP's net assets and liabilities acquired (together, the "Fair Value Increase") offset by $25.7 million of relinquishment fees and other costs relating to the termination of the Pulkhana and Arbat Block PSCs in January 2012. Also during the year the Company sold the 20% direct interest which it held in the Taza Block PSC for net proceeds of $53.3 million resulting in a net gain of $1.1 million. The total assets reported at the end of the year 2012 have increased by $194 million which was mainly due to recording the Fair Value Increase of $232 million relating to the Atrush Block oil and gas assets and net cash out on other operating and investing activities of $38 million.

Results of continuing operations

The Company's continuing operations are compromised of an exploration and development program on a petroleum property located in the Kurdistan Region of Iraq which is currently in the pre-production stages and generates no revenue. The expenses and income items of continuing operations are explained in detail as follows:

General and administrative expenses

In $000	For the year ended December 31, 2012	2011
Salaries and benefits	2,710	3,623
Management and consulting fees	885	1,459
Sponsorship expense	-	1,025
General and other office expenses	637	1,159
Listing costs and investor relations	271	643
Travel expenses	406	413
Legal, accounting and audit fees	415	300
General and administrative expense incurred	5,324	8,622
Expenses and PSC overhead capitalized as E&E assets	(2,472)	(7,540)
Net general and administrative expenses	2,852	1,082

The Company capitalizes as exploration and evaluation ("E&E") assets those general and administrative expenses incurred supporting E&E activities which relate to direct interests held in production sharing contracts as well as exploration overhead charges in accordance with PSC terms on properties operated by the Company. The PSCs which govern petroleum properties in Kurdistan allow for the operating company to include within petroleum costs an annual exploration overhead charge calculated on a sliding scale percentage of annual exploration costs. The exploration overhead charge qualifies under the terms of the PSCs as recoverable petroleum costs to be recovered from a portion of available petroleum production. The Company has capitalized no general and administrative expenses subsequent to the sale of its interest in the Taza Block PSC in August 2012 as it held no direct interests in production sharing contracts for the remainder of the year.

The decrease in general and administrative expenses incurred and capitalized in the year ended December 31, 2012 relative to the amounts incurred and capitalized over the comparable periods of the prior year is primarily due to the relinquishment in January 2012 of its two operated blocks, Arbat and Pulkhana as well as the sale of Taza Block in August 2012, which resulted in a decrease overall in the Company's technical and support activities during the reporting periods.

Share based payments expense

In $000	For the year ended December 31, 2012	2011
Share based payments expense	8	264

The share based payments expense results from the vesting of stock options granted in the years 2010 and 2011. No stock options have been granted during the year ended December 2012 (year 2011: 25,000 and year 2010: 1,390,000). The Company uses the fair value method of accounting for stock options granted to directors, officers, employees and consultants whereby the fair value of all stock options granted is recorded as a charge to operations. The fair value of common share options granted is estimated on the date of grant using the Black-Scholes option pricing model.

Depreciation and amortization

In $000	For the year ended December 31, 2012	2011
Depreciation and amortisation	183	221

Depreciation and amortisation corresponds to cost of use of the furniture and IT equipment at the Company's technical and administrative offices located in Switzerland and Kurdistan.

Share of income / (loss) of associate

In $000	For the year ended December 31, 2012	2011
Income / (loss) from investment in associate	129,000	(271)

The income from investment in associate relates to the Company's pro-rata portion of the net income of GEP in conducting petroleum operations on the Atrush Block in Kurdistan. The income of associate in the current year substantially all has resulted from a gain on the sale to TAQA on December 31, 2012 of a 53.2% interest in the Atrush Block PSC.

Relinquishment costs

In $000	For the year ended December 31, 2012	2011
Relinquishment fees	25,000	-
Costs to wind up Pulkhana and Arbat operations	732	-
Total relinquishment costs	25,732	-

Under the terms of the January 17, 2012 agreements to relinquish the Pulkhana and Arbat Block PSCs the Company paid to the KRG on January 25, 2012 a total of $25 million in fees which relieves the Company of all further obligations under the PSCs, including its remaining minimum financial commitments under the first exploration sub periods which were $50 million in total prior to relinquishing the PSCs. These fees are non-recoverable and have therefore been expensed together with all costs associated with winding up operations on these blocks.

Impairment losses / (recovery)

In $000	**For the year ended December 31,**	
	2012	**2011**
Write down of inventory to net realizable value	578	1,243
Impairment loss / (recovery) on E&E assets	(2,347)	205,862
Impairment loss / (recovery) on PP&E	(45)	399
Impairment loss / (recovery)	(1,814)	207,504

The write down of inventory is primarily due to the liquidation and restocking of certain drilling inventories which will no longer be used in the Pulkhana and Arbat Block drilling programs due to their cancellation. The Company has released excess accrued costs which were capitalized as exploration and evaluation ("E&E") assets resulting in a recovery in the current reporting periods of impairment losses previously recognized. The impairment loss / (recovery) on property plant and equipment ("PP&E") items during the reporting periods were due to changes in previous estimates of net realizable value which have occurred in the course of liquidating assets relating to the relinquished blocks.

Gain on sale of assets

In $000	**For the year ended December 31,**	
	2012	**2011**
Net proceeds on sale of asset	53,266	-
Costs of intangible assets and PP&E sold	(52,166)	-
Gain on sale of assets	1,100	-

In August 2012 the Company sold the 20% direct interest which it held in the Taza Block PSC. The net proceeds on sale of asset was comprised of $48 million purchase price proceeds plus a reimbursement of $5.8 million in costs incurred on the Taza block work program since April 1, 2012 less transaction related costs of $0.5 million.

Gain on fair valuation of nets assets of subsidiary

In $000	**For the year ended December 31,**	
	2012	**2011**
Fair valuation of net assets of subsidiary	102,735	-

GEP completed two principal transactions in December 2012 (the "Transactions") resulting in the December 31, 2012 sale of a 53.2% direct interest in the Atrush Block to TAQA and the December 31, 2012 repurchase from Aspect of the entire 66.5% shareholding interest which Aspect held in GEP. As a result of the Transactions ShaMaran Ventures B.V became the sole remaining shareholder of GEP and the Company has therefore acquired control of GEP.

The acquisition has been accounted for using the acquisition method in accordance with IFRS 3 which requires that the Company records the fair value on the date of acquisition of the net identifiable assets and liabilities of GEP and consolidates these amounts with the other assets and liabilities of the Company. As the acquisition date coincides with the balance sheet date there has been no incremental income or expense associated with the acquisition in the current year.

The Company has recorded a gain on the fair valuation of net assets of subsidiary in the amount of $102.7 million which is the difference between the $299.7 million fair value of net identifiable assets acquired and liabilities assumed and the $197.0 million book value of investment in associate at acquisition of control.

The fair values of assets acquired and liabilities assumed in the acquisition of GEP are as follows:
In $000

Fair value of previously held equity interest in GEP	299,680
Cash	10,137
Other current assets	117
Property, plant and equipment	163
Intangible assets - exploration and evaluation	300,523
Accounts payable and accrued expenses	(6,140)
Provisions	(120)
Deferred liability	(5,000)
Fair value of net identifiable assets acquired and liabilities assumed	**299,680**

Finance cost

In $000	For the year ended December 31, 2012	2011
Interest expense on equity based finance fee	719	-
Foreign exchange loss	-	862
Guarantee fees	-	915
Total finance cost	719	1,777

The interest expense on equity based finance fee relates to a loan entered into with two investment companies who jointly are principal shareholders of the Company. Under the terms of the loan the investment companies received an aggregate of 3,000,000 common shares of the Company issued on April 2, 2012 at $0.24 per share as an equity based finance fee.

The foreign exchange losses reported in the year 2011 resulted primarily from holding cash and cash equivalents denominated in Canadian dollars while the Canadian dollar weakened during the reporting periods against the United States dollar which is the reporting currency of the Company.

The Company incurred fees in the year 2011 in respect of a guarantee of the minimum financial obligations under the Pulkhana and Arbat PSCs. The guarantee which was provided to the KRG by a related company on behalf of ShaMaran became effective on August 29, 2009. As a result of having relinquished the Pulkhana and Arbat Blocks the guarantee is no longer required by the Company resulting in no expense in the year 2012.

Finance income

In $000	For the year ended December 31, 2012	2011
Interest income	26	518
Foreign exchange gain	333	-
Total finance income	359	518

Interest income represents bank interest earned on cash and investments in marketable securities. The decrease in the amounts reported in the year 2012 relative to the amount reported in the same periods of the year 2011 is primarily due to lower average cash balances held throughout the period.

The foreign exchange gain results primarily from holding cash and cash equivalents denominated in Canadian dollars while the Canadian dollar strengthened during the reporting period against the United States dollar which is the reporting currency of the Company.

Income tax expense

In $000	For the year ended December 31, 2012	2011
Income tax expense	89	137

Income tax expense relates to provisions for income taxes on service income generated in Switzerland which is determined on the basis of the cost of the services. The amount reported in the year 2012 has decreased relative to the amounts reported in the comparable periods of 2011 due to less service costs incurred to support the lower levels of exploration activity undertaken in the reporting periods.

Results of discontinued operations

The main components of discontinued operations are explained as follows:

Expenses

In $000	For the year ended December 31, 2012	2011
Legal, accounting and audit fees	32	137
General and other office expenses	29	61
Asset retirement obligation	-	1,078
Management and consulting fees	-	3
Total expenses	61	1,279

The decrease in fees and expenses in the year 2012 relative to the amounts incurred in the year 2011 is due to the reduction in activity associated with the Company’s United States based operations following the sale in 2009 of substantially all of the properties located there. The professional and general fees which the Company continues to incur are related to the decommissioning and windup of its remaining interests in the United States.

Gain on sale of asset

In $000	For the year ended December 31, 2012	2011
Deferred purchase price proceeds	-	1,078
Total gain on sale of asset	-	1,078

In April 2011 the Company received deferred purchase price proceeds of $1,078 relating to the 2009 sale of an oil and gas asset located in the United States.

Selected quarterly information

The following is a summary of selected quarterly financial information for the Company:

(In $000s, except per share data)	For the quarter ended							
	Dec 31 2012	Sep 30 2012	Jun 30 2012	Mar 31 2012	Dec 31 2011	Sep 30 2011	Jun 30 2011	Mar 31 2011
Continuing operations								
General and admin. (expense) / rec.	(1,497)	(512)	(459)	(384)	(283)	202	(837)	(164)
Share based payments (expense) / rec.	-	(2)	(8)	2	(21)	(70)	(114)	(59)
Depreciation and amortisation	(40)	(46)	(48)	(49)	(55)	(58)	(56)	(52)
Share of income / (loss) of associate	129,209	(97)	(46)	(66)	11	(173)	(30)	(79)
Relinquishment costs	-	-	-	(25,732)	-	-	-	-
Impairment recovery / (loss)	1,255	(138)	945	(248)	(207,504)	-	-	-
Gain on sale of asset	-	1,100	-	-	-	-	-	-
Gain on fair valuation of assets	102,735	-	-	-	-	-	-	-
Finance cost	(24)	(393)	(360)	-	(251)	(2,780)	(229)	(227)
Finance income	-	1	25	391	552	147	367	1,162
Income tax expense	(26)	(11)	(28)	(24)	(31)	(32)	(33)	(41)
Net inc. / (loss) from continuing ops.	231,612	(98)	21	(26,110)	(207,582)	(2,764)	(932)	540
Discontinued operations								
Expenses	1	(12)	(13)	(37)	(34)	(46)	(1,121)	(78)
Gain on sale of asset	-	-	-	-	-	-	1,078	-
Net loss from discontinued ops.	1	(12)	(13)	(37)	(34)	(46)	(43)	(78)
Net income / (loss)	231,613	(110)	8	(26,147)	(207,616)	(2,810)	(975)	462
Basic income / (loss) in $ per share:								
Continuing operations	0.29	-	-	(0.03)	(0.28)	-	-	-
Discontinued operations	-	-	-	-	-	-	-	-
	0.29	-	-	(0.03)	(0.28)	-	-	-
Diluted income / (loss) in $ per share:								
Continuing operations	0.29	-	-	(0.03)	(0.28)	-	-	-
Discontinued operations	-	-	-	-	-	-	-	-
	0.29	-	-	(0.03)	(0.28)	-	-	-

Summary of principal changes in fourth quarter information

In the fourth quarter of 2012 work on the Atrush Block development program continued and the Company acquired control of GEP. The net income in the fourth quarter was primarily driven by the sale by GEP in December 2012 of a 53.2% interest in the Atrush Block resulting in significant income from associate and by the gain on fair valuation of GEP's net assets as required by IFRS due to the acquisition by the Company of control of GEP in December 2012.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Outstanding share data

The common shares of the Company outstanding at December 31, 2012 and at the date of this MD&A were 810,983,860, an increase from the number outstanding at January 1, 2012 by 3,000,000 common shares which were issued at CAD 0.24 per share to two related parties as an equity based financing fee in accordance with the terms of a debenture financing concluded on April 2, 2012. Refer also to the related party disclosures in the next section of this MD&A.

There were 2,623,334 stock options outstanding at December 31, 2012 under the Company's employee incentive stock option plan which is a decrease of 610,000 from the number outstanding at January 1, 2012. During the year 2012 there were no stock options granted (2011: 25,000), 450,000 stock options expired (2011: nil), 160,000 stock options were forfeited (2011: 50,000), and no stock options were exercised (2011: 1,301,666). There has been no further movement in stock options from December 31, 2012 to the date of this MD&A.

The Company has no warrants outstanding.

Related party transactions

In $000

	Purchases of services during the year		Amounts owing at the reporting dates	
	2012	**2011**	**2012**	**2011**
Namdo Management Services Ltd.	314	361	28	7
Mile High Holdings Ltd.	37	103	19	19
McCullough O'Connor Irwin LLP	95	56	22	14
Vostok Naphta Investment Ltd.	26	24	-	-
Lundin family	719	-	-	-
Lundin Petroleum AB	524	2,176	75	78
Total	1,715	2,720	144	118

Namdo Management Services Ltd. is a private corporation owned by a shareholder of the Company which has provided corporate administrative support and investor relation services to the Company.

Mile High Holdings Ltd. is a private corporation associated with a shareholder of the Company which has provided transportation services to the Company in relation to its fundraising activities.

McCullough O'Connor Irwin LLP is a law firm in which an officer of the Company is a partner which has provided legal services to the Company.

Vostok Naphta Investment Ltd. is a corporation traded on the NASDAQ OMX Nordic Exchange in Stockholm (trading symbol VNIL SDB) associated with a shareholder of the Company and which has provided investor relations services to the Company in relation to its fundraising activities in Sweden.

The Company received a $10 million loan from the Lundin family through two investment companies who jointly are principal shareholders of the Company (the "Lenders"). In connection with the loan the Company has issued to the Lenders an aggregate of 3,000,000 common shares of the Company. The fair value of the shares issued has been expensed as a finance cost. The loan was repaid in full in August 2012.

The Company receives services from various subsidiary companies of Lundin Petroleum AB ("Lundin"), a shareholder of the Company. Lundin charges during the year ended December 31, 2012 of $524 (2011: $2,176) were comprised of G&G and other technical service costs of $138 (2011: $195), reimbursement for Company travel and related expenses of $1 (2011: $611), office rental, administrative and building services of $385 (2011: $455). In the year 2011 the Company paid $915 to Lundin relating to a guarantee provided to the KRG on behalf of the Company.

Included within general and administrative expenses for the year 2011 are contributions totaling $1,025 made to a charitable foundation whose chairman is a major shareholder of the Company. Funds from this charity, in part, are used for community investment activity in Kurdistan. No contributions were made by the Company to this charitable foundation in the year 2012.

All transactions with related parties are in the normal course of business and are made on the same terms and conditions as with parties at arm's length.

Liquidity and capital resources

Working capital at December 31, 2012 was $29.6 million compared to $29.8 million at December 31, 2011.

The overall cash position of the Company decreased by $7.9 million during the year 2012 compared to a decrease in cash of $9.6 million during the year 2011. The main components of the movement in funds are discussed in the following paragraphs.

The operating activities of the Company during the year 2012 resulted in a decrease in the cash position by $42.9 million compared to an increase by $10.5 million in the year 2011. Payments to the KRG totaling $25 million in accordance with the terms of the agreements to relinquish the Pulkhana and Arbat Blocks as well as a decrease by $16.5 million in the accounts payable and accrued expense balances are the main reasons for the decrease in the year to date 2012 cash position due to operating activities. The remaining decrease of $1.4 million was attributable to cash expenses from continuing operations and others movements in working capital.

Net cash inflows from investing activities during year 2012 were $34.6 million compared to cash outflows in the amount of $119.7 million in the year 2011. The main components of cash inflows in 2012 were net proceeds of $53.3 million received on the sale of the Taza Block and other property plant and equipment, $5 million cash held back from Aspect as security for potential settlement by GEP of costs owed by Aspect and a $1.3 million reimbursement of intangible costs, and cash outflows due to spending of $16.1 million on the Atrush Block appraisal work program, $6.2 million on Taza Block exploration costs and $2.9 million on operational and support costs.

The Company received $10 million in cash from finance activities during the nine months of 2012 through an April 2012 debenture financing agreement with two investment companies who jointly are principal shareholders of the Company. The loan was repaid in full in August 2012. The investment companies received an equity based financing fee in respect of the loan which has been expensed as a finance cost and which had no effect on the cash position of the Company.

The share based payments reserve increased by $8 in the year 2012 (2011: decrease of $140) due to share based payments expense of $8 incurred during the period ($2011: $264). There were no stock options exercised during this period (2011: 1,301,666 options exercised at cost of $404). When options are granted the Black-Scholes option value method is used to calculate a value for the stock options. When the options are exercised the applicable amounts of share based payments are transferred from the share based payments reserve to share capital.

The Company does not currently generate revenues and corresponding cash flows from its oil exploration and development operations. The Company has relied upon the issuance of common shares, and proceeds from asset sales and loans to finance its ongoing oil exploration, development and acquisition activities. The Company believes that based on the forecasts and projections they have prepared and a number of financing initiatives which are being pursued the Company and its subsidiaries will have resources sufficient to satisfy contractual obligations and commitments under agreed work programs. Although the Company is confident that it will be able to raise sufficient funds there is no assurance at the date these financial statements were approved that these financing initiatives will be successful. Continuing operations are dependent on discovery of economic oil and gas reserves and ultimately on the attainment of profitable operations.

Commitments

Production Sharing Contracts ("PSCs")

ShaMaran holds 100% of the issued shares of GEP which held at December 31, 2012 a 26.8% working interest in the Atrush Block PSC, with TAQA then holding a 53.2% interest and Marathon holding the remaining 20% interest. On March 12, 2013 the KRG exercised its option to acquire a 25% interest in the PSC subsequent to which the Company holds a 20.1% direct interest in the PSC.

At December 31, 2012 GEP was responsible for 26.8% of the costs incurred in executing the exploration and development work programs on the Atrush Block.

The PSC contemplates minimum financial commitments during the first exploration sub-period and also requires the Contractor to fund certain community development, personnel, training, environmental, and technological assistance projects during the period over which the contract is in effect. All qualifying petroleum costs incurred by the Contractor shall be recovered from a portion of available petroleum production, defined under the terms of the PSC. All modifications to the PSC are subject to the approval of the KRG.

As at December 31, 2012 the outstanding commitments of the Company were as follows:

	As at December 31,				
	2013	**2014**	**2015**	**Thereafter**	**Total**
Atrush Block	4,767	-	-	-	4,767
Office and other	103	-	-	-	103
Total commitments	4,870	-	-	-	4,870

Financial Instruments

The Company's financial instruments consist of cash, cash equivalents, short-term investments, accounts receivable, accounts payable, accrued expenses and net payable to joint venture partner.

Cash, cash equivalents and short-term investments are designated as held for trading and are therefore carried at fair value, with unrealized gains or losses recorded in interest income.

The fair values of cash, cash equivalents, accounts receivable, accounts payable, accrued expenses and net payable to joint venture partner approximate carrying values because of the short-term nature of these instruments. The fair values of short-term investments are determined directly by reference to quoted market prices.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through monitoring counterparty ratings and credit limits. The Company is mainly exposed to credit risk on its cash and cash equivalents and accounts receivable.

To manage this risk the Company maintains its excess cash on account in instruments having a minimum credit rating of R-1 (mid) or better (as measured by Dominion Bond Rate Services) or the equivalent thereof according to a recognized bond rating service.

Accounts receivable are primarily from joint venture partners in the oil and gas industry and are subject to normal industry credit risks. Joint venture receivables are typically collected within one to two months of the joint venture bill being issued to the partner. The Company mitigates risks arising from joint venture receivables by obtaining partner approval of capital expenditures prior to starting a project.

Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risk harm to the Company's reputation.

The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. The Company requires authorizations for expenditure on both operating and non-operating projects to further manage capital expenditures.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices and interest rates, will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

The significant market risk exposures to which the Company is exposed are foreign currency, commodity price and interest rate risks.

Foreign currency risk – The Company maintains a substantial portion of its cash in Canadian dollars; however, the Company's operations are conducted predominantly in United States dollars. The Company's operating results and cash flows are affected to varying degrees by the changes in the Canadian dollar relative to the United States dollar. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

Commodity price risk – The prices that the Company may receive for its crude oil and natural gas production may have a significant impact on its revenue and cash inflows from operating activities. Any significant price decline in commodity prices would adversely affect the amount of funds available for capital reinvestment purposes. At this time the Company does not use derivative financial instruments to manage its exposure to this risk.

Interest rate risk – The Company's bank accounts earn interest income at variable rates. The Company's future interest income is exposed to changes in short-term rates.

Risks and Uncertainties

The majority of ShaMaran's assets are located in Kurdistan. ShaMaran operates in areas which are under foreign governmental sovereignty and is therefore subject to political, economic, and other uncertainties associated with foreign operations, which include (but are not limited to) the exposure of the Company to changes in general government policies and legislation, change in the energy policies or in their administration, changes in fiscal terms of a production sharing contract with the government, inability to export the petroleum produced under contract, adverse determinations or rulings by governmental authorities, nationalization, currency fluctuations and devaluations, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections.

Political Issues

The political and security situation in Iraq is not settled and is volatile. There are outstanding political issues and differences between the various political factions in Iraq. These differences could adversely impact ShaMaran's interests in Kurdistan. In addition, certain borders of Kurdistan remain the subject of final determination, the result of which may have an adverse effect on ShaMaran's assets.

Uncertainty of title

Although the Company conducts title reviews prior to acquiring an interest in a property, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into question the Company's interest in the production sharing contracts. Any uncertainty with respect to one or more of the Company's production sharing contracts could have a material adverse effect on the Company's business, prospects and results of operations.

Legislative Issues

All contracts in Kurdistan are issued under the Oil and Gas Law of The Kurdistan Region - Iraq. No federal Iraqi legislation has been enacted by the Iraq Council of Ministers (Cabinet) and Council of Representatives (Parliament). The lack of legislation, or the enactment of federal legislation contradictory to Kurdistan Region legislation, could have a material adverse impact on ShaMaran's interests in the region.

Marketing, Markets and Transportation

The export of oil and gas from Kurdistan remains subject to uncertainties which could have an adverse impact on ShaMaran's ability to export and market such oil and gas. Further, ShaMaran's ability to market its oil and gas may also depend upon its ability to secure transportation and delivery, in view of related issues such as the proximity of its potential production to pipelines and processing facilities. Potential government regulation relating to price, quotas and other aspects of the oil and gas business could also have an adverse impact.

Exploration, Development and Production Risks

Oil and gas operations involve geological, technical and commercial risks. ShaMaran's success will depend on its ability to find, appraise, develop and commercially produce oil and gas resources and reserves. Future oil and gas exploration may involve risks relating to dry holes, wells which do not produce sufficient petroleum to return a profit after drilling, operating and other costs. In addition, operations can be effected by drilling hazards, environmental damage, and other field operating conditions which could adversely affect production and increase the cost of operations. Diligent operations can contribute to maximizing production rates over time but production delays and declines from normal field operating conditions cannot be eliminated and can adversely affect revenue and cash flow levels.

Project Risks

ShaMaran's ability to execute projects and market oil and gas will depend upon numerous factors beyond ShaMaran's complete control. Factors such as obtaining approvals from relevant authorities, issues relating to security in the area of operation, adverse legislation in Kurdistan and/or Iraq, the regulation of the oil and gas industry by various levels of government and governmental agencies in Kurdistan and/or Iraq could adversely impact the execution of ShaMaran's projects.

Substantial Capital Requirements

ShaMaran anticipates making substantial capital expenditures in the future for the acquisition, exploration, development and production of oil and gas reserves. ShaMaran's results will impact its access to the capital necessary to undertake or complete future drilling and development programs. ShaMaran's ability to access the equity or debt markets in the future may be affected by any prolonged market instability. There can be no assurance that debt or equity financing, or future cash (if any) generated by operations, would be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to ShaMaran. The inability of ShaMaran to access sufficient capital for its operations could have a material adverse effect on ShaMaran's financial condition, results of operations and prospects.

Additional Funding Requirements

ShaMaran's cash balances may not be sufficient to fund its ongoing activities at all times. From time to time, ShaMaran may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause ShaMaran to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. ShaMaran's ability to access the equity or debt markets in the future may be affected by any prolonged market instability.

Dilution

ShaMaran may make future acquisitions or enter into financings or other transactions involving the issuance of securities of ShaMaran which may be dilutive to the existing shareholders.

Accounting Policies and Critical Accounting Estimates

Use of Estimates

The consolidated financial statements of the Company have been prepared by management using International Financial Reporting Standards ("IFRS"). In preparing financial statements, management makes informed judgments and estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements and affect the reported amounts of revenues and expenses during the period. Specifically, estimates were utilized in calculating depletion, asset retirement obligations, fair values of assets on acquisition of control, share-based payments, amortisation and impairment write-downs. Actual results could differ from these estimates and differences could be material.

Accounting for Oil and Gas Operations

The Company follows the successful efforts method of accounting for its oil and gas operations. Under this method acquisition costs of oil and gas properties, costs to drill and equip exploratory wells that find proved reserves and costs of drilling and equipping development wells are capitalized and subject to annual impairment testing.

Exploration well costs are initially capitalized and, if subsequently determined to have not found sufficient reserves to justify commercial production, are charged to exploration expense. Exploration well costs that have found sufficient reserves to justify commercial production, but whose reserves cannot be classified as proved, continue to be capitalized as long as sufficient progress is being made to assess the reserves and economic viability of the well and or related project.

Capitalized costs of proved oil and gas properties are depleted using the unit of production method based on estimated gross proved reserves of petroleum and natural gas as determined by independent engineers. Successful exploratory wells and development costs and acquired resource properties are depleted over proved developed reserves. Acquisition costs of unproved reserves are not depleted or amortized while under active evaluation for commercial reserves.

Costs associated with significant development projects are depleted once commercial production commences.

A revision to the estimate of proved reserves can have a significant impact on earnings as they are a key component in the calculation of depreciation, depletion and accretion.

Producing properties and significant unproved properties are assessed annually, or more frequently as economic events dictate, for potential impairment. The impairment test is initially based on undiscounted future cash flows from proved and risk adjusted probable reserves. If an impairment is identified, fair value is calculated as the present value of estimated expected discounted cash flows from proved and risk-adjusted probable reserves. Any impairment loss is the difference between the carrying value of the petroleum property and its fair value. Therefore, if it is determined that the estimated fair value is less than the net carrying amount, a write-down to the oil and gas property's fair value is recognized during the period, with a charge to earnings.

Estimates of future cash flows used in the evaluation of impairment of assets are performed based on risk assessments on field and reservoir performance and include assumptions regarding commodity prices, discount rates and future costs.

A substantial portion of the Company's exploration and development activities are conducted jointly with others.

The Company engaged McDaniel to evaluate 100% of the Company's reserves and resource data at December 31, 2012. The conclusions of this evaluation have been presented in a Detailed Property Report which has been prepared in accordance with standards set out in the Canadian National Instrument NI 51-101 and COGEH.

The Company's crude oil and natural gas contingent resources for the Company's Atrush asset as of December 31, 2012 were estimated to be as follows:

COMPANY GROSS - CONTINGENT RESOURCES ESTIMATED
As of December 31, 2012
MBBL, MMCF (1) (2) (3) (4)

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Mean (2) Estimate
Crude Oil (Mbbl)	78,905	122,253	191,039	130,219
Natural Gas (MMcf)	14,499	23,044	37,568	24,939
Total (Mboe)	81,321	126,093	197,301	134,375

(1) There is no certainty that it will be commercially viable to produce any portion of the resources.
(2) The statistical mean is provided in addition to the standard 1C, 2C and 3C resources categories.
(3) Diluted Company Gross resources assuming a 25 percent Government back-in are based on a 20.1 percent working interest share of the property gross resources. This option was exercised by the KRG on March 12, 2013.
(4) 6 Mcf is equivalent to 1 boe.

COMPANY GROSS - PROSPECTIVE RESOURCES ESTIMATED
As of December 31, 2012
MBBL, MMCF (1) (2) (3) (4)

	Unrisked Low Estimate	Unrisked Best Estimate	Unrisked Mean Estimate	Unrisked High Estimate	Risked (2) Mean Estimate
Crude Oil (Mbbl)	6,009	12,103	14,057	24,393	2,910
Condensate (Mbbl)	857	5,362	9,313	22,357	1,252
Natural Gas (MMcf)	13,179	42,857	62,190	135,123	8,450
Total (Mboe)	9,063	24,608	33,735	69,270	5,570

(1) There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be economically viable or technically feasible to produce any portion of the resources.
(2) These are partially risked prospective resources that have been risked for chance of discovery, but have not been risked for chance of development.
(3) Diluted Company Gross resources assuming a 25 percent Government back-in are based on a 20.1 percent working interest share of the property gross resources. This option was exercised by the KRG on March 12, 2013.
(4) 6 Mcf is equivalent to 1 boe.

In summary, the changes in Gross Contingent Resources for the Atrush field by category between 2011 and 2012 are (MMBOE):

	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Mean Estimate
2011	55.4	93.6	163.4	103.1
2012	81.3	126.1	197.3	134.4
% change	+46%	+35%	+21%	+30%

The estimation of reserves and resources is subjective. Forecasts are based on engineering data, future prices, expected future rates of production and the timing of capital expenditures, all of which are subject to uncertainties and interpretations.

Outlook

The outlook to the end of the year 2013 is as follows:

Atrush Block

The Operator (TAQA) is currently in the process of preparing a Field Development Plan ("FDP") which is required to be submitted to the Atrush Block Management Committee within 180 days following the Declaration of Commercial Discovery, submitted on November 7, 2012. The FDP will outline the revised general forward plan for the block.

The Atrush-3 appraisal well is expected to spud during March 2013. The well is located approximately 5km east of the Atrush-2 well. The drilling rig will be moved from the Atrush-1 well site to the Atrush-3 location. The Atrush-3 well is an important stepout from the previous two Atrush wells. In particular, the well is targeting the Oil Water Contact / Free Water Level in the reservoir section.

There are plans to drill two additional wells in 2013. Technical discussions on the final location of the Atrush-4 and Atrush-5 wells are underway.

The 3D seismic acquisition program which covered the entire Atrush block and adjoining Swara Tika discovery in the Sarsang Block was completed on August 11, 2012. Final processing of the complete 3D seismic survey is expected in the first quarter of 2013. Further processing is expected during 2013 with the specific purpose on enhancing the data for the development drilling program.

New Ventures

As part of its normal business the Company continues to evaluate new opportunities in the MENA region.

Budget

The Board of Directors approved a budget for the year 2013 which includes net capital spending on the Atrush Block appraisal program and G&A support and corporate costs totaling $30.8 million.

General

The security situation in Kurdistan remains stable with no major reported incidents. The region is seeing a rapid development in infrastructure and a significant increase in the availability of oil and gas services in the country. A number of major international oil companies, including Exxon, Chevron, Total and Gazprom, have acquired properties in Kurdistan over the last year. In addition, there have been a number of recent and significant discoveries in this region now undergoing appraisal and development.

Forward-Looking Statements

This report contains forward-looking statements concerning anticipated developments on the Company's operations; the adequacy of the Company's financial resources; financial projections, including, but not limited to, estimates of capital and operating costs, production rates, commodity prices, exchange rates, net present values; and other events and conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by the words such as "expects," "anticipates," "believes," "intends," "estimates," "potential," "possible," "budget" and similar expressions, or statements that events, conditions or results "will," "may," "could," or "should" occur or be achieved. Information concerning the interpretation of drill results and reserve estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what might be found to be present if and when a project is actually developed. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those described in this MD&A.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and the Company assumes no obligation to update such forward-looking statements in the future. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Additional Information

Additional information related to the Company is available on SEDAR at **www.sedar.com** and on the Company's web-site at **www.shamaranpetroleum.com**.