SHAMARAN
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ANNUAL INFORMATION FORM

For the year ended December 31, 2017

Dated: March 9, 2018

TABLE OF CONTENTS

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, 2017 and dated March 9, 2018.

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

"**°API**" means API gravity, a measure of the gravity of oil as defined by the API.

"**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, Atrush Block Third PSC Amendment, and the Atrush Block Fourth PSC Amendment.

"Atrush Block First PSC Amendment" means the First Amendment Agreement to the Atrush Block PSC entered 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 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 between KRG, GEP and MOKDV dated October 20, 2010.

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

"Atrush Block Fourth PSC Amendment" means the Assignment, Novation and Fourth Amendment Agreement to the Atrush Block PSC entered between KRG, GEP, MOKDV and TAQA dated November 7, 2016.

"**Bond Agreements**" means the November 11, 2013 agreement between General Exploration Partners, Inc. and Nordic Trustee ASA (formerly Norsk Tillitsmann ASA), and as amended April 19, 2016, in its capacity as trustee for the bondholders, describing the rights and obligations associated with the senior secured bonds issued by GEP (the "Senior Bonds") and the May 2, 2016 agreement between General Exploration Partners, Inc. and Nordic Trustee ASA, in its capacity as trustee for the bondholders, describing the rights and obligations associated with the super senior secured bonds issued by GEP (the "Super Senior Bonds").

"**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 considering 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 the 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 near 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.

“**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.

“MOKDV” 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, 2017.

“**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).

“**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 based on 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 with a host government providing for petroleum operations in a defined area and the division of petroleum production from the petroleum operations.

“**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.

"**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.

"**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. "CAD" means Canadian dollars.

	Year Ended December 31,		
Bank of Canada Exchange Rate for CAD/USD	**2015**	**2016**	**2017**
	0.7225	0.7448	0.7989

Accounting Policies and Financial Information

Financial information is presented in accordance with International Financial Reporting Standards ("IFRS") and 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
boe	Barrels of oil equivalent	Mcf	Thousand cubic feet of natural gas
boe/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, accounting for 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, petroleum 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 due to 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 because 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, 2014 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, after December 23, 2014, also in each of the Provinces of Saskatchewan, Manitoba and Nova Scotia and can be found under the Company's profile on SEDAR at www.sedar.com.

All information in this AIF is as of March 9, 2018 unless otherwise indicated.

ITEM 2 - CORPORATE STRUCTURE

Name, Address and Incorporation

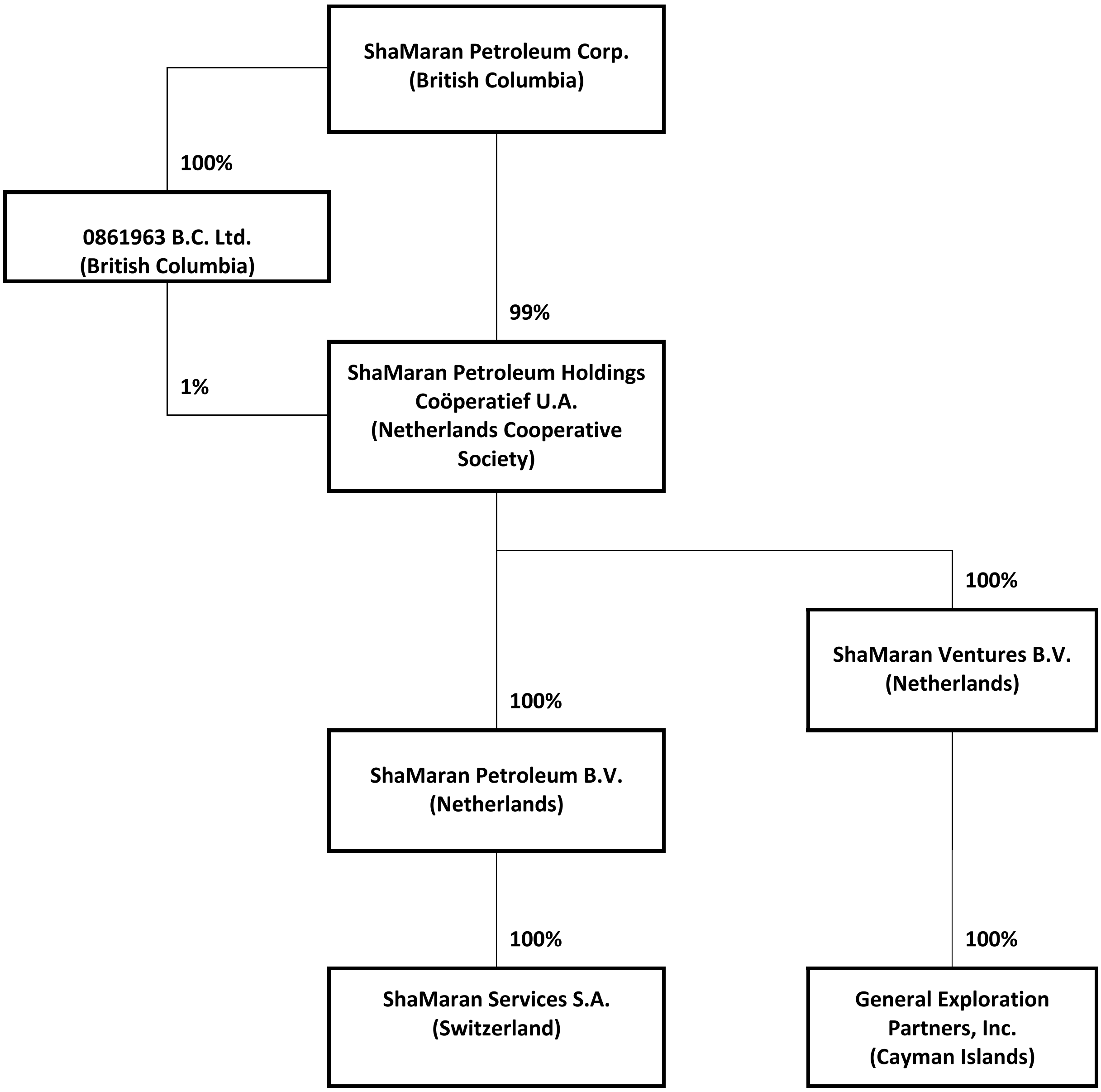
The full corporate name of the Company is ShaMaran Petroleum Corp. The Company's head office is 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and the registered and records office is located at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E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

Intercorporate Relationships

Substantially all 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

ShaMaran Petroleum Corp. is an oil development and exploration company with a 20.1% direct interest in the Atrush Block PSC relating to a property located in the Kurdistan Region of Iraq. The Atrush Block is located approximately 85 kilometres northwest of Erbil, the capital of Kurdistan, is 269 square kilometres in area and has oil proven in Jurassic fractured carbonates in the Chiya Khere structure. The structure is expressed at surface by the Chiya Khere mountain which runs east-west for approximately 25 kilometres with an approximate width of 3.5 kilometres.

Total discovered oil in place in the Atrush Block is a low estimate of 1.5 billion barrels, a best estimate of 2.1 billion barrels and a high estimate of 2.8 billion barrels, with Total Field Proven plus Probable ("2P") Reserves on a property gross basis estimated at 85.1 MMbbl and Total Field Unrisked Best Estimate Contingent Resources ("2C")[1] on a property gross basis estimated at 304 million barrels oil equivalent (MMboe)[2]. Atrush is currently in the first phase of the development program ("Phase 1"). Phase 1 of the Field Development Plan for the Atrush Block consists of installing and commissioning production facilities with 30,000 bopd capacity and the drilling and completion of five production wells (five existing wells to supply the production facility plus a water disposal well, Chiya Khere 9 ("CK-9"), planned to be drilled in 2018. Oil production from Atrush commenced on July 3, 2017.

The oil discovery on the Atrush petroleum property is continuously being appraised. Further phases of development will be defined based on production data, appraisal information and economic circumstances.

Three-Year History

Year Ended December 31, 2015

<u>Corporate Developments</u>

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 February 10, 2015 in connection with Rights Offering to shareholders of record on January 12, 2015 to purchase additional Common Shares at a subscription price of CAD 0.10 per share, the Company issued an aggregate of 713,308,912 Common Shares, including 195,710,409 Common Shares to its major shareholders, Lorito Holdings SARL, Zebra Holdings and Investments SARL and Lundin Petroleum BV (collectively the "Standby Purchasers") on exercise of their respective rights, resulting in gross proceeds to the Company of CAD 71.3 million ($57.1 million). Under the terms of the standby purchase agreement (the "Standby Purchase Agreement") between the Company and the Standby Purchasers, the Standby Purchasers agreed to subscribe for a total of 40,906,078 additional Common Shares, representing all Common Shares not otherwise subscribed for by rights holders, at a price of CAD 0.10 per share (the "Standby Purchase"). The Standby Purchase was concluded on February 17, 2015 and resulted in additional gross proceeds to the Company of CAD 4.1 million ($3.3 million). In addition, on February 17, 2015 the

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[1] This estimate of remaining recoverable resources (unrisked) includes contingent resources that have not been adjusted for risk based on the chance of development. It is not an estimate of volumes that may be recovered.

[2] Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 million cubic feet ("Mcf") per one barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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.

In March 2015 the Company received a detailed property report from McDaniel & Associates Consultants Ltd. ("McDaniel"). The report was as of December 31, 2014 and included Atrush Block gross 2P reserves estimates of 61 MMbbls (relating entirely to the Atrush Phase 1 development area) and Atrush Block gross 2C contingent resource estimates of 310 MMboe. The 2014 report accounted for the results from the AT-4 well, drilling results of the CK-5, CK-8 and CK-6 wells, the testing of CK-6 and the final 3D seismic processing and subsequent interpretation.

On September 21, 2015, the Company announced that GEP had received a Default Notice from TAQA, claiming that GEP had failed to pay its full participating interest share of July and August cash calls pursuant to the JOA. Following discussions between the parties to the JOA, it was clarified that GEP held a 26.8% participating interest in the Atrush Block until such time that the KRG has completed the exercise of its right to acquire up to a 25% interest. It was subsequently announced on November 3, 2015 that the defaults had been cured and that TAQA had withdrawn the Default Notices.

Operational Developments

The AT-3 well was re-entered in January 2015 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° API.

The CK-5 development well was re-entered in May 2015. Three well tests were conducted. DST#1 in the Mus formation flowed 16° API oil at 750 bopd. DST#2 in the Lower Sargelu formation flowed 24° API oil at 5,000 bopd with a constrained drawdown. DST#3 in the Naokelekan formation flowed 24° API oil at a maximum flow rate of 1,600 bopd.

The CK-8 development well was re-entered in July 2015. Two well tests were carried out on the Mus and Lower Sargelu formations, producing 4,200 bopd each using an electrical submersible pump. For the first time medium gravity 24° API oil was tested from the Mus formation.

A dedicated feeder pipeline between the Production Facilities and the tie-in point on the main export pipeline at Kurdistan Crude Pipeline pumping station #2 ("KCP2") at kilometre 92 is to be constructed. An engineering, procurement and construction contract for the pipeline to be constructed within the Atrush Block was signed on November 1, 2015 by TAQA and KAR Company for Constructional Contracting, Engineering Consultancy, Electrical and Mechanical Contracting and Real Estate Investment Limited.

Year Ended December 31, 2016

Corporate Developments

On February 15, 2016 the Company reported updates to estimated reserves and contingent resources for the Atrush block as of December 31, 2015. Total discovered oil in place is a low estimate of 1.5 billion barrels, a best estimate of 2.1 billion barrels and a high estimate of 2.8 billion barrels, with Total Field Proven plus Probable ("2P") Reserves on a property gross basis increasing from 61.5 MMbbl to 85.1 MMbbls, an increase of 38 percent. Total Field Unrisked Best Estimate Contingent Resources ("2C") on a property gross basis decreased from 310 MMboe[2] to 304 MMboe.

The Company completed a financing arrangement in early May 2016 (the "Financing Arrangement") with holders of the then $150 million bonds (the "Senior Bonds") of GEP, a wholly owned subsidiary of ShaMaran. The Financing Arrangement provided the Company with additional liquidity in 2016 of approximately $33 million based on the issuance of $17 million ($16.2 million proceeds net of transaction costs) of additional super senior bonds ("Super Senior Bonds") and provided terms for the Company to pay bond coupon interest in kind by issuing additional bonds. Also under the Financing Arrangement the Company issued 218,863,000 common shares at a deemed price of CAD 0.105 per share to holders of the Senior Bonds who elected to convert Senior Bonds into ShaMaran common shares which represented $18 million of Senior Bonds at face value. PIK Bonds of $16.7 million and $1.0 million were issued under the Senior Bonds and Super Senior Bonds agreements, respectively, to satisfy coupon interest during the year ended December 31, 2016.

Atrush Contract

On November 7, 2016 the Assignment, Novation and Fourth Amendment Agreement to the PSC (the 4th PSC Amendment") and Atrush Facilitation Agreement were concluded between TAQA, GEP, MOKDV (together, the "Non-Government Contractors") and the KRG. Refer to "PSC and Related Agreements" section under Item 4 below for the principal of the 4th PSC Amendment and Atrush Facilitation Agreement.

Operational Developments

Construction continued on the 30,000 bopd Atrush Phase 1 Production Facility ("Production Facility").

The Atrush-2 ("AT-2") and Atrush-4 ("AT-4") wells were successfully completed in the second and third quarters of 2016. All four wells intended for production are now completed, connected to the Production Facility and ready for start-up.

Construction commenced on the pipeline between the Production Facility and the block boundary (the "Spur Pipeline") and the pump station and the intermediate pigging and pressure reduction station ("IPPR").

Following the signing of the Atrush Facilitation Agreement work commenced on the final 35km section of pipeline from the Atrush Block boundary to the tie-in point on the main export pipeline (the "Feeder Pipeline") and subject to the terms of an Engineering, Procurement and Construction ("EPC") contract between TAQA and KAR Company ("KAR") which became effective on November 7, 2016.

Year Ended December 31, 2017

Corporate Developments

On January 30, 2017 the Company completed the issue of 360 million common shares of ShaMaran on a private placement basis (the "Private Placement") at a price per share of CAD 0.10 (equal to SEK 0.67) which resulted in gross proceeds to the Company of $27.3 million ($26.4 million net of transaction related costs). Zebra Holdings and Investments SARL, Lorito Holdings SARL and Lundin Petroleum BV, the Company's major shareholders, subscribed for 43,463,618 shares, 16,984,621 shares and 17,800,000 shares, respectively, in the Private Placement.

On February 16, 2017 the Company reported estimated reserves and contingent resources for the Atrush block as of December 31, 2016. Reserves and resource estimates have remained unchanged from those reported for the prior year. Total discovered oil in place is a low estimate of 1.5 billion barrels, a best estimate of 2.1 billion barrels and a high estimate of 2.8 billion barrels, with Total Field Proven plus Probable ("2P") Reserves on a property gross basis estimated at 85.1 MMbbl. Total Field Unrisked Best Estimate Contingent Resources ("2C")[3] on a property gross basis is estimated at 304 million barrels oil equivalent (MMboe).

Atrush Contract

In September 2017 an agreement was concluded between the Atrush Non-Government Contractors and the KRG for the sale of Atrush oil whereby the KRG will buy oil exported from the Atrush field by pipeline at the Atrush block boundary based upon the Dated Brent oil price minus approximately $16 for quality discount and all local and international transportation costs. This discount is based on the same principles as other oil sales agreements in the Kurdistan Region of Iraq.

The Final Completion Certificate for the Atrush Feeder Pipeline ("FCC") was issued on October 31, 2017 completing the obligation of the Non-Government Contractors to fund the KRG's share of development costs and triggers the commencement of repayment of both the Atrush Feeder Pipeline Cost Loan and the Atrush Development Cost Loan.

Operational Developments

Oil production on the Atrush Block commenced in July 2017. Average production in the fourth quarter of 2017 was 21,700 barrels of oil per day ("bopd"). To address certain production constraints the facilities were shut down in the beginning of October. These constraints have now successfully been resolved. In winter months the Atrush Production Facilities are limited to processing approximately 27,000 bopd of the total 30,000 bopd capacity due to low ambient temperatures which reduces the amount of heat otherwise available to process the oil to export specifications.

3.4 million barrels of oil were produced and exported from Atrush for sale to the KRG during the second half of 2017 resulting in an average production of 18.1 thousand barrels per day. The Company's entitlement share[4] of 2017 exports was approximately 400 thousand barrels which were sold at an average netback price[5] of $44.38 per barrel of oil. In the fourth quarter of 2017 oil was exported and sold from Atrush totalling 2.0 million barrels. The Company's entitlement share of fourth quarter exports was approximately 295 thousand barrels which were sold at an average netback price of $47.0 per barrel of oil.

The Chiya Khere-7 ("CK-7") well, which was spudded on September 17, 2017 reached a final depth of 1,861 metres in early November 2017. The reservoir section was encountered approximately 114 metres shallower than prognosis which had a positive impact of the Company's 2P reserves reported as at December 31, 2017. The well was drilled on time and under budget.

Subsequent to Year Ended December 31, 2017

Corporate Developments

On February 15, 2018 the Company reported estimated reserves and contingent resources for the Atrush field as at December 31, 2017. Total Field Proven plus Probable ("2P") Reserves on a property gross basis for Atrush increased from 85.1 MMbbl reported as at December 31, 2016 to 102.7 MMbbl which, when 2017 Atrush production of 3.4 MMbbl is included, represents an increase of 25 percent. Total Field Unrisked Best Estimate Contingent Oil Resources ("2C")[6] on a property gross basis for Atrush was approximately the same as the 2016 estimate at 296 MMbbl. Total discovered oil in place in the Atrush Block is a low estimate of 1.5 billion barrels, a best estimate of 2.1 billion barrels and a high estimate of 2.9 billion barrels.

Atrush Contract

In February 2018 a new sales agreement was concluded between the Atrush Non-Government Contractors and the KRG for the sale of Atrush oil whereby the KRG will buy oil exported from the Atrush field by pipeline at the Atrush block boundary based upon the Dated Brent oil price minus $15.73 ($16.04 under the previous agreement) for quality discount and all local and international transportation costs. This discount is based on the same principles as other oil sales agreements in the Kurdistan Region of Iraq and reflects a better API gravity than was assumed in the previous sales agreement.

[4] The Company's entitlement share includes an adjustment for the exploration cost sharing arrangement between TAQA and GEP.

[5] This includes a discount to Dated Brent for oil quality and all local and international transportation costs.

[6] This estimate of remaining recoverable resources (unrisked) includes contingent resources that have not been adjusted for risk based on the chance of development. It is not an estimate of volumes that may be recovered.

ITEM 4 - DESCRIPTION OF THE BUSINESS

Summary

The Company is an oil development and exploration company currently engaged in the exploration, appraisal and development of oil and gas resources in the Kurdistan Region of Iraq. As part of its normal business the Company continues to evaluate new opportunities.

The Company holds a 20.1% direct interest in the Atrush Block PSC relating to a property located in the Kurdistan Region of Iraq ("Kurdistan"). Atrush is currently in the first phase of the development program ("Phase 1"). Phase 1 of field development consists of installing and commissioning production facilities with 30,000 bopd capacity and the drilling and completion of five production wells (all five wells have now been, and four of them are completed) to supply the production facility, plus a water disposal well (CK-9). Oil production from Atrush commenced on July 3, 2017.

A summary of the current property and partnership interests in the Atrush Block are set out in the following table:

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

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.

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 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 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 contracts ("PSCs"), joint venture agreements and farm-out agreements that it has entered for the exploration and extraction of hydrocarbons.

Changes to Contracts

On March 12, 2013 the Contractor Group entities to the Atrush Block PSC were notified by the KRG that it intended to exercise its option to acquire a 25% Government Interest in accordance with the provisions of the Atrush Block PSC. On November 7, 2016 the KRG exercised its option to acquire its 25% interest to the Atrush Block PSC effective November 7, 2012, the Company's working interest has been reduced to 20.1%.

Environmental Protection

The Company's oil and gas operations are 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*."

Employees

As of December 31, 2017 and as at the date of this AIF, the Company had no employees in Canada, six 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.

Foreign Operations

ShaMaran's assets and operations are in Kurdistan, a federally recognised semi-autonomous political region in Iraq. The Company's assets and operations 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.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by your company or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

Reorganizations

There has been no material reorganization of the Company or any of its subsidiaries within the three most recently completed financial years or completed during for the current financial year.

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 under the Company's profile on SEDAR at www.sedar.com.

Overview of Industry Conditions in Kurdistan

Since the introduction of the Oil And Gas Law Of The Kurdistan Region - Iraq in 2007, the KRG has developed an independent oil and gas industry and numerous international oil companies have signed production sharing contracts with the KRG. This has resulted in a period of increased exploration and resulted in several oil and gas discoveries in reservoirs of Tertiary, Cretaceous, Jurassic and Triassic age.

By the end of 2017 eleven oil fields under the control of the KRG were in production, producing approximately 250,000 bopd. Main producing fields are Khurmala, the northern dome of the giant Kirkuk field and operated by Kurdistan company, KAR, the Tawke and Peshkabir fields, in northern Kurdistan and operated by DNO International ASA ("DNO"), Taq field in central Kurdistan and operated by TTOPCO, a joint venture company owned by Sinopec Corp. of China and the London listed Genel Energy plc ("Genel"), the Shaikan field situated close to the Atrush field and operated by Gulf Keystone Petroleum Limited and the Atrush field operated by TAQA..

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 fields. In late 2013, an energy cooperation agreement was signed between the Turkish and Kurdish governments which allows for export of Kurdish oil through Turkey to the Mediterranean port of Ceyhan, Turkey.

Khurmala, Tawke, Taq, Hawler and Atrush export directly via the Kurdistan export pipeline. During 2017 production from the Shaikhan field was mostly trucked, either to customers in Turkey or to the Tawke facilities where it was injected into the Fiskh Khabur to Ceyhan system for pipeline export. At the end of 2017 a connection was made with the Atrush pipeline, which allows Shaikhan to produce part of their production directly into the Kurdistan export pipeline.

Production from the Sarsang block, operated by HKN Energy Ltd, and the Ain Sifni block, operated by Hunt Oil Company, are trucked to the Tawke facilities for export via pipeline to Ceyhan. Other concessions like Khalakan and Garmian produce for local sales within Kurdistan.

The Khurmala to Fiskh Khabur pipeline has the capacity to transport approximately 750,000 bopd. The International Energy Agency states that the Turkish pipeline to Ceyhan, which is currently the only available export route for oil sales from Kurdistan, has a capacity of 1.6 MM bopd. In 2017 the KRG announced an agreement with Rosneft Oil Company to increase the Khurmala to Fiskh Kabur pipeline capacity to 1 MM bopd.

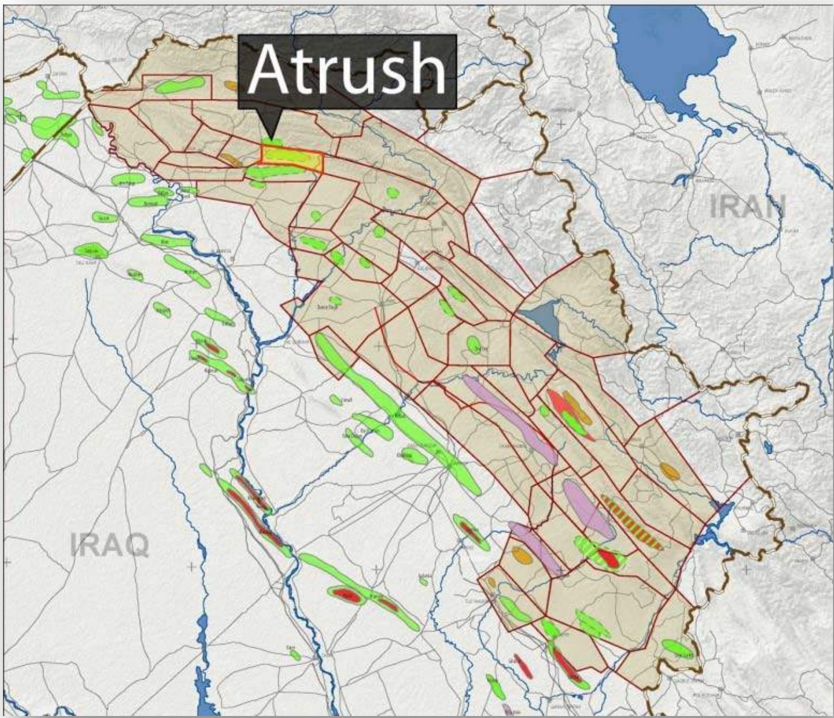
In December 2014 an agreement was reached between the KRG and the federal government in Baghdad to export 550,000 bopd during the year 2015 via the Khurmala to Fiskh Khabur pipeline of which 250,000 bopd comes from Kurdistan fields and 300,000 bopd from Federal Government fields (Kirkuk). In return the KRG would receive its share of the Iraq federal budget. Following a disagreement on budget allocation in June 2015 the KRG decided to directly sell all Kurdistan production and the production from Iraqi fields operated by the North Oil Company transported via the KRG pipeline. In August of 2016 an agreement was reached between the federal government in Baghdad and the KRG where 50% of the North Oil Company export was allocated to the KRG. Following an independence referendum in September 2017, KRG controlled production dropped significantly after the federal government of Iraq took direct control of the North Oil Company fields and halted oil exports from those via the Kurdistan export pipeline.

As from September 2015 the KRG has made regular payments to International Oil Companies (“IOC’s”) exporting via the KRG pipeline system In February 2016 the KRG announced that as of January 1, 2016 IOC’s were to receive payment within 10 working days of the following month according to their fiscal entitlement pursuant to the terms of the PSC’s, indicating the KRG’s intent to normalise the export payment situation. In practice and during 2016 and 2017 the KRG has paid IOCs on a regular basis for oil delivery entitlements according to their respective PSC terms from 60 to 90 days following the month of delivery. In summer 2017 the KRG came to arrangements with DNO and Genel for payment of oil produced before September 2015.

Atrush Block

Summary

The Atrush Block is located approximately 85 kilometres northwest of Erbil, the capital of Kurdistan, and is 269 square kilometres in area. Oil has been proven in Jurassic fractured carbonates in the Chiya Khere structure and is estimated to contain between 1.5 and 2.8 billion barrels of oil in place, with a best estimate of 2.1 billion barrels of oil in place. The structure is 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 the year 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. This was followed by the AT-2 appraisal well in July 2012. 3D seismic covering the entire Atrush Block was acquired between July 2011 and August 2012 and a Declaration of Commerciality made on November 7, 2012. The eastern part of the field was successfully appraised in June 2013 by the AT-3 well.

TAQA took over operatorship in December 2012 and submitted the Atrush Block Field Development Plan (“FDP”) for approval to the KRG on May 6, 2013 which was subsequently approved by the Ministry of Natural Resources (“MNR”) effective October 1, 2013. Construction of the 30,000 bopd Atrush Phase 1 production facility commenced in the second quarter of 2014.

In 2014 three further development wells, AT-4, CK-5 and CK-8, were drilled in the Phase I area. Also in 2014 a second eastern appraisal well, CK-6, was drilled. In 2014 and 2015 extensive well testing was carried out in all newly drilled wells as well as re-testing of the AT-3 well. Interference testing demonstrated excellent communication from the eastern part of the field to the western part of the field and all wells showed good productivities.

The completion for both the AT-4 and the AT-2 well were installed and successfully tested in second and third quarter of the year 2016.

Construction work and commissioning on the 30,000 bopd Atrush Phase 1 Production Facilities ("Production Facility"), the pipeline between the Production Facility and the block boundary (the "Spur Pipeline"), the pump station, the intermediate pigging and pressure reduction station ("IPPR") and the section of the pipeline from the block boundary to the tie-in point on the main export pipeline ("Feeder Pipeline") necessary for exporting Atrush oil was concluded in the first half of 2017.

Oil production on the Atrush Block commenced on July 3, 2017. At the end of 2017 three Atrush wells, AT-2, CK-5 and CK-8 were in production, producing 26,100 bopd. The AT-4 well was shut in awaiting a work-over to install a smaller pump.

A fifth producer, Chia Khere-7 ("CK-7") was drilled in the second half of 2017. Testing and completion of the well will be performed in 2018 to coincide with installation of flow lines between the Production Facility and the Chamanke E location were the well is located.

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 the Sarmord and Garagu (Cretaceous), Barsarin, Naokelekan (Upper Jurassic), Upper and Lower Sargelu (Middle Jurassic), Alan, Mus and Adaiyah/Upper Sarki (time equivalent Butmah)/(Lower Jurassic) with both fracture and matrix porosity. The Alan anhydrites form a pressure barrier between the Upper/Middle Jurassic and Lower Jurassic reservoirs.

Well tests have confirmed the existence of a 420m 25^o-27^o API oil column, underlain by a transition zone of around 250 m where API gravity decreases with depth from around 22^o API to 14^o API. The oil columns are present and producible with the help of electrical submersible pumps in both the Upper/Middle Jurassic reservoirs and the Lower Jurassic reservoirs. Deepest producible oil was demonstrated by the CK-6 well at a depth of -460 m msl. Water was produced in the AT-3 well at a depth of -498 msl. None of the tests in the oil zone produced any formation water on test.

In addition to the Jurassic oil discovery in the hanging wall of the Chiya Khere structure, the Atrush Block has potential additional upside in the Chiya Khere hanging wall Triassic, Chiya Khere footwall reservoirs (Cretaceous, Jurassic and Triassic) and a southern extension of the Swara Tika structure into the Atrush Block.

Regional Geology

The Atrush Block is located within an intensively folded and thrusted zone in 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 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.

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 when folding and uplift of the Zagros Mountains began. Faults and fracture development created vertical migration paths to hydrocarbons. Most likely a combination of vertical and horizontal migration charged the structures in the Atrush Block area.

The following table indicates the regional stratigraphy showing reservoirs, source and seal formations.

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.

PSC and Related Agreements

Summary

On August 27, 2010 ShaMaran Ventures B.V. ("SVBV"), an indirect subsidiary of the Company, entered a Subscription Agreement and a Shareholders Agreement (collectively the "GEP Agreements") with Aspect Energy International, LLC. ("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 MOKDV 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. Due to 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 Group entities to the Atrush Block PSC were notified by the KRG that it intended to exercise its option to acquire a 25% Government Interest in accordance with the provisions of the Atrush Block PSC.

On November 7, 2016 the KRG exercised its option to acquire its 25% interest effective November 7, 2012 in the Atrush Block PSC. At the date of this AIF the Atrush Block PSC is held 39.9% by TAQA, 25% by KRG, 20.1% by GEP, and 15% by MOKDV.

On September 18, 2017 an agreement for the sale of Atrush oil was executed by Taqa Atrush BV. (on behalf of the Atrush co-venturers) and the KRG. Under the agreement, the KRG will buy oil exported from the Atrush field by pipeline at the Atrush block boundary based upon the Dated Brent oil price minus approximately $16/bbl for quality discount and all local and international transportation costs and is based on the same principles as other oil sales agreements in Kurdistan.

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

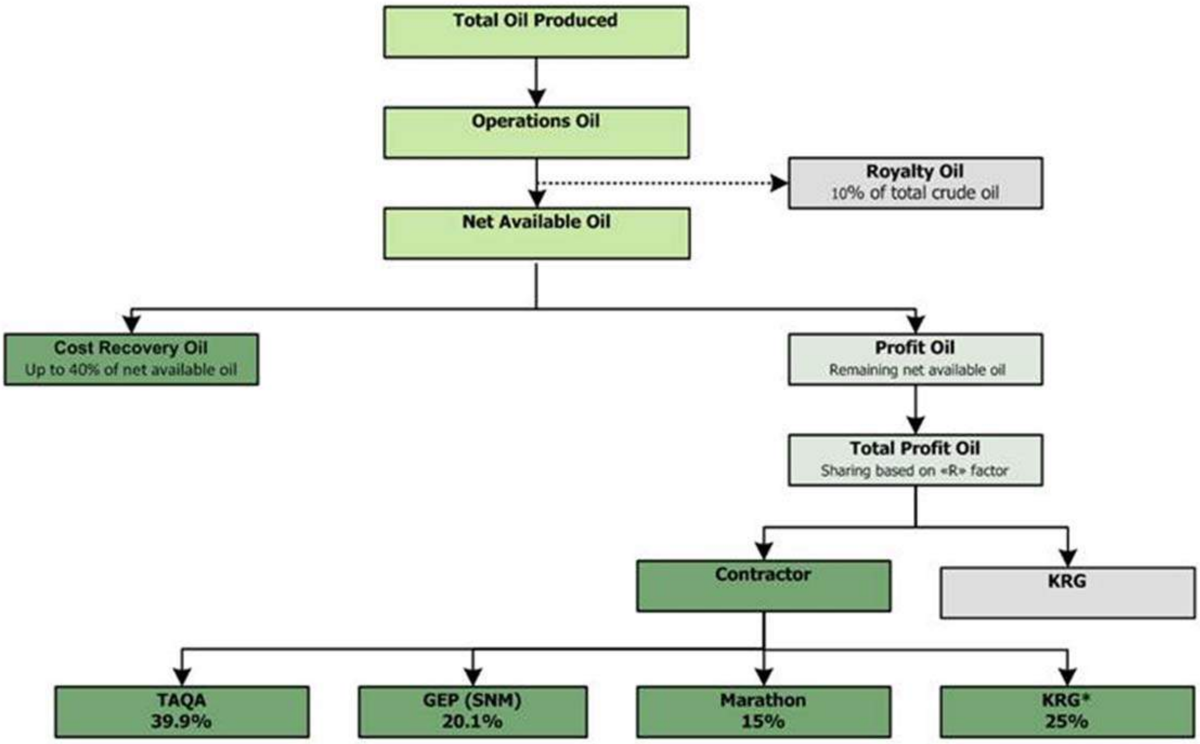
(b) drill one exploration or appraisal well (commitment for this purpose is a minimum financial amount of $7.5 million)

3. Fiscal Terms under Original PSC

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%.

OIL REVENUE FLOW



*On November 7, 2016 the KRG exercised its option to participate as a contracting entity with a 25% interest effective November 7, 2012 in the Atrush Block. Under the terms of the Atrush Block PSC the KRG has a 25% undivided interest in the petroleum operations and all the other rights, duties, obligations and liabilities of the Contractor in the PSC and is liable for its participating interest share of the petroleum costs incurred on or after the first commercial declaration date. For more information on the KRG's interest refer to discussion under the Fourth Amendment section below.

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, MOKDV 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 MOKDV as the KRG's Third-Party Participant to hold the maximum 20% working interest. MOKDV 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 MOKDV 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 MOKDV entered 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, MOKDV, 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 on December 31, 2012 among TAQA, GEP and MOKDV ("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) MOKDV 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. Fourth Amendment

On November 7, 2016 the Assignment, Novation and Fourth Amendment Agreement to the PSC (the 4th PSC Amendment") and Atrush Facilitation Agreement were concluded between TAQA, GEP, MOKDV (together, the "Non-Government Contractors") and the KRG.

The 4th PSC Amendment and Atrush Facilitation Agreement include the following principal terms:

- The KRG acquires a 25% interest in the PSC effective November 7, 2012, the date of declaration of commerciality ("DOC date"). Consequently, the respective participating interests in the Atrush PSC are TAQA at 39.9%, the KRG at 25%, GEP at 20.1% and MOKDV at 15%;
- The Non-Government Contractors will fund the cost of constructing the Feeder Pipeline which will be novated to the KRG following the commencement of oil exports from Atrush;
- All Atrush petroleum costs from the DOC date up to the commencement of oil exports from Atrush, which is defined as when the Final Completion Certificate for the Atrush Feeder Pipeline ("FCC") for the Feeder Pipeline is issued, are to be paid by the Non-Government Contractors and a defined portion of the KRG's share of these costs will be repaid through an accelerated petroleum cost recovery arrangement from the sale of future oil production from Atrush; and

- Feeder Pipeline costs and the balance of the Atrush petroleum costs incurred by the Non-Government Contractors on behalf of the KRG that are not covered by the accelerated petroleum cost recovery arrangement will be repaid by the KRG within 2 years from issuance of the FCC for the Feeder Pipeline. The FCC was subsequently issued on October 31, 2017.

8. 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.

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.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas business generally.

Political and Regional Risks

<u>International operations</u>: 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.

<u>Political instability:</u> ShaMaran's assets and operations are 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. Concerning 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**:** Events in Kurdistan since the independence referendum held on September 25, 2017 have reduced the autonomy of the Kurdistan Regional Government in favour of the Iraq federal government, in particular, to control and manage entry into, and exit from, Kurdistan of people, goods and services. There is a risk that the level of authority of the KRG, and corresponding systems previously in place, continue to be transferred to the Iraq federal government. Changes to the incumbent political regime could result in delays in operations and additional costs which could materially adversely impact the operations and prospects of the Company and could have a material adverse effect on the Company's business and financial condition. Refer also to the discussion in the section below under "Risks associated with petroleum contracts in Iraq."

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 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 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 clean-up, 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. Worldwide crude oil commodity prices are expected to remain volatile in the near future due to global supply and demand balances, actions taken by the Organization of the Petroleum Exporting Countries ("OPEC"), and ongoing global credit and liquidity concerns. This volatility may affect the Corporation's ability to obtain equity or debt financing on acceptable terms.

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 concerning 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. Currently 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:

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. 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.

Payments for oil exports: Companies who have exported oil from Kurdistan since the year 2009 have reported significant amounts outstanding for past oil exports. Cash payments to oil companies for oil exported from Kurdistan has been under control of the KRG since the beginning of exports in 2009. Since February 1, 2016, when the KRG announced interim measures whereby monthly payments to oil companies would be made based on an agreed mechanism, the KRG has established a relatively consistent record of delivering regular monthly payments to oil companies for their entitlement revenues in respect of monthly petroleum production, with producers' most recent reports indicating having received in February 2018 full payments for November 2017 oil exported. Nevertheless, there remains a risk that the Company may face significant delays in the receipt of cash for its entitlement share of future oil exports.

Paying interest: On November 7, 2016 the KRG exercised its back-in right under the terms of the Atrush PSC and acquired a 25% participating interest. Upon the commencement of oil production exports from Atrush the KRG is required to pay its share of project development costs. There is a risk that the Contractors may be exposed to fund the KRG share of future project development costs.

Default under the Atrush Block PSC and Atrush JOA: The Atrush Block PSC and Atrush JOA include a number of provisions if 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 should the default remain 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 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 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. 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 relating to 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.

Risk relating to community relations / labour disruptions: The Company's operations may be 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 near 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.

Petroleum costs and cost recovery: 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 yet 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.

Legal claims and disputes: The Company may suffer unexpected costs or other losses if a counterparty to any contractual arrangement entered 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.

Uninsured losses and liabilities: 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.

Availability of equipment and services: 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 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 eight 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 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. Refer also to note 2 of the Company's audited financial statements for the year ended December 31, 2017 for further discussion on the going concern assumption.

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 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 and Canadian dollars. 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 GEP's outstanding Senior Bonds and Super Senior Bonds. 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 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: Due to general economic uncertainties and, in particular, the potential 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, in particular, the Company's securities. 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.

Uncertainty in financial markets: In the future the Company is expected to require financing to grow its business. The uncertainty which has periodically affected the financial markets in recent years 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. 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.

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 after 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.

<u>Conflict of interests</u>: 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. In case 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 Bonds and Super Senior Bonds

<u>Possible termination of PSC / Bond Agreements in event of default scenario</u>: Should GEP default its obligations under the Bond Agreements 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 Agreements. 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.

<u>Ability to service indebtedness</u>: 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 Agreements.

<u>Significant operating and financial restrictions</u>**:** The terms and conditions of the Bond Agreements 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 Agreements. A breach of any of the covenants and restrictions could result in an event of default under the Bond Agreements.

<u>Mandatory prepayment events</u>: Under the terms of the Bond Agreements 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 20.1% (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 Agreements. 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 Agreements.

Statement of Reserves Data and Other Oil and Gas Information

Date of Statement

The Statement of Reserves Data and Other Information is prepared as at December 31, 2017. The information is presented on a consolidated basis for ShaMaran.

Disclosure of Reserves Data

On February 15, 2018 the Company received from McDaniel a detailed property report as of December 31, 2017. Total discovered oil in place is a low estimate of 1.5 billion barrels, a best estimate of 2.1 billion barrels and a high estimate of 2.9 billion barrels, with Atrush Block gross 2P reserves estimated at 102.7 MMbbls (relating entirely to the Atrush Phase 1 development area) and Atrush Block gross 2C contingent resource estimated at 296 MMbbls.

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 Company's profile on SEDAR at www.sedar.com posted on March 9, 2018 and attached hereto as Schedules A, B and C.

ITEM 5 - DESCRIPTION OF CAPITAL STRUCTURE AND DIVIDENDS

Capital Structure

The Company's authorized capital consists of an unlimited number of common shares without par value. All 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.

Under the Company's Stock Option Plan, the Company may grant options to purchase up to 10% of the issued and outstanding Common Shares at the time of grant to Directors, officers, employees and consultants. As of the date of this AIF, the Company has outstanding options to purchase 28,165,000 Common Shares at exercise prices from $0.115 to $0.36 per share with terms expiring between April 12, 2018 and January 19, 2020.

At December 31, 2017 the Company had an aggregate of 2,158,631,534 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 Bond Agreements 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 both the TSX.V in Canada and NASDAQ First North in Sweden under the trading 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.

	TSX.V (Toronto)			OMX (Stockholm)		
Month	**High(CAD)**	**Low(CAD)**	**Volume**	**High(SEK)**	**Low(SEK)**	**Volume**
December 2017	0.08	0.065	1,027,280	0.535	0.426	1,110,000
November 2017	0.09	0.075	2,016,863	0.585	0.50	79,150,000
October 2017	0.11	0.08	4,760,360	0.78	0.51	202,120,000
September 2017	0.11	0.085	1,301,684	0.72	0.505	153,470,000
August 2017	0.12	0.10	2,930,085	0.795	0.655	91,110,000
July 2017	0.13	0.095	3,039,347	0.855	0.64	158,480,000
June 2017	0.13	0.105	1,762,706	0.875	0.73	144,340,000
May 2017	0.125	.09	3,225,800	0.83	0.623	155,930,000
April 2017	0.11	0.095	943,001	0.745	0.65	78,880,000
March 2017	0.11	0.095	1,732,375	0.69	0.595	94,940,000
February 2017	0.115	0.095	2,808,221	0.73	0.64	188,330,000
January 2017	0.145	0.095	2,774,336	0.94	0.64	281,270,000

ITEM 7. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

All the ordinary shares of GEP and ShaMaran Services SA have been pledged as security for GEP's bond related obligations to Nordic Trustee ASA (formerly Norsk Tillitsmann ASA) in its capacity as trustee for the bondholders under the Bond Agreements.

The Company has no securities currently held in escrow.

ITEM 8 - DIRECTORS AND OFFICERS

Name, Address and Occupation

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, 2017 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 Florida, USA	Chairman and Director since February 19, 2007; Chairman of Compensation Committee; Member of Corporate Governance Committee; Member of Reserves Committee	President, CEO and director of Africa Oil Corp.; Director of BlackPearl Resources Inc., Director of Eco (Atlantic) Oil & Gas Ltd., Africa Energy Corp. 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 Geneva, Switzerland	President, Chief Executive Officer and Director since January 19, 2015	Mr. Bruijnzeels is a qualified Professional Engineer with over 31 years of experience in the oil and gas industry. Mr. Bruijnzeels is a Director of International Petroleum Corporation and was Senior Vice President Development of Lundin Petroleum AB from January 2003 up to the time of his appointment as a Member of the Board of ShaMaran on January 19, 2015.
C. Ashley Heppenstall Hong Kong	Director since January 19, 2015; Chairman of the Audit Committee; Member of Compensation Committee; and Member of Reserves Committee	Mr. Heppenstall is a graduate of Durham University where he obtained a degree in Mathematics. From 2002 until his retirement in 2015, Mr. Heppenstall was President and Chief Executive Officer of Lundin Petroleum AB. Mr. Heppenstall is a director of Lundin Petroleum AB, Lundin Gold Inc. (lead director), Africa Energy Corp., Etrion Corporation, Filo Mining Corp. and International Petroleum 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
Gary S. Guidry Alberta, Canada	Director since February 19, 2007; Chairman of the Reserves Committee; Member of the Audit Committee; Member of the Corporate Governance and Nominating Committee	President and Chief Executive Officer of Gran Tierra Energy Inc. since May 2015; Director of Africa Oil Corp. since June 2008. Previously, Mr. Guidry was President and CEO of Tanganyika Oil Company Ltd. and Orion Oil and Gas Corporation, Calpine Natural Gas Trust and director of TransGlobe Energy Corporation.
Brian D. Edgar British Columbia, Canada	Director since March 27, 2007; Chairman of the Corporate Governance and Nominating Committee; Member of the Audit Committee; Member of the Compensation Committee	Chairman of Silver Bull Resources, Inc.; Director of a number of other publicly traded companies.
Brenden Johnstone Geneva, Switzerland	Chief Financial Officer since December 14, 2009	Mr. Johnstone is a Chartered Professional Accountant of Canada and was previously the Chief Financial Officer of Avante Petroleum S.A.

Notes:
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, 2017:

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.*

Security Holdings
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 0.21% 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 sufficient 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

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 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. If 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 corporation will assign all or a portion of its interest in a 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 if the Company will participate in a 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 9 - 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 before a court relating to securities legislation or with a securities regulatory authority during the Company's recently completed financial year.

ITEM 10 - AUDIT COMMITTEE

Audit Committee Charter

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 D 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 "financially literate" within the meaning of applicable Canadian securities regulations in that they each can 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 a director of Lundin Petroleum AB, an a OMX Nordic Exchange listed company, of Africa Energy Corp. and Filo Mining Corp., TSX Venture Exchange listed companies, and of Etrion Corporation, International Petroleum Corporation and Lundin Gold Inc., companies listed on the TSX. From 2002 until his retirement in 2015, Mr. Heppenstall was President and Chief Executive Officer of Lundin Petroleum AB. Also from May 2010 until May 2013 Mr. Heppenstall was a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm. Mr. Heppenstall is a graduate of Durham University where he obtained a degree in Mathematics.

Mr. Edgar is a retired corporate and securities lawyer and mining executive with a Law Degree from the University of British Columbia with approximately 40 years of public company experience. Mr. Edgar practiced in 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 the President and Chief Executive Officer of Gran Tierra Energy Inc. Mr. Guidry is a director and member of the Audit Committee of Africa Oil Corp. 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, Calpine Natural Gas Trust, 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, 2017 and December 31, 2016.

Financial Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
2017	74,821	12,911	Nil	Nil
2016	78,984	13,180	Nil	17,633

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 11 - 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.

On January 30, 2017 the Company sold on a private placement basis an aggregate of 360,000,000 of its common shares at a price of CAD 0.10 (SEK 0.67). Two insiders of the Company, Lorito Holdings S.à.r.l. and Zebra Holdings & Investments S.à.r.l., companies owned by the Lundin Family Trust, directly or indirectly purchased a total of 60,448,239 common shares under the private placement, constituting a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101").

On February 9, 2015, relating to 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 (Lorito - 84,902,787 Common Shares, Zebra - 217,299,072, and Lundin Petroleum - 103,784,842 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 pursuant to the Rights Offering 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 "Year ended December 31, 2015 – Corporate Developments".

ITEM 12 - 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 13 - MATERIAL CONTRACTS

Except as set forth below or as disclosed in this AIF, there were no contracts, other than those entered in the ordinary course of business, that were material to the Company and that were entered between January 1, 2017 (being the commencement of the Company's most recently completed financial year) and up to the date of this AIF or that were entered prior to January 1, 2017 and remain in effect during 2017, 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 Agreements, being the Senior Bonds agreement dated November 11, 2013 and amended April 19, 2016, and the Super Senior Bonds agreement dated May 2, 2016, both agreements negotiated by GEP;
- A guarantee and indemnity agreement dated November 11, 2013 and amended May 2, 2016 obligating the Company and certain of its direct and indirect subsidiaries, as guarantors, in respect of the Bond Agreements negotiated by GEP;
- A share pledge agreement dated November 11, 2013 and amended May 2, 2016 made among Nordic Trustee ASA (formerly 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 Bond Agreements negotiated by GEP;
- An equitable mortgage over shares agreement dated November 11, 2013 and amended May 2, 2016 made among Nordic Trustee ASA (formerly Norsk Tillitsmann ASA) as security trustee (on behalf of and as trustee for the bondholders under the Bond Agreements) and ShaMaran Ventures B.V., an indirect subsidiary and mortgagor of shares of GEP, as security relating to the Bond Agreements negotiated by GEP, and;
- An internal credit facility agreement dated November 11, 2013 and amended May 2, 2016 made among the Company and certain of its subsidiaries relating to the Bond Agreements negotiated by GEP.

ITEM 14 - 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., the Company's independent resource evaluators and PricewaterhouseCoopers SA, the Company's auditors. None of the employees of McDaniel 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 SA, 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 15 - 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, 2017.

Additional information relating to the Company may be found under the Company's profile 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, 2017

Table of Contents

Part 1 Date of Statement

Item 1.1 Relevant Dates

1. Date of Statement: February 15, 2018
2. Effective Date: December 31, 2017
3. Preparation Date: March 8, 2018

Part 2 Disclosure of Reserves Data

ShaMaran Petroleum Corp., herein after referred to as “ShaMaran” or the “Company”, has as of December 31, 2017 reserves relating entirely to the Company’s interest in the Atrush Block, its sole oil and gas property, located in the Kurdistan Region of Iraq (“Kurdistan”). ShaMaran currently has a 20.1 percent working interest in the Block and is continuing to fund expenditure on that basis. For 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 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, 2017.

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, 2017
(Forecast Prices & Costs)

	ShaMaran's Interest in Reserves(1)(2)(3)							
	Light and Medium Oil (Mbbl)		Heavy Oil (Mbbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (Mbbl)	
	Gross(4)	Net(5)	Gross(4)	Net(5)	Gross(4)	Net(5)	Gross(4)	Net(5)
Iraq								
Proved developed producing........	4,211	2,975	–	–	–	–	–	–
Proved developed non–producing	–	–	–	–	–	–	–	–
Proved undeveloped	3,026	1,673	282	181	–	–	–	–
Total proved reserves	**7,237**	**4,648**	**282**	**181**	**–**	**–**	**–**	**–**
Probable	12,385	6,347	745	394	–	–	–	–
Total Proved Plus Probable Reserves	**19,622**	**10,996**	**1,026**	**575**	**–**	**–**	**–**	**–**
Possible..	12,020	3,999	685	236	–	–	–	–
Total Proved Plus Probable Plus Possible Reserves...................	**31,641**	**14,995**	**1,711**	**811**	**–**	**–**	**–**	**–**
Total								
Proved developed producing........	4,211	2,975	–	–	–	–	–	–
Proved developed non–producing	–	–	–	–	–	–	–	–
Proved undeveloped	3,026	1,673	282	181	–	–	–	–
Total proved reserves	**7,237**	**4,648**	**282**	**181**	**–**	**–**	**–**	**–**
Probable	12,385	6,347	745	394	–	–	–	–
Total Proved Plus Probable Reserves	**19,622**	**10,996**	**1,026**	**575**	**–**	**–**	**–**	**–**
Possible..	12,020	3,999	685	236	–	–	–	–
Total Proved Plus Probable Plus Possible Reserves...................	**31,641**	**14,995**	**1,711**	**811**	**–**	**–**	**–**	**–**

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) The Atrush Field contains crude oil of variable density. Fluid type is classified according to COGEH: Light/Medium Oil is based on density less than 920 kg/m3 and Heavy Oil is between 920 and 1000 kg/,3.

(4) "Gross" reserves refer to ShaMaran's working interest share before deducting royalties and are based on a 20.1 percent working interest share of the property gross resources.

(5) "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 the 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, 2017
(Forecast Prices & Costs)

	Net Present Values of Future Net Revenue(1)(2)(3)(4)(5)(6)(7)										Unit Value(8) before Income Tax Discounted at
	Before Income Taxes Discounted at (%/year)					After Income Taxes Discounted at (%/year)					
Reserves Category	0	5	10	15	20	0	5	10	15	20	10%/year
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$/bbl
Iraq											
Proved developed producing .	74,837	70,851	67,411	64,411	61,767	74,837	70,851	67,411	64,411	61,767	22.66
Proved developed non-producing..........................	-	-	-	-	-	-	-	-	-	-	-
Proved undeveloped	46,383	37,281	30,259	24,752	20,370	46,383	37,281	30,259	24,752	20,370	16.32
Total proved reserves	**121,219**	**108,132**	**97,671**	**89,163**	**82,138**	**121,219**	**108,132**	**97,671**	**89,163**	**82,138**	**20.23**
Probable	258,356	188,154	141,583	109,559	86,842	258,356	188,154	141,583	109,559	86,842	21.00
Total Proved Plus Probable Reserves..........................	**379,576**	**296,286**	**239,254**	**198,722**	**168,979**	**379,576**	**296,286**	**239,254**	**198,722**	**168,979**	**20.68**
Possible..................................	110,097	72,671	53,784	42,909	35,872	110,097	72,671	53,784	42,909	35,872	12.70
Total Proved Plus Probable Plus Possible Reserves....	**489,672**	**368,957**	**293,038**	**241,630**	**204,852**	**489,672**	**368,957**	**293,038**	**241,630**	**204,852**	**18.54**
Total											
Proved developed producing	74,837	70,851	67,411	64,411	61,767	74,837	70,851	67,411	64,411	61,767	22.66
Proved developed non-producing..........................	-	-	-	-	-	-	-	-	-	-	-
Proved undeveloped	46,383	37,281	30,259	24,752	20,370	46,383	37,281	30,259	24,752	20,370	16.32
Total proved reserves	**121,219**	**108,132**	**97,671**	**89,163**	**82,138**	**121,219**	**108,132**	**97,671**	**89,163**	**82,138**	**20.23**
Probable	258,356	188,154	141,583	109,559	86,842	258,356	188,154	141,583	109,559	86,842	21.00
Total Proved Plus Probable Reserves..........................	**379,576**	**296,286**	**239,254**	**198,722**	**168,979**	**379,576**	**296,286**	**239,254**	**198,722**	**168,979**	**20.68**
Possible..................................	110,097	72,671	53,784	42,909	35,872	110,097	72,671	53,784	42,909	35,872	12.70
Total Proved Plus Probable Plus Possible Reserves....	**489,672**	**368,957**	**293,038**	**241,630**	**204,852**	**489,672**	**368,957**	**293,038**	**241,630**	**204,852**	**18.54**

Notes:

(1) Based on a 20.1 percent Company working interest.
(2) Totals may not add due to rounding.
(3) The definitions of the various categories of reserves and expenditures are those set out in NI 51-101.
(4) Based on forecast prices and costs at January 1, 2018.
(5) Interest expenses and corporate overhead, etc. were not included.
(6) The net present values may not necessarily represent the fair market value of the reserves.
(7) 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.
(8) 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 the light/medium and heavy oil reserves combined.
(9) The net present values in the table above are exclusive of the following recoverable assets due to ShaMaran as of December 31, 2017:

- Atrush Development Cost Loan (due from KRG) of $16.018 million
- Atrush Feeder Pipeline Cost Loan of $9.751 million
- Accounts receivable on Atrush deliveries of $13.957 million

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 ..	256,407	-	106,321	28,004	863	121,219	-	121,219
Total Proved Plus Probable Reserves ...	665,844	-	249,026	36,004	1,239	379,576	-	379,576
Total Proved Plus Probable Plus Possible Reserves.....	934,024	-	405,746	37,009	1,597	489,672	-	489,672
Total								
Total proved reserves ..	256,407	-	106,321	28,004	863	121,219	-	121,219
Total Proved Plus Probable Reserves ...	665,844	-	249,026	36,004	1,239	379,576	-	379,576
Total Proved Plus Probable Plus Possible Reserves.....	934,024	-	405,746	37,009	1,597	489,672	-	489,672

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	94,012	20.23
	Heavy Oil	3,658	20.23
	Conventional Natural Gas	–	–
	Natural Gas Liquids	–	–
	Total	**97,671**	**20.23**
Proved Plus Probable Reserves........................	Light and Medium Crude Oil	227,364	20.68
	Heavy Oil	11,890	20.68
	Conventional Natural Gas	–	–
	Natural Gas Liquids	–	–
	Total	**239,254**	**20.68**
Proved Plus Probable Plus Possible Reserves ..	Light and Medium Crude Oil	278,001	18.54
	Heavy Oil	15,037	18.54
	Conventional Natural Gas	–	–
	Natural Gas Liquids	–	–
	Total	**293,038**	**18.54**

Notes:

(1) The Atrush Field contains crude oil of variable density even within a single reservoir unit and as such the actual split between Light/Medium Oil and Heavy Oil is uncertain. To give an indicative split of the "Future Net Revenue before Income Taxes by Production Group", the ratio of the Light/Medium and Heavy Oil reserves has been applied in a simplistic manner to calculate the total future net revenue.

(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.

A Summary of Contingent Resources as at December 31, 2017 has been included in the Appendix at the end of this document.

Part 3 Pricing Assumptions

Item 3.1 Supplemental Estimates

Not relevant

Item 3.2 Forecast Prices Used in Estimates

The following table sets forth the benchmark reference prices as at December 31, 2017, 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)	Atrush field Price differential(2) (Atrush, Iraq)	Atrush field Sales Oil Price(2) (Atrush, Iraq)	Inflation Rates
	($/bbl)	($/bbl)	($/bbl)	(%/Year)
2018	63.50	15.80	47.75	2.00
2019	61.30	15.70	45.57	2.00
2020	63.40	15.70	47.67	2.00
2021	70.10	15.70	54.37	2.00
2022	74.20	15.70	58.47	2.00
2023	75.60	15.70	59.87	2.00
2024	77.10	15.70	61.37	2.00
2025	78.60	15.70	62.87	2.00
2026	80.30	15.70	64.57	2.00
Inflation after 2026				2.00

Notes:

(1) Brent price forecast based on the McDaniel January 1, 2018 price forecast.

(2) Atrush field price is adjusted for quality differential, transportation tariffs and marketing fees and is based on ShaMaran's current marketing agreement of $15.73/bbl except for January 2018 which was $16/bbl based on the previous marketing agreement.

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, 2016 to December 31, 2017 based on forecast prices and costs.

Iraq (and Total)	Light and Medium Oil (Mbbl)			Heavy Oil (Mbbl)			Conventional Natural Gas (MMcf)		
	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, 2016	4,653	7,779	12,432	2,287	2,394	4,681	-	-	-
Plus:	-			-	-	-	-	-	-
Extensions	2,607	3,684	6,291	-	-	-	-	-	-
Improved recovery	-	-	·	-	-	-	-	-	-
Technical revisions	651	921	1,573	(2,005)	(1,649)	(3,655)	-	-	-
Discoveries	-	-	·	-	-	-	-	-	-
Acquisitions	-	-	·	-	-	-	-	-	-
Less:									
Dispositions	-	-	·	-	-	-	-	-	-
Economic factors	-	-	·	-	-	-	-	-	-
Production	(674)	-	(674)	-	-	-	-	-	-
Ending balance – December 31, 2017	7,237	12,385	19,622	282	745	1,026	-	-	-

Notes:

(1) Gross reserves are based on a 20.1 percent Company working interest.

(2) Reserves reconciliation for year ended December 31, 2017 was based on forecast prices and costs.

Part 5 Additional Information Relating to Reserves Data

Atrush reserves were first recognized in the year ended December 31, 2013. In addition to sufficient accumulated technical data supporting recoverability, the declaration of commerciality by the contractor group in November 2012 and the KRG approval of the initial Field Development Plan ("FDP") in October 2013 formed an adequate commercial basis for initial reserves recognition. During 2014 and 2015 several well tests and re-tests were executed and established the well-connected nature of the upper Jurassic reservoir in the Atrush field. These tests also demonstrated the producibility of the heavy oil in the lower part of the oil column. The combined effect of these results allowed a reclassification of a portion of the contingent resources into reserves. In November 2015 an update to the FDP was presented to the KRG and later approved. In the second quarter of 2017 installation of the field facilities was completed. Production started on 3rd July 2017. In 2017 one new well Chiya Khere-7 ("CK-7") was drilled and found the top of the reservoir 114m shallow to prognosis, which resulted in upwards shift of the mapped reservoirs and thus an increase in medium and a decrease in heavy oil in place. It was also recognized by McDaniel that the current development is geared towards medium gravity oil production. This resulted in a drop in heavy oil reserves and at the same time in an increase in medium oil reserves.

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, 2015, December 31, 2016 and December 31, 2017 in the aggregate, and before that time based on forecast prices and costs. The reserves have been classified as undeveloped due to the significant facility expenditure required to get to first oil production.

SUMMARY OF COMPANY UNDEVELOPED RESERVES
(Forecast Prices & Costs)

	Light/Medium Oil		Heavy Oil		Conventional Natural Gas	
Proved Undeveloped	First Attributed	Booked	First Attributed	Booked	First Attributed	Booked
	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)	(MMcf)	(MMcf)
Prior to 2014	–	6,274	–	–	–	–
2015	–	4,653	–	2,287	–	–
2016	–	4,653	–	2,287	–	–
2017	2,607	3,026	–	282	–	–

Probable Undeveloped	First Attributed	Booked	First Attributed	Booked	First Attributed	Booked
	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)	(MMcf)	(MMcf)
Prior to 2014	–	6,077	–	–	–	–
2015	–	7,779	–	2,394	–	–
2016	–	7,779	–	2,394	–	–
2017	3,684	9,779	–	745	–	–

Item 5.2 Significant Factors or Uncertainties

McDaniel conducted its independent reserves evaluation on ShaMaran's reserves as at December 31, 2017. 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)			
2018	15.2	15.2	16.2
2019	8.1	12.9	12.9
2020	4.7	7.9	7.9
Thereafter	-	-	-
Total Future Development Costs	**28.0**	**36.0**	**37.0**

Note:

(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.

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	Conventional Natural Gas	Total
	(wells)	(wells)	(wells)	
Iraq (and Total)				
Gross Wells[1]				
Producing[3]	4.0	–	–	4.0
Non-producing[4]	3.0	–	–	3.0
Total Gross Wells	**7.0**	**–**	**–**	**7.0**
Net Wells[2]				
Producing[3]	0.8	–	–	0.8
Non-producing[4]	0.6	–	–	0.6
Total Net Wells	**1.4**	**–**	**–**	**1.4**

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

Production Facility and Pipeline

Construction work and commissioning on the 30,000 bopd Atrush Phase 1 Production Facilities ("Production Facility"), the pipeline between the Production Facility and the block boundary (the "Spur Pipeline"), the pump station, the intermediate pigging and pressure reduction station ("IPPR") and the section of the pipeline from the block boundary to the tie-in point on the main export pipeline ("Feeder Pipeline") necessary for exporting Atrush oil was concluded in the first half of 2017.

Development Wells

The completion for both the AT-4 and the AT-2 well were installed and successfully tested in second and third quarter of 2016. The Chiya Khere-5 ("CK-5") and Chiya Khere-8 ("CK-8") wells were completed in the third quarter of 2015 and all four wells intended for production are now completed, connected to the Production Facility and producing.

A further oil producing well, CK-7 was drilled in 2017 it is awaiting completion and tie-in to the production facilities after the in 2018. For 2018 the drilling of the Chiya Khere-9 ("CK-9") water disposal well and a further production well Chiya Khere-10 ("CK-10") are planned.

Location and Operational History

The Atrush Block is located approximately 85 kilometres northwest of Erbil, the capital of Kurdistan, and has a surface area of 269 square kilometres. Oil has been proven in Jurassic fractured carbonates in the Chiya Khere structure and is estimated to contain a low estimate of 1.5 billion barrels, a best estimate of 2.1 billion barrels and a high estimate of 2.8 billion barrels of discovered oil in place. The structure is 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 the year 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 Atrush-1 ("AT-1") exploration well. This was followed by the AT-2 appraisal well in July 2012. 3D seismic covering the entire Atrush Block was acquired between July 2011 and August 2012 and a Declaration of Commerciality made on November 7, 2012. The eastern part of the field was successfully appraised in June 2013 by the Atrush-3 ("AT-3") well.

The AT-2 appraisal well was drilled to a depth of 1,750 metres, below the base of Jurassic reservoir section, which was reached in July 2012. The Company announced on September 13, 2012 the results of the comprehensive AT-2 well testing program which confirmed through three separate DSTs the AT-1 Jurassic oil discovery. Individual test rates for the three Jurassic DSTs, constrained by surface testing equipment, were over 10,000 bopd (approximately 27 degree API) and confirmed the significant potential for production from the highly fractured Jurassic reservoir. An additional two DSTs conducted in two deeper Jurassic formations confirmed them to be oil bearing and productive, with test rates limited by the gas lift test method. GEP submitted in October 2012 to the Ministry of Natural Resources ("MNR") of Kurdistan an AT-2 Discovery Report giving notice of the additional discovery formations in the lower part of the Jurassic.

On November 7, 2012 TAQA, GEP and MOKDV, collectively being the Contractor under the Atrush PSC at that time, submitted to the Atrush Block Management Committee a Declaration of Commercial Discovery ("DCD") with effect from November 7, 2012 in accordance with the terms of the Atrush PSC. The DCD was submitted together with an Appraisal Report covering the Atrush field.

The AT-3 eastern area appraisal well was spudded on March 25, 2013 and the well was drilled to a measured depth of 1,806 metres which was reached on June 23, 2013. The well encountered an estimated oil column of 286 metres in the Jurassic reservoir and successfully extended the Atrush accumulation 6.5 kilometres further to the east, while proving producible oil 180 metres deeper than previous wells thereby reducing the uncertainty on the Oil Water Contact/Free Water Level. AT-3 was suspended pending the planned re-entry and successful retest in January 2015.

In June 2013 an interference test was conducted between AT-1 and AT-2. The wells, which are 3.1 kilometres apart, confirmed excellent pressure communication and multi Darcy horizontal permeability through the fracture system in the Jurassic reservoir. This reservoir connectivity was further confirmed, as announced by the Company in February 2015, by pressure communication between the tested Chiya Khere-6 ("CK-6") and AT-3 wells and the AT-2 well, over a distance of 6.5 kilometres, demonstrating that the eastern appraisal area is in pressure communication with the Phase 1 development area.

The Atrush Block Field Development Plan ("FDP") was submitted for approval to the KRG on May 6, 2013, in accordance with the terms of the Atrush PSC within 180 days after the DCD made on November 7, 2012. The FDP was presented in detail to the MNR in June 2013. Phase 1 of the FDP was duly approved with an effective date October 1, 2013.

On October 7, 2013 the Company announced that Phase 1 of the FDP for the Atrush Block had been approved by the KRG. The initial 20-year Development Phase (as defined in the Atrush PSC) commenced on the October 1, 2013.

Following submission of the FDP the AT-1 discovery well was determined to be unsuitable for long-term production and was plugged and abandoned in October 2013.

In 2014 three development wells were drilled. The AT-4 well was drilled up-dip towards the undrilled crest of the structure from the AT-1 drilling site and tested 27-28 API oil at a combined rate of 9,059 bopd from two of the intervals tested. The CK-5 was deviated from the same Chamanke-A well pad with the bottom hole location in the Butmah formation approximately 870 metres west southwest of the surface location, penetrating a gross vertical oil column of approximately 540 metres. CK-8 was also drilled from the same well pad and found the reservoir much higher than expected some 1.4 kilometres east southeast of the surface location. CK-5 and CK-8 were suspended awaiting testing in 2015.

In 2014 CK-6, an eastern area appraisal well, was drilled from the Chamanke-C well pad and reached the Jurassic reservoir approximately 139 metres structurally higher than the nearby AT-3 well, approximately 600 metres South-southeast of the surface location. Three well tests were conducted, showing excellent reservoir quality and demonstrating producible oil as deep as -460m AMSL, nearly 200m deeper than the equivalent interval that successfully tested the higher viscosity oil in the AT-2 well.

In 2015, the CK-5 and CK-8 development wells were successfully tested and completed. The CK-5 well tested 3 separate intervals at a combined rate of 7,350 bopd. The CK-8 well tested 2 intervals at a combined rate of 8,400 bopd.

Also in 2015, the AT-3 eastern appraisal well was re-entered and tested at a maximum oil rate of 4,900 bopd comingled from two intervals.

In the second quarter 2017 the Atrush field facilities were completed and commissioned. Production started up on the 3rd of July and ramped up to an average production of about 26,300 BPD of medium gravity oil at an average of 25.1 degrees API for the month of December 2017.

The CK-7 well was spudded on 17th of December. It reached a total depth of 1861m (measured depth) or 1474m true vertical depth in 49 days. It encountered the top of the reservoir section about 114m shallow from prognosis. It is currently suspended awaiting testing, completion and tie-in to the production facilities in 2018.

Item 6.2 Properties With No Attributed Reserves

The Company held no properties through the year ended December 31, 2017 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 (including seven wells and production facilities)	13,252	3,172

The table above shows the Company’s participating interests at December 31, 2017 in the estimated well and facilities abandonment and reclamation costs (not including any “credits” for equipment salvage). Abandonment and reclamation costs have been estimated using industry practice and are in line with estimates provided in the Atrush Field Development Plan.

Future net revenue as prepared by McDaniel and as disclosed in item 2.1, is based on McDaniel’s estimate of well abandonment timing and cost, excluding facilities and site reclamation costs. According to the Atrush Production Sharing Contract, all abandonment and site reclamation costs are cost recoverable. Should there not be sufficient cost recovery to cover abandonment and site reclamation costs, which is likely to be the case at end of field life when final abandonment occurs, the Government will pay any remaining balance. Therefore final facilities abandonment and site reclamation costs do not impact the Company’s future net revenue.

The Company is not expecting any abandonment costs in the next three years.

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, 2017			
Properties in Kurdistan	Acquisition Costs $ millions	Exploration Costs $ millions	Development Costs $ millions	Other Costs $ millions
Atrush Block	0.0	0.0	17.9	0.0
TOTAL	0.0	0.0	17.9	0.0

Item 6.7 Exploration and Development Activities

Summary of Exploration and Development wells drilled in 2017

Iraq (and Total)	Exploration wells	Stratigraphic Test wells	Production wells	Service wells	Total
	(wells)	(wells)	(wells)	(wells)	(wells)
Gross Wells[(1)]					
Total Gross Wells	–	–	1.0	–	**1.0**
Net Wells[(2)]					
Total Net Wells..	–	–	**0.2**	–	**0.2**

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.

Atrush Block

Production Facility and Pipeline

Construction work and commissioning on the 30,000 bopd Atrush Phase 1 Production Facilities ("Production Facility"), the pipeline between the Production Facility and the block boundary (the "Spur Pipeline"), the pump station, the intermediate pigging and pressure reduction station ("IPPR") and the section of the pipeline from the block boundary to the tie-in point on the main export pipeline ("Feeder Pipeline") necessary for exporting Atrush oil was concluded in the first half of 2017.

Development Wells

In 2017, the CK-7 well was drilled and cased and is now awaiting testing, completion and tie-in to the facilities. For 2018 the drilling of water disposal well CK-9 WDW and producer CK-10 are budgeted.

Item 6.8 Production Estimates

First oil was produced on July 3rd 2017. The operator reported a total gross field production of 3.355 MMbbls for the year 2017 or a company share of 674.3 Mbbls. The forecast for 2018 is:

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

Iraq (and Total)	**Light and Medium Oil (Mbbl) Year 2018**	**Heavy Oil (Mbbl) Year 2018**	**Conventional Natural Gas (MMcf) Year 2018**
Proved			
Atrush	1,802.3	36.7	-
Total	**1,802.3**	**-**	-
Probable			
Atrush	142.0	-	-
Total	**142.0**	**-**	-
Possible			
Atrush	1,944.3	36.7	-
Total	**1,944.3**	**-**	-

Notes:
(1) Estimates are calculated based on the McDaniel Report.
(2) Represents estimated production from January 1, 2018 to December 31, 2018

Item 6.9 Production History

Between July 3rd and December 31st 2017 the Atrush field operator TAQA reported a production of 3,355,820 bbls of medium gravity oil.

Appendix

SUMMARY OF CONTINGENT RESOURCES
AS OF DECEMBER 31, 2017

McDaniel has prepared for ShaMaran an assessment of the crude oil and conventional natural gas contingent resources as of December 31, 2017.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

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 (see description on page 13) crude oil and conventional natural gas contingent resources as of December 31, 2017 were estimated to be as follows:

	Light & Medium Oil (Mbbl)[3]			Heavy Oil (Mbbl)[3]			Conventional Natural Gas (MMcf)		
	Gross	Company Interest		Gross	Company Interest		Gross	Company Interest	
Contingent Resources[2][4][5]	100%	Gross[1]	Net[6]	100%	Gross[1]	Net[6]	100%	Gross[1]	Net[6]
Low Estimate (1C)	67,794	13,627	N/A	106,859	21,479	N/A	25,478	5,121	N/A
Best Estimate (2C)	68,757	13,820	N/A	227,414	45,710	N/A	46,894	9,426	N/A
High Estimate (3C)	76,605	15,398	N/A	372,874	74,948	N/A	73,479	14,769	N/A
Risked Best Estimate[4]	55,005	11,056	N/A	181,931	36,568	N/A	2,342	471	N/A

Notes:

(1) Company gross interest resources are based on a 20.1 percent working interest share of the property gross resources.
(2) There is no certainty that it will be commercially viable to produce any portion of the contingent resources.
(3) The Atrush Field contains crude oil of variable density. Fluid type is classified according to GOGEH: Light/Medium Oil is based on a density less than 920 kg/m3 and Heavy Oil is between 920 and 1000 kg/m3.
(4) The "Risked Best Estimate" contingent resources account for the chance of development, which is defined as the probability of a project being commercially viable. Quantifying the chance of development requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are extremely difficult to quantify, the chance of development is uncertain and must be used with caution. The chance of development was estimated to be 80 percent for both Crude Oil types and 5 percent for the Conventional Natural Gas.
(5) The contingent resources are sub-classified as "development unclarified" with an "undetermined" economic status.
(6) Company net interest resources are not available as McDaniel did not undertake a valuation of the resources.

The resources included in the table above are classified as contingent with development unclarified and economic status undetermined 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.

The reservoir in the Atrush field consists of fractured carbonates, which require production data for an optimized development plan. As such it was decided to develop the asset under a phased approach whereby information is collected during the first phase of development. This will aid in determining the best approach to the development of the remaining volume of discovered resources (contingent resources). As some of the parameters of development are not clear yet, these contingent resources have been classified as “development unclarified”. A larger development could have been implemented from early on, but without the proper assessment of production performance and narrowing of the uncertainty, the results would not have been optimized. As such it is our view that there is a high likelihood of future development phases proceeding to development and commercialization. Given the nature of the reservoir (containing both types of oil in developed reservoirs) the same chance of development has been applied.

The specific contingencies which prevent the classification of Atrush resources as reserves are largely the lack of information to understand both the drive mechanism and the contribution of the oil stored in the matrix of the reservoir rocks. Long-term production from the Jurassic reservoirs in 2018 will aid narrowing the uncertainty significantly. The information collected from those activities will assist to decide on a concept for the next phase of development (“Phase 2"). Commercial decisions to select the best concept and implement Phase 2 will most likely be taken during 2019. Variation between the possible technical concepts is too large to provide a meaningful timeline for implementation of Phase 2. Even though the development of the contingent resources in the Atrush field is unclarified as yet, management estimates the cost of developing all of the full field contingent resources based on a conceptual development plan at $1.8 billion resulting in a cost factor of approximately 6 USD per barrel of oil. The Company forecasts the development period for the full field contingent resources over a period of 5 years beginning with commercial production in the year 2019 and building up to full production capacity by the year 2022. The assumed recovery technology is vertical wells under natural water drive.

The Atrush Block prospective resources estimates have not been re-evaluated since December 31, 2013.

SCHEDULE B

FORM 51-101 F2

McDaniel
& Associates Consultants Ltd.

February 15, 2018

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: Revised **Form 51-101F2**
Report on Reserves and Contingent Resources Data
by 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 and contingent resources data as at December 31, 2017. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2017 estimated using forecast prices and costs. The contingent resources data are risked estimates of volume of contingent resources as at December 31, 2017.

2. The reserves and contingent resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves and contingent 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 as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

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

2200, Bow Valley Square 3, 255 - 5 Avenue SW, Calgary AB T2P 3G6 Tel: (403) 262-5506 Fax: (403) 233-2744 www.mcdan.com

5. The following table shows the net present value of 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 for the year ended December 31, 2017, and identifies the respective portions thereof that we have evaluated and reported on to the Company's Board of Directors:

Independent Qualified Reserves Evaluator	Effective 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
McDaniel & Associates	Dec 31, 2017	Iraq	-	239,254		239,254

6. The following table sets forth the risked volume of contingent resources included in the Company's statement prepared in accordance with Revised Form 51-101F1 and identifies the respective portions of the contingent resources data that we have evaluated and reported on to the Company's Board of Directors:

Classification	Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Resources Other than Reserves	Risked Volume
Contingent Resources - Development Unclarified	McDaniel & Associates	Dec 31, 2017	Iraq	11,056 Mbbl Light and Medium Oil; 36,568 Mbbl Heavy Oil; 471.3 MMcf Conventional Natural Gas

7. In our opinion, the reserves and contingent resources 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 and contingent resources data that we reviewed but did not audit or evaluate.

8. We have no responsibility to update our report referred to in paragraphs 5 and 6 for events and circumstances occurring after the effective date of our report.

9. Because the reserves and contingent resources 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.

Cam Boulton

C. T. Boulton, P. Eng.
Vice President

Calgary, Alberta, Canada
February 15, 2018

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 and probable reserves and related future net revenue as at December 31, 2017, estimated using forecast prices and costs, and resources data which are estimates of contingent resources of the Company as at December 31, 2017.

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

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 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; and

(c) the content and filing of this report.

Because the reserves and contingent 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 resources are categorized according to the probability of their recovery.

Date: March 8, 2018

/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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February 15, 2018

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: Revised **Form 51-101F2**
Report on Reserves and Contingent Resources Data
by 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 and contingent resources data as at December 31, 2017. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2017 estimated using forecast prices and costs. The contingent resources data are risked estimates of volume of contingent resources as at December 31, 2017.
2. The reserves and contingent resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves and contingent 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 as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves and contingent resources data are free of material misstatement. An evaluation also includes assessing whether the reserves and contingent resources data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of 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 for the year ended December 31, 2017, and identifies the respective portions thereof that we have evaluated and reported on to the Company's Board of Directors:

			Net Present Value of Future Net Revenue $M US (before income taxes, 10% discount rate)			
Independent Qualified Reserves Evaluator	**Effective Date of Evaluation Report**	**Location of Reserves**	**Audited**	**Evaluated**	**Reviewed**	**Total**
McDaniel & Associates	Dec 31, 2017	Iraq	-	239,254		239,254

6. The following table sets forth the risked volume of contingent resources included in the Company's statement prepared in accordance with Revised Form 51-101F1 and identifies the respective portions of the contingent resources data that we have evaluated and reported on to the Company's Board of Directors:

Classification	**Independent Qualified Reserves Evaluator**	**Effective Date of Evaluation Report**	**Location of Resources Other than Reserves**	**Risked Volume**
Contingent Resources - Development Unclarified	McDaniel & Associates	Dec 31, 2017	Iraq	11,056 Mbbl Light and Medium Oil; 36,568 Mbbl Heavy Oil; 471.3 MMcf Conventional Natural Gas

7. In our opinion, the reserves and contingent resources 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 and contingent resources data that we reviewed but did not audit or evaluate.

8. We have no responsibility to update our report referred to in paragraphs 5 and 6 for events and circumstances occurring after the effective date of our report.

9. Because the reserves and contingent resources 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.

Cam Boulton

C. T. Boulton, P. Eng.
Vice President

Calgary, Alberta, Canada
February 15, 2018

SCHEDULE D

AUDIT COMMITTEE CHARTER

SHAMARAN
petroleum corp

AUDIT COMMITTEE CHARTER

(As adopted by the Board of Directors on April 20, 2010 and amended on March 9, 2017)

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 financial statements and financial 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. Composition

The Committee will be comprised of a minimum of three members.

B. Qualifications

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

Each member of the Committee must, with the exception of certain qualifying exemptions, be "independent" (as defined in Sec. 1.4 of National Instrument 52-110 (Audit Committees)) ("NI 52-110").

Each member of the Committee must be "financially literate" (as defined in NI 52-110) or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

Each member of the Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation (as defined in NI-52-110).

C. Appointment and Removal

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. Chair

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. Sub-Committees

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 and interim 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 executive officers, employees or control persons 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. <u>Introduction</u>

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. <u>Powers and Responsibilities</u>

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 will:

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 interim financial statements, management discussion and analysis (MD&A) and earnings press releases and provide a recommendation to the Board with respect to the approval of the financial statements, MD&A and earnings press release prior to their release to the public.

15. Where reasonably possible, 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 disclosures containing financial information, including news releases, prior to release to the public. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosures of financial information extracted or derived from the Corporation's financial statements, other than disclosure described in the previous paragraph, and periodically assess 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.

Other Responsibilities

17. Review the findings of any examinations by securities regulatory authorities and stock exchanges.

18. Review with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.

19. 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.

20. 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.

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

22. 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.

23. Make regular reports to the Board about the Committee's activities and make appropriate recommendations..

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

25. Annually review the Committee's own performance.

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

27. 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. <u>Limitation of Audit Committee's Role</u>

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.