ShaMaran petroleum corp

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ANNUAL INFORMATION FORM

For the year ended December 31, 2014

Dated: March 12, 2015

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Glossary of Terms

"**2D**" means two dimensional.

"**3D**" means three dimensional.

"**AEI**" means Aspect Energy International, LLC.

"**AIF**" or "**Annual Information Form**" means this Annual Information Form prepared for the year ended December 31, 2014 and dated March 12, 2015.

"**API**" means American Petroleum Institute.

"**Arbat Block**" means the Arbat Contract Area, being the area covered by the Arbat Block PSC.

"**Arbat Block PSC**" means the Production Sharing Contract in respect of the Arbat Block, Kurdistan Region entered into between KRG and SPBV and made effective August 28, 2009, and terminated on January 17, 2012.

"**Arbat Block PSC Amendment**" means the Amendment to the Arbat Block PSC entered into between KRG and SPBV and made effective August 1, 2010, and terminated on January 17, 2012.

"**Atrush Block**" means the Atrush Contract Area, being the area covered by the Atrush Block PSC.

"**Atrush Block Agreements**" means the Atrush Block PSC, Atrush Block First PSC Amendment, Atrush Block Second PSC Amendment, and the Atrush Block Third PSC Amendment.

"Atrush Block First PSC Amendment" means the First Amendment Agreement to the Atrush Block PSC entered into between KRG and GEP dated August 1, 2010.

"**Atrush Block PSC**" means the Production Sharing Contract in respect of the Atrush Block, Kurdistan Region entered into between KRG and GEP and dated November 10, 2007.

"Atrush Block Second PSC Amendment" means the Third-Party Participant, Novation and Second Amendment Agreement to the Atrush Block PSC entered into between KRG, GEP and Marathon dated October 20, 2010.

"Atrush Block Third PSC Amendment" means the Assignment, Novation and Third Amendment Agreement to the Atrush Block PSC entered into between KRG, GEP, Marathon and TAQA dated December 31, 2012.

"**Bond Agreement**" means the November 11, 2013 agreement between General Exploration Partners, Inc. and Norsk Tillitsmann ASA, in its capacity as trustee for the bondholders, describing the rights and obligations associated with the $150 million senior secured bonds issued by GEP.

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time.

"**Commercial Discovery**" has the meaning assigned to it in the PSCs, generally a discovery that is potentially commercial when taking into account all technical, operational, commercial and financial factors, all in accordance with prudent international petroleum industry practices.

"**Common Shares**" means the common shares in the capital of ShaMaran Petroleum Corp.

"**Company**" means ShaMaran Petroleum Corp. and its subsidiaries.

"**Constitution of Iraq**" means the permanent constitution of Iraq approved by the people of Iraq in the general referendum of October 15, 2005.

"**Contractor Group**" means the parties, including joint venture partners, that hold a working interest in a PSA or a PSC.

"**crude oil**" means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**GEP**" means General Exploration Partners, Inc., an indirect subsidiary of the Company, existing under the laws of the Cayman Islands.

"**GEP Shareholders Agreement**" means the agreement dated August 27, 2010 between AEI, Aspect Holdings, LLC, GEP and the Company and governing the rights of AEI and the Company as the then shareholders of GEP, and terminated on December 31, 2012.

"**GEP Subscription Agreement**" means the agreement dated August 27, 2010 between AEI, GEP and the Company pursuant to which the Company subscribed for 3,350 common shares of GEP owned by AEI, representing 33.5% of the then issued and outstanding shares of GEP on a fully-diluted basis.

"**Government Interest**" means, under the terms of the Atrush Block PSC, the option held by the Kurdistan Regional Government to acquire up to a 25% undivided interest in the petroleum operations and all the other rights, duties, obligations and liabilities of the contracting parties to the PSC, which may be exercised up to 180 days from the date the block has first been declared commercially viable, and which becomes effective from that date.

"**KRG**" means The Kurdistan Regional Government of Iraq.

"**Kurdistan**" or "**Kurdistan Region**" means the Federal Region of Kurdistan recognized by the Constitution of Iraq and having the same meaning as "Region" in the Oil And Gas Law Of The Kurdistan Region - Iraq (Law No. 22 of 2007).

"**LPBV**" means Lundin Petroleum B.V., a subsidiary of Lundin Petroleum AB.

"Marathon" means Marathon Oil KDV B.V.

"**MD&A**" means Management's Discussion and Analysis of results of operations and financial condition of the Company for the year ended December 31, 2014.

"**MENA**" means Middle East and North Africa.

"**natural gas**" means a mixture of lighter hydrocarbons that exist either in the gaseous phase or in solution in crude oil in reservoirs but are gaseous at atmospheric conditions. Natural gas may contain sulphur or other non-hydrocarbon compounds.

"**NI 51-101**" means National Instrument 51-101 — *Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators.

"**OSIL**" means Oil Search (Iraq) Limited.

"**Oil And Gas Law**" means the Oil And Gas Law of the Kurdistan Region - Iraq (Law No. 22 of 2007).

“**Petoil**” means Petoil Petroleum and Petroleum Products International Exploration and Production Inc.

“**petroleum**” means (i) any naturally occurring hydrocarbons in gaseous or liquid state; (ii) any mixture of naturally occurring hydrocarbons in a gaseous or liquid state; or (iii) any petroleum (as defined in (i) or (ii) herein) that has been returned to a reservoir.

“**prospect**” means a geographic or stratigraphic area in which the Company owns or intends to own one or more oil and gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir or part of a reservoir of oil and gas.

“**PSC**”, “**PSA**”, “**Production Sharing Contract**” or “**Production Sharing Agreement**” means contracts or agreements entered into with a host government providing for petroleum operations in a defined area and the division of petroleum production from the petroleum operations.

“**Pulkhana Block**” means the Pulkhana Contract Area, being the area covered by the Pulkhana Block PSC.

“**Pulkhana Block PSC**” means the Production Sharing Contract in respect of the Pulkhana Block, Kurdistan Region, entered into among KRG, SPBV and Petoil and made effective August 28, 2009, and terminated on January 17, 2012.

“**Pulkhana Block PSC Amendment**” means the Amendment to the Pulkhana Block PSC entered into between KRG and SPBV and made effective August 1, 2010, and terminated on January 17, 2012.

“**PVT**” means pressure volume temperature.

“**reservoir**” means a subsurface rock formation containing an individual and separate natural accumulation of producible petroleum characterized by a single natural pressure system.

“SEDAR” means the Canadian Securities Administrator’s System for Electronic Document Analysis and Retrieval.

“**ShaMaran**” means ShaMaran Petroleum Corp. and its subsidiaries.

“**SPBV**” means ShaMaran Petroleum B.V., an indirect subsidiary of the Company, existing under the laws of the Netherlands.

“SPBV Share Purchase Agreement” means the share purchase agreement entered into between the Company and LPBV whereby the Company acquired the outstanding shares of SPBV.

“**SVBV**” means ShaMaran Ventures B.V., an indirect subsidiary of the Company, existing under the laws of the Netherlands.

"**TAQA**" means Abu Dhabi National Energy Company PJSC and its subsidiary TAQA Atrush B.V.

“**Taza Block”** means the Taza Block Contract Area, being the area covered by the Taza Block PSC.

“**Taza Block Option Agreement**” means the original option agreement dated July 11, 2009 relating to the Taza Block (then known as “Block K42”) area entered into between KRG and OSIL.

“**Taza Block PSC**” means the Production Sharing Contract in respect of the Taza Block, Kurdistan Region entered into among KRG, OSIL and SPBV upon the exercise of the option under the Taza Block Option Agreement and made effective July 27, 2011.

“**Total B.V.**” means Total E&P Kurdistan Region of Iraq (Taza) B.V.

“**TSX.V**” means the TSX Venture Exchange.

"**TVD**" means total vertical depth.

Currency

The Company reports its financial results and prepares its financial statements in United States dollars ("USD"). All currency amounts indicated as "$" in this AIF are expressed in USD unless otherwise indicated.

	Year Ended December 31,		
Bank of Canada Noon Exchange Rate for CAD/USD	**2012**	**2013**	**2014**
	1.0051	0.9402	0.8620

Accounting Policies and Financial Information

Financial information is presented in accordance with International Financial Reporting Standards ("IFRS"). Prior to the year 2011 the Company prepared its financial information in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). Unless otherwise indicated, financial information contained in this AIF is presented in accordance with IFRS.

Conversion Table

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic meters	0.028174
Cubic meters	Cubic feet	35.315
Bbls	Cubic meters	0.159
Cubic meters	Bbls	6.289
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMbtu	0.950
MMbtu	Gigajoules	1.0526

Abbreviations

Oil and Natural Gas Liquids		Natural Gas	
Bbls	Barrels of crude oil	Bcf	Billion cubic feet of natural gas
Bopd	Barrels of crude oil per day	Bfpd	Barrels of fluid per day
BOEs	Barrels of oil equivalent	Mcf	Thousand cubic feet of natural gas
BOEs/d	Barrels of oil equivalent per day	MMcf	Million cubic feet of natural gas
Mboe	Thousands of barrels of oil equivalent	Mcfd	Thousand cubic feet of natural gas per day
MMboe	Millions of barrels of oil equivalent	McfGe	Thousand cubic feet of gas equivalent
Mbbl	Thousands of barrels of crude oil	MMbtu	Million British Thermal Units
MMbbl	Millions of barrels of crude oil		
NGLs	Natural gas liquids		

The calculations of barrels of oil equivalent (BOEs) and thousand cubic feet of gas equivalent (McfGe) are based on the standard of 6Mcf: 1 bbl when converting natural gas to oil and 1 bbl: 6 Mcf when converting oil to natural gas. BOEs and McfGe may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl or a McfGe conversion ratio of 1 bbl: 6 Mcf is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Reader Advisory Regarding Forward Looking Information

Certain statements in this document and the documents incorporated by reference are forward-looking information and forward-looking statements. Forward-looking information is information concerning possible events, conditions or financial performance that is based on management's assumptions relating to future economic conditions and courses of actions. Forward-looking information can include future oriented financial information and disclosure relating to the Company's financial outlook. Forward-looking statements are statements that are not historical and are generally identified by words such as "believes", "anticipates", "expects", "estimates", "pending", "intends", "plans" or similar words suggesting future outcomes that are based on management's best judgment and assumptions concerning how future trends will impact the Company's business.

By their nature, forward-looking statements and forward-looking information is likely to be less reliable than historical information because it is based on these judgements and assumptions, taking into account inherent risks and uncertainties, many of which are difficult to predict, and which are usually beyond the control of management, but which could cause actual results to be materially different from those expressed by these forward-looking statements and information.

Assumptions

Management is regularly considering and evaluating assumptions that will impact on future performance. Examples of such assumptions include, but are not limited to: (i) assumptions concerning competitive factors such as those relating to the distribution and marketing of oil and natural gas, pricing, and methods of improving reliability of delivery, and (ii) assumptions relating to future changes in environmental or health and safety laws, regulations or community expectations governing the Company's operations, including, but not limited to, increased monitoring, compliance and remediation costs and or costs associated with penalties or other sanctions imposed on the Company for non-compliance or breach of environmental regulation.

Risks

Examples of risks and uncertainties associated with the assumptions made by management include, but are not limited to: (i) risks associated with international operations in Kurdistan, in northern Iraq, which is a politically unstable jurisdiction: (ii) risks associated with the regulation of oil and gas production and export; (iii) risks that are inherent in oil and gas exploration and production, including availability of a functioning infrastructure, complying with environmental regulation and the availability of staff and equipment.

The Company is also exposed to more generic risks such as the risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Management used its best efforts to ensure that the assumptions used in the preparation of such information were reasonable. However, they may ultimately prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

The Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise. Where such forward-looking statements or forward-looking information is updated or withdrawn, notification will be given by way of a news release and or MD&A disclosure. Material differences between actual results and previously disclosed future oriented financial information or financial outlook will be disclosed in the Company's MD&A.

Forward-looking Statements

Any statements regarding the following are forward-looking statements:

- planned exploration activity including both expected drilling and geological and geophysical related activities
- future crude oil, natural gas or chemical prices
- future sources of funding for our capital program
- availability of potential farm-out partners
- government or other regulatory consent for exploration, development or acquisition activities
- future production levels
- future capital expenditures and their allocation to exploration and development activities
- future earnings
- future asset acquisitions or dispositions
- future debt levels
- availability of committed credit facilities
- possible commerciality
- development plans or capacity expansions
- future ability to execute dispositions of assets or businesses
- future sources of liquidity, cash flows and their uses
- future drilling of new wells
- ultimate recoverability of current and long-term assets
- ultimate recoverability of reserves or resources
- expected finding and development costs
- expected operating costs
- estimates on a per share basis
- future foreign currency exchange rates
- future market interest rates
- future expenditures and future allowances relating to environmental matters
- dates by which certain areas will be explored or developed or will come on stream or reach expected operating capacity
- changes in any of the foregoing

Statements relating to “reserves” or “resources” are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that the reserves and resources described exist in the quantities predicted or estimated and can be profitably produced in the future.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, among others:

- market prices for oil and gas and chemical products
- the Company’s ability to explore, develop, produce and transport crude oil and natural gas to markets
- ultimate effectiveness of design or design modification to facilities
- the results of exploration and development drilling and related activities
- volatility in energy trading markets
- foreign-currency exchange rates
- economic conditions in the countries and regions in which the Company carries on business
- governmental actions including changes to taxes or royalties, changes in environmental and other laws and regulations
- renegotiations of contracts
- results of litigation, arbitration or regulatory proceedings
- political uncertainty, including actions by terrorists, insurgent or other groups, or other armed conflict
- conflict between states
- internal conflict within states or regions

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on our assessment of all information at that time. Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity and achievements.

Undue reliance should not be placed on the statements contained herein, which are made as of the date hereof and, except as required by law, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Presentation of Oil and Gas Information

All oil and gas information contained in this AIF has been prepared and presented in accordance with NI 51-101. Certain terms used herein are defined in the "*Glossary of Terms*". Certain other terms used herein but not defined herein are defined in the COGE Handbook, NI 51-101 and Canadian Securities Administrators Staff Notice 51-324 ("CSA 51-324") and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 and CSA 51-324. This AIF also contains certain supplemental operational, and property information with respect to the Company, not required to be disclosed under NI 51-101.

The actual oil and gas resources or reserves and future production may be greater or less than any estimates provided herein.

ITEM 1 - INTRODUCTION

Incorporation by Reference and Date of Information

Specifically incorporated by reference and forming a part of this AIF are the Company's material change reports from January 1, 2012 to the date of this AIF. Copies of such material change reports have been filed with the Canadian Securities Administrators in each of the Provinces of British Columbia, Alberta, and Ontario, and, subsequent to December 23, 2014, also in each of the Provinces of Saskatchewan, Manitoba and Nova Scotia and can be found on the SEDAR website at www.sedar.com under the Company's profile.

All information in this AIF is as of March 12, 2015 unless otherwise indicated.

ITEM 2 - CORPORATE STRUCTURE

Name, Address and Incorporation

The full corporate name of the Company is ShaMaran Petroleum Corp. The Company's head office is Suite #2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and the registered and records office is located at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

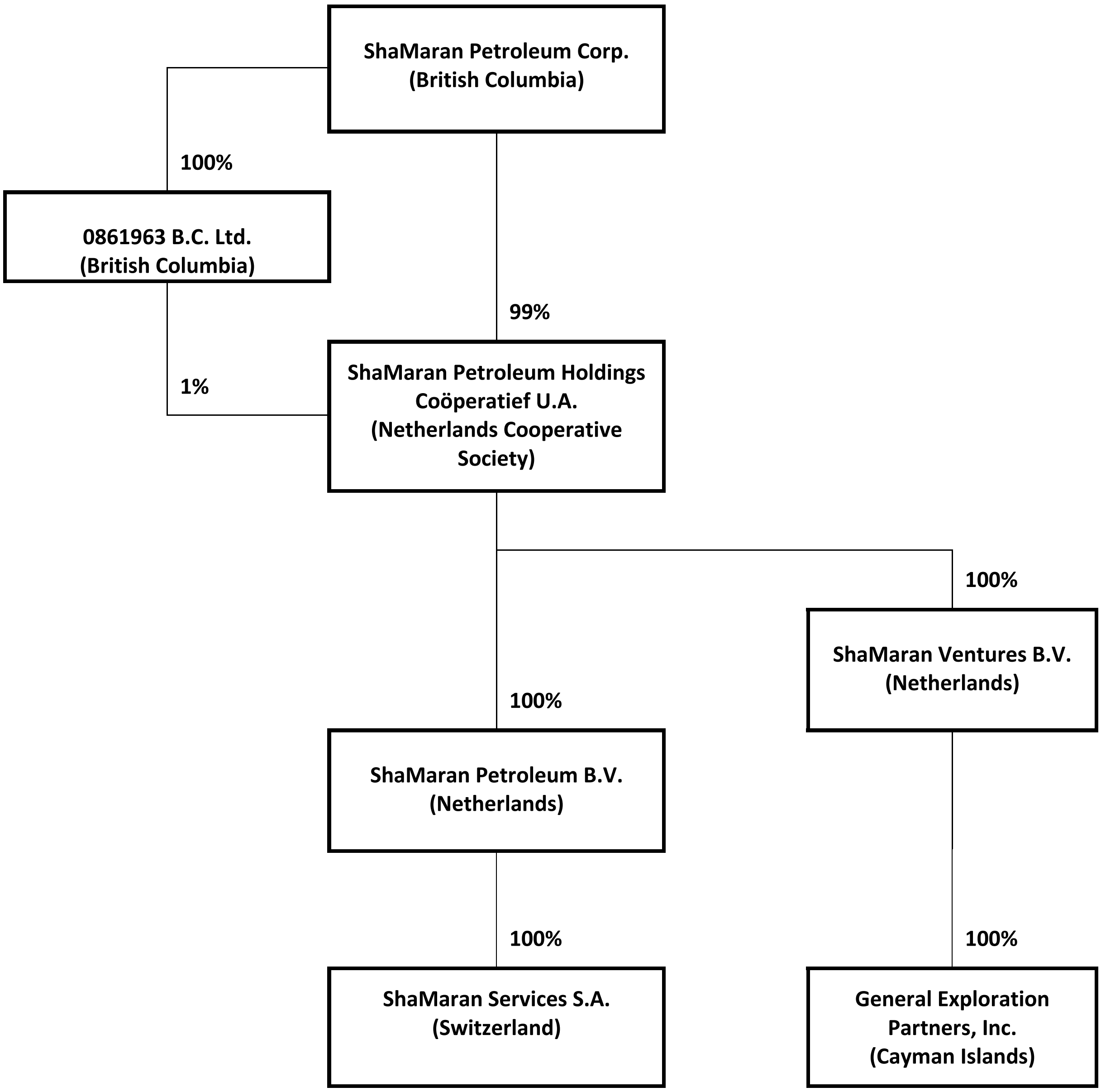
The Company was incorporated under the laws of the Province of British Columbia on October 3, 1991, under the name "Arauco Resources Corporation" ("Arauco"). On August 13, 1997, Arauco was continued as a federal company under the *Canada Business Corporations Act ("CBCA")* and on August 29, 1997 the name of the Company was changed from Arauco to Kit Resources Ltd. ("Kit").

Effective March 6, 2000, in order to facilitate the business combination of Kit and Wheaton River Minerals Ltd. ("Wheaton River"), Kit was continued from the federal jurisdiction to Ontario under the *Ontario Business Corporations Act* (the "OBCA"). Pursuant to the terms of a statutory plan of arrangement approved by the Ontario Superior Court of Justice on March 3, 2000, Kit and 1395896 Ontario Inc., a wholly-owned subsidiary of Wheaton River, were amalgamated under the name Kit (the "Arrangement"). As a result of the Arrangement, Kit became a wholly-owned subsidiary of Wheaton River. In January 2001 Wheaton River sold its majority interest in the Company. On November 15, 2001, Kit was extra-territorially registered in the Province of British Columbia and on December 29, 2006 was continued into British Columbia from Ontario under the *Business Corporations Act* (British Columbia). On February 9, 2007 the name was changed from Kit to Bayou Bend Petroleum Ltd. ("Bayou Bend"). On October 21, 2009, the name Bayou Bend was changed to ShaMaran Petroleum Corp.

Effective June 18, 2013, the articles of the Company were amended to provide for advance notice provisions related to the election of directors at shareholders' meetings. Among other things, the advance notice provisions fix a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the nomination notice to be in proper written form. In the case of an annual meeting of shareholders, notice to the Company must be provided not less than 40 days nor more than 65 days prior to the date of the annual meeting. In the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), notice to the Company must be provided not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

Intercorporate Relationships

Substantially all of the Company's business is carried on through its various subsidiaries. The following chart illustrates, as at the date of this AIF, the Company's significant subsidiaries, including their respective jurisdiction of incorporation and the percentage of voting securities in each that are held by the Company either directly or indirectly:



ITEM 3 - GENERAL DEVELOPMENT OF THE BUSINESS

The Company is an independent petroleum company whose head office is in Canada, with a services office in Switzerland. ShaMaran is focused on oil exploration and development in the Kurdistan Region of Iraq. ShaMaran's principal asset is a 20.1% direct working interest in the Atrush Block located in the north east of Kurdistan. The Company previously held interests in three other projects in Kurdistan: the Taza, Pulkhana and Arbat Blocks. In January 2012 the Company relinquished its interests in the Arbat and Pulkhana Blocks, and in August 2012 sold its entire 20% direct working interest in the Taza Block to a subsidiary of Total S.A.

Three-Year History

Year ended December 31, 2012

Corporate Developments

On April 2, 2012 the Company closed a debenture financing transaction with two related parties, Zebra Holdings and Investment S.a.r.l. ("Zebra") and Lorito Holdings S.a.r.l. ("Lorito") (the "Lenders") in the principal amount of $10,000,000 (the "Loan"). The Loan would mature and be payable six months after closing of the Loan transaction and could be prepaid without interest or penalty. The debenture was not convertible into securities of the Company and was secured against the shares of the Company's operating subsidiaries. In connection with the Loan, the Company issued an aggregate of 3,000,000 common shares of the Company to the Lenders as an equity-based finance fee. In August, 2012 the Company repaid the Loan in full.

In August 2012 the Company sold SPBV's entire interest in the Taza Block PSC to a subsidiary of Total S.A, which resulted in net cash proceeds to the Company of $53.3 million. Prior to the sale the Company held a 20% direct working interest in the Taza Block with OSIL, the Operator, holding a 60% interest and the remaining 20% interest being held by the KRG. With the net proceeds from the sale of its interest in Taza the Company repaid in full the Loan announced in March 2012.

Operational Developments

Discussions pertaining to the work programs on the Arbat and Pulkhana blocks with the Ministry of Natural Resources, KRG, were completed in January 2012 and it was agreed to relinquish both the Arbat and Pulkhana blocks effective January 17, 2012. Accordingly, pursuant to a relinquishment and termination agreement dated January 17, 2012 among SPBV, Petoil, and the KRG, SPBV and Petoil relinquished to the KRG the Pulkhana Block 10, and pursuant to a relinquishment and termination agreement dated January 17, 2012 between SPBV and the KRG, SPBV relinquished to the KRG the Arbat Block (each a "Termination Agreement" and collectively the "Termination Agreements"). Pursuant to the Termination Agreements, in consideration of termination of the Pulkhana Block PSC, the Pulkhana Block PSC Amendment, the Arbat Block PSC and the Arbat Block PSC Amendment and release of each of SPBV and Petoil from all of their respective obligations and liabilities under or related to the aforementioned PSCs, SPBV paid on January 25, 2012 to the KRG an aggregate sum of $25 million. The Company proceeded to wind up operations on both blocks including the Company's operations office in Sulaimaniya, Kurdistan Region of Iraq, which was closed on February 15, 2012.

In February 2012 the Company received a detailed property report from its independent qualified resources evaluator, McDaniel & Associates Consultants Ltd ("McDaniel"). The report is as at December 31, 2011 and includes 125 MMboe as best estimate of gross estimated contingent resources and 88 MMboe as the unrisked best estimate of gross estimated prospective resources net to SPBV for the Taza and Atrush Blocks.

On May 23, 2012 the Atrush-2 ("AT-2") appraisal well was spudded and a total depth of 1,750 meters was reached on July 10, 2012.

On July 3, 2012 the Taza-1 exploration well was spudded. The well was targeting the proven regional Tertiary reservoirs of the Miocene Jeribe formation, the Miocene Euphrates formation and the Oligocene Kirkuk Group.

On August 11, 2012 acquisition of 3D seismic data on the Atrush Block was completed.

On September 13, 2012 the Company reported the results of the AT-2 appraisal well drilled 3.1 kilometres to the east and downdip of the Atrush-1 ("AT-1") discovery well in the Kurdistan Region of Iraq. Separate cased hole drill stem tests were conducted over three of the formations in the Jurassic reservoir section. Combined rates from three cased hole tests totalling 42,212 bopd were achieved (approximately 27 degree API). The test rates were limited by surface testing equipment. None of the tests had measurable amounts of formation water. Separate tests were also conducted in the Mus (open hole) and Alan (cased hole formations[1]). The highly fractured upper part of the Mus flowed up to a maximum of 1,450 barrels of fluid per day under nitrogen lift and towards the end of the test was producing 100% 22.7 degree API oil (API from laboratory PVT on a downhole sample). A reservoir zone within the Alan anhydrite flowed up to 650 bopd of 21.5 degree API of dry oil (API also determined from a downhole PVT sample).

On November 7, 2012 GEP, then operator of the Atrush Block and acting on behalf of the Contractor Group under the Atrush Block PSC, submitted to the Atrush Block Management Committee a Declaration of Commercial Discovery with effect from November 7, 2012.

On December 31, 2012 GEP completed two principal transactions (the "Transactions") resulting in: (i) the sale of a 53.2% direct working interest in the Atrush Block to TAQA Atrush B.V.; and (ii) the repurchase of AEI's 66.5% shareholding interest in GEP. As a result of the Transactions SVBV became the sole remaining shareholder of GEP which held a 26.8% direct working interest in the Atrush Block PSC, its principal asset, and TAQA assumed operatorship of the Atrush Block.

Year ended December 31, 2013

Corporate Developments

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.

At the annual and special meeting of the shareholders of the Company held on June 18, 2013, the shareholders approved a special resolution authorizing an amendment of the Company's Articles to include advance notice provisions with respect to election of directors at shareholders meetings. The amendment to the Articles became effective immediately after the meeting.

On November 13, 2013 GEP, a wholly-owned subsidiary of the Company, closed a $150 million fully subscribed senior secured bond issue. Of the total subscriptions $33.8 million was subscribed to by related parties. The bond has a five year maturity without amortization and carries an 11.5% fixed semi-annual coupon and is being used to fund future capital expenditures related to the development of the Atrush Block. The bond includes an unconditional and irrevocable on-demand guarantee on a joint and several basis from the Company and certain of the Company's direct and indirect subsidiaries and, among other arrangements, agreements which pledge all of the ordinary shares of GEP and the Company's Swiss service subsidiary, ShaMaran Services S.A., as security for GEP's bond related obligations, as well as an internal credit facility agreement among the Company and certain of its subsidiaries setting out the terms and conditions for intra-group credit to be made available amongst the parties. Pareto Securities AS was the manager and bookrunner for the bond placement.

Operational Developments

On February 4, 2013 the Company reported an increase of 35% in best estimate 2C contingent resources (gross) for the Atrush Block, from 466 MMboe at December 31, 2011 to 627 MMboe at the end of 2012. The revised estimates of discovered petroleum initially in place (PIIP) were, in billions of barrels of crude oil: 1.86 (P90), 2.77 (P50) and 4.08 (P10). The estimates were provided McDaniel in a detailed property resource report prepared as at December 31, 2012 in accordance with standards set out in NI 51-101 and the COGE Handbook. McDaniel estimates took into account the results of the AT-2 well (including the additional discovery in the lower part of the Jurassic section) 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.

1 The Atrush strategrafic nomenclature was amended in early 2014. See page 22.

On March 25, 2013 the Atrush-3 ("AT-3") appraisal well, located 6.5 kilometres to the east of the AT-2 appraisal well, was spudded and reached total depth of 1,806 meters on June 23, 2013.

On May 6, 2013 a Field Development Plan ("FDP") for the Atrush Block was submitted for approval to the KRG in accordance with the Atrush Block PSC.

On August 28, 2013 the Company reported the results of the AT-3 appraisal well which confirmed the extension of the oil bearing Jurassic reservoir, while also confirming lowest known oil at depths consistent with the previous wells. Drill stem tests conducted with hydrocarbons recovered to surface but due to equipment limitations accurate flow rates were unable to be determined. The well tested dry oil 180 meters deeper than previous wells and the uncertainty on the Free Water Level/Oil Water Contact was reduced to just 90 meters. The AT-3 well was suspended pending retesting in early 2015.

The KRG approved Phase 1 of the FDP for the Atrush Block with an October 1, 2013 effective date for the commencement of the Development Period, and the Contractor Group planned Phase 1 in drilling three production wells and the construction of a central processing facility.

On October 20, 2013 the Atrush-4 ("AT-4") development well was spudded. At year-end 2013 the well was operating at a depth of 1,594 meters.

In December 2013 the Company received a separate and detailed report for prospective resources from McDaniel. The report as of November 30, 2013 includes an evaluation of all remaining undrilled prospects in the Atrush block based on the 3D seismic. The report provided a Gross Best Estimate of 776 MMboe of undiscovered PIIP in multiple reservoirs contained within the Atrush footwall, Atrush hanging wall and Swara Tika extension prospects. The best estimate of gross unrisked prospective oil resources was 173 MMboe.

Year ended December 31, 2014

<u>Corporate Developments</u>

On May 15, 2014 GEP successfully obtained a listing on the Oslo Børs for its $150 million senior secured bond issue.

On October 15, 2014 the Company announced the launch of a CAD$75 million equity rights offering ("Rights Offering") to holders (each a "shareholder") of common shares of ShaMaran ("Common Shares") that was supported by a comprehensive equity support arrangement from Lorito, Zebra and Lundin Petroleum B.V. ("LPBV" or "Lundin Petroleum" and, together with Lorito and Zebra, the "Standby Purchasers"). Pursuant to the Rights Offering, the Company intended to distribute one right ("Right") for each common share held to each shareholder of record at the close of business on a date to be specified as the record date ("Record Date"). The subscription price for each common share was set out as equal to the lesser of: (a) CAD$ 0.15 and (b) the weighted average of the closing price of the common shares on the TSX Venture Exchange for each of the trading days on which there was a closing price during the twenty (20) trading days immediately preceding the date of filing the Final Prospectus (the "Subscription Price")

The Standby Purchasers agreed to support the Rights Offering and entered into a standby purchase agreement (the "Standby Purchase Agreement"). Under the Standby Purchase Agreement dated October 14, 2014, as amended December 19, 2014, among the Company and the Standby Purchasers, each of the Standby Purchasers agreed (the "Standby Commitment"), subject to certain terms, conditions and limitations, to (i) exercise all of its basic subscription privileges (the "Basic Subscription"); and (ii) purchase all common shares not otherwise acquired by the holders of Rights under the Rights Offering (the "Standby Shares"). Pursuant to the Standby Purchase Agreement, Lorito agreed that it would purchase 16.67% of the Standby Shares, Zebra agreed that it would purchase 33.33% of the Standby Shares and Lundin Petroleum agreed that it would purchase 50.00% of the Standby Shares. The Standby Purchase Agreement was not to be terminated by the Standby Purchasers at any time in certain circumstances. In exchange for this commitment to provide comprehensive support for the Rights Offering the Company agreed to pay the Standby Purchasers a guarantee fee (the "Guarantee Fee") equal to 3% of the gross proceeds received by the Company as a result of the Rights Offering, other than proceeds received by the Company through the exercise by the Standby Purchasers of their respective Basic Subscription Privilege. Pursuant to the Standby Purchase Agreement, the Guarantee Fee was payable by the issuance of common shares of the

Company at the closing quoted market price per common share on the TSX Venture Exchange on the day following the closing of the Rights Offering.

The Rights permitted holders thereof ("Rightsholders") to purchase, in the aggregate, approximately CAD$75 million of common shares of the Company. The Subscription Price set out in the Final Prospectus was equal to CAD$ 0.10. Computershare Investor Services Inc. was appointed as the subscription agent for the Rights Offering pursuant to a rights agency and custodial agreement dated December 23, 2014 between the Company and Computershare, Pareto Securities AB was appointed as manager for the Rights Offering and Georgeson Shareholder Communications Canada Inc. was appointed information agent.

On December 23, 2014, a final short form prospectus (the "Final Prospectus") of the Company was filed with securities regulators in Canada in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia relating to the Rights Offering of Rights to subscribe for common shares of the Company for gross proceeds of approximately CAD$ 75 million and the re-price of the Subscription Price in the Final Prospectus, which was set at CAD$ 0.10 (SEK 0.68) in order to better facilitate participation in the Rights Offering. The Company also filed the Final Prospectus with the Swedish Financial Supervisory Authority ("Finansinspektionen"). Under the terms of the Rights Offering, holders of the outstanding common shares of record in CDS (Canada) at 5:00 p.m. (Toronto time) on January 12, 2015 (the "Record Date") and in Euroclear (Sweden) at close of business (Stockholm time) on the Record Date would receive one Right for each common share held. Every 100 Rights entitled the Rightsholder to subscribe for 93 common shares (the "Basic Subscription Right") at a price of CAD$ 9.30 (SEK 63.24), being the equivalent of CAD$ 0.10 (SEK 0.68) per common share. The Rights Offering was scheduled to commence on January 15, 2015 and expire at 5:00 p.m. (Toronto time) on February 9, 2015 (the "Rights Expiry Date") for Rightsholders in CDS (Canada). For Rightsholders in Euroclear (Sweden) the Offering was to commence on January 19, 2015 and expired 3:00 p.m. (Stockholm time) on February 4, 2015. The Rights entitled Rightsholders to subscribe for and purchase from the Company, an aggregate of up to 754,214,990 common shares. The right to subscribe for all of the common shares that can be initially purchased upon exercise of all Rights held by a Rightsholder was referred to as the "Basic Subscription Privilege". A Rightsholder who exercised in full its Basic Subscription Privilege was entitled to subscribe, on a pro rata basis, for common shares that were not otherwise subscribed for in the Rights Offering, if any, at the Subscription Price pursuant to an additional subscription privilege. Trading of the Rights was scheduled to commence at the opening of the TSX Venture Exchange on January 8, 2015 and ceased at 12:00 p.m. (Toronto time) on the Rights Expiry Date. The Rights were also scheduled to be traded on Nasdaq First North between January 19, 2015 and February 2, 2015. An amendment to the Final Prospectus was filed on January 27, 2015. See "Subsequent to Fiscal Year Ended December 31, 2014" below.

Operational Developments

The AT-4 appraisal and Phase 1 development well was drilled up-dip towards the undrilled crest of the structure from the AT-1 drill pad (the "Chamanke-A well pad"). The well was drilled to a MD of 2,916 metres which was reached on January 23, 2014. The testing program consisted of three separate cased hole drill stem tests conducted in the Jurassic reservoir with the highest reported rates totalling 9,059 bopd of 27-28 API oil from two of the tests. None of the tests produced formation water. The testing program concluded April 7, 2014 following which AT-4 was suspended as a future Phase 1 producer.

In February 2014 the Company received a detailed property report from McDaniel. The report is as of December 31, 2013 and provides for initial recognition of reserves for the Atrush Phase I development area. The report includes 2P Reserves of 58 MMboe gross and best estimate (2C) contingent resources of 518 MMboe gross for the Atrush Block. The 2013 report took into account the results from the AT-3 well and provides revised estimates of discovered PIIP, in billions of barrels of crude oil, as follows: 2.5 (P90), 3.0 (P50) and 3.8 (P10). In addition, McDaniel reissued as of December 31, 2013 the separate and detailed report for prospective resources. There were no changes to the estimates previously provided as of November 30, 2013.

The Chiya Khere-5[2] ("CK-5") development well was drilled to a MD of 2,098 metres which was reached on June 28, 2014. The well was deviated from the Chamanke-A well pad with the bottom hole location in the Butmah

[2] Approved changes to terminology relating to the Atrush Block, effective from 2014, include well names. Following the Atrush-4 well all future wells on the Atrush Block will be prefixed with "Chiya Khere" (or "CK"), rather than with "Atrush".

formation approximately 870 metres west southwest of the surface location. As in previous wells, no water leg was encountered in the reservoir section, with the well penetrating a gross vertical oil column of approximately 540 metres. CK-5 will be tested using a workover rig in 2015 prior to final completion and tie-in to the Phase 1 production facility.

Abu Dhabi National Energy Company ("TAQA"), operator of the Atrush Block in the Kurdistan Region of Iraq, suspended operations at the Atrush Block for a total of 21 days beginning August 9, 2014 due to developments and escalating instability around the Kurdistan Region of Iraq at that time and, as a precautionary measure, significantly reduced staffing levels.

The Chiya Khere-8 ("CK-8") development well was drilled to a MD of 2,195 metres from the Chamanke-A well pad and reached a total depth ("TD") on September 13, 2014. This well targeted an area situated midway between CK-5 and AT-2 approximately 1.4 kilometres east southeast of the well pad, and found the reservoir much higher than expected, and no water with the reservoir section. Additionally, the main Sargelu reservoir section was found to be highly fractured as in the same section of the highly productive AT-2 well. CK-8 will be tested using a workover rig in 2015 prior to final completion and tie-in to the Phase 1 production facility.

The civil construction site preparation work for the 30,000 bopd Chiya Khere Phase 1 production facility was completed in the final quarter of 2014.

FEED was completed in the year 2014 on a dedicated feeder pipeline between the Chiya Khere production facility and the tie-in point on the main export pipeline at Kurdistan Crude Pipeline pumping station #2 ("KCP2") at kilometre 92. Initial work on the pipeline right of way in the elevated section over the Chiya Khere mountain has commenced. Pipeline commissioning is expected to be completed in time for production start-up.

CK-6, the second eastern area appraisal well, was spudded on October 1, 2014 from the Chamanke-C pad. The well was drilled to a total depth of 2,105 metres which was reached on November 5, 2014, after 36 operational days, ahead of plan and budget. The well reached the Jurassic reservoir approximately 139 metres structurally higher than the nearby AT-3 well, approximately 600 metres SSE of the surface location. Logs indicated that the matrix reservoir quality and degree of fracturing across the main reservoir zone were the best in any well drilled to date in Atrush.

Three well tests were conducted on CK-6. DST#1 in the Alan formation flowed heavy oil providing the deepest recovered oil in the field to date (at -460m msl), nearly 200m deeper than the equivalent interval that successfully tested the higher viscosity oil in the AT-2 well. DST#2 in the Lower Sargelu formation flowed at rates up to 3,792 bfpd of emulsion. DST#3 over the Naokelekan formation flowed up to 6,787 bopd (constrained by surface testing facilities) of 26.6° API oil. Bottom hole samples are pending laboratory analysis to provide the gravity of the oil at reservoir conditions.

The Company provided on December 11, 2014 an interim update for reserves and estimated contingent resources for the Atrush Block as of November 30, 2014. The reserves and resources update was provided by McDaniel in support of the Company's Rights Offering. (The prospective resources for the Atrush Block were not updated.) McDaniel estimates for reserves and resources took into account well results since the drilling of the AT-3 well (up to and including the progress on the Chiya Khere-6 eastern area appraisal well ("CK-6"), the latest mapping, and the ongoing commitment to the first phase of development).

Subsequent to Year Ended December 31, 2014

Corporate Developments

On January 15, 2015 the Company issued 810,983,860 Rights to holders to subscribe for 754,214,990 common shares at a subscription price of CAD$ 0.10 (SEK 0.68) per common share pursuant to the Rights Offering.

On January 19, 2015, the Company effected changes to its senior management and Board of Directors. Mr. Chris Bruijnzeels was appointed as the President and Chief Executive Officer of the Company and as a member of the ShaMaran board of directors replacing Mr. Pradeep Kabra who resigned from these positions with effect from January 19, 2015. Mr. C. Ashley Heppenstall was also appointed as a member of the board while Mr Alexandre Schneiter and Mr. J. Cameron Bailey resigned their positions as members of the board. On January 19, 2015, the Company also granted an aggregate of 26,000,000 incentive stock options to certain senior officers and directors of the Company. The options are exercisable, subject to vesting provisions, over a period of five years at a price of CAD$ 0.115 per share.

On January 27, 2015 the Company obtained approval from the securities regulators in Canada and Sweden for an Amendment to its Final Prospectus dated December 23, 2014 relating to the Rights Offering The Amendment was filed in connection with the Company's recent announcements on January 19, 2015 of certain changes in senior management and directors of the Company and of the results of the CK-6 appraisal well.

On February 9, 2015 the Company issued an aggregate of 713,308,912 Common Shares, in connection with the Rights Offering, including 195,710,409 Common Shares to the Standby Purchasers on exercise of their respective rights, resulting in gross proceeds to the Company of CAD$ 71.3 million.

Under the terms of Standby Purchase Agreement the Standby Purchasers agreed to subscribe at a price of CAD$ 0.10 for a total of 40,906,078 additional Common Shares, representing all Common Shares not otherwise subscribed for by rights holders, which were issued on February 17, 2015 and resulted in additional gross proceeds to the Company of CAD$ 4.1 million. In addition on February 17, 2015 the Company issued a further aggregate of 14,569,684 Common Shares to the Standby Purchasers in respect of the guarantee fee, as defined under the Standby Purchase Agreement.

Operational Developments

Following conclusion of testing operations on CK-6, the drilling rig was skidded over to the adjacent AT-3 well. The well was re-entered in January 2015 in order to finish the inconclusive well testing program announced on August 26, 2013. The test consisted of a single commingled interval through two sets of 12-metre perforations in the Naokelekan and Lower Sargelu formations, which flowed with a maximum oil rate of 4,900 bopd, using an electrical submersible pump. Oil gravity was measured at 14 degrees API.

Implementation of the 30,000 bopd Chiya Khere Phase 1 production facility is in progress with work continuing on foundations for the individual facilities. Main production modules for the facility are being fabricated with onsite delivery expected during the second quarter of 2015 with hook-up and commissioning to follow with first oil targeted by the end of 2015. A workover rig will be mobilised in the first half of 2015 to conduct testing and completion operations on CK-5 and CK-8, and to complete AT-2 and AT-4 as the four wells to be tied-in to the Chiya Khere production facility.

In March 2015 the Company received a detailed property report from McDaniel. The report is as of December 31, 2014 and includes Atrush Block gross 2P reserves estimates of 61 MMbbls (relating entirely to the Atrush Phase 1 development area) and Atrush Block 2C contingent resource estimates of 310 MMboe. The 2014 report takes into account the results from the AT-4 well, drilling results of the CK-5, CK-8 and CK-6 wells, the testing of CK-6 (partial results; pending full analysis in 2015), and the final 3D seismic processing and subsequent interpretation. For further information refer to Statement of Reserves Data included in this AIF.

ITEM 4 - NARRATIVE DESCRIPTION OF THE BUSINESS

Summary

The Company is an oil and gas exploration company engaged in the exploration, appraisal and development of oil and gas resources in the Kurdistan Region of Iraq. The Company's long range plan is the acquisition, exploration and development of oil and gas assets in the MENA region.

The principal property of the Company is the Atrush Block which is located in Kurdistan. The Atrush Block is currently in a pre-production stage of development. A summary of the current property and partnership interests in Atrush are set out in the following table:

Country	Block	Acreage (square kilometres)	Working interest[1]	
Iraq (Kurdistan)	Atrush Block	269	TAQA[2] ShaMaran[3] Marathon KRG[4]	39.9% 20.1% 15.0% 25.0%

Notes:

(1) Working interest means a percentage of the ownership in an oil and gas PSC granting its owner the right to explore and develop oil and gas from a specific property which normally bears its proportionate share of the costs of exploration, development and operations as well as any royalties or other production burdens.

(2) The Operator of the Atrush Block.

(3) Held through GEP, an indirect wholly-owned subsidiary of the Company.

(4) For further information on process of amending the PSC to give effect to the KRG's working interest in the Atrush Block PSC please refer to below and the section entitled "Atrush Block PSC and Related Agreements - Current PSC Status" herein.

Specialized Skills and Knowledge

The Company relies on specialized skills and knowledge to gather, interpret and process geological and geophysical data, and to design, drill and complete wells, together with the numerous additional activities required to explore for and, potentially, produce oil and natural gas. The Company employs a strategy of contracting consultants and other service providers to supplement the skills and knowledge of its permanent staff in order to provide the specialized skills and knowledge required to undertake its oil and natural gas operations efficiently and effectively.

Competitive Conditions

The petroleum industry is immensely competitive in all of its phases. ShaMaran competes with other participants in the search for, and the acquisition of, oil and natural gas interests located in the Kurdistan Region of Iraq. ShaMaran's competitors include other resource companies which may have greater financial resources, staff and facilities than those of the Company. Competitive factors which may come into play in the future include the distribution and marketing of oil and natural gas, pricing, and methods of improving reliability of delivery.

Economic Dependence

The Company is dependent upon the results of exploration, appraisal and development activities obtained under agreements, including production sharing agreements, joint venture agreements and farmout agreements that it has entered into for the exploration and extraction of hydrocarbons.

Employees

As of December 31, 2014 and as at the date of this AIF, the Company had no employees in Canada, nine employees in Switzerland and one full time employee in Kurdistan. The Company relies on and engages consultants on a contract basis to provide services, management and personnel where required to assist the Company to carry on its administrative or technical activities in Canada, Switzerland, Kurdistan and the Netherlands.

Overview of Industry Conditions in Kurdistan

While greater Iraq has a number of large undeveloped fields and unexplored areas, extensive exploration in Kurdistan has been relatively recent, resulting in a number of discoveries which are in various stages of appraisal, development and production. Initial success at finding oil has been high in the exploration wells drilled to date. The high level of exploration has resulted in most of the major recognised structures having been drilled. Oil and gas has been found in various reservoirs of Tertiary, Cretaceous, Jurassic and Triassic age.

The two main fields currently on production in Kurdistan are Tawke, in northern Kurdistan and operated by DNO International ASA, and Taq Taq in central Kurdistan and operated by TTOPCO, a joint venture company owned by Sinopec Corp. of China (through Addax Petroleum) and the London listed Genel Energy plc . Recently, contributions to production have been made from early development schemes at Bardarsah (operated by Afren plc), Shaikan (operated by Gulf Keystone) and Demir Dagh (operated by Oryx Petroleum), which have undergone early production testing and supply crude to local markets and for export via trucking. In addition, the KRG has now taken over operations of the northern (Khurmala) dome of the giant Kirkuk field. Furthermore, the Kormor gas field is being operated for power generation (by Pearl Petroleum Company).

ShaMaran is one of many international companies with interests in production sharing contracts in Kurdistan, including US companies such as ExxonMobil, Chevron, Hess, Hunt Oil, Marathon Oil, and Murphy Oil, European majors including Total, Maersk, MOL, and Repsol as well as Oil Search (Australian), Sinopec (Chinese), Talisman (Canadian) and Gazprom (Russian).

Discussions are ongoing between the KRG and the central Government of Iraq for the promulgation of a Federal Petroleum Law. The Iraq Constitution envisages a role for Regions in the oil and gas activities and in regulating those petroleum operations occurring within the Regions. Issues that remain to be resolved include the scope of the role of the Regions in oil and gas activities and the acceptance of the PSCs signed between international oil companies and the KRG. The KRG developed the Oil And Gas Law Of The Kurdistan Region - Iraq (the "Oil And Gas Law") to be consistent with such a role and on August 6, 2007 the Kurdistan National Assembly - Iraq approved the Oil And Gas Law which came into force in Kurdistan with effect from August 9, 2007. ShaMaran's activities under the Atrush Block PSC therefore fall within the jurisdiction of the Oil And Gas Law.

There is no assurance that any Iraq federal petroleum legislation will be enacted authorizing and defining the role for Regions in awarding petroleum contracts such as the Atrush Block PSC, or that federal legislation, if enacted, will be consistent with the Oil And Gas Law. It is also possible that a subsequent review of the Atrush Block PSC may be required under any Iraq federal legislation which may be enacted. Failure to enact federal petroleum legislation or the enactment of federal legislation contrary to the Oil And Gas Law could materially and adversely impacts the Company's interests in Kurdistan.

In February 2011 the export of crude oil from Kurdistan recommenced from the Tawke and Taq Taq fields following an interim agreement between the Iraqi Central Government in Baghdad and the KRG. The exports were managed jointly by both the KRG and the North Oil Company (a subsidiary of the Federal Ministry of Oil responsible for petroleum operations in northern Iraq) including the export from the Kirkuk field along the export line to Turkey) and were stopped by the KRG in April 2012, citing the delay in payments to Kurdistan from the federal government. Since that time the KRG has fast-tracked its independent export pipeline to Turkey from In December 2013 the KRG announced the successful commissioning of its independent export pipeline from Khurmala to Fiskh Khabur and commencement of oil shipments from the Tawke and Taq Taq fields. In late 2013 an energy cooperation agreement was signed between Turkey and Kurdistan which allows for export of oil through Turkey to the Mediterranean port of Ceyhan. As of November 2014, 21.5 million barrels were sold through the Ceyhan pipeline. Some 13 million barrels were trucked to Mersin, Turkey.

In 2014, the Khurmala to Fish Khabur pipeline had the capacity to transport 300,000 bopd. Work is ongoing to add three pumping stations, which will raise capacity to 1 million bopd by early 2016. The International Energy Agency states that the Ceyhan, Turkey System, which is currently the only available export route for oil sales from Kurdistan, has a capacity of 1.6 MM bopd. As per recent reports there is currently sufficient capacity in this line to meet the near term plans of the KRG for oil export.

In January 2014 Kurdistan's allocation of the Iraq federal budget was suspended as a result of the ongoing dispute regarding oil exports. In December 2014 an agreement was reached between the KRG and the federal government.

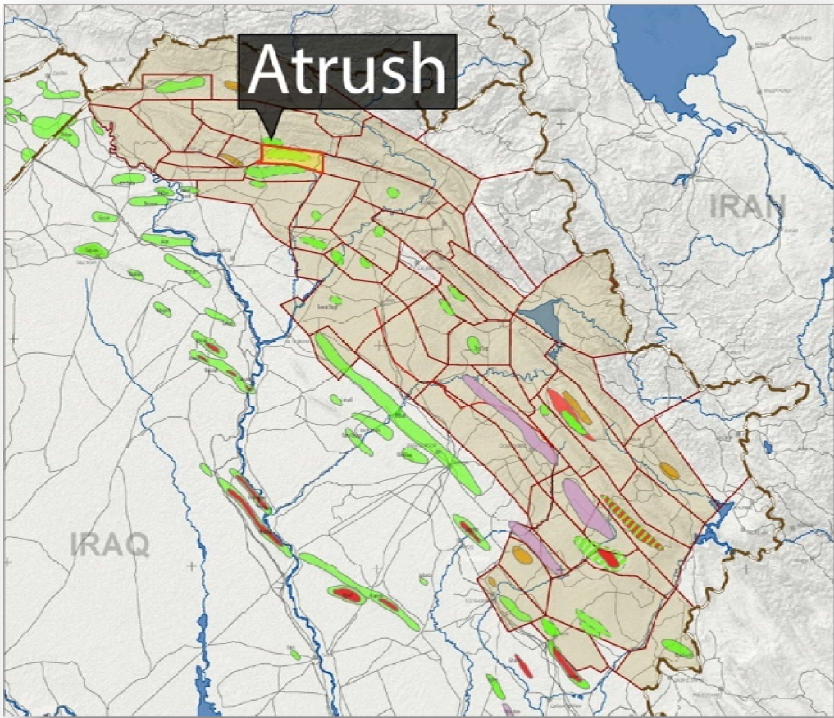
It was agreed to export 550,000 bopd during the year 2015 via the Khurmala to Fish Khabur pipeline, of which 250,000 bopd comes from Kurdistan fields, and 300,000 bopd from Federal Government fields (Kirkuk). In return the KRG will receive its share of the Iraq federal budget. Discussions regarding the implementation of this agreement are ongoing.

Atrush Block

Summary

The Atrush Block is located approximately 85 kilometres northwest of Erbil, the capital of the Kurdistan Region of Iraq, and is 269 square kilometres (66,471 acres) in area. The Atrush Block contains the Chiya Khere structure, expressed at surface by the Chiya Khere mountain, which runs east-west for approximately 25 kilometres with an approximate width of 3.5 kilometres. In April 2011 the Chiya Khere structure was confirmed as an oil discovery by the AT-1 exploration well and the first phase of an approved Appraisal Work Program commenced in July 2011 with the start of 3D seismic acquisition operations. The topography is rugged and mountainous. Immediately to the south is the Shaikan Block where Gulf Keystone found oil in 2009 and which is undergoing development. Immediately to the north of the Atrush Block is the Sarsang Block where Hillwood International Energy ("Hillwood" or "HKN Energy") made discoveries in the Swara Tika-1 and 2 wells, and initiated an early development scheme in 2014. Immediately to the east of the block is the Bakrman oil discovery made by MOL Group in late 2012, with the Sheikh Adi (Gulf Keystone) and Ber Bahr (Genel) discoveries to the west.

GEP acquired 143 kilometres of 2D seismic (covering the Atrush Block) data in 2008. In April 2011 the Atrush structure was confirmed as an oil discovery by the AT-1 exploration well and the first phase of an approved Appraisal Work Program commenced in July 2011 with the start of 3D seismic acquisition operations.



The Atrush structure is a complex faulted anticlinal structure developed along a possible shallow thrust zone oriented east-west. The proven and potential stacked oil reservoirs within the block are (following a revision of stratigraphic nomenclature in early 2014) the Sarmord and Garagu (Cretaceous), Barsarin (Upper Jurassic), Naokelekan, Upper and Lower Sargelu (Middle Jurassic), Alan, Mus and Adaiyah/Upper Butmah (Lower Jurassic) with both fracture and matrix porosity. The two discovery notifications made in the years 2011 and 2012 are limited to the Jurassic reservoirs that successfully flow tested 22-26.5 degree API oil to surface in the AT-1 and AT-

2 wells. At the time, pressure data from the first two wells suggested that all the Jurassic reservoirs belong to the same pressure regime with an estimated Free Water Level ("FWL") at -443m msl, giving a gross Jurassic oil column of over 500 meters at the crest of the structure. The deeper Triassic reservoir has additional upside potential.

The AT-3 well drilled in 2013, confirmed the prior range of estimates for the FWL by flowing the deepest dry oil at -408m msl (approximately 180 meters deeper than previous wells), supported by a water test at -498m msl that revised the "Water Up To" slightly higher than previously determined. Flow tests were not measured due to technical reasons and the well was suspended pending re-entry and re-testing in January 2015

The planned 3D seismic acquisition was completed by August 2012. The new operator, TAQA, prepared the FDP following the Declaration of Commerciality made on November 7, 2012 and this was subsequently approved by the Ministry of Natural Resources ("MNR") effective October 1 2013. Awards for the various modules for the First Phase production facilities (FP1) were made in December 2013, and site construction started early 2014. Main production modules for the facility are being fabricated with onsite delivery expected during the second quarter of 2015. A workover rig will be mobilised in the first half of 2015 to conduct testing and completion operations on CK-5 and CK-8, and to complete AT-2 and AT-4 as the four wells to be tied-in to the Chiya Khere production facility. Work on the Chiya Khere 30,000 bopd production facility was in progress at the date of this AIF with foundation work ready to receive the various production modules and equipment during 2015. Onsite delivery is expected to commence from the second quarter with hook-up and commissioning to follow with first oil targeted by the end of 2015

FEED was completed in the year 2014 on a dedicated feeder pipeline between the Chiya Khere production facility and the tie-in point on the main export pipeline at KCP2. Initial work on the pipeline right of way in the elevated section over the Chiya Khere mountain has commenced. Pipeline commissioning is expected to be completed in time for production start-up.

The AT-4 development well which started drilling in 2013 was finalised in 2014. This was followed by the drilling of wells CK-5, CK-8 and CK-6, the testing of CK-6 (partial results available at year end 2014; pending full analysis in 2015), and the final 3D seismic processing and interpretation. The successful retest of AT-3 was conducted in January 2015.

The AT-4, CK-5 and CK-8 wells are predrilled producers in the Phase 1 development area. The CK-5 and CK-8 wells confirmed the structural elevation and the good reservoir quality of the Phase 1 area. The AT-4 well, while testing, demonstrated excellent reservoir connectivity to the AT-2 well, and therefore further confirmed the potential of the Phase 1 area. The final 3D seismic processing in 2014, together with structural information gained from the AT-4 and CK-6 wells resulted in a narrower overall structure than previously mapped.

The CK-6 well was drilled in the Phase 2 appraisal area. During testing, both CK-6 and the 2015 retest of AT-3 demonstrated pressure connectivity to the AT-2 well, confirming connectivity between the Phase 2 appraisal and Phase 1 development areas. In addition, CK-6 demonstrated producible oil at a depth of -460 m msl, therefore lowering the previously assumed Oil Water Contact. CK-6 also provided the best fracture and matrix reservoir parameters observed in the field to date. During testing, both CK-6 and AT-3 demonstrated that existing technologies can be applied to produce the heavier part of the oil leg at commercial rates.

Regional Geology

The Atrush Block is located within the Zagros sedimentary basin which is a world-class hydrocarbon province located on the north-eastern margin of the Arabian Platform. This basin is located along the Zagros thrust belt and covers an area of some 200,000 square kilometres. It extends from the Taurus thrust zone in the north (Turkey) to the Arabian Gulf and Oman in the south. The basin is a typical foreland compressional basin formed by the collision of the Afro-Arabian and Iranian plates in Late Cretaceous and Cenozoic times.

The Zagros Basin is characterized by a series of sub parallel faults, compressed anticlines and adjoined synclines along the Zagros mountain system. Deposition within the basin is interpreted as the product of three major geotectonic events:

- Opening of the Neo-Tethys ocean in late Permian–Triassic time
- Expansion of the Basin in Jurassic and early Cretaceous time when massive carbonate sedimentation occurred in the basin

- Burying and closing of the basin in late Cretaceous Turonian time when the Iranian platform collided with the Arabian plate

The late Permian and Triassic rocks were deposited in relatively stable shelf conditions and consist of shallow water carbonates with minor evaporite and clastic content. Jurassic sediments were also deposited in the shelf environment and consist primarily of carbonates ranging from deep water mudstones-wackestones to shallow water packstones-grainstones interbedded with supra-tidal carbonates and anhydrites.

From middle Jurassic to late Cretaceous time the carbonate platform was divided into several semi-isolated basins. Clastic sedimentation dominated the western part of the area. Several uplifts and erosional periods occurred in Cretaceous time. Carbonate deposition was dominant during Mesozoic time in the Zagros Basin area.

During the Alpine orogeny, Neo-Tethys oceanic crust was overthrusted on to Arabian passive continental margin and dramatically changed the structural and stratigraphic regime of the area. A northwest southeast trending foredeep was developed along the rising orogen. While flysch deposits accumulated along the thrust zone, deeper shelf pelagic limestone and marls were deposited towards the west.

During Paleocene–Early Eocene time, a deep open marine basin was oriented along the thrust belt in northern Iraq. Carbonate and evaporite sediments were deposited in the central and southwestern parts of the basin and coarse clastic rocks were deposited in the northeastern areas.

Folding and uplift of the Zagros Mountains began in the Late Cretaceous and the upper Miocene and Pliocene rocks have syn-orogenic and post-orogenic genesis.

According to published information, the main source rocks in the area are in the Jurassic Naokelekan and the Cretaceous Chia Gara formations. Hydrocarbon generation and migration in the Zagros Basin began during the late Cretaceous time. Faults and fracture development created vertical migration paths to hydrocarbons, but also may have also resulted in some hydrocarbon loss. Most likely a combination of vertical and horizontal migration charged the structures in the Atrush Block area.

The Atrush Block is located within an intensively folded and thrusted zone close to the Zagros Mountains. The main feature within the block is a compressed anticline visible both at surface and in the seismic data. Upper Cretaceous, Aqra-Bekhme carbonates are mostly mapped at surface however locally Qamchuqa sediments may be exposed.

Well results confirmed that the geology is similar to the nearby Shaikan Block where the Shaikan-1 well established reservoirs in the Cretaceous, Jurassic and Triassic sections. The equivalent intervals of the Shiranish, Kometan and Qamchuqa formations of the Cretaceous, which are common reservoirs elsewhere in the region, are not considered prospective in the Atrush hanging wall as they are close to surface, intensively fractured and have no anhydrites or shale present to act as seals. However, the same reservoirs are considered to have some potential in the Atrush footwall.

Atrush Block Stratigraphic Summary - based on the Atrush and nearby wells

The following table indicates the regional stratigraphy showing reservoirs, source and seal formations. The stratigraphic nomenclature was amended in early 2014, following ongoing studies:

Age	Epoch	Formation (1)	Lithology	Reservoir	Source	Seal
Cretaceous	Upper	Aqra-Bekhme	Karstic & Dolomitic Limestone			
		Qamchuqa	Karstic & Dolomitic Limestone			
	Lower	Sarmord	Interbedded Marls, Limestone & Shale			
		Garagu	Limestone			
		Chia Gara	Shale & Marls			
Jurassic	Upper	Chia Gara Transition Beds	Shale with layers of Anhydrite and Limestone			
		Barsarin	Shale & Marls over Limestone			?
		Naokelekan	Organic rich Shale with layers of Limestone			
	Middle	Upper Sargelu	Limestone & Shaly Limestone			
		Lower Sargelu	Dolomite with layers of Limestone			
	Lower	Alan	Anhydrites with a few layers of Dolomite			?
		Mus	Limestone & Dolomite			
		Adaiyah	Predominantly Anhydrite with some Dolomite			
		Butmah	Dolomite with isolated layers of Anhydrite and Limestone			
Triassic	Upper	Baluti	Interbedded Marls, Dolomites & Shale			
		Kurra Chine A	Interbedded Anhydrite, Limestone & Dolomite		?	
		Kurra Chine B	Interbedded Anhydrite, Limestone & Dolomite		?	
		Kurra Chine C	Interbedded Anhydrite, Limestone & Dolomite		?	

* A wavy line between formations represents an unconformity.

The 3D seismic interpretation shows a large area of closure of up to 80 square kilometres on all horizons with a closure height in excess of 500 meters. The main axis of the anticline is parallel to an east-west oriented reverse fault interpreted on the south side of the structure which extends to surface. Several other east-west faults can be interpreted from the seismic running parallel to the main Zagros Basin trend. The AT-1 well intersected several faults based on dipmeter and structural interpretation.

The present structures began forming in the late Cretaceous when the main Jurassic source rocks were likely at an oil generation stage, suggesting any Cretaceous or Jurassic traps would have been charged with oil.

The block contains proven oil in the Jurassic reservoirs which comprises all the of the Company's reserves and contingent resources. Additional potential resources are to be further evaluated in future wells. Neighboring wells have made separate discoveries in the three members of the Kurra Chine formation (A, B and C) and a closure has been mapped at this level on the Atrush block providing potential for hydrocarbons updip of AT-1 in the Kurra Chine A and B, and in the deeper Kurra Chine which was not reached in AT-1.

The Company previously held interests in the following three projects in Kurdistan set forth below.

Taza Block

Note: The Company sold on August 15, 2012 its 20% interest in the Taza Block PSC to Total B.V.

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

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 Block, the well was drilled to a depth of depth of approximately 1,650m which was above the reservoir targets.

Pulkhana Block

Note: The Pulkhana Block was fully relinquished with effective date January 17, 2012.

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

The Company acquired 291 kilometres of 2D seismic data (covering the majority of the Pulkhana structure) in the first and second quarters of 2010. The work program was to drill three appraisal wells in the First Exploration Sub Period of three years.

The first well, Pulkhana 9, was drilled to 2,333m on July 23, 2011. Thereafter the Company conducted cased hole tests on the Jeribe, Euphrates, Jaddala, Shiranish and Balambo formations. None of the tests resulted in sufficient sustainable flow rates of oil to surface. The Company then elected to drill a dedicated geological sidetrack on Pulkhana 9 to open hole test both the Cretaceous fracture systems. The Shiranish and Balambo formations both flow tested oil but at rates not considered by the Company to be economic.

During the third and fourth quarters of 2011 the workover and re-entry operations performed by the Company on Pulkhana 8 resulted in oil tested to surface but at unsustainable rates. Production was severely inhibited by large amounts of lost circulation material and drilling mud from the original 2006 drilling operation.

As the result of the limited technical success to demonstrate significant production potential from the various Pulkhana reservoirs, and following discussions with the MNR, it was agreed to relinquish the Pulkhana Block on January 17, 2012. The Company was not required to drill its two remaining obligation wells of the First exploration Sub-Period in return for a payment of $12.5 million. During January 2012, the Company cleared the Pulkhana Block of all equipment and personnel and handed back control to the Oilfield Protection Force of the KRG. In connection with the relinquishment, ShaMaran's operations office in Sulaimaniya was closed on February 15, 2012.

Arbat Block

Note: The Arbat Block was fully relinquished with effective date January 17, 2012.

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

The Company acquired 429 line-kilometres of 2D seismic data (covering the majority of the Arbat Block) from July to October 2010. In order to firm up a number of sizeable leads not delineated by the 2010 survey, the Company acquired in the fourth quarter of 2011 three lines of infill 2D seismic until operations were suspended on the Arbat Block on December 22, 2011.

In order to focus its resources on its other remaining properties and following discussions with the MNR the Company also agreed to relinquish the Arbat Block on January 17, 2012. The Company was not required to drill its obligation well of the First exploration Sub-Period in return for a payment of $12.5 million.

Overview of Production Sharing Contracts and Related Agreements

The following narrative provides an overview of the Company's current production sharing contract and current related agreements:

Atrush Block PSC and Related Agreements

Summary

On August 27, 2010 SVBV entered into a Subscription Agreement and a Shareholders Agreement (collectively the "GEP Agreements") with AEI and GEP to acquire 33.5% of the fully-diluted share capital of GEP, then a wholly owned subsidiary of AEI. GEP then held an 80% working interest in the Atrush Block PSC. In October 2010 the KRG nominated Marathon as the KRG's Third Party Participant to hold the maximum 20% working interest. Accordingly, the Company held an indirect interest in Atrush Block PSC of 26.8% at December 31, 2010 and 2011.

On December 31, 2012 GEP completed two principal transactions (the "Transactions") resulting in: (i) the sale of a 53.2% participating interest in the Atrush Block to TAQA Atrush B.V.; and (ii) the repurchase of AEI's 66.5% shareholding interest in GEP. As a result of the Transactions SVBV became the sole remaining shareholder of GEP which held a 26.8% direct working interest in the Atrush Block PSC, its principal asset, and TAQA assumed operatorship of the Atrush Block. 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.

At the date of this AIF the Atrush Block PSC is held 39.9% by TAQA, 20.1% by GEP, 15% by Marathon and 25% by the KRG. Negotiations are currently ongoing amongst the parties to the Contractors group and the KRG to finalize a commercial agreement with the KRG and amend the Atrush Block PSC to give effect to the Government Interest. To the date of this AIF the process of amending the Atrush Block PSC and finalizing the commercial agreement has not been completed and the parties to the Contractors group are currently advancing cash for Atrush development costs which relate to the Government Interest.

Shareholders and Subscription Agreements

Pursuant to the terms of the GEP Agreements the Company subscribed for and acquired from AEI 3,350 ordinary shares of GEP, then representing 33.5% of outstanding ordinary shares of GEP on a fully-diluted basis. In consideration for the GEP ordinary shares, the Company paid $24.2 million in cash and issued 12,500,000 of its common shares, having an approximate contribution date fair value of CAD$ 5.0 million. In addition the Company fully funded the first $15.9 million of GEP expenditures incurred after August 27, 2010 on the Atrush Block work program.

The Shareholders Agreement entitled the Company to a number of rights and options in addition to those granted to shareholders under GEP's articles of association, notably a priority recovery of petroleum costs, as defined by the Atrush Block PSC, upon receipt of payments from the sale of hydrocarbons. The Shareholders Agreement was terminated on December 31, 2012 in conjunction with the Transactions; however, the Company's priority recovery of petroleum costs was carried forward into the amended joint operating agreement among the continuing Atrush Block contracting parties.

Atrush Block PSC

1. Basic Terms

The effective date (the "Effective Date") of the Atrush Block PSC is November 10, 2007. The Atrush Block PSC contract term is comprised of an Exploration Period and a Development Period. The Exploration Period is for an initial exploration term of five years (comprised of a First Sub-Period, being the initial three years from the Effective Date, and a Second Sub-Period, being years four and five from the Effective Date), which under certain circumstances, is extendable on a yearly basis up to a maximum period of seven years from the Effective Date.

In the event of a commercial discovery and subsequent delineation of the relevant field, the term for development and production is extended to 20 years with an automatic right to a five-year extension, and upon satisfying certain conditions, to an additional five-year extension. Acreage included in the contract area and not converted into a producing field is to be relinquished at the rate of 25% at the end of each of the initial exploration terms and the first one-year renewal period and the balance of acreage is to be relinquished at the end of the second one-year renewal term.

2. Minimum Work Obligations

During the First Sub-Period, the Contractor Group was obligated to incur:

(a) the lesser of:
  (i) the costs to acquire, process, and interpret 100 line kilometres of two dimensional seismic data within the concession area, or
  (ii) $2.0 million of such seismic operations, and

(b) the lesser of:
  (i) the costs to drill and complete one well with a minimum depth of 3,000 meters, or
  (ii) $7.5 million of such drilling operations

During the Second Sub-Period, unless prior drilled wells demonstrate that there is not a reasonable technical case for additional drilling, the Contractor Group was required to:

(a) acquire, process and interpret further seismic data (either 2D or 3D), if required, and

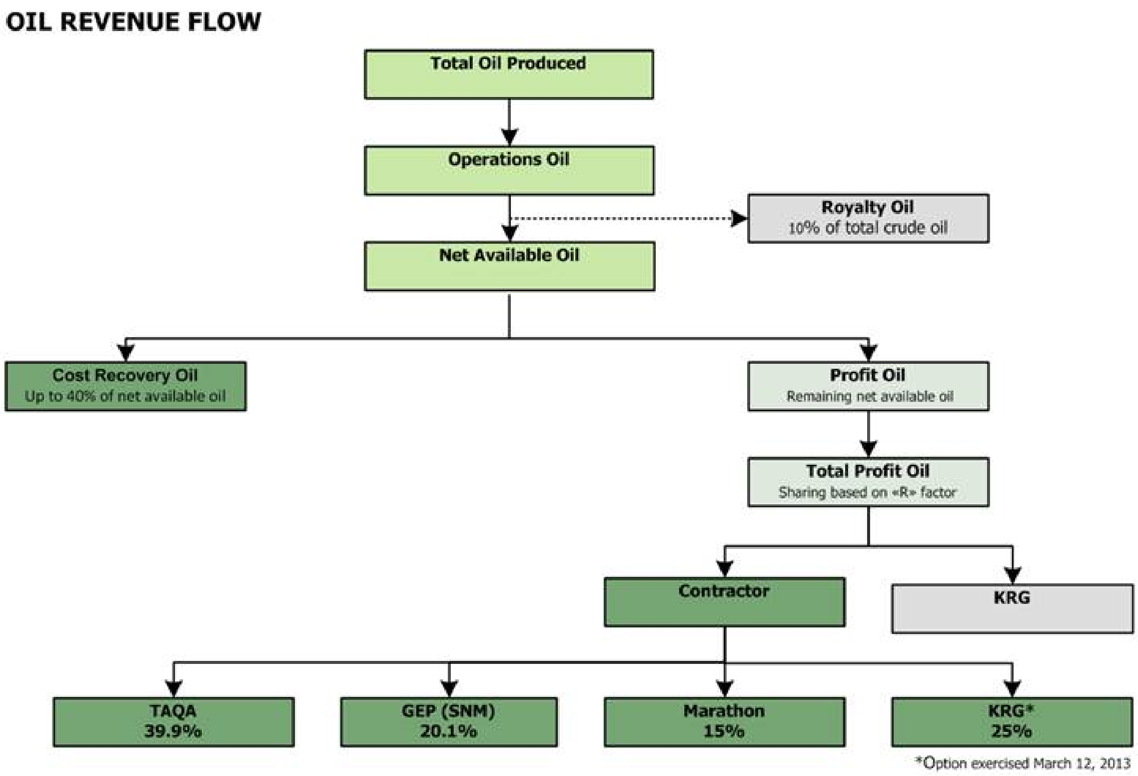
(b) drill one exploration or appraisal well (commitment for this purpose is a minimum financial amount of $7.5 million)

3. Fiscal Terms under Original PSC

Under the terms of Atrush Block PSC the KRG had the option of participating as a Contractor Entity with an undivided interest in the petroleum operations and all the other rights, duties, obligations and liabilities of the Contractor in the PSC, of up to 25% and not less than 5%. Upon exercise of this option the government becomes liable for its share of the petroleum costs incurred on or after the first commercial declaration date.[3] Fiscal terms under the PSC include a 10% royalty and a variable profit split based on a percentage share 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. The Contractor Group is entitled to cost recovery in respect of all costs and expenditures incurred for exploration, development, production and decommissioning operations, as well as certain other allowable direct and indirect costs.

The portion of profit oil available to the Contractor Group is based on a sliding scale from 32% to 16% depending on the "R-Factor", which is a ratio of cumulative revenues to cumulative costs. When the ratio is below one, the Contractor Group is entitled to 32% of profit oil, with a reducing scale to 16% when the ratio is greater than 2.75. In respect of gas, the sliding scale is from 40% to 22%.

[3] On March 12, 2013 the KRG provided the Contractors notification of its intention to exercise its option to participate as a contracting entity with a 25% interest in the Atrush Block.



4. First Amendment

On August 1, 2010 GEP and the KRG executed the first amendment agreement relating to the Atrush Block PSC (the "Atrush Block First PSC Amendment"). The Atrush Block First PSC Amendment:

(a) extended the First Sub-Period to February 10, 2011

(b) extended the KRG's right to nominate a Third-Party Participant to hold up to a 20% working interest until 180 days after completion of GEP's second exploratory well in the Atrush Block, at which time GEP was to receive reimbursement of petroleum costs, excluding bonuses

(c) required GEP, as holder of the "Charged Interest", to make monthly capacity building payments to the KRG equal to 30% of profit oil (produced oil, less royalty and cost oil), and

(d) required GEP, as holder of the "Charged Interest", to pay an additional $5.0 million capacity building bonus to the KRG within 30 days of the KRG's approval of a development plan.

5. Second Amendment

On October 20, 2010 GEP, Marathon and the KRG executed the Third-Party Participant, Novation and Second Amendment Agreement to the PSC (the "Atrush Block Second PSC Amendment"). The Atrush Block Second PSC Amendment nominated Marathon as the KRG's Third-Party Participant to hold the maximum 20% working interest. Marathon reimbursed GEP approximately $5.77 million which represents the 20% carried interest of the petroleum costs incurred since the Effective Date of the Atrush Block PSC, through the effective date of the Atrush Block Second PSC Amendment. These amounts were distributed to AEI and the Company, as shareholders of GEP, during the year ended December 31, 2010. Upon closing of the Atrush Block Second PSC Amendment, GEP and Marathon had an 80% and 20% working interests, respectively, in the Atrush Block property defined in the Atrush Block PSC.

On November 30, 2011 GEP and Marathon entered into a Joint Operating Agreement approved in accordance with the terms of the Atrush Block Second PSC Second Amendment and collectively with the Atrush PSC and the Atrush Block First PSC Amendment.

6. Third Amendment

On December 31, 2012 GEP, TAQA, Marathon, and the KRG executed the Atrush Block Third PSC Amendment to the PSC. The Atrush Block Third PSC Amendment assigned from GEP to TAQA a 53.2% working interest in the rights and obligations under the Atrush Block PSC and previous Atrush Block PSC amendments. In addition, GEP's "Charged Interest" requirements, which were previously 100% obligations of GEP (refer to description included in points (c) and (d) under *First Amendment,* above*)*, were split 66.5% to TAQA and 33.5% to GEP.

Pursuant to the Atrush Block Third PSC Amendment the parties approved the resignation of GEP and appointment of TAQA as Operator to be effective on and as of December 31, 2012.

The First Amendment to the Joint Operating Agreement in respect of the Atrush Block ("the Amended Atrush JOA") was entered into on December 31, 2012 among TAQA, GEP and Marathon ("the Parties") and approved in accordance with the terms of the Atrush Block Third PSC Amendment. Among other rights and obligations the Amended Atrush JOA provides that the recovery of Exploration Costs (as such term is defined in the Atrush Block PSC) incurred prior to December 31, 2012 ("Shared Costs") shall be shared by the Parties as follows: (i) Marathon shall be entitled to receive 20% of the Shared Costs in accordance with its 20% working interest in the PSC; (ii) TAQA will be entitled to receive the first $10.8 million of the remaining 80% of the Shared Costs; (iii) TAQA will not be entitled to receive any portion of the next $39.1 million of the remaining 80% Shared Costs; and (iv) all credits of Shared Costs in excess of $62.375 million shall be shared by the Parties in accordance with their working interests in the Atrush Block PSC.

7. Termination Provisions

Under the terms of the Atrush Block PSC the KRG shall have the right to terminate the contract on not less than 90 days' prior notice in the event that the Contractor Group fails to meet any material financial obligations, does not carry out the required drilling and seismic acquisition program during the First Sub-Period or the Second Sub-Period, interrupts production for more than 90 consecutive days with no cause or acceptable justification, and provided such default is not cured with the 90 day notice period. In certain circumstances, the rights and interests of an individual member of the Contractor Group will be terminated if such individual member is subject to a change of control.

Any time prior to the Development Period the Contractor Group has the right to terminate the Atrush Block PSC upon 30 days' prior notice to the KRG. During the Development Period, the Contractor Group has the right to terminate the Atrush Block PSC at any time by surrendering all production areas provided its current obligations have been satisfied in accordance with the terms of the Atrush Block PSC.

8. Current PSC Status

As a consequence of the oil discovery in the Atrush Block, Article 12 of the Atrush Block PSC is now in force. This consisted of an agreed Appraisal Work Program for the period 2011-2014 which included 2 firm and 2 contingent wells, 3D seismic acquisition, installation of an Early Production Facility, and certain studies leading to a provisional FDP. The 2D and 3D seismic programs and the drilling of AT-1 and AT-2 satisfied the Minimum Work Obligations of the Atrush Block PSC.

On November 7, 2012 GEP, operator of the Atrush Block and acting on behalf of the Contractor Group under the Atrush Block PSC, submitted to the Atrush Block Management Committee a Declaration of Commercial Discovery with effect from November 7, 2012.

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. Under the terms of the Atrush Block PSC, on exercise of its back-in right to acquire the Government Interest, the KRG is required to pay its pro rata share of project development costs from the date of declaration of a commercial discovery. Negotiations are currently ongoing amongst the parties to the Contractors group and the KRG to finalize a commercial agreement with the KRG and amend the Atrush Block PSC to give effect to the Government Interest. To the date of this AIF the process of amending the Atrush Block PSC and finalizing the commercial agreement has not been completed and the parties to the Contractors group are currently advancing cash for Atrush development costs which relate to the Government Interest. There is a risk that, in order to maintain the Atrush project schedule, the Company may be required to advance its pro rata share of the project development costs relating to the Government Interest, even in the absence of a commercial agreement.

On May 6, 2013 the Operator (TAQA) submitted a FDP to the Atrush Block Management Committee. The FDP outlined the general forward plan for the block.

The KRG approved Phase 1 of the FDP for the Atrush Block with an October 1, 2013 effective date for the commencement of the Development Period. Phase 1 of the FDP consists of installing and commissioning production facilities with 30,000 bopd capacity and the drilling, completion and tie-in of production wells to supply the production facility.

Mission and Strategy, Business Plans and Other Considerations

Mission and Strategy

ShaMaran's mission is to build a leading oil and gas exploration and production company focused on opportunities in the MENA region while creating positive economic and social impacts on the local communities and growing shareholder value.

Business Plans and Growth Strategies

The primary driver for business growth for ShaMaran is to create consistent, sustainable and profitable per share growth in reserves, production and cash flow in line with its operations. To accomplish this ShaMaran has pursued and will continue to pursue an integrated growth strategy with active exploration and development drilling, together with focused acquisitions and joint venture arrangements. ShaMaran will continue to target areas and prospects that it believes could result in meaningful resource and/or reserve additions.

ShaMaran will continue the identification of key exploration targets that have a medium risk and multi-zone potential in highly prospective, geologically favourable settings. ShaMaran intends to maintain a balance between exploration, exploitation, and development drilling with and without joint venture partners. From time to time ShaMaran will consider other petroleum assets that meet the Company's business parameters.

Management of the Company possesses significant global industry experience in developing value accretive petroleum operations.

In reviewing other potential drilling or acquisition opportunities, ShaMaran gives consideration to the following criteria:

- ShaMaran's expertise in the opportunity
- The amount of risk capital required to secure, evaluate and advance the investment opportunity
- The potential return on the project if successful
- The likelihood of success, and
- Risked return versus cost of capital

In general, the Company will continue its pursuit of development opportunities with an acceptable level of risk, keeping in mind commodity exposure and pricing, while attempting to generate sustainable high levels of growth for shareholders.

The board of directors of ShaMaran may, in its discretion, recommend asset or corporate acquisitions, investments or divestments that do not conform to the guidelines discussed above based upon the board's consideration of the qualitative aspects of the subject properties, including risk profile, technical upside, reserve life and asset quality.

Environmental Considerations

The Company's oil and gas operations are located in regions where there are environmental regulations including restrictions on where and when oil and gas operations can occur, the release of substances into groundwater, atmosphere and surface land and the potential routing of pipelines or location of production facilities. These restrictions and regulations are strictly followed. The Company could potentially be liable for contamination of properties acquired and it attempts to mitigate the risk of inheriting environmental liabilities when conducting due diligence on these acquisition opportunities. Breach of environmental regulations in any of the regions in which ShaMaran operates could result in restrictions or cessation of operations and the imposition of fines and penalties. See also "*Risk Factors*."

Corporate Social Policies

On August 24, 2007, as amended August 21, 2014 the Company adopted a Code of Business Conduct and Ethics (the "Code"). The Code sets out basic principles that are intended to guide all employees, directors and officers of the Company. The Code is intended to deter wrongdoing by the Company's employees, directors and officers and to promote, amongst other things, honest and ethical conduct and the avoidance of conflicts of interest.

A full copy of the Code can be found at www.sedar.com under the Company's profile.

Risk Factors

ShaMaran Petroleum Corp. is engaged in the exploration, development and production of crude oil and natural gas and its operations are subject to various risks and uncertainties which include but are not limited to those listed below. **If any of the risks described below materialise the effect on the Company's business, financial condition or operating results could be materially adverse.**

The following sections describe material risks identified by the Company; however, risks and uncertainties of which the Company is not currently aware or currently believes to be immaterial could develop and may adversely affect the Company's business, financial condition or operating results.

Political and Regional Risks

International operations: Oil and gas exploration, development and production activities in emerging countries are subject to significant political, social and economic uncertainties which are beyond ShaMaran's control. Uncertainties include, but are not limited to, the risk of war, terrorism, criminal activity, expropriation, nationalisation, renegotiation or nullification of existing or future contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, a limitation on the Company's ability to export, and the imposition of currency controls. Should these uncertainties materialise they could result in adverse effects to the Company's business including, but not limited to, increased costs associated with planned projects, impairment or termination of future revenue generating activities, impairment of the value of the Company's assets and or its ability to meet its contractual commitments as they become due.

Political instability: ShaMaran's assets and operations are located in Kurdistan, a federally recognised semi-autonomous political region in Iraq, and may be influenced by political developments between Kurdistan and the Iraq federal government, as well as political developments of neighbouring states within MENA, Turkey, and surrounding areas. Kurdistan and Iraq have a history of political and social instability. As a result, the Company is subject to political, economic and other uncertainties that are not within its control. These uncertainties include, but are not limited to, changes in government policies and legislation, adverse legislation or determinations or rulings by governmental authorities and disputes between the Iraq federal government and Kurdistan.

Iraq is a political democracy with a federal system of government. Iraq passed a constitution which was ratified in October 2005 and came in effect in 2006. The Iraq constitution contains a list of powers which are reserved exclusively for the Iraq federal government ("Federal Government") and a list of powers which are shared by the Federal Government and the regional governments of Iraq ("Regional Governments"). Jurisdiction over matters that are not within the exclusive powers granted to the Federal Government resides with the Regional Governments and the governments of the Iraq provinces not forming part of the regions. With regard to powers shared by the Federal Government and Regional Governments, in the event of a dispute priority is given under the Iraq constitution to the laws of the region.

The delineation of powers under the Iraq constitution has been subject to different interpretations which has resulted in a number of outstanding political issues and differences between the Iraq federal government and the KRG including, but not limited to, the validity of production sharing contracts issued by the Kurdistan Regional Government of Iraq and the jurisdiction over oil and gas matters in Kurdistan.

The unfavourable outcome of political uncertainties such as those discussed above could result in adverse effects to the Company's assets and business including, but not limited to, increased costs associated with planned projects, impairment or termination of future revenue generating activities and impairment of the value of the Company's assets and or its ability to meet its contractual commitments as they become due.

Political uncertainty and potential impact of actions of the Islamic State in Iraq and Syria ("ISIS"): ShaMaran's assets and operations are located in Kurdistan, a federally recognised semi-autonomous political region in Iraq, and may be influenced by political developments between Kurdistan and the Iraq federal government, as well as political developments of neighbouring states within MENA region, Turkey, and surrounding areas. Kurdistan and Iraq have a history of political and social instability. As a result, the Corporation is subject to political, economic and other uncertainties that are not within its control. These uncertainties include, but are not limited to, changes in government policies and legislation, adverse legislation or determinations or rulings by governmental authorities and disputes between the Iraq federal government and Kurdistan.

International boundary disputes: Although the Kurdistan Region of Iraq is recognised by the Iraq constitution as a semi-autonomous region, its geographical extent is neither defined in the Iraq constitution nor agreed in practice between the Federal Government and the Kurdistan Regional Government. There are ongoing differences between the KRG and the Federal Government regarding certain areas which are commonly known as "disputed territories". The Company believes that its current area of operation is not within the "disputed territories".

Industry and Market Risks

Exploration, development and production risks: ShaMaran's business is subject to all of the risks and hazards inherent in businesses involved in the exploration, development, production and marketing of oil and natural gas, many of which cannot be overcome even with a combination of experience, knowledge and careful evaluation. The risks and hazards typically associated with oil and gas operations include drilling of unsuccessful wells, fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property or the environment, or in personal injury.

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 affected 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 maximising 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.

The Company is not fully insured against all of these risks, nor are all such risks are insurable and, as a result, these risks could still result in adverse effects to the Company's business not fully mitigated by insurance coverage including, but not limited to, increased costs or losses due to events arising from accidents or other unforeseen outcomes including cleanup, repair, containment and or evacuation activities, settlement of claims associated with injury to personnel or property, and or loss of revenue as a result of downtime due to accident.

General market conditions: ShaMaran's business and operations depend upon conditions prevailing in the oil and gas industry including the current and anticipated prices of oil and gas and the global economic activity. A reduction of the oil price, a general economic downturn, or a recession could result in adverse effects to the Company's business including, but not limited to, reduced cash flows associated with the Company's future oil and gas sales.

Competition: The petroleum industry is intensely competitive in all aspects including the acquisition of oil and gas interests, the marketing of oil and natural gas, and acquiring or gaining access to necessary drilling and other equipment and supplies. ShaMaran competes with numerous other companies in the search for and acquisition of such prospects and in attracting skilled personnel. ShaMaran's competitors include oil companies which have greater financial resources, staff and facilities than those of the Company. ShaMaran's ability to increase reserves in the future will depend on its ability to develop its present property, to select and acquire suitable producing properties or prospects on which to conduct future exploration and to respond in a cost-effective manner to economic and competitive factors that affect the distribution and marketing of oil and natural gas. Oil and natural gas producers are also facing increased competition from alternative forms of energy, fuel and related products that could have an impact on the demand for oil and gas and could lead to reduction in oil prices which may have a negative impact on the Company's cash flow and profitability.

Reliance on key personnel: ShaMaran's success depends in large measure on certain key personnel and directors. The loss of the services of such key personnel could negatively affect ShaMaran's ability to deliver projects according to plan and result in increased costs and delays. ShaMaran has not obtained key person insurance in respect of the lives of any key personnel. In addition, competition for qualified personnel in the oil and gas industry is intense and there can be no assurance that ShaMaran will be able to attract and retain the skilled personnel necessary for the operation and development of its business.

Business Risks

Risks associated with petroleum contracts in Iraq: The Iraq constitution grants a role for the regions of Iraq in awarding of petroleum contracts for certain types of operations, and in regulating those petroleum operations occurring within the regions. No federal Iraq legislation has yet been agreed or enacted by the Iraq parliament to govern the future organisation and management of Iraq's petroleum industry as there are a number of material issues which need to be resolved between the Federal Government and the KRG. There is uncertainty with regard to the promulgation of the Federal legislation and the timing of such adoption, if at all. Failure to enact federal legislation could extend or increase uncertainty within Iraq's petroleum industry which may result in additional burdens being placed on the Company including, but not limited to, difficulty obtaining clear title to its assets or in obtaining adequate financing for its future projects.

The KRG developed the Oil And Gas Law of the Kurdistan Region - Iraq (the "Oil and Gas Law") to be consistent with the role granted to the regions in the Iraq constitution and in conformity with the principles reflected in the Draft Federal Petroleum Law and in the draft federal law governing revenue sharing for petroleum activities proposed in June 2007.

In the absence of progress on the Draft Federal Petroleum Law, on August 6, 2007, the Kurdistan National Assembly approved the Oil and Gas Law which came into force in Kurdistan with effect from August 9, 2007. The Kurdistan National Assembly passed the Oil and Gas Law which is declared to be supported by the Iraq constitution and provides the foundation for economic development of the largely untapped resources of Kurdistan. Under the Oil and Gas Law domestic and international investors in oil and gas can come to Kurdistan, generate revenue and provide employment and training opportunities for citizens in the region. Consistent with the Iraq constitution the Oil and Gas Law requires Kurdistan to share revenue with the Iraq federal government and other regions of Iraq, just as other areas of Iraq will share oil revenues with Kurdistan. The KRG has signed a number of PSCs with international oil companies based on the oil and gas law passed in August 2007. The Company currently has an interest in the Atrush Block PSC which is within the jurisdiction of the Oil and Gas Law.

The Iraq oil ministry has historically disputed the validity of the KRG's production sharing contracts and, as a result indirectly, the Company's right and title to its oil and gas assets. The KRG is disputing the claims and has stated that the contracts are compliant with the Iraq constitution. At the present time there is no assurance that the PSCs agreed with the KRG are enforceable or binding in accordance with ShaMaran's interpretation of their terms or that, if breached, the Company would have remedies.

Although the Company conducts title reviews prior to acquiring an interest in a PSC, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into question ShaMaran's interest in the Atrush Block PSC.

The Company believes that it has valid title to its oil and gas assets and the right to explore for and produce oil and gas from such assets under the Atrush Block PSC. However, should the Iraq federal government pursue and be successful in a claim that the production sharing contracts agreed with the KRG are invalid, or should any unfavourable changes develop which impact on the economic and operating terms of the Atrush Block PSC, it could result in adverse effects to the Company's business including, but not limited to, impairing the Company's claim and title to assets held, and or increasing the obligations required, under the Atrush Block PSC.

Government regulations, licenses and permits: The Company is affected by changes in taxes, regulations and other laws or policies affecting the oil and gas industry generally as well as changes in taxes, regulations and other laws or policies applicable to oil and gas exploration and development in Kurdistan specifically.

ShaMaran conducts its operations pursuant to the rights granted under the Atrush Block PSC and related licenses, permits and other authorisations. The grant of licenses and permits may require fulfilment of certain conditions or the exercise of discretion by the concerned authorities. The Company's ability to execute its projects may be hindered if it cannot secure the necessary approvals or the discretion is exercised in a manner adverse to the Company. Any significant delay in obtaining or renewing a license or permit may result in a delay of the Company's planned activities and the future development of any oil and gas resources.

The taxation system applicable to the operating activities of the Company in Kurdistan is pursuant to the Oil and Gas Law governed by general Kurdistan tax law and the terms of its PSCs. However, it is possible that the arrangements under the PSCs may be overridden or negatively affected by the enactment of any future oil and gas or tax law in Iraq or Kurdistan which could result in adverse effects to the Company's business including, but not limited to, increasing the Company's expected future tax obligations associated with its activities in Kurdistan.

Marketing, markets and transportation: One of the consequences of the disagreement between the Iraq federal government and the KRG over the validity of the KRG's PSCs and issues relating to revenue sharing and auditing of costs is the withholding by the Iraq federal government of partial or full payments to the KRG for oil exported from Kurdistan. As a result the KRG has been unable to make full payments due to the companies who have to date exported oil from Kurdistan.

The export of oil and gas and payments relating to such exports from Kurdistan remains subject to uncertainties which could negatively impact on ShaMaran's ability to export oil and gas and receive payments relating to such exports. Further, ShaMaran's ability to export and market 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 result in adverse effects to the Company's business including, but not limited to, impairing the Company's ability to export and sell oil and gas and receive full payment for all sales of oil and gas.

Default under the Atrush Block PSC and Atrush JOA: The Atrush Block PSC and Atrush JOA include a number of provisions in the event that a Contractor should fail to meet its obligations under these contracts. Defaults include where a Contractor does not carry out drilling and seismic acquisition as prescribed, interrupts production for more than 90 consecutive days without reasonable cause, intentionally extracts other materials than permitted, becomes bankrupt, or there is a change of control in a party which is not approved by KRG (see below for further risk discussion). If a default is not remedied within three (3) months following notice of intention to terminate, the KRG may terminate the PSC with respect to the defaulting party and allocate its interest among the other contractors. Consequently the Company could upon a default lose all its rights and interests in the Atrush field without any compensation.

The Atrush JOA definition of default includes payment default and failure to provide security as required under the Atrush JOA. If a party does not remedy such default within 5 business days after having been notified of the default, its entitlement shall vest with and be the property of the other parties as long as the default remains un-remedied.

The operator will in this period be entitled to sell the entitlement at arms' length on reasonable terms and apply proceeds to cover costs and liabilities and a reserve fund before releasing any remaining surplus. If a default has remained for 60 days or more a non-defaulting party has the option to acquire the defaulter's participating interest at a price equal to the fair market value of such interest less the following (i) the total amount in default (ii) all costs; including the costs of an expert, to obtain such valuation and (iii) ten per cent (10%) of the fair market value of the defaulting party's participating interest.

Should the Company fail to meet its obligations under the Atrush Block PSC and or Atrush JOA it could result in adverse effects to the Company's business including, but not limited to, a default under one or both of these contracts, the termination of future revenue generating activities of the Company and impairment of the Company's ability to meet its contractual commitments as they become due.

Kurdistan legal system: The Kurdistan Region of Iraq has a less developed legal system than that of many more established regions. This could result in risks associated with predicting how existing laws, regulations and contractual obligations will be interpreted, applied or enforced. In addition it could make it more difficult for the Company to obtain effective legal redress in courts in case of breach of law, regulation or contract and to secure the implementation of arbitration awards and may give rise to inconsistencies or conflicts among various laws, regulations, decrees or judgments. The Company's recourse may be limited in the event of a breach by a government authority of an agreement governing the PSC in which ShaMaran acquires or holds an interest.

Enforcement of judgments in foreign jurisdictions: The Company is party to contracts with counterparties located in a number of countries, most notably Kurdistan. Certain of its contracts are subject to English law with legal proceedings in England. However, the enforcement of any judgments thereunder against a counterparty will be a matter of the laws of the jurisdictions where counterparties are domiciled.

Change of control in respect of PSC: The Atrush Block PSC definition of "change of control" in a Contractor includes a change of voting majority in the Contractor, or in a parent company, provided the value of the interest in the Atrush field represents more than 50% of the market value of assets in the Company. Due to the limited amount of other assets held by the Company this will apply to a change of control in GEP or any of its parent companies. Change of control requires the consent of KRG or it will trigger a default under the PSC.

Project and Operational Risks

Shared ownership and dependency on partners: ShaMaran's operations are to a significant degree conducted together with one or more partners through contractual arrangements with the execution of the operations being undertaken by the operator in accordance with the terms of the Atrush JOA. As a result, ShaMaran has limited ability to exercise influence over the deployment of those assets or their associated costs and this could adversely affect ShaMaran's financial performance.

ShaMaran's return on assets operated by others will therefore depend upon a number of factors that may be outside of ShaMaran's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices. The operator, along with the Company's other partners, may have different opinions on how to conduct certain operations which may result in delays, losses or increased costs not anticipated by the Company. In addition, if the operator or other partners fail to perform, ShaMaran may, among other things, risk losing rights or revenues or incur additional obligations or costs in order to itself perform in place of its partners. If a dispute would arise with one or more partners such dispute may have significant negative effects on the Company's operations relating to its projects.

Security risks: Kurdistan and other regions in Iraq have a history of political and social instability which have culminated in security problems which may put at risk the safety of the Company's personnel, interfere with the efficient and effective execution of the Company's operations and ultimately result in significant losses to the Company. There have been no significant security incidents in the Company's area of operation.

Risks relating to infrastructure: The Company is dependent on access to available and functioning infrastructure (including third party services in Kurdistan) relating to the properties on which it operates, such as roads, power and water supplies, pipelines and gathering systems. The absence of direct export capability via the current Iraq pipeline export infrastructure and or the proposed Kurdistan-to-Turkey pipeline may adversely impact the Company's ability to develop, produce and export its oil and gas. Further, if any infrastructure or systems failures occur or access is not possible or does not meet the requirements of the Company, the Company's operations may be significantly hampered which could result in lower production and sales and or higher costs.

Environmental regulation and liabilities: Drilling for and producing, handling, transporting and disposing of oil and gas and petroleum by-products are activities that are subject to extensive regulation under national and local environmental laws, including in those countries in which ShaMaran currently operates. Environmental regulations may impose, among other things, restrictions, liabilities and obligations in connection with water and air pollution control, waste management, permitting requirements and restrictions on operations in environmentally sensitive areas. The Company's operations in Kurdistan are subject to general and specific regulations and restrictions governing drilling, production and processing, land tenure use, environmental requirements (including site specific environmental licenses, permits and remediation requirements), workplace health and safety requirements, social impacts and other laws and regulations. The environmental laws of Kurdistan are limited as compared to those in jurisdictions such as Europe or North America. The Company is obliged to follow both Kurdish law and the terms of the Atrush Block PSC towards protecting the environment and the health and safety of its employees and third parties.

The Company has implemented health, safety and environment policies since its incorporation, complies with industry environmental practices and guidelines for its operations in Kurdistan and is currently in compliance with these obligations in all material aspects. Environmental protection requirements have not, to date, had a significant effect on the capital expenditures and competitive position of ShaMaran.

Future changes in environmental or health and safety laws, regulations or community expectations governing the Company's operations could result in adverse effects to the Company's business including, but not limited to, increased monitoring, compliance and remediation costs and or costs associated with penalties or other sanctions imposed on the Company for non-compliance or breach of environmental regulations.

<u>Risk relating to community relations / labour disruptions</u>: The Company's operations may be located in or near communities that may regard operations as detrimental to their environmental, economic or social circumstances. This may result in disputes with national or local governments or with local communities and may give rise to incremental financial commitments. Additionally, there is a risk that strikes or labour unrest/disruptions may occur in the area of the Company's operation. Negative community reactions and labour disruptions or disputes could increase operational costs and result in delays in the execution of projects.

<u>Petroleum costs and cost recovery</u>: Under the terms of the Atrush Block PSC the KRG is entitled to conduct an audit to verify the validity of incurred petroleum costs which the operator has reported to the KRG and is therefore entitled under the terms of the Atrush Block PSC to recover through cash payments from future petroleum production. No such audit has to date taken place. Should any future audits result in negative findings concerning the validity of reported incurred petroleum costs the Company's petroleum cost recovery entitlement could ultimately be reduced.

<u>Legal claims and disputes</u>: The Company may suffer unexpected costs or other losses if a counterparty to any contractual arrangement entered into by the Company does not meet its obligations under such agreements. In particular, the Company cannot control the actions or omissions of its partners in the Atrush Block PSC. If such parties were to breach the terms of the Atrush Block PSC or any other documents relating to the Company's interest in the Atrush Block PSC, it could cause the KRG to revoke, terminate or adversely amend the Atrush Block PSC.

The Atrush JOA and the Atrush Block PSC provide mitigating provisions for circumstances whereby action can be taken to remedy or cure the breach, but in certain circumstances such disputes may disrupt business operations and could materially adversely affect the business prospects or results of operations of the Company. In addition the Company may be exposed to third party credit risks through its commercial arrangements with any with any co-venture marketer of its petroleum products, suppliers, contractors and other parties and this could result in additional costs, delays, losses to the Company.

<u>Paying interest</u>: Under the terms of the Atrush Block PSC, on exercise of its back-in right, the KRG is required to pay its share of project development costs. The Contractors are currently paying the KRG costs and there is a risk that the Contractors may be exposed to fund the KRG share of project development costs.

<u>Uninsured losses and liabilities</u>: Although the Company maintains insurance in accordance with industry standards to address risks relating to its operations, the Company's insurance coverage may under certain circumstances not protect it from all potential losses and liabilities that could result from its operations. The occurrence of a casualty, loss or liability against which the Company is not fully insured against, or the insolvency of the insurer of such event could impair the Company's ability to meet its obligations. The Company had no material uninsured losses or claims at the date of this AIF.

<u>Availability of equipment and services</u>: ShaMaran's oil and natural gas exploration and development activities are dependent on the availability of third party services, drilling and related equipment and qualified staff in the

particular areas where such activities are or will be conducted. ShaMaran currently leases all the drilling rigs used for its exploration and development activities. Shortages of such equipment or staff may affect the availability of such equipment to ShaMaran and may delay and or increase the cost of ShaMaran's exploration and development activities.

Early stage of development: ShaMaran has conducted oil and gas exploration and development activities in Kurdistan for approximately four years. The current operations are in an appraisal and development stage and there can be no assurance that ShaMaran's operations will be profitable in the future or will generate sufficient cash flow to satisfy its future commitments.

Financial and Other Risks

Financial statements prepared on a going concern basis: The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realise its assets and satisfy its liabilities in the ordinary course of business. ShaMaran's operations to date have been primarily financed by debt and equity financing. The Company's future operations are dependent upon the identification and successful completion of additional equity or debt financing or the achievement of profitable operations. There can be no assurances that the Company will be successful in completing additional financing or achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should ShaMaran be unable to continue as a going concern.

Substantial capital requirements: ShaMaran anticipates making substantial capital expenditures in the future for the acquisition, exploration, development and production of oil and gas. ShaMaran's results could impact its access to the capital necessary to undertake or complete future drilling and development programs. To meet its operating costs and planned capital expenditures, ShaMaran may require financing from external sources, including from the sale of equity and debt securities. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to ShaMaran. If it is unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities and may not be able to take advantage of acquisition opportunities. If ShaMaran or any of its partners in the oil asset are unable to complete minimum work obligations on the Atrush Block PSC, this PSC could be relinquished under applicable contract terms.

Dilution: The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of ShaMaran may be diluted.

Tax legislation: The Company has entities incorporated and resident for tax purposes in Canada, the Cayman Islands, the Kurdistan Region of Iraq, the Netherlands, Switzerland and the United States of America. Changes in the tax legislation or tax practices in these jurisdictions may increase the Company's expected future tax obligations associated with its activities in such jurisdictions.

Commodity price risk: The prices that the Company receives for its oil and gas production may have a significant impact on the Company's revenues and cash flows provided by operations. World prices for oil and gas are characterised by significant fluctuations that are determined by the global balance of supply and demand and worldwide political developments and in particular the price received for the Company's oil and gas production in Kurdistan is dependent upon the KRG and its ability to export production outside of Iraq. A significant decline in the price at which the Company can sell future oil and gas production could adversely affect the amount of funds available for capital reinvestment purposes as well as impair the value of the Company's oil and gas assets.

Foreign currency risk: The substantial portion of the Company's operations require purchases denominated in USD, which is the functional and reporting currency of the Company and also the currency in which the Company maintains the substantial portion of its cash and cash equivalents. Certain of its operations require the Company to make purchases denominated in foreign currencies, which are currencies other than USD and correspond to the various countries in which the Company conducts its business, most notably, Swiss Francs ("CHF") and Canadian dollars ("CAD"). As a result, the Company holds some cash and cash equivalents in foreign currencies and is therefore exposed to foreign currency risk due to exchange rate fluctuations between the foreign currencies and the USD. The Company considers its foreign currency risk is limited because it holds relatively insignificant amounts of foreign currencies at any point in time and since its volume of transactions in foreign currencies is currently relatively low. The Company has elected not to hedge its exposure to the risk of changes in foreign currency exchange rates.

Interest rate risk: The Company earns interest income at variable rates on its cash and cash equivalents and is therefore exposed to interest rate risk due to a fluctuation in short-term interest rates. The Company's policy on interest rate management is to maintain a certain amount of funds in the form of cash and cash equivalents for short-term liabilities and to have the remainder held on relatively short-term deposits. ShaMaran is highly leveraged though financing at the project level, for the continuation of Atrush project, and at the corporate level due to the $150 million of senior secured bonds which were issued in November 2013. However, the Company is not exposed to interest rate risks associated with the bonds as the interest rate is fixed.

Credit risk: Where counterparty defaults on its contractual obligations the Company could incur financial loss. The Company is primarily exposed to credit risk on its cash and cash equivalents and other receivables. The Company manages credit risk by monitoring counterparty ratings and credit limits and by maintaining excess cash and cash equivalents 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 recognised bond rating service.

Liquidity risk: The Company bears the risk that it will have difficulties meeting its financial obligations as they become due. In common with many oil and gas exploration companies the Company raises financing for its exploration and development activities in discrete tranches in order to finance its activities for limited periods. The Company seeks to rise additional funding as and when required. The Company anticipates making substantial capital expenditures in the future for the acquisition, exploration, development and production of oil and gas and as the Company's project moves further into the development stage, specific financing, including the possibility of additional debt, may be required to enable future development to take place. The financial results of the Company will impact its access to the capital markets necessary to undertake or complete future drilling and development programs. There can be no assurance that debt or equity financing, or future cash generated by operations, would be available or sufficient to meet these requirements or, if debt or equity financing is available, that it will be on terms acceptable to the Company.

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Annual capital expenditure budgets are prepared, which are regularly monitored and updated as considered necessary. In addition, the Company requires authorisations for expenditure on both operating and non-operating projects to further manage capital expenditures.

Capital and lending markets: As a result of general economic uncertainties and, in particular, the lack of risk capital available to the junior resource sector, the Company, along with other junior resource entities, may have reduced access to bank debt and to equity. As future capital expenditures will be financed out of funds generated from operations, bank borrowings if available, and possible issuances of debt or equity securities, the Company's ability to do so is dependent on, among other factors, the overall state of lending and capital markets and investor and lender appetite for investments in the energy industry generally, and the Company's securities in particular. To the extent that external sources of capital become limited or unavailable or available only on onerous terms, the Company's ability to invest and to maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

Recent distress in financial markets: In the future the Company is expected to require financing to grow its business. The recent distress affecting the financial markets and the possibility that financial institutions may consolidate or go bankrupt has reduced levels of activity in the credit markets which could diminish the amount of financing available to companies. In addition, such turmoil in the financial markets could significantly increase the Company's costs associated with borrowing. The Company's liquidity and its ability to access the credit or capital markets may also be adversely affected by changes in the financial markets and the global economy. There could be a number of follow on effects from the credit crisis on the Company, including insolvency of customers, key suppliers and other counterparties to the Company's and foreign exchange derivative instruments.

Risks in estimating resources**:** There are a number of uncertainties inherent in estimating the quantities of reserves/resources including factors which are beyond the control of the Company. Estimating reserves and resources is a subjective process and the results of drilling, testing, production and other new data subsequent to the date of an estimate may result in revisions to original estimates.

Reservoir parameters may vary within reservoir sections. The degree of uncertainty in reservoir parameters used to estimate the volume of hydrocarbons, such as porosity, net pay and water saturation, may vary. The type of formation within a reservoir section, including rock type and proportion of matrix and or fracture porosity, may vary laterally and the degree of reliability of these parameters as representative of the whole reservoir may be proportional to the overall number of data points (wells) and the quality of the data collected. Reservoir parameters such as permeability and effectiveness of pressure support may affect the recovery process. Recovery of reserves and resources may also be affected by the availability and quality of water, fuel gas, technical services and support, local operating conditions, security, performance of the operating company and the continued operation of well and plant equipment.

Additional risks associated with estimates of reserves and resources include risks associated with the oil and gas industry in general which include normal operational risks during drilling activity, development and production; delays or changes in plans for development projects or capital expenditures; the uncertainty of estimates and projections related to production, costs and expenses; health, safety, security and environmental risks; drilling equipment availability and efficiency; the ability to attract and retain key personnel; the risk of commodity price and foreign exchange rate fluctuations; the uncertainty associated with dealing with governments and obtaining regulatory approvals; performance and conduct of the operator; and risks associated with international operations.

The Company's project is in the appraisal and development stages and, as such, additional information must be obtained by further appraisal drilling and testing to ultimately determine the economic viability of developing any of the contingent or prospective resources. There is no certainty that the Company will be able to commercially produce any portion of its contingent or prospective resources. Any significant change, in particular, if the volumetric resource estimates were to be materially revised downwards in the future, could negatively impact investor confidence and ultimately impact the Company's performance, share price and total market capitalisation.

The Company has engaged professional geologists and engineers to evaluate reservoir and development plans; however, process implementation risk remains. The Company's reserves and resource estimations are based on data obtained by the Company which has been independently evaluated by McDaniel & Associates Consultants Ltd.

Conflict of interests: Certain directors of ShaMaran are also directors or officers of other companies, including oil and gas companies, the interests of which may, in certain circumstances, come into conflict with those of ShaMaran. If and when a conflict arises with respect to a particular transaction, the affected directors must disclose the conflict and abstain from voting with respect to matters relating to the transaction. All conflicts of interest will be addressed in accordance with the provisions of the Business Corporations Act (British Columbia) and other applicable laws.

Risks Related to the Company's Senior Secured Bonds

Possible termination of PSC / Bond Agreement in event of default scenario: Should GEP default its obligations under the Bond Agreement GEP may also not be able to fulfil its obligations under the Atrush Block PSC and or Atrush JOA, with the effect that these contracts may be terminated or limited. In addition, should GEP default its obligations under the Atrush Block PSC and or Atrush JOA, with the effect that these contracts may be terminated or limited, GEP may also default in respect of its obligations under the Bond Agreement. Either default scenario could result in the termination of the Company's future revenue generating activities and impair the Company's ability to meet its contractual commitments as they become due.

Ability to service indebtedness: GEP's ability to make scheduled payments on or to refinance its obligations under the bonds will depend on GEP's financial and operating performance which, in turn, will be subject to prevailing economic and competitive conditions beyond GEP's control. It is possible that GEP's activities will not generate sufficient funds to make the required interest payments which could, among other things, result in an event of default under the Bond Agreement.

Significant operating and financial restrictions**:** The terms and conditions of the Bond Agreement contain restrictions on GEP's and the Guarantors' activities which restrictions may prevent GEP and the Guarantors from taking actions that it believes would be in the best interest of GEP's business, and may make it difficult for GEP to execute its business strategy successfully or compete effectively with companies that are not similarly restricted. No assurance can be given that it will be granted the necessary waivers or amendments if for any reason GEP is unable to comply with the terms of the Bond Agreement. A breach of any of the covenants and restrictions could result in an event of default under the Bond Agreement.

Mandatory prepayment events: Under the terms of the Bond Agreement the bonds are subject to mandatory prepayment by GEP on the occurrence of certain specified events, including if (i) the ownership in the Atrush Block is reduced to below 20.10% (ii) ShaMaran Petroleum Corp. ceases to indirectly own, or ShaMaran Ventures B.V. ceases to directly own, 100% of the shares in GEP (iii) GEP invests in any assets or enters into any other activities unrelated to the Atrush Block PSC or (iv) an event of default occurs under the Bond Agreement. Following an early redemption after the occurrence of a mandatory prepayment event, it is possible that GEP will not have sufficient funds to make the required redemption of bonds which could, among other things, result in an event of default under the Bond Agreement.

Statement of Reserves Data

Date of Statement

The Statement of Reserves Data and Other Information is prepared as at December 31, 2014. The information is presented on a consolidated basis for ShaMaran.

Disclosure of Reserves Data

In March 2015 the Company received a detailed property report from McDaniel. The report is as of December 31, 2014 and includes Atrush Block gross 2P reserves estimates of 61 MMbbls (relating entirely to the Atrush Phase 1 development area) and Atrush Block 2C contingent resource estimates of 310 MMboe. The 2014 report takes into account the results from the AT-4 well, drilling results of the CK-5, CK-8 and CK-6 wells, the testing of CK-6 (partial results; pending full analysis in 2015), and the final 3D seismic processing and subsequent interpretation. The report provides revised estimates of Discovered PIIP, in billions of barrels of crude oil, as follows: 1.9 (P90), 2.8 (P50) and 4.1 (P10).

For further information please refer to the Company's Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information,* Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* and Form 51-101F3 *Report of Management* filed under the ShaMaran profile on the SEDAR website at www.sedar.com by ShaMaran on March 12, 2015 and attached hereto as Schedules A, B and C.

ITEM 5 - DESCRIPTION OF CAPITAL STRUCTURE AND DIVIDENDS

The Company's authorized capital consists of an unlimited number of common shares without par value. All of the issued common shares are fully paid and non-assessable.

The holders of common shares are entitled to receive notice of, and to one vote per share at, every meeting of shareholders of the Company, to receive such dividends as the Board of Directors declares and to share equally in the assets of the Company remaining upon the liquidation, dissolution or winding up of the Company after the creditors of Company have been satisfied.

Under the terms of the agreement governing the Company's corporate bonds issued on November 13, 2013, which have a 5-year maturity, the Company is restricted from repurchasing shares from its shareholders.

As at December 31, 2014 the Company had an aggregate of 810,983,860 common shares issued and outstanding. As of the date of this AIF the Company had an aggregate of 1,579,768,534 common shares issued and outstanding.

Dividends

To date the Company has not paid dividends on its common shares and has no plans to pay dividends in the near future. In accordance with the November 2013 Bond Agreement the Company is prohibited from distributing dividends. Any decision to pay dividends in the future will be based on the Company's earnings and financial requirements and other factors that its Board of Directors may consider appropriate in the circumstances.

ITEM 6 - MARKET FOR SECURITIES

Trading Price and Volume

The common shares of the Company are currently listed and posted for trading on the TSX.V in Canada under the trading symbol "SNM". On June 22, 2011 the Company began trading its common shares on the NASDAQ First North under the symbol "SNM".

The following table sets out, for the calendar periods indicated, the high and low closing prices and trading volumes for the common shares as reported on the TSX.V.

Month	High(CAD$)	Low(CAD$)	Volume
March 1 – 12, 2015	0.13	0.105	866,265
February 2015	0.13	0.105	51,989,688
January 2015	0.15	0.105	13,376,533
December 2014	0.23	0.11	6,501,509
November 2014	0.28	0.16	5,800,088
October 2014	0.33	0.14	8,722,712
September 2014	0.39	0.29	4,624,386
August 2014	0.39	0.31	2,526,765
July 2014	0.42	0.35	2,034,575
June 2014	0.42	0.33	3,566,706
May 2014	0.42	0.33	3,954,238
April 2014	0.46	0.40	1,482,135
March 2014	0.48	0.42	5,036,325
February 2014	0.48	0.41	9,037,822
January 2014	0.48	0.44	3,291,481

ITEM 7 - DIRECTORS AND OFFICERS

Name, Address and Occupation

During the year ended December 31, 2014, the Board of the Company was comprised of six directors. As at the date hereof, the Board of Directors of the Company is currently comprised of five directors who are elected annually and whose term of office will expire at the Company's annual meeting. Each director holds office until the next annual meeting of shareholders or until his successor is duly elected unless his office is earlier vacated in accordance with the articles of the Company.

The names, provinces and countries of residence of each of the directors and executive officers of the Company, their respective positions and offices held with the Company, their principal occupations within the preceding five years, as at December 31, 2014 and the date hereof is set forth in the following table:

Name, province or state and country of residence	Current position(s) held in the Company	Principal Occupation during the Past Five Years
Keith C. Hill Nairobi, Kenya	Chairman and Director since February 19, 2007	President, CEO and director of Africa Oil Corp.; Director of BlackPearl Resources Inc., Petrovista Energy Corp., Horn Petroleum Corp., Tyner Resources Ltd. and TAG Oil Corp. Prior to his appointment as CEO of Africa Oil Corp., Mr. Hill was President and CEO of BlackPearl Resources Inc. and of Valkyries Petroleum Corp.
Chris Bruijnzeels	President, Chief Executive Officer and Director since January 19, 2015	Mr. Bruijnzeels is a qualified Professional Engineer with over 29 years of experience in the oil and gas industry. Mr. Bruijnzeels was Senior Vice President Development of Lundin Petroleum AB from January 2003 to up to the time of his appointment as a Member of the Board of ShaMaran on January 19, 2015. Mr. Bruijnzeels joined Lundin Petroleum in 2003 and was responsible for Lundin Petroleum's operations, reserves and the development of its asset portfolio. From 1985 until 1998, Mr. Bruijnzeels worked for Shell International in the Netherlands, Gabon and Oman in several reservoir engineering functions. In 1998, he joined to PGS Reservoir Consultants in the UK where he worked as Principal Reservoir Engineer and Director of Evaluations.
Pradeep Kabra[(1)] Geneva, Switzerland	President and Chief Executive Officer, December 14, 2009 to January 19, 2015; Director, May 27, 2010 to January 19, 2015	Mr. Kabra is a Chartered Accountant and has a Bachelors degree in Law from the University of Delhi and a Masters degree in Petroleum Law and Policy from the University of Dundee, U.K. He has over 27 years experience in the oil industry having held senior operational and management positions at Addax Petroleum, Lundin Oil and International Petroleum. Prior, Mr. Kabra was Chief Operating Officer of the Company. Prior thereto, Mr. Kabra was General Manager Kurdistan for Addax Petroleum and was also a director of Taq Taq Operating Company Limited, the operator of the Taq Taq/Kewa Chirmila production sharing contract, Kurdistan.
C. Ashley Heppenstall	Director since January 19, 2015	President and Chief Executive Officer, and a director of Lundin Petroleum AB since August, 2001. Mr. Heppenstall is a graduate of Durham University where he obtained a degree in Mathematics. Mr. Heppenstall is a director of Etrion Corporation, and was, from May 2010 until May 2013, a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm.

Name, province or state and country of residence	Current position(s) held in the Company	Principal Occupation during the Past Five Years
Gary S. Guidry Alberta, Canada	Director since February 19, 2007	Director of Africa Oil Corp. since June 2008; former President, Chief Executive Officer, director and head of Chad Business for Glencore E&P (Canada) Inc. (formerly Caracal Energy Inc.) from July 2011 to August 2014. Previously, Mr. Guidry was President and CEO of Tanganyika Oil Company Ltd. and Orion Oil and Gas Corporation and director of TransGlobe Energy Corporation.
Brian D. Edgar British Columbia, Canada	Director since March 27, 2007	Chairman of Silver Bull Resources, Inc.; Director of a number of other publicly traded companies.
Alexandre Schneiter(2) Anieres, Switzerland	Director, September 10, 2009 to January 19, 2015	Executive Vice President and Chief Operating Officer of Lundin Petroleum AB since 2001.
J. Cameron Bailey(2) Alberta, Canada	Director, September 10, 2009 to January 19, 2015	President and CEO of Fortaleza Energy Inc. (formerly Alvopetro Inc.). Mr. Bailey was previously a Managing Director of Network Capital Inc. and is a Chartered Financial Analyst.
Brenden Johnstone Geneva, Switzerland	Chief Financial Officer since December 14, 2009	Mr. Johnstone is a Canadian Chartered Accountant and a graduate of the University of Saskatchewan, where he obtained bachelor degrees in commerce and arts. Mr. Johnstone was previously the Chief Financial Officer of Avante Petroleum S.A.

Notes:
(1) Pradeep Kabra resigned from the board of directors of ShaMaran and its subsidiaries on January 19, 2015.
(2) Alexandre Schneiter and J. Cameron Bailey resigned from the board of directors of ShaMaran on January 19, 2015.

There are four standing committees of the Board; namely, the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Reserves Committee.

The following table identifies the members of each of these Committees, as at December 31, 2014:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Reserves Committee
J. Cameron Bailey*	Gary S. Guidry*	Brian D. Edgar*	Gary S. Guidry*
Brian D. Edgar	Keith C. Hill	Alexandre Schneiter	Alexandre Schneiter
Alexandre Schneiter	Alexandre Schneiter	J. Cameron Bailey	J. Cameron Bailey

**Chairman of the committee during the year ended December 31, 2014.*

The following table identifies the members of each of these Committees, as at the date hereof:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Reserves Committee
C. Ashley Heppenstall*	Keith C. Hill*	Brian D. Edgar*	Gary S. Guidry*
Brian D. Edgar	C. Ashley Heppenstall	Keith C. Hill	Keith C. Hill
Gary S. Guidry	Brian D. Edgar	Gary S. Guidry	C. Ashley Heppenstall

**Chairman of the committee as of the date of this AIF.*

Security Holdings

As at December 31, 2014, the directors and executive officers of the Company beneficially own, directly or indirectly, have control of or direction over an aggregate of 2,542,800 Common Shares, representing approximately 0.31% of the issued and outstanding Common Shares (excluding securities issuable on exercise of stock options).

As at the date of this AIF, the directors and executive officers of the Company beneficially own, directly or indirectly, have control of or direction over an aggregate of 4,426,940 Common Shares, representing approximately 0.28% of the issued and outstanding Common Shares (excluding securities issuable on exercise of stock options).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Other than as disclosed below, no director or officer or person holding a sufficient number of securities of the Company to affect materially the control of the Company, is, or within the past ten years before the date of this Annual Information Form has been, a director or officer of any other issuer that, while such person was acting in that capacity:

(i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days

(ii) was subject to an event that resulted in such an order after the person ceased to be a director or officer

(iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets, or

(iv) was subject to such bankruptcy proceedings within a year of that person ceasing to act in that capacity

Subsequent to the financial year ended December 31, 2014, Mr. J. Cameron Bailey resigned as a director of the Company. Mr. Bailey is a director of Fortaleza Energy Inc. (formerly Alvopetro Inc., and formerly Fortress Energy Inc., "Fortress"). On March 2, 2011 the Court of Queen's Bench of Alberta granted an order (the "Order") under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") staying all claims and actions against Fortress and its assets and allowing Fortress to prepare a plan of arrangement for its creditors if necessary. Fortress took such steps in order to enable Fortress to challenge a reassessment issued by the Canada Revenue Agency ("CRA"). As a result of the reassessment, if Fortress had not taken any action, it would have been compelled to immediately remit one half of the reassessment to the CRA and Fortress did not have the necessary liquid funds to remit, although Fortress had assets in excess of its liabilities with sufficient liquid assets to pay all other liabilities and trade payables. Fortress believed that the CRA's position was not sustainable and vigorously disputed the CRA's claim. Fortress filed a Notice of Objection to the reassessment and on October 20, 2011 announced that its Notice of Objection was successful, CRA having confirmed there were no taxes payable. As the CRA claim had been vacated and no taxes or penalties were owing Fortress no longer required the protection of the Order under the CCAA and on October 28, 2011 the Order was removed. On March 3, 2011 the TSX suspended trading in the securities of Fortress due to Fortress having been granted a stay under the CCAA. In addition the securities regulatory authorities in Alberta, Ontario and Quebec issued a cease trade order with respect to Fortress for failure to file its annual financial statements for the year ended December 31, 2010 by March 31, 2011. The delay in filing was due to Fortress being granted the CCAA order on March 2, 2011 and the resulting additional time required by its auditors to deliver their audit opinion.

The required financial statements and other continuous disclosure documents were filed on April 29, 2011 and the cease trade order was subsequently removed. On September 1, 2010 Fortress closed the sale of substantially all of its oil and gas assets. As a result of the sale Fortress was delisted from the TSX on March 30, 2011 as it no longer met minimum listing requirements.

Mr. Edgar was a director of New West Energy Services Inc. (NEW-TSX-V) when, on September 5, 2006, a cease trade order was issued against that company by the British Columbia Securities Commission for failure to file its financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

Penalties or Sanctions

No director of officer of the Company, or shareholder holding a sufficient number of shares of the Company to materially affect control of the Company, has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

During the ten years preceding the date of this AIF, no director, officer or shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company, or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold his or her assets.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and any control shareholder of the Company individually.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or the terms of such participation. From time to time, several companies, including the Company, may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular corporation will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it the directors will primarily consider the possible return and degree of risk to which the Company may be exposed, as well as the financial position of the Company at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Corporations Act* (British Columbia) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of the Company are not aware of any conflicts of interest in any existing or contemplated contracts with or transactions involving the Company.

ITEM 8 - LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not involved in any legal proceedings that it believes might have a materially adverse effect on its business or results of operations.

Regulatory Actions

No penalties or sanctions were imposed by a court relating to securities legislation or by a securities regulatory authority during the Company's recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the Company's recently completed financial year.

ITEM 9 - AUDIT COMMITTEE

The Audit Committee oversees the accounting and financial reporting processes of the Company and its subsidiaries and all audits and external reviews of the financial statements of the Company on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Company and its subsidiaries. All auditing services and non-audit services to be provided to the Company by the Company's auditors are pre-approved by the Audit Committee. The Audit Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, the Company's internal accounting controls, the Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Company's external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year.

The Company's Audit Committee Charter is attached as Schedule C to this AIF.

Composition of the Audit Committee

The current members of the Audit Committee are Messrs. C. Ashley Heppenstall (Chair), Brian D. Edgar and Gary S. Guidry. All current members are considered independent. All members of the Audit Committee are considered to be "financially literate" within the meaning of applicable Canadian securities regulations in that they each have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Mr. Heppenstall is the President and Chief Executive Officer, and a director, of Lundin Petroleum AB. Mr. Heppenstall is a graduate of Durham University where he obtained a degree in Mathematics. Mr. Heppenstall also acts as director of Etrion Corporation, listed on the TSX and was, from May 2010 until May 2013, a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm.

Mr. Edgar is a retired corporate and securities lawyer and mining executive with a Law Degree from the University of British Columbia with approximately 38 years of public company experience. Mr. Edgar practiced in the area of corporate/securities law in private practice for 16 years and is co-owner of a private investment and venture capital firm and as such, has been involved in the financial analysis of many projects and companies. Mr. Edgar has served as an executive officer, director and audit committee chair of several other public resource-based companies. Through his education and experience, Mr. Edgar has experience overseeing and assessing the performance of companies and public accountants with respect to the preparation, auditing and evaluation of financial statements.

Mr. Guidry is a director and member of the Audit Committee of Africa Oil Corp. Formerly, Mr. Guidry was head of Chad Business for Glencore E&P (Canada) Inc. (formerly Caracal Energy Inc.). Mr. Guidry is an Alberta registered P. Eng. and holds a B.Sc. in petroleum engineering from Texas A & M University. Mr. Guidry has attained financial experience and exposure to accounting and financial issues in his former role at Glencore and previously, in his previous positions with a number of other public companies, including Orion Oil & Gas Corporation, Tanganyika Oil Company Ltd., Zodiac Exploration Inc., TransGlobe Energy Corporation, and Calpine Natural Gas Trust and Alberta Energy Company.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board of Directors.

Reliance on Certain Exemptions

Since the commencement of the Company's recently completed financial year, the Company has not relied on the exemptions contained in section 2.4 (De Minimis Non-audit Services) or an exemption from National Instrument 52-110 - Audit Committees ("NI 52-110"), in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the last two years ended December 31, 2014 and December 31, 2013.

Financial Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
2014	92,532	13,832	Nil	18,026
2013	86,500	12,917	Nil	36,400

Notes:

(1) The aggregate fees billed for audit services.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the audit fees column.

(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.

(4) The aggregate fees billed for professional services other than those listed in the other three columns.

Exemption

As a "venture issuer" (as such term is defined in NI 52-110) the Company is exempt from the requirements of Part 3, Composition of the Audit Committee, and Part 5, Reporting Obligations, of NI 52-110.

ITEM 10 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out below, no director or executive officer of the Company or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over more than 10 per cent of the Common Shares, and no associate or affiliate of any of the foregoing, has or has had, any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the most recently completed financial year, or any proposed transaction, that has materially affected or will materially affect the Company.

Together, Lorito and Zebra, each a company owned by a trust whose settlor was the late Adolf H. Lundin, and are joint actors, hold more than 10% of the common shares of the Corporation. During the year ended December 31, 2012 the Company completed a debenture financing (the "Loan") from Zebra and Lorito in the principal amount of 10,000,000. The Loan was to mature and be payable six months after closing and could be prepaid without interest or penalty. Interest accrued at 5% per annum commencing on the earlier of the Maturity Date or an event of default under the debenture, and was payable semi-annually thereafter. The debenture was not convertible into securities of the Company and was secured against the shares of the Company's operating subsidiaries. In connection with the Loan, the Company issued an aggregate of 3,000,000 common shares of the Company to the Lenders. In August, 2012, the Company repaid the Loan in full.

During the year ended December 31, 2014 the Company launched the Rights Offering financing that was supported by the Standby Purchase Agreement. Pursuant to the terms of the Standby Purchase Agreement entered into on October 14, 2014, as amended December 19, 2014, among the Company and the Standby

Purchasers, Lorito, Zebra and Lundin Petroleum B.V., the Standby Purchasers agreed, subject to certain terms and conditions, to (i) exercise all of their Basic Subscription Rights and (ii) purchase all common shares not otherwise acquired under the Rights Offering. Lorito agreed that it will purchase 16.67% of the Standby Shares, Zebra agreed that it will purchase 33.33% of the Standby Shares and Lundin Petroleum agreed that it will purchase 50.00% of the Standby Shares. In exchange for the commitment to provide comprehensive support for the Rights Offering, the Company agreed to pay the Standby Purchasers the Guarantee Fee equal to 3% of the gross proceeds received by the Company as a result of the Rights Offering, other than proceeds received by the Company through the exercise by the Standby Purchasers of their respective Basic Subscription Privilege, and payable by the issuance of common shares of the Company at the closing quoted market price per common share on the TSX-V on the day following the closing of the Rights Offering. Lundin Petroleum B.V. is a subsidiary of Lundin Petroleum AB, a company which shared and shares common directors and/or officers with the Company. As at December 31, 2014, Alexandre Schneiter, now former director of the Company, is an officer of Lundin Petroleum AB and, as at the date hereof, current directors C. Ashley Heppenstall is a director and officer and Chris Bruijnzeels was an officer of Lundin Petroleum AB. To the knowledge of the Corporation, as at December 31, 2014 the Standby Purchasers and their affiliates, held, in aggregate, 210,441,300 Common Shares representing 25.95% of the outstanding capital of the Company. See "Year ended December 31, 2014 – Corporate Developments".

Subsequent to the financial year ended December 31, 2014, on February 9, 2015, in connection with the Rights Offering, the Company issued 195,710,409 Common Shares to the Standby Purchasers on exercise of their respective rights. Under the terms of Standby Purchase Agreement the Standby Purchasers agreed to subscribe at a price of CAD 0.10 for a total of 40,906,078 additional Common Shares, representing all Common Shares not otherwise subscribed for by rights holders, which were issued on February 17, 2015. In addition on February 17, 2015 the Company issued a further aggregate of 14,569,684 Common Shares to the Standby Purchasers in respect of the guarantee fee, as defined under the Standby Purchase Agreement. As at the date hereof, the Standby Purchasers and their affiliates hold, in aggregate, 405,986,701 Common Shares representing 25.70% of the outstanding capital of the Company. In addition, certain directors and officers subscribed for an aggregate of 2,525,940 common shares at a price of CAD$ 0.10 per common share, as to Chris Bruijnzeels, 2,030,690 common shares, as to Gary Guidry, 93,000 common shares and as to Brenden Johnstone, 402,250 common shares. See "Subsequent to year ended December 31, 2014 – Corporate Developments".

The Company receives services from various subsidiary companies of Lundin Petroleum AB, a company sharing, as at the date hereof, a common director of the Company, and is a shareholder of the Company. Amounts totalling $56,000 were due to these subsidiary companies as at December 31, 2014.

ITEM 11 - REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc. ("Computershare") acts as the registrar and transfer agent for the Common Shares at its offices in Vancouver. Computershare is located at 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9.

ITEM 12 - MATERIAL CONTRACTS

Except as set forth below or as disclosed in this AIF, there were no contracts, other than those entered into in the ordinary course of business, that were material to the Company and that were entered into between January 1, 2014 (being the commencement of the Company's most recently completed financial year) and up to the date of this AIF or that were entered into prior to January 1, 2014 and remain in effect during 2014, other than as disclosed in this AIF.

The Company was a party to material contracts which were in effect at the date of this AIF as follows:

- The Bond Agreement dated November 11, 2013 in respect of the 150 million senior secured bond facility negotiated by GEP, as described under the heading "Fiscal year ended December 31, 2013";
- A guarantee and indemnity agreement dated November 11, 2013 obligating the Company and certain of its direct and indirect subsidiaries, as guarantors, in respect of the 150 million senior secured bond facility negotiated by GEP, as described under the heading "Fiscal year ended December 31, 2013";

- A pledge agreement dated November 11, 2013 made among Norsk Tillitsmann ASA as the pledgee (on behalf of and as trustee for the bondholders under the Bond Agreement) and the Company and certain of its direct and indirect subsidiaries as pledgers, in respect of the 150 million senior secured bond facility negotiated by GEP, as described under the heading "Fiscal year ended December 31, 2013";
- An equitable mortgage over shares agreement dated November 11, 2013 made among Norsk Tillitsmann ASA as security trustee (on behalf of and as trustee for the bondholders under the Bond Agreement) and ShaMaran Ventures B.V., an indirect subsidiary and mortgagor of shares of GEP, as security relating to the 150 million senior secured bond facility negotiated by GEP, as described under the heading "Fiscal year ended December 31, 2013";
- An internal credit facility agreement dated November 11, 2013 made among the Company and certain of its subsidiaries, as described under the heading "Fiscal year ended December 31, 2013", and;
- The Standby Purchase Agreement dated October 14, 2014, as amended December 19, 2014 among the Corporation, Lorito, Zebra and Lundin Petroleum BV in respect of the Rights Offering, as described under the heading "Fiscal year ended December 31, 2014".

ITEM 13 - NAMES AND INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing made under NI 51-102 by the Company during the current financial year other than McDaniel & Associates Consultants Ltd., the Company's independent resource evaluators and PricewaterhouseCoopers AG, the Company's auditors and former auditor PricewaterhouseCoopers LLP (London, UK). With effect from October 1, 2014, the Company changed its auditor from PricewaterhouseCoopers LLP (London, UK) to PricewaterhouseCoopers AG (Basel, Switzerland). None of the employees of McDaniel & Associates Consultants Ltd. have any registered or beneficial interests, direct or indirect, in any securities or property of the Company or of the Company's associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter, or to be received by them. PricewaterhouseCoopers AG, the Company's auditors, are independent in accordance with the auditor's rules of professional conduct in Canada. In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

Mr. Kevin Hisko, the Corporate Secretary of the Company, is a partner at McCullough O'Connor Irwin LLP, a law firm that provides legal services to the Company. As of the date hereof, the associates and partners of McCullough O'Connor Irwin LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

ITEM 14 - ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual meeting of security holders that involved the election of directors.

Additional financial information is provided in the Company's audited consolidated financial statements and the MD&A as at and for the year ended December 31, 2014.

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company's website at www.shamaranpetroleum.com.

SCHEDULE A

FORM 51-101 F1

Form 51-101 F1

ShaMaran Petroleum Corp.

Statement of Reserves Data

And Other Oil and Gas Information

As of December 31, 2014

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Part 1 Date of Statement

Item 1.1 Relevant Dates

1. Date of Statement: March 2, 2015
2. Effective Date: December 31, 2014
3. Preparation Date: March 12, 2015

Part 2 Disclosure of Reserves Data

ShaMaran Petroleum Corp., herein after referred to as “ShaMaran” or the “Company”, has as of December 31, 2014 reserves relating entirely to the Company’s 20.1% direct participating interest in the Atrush Block, its sole oil and gas property, which is located in the Kurdistan Region of Iraq (“Kurdistan”). For the purpose of stating the Company’s oil and gas reserves publicly, the Company retained the services of McDaniel & Associates Consultants Ltd. (“McDaniel”), who are independent qualified reserves evaluators appointed by the Company pursuant to NI 51-101, to conduct independent evaluations of all of the Company’s oil and gas properties. McDaniel has provided the Company with an evaluation (the “McDaniel Report”) prepared in compliance with NI 51-101 in respect of the Company’s oil and gas reserves as at December 31, 2014.

The definitions of the various categories of reserves are those set out in NI 51-101 and in the Canadian Oil and Gas Evaluation Handbook (“COGE Handbook”). The Company engaged McDaniel to provide an evaluation of the Company's proved, probable and possible reserves. The following are the definitions of proved, probable and possible reserves as set out in the COGE Handbook:

> "**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. At least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves is the targeted level of certainty.
>
> "**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. At least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves is the targeted level of certainty.
>
> "**possible reserves**" are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. At least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves is the targeted level of certainty.

It should not be assumed that the present worth of estimated future net revenue represents the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions contained in the McDaniel Report will be attained and variances could be material. The reserves and revenue estimates set forth below are estimates only and the actual reserves and realized revenue may be greater or less than those calculated.

Unless otherwise stated herein all currency amounts indicated as “$” in this Statement of Reserves Data are expressed in thousands of United States dollars (“USD”).

Item 2.1 Reserves Data (Forecast Prices and Costs)

Breakdown of Reserves (Forecast Case)

The following table discloses, in the aggregate, the Company's gross and net proved, probable and possible reserves, estimated using forecast prices and costs, by product type.

SUMMARY OF OIL AND GAS RESERVES AS OF DECEMBER 31, 2014
(Forecast Prices and Costs)

	ShaMaran's Interest in Reserves(1)(2)							
	Light and Medium Oil (Mbbl)		**Heavy Oil (Mbbl)**		**Natural Gas (MMcf)**		**Natural Gas Liquids (Mbbl)**	
	Gross(3)	**Net(4)**	**Gross(3)**	**Net(4)**	**Gross(3)**	**Net(4)**	**Gross(3)**	**Net(4)**
Iraq								
Proved developed producing	–	–	–	–	–	–	–	–
Proved developed non–producing	–	–	–	–	–	–	–	–
Proved undeveloped	6,274	4,500	–	–	–	–	–	–
Total proved reserves	**6,274**	**4,500**	**–**	**–**	**–**	**–**	**–**	**–**
Probable	6,077	3,361	–	–	–	–	–	–
Total Proved Plus Probable Reserves	**12,352**	**7,861**	**–**	**–**	**–**	**–**	**–**	**–**
Possible	11,964	4,479	–	–	–	–	–	–
Total Proved Plus Probable Plus Possible Reserves	**24,315**	**12,340**	**–**	**–**	**–**	**–**	**–**	**–**
Total								
Proved developed producing	–	–	–	–	–	–	–	–
Proved developed non–producing	–	–	–	–	–	–	–	–
Proved undeveloped	6,274	4,500	–	–	–	–	–	–
Total proved reserves	**6,274**	**4,500**	**–**	**–**	**–**	**–**	**–**	**–**
Probable	6,077	3,361	–	–	–	–	–	–
Total Proved Plus Probable Reserves	**12,352**	**7,861**	**–**	**–**	**–**	**–**	**–**	**–**
Possible	11,964	4,479	–	–	–	–	–	–
Total Proved Plus Probable Plus Possible Reserves	**24,315**	**12,340**	**–**	**–**	**–**	**–**	**–**	**–**

Notes:

(1) Totals may not add due to rounding.

(2) The definitions of the various categories of reserves and expenditures are those set out in NI 51-101.

(3) "Gross" reserves refer to ShaMaran's 20.1%working interest share before deducting royalties.

(4) "Net" reserves refer to ShaMaran's share of total cost and profit revenues. Note, as the government pays income taxes on behalf of ShaMaran out of the government's profit oil share, the net reserves were based on the effective pre-tax profit revenues by adjusting for the tax rate.

Net Present Value of Future Net Revenue (Forecast Case)

The following table discloses, by country and in the aggregate, the net present value of ShaMaran's future net revenue attributable to the reserves categories in the previous table, estimated using forecast prices and costs, before and after deducting future income tax expenses, and calculated without discount and using discount rates of 5%, 10%, 15% and 20%.

SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2014
(Forecast Prices and Costs)

Reserves Category	Net Present Values of Future Net Revenue[(1)(2)(3)(4)(5)(6)] Before Income Taxes Discounted at (%/year) 0	5	10	15	20	After Income Taxes Discounted at (%/year) 0	5	10	15	20	Unit Value[(7)] before Income Tax Discounted at 10%/year
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$/bbl
Iraq											
Proved developed producing	–	–	–	–	–	–	–	–	–	–	–
Proved developed non-producing	–	–	–	–	–	–	–	–	–	–	–
Proved undeveloped	80,730	61,028	45,787	33,775	24,157	80,730	61,028	45,787	33,775	24,157	10.18
Total proved reserves	**80,730**	**61,028**	**45,787**	**33,775**	**24,157**	**80,730**	**61,028**	**45,787**	**33,775**	**24,157**	**10.18**
Probable	126,960	96,063	75,666	61,475	51,165	126,960	96,063	75,666	61,475	51,165	22.51
Total Proved Plus Probable Reserves	**207,690**	**157,091**	**121,452**	**95,251**	**75,322**	**207,690**	**157,091**	**121,452**	**95,251**	**75,322**	**15.45**
Possible	168,885	118,280	87,878	68,265	54,877	168,885	118,280	87,878	68,265	54,877	19.62
Total Proved Plus Probable Plus Possible Reserves	**376,575**	**275,371**	**209,331**	**163,515**	**130,199**	**376,575**	**275,371**	**209,331**	**163,515**	**130,199**	**16.96**
Total											
Proved developed producing	–	–	–	–	–	–	–	–	–	–	–
Proved developed non-producing	–	–	–	–	–	–	–	–	–	–	–
Proved undeveloped	80,730	61,028	45,787	33,775	24,157	80,730	61,028	45,787	33,775	24,157	10.18
Total proved reserves	**80,730**	**61,028**	**45,787**	**33,775**	**24,157**	**80,730**	**61,028**	**45,787**	**33,775**	**24,157**	**10.18**
Probable	126,960	96,063	75,666	61,475	51,165	126,960	96,063	75,666	61,475	51,165	22.51
Total Proved Plus Probable Reserves	**207,690**	**157,091**	**121,452**	**95,251**	**75,322**	**207,690**	**157,091**	**121,452**	**95,251**	**75,322**	**15.45**
Possible	168,885	118,280	87,878	68,265	54,877	168,885	118,280	87,878	68,265	54,877	19.62
Total Proved Plus Probable Plus Possible Reserves	**376,575**	**275,371**	**209,331**	**163,515**	**130,199**	**376,575**	**275,371**	**209,331**	**163,515**	**130,199**	**16.96**

Notes:

(1) Totals may not add due to rounding.

(2) The definitions of the various categories of reserves and expenditures are those set out in NI 51-101.

(3) Based on forecast prices and costs at January 1, 2015.

(4) Interest expenses and corporate overhead, etc. were not included.

(5) The net present values may not necessarily represent the fair market value of the reserves.

(6) Government pays income taxes on behalf of ShaMaran out of the government's profit oil share and as such the before and after tax values are identical.

(7) Unit values are calculated using estimated net present value of future net revenue before income taxes using a discount rate of 10%. Unit values are presented on a $/bbl basis for light/medium oil reserves.

Total Future Net Revenue (Undiscounted)

Sub-Item 3b – Breakdown of Future Net Revenue

The following table discloses, by country and in the aggregate, certain elements of the Company's future net revenue attributable to proved reserves, proved plus probable reserves and proved plus probable plus possible reserves, estimated using forecast prices and costs, and calculated without discount.

Reserves Category	Revenue[1]	Royalties[2]	Operating Costs[3]	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes[4]	Income Taxes[5]	Future Net Revenue after Income Taxes
	$000	$000	$000	$000	$000	$000	$000	$000
Iraq								
Total proved reserves	275,392	–	109,088	85,130	444	80,730	–	80,730
Total Proved Plus Probable Reserves......	507,138	–	212,337	86,616	496	207,690	–	207,690
Total Proved Plus Probable Plus Possible Reserves	822,560	–	356,810	88,628	547	376,575	–	376,575
Total								
Total proved reserves	275,392	–	109,088	85,130	444	80,730	–	80,730
Total Proved Plus Probable Reserves......	507,138	–	212,337	86,616	496	207,690	–	207,690
Total Proved Plus Probable Plus Possible Reserves	822,560	–	356,810	88,628	547	376,575	–	376,575

Notes:

(1) Revenue comprises cost oil and profit oil revenue.

(2) Royalties are taken off before determining revenue and so are not included in this table.

(3) Operating costs included bonuses and capacity building value.

(4) Totals may not add or subtract due to rounding.

(5) Government pays income taxes on behalf of ShaMaran out of the government's profit oil share and so income taxes are excluded.

Sub-Item 3c – Total Future Net Revenue by Production Group

The following table discloses, by production group, the net present value and the unit value of the Company's future net revenue attributable to its proved reserves, its proved plus probable reserves and its proved plus probable plus possible reserves, before deducting future income tax expenses, estimated using forecast prices and costs, and calculated using a 10% discount rate.

Reserves Category	Production Group[(1)]	Future Net Revenue before Income Taxes (Discounted at 10%/Year)	Unit Value[(2)]
		$000	($/bbl) ($/Mcf) ($/boe)
Proved Reserves	Light and Medium Crude Oil	45,787	10.18
	Heavy Oil	–	–
	Natural Gas	–	–
	Natural Gas Liquids	–	–
	Total	**45,787**	**10.18**
Proved Plus Probable Reserves	Light and Medium Crude Oil	121,452	15.45
	Heavy Oil	–	–
	Natural Gas	–	–
	Natural Gas Liquids	–	–
	Total	**121,452**	**15.45**
Proved Plus Probable Plus Possible Reserves	Light and Medium Crude Oil	209,331	16.96
	Heavy Oil	–	–
	Natural Gas	–	–
	Natural Gas Liquids	–	–
	Total	**209,331**	**16.96**

Notes:

(1) The Atrush Field contains crude oil of variable density even within a single reservoir unit. Oil density measurements on the PVT samples analyzed to date, and from the reservoirs assigned reserves, have been less than 920 kg/m^3 and as such are categorized as medium oil. However wellhead oil density measurements suggest that some of the Atrush oil, which as yet has not been the subject of PVT study, will likely have a density of greater than 920 kg/m^3 and as such would be categorized as heavy oil.

(2) Unit values are calculated using estimated net present value of future net revenue before income taxes using a discount rate of 10% and the Company net reserves. Unit values are presented on a $/bbl basis for crude oil reserves.

Item 2.2 Supplemental Disclosure

McDaniel has prepared for ShaMaran as of December 31, 2014 an assessment of the crude oil, condensate and natural gas contingent and prospective resources which relate entirely to the Company's participating interest in the Atrush Block.

The resource estimates have been prepared in accordance with standards set out in the Canadian National Instrument NI 51-101 and the COGE Handbook.

The Atrush Block crude oil, natural gas and condensate contingent and prospective resources as of December 31, 2014 were estimated to be as follows:

SUMMARY OF CONTINGENT RESOURCES AS OF DECEMBER 31, 2014

	Light and Medium Oil (Mbbl)[4]			Natural Gas (MMcf)			Natural Gas Liquids[7] (Mbbl)		
	Gross	Company Interest		Gross	Company Interest		Gross	Company Interest	
Contingent Resources[1][2][3]	100%	Gross[5]	Net[6]	100%	Gross[5]	Net[6]	100%	Gross[5]	Net[6]
Low Estimate (1C)	179,891	36,158	N/A	38,930	7,825	N/A	-	-	N/A
Best Estimate (2C)	298,760	60,051	N/A	66,368	13,340	N/A	-	-	N/A
High Estimate (3C)	434,948	87,425	N/A	101,590	20,420	N/A	-	-	N/A

Notes:

(1) There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

(2) These are unrisked contingent resources that do not take into account the chance of commerciality.

(3) Based on probabilistic aggregation of zones within the Atrush field and as such do not equal the arithmetic sum.

(4) The Atrush Field contains crude oil of variable density even within a single reservoir unit. Oil density measurements on the PVT samples analyzed to date, and from the reservoirs assigned contingent resources, have been between 900 and 925 kg/m^3 and as such should be categorized as either medium or heavy oil. At this stage it is difficult to split the contingent resources between these product types and, as the majority of the oil density measurements on the PVT samples have been less than 920 kg/m^3, the oil has been categorized as medium oil.

(5) Company gross interest resources refer to ShaMaran's 20.1% working interest share before deducting royalties.

(6) Company net interest resources are not available as McDaniel did not undertake a valuation of the resources.

(7) Natural gas liquids are comprised of condensate.

The resources included in the table above are classified as contingent as the associated project(s) are dependent upon the results of the Atrush Phase 1 development; this first phase of development should, together with further appraisal drilling, narrow the uncertainty in the contingent resources estimates and help determine if their development is economic.

A reduction in company gross 2C contingent resources from the 104.2MMboe reported at December 31, 2013 reflects a more complex geological structure (interpreted from the 3D seismic data processed in 2014 and 2014 well results) and a reduced estimate of recovery factor from the rock matrix. The recoverable estimates are related to a water drive mechanism as per the current field development plan and therefore exclude any upside associated with any future improved oil recovery efforts.

SUMMARY OF PROSPECTIVE RESOURCES AS OF DECEMBER 31, 2013

	Light and Medium Oil (Mbbl)[4]			Natural Gas (MMcf)			Natural Gas Liquids[7] (Mbbl)		
	Gross	Company Interest		Gross	Company Interest		Gross	Company Interest	
Prospective Resources[1][2][3]	100%	Gross[5]	Net[6]	100%	Gross[5]	Net[6]	100%	Gross[5]	Net[6]
Unrisked Low Estimate	121,425	24,406	N/A	141,366	28,415	N/A	8,741	1,757	N/A
Unrisked Best Estimate	173,194	34,812	N/A	258,352	51,929	N/A	28,327	5,694	N/A
Unrisked Mean Estimate	180,165	36,213	N/A	289,988	58,288	N/A	36,173	7,271	N/A
Unrisked High Estimate	247,211	49,689	N/A	481,107	96,702	N/A	72,890	14,651	N/A
Risked Mean Estimate	60,479	12,156	N/A	61,445	12,350	N/A	6,766	1,360	N/A

Notes:
(1) There is no certainty that any portion of the prospective 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) Based on probabilistic aggregation of zones within the Atrush field and as such do not equal the arithmetic sum.
(4) The prospective resources are categorized as “light and medium oil” however based on oil samples obtained from the Atrush Field it may be that a portion should be categorized as “heavy oil”; it is not possible at this stage to split the resources between the categories and for simplicity they are all included as “light and medium oil”.
(5) Company gross interest resources refer to ShaMaran’s 20.1% working interest share before deducting royalties.
(6) Company net interest resources are not available as McDaniel did not undertake a valuation of the resources.
(7) Natural gas liquids are comprised of condensate.

The resources included in the table above are classified as prospective and have not been updated from the year end 2013 evaluation.

Part 3 Pricing Assumptions

Item 3.2 Forecast Prices Used in Estimates

The following table sets forth the benchmark reference prices, as at December 31, 2014, provided by McDaniel which were McDaniel's then current forecast prices at the effective date of the McDaniel Report.

Year	Brent Crude Oil Price[1]	Sales Oil Price[2] (Atrush, Iraq)	Inflation Rates
	($/bbl)	($/bbl)	(%/Year)
2014 (actual weighted average)	n/a	n/a	
2015	70.00	51.00	2.00
2016	77.60	56.98	2.00
2017	82.60	60.88	2.00
2018	87.60	64.77	2.00
2019	92.00	68.19	2.00
2020	96.60	71.76	2.00
2021	98.50	73.17	2.00
2022	100.50	74.66	2.00
2023	102.50	76.14	2.00
Inflation after 2023			2.00

Notes:
(1) Brent price forecast based on the McDaniel January 1, 2015 price forecast.
(2) Sales oil price accounts for quality differential, transportation tariffs and marketing fees. Oil pricing is uncertain and any additional announcement of sales and pricing of exported Kurdish crude during 2015 may impact on future price scenarios.

Part 4 Reconciliations of Changes in Reserves

Item 4.1 Reserves Reconciliation

The following table provides a reconciliation of ShaMaran's gross reserves as at December 31, 2013 to December 31, 2014 based on forecast prices and costs.

	Light and Medium Oil (Mbbl)			Natural Gas (MMcf)			Natural Gas Liquids (Mbbl)		
	Gross Proved	Gross Probable	Total Gross Proved plus Probable	Gross Proved	Gross Probable	Total Gross Proved plus Probable	Gross Proved	Gross Probable	Total Gross Proved plus Probable
Opening balance[1][2] December 31, 2013	6,145	5,549	11,694	-	-	-	-	-	-
Plus:	-			-	-	-	-	-	-
Extensions	-	-	-	-	-	-	-	-	-
Improved recovery	-	-	-	-	-	-	-	-	-
Technical revisions	129	528	658	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Less:									
Dispositions	-	-	-	-	-	-	-	-	-
Economic factors	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-
Ending balance – December 31, 2014	6,274	6,077	12,352	-	-	-	-	-	-

Notes:

(1) Gross reserves refer to ShaMaran's working20.1% interest share before deducting royalties.

(2) Reserves reconciliation in the AIF for year ended December 31, 2014 was based on forecast prices and costs.

Part 5 Additional Information Relating to Reserves Data

The recognition by the Company of reserves in the year 2013 is, in addition to technical data supporting the recoverable quantities, based on a number of cumulative commercial developments, most notably the November 2012 declaration of commerciality of the Atrush field, the October 2013 approval by the KRG of the Field Development Plan, the progress towards first oil production, and the announcement in early January 2014 by the KRG of the commencement of the sale of its first shipment of crude oil exported via its new pipeline through Turkey.

Item 5.1 Undeveloped Reserves

The following tables set forth the proved undeveloped gross reserves and the probable undeveloped gross reserves, each by product type, attributed to ShaMaran's assets for the years ended December 31, 2012, December 31, 2013 and December 31, 2014 in the aggregate, and before that time based on forecast prices and costs.

SUMMARY OF COMPANY NET UNDEVELOPED RESERVES
(Forecast Prices and Costs)

	Light/Medium Oil		Natural Gas		Natural Gas Liquids	
Proved Undeveloped	First Attributed	Booked	First Attributed	Booked	First Attributed	Booked
	(Mbbl)	(Mbbl)	(MMcf)	(MMcf)	(Mbbl)	(Mbbl)
Prior to 2012	–	–	–	–	–	–
2012	–	–	–	–	–	–
2013	6,145	6,145	–	–	–	–
2014	–	6,274	–	–	–	–

Probable Undeveloped	First Attributed	Booked	First Attributed	Booked	First Attributed	Booked
	(Mbbl)	(Mbbl)	(MMcf)	(MMcf)	(Mbbl)	(Mbbl)
Prior to 2012	–	–	–	–	–	–
2012	–	–	–	–	–	–
2013	5,549	5,549	–	–	–	–
2014	–	6,077	–	–	–	–

Item 5.2 Significant Factors or Uncertainties

McDaniel conducted its independent engineering evaluation on ShaMaran's reserves as at December 31, 2014. The process of establishing reserves requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change.

As circumstances change and additional data become available, reserves estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserves estimates are accurate, reserves estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserves estimates can arise from changes in year-end oil and gas prices, and reservoir performance.

Item 5.3 Future Development Costs

The following table provides information regarding the development costs deducted in the estimation of future net revenue attributable to the ShaMaran's reserves.

FUTURE DEVELOPMENT COSTS (UNDISCOUNTED)(1)(2)

	Proved Reserves	Proved Plus Probable Reserves	Proved Plus Probable Plus Possible Reserves
	$ millions	$ millions	$ millions
Iraq (and Total)			
2015	70.7	70.7	69.7
2016	13.1	13.1	13.1
2017	0.2	0.2	0.2
2018	0.2	0.2	0.2
2019	0.2	0.2	0.2
Thereafter	0.7	2.2	5.2
Total Future Development Costs	**85.1**	**86.6**	**88.6**

Notes:
(1) Future Development Costs shown are associated with booked reserves in the McDaniel Report and do not necessarily represent the Company's full exploration and development budget.
(2) Operating costs prior to first oil were treated as development costs and as first oil in the 3P forecast occurs in 2015 (compared to 2016 in the 1P and 2P forecasts) the resulting 3P development costs in 2015 are less.

Part 6 Other Oil and Gas Information

Item 6.1 Oil and Gas Properties and Wells

Summary of Producing and Non-Producing Wells

	Light/Medium Oil	Heavy Oil	Natural Gas	Total
	(wells)	(wells)	(wells)	
Iraq (and Total)				
Gross Wells(1)				
Producing(3)	–	–	–	–
Non-producing(4)	4.0	–	–	4.0
Total Gross Wells	**4.0**	**–**	**–**	**4.0**
Net Wells(2)				
Producing(3)	–	–	–	–
Non-producing(4)	0.8	–	–	0.8
Total Net Wells	**0.8**	**–**	**–**	**0.8**

Notes:
(1) "Gross Wells" represent the number of wells in which the Company has a working-interest.
(2) "Net Wells" represent the number of wells obtained by aggregating the Company's working-interests in each of its Gross Wells.
(3) "Producing" includes wells presently producing and contributing revenue or wells presently producing that are expected to contribute revenue in the foreseeable future through the sale of presently produced oil.
(4) "Non-Producing" includes wells that are presently non-producing or wells presently producing but are not expected to contribute revenue in the foreseeable future through the sale of presently produced oil.

The Company currently holds a 20.1% direct interest in the Atrush Block PSC. Details of the Atrush Block are provided below.

Atrush Block

The Atrush Block is located approximately 85 kilometres northwest of Erbil, the capital of the Kurdistan Region of Iraq, and is 269 square kilometres (66,471 acres) in area. The Atrush Block contains the Chiya Khere structure, expressed at surface by the Chiya Khere mountain, which runs east-west for approximately 25 kilometres with an approximate width of 3.5 kilometres. In April 2011 the Chiya Khere structure was confirmed as an oil discovery by the Atrush-1 ("AT-1") exploration well and the first phase of an approved Appraisal Work Program commenced in July 2011 with the start of 3D seismic acquisition operations. The topography is rugged and mountainous. Immediately to the south is the Shaikan Block where Gulf Keystone found oil in 2009 and which is undergoing development. Immediately to the north of the Atrush Block is the Sarsang Block where Hillwood International Energy ("Hillwood" or "HKN Energy") made discoveries in the Swara Tika-1 and 2 wells, and initiated an early development scheme in 2014. Immediately to the east of the block is the Bakrman oil discovery made by MOL Group in late 2012, with the Sheikh Adi (Gulf Keystone) and Ber Bahr (Genel) discoveries to the west.

In 2008 GEP acquired 143 kilometres of 2D seismic data covering the Atrush Block. In April 2011 the Atrush structure was confirmed as an oil discovery by the AT-1 exploration well and the first phase of an approved Appraisal Work Program commenced in July 2011 with the start of 3D seismic acquisition operations.

The Atrush structure is a complex faulted anticlinal structure developed along a possible shallow thrust zone oriented east-west. The proven and potential stacked oil reservoirs within the block are (following a revision of stratigraphic nomenclature in early 2014) the Sarmord and Garagu (Cretaceous), Barsarin (Upper Jurassic), Naokelekan, Upper and Lower Sargelu (Middle Jurassic), Alan, Mus and Adaiyah/Upper Butmah (Lower Jurassic) with both fracture and matrix porosity. The two discovery notifications made in the years 2011 and 2012 are limited to the Jurassic reservoirs that successfully flow tested 22-26.5 degree API oil to surface in the AT-1 and Atrush-2 ("AT-2") wells. At the time, pressure data from the first two wells suggested that all the Jurassic reservoirs belong to the same pressure regime with an estimated Free Water Level ("FWL") at -443m msl, giving a gross Jurassic oil column of over 500 meters at the crest of the structure. The deeper Triassic reservoir has additional upside potential.

The Atrush-3 ("AT-3") well drilled in 2013, confirmed the prior range of estimates for the FWL by flowing the deepest dry oil at -408m msl (approximately 180 meters deeper than previous wells), supported by a water test at -498m msl that revised the "Water Up To" slightly higher than previously determined. Flow tests were not measured due to technical reasons and the well was suspended pending re-entry and re-testing in January 2015

The planned 3D seismic acquisition was completed by August 2012. The new operator, Abu Dhabi National Energy Company ("TAQA"), prepared the Field Development Plan following the Declaration of Commerciality made on November 7, 2012 and this was subsequently approved by the Ministry of Natural Resources ("MNR") effective October 1 2013. Awards for the various modules for the First Phase production facilities (FP1) were made in December 2013, and site construction started early 2014. Main production modules for the facility are being fabricated with onsite delivery expected during the second quarter of 2015 with commissioning to follow with first oil targeted by end of the year 2015.. A workover rig will be mobilised in the first half of 2015 to conduct testing and completion operations on Chiya Khere-5 ("CK-5") and Chiya Khere-8 ("CK-8"), and to complete AT-2 and Atrush-4 ("AT-4") as the four wells to be tied-in to the Chiya Khere production facility.

FEED was completed in the year 2014 on a dedicated feeder pipeline between the Chiya Khere production facility and the tie-in point on the main export pipeline at Kurdistan Crude Pipeline pumping station #2 ("KCP2") at kilometre 92. Initial work on the pipeline right of way in the elevated section over the Chiya Khere mountain has commenced. Pipeline commissioning is expected to be completed in time for production start-up.

The AT-4 development well which started drilling in 2013 was finalised in 2014. This was followed by the drilling of wells CK-5, CK-8 and Chiya Khere-6 ("CK-6"), the testing of CK-6 (partial results available at year end 2014; pending full analysis in 2015), and the final 3D seismic processing and interpretation. The successful retest of AT-3 was conducted in January 2015.

The AT-4, CK-5 and CK-8 are predrilled producer wells in the Phase 1 development area. The CK-5 and CK-8 wells confirmed the structural elevation and the good reservoir quality of the Phase 1 area. The AT-4 well, while testing, demonstrated excellent reservoir connectivity to the AT-2 well, and therefore further confirmed the potential of the Phase 1 area. The final 3D seismic processing in 2014, together with structural information gained from the AT-4 and CK-6 wells resulted in a narrower overall structure than previously mapped.

The CK-6 well was drilled in the Phase 2 appraisal area. During testing, both CK-6 and the 2015 retest of AT-3 demonstrated pressure connectivity to the AT-2 well, confirming connectivity between the Phase 2 appraisal and Phase 1 development areas. In addition, CK-6 demonstrated producible oil at a depth of -460 m msl, therefore lowering the previously assumed Oil Water Contact. CK-6 also provided the best fracture and matrix reservoir parameters observed in the field to date. During testing, both CK-6 and AT-3 demonstrated that existing technologies can be applied to produce the heavier part of the oil leg at commercial rates.

The Phase 1 development of the Atrush field is part of phased, modular and expandable facility. The basis of design consists of:

- Oil Production: 25,000-30,000 bopd (max. 33,000 bopd)
- Water Production: 0-5,000 bwpd (max. 6,000 bwpd)
- Total Liquid Capacity: 30,000 bfpd (max. 33,000 bfpd)
- Gas Production: 10 mmscfd (max. 12 mmscfd)
- H_2S Content: 23 mol% (gas phase)
- CO2 Content: 6 mol%
- Design Life: 20+ years
- Number of Wells: 4 (AT-2, AT-4, CK-5, CK-8)
- Gathering Flowlines: 10,000 bopd (max. 11,000 bopd)
- Oil Transfer Pipeline: 60,000 bopd
- Water/LPG Pipeline: 10,000 bwpd
- Terminal Storage Capacity: 120,000 barrels
- Export Pipeline: 12 inch

Contract awards for facilities modules were made in December 2013 with construction underway during 2014. The first modules are due for onsite delivery during the second quarter of 2015, with first oil targeted for late 2015.

Item 6.2 Properties With No Attributed Reserves

The Company held no properties through the year ended December 31, 2014 which have no attributed reserves.

Item 6.3 Forward Contracts

The Company has not entered into any forward contracts.

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

	Abandonment and Reclamation Costs	
	Undiscounted	Discounted @ 10%
Properties	$000	$000
Kurdistan Region of Iraq (six wells)	2,460	443

The Company's participating interests at December 31, 2014 in the gross abandonment and reclamation costs have been included in the economic analyses (which do not include any "credits" for equipment salvage). Well and facility abandonment and reclamation costs have been confirmed with the well operators or have been based on industry, annual well and facility abandonment and reclamation cost surveys. Where more detailed information has been acquired, through site specific abandonment and reclamation assessments, the costs are adjusted to reflect the more accurate estimates.

In the year 2014 the Company spent $555 on abandonment and reclamation costs, of which $nil was spent in Kurdistan and $555 was spent in the United States. The Company estimates spending $nil on abandonment and reclamation costs in the year 2015.

Item 6.5 Tax Horizon

The Company has no foreseeable material tax liabilities associated with its oil and gas operations.

Item 6.6 Costs Incurred

The costs included in the following represent the Company's share of the total costs incurred.

	Costs incurred in the year ended Dec 31, 2014			
Properties in Kurdistan	Acquisition Costs $ millions	Exploration Costs $ millions	Development Costs $ millions	Other Costs $ millions
Atrush Block	0.0	0.0	55.3	0.0
TOTAL	0.0	0.0	55.3	0.0

Item 6.7 Exploration and Development Activities

The AT-4 appraisal and Phase 1 development well was drilled up-dip towards the undrilled crest of the structure from the AT-1 drill pad (the "Chamanke-A well pad"). The well was drilled to a depth of 2,916 metres which was reached on January 23, 2014. The testing program consisted of three separate cased hole drill stem tests conducted in the Jurassic reservoir with the highest reported rates totalling 9,059 bopd of 27-28 degree API oil from two of the tests. None of the tests produced formation water. The testing program concluded April 7, 2014 following which AT-4 was suspended as a future Phase 1 producer.

In February 2014 the Company received a detailed property report from McDaniel. The report is as of December 31, 2013 and provides for initial recognition of reserves for the Atrush Phase I development area. In addition, McDaniel reissued as of December 31, 2013 the separate and detailed report for prospective resources. There were no changes to the estimates previously provided as of November 30, 2013.

The CK-5[1] development well was drilled to a depth of 2,098 metres which was reached on June 28, 2014. The well was deviated from the Chamanke-A well pad with the bottom hole location in the Butmah formation approximately 870 metres west southwest of the surface location. As in previous wells, no water leg was encountered in the reservoir section, with the well penetrating a gross vertical oil column of approximately 540 metres. CK-5 will be tested using a workover rig in 2015 prior to final completion and tie-in to the Phase 1 production facility.

TAQA, operator of the Atrush Block in the Kurdistan Region of Iraq, suspended operations at the Atrush Block for a total of 21 days beginning August 9, 2014 due to developments and escalating instability around the Kurdistan Region of Iraq at that time and, as a precautionary measure, significantly reduced staffing levels.

The CK-8 development well was drilled to a depth of 2,195 metres from the Chamanke-A well pad which was reached on September 13, 2014. This well targeted an area situated midway between CK-5 and AT-2 approximately 1.4 kilometres east southeast of the well pad, and found the reservoir much higher than expected, and no water with the reservoir section. Additionally, the main Sargelu reservoir section was found to be highly fractured as in the same section of the highly productive AT-2 well. CK-8 will be tested using a workover rig in 2015 prior to final completion and tie-in to the Phase 1 production facility.

Implementation of the 30,000 bopd Chiya Khere Phase 1 production facility is in progress. The civil construction site preparation work for the facility was completed in the final quarter of 2014 and work is continuing on foundations for the individual facilities. Main production modules for the facility are being fabricated with onsite delivery expected during the second quarter of 2015. A workover rig will be mobilised in the first half of 2015 to conduct testing and completion operations on CK-5 and CK-8, and to complete AT-2 and AT-4 as the four wells to be tied-in to the Chiya Khere production facility. The facility is scheduled for commissioning during the second half of 2015.

[1] Approved changes to terminology relating to the Atrush Block, effective from 2014, include well names. Following the Atrush-4 well all future wells on the Atrush Block will be prefixed with "Chiya Khere" (or "CK"), rather than with "Atrush" (or "AT").

FEED was completed in the year 2014 on a dedicated feeder pipeline between the Chiya Khere production facility and the tie-in point on the main export pipeline at KCP2. Initial work on the pipeline right of way in the elevated section over the Chiya Khere mountain has commenced. Pipeline commissioning is expected to be completed in time for production start-up.

Item 6.8 Production Estimates

As of year-end 2014 the Company has only possible production estimates for 2015 pending commissioning and start-up of Atrush production facilities. There is no proved or probable production as in these cases first oil is assumed to in 2016. Estimates for the first year of production in 2015 are provided below:

SUMMARY OF COMPANY GROSS PRODUCTION ESTIMATES(1)(2)
(Forecast Prices and Costs)

	Light and Medium Oil (Mbbl) Year 2015	Natural Gas (MMcf) Year 2015	Natural Gas Liquids (Mbbl) Year 2015
Proved			
Atrush	-	-	-
Total	-	-	-
Probable			
Atrush	-	-	-
Total	-	-	-
Possible			
Atrush	149.5	-	-
Total	149.5	-	-

Notes:
(1) Estimates are calculated based on the McDaniel Report.
(2) There is no proved or probable production as the 1P and 2P cases are assumed to commence production in 2016. Possible production is based on an earlier first oil date of December 1, 2015.

Item 6.9 Production History

No commercial production has occurred to date in the Atrush Block in Kurdistan.

SCHEDULE B

FORM 51-101 F2

March 2, 2015

ShaMaran Petroleum Corp.
Suite 2600 Oceanic Plaza
1066 West Hastings Street
Vancouver, BC, V6E 3X1
Canada

Attention: Mr. Mark Grace, Technical Manager

Re: **Form 51-101F2**
Report on Reserves Data by an Independent Qualified Reserves Evaluator of ShaMaran Petroleum Corp. (the "Company")

To the Board of Directors of ShaMaran Petroleum Corp. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2014. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2014 estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us, for the year ended December 31, 2014, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management:

Preparation Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue $M US (before income taxes, 10% discount rate)			
		Audited	**Evaluated**	**Reviewed**	**Total**
March 2, 2015	Kurdistan Region – Iraq	-	121,452	-	121,452
Total			**121,452**		**121,452**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our report referred to in paragraph 4 for events and circumstances occurring after the preparation date.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

MCDANIEL & ASSOCIATES CONSULTANTS LTD.

P. Taylor

P. M. Taylor, C.Eng. MEI, P. Eng.

Calgary, Alberta
March 2, 2015

SCHEDULE C

FORM 51-101 F3

Form 51-101F3

(This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("*NI 51-101*"). Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.[1])

Report of Management and Directors
on Reserves Data and Other Information

Management of **ShaMaran Petroleum Corp.** (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves, probable reserves and possible reserves and related future net revenue as at December 31, 2014, estimated using forecast prices and costs, and resources data, which are estimates of contingent and prospective resources of the Company as at December 31, 2014.

An independent qualified reserves evaluator has evaluated the Company's reserves and contingent and prospective resources data. The reports of the independent qualified reserves evaluator are attached hereto as Schedule "A" (Form 51-101F2) and Schedule "B" (Report on Resource Data).

The Reserves Committee of the board of directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves and contingent and prospective resources data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management of the Company. The Board of Directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1;

(b) the filing of Form 51-101 F2 which is the report of the independent qualified reserves evaluator on the reserves data, and is included as Schedule "A" to this Form 51-101F3;

(c) the filing of the report of the independent qualified reserves evaluator on the contingent and prospective resources data, and is included as Schedule "B" to this Form 51-101F3; and

(d) the content and filing of this report.

Because the reserves, contingent and prospective resources data are based on judgments regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves and contingent and prospective resources are categorized according to the probability of their recovery.

Date: March 12, 2015

/s/Chris Bruijnzeels
Chris Bruijnzeels, President and Chief Executive Officer

/s/Gary Guidry
Gary S. Guidry, Director

/s/Brenden Johnstone
Brenden Johnstone, Chief Financial Officer

/s/Keith Hill
Keith Hill, Director

[1] For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in *NI 51-101*, *Form 51-101F1*, *Form 51-101F2* or Companion Policy 51-101CP.

SCHEDULE A

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McDaniel
& Associates Consultants Ltd.

March 2, 2015

ShaMaran Petroleum Corp.
Suite 2600 Oceanic Plaza
1066 West Hastings Street
Vancouver, BC, V6E 3X1
Canada

Attention: Mr. Mark Grace, Technical Manager

Re: **Form 51-101F2**
Report on Reserves Data by an Independent Qualified Reserves Evaluator of ShaMaran Petroleum Corp. (the "Company")

To the Board of Directors of ShaMaran Petroleum Corp. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2014. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2014 estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us, for the year ended December 31, 2014, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management:

Preparation Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue $M US (before income taxes, 10% discount rate)			
		Audited	**Evaluated**	**Reviewed**	**Total**
March 2, 2015	Kurdistan Region – Iraq	-	121,452	-	121,452
Total			**121,452**		**121,452**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our report referred to in paragraph 4 for events and circumstances occurring after the preparation date.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

MCDANIEL & ASSOCIATES CONSULTANTS LTD.

P. Taylor

P. M. Taylor, C.Eng. MEI, P. Eng.

Calgary, Alberta
March 2, 2015

SCHEDULE B

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March 2, 2015

ShaMaran Petroleum Corp.
Suite 2600 Oceanic Plaza
1066 West Hastings Street
Vancouver, BC, V6E 3X1
Canada

Attention: The Board of Directors of ShaMaran Petroleum Corp.

Re: **Resource Disclosure**
Report on Resources Data by an Independent Qualified Resources Evaluator
of ShaMaran Petroleum Corporation (the "Company")

To the Board of Directors of ShaMaran Petroleum Corporation:

1. We have evaluated the Company's contingent resources data (the "Data") as at December 31, 2014.

2. The Data is the responsibility of the Company's management. Our responsibility is to express an opinion on the resources data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the resources Data are free of material misstatement. An evaluation also includes assessing whether the Data is in accordance with principles and definitions presented in the COGE Handbook.

5. The following table sets forth the estimated contingent resources (economic status undetermined) quantities evaluated by us, for the year ended December 31, 2014, reported to the Company's management:

Crude Oil (1) (2) (3) (4)

Preparation Date of Evaluation Report	Location of Resources	Estimated Contingent Resources – economic status undetermined at December 31, 2014 (Mbbl) 1C	2C	3C
March 2, 2015	Kurdistan Region of the Republic of Iraq	36,158	60,051	87,425
Total		**36,158**	**60,051**	**87,425**

Natural Gas (1) (2) (3) (4)

Preparation Date of Evaluation Report	Location of Resources	Estimated Contingent Resources – economic status undetermined at December 31, 2014 (MMcf) 1C	2C	3C
March 2, 2015	Kurdistan Region of the Republic of Iraq	7,825	13,340	20,420
Total		**7,825**	**13,340**	**20,420**

(1) There is no certainty that it will be economically viable to produce any portion of the resources. It is too early to determine the economic status of the contingent resources as the field is at an early appraisal stage and the development plans have not been defined.
(2) These are unrisked contingent resources that do not take into account the chance of commerciality.
(3) Total based on the probabilistic aggregation of zones within the Atrush Field.
(4) The Company Gross resources are based on the working interest share of the property gross resources.

6. In our opinion, the Data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the Data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 4 for events and circumstances occurring after the preparation date.

8. Because the Data are based on judgments regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that the Data are categorized according to the probability of their recovery.

Executed as to our report referred to above:

McDANIEL & ASSOCIATES CONSULTANTS LTD.

P. Taylor

P. M. Taylor, CEng MEI, P. Eng.
Vice President

Calgary, Alberta
March 2, 2015

SCHEDULE D

AUDIT COMMITTEE CHARTER

I. MANDATE

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of ShaMaran Petroleum Corp. (the "**Corporation**") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Corporation's financial statements and other financial information
2. The compliance of such statements and information with legal and regulatory requirements
3. The qualifications and independence of the Corporation's independent external auditor (the "**Auditor**"), and
4. The performance of the Corporation's internal accounting procedures and Auditor

II. STRUCTURE AND OPERATIONS

A. <u>Composition</u>

The Committee shall be comprised of three or more members.

B. <u>Qualifications</u>

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Corporation or of an affiliate of the Corporation.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Corporation's balance sheet, income statement, and cash flow statement.

C. <u>Appointment and Removal</u>

In accordance with the By-laws of the Corporation, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. <u>Chair</u>

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. <u>Sub-Committees</u>

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. <u>Meetings</u>

The Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Corporation's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Corporation.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Corporation or of an affiliate of the Corporation.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Corporation's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Corporation, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Corporation's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Corporation, consistent with Independence Standards Board Standard 1
2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor
3. Require the Auditor to report directly to the Committee
4. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Corporation

Performance & Completion by Auditor of its Work

5. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work
6. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Corporation's shareholders of the existing, Auditor
7. Pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Corporation by the Auditor unless such non-audit services
    (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Corporation to the Auditor during the fiscal year in which the non-audit services are provided
    (b) were not recognized by the Corporation at the time of the engagement to be non-audit services, and

(c) are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee

Internal Financial Controls & Operations of the Corporation

8. Establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and

   (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters

Preparation of Financial Statements

9. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies

10. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies

11. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements

12. Discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies

13. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

   (a) the adoption of, or changes to, the Corporation's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management

   (b) the management inquiry letter provided by the Auditor and the Corporation's response to that letter

   (c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management

Public Disclosure by the Corporation

14. Review the Corporation's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Corporation publicly discloses this information

15. Review the Corporation's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures

16. Review disclosures made to the Committee by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process of the Corporation's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls

Manner of Carrying Out its Mandate

17. Consult with the Auditor, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements

18. Request any officer or employee of the Corporation or the Corporation's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee

19. Meet with management, any internal auditor and the Auditor in separate executive sessions at least quarterly

20. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors

21. Make regular reports to the Board

22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval

23. Annually review the Committee's own performance

24. Provide an open avenue of communication among the Auditor, the Corporation's financial and senior management and the Board

25. Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.