ShaMaran Petroleum Corp

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2013

(unaudited)

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the management of the company. The company's independent auditor has not performed a review of these financial statements.

SHAMARAN PETROLEUM CORP.

Condensed Interim Consolidated Statement of Comprehensive Income (unaudited)

(Expressed in thousands of United States Dollars, except for per share data)

	Note	For the three months ended March 31, 2013	2012
Expenses from continuing operations			
General and administrative expense	6	(450)	(384)
Depreciation and amortisation expense		(19)	(49)
Share based payments (expense) / recovery	18	(1)	2
Share of loss of associate		-	(66)
Impairment loss	8	-	(248)
Relinquishment costs	7	-	(25,732)
Loss before finance items and income tax expense		**(470)**	**(26,477)**
Finance income	9	50	391
Total finance income		**50**	**391**
Loss before income tax expense		**(420)**	**(26,086)**
Income tax expense	10	(40)	(24)
Loss from continuing operations		**(460)**	**(26,110)**
Discontinued operations			
Loss from discontinued operations	11	(20)	(37)
Loss for the period		**(480)**	**(26,147)**
Other comprehensive (loss) / income :			
Items that may be reclassified subsequently to net income:			
Currency translation differences		(88)	33
Total other comprehensive (loss) / income		**(88)**	**33**
Total comprehensive loss for the period		**(568)**	**(26,114)**
Loss in dollars per share:			
Continuing operations			
Basic and diluted		-	(0.03)
Discontinued operations			
Basic and diluted		-	-
Continuing and discontinued operations			
Basic and diluted		-	(0.03)

The accompanying notes are an integral part of these consolidated financial statements.

SHAMARAN PETROLEUM CORP.
Condensed Interim Consolidated Balance Sheet (unaudited)
(Expressed in thousands of United States Dollars)

	Note	At March 31,2013	At December 31,2012
Assets			
Non-current assets			
Intangible assets	12	305,911	303,549
Property, plant and equipment	13	232	257
		306,143	**303,806**
Current assets			
Other current assets		395	127
Inventories	15	198	198
Other receivables		46	204
Cash and cash equivalents		35,300	41,216
		35,939	**41,745**
Assets associated with discontinued operations	11	**1**	**3**
Total assets		**342,083**	**345,554**
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	16	4,134	7,027
Current tax liabilities		63	90
Deferred liability	14	5,000	5,000
		9,197	**12,117**
Non-current liabilities			
Provisions		120	120
		120	**120**
Liabilities associated with discontinued operations	11	**1,957**	**1,941**
Total liabilities		**11,274**	**14,178**
Equity			
Share capital	17	534,068	534,068
Share based payments reserve		3,837	3,836
Cumulative translation adjustment		(80)	8
Accumulated deficit		(207,016)	(206,536)
Total equity		**330,809**	**331,376**
Total liabilities and equity		**342,083**	**345,554**

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorized for issue on May 13, 2013 and signed on its behalf:

/s/Cameron Bailey
J. Cameron Bailey, Director

/s/Keith Hill
Keith C. Hill, Director

SHAMARAN PETROLEUM CORP.
Condensed Interim Consolidated Statement of Changes in Equity (unaudited)
(Expressed in thousands of United States Dollars)

	Share capital	Share based payments reserve	Cumulative translation adjustment	Accumulated deficit	Total
Balance at January 1, 2012	**533,349**	**3,828**	**(18)**	**(411,900)**	**125,259**
Total comprehensive loss for the period	-	-	33	(26,147)	**(26,114)**
Transactions with owners in their capacity as as owners:					
Recovery of share based payments expense	-	(2)	-	-	**(2)**
	-	(2)	-	-	**(2)**
Balance at March 31, 2012	**533,349**	**3,826**	**15**	**(438,047)**	**99,143**
Balance at January 1, 2013	**534,068**	**3,836**	**8**	**(206,536)**	**331,376**
Total comprehensive loss for the period	-	-	(88)	(480)	**(568)**
Transactions with owners in their capacity as as owners:					
Share based payments expense	-	1	-	-	**1**
	-	1	-	-	**1**
Balance at March 31, 2013	**534,068**	**3,837**	**(80)**	**(207,016)**	**330,809**

The accompanying notes are an integral part of these consolidated financial statements.

SHAMARAN PETROLEUM CORP.

Condensed Interim Consolidated Statement of Cash Flows (unaudited)

(Expressed in thousands of United States Dollars)

	Note	For the three months ended March 31, 2013	2012
Operating activities			
Net loss from continuing operations		(460)	(26,110)
Adjustments for:			
Interest income	9	(9)	(24)
Foreign exchange gain	9	(41)	(367)
Depreciation and amortisation expense		19	49
Income tax		(27)	(2)
Impairment loss	8	-	248
Share based payments expense / (recovery)	18	1	(2)
Share of loss of associate		-	66
Changes in trade and other receivables		158	(1,242)
Changes in other current assets		(268)	270
Changes in inventories		-	1,302
Changes in accounts payable and accrued expenses		(2,893)	(15,572)
Cash used in discontinued operations		(2)	(217)
Net cash outflows to operating activities		**(3,522)**	**(41,601)**
Investing activities			
Purchases of intangible assets		(2,363)	(2,432)
Purchases of property, plant and equipment		-	194
Interest received on cash deposits		9	24
Net cash outflows to investing activities		**(2,354)**	**(2,214)**
Financing activities			
Net cash flows from financing activities		**-**	**-**
Effect of exchange rate changes on cash and cash equivalents		(40)	400
Change in cash and cash equivalents		**(5,916)**	**(43,415)**
Cash and cash equivalents, beginning of the period		41,216	49,085
Cash and cash equivalents, end of the period		**35,300**	**5,670**

The accompanying notes are an integral part of these consolidated financial statements.

1. General Information

ShaMaran Petroleum Corp. ("ShaMaran" and together with its subsidiaries the "Company") is incorporated under the Business Corporations Act, British Columbia, Canada. The address of the registered office is Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1. The Company's shares trade on the TSX Venture Exchange and NASDAQ OMX First North Exchange (Stockholm) under the symbol "SNM".

The Company is engaged in the business of oil and gas exploration and development, and is currently in the pre-production stages of an exploration and development campaign in respect of a petroleum property located in the Kurdistan Region of Iraq ("Kurdistan").

2. Basis of preparation and summary of significant accounting policies

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including IAS 34 Interim financial reporting. The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of application adopted are consistent with those disclosed in note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2012 except as described in note 3 below.

These condensed interim consolidated financial statements have been prepared on the going concern basis which assumes that the Company will be able to realize into the foreseeable future its assets and liabilities in the normal course of business as they come due. The ability of the Company to continue as a going concern and to successfully carry out its business plan is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves, the resolution of remaining political disputes in Iraq and the ability of the Company to obtain additional financing to develop reserves.

In the absence of current production revenues, the Company is currently dependent upon its existing financial resources, which include $35.3 million of cash and cash equivalents as at March 31, 2013, to satisfy its obligations and finance its exploration and development program in Kurdistan. Failure to meet exploration and development commitments could put the related license interests at risk of forfeiture. Refer also to note 19.

The Company believes that based on the forecasts and projections they have prepared and a number of financing initiatives which will be pursued as required the Company and its subsidiaries will have sufficient resources to satisfy its contractual obligations and commitments under the agreed work program over the next 12 months. 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. The lack of sufficient committed funding for the next 12 months indicates a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not include the adjustments that would result if the Company is unable to continue as a going concern.

3. Changes in accounting policies

The Company has adopted effective January 1, 2013 on a prospective basis the following new and revised IFRS, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

IFRS 10: Consolidated Financial Statements, replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of the interests currently held in other entities.

IFRS 12: Disclosure of Interests in Other Entities, aggregates and amends disclosure requirements included within other standards to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates including the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). The adoption of IFRS 12 will result in incremental disclosures in the Company's annual consolidated financial statements.

IFRS 13: Fair Value Measurement, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. Under IFRS 13 the fair value of a liability must reflect the effect of nonperformance risk, which includes an entity's own credit risk. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013. Additional information on fair value measurement has been disclosed in note 20.

The Company has adopted the amendments to IAS 1, Presentation of Financial Statements which require the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

4. Critical accounting judgments and key sources of estimation uncertainty

Areas of critical accounting judgments that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 4 of the Company's audited consolidated financial statements the year ended December 31, 2012.

5. Business and geographical segments

The Company operates in one business segment, the exploration and development of oil and gas assets, in one geographical segment, the Kurdistan Region of Iraq. As a result, in accordance with *IFRS 8 Operating Segments,* the Company has presented its financial information collectively for one operating segment. Refer to note 11 for disclosure of the Company's discontinued operations.

(Expressed in thousands of United States Dollars unless otherwise stated)

6. General and administrative expense

	For the three months ended March 31, 2013	2012
General and administrative expense incurred	1,420	1,552
General and administrative expense capitalized as E&E assets	(970)	(1,168)
General and administrative expense	**450**	**384**

The Company capitalizes as E&E assets general and administrative expense supporting E&E activities which relate to direct interests held in production sharing contracts. Refer also to note 12.

7. Relinquishment costs

	For the three months ended March 31, 2013	2012
Relinquishment fees	-	25,000
Costs to windup Pulkhana and Arbat operations	-	732
Total relinquishment costs	**-**	**25,732**

On January 17, 2012 the Company signed agreements with the KRG to relinquish the Pulkhana and Arbat Block PSCs. On January 25, 2012 the Company paid a total of $25 million to the KRG in accordance with the terms of the agreements relieving the Company of all further obligations under the PSCs including its remaining minimum financial commitments. Refer also to note 12.

8. Impairment loss

	For the three months ended March 31, 2013	2012
Write down drilling inventory to net realizable value	-	313
Recovery of impairment loss on property, plant and equipment	-	(65)
Impairment loss	**-**	**248**

The impairment loss in the three months ended March 31, 2012 related to the Pulkhana and Arbat production sharing contract relinquishments. Refer also to notes 12, 13 and 15.

9. Finance income

	For the three months ended March 31, 2013	2012
Interest income	9	24
Foreign exchange gain	41	367
Total finance income	**50**	**391**

(Expressed in thousands of United States Dollars unless otherwise stated)

10. Taxation

	For the three months ended March 31, 2013	2012
Income tax expense from continuing operations	40	24

The Company's income tax expense relates to a provision for income tax on service income generated in Switzerland, and is calculated at the effective tax rate of 25% prevailing in this jurisdiction.

11. Discontinued operations

During May of 2009 the Company sold to a third party substantially all of its oil and gas properties located in the United States in the Gulf of Mexico. The results of the discontinued operations included in the consolidated statement of comprehensive income are as follows:

	For the three months ended March 31, 2013	2012
Expenses		
General and administrative, other	20	37
Net loss attributable to discontinued operations	**20**	**37**

The major classes of assets and liabilities included in the consolidated balance sheet are as follows:

	At March 31, 2013	At December 31, 2012
Assets		
Prepaid expenses	1	3
	1	**3**
Liabilities		
Trade payables and accrued expenses	371	355
Asset retirement obligation provision	1,586	1,586
	1,957	**1,941**
Net liabilities	**1,956**	**1,938**

The provision relates to site restoration costs pertaining to the remaining interests the Company holds in petroleum properties located in the United States. The provision was determined based on the Company's remaining net ownership interest in the corresponding wells and facilities, estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods.

(Expressed in thousands of United States Dollars unless otherwise stated)

12. Intangible assets

	Exploration and evaluation assets	Other intangible assets	Total
At January 1, 2012			
Cost	251,586	271	251,857
Accumulated amortisation	-	(160)	(160)
Impairment losses	(205,861)	-	(205,861)
Net book value	**45,725**	**111**	**45,836**
For the year ended December 31, 2012			
Opening net book value	45,725	111	45,836
Additions including fair value adjustment	307,022	3	307,025
Disposal	(51,571)	(1)	(51,572)
Amortisation expense	-	(88)	(88)
Adjustment to impairment losses	2,347	-	2,347
Net adjustment on currency translation	-	1	1
Net book value	**303,523**	**26**	**303,549**
At December 31, 2012			
Cost	507,037	280	507,317
Accumulated amortisation	-	(254)	(254)
Impairment losses	(203,514)	-	(203,514)
Net book value	**303,523**	**26**	**303,549**
For the three months ended March 31, 2013			
Opening net book value	303,523	26	303,549
Additions	2,371	-	2,371
Amortisation expense	-	(7)	(7)
Net adjustment on currency translation	-	(2)	(2)
Net book value	**305,894**	**17**	**305,911**
At March 31, 2013			
Cost	509,408	269	509,677
Accumulated amortisation	-	(252)	(252)
Impairment losses	(203,514)	-	(203,514)
Net book value	**305,894**	**17**	**305,911**

The impairment losses of $203.5 million related to the decision by the Company in December 2011 to relinquish to the KRG the Pulkhana and Arbat Block PSCs and immediately suspend all operations associated with those two production sharing contracts. The Company recorded impairment losses to expense all exploration and evaluation assets, which included acquisition costs, capacity building payments to the KRG, costs of acquiring seismic data, and drilling and testing costs which were incurred by the Company on these two Blocks up to December 31, 2011. The relinquishment was completed on January 17, 2012. Refer also to notes 7 and 8.

In August 2012 the Company sold its 20% direct interest in the Taza Block resulting in the disposal of $51.6 million in related intangible assets.

On December 31, 2012 the Company acquired control of General Exploration Partners Inc ("GEP") and, in accordance with IFRS 3 which requires the Company to record the fair value on the date of acquisition of the net identifiable assets and liabilities of GEP, recorded the addition of $300.5 million of exploration and evaluation assets relating to the Atrush Block PSC.

The net book value of exploration and evaluation assets at March 31, 2013 relates directly to the Atrush Block in the amount of $302.9 million (December 31, 2012: $300.5 million) and an amount of $3.0 million (December 31, 2012: $3.0 million) of other costs associated with ongoing operations in Kurdistan.

(Expressed in thousands of United States Dollars unless otherwise stated)

Other intangible assets comprise computer software licenses. The amortisation charge is presented as part of general and administrative expenses within the Company's consolidated statement of comprehensive income.

13. Property, plant and equipment

	Oil and gas equipment	Computer equipment	Furniture and office equipment	Total
At January 1, 2012				
Cost	445	232	203	880
Accumulated depreciation	(98)	(139)	(60)	(296)
Impairment losses	(174)	(17)	(10)	(201)
Net book value	**173**	**76**	**133**	**382**
For the year ended December 31, 2012				
Opening net book value	173	76	133	382
Additions	758	-	-	758
Disposals	(781)	(9)	(14)	(804)
Depreciation expense	(31)	(62)	(32)	(125)
Impairment recovery / (loss)	46	4	(6)	44
Net adjustment on currency translation	-	-	2	2
Net book value	**165**	**9**	**83**	**257**
At December 31, 2012				
Cost	199	199	165	563
Accumulated depreciation	(29)	(190)	(82)	(301)
Impairment losses	(5)	-	-	(5)
Net book value	**165**	**9**	**83**	**257**
For the three months ended March 31, 2013				
Opening net book value	165	9	83	257
Depreciation expense	(11)	(1)	(8)	(20)
Net adjustment on currency translation	-	(1)	(4)	(5)
Net book value	**154**	**7**	**71**	**232**
At March 31, 2013				
Cost	199	191	160	550
Accumulated depreciation	(40)	(184)	(89)	(313)
Impairment losses	(5)	-	-	(5)
Net book value	**154**	**7**	**71**	**232**

The impairment losses of $5 related to the impairment in value of certain property plant and equipment employed in the exploration operations associated with the Pulkhana and Arbat PSCs. The relinquishment of these PSCs was completed in January 2012. Refer also to note 8.

In August 2012 the Company sold its 20% direct interest in the Taza Block PSC resulting in the disposal of $0.6 million in related property, plant and equipment.

(Expressed in thousands of United States Dollars unless otherwise stated)

14. Deferred liability

The Company has recorded a deferred liability relating to the December 2012 acquisition by the Company of control of General Exploration Partners Inc ("GEP"). The Company is holding $5 million of cash which will be paid on June 30, 2013 to Aspect Energy International, LLC ("Aspect"), subject to the satisfactory conclusion of certain closing conditions including the settlement of any GEP costs owed by Aspect. Refer also to notes 12 and 19.

15. Inventories

	At March 31, 2013	At December 31, 2012
Drilling and downhole equipment	198	198
Total inventories	**198**	**198**

16. Accounts payable and accrued expenses

	At March 31, 2013	At December 31, 2012
Trade accounts payable	495	811
Accrued expenses	3,639	5,494
Other accounts payable	-	722
Total accounts payable and accrued expenses	**4,134**	**7,027**

17. Share capital

The Company is authorized to issue an unlimited number of common shares with no par value. The Company's issued share capital is as follows:

	Number of shares	Share capital
At January 1, 2012	**807,983,860**	**533,349**
Shares issued as equity based financing fee	3,000,000	719
At December 31, 2012	**810,983,860**	**534,068**
At March 31, 2013	**810,983,860**	**534,608**

18. Share based payments expense

The Company has an established share purchase option plan whereby a committee of the Company's board of directors may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees or consultants. The number of shares under option at any specific time to any one option holder shall not exceed 5% of the issued and outstanding common shares of the Company. The term of any options granted under the plan will be fixed by the Board of Directors and may not exceed five years from the date of grant. A four month hold period may be imposed by the stock exchange from the date of grant. Vesting terms are at the discretion of the Board of Directors. All issued share options have terms of three to five years and vest over periods of up to three years. The exercise prices reflect trading values of the Company's shares at grant date.

(Expressed in thousands of United States Dollars unless otherwise stated)

Movements in the Company's share options outstanding are explained as follows:

	Number of share options outstanding	Weighted average exercise price CAD
At January 1, 2012	**3,233,334**	**0.72**
Expired	(450,000)	1.52
Forfeited	(160,000)	0.67
At December 31, 2012	**2,623,334**	**0.59**
At March 31, 2013	**2,623,334**	**0.59**
Share options exercisable:		
At December 31, 2012	2,615,001	0.59
At March 31, 2013	2,615,001	0.59

The Company recognizes compensation expense on share options granted to both employees and non-employees using the fair value method at the date of grant, which the Company records as an expense. The share based payments expense is calculated using the Black-Scholes option pricing model.

The weighted average fair value of options granted and the assumptions used in their determination are as follows:

	For the three months ended March 31, 2013	For the year ended December 31, 2012
Expected dividend yield	0%	0%
Risk-free interest rate (weighted average)	3.20%	3.20%
Expected share price volatility (weighted average)	86.94%	86.94%
Expected option life in years (weighted average)	4.12	4.12
Grant date fair value (weighted average)	CAD 0.53	CAD 0.53

Share based payments expense for the three months ended March 31, 2013 was $1 (2012: $2 recovery)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

On April 12, 2013, certain officers, directors and other eligible persons of the Company were granted a total of 5,640,000 incentive stock options which are subject to vesting provisions and are exercisable over a period of five years at an exercise price of CAD 0.36.

19. Commitments

Atrush Block Production Sharing Contract ("PSC")

ShaMaran holds a 20.1% direct interest in the PSC through its wholly owned subsidiary General Exploration Partners Inc. TAQA Atrush B.V. ("TAQA"), a subsidiary of Abu Dhabi National Energy Company PJSC, is the operator with a 39.1% direct interest, Marathon Oil KDV B.V. holds a 15% direct interest, and the remaining 25% interest is held by the Kurdistan Regional Government (acquired on March 12, 2013). Refer also to note 12.

(Expressed in thousands of United States Dollars unless otherwise stated)

Under the terms of the PSC development period is for 20 years with an automatic right to a five year extension and the possibility to extend for an additional five years. The PSC requires the Contracting companies to fund certain training and environmental assistance projects over the development period. 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. The Company is responsible for its pro-rata share of the costs incurred in executing the development work program on the Atrush Block which commenced in November 2012.

As at March 31, 2013, the outstanding commitments of the Company were as follows:

	For the year ended March 31,				
	2014	**2015**	**2016**	**Thereafter**	**Total**
Atrush Block	5,986	120	120	2,052	8,278
Office and other	86	-	-	-	86
Total commitments	**6,072**	**120**	**120**	**2,052**	**8,364**

20. Financial instruments

Financial assets

The financial assets of the Company on the balance sheet dates were as follows:

	Fair value hierarchy[2]	**Carrying and fair values[1]**	
		At March 31, 2013	**At December 31, 2012**
Cash and cash equivalents	Level 1	35,300	41,216
Other receivables	Level 1	46	204
Other current assets, excluding prepaid expense	Level 1	1	-
Total financial assets		**35,347**	**41,420**

Financial assets classified as receivables and other current assets are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method less any provision for impairment.

Financial liabilities

The financial liabilities of the Company on the balance sheet dates were as follows:

	Fair value hierarchy[2]	**Carrying and fair values[1]**	
		At March 31, 2013	**At December 31, 2012**
Deferred liability	Level 1	5,000	5,000
Accounts payable and accrued expenses	Level 1	4,134	7,027
Financial liabilities associated with discontinued operations	Level 1	1,957	1,941
Long term liabilities – provision for decommissioning costs	Level 2	120	120
Current tax liabilities	Level 1	63	90
Total financial liabilities		**11,274**	**14,178**

Financial liabilities are initially recognized at the fair value of the amount expected to be paid and are subsequently measured at amortized cost using the effective interest rate method.

[1]The carrying amount of the Company's financial assets and liabilities approximates their fair value and none of which are past due.

(Expressed in thousands of United States Dollars unless otherwise stated)

[2] *Fair value measurements*

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and established a fair value hierarchy of three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1: fair value measurements are based on unadjusted quoted market prices;
- Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted prices or indices;
- Level 3: fair value measurements are based on unobservable information.

The Company recognizes transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels of the fair value hierarchy during the three month period ended March 31, 2013.

Valuation techniques

The Company uses a discounted cash flow valuation model to determine the provision for decommissioning costs which includes the Company's estimates and assumptions in determining its share of costs related to decommissioning of assets, the timing of those costs, and the relevant rates of interest and inflation.

21. Related party transactions

	Purchases of services for the three months ended		Amounts owing at the balance sheet dates	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**December 31, 2012**
Namdo Management Services Ltd.	76	70	33	28
Mile High Holdings Ltd.	-	-	-	19
McCullough O'Connor Irwin LLP	(2)	16	7	22
Vostok Naphta Investment Ltd.	6	10	-	-
Lundin Petroleum AB	106	172	80	75
Total	**186**	**268**	**120**	**144**

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 receives services from various subsidiary companies of Lundin Petroleum AB ("Lundin"), a shareholder of the Company. Lundin charges during the three months ended March 31, 2013 of $106 (2012: $172) were comprised of G&G and other technical service costs of $13 (2012: $57), office rental, administrative and building services of $93 (2012: $115).

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.

SHAMARAN PETROLEUM CORP.

DIRECTORS

Keith C. Hill
Director, Chairman
Nairobi, Kenya

Pradeep Kabra
Director, President & Chief Executive Officer
Geneva, Switzerland

Brian D. Edgar
Director
Vancouver, British Columbia

Gary S. Guidry
Director
Calgary, Alberta

Alexandre Schneiter
Director
Anieres, Switzerland

J. Cameron Bailey
Director
Calgary, Alberta

OFFICERS

Brenden Johnstone
Chief Financial Officer
Geneva, Switzerland

Kevin E. Hisko
Corporate Secretary
Vancouver, British Columbia

CORPORATE INFORMATION

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BANKER
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INDEPENDENT AUDITORS
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TRANSFER AGENT
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Vancouver, British Columbia

STOCK EXCHANGE LISTINGS
TSX Venture Exchange and
NASDAQ OMX First North Exchange
Trading Symbol: SNM

INVESTOR RELATIONS
Sophia Shane
Vancouver, British Columbia