# ShaMaran Petroleum Corp.

## Focusing on Growth

September 2019

# ShaMaran at Glance

**12,400-13,800 bopd** — **Net exit 2019 production capacity ***

**29.3 MMbbl** — **Net 1/1/2019 2P oil reserves * ***

**74 MMbbl** — **Net 2C oil resources * ***

**6.30-7.90 US$/boe** — **Lifting costs 2019e**

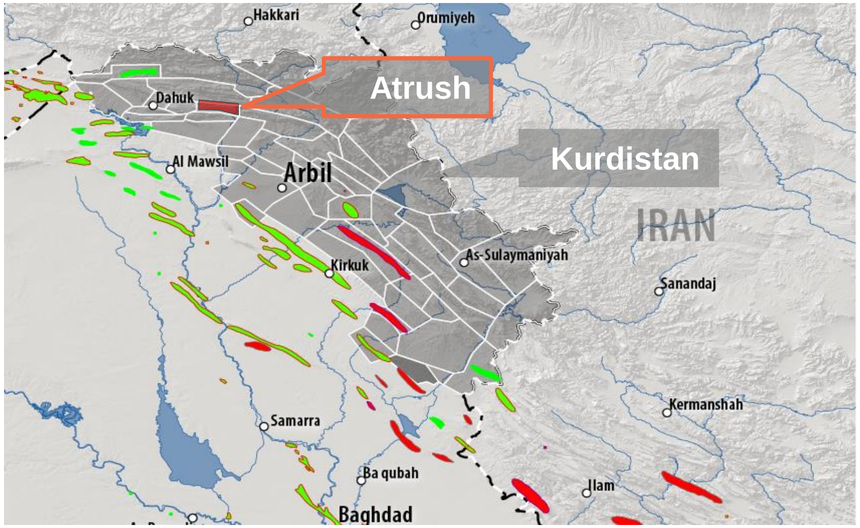
- Acquisition of Marathon's interest in Atrush field in Kurdistan completed- *Highly value accretive transaction*
- Atrush Asset provides large production base with significant growth potential
- Stable and predictable cash flow
- New Management with focus on growth
- A Lundin Group company with strong shareholder support

(*) Quantity based on increasing well capacity (currently at 50,084 bopd) and processing capacity (currently at 37,500 bopd)
(**) Quantities based on Reserves and Contingent Resources - McDaniel & Associates estimates at December 31, 2018, and determined on a 27.6% working interest basis,.

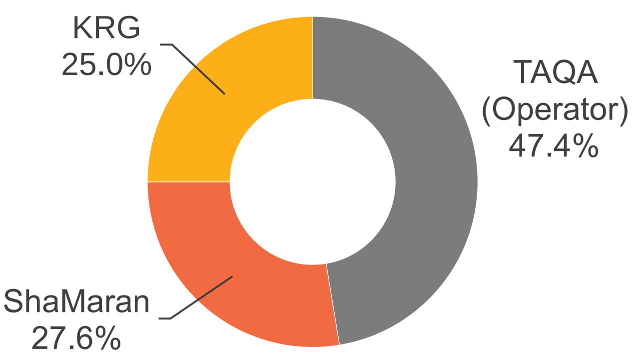
# ShaMaran in Kurdistan

- **ShaMaran is an E&P company active in the Kurdistan Region of Iraq.**
- **Kurdistan's oil industry at a relatively early stage of development**
  - Significant reserves and resources
  - Largely stable political landscape
  - Well established export route to the Mediterranean via the Turkish port of Ceyhan
- **ShaMaran has 27.6% direct interest in the Atrush oil field (post acquisition)**
  - Acquisition from Marathon provided an additional 7.5% working interest
  - Taqa  currently Operator of Atrush Field

## Asset location




## Atrush partnership ownership



# Atrush - a World Class Oil Field

- **Atrush block awarded in 2007 and ShaMaran entered in 2010**
  - Atrush field discovered 2011
  - FDP approved October 2013
  - First production July 2017
- **Reservoir**
  - Jurassic fractured carbonate
  - Low/best/high estimate of 1.5/2.1/2.9 billion barrels total discovered oil in place
- **2P reserves expected to grow as more wells drilled and 2C converted to 2P**
  - Contingent resources dependent on defining further phases of development
- **Atrush Production**
  - Currently produces 35,300 bopd**
  - Target of 45,000 - 50,000 bopd at 2019 exit
  - Install second train at PF1 during 2020 to provide 80,000bopd processing capacity in 2021
  - Investment decision to increase up to 100,000 bopd expected mid 2020

## Atrush Resources (gross)*

| MMbbl | 1P/C | 2P/C | 3P/C |
|---|---|---|---|
| Oil reserves | 44.9 | 106.0 | 160.8 |
| Oil contingent | 158 | 268 | 407 |
| Oil prospective | 121 | 173 | 247 |

## Atrush – Production Facility

(*) Reserves and Contingent Resources - McDaniel & Associates at December 31, 2018. Prospective Resources - McDaniel & Associates at December 31, 2013. There is no certainty that it will be commercially viable to produce any portion of the contingent resources. Contingent resources are classified as development unclarified. There is an 80 percent chance of commercial development for oil. For full reserves and contingent resource disclosure the company refers to its Press Release dated February 15, 2019.

(**) Average August 2019 daily sales volume

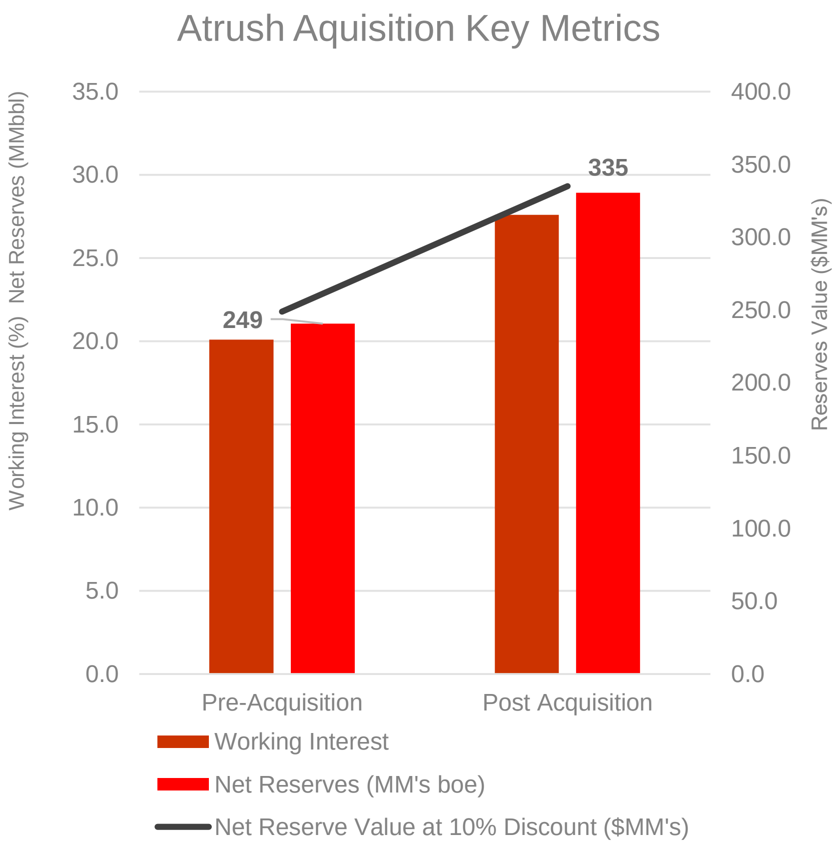
# ShaMaran Completes Accretive Atrush Acquisition

- **ShaMaran acquisition increases interest in Atrush by over a third**
  - Acquired all of Marathon's 15% interest with simultaneous sale of 7.5% to TAQA
  - Interest increased from 20.1% to 27.6% - represents a 37.3% increase in Atrush position
  - Closed on May 30, 2019

- **New interest adds significant asset value:**
  - 7.9 MMbbl of 2P reserves ~valued at NPV10 USD 86.2MM*
  - 20.7 MMboe of 2C resources
  - ~USD 22MM of Atrush KRG loans and receivable assets related to the purchased interest

- **Financed from existing cash**

| **In million USD** | |
|---|---|
| Purchase price - 15% of Atrush | 63.0 |
| ShaMaran's 7.5% share = 1/2 x $63 million | 31.5 |
| Closing adjustments** | (4.3) |
| **Cash out to close** | **27.2** |




(*) based on McDaniel reserves and resources report at 31 Dec 2018
(**) closing adjustments represent share attributable to the purchased interest of oil sales less operating and development costs from effective date (Jan 1, 2018) up to date of closing plus other closing purchase price adjustments and fees.

# Atrush – Focus on Production Growth

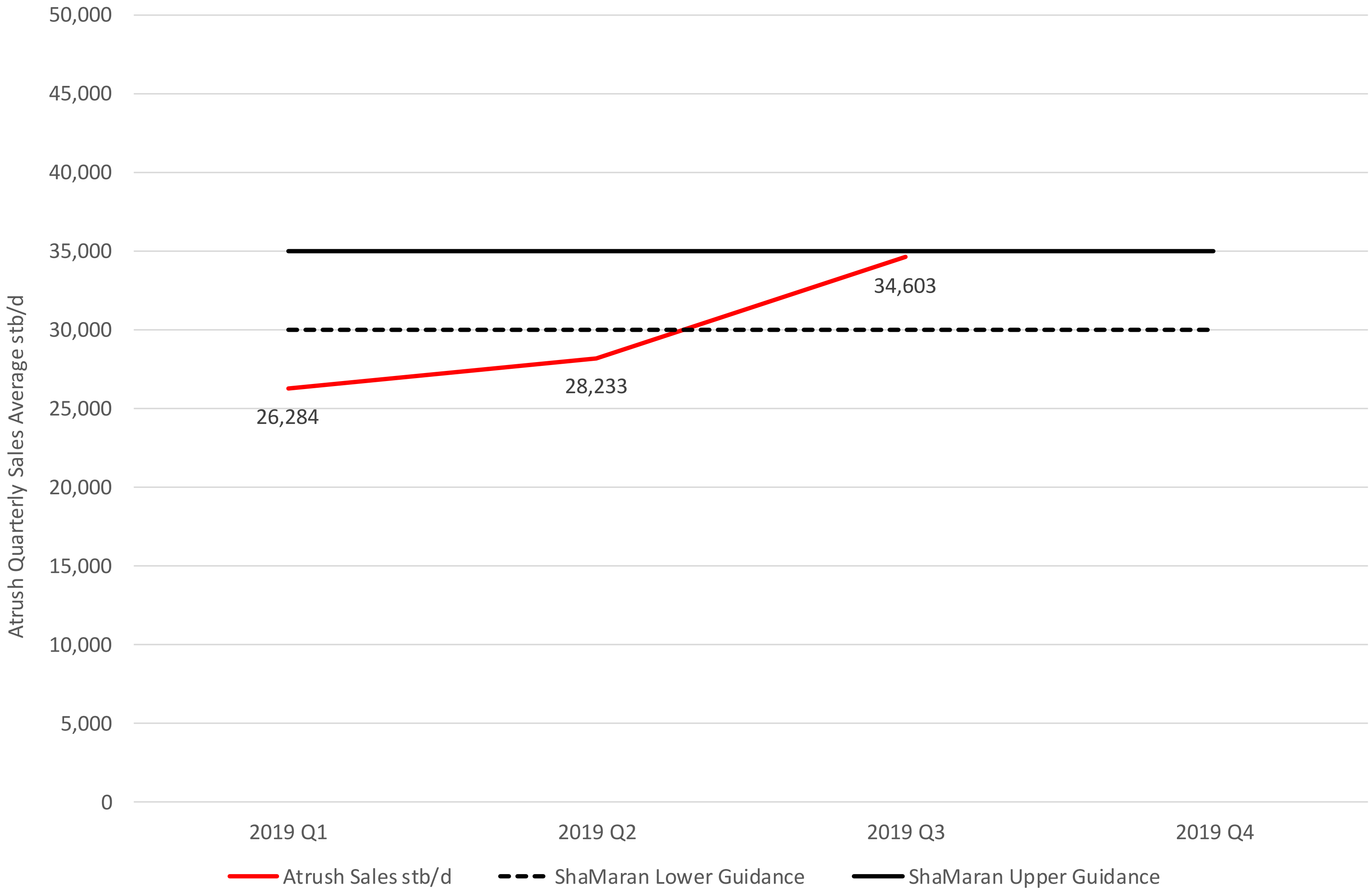
| 2017-2018 | 2019 | 2020+ |
|---|---|---|
| Startup Capacity | Maximize Production and Mature Resources | Development of Matured Resources |
| 30,000 bopd | 45,000 – 50,000 bopd 2019 exit rate | 80,000 bopd + |

- State of the Art and fully automated facilities
- Commissioned in July 2017
- 30,000 bopd well and processing capacity

- Maximizing existing permanent facility processing capacity through successful debottlenecking campaigns
- Install Early Production Facilities to supplement permanent facilities
- Deliver additional wells to maximize utilization of available processing capacity

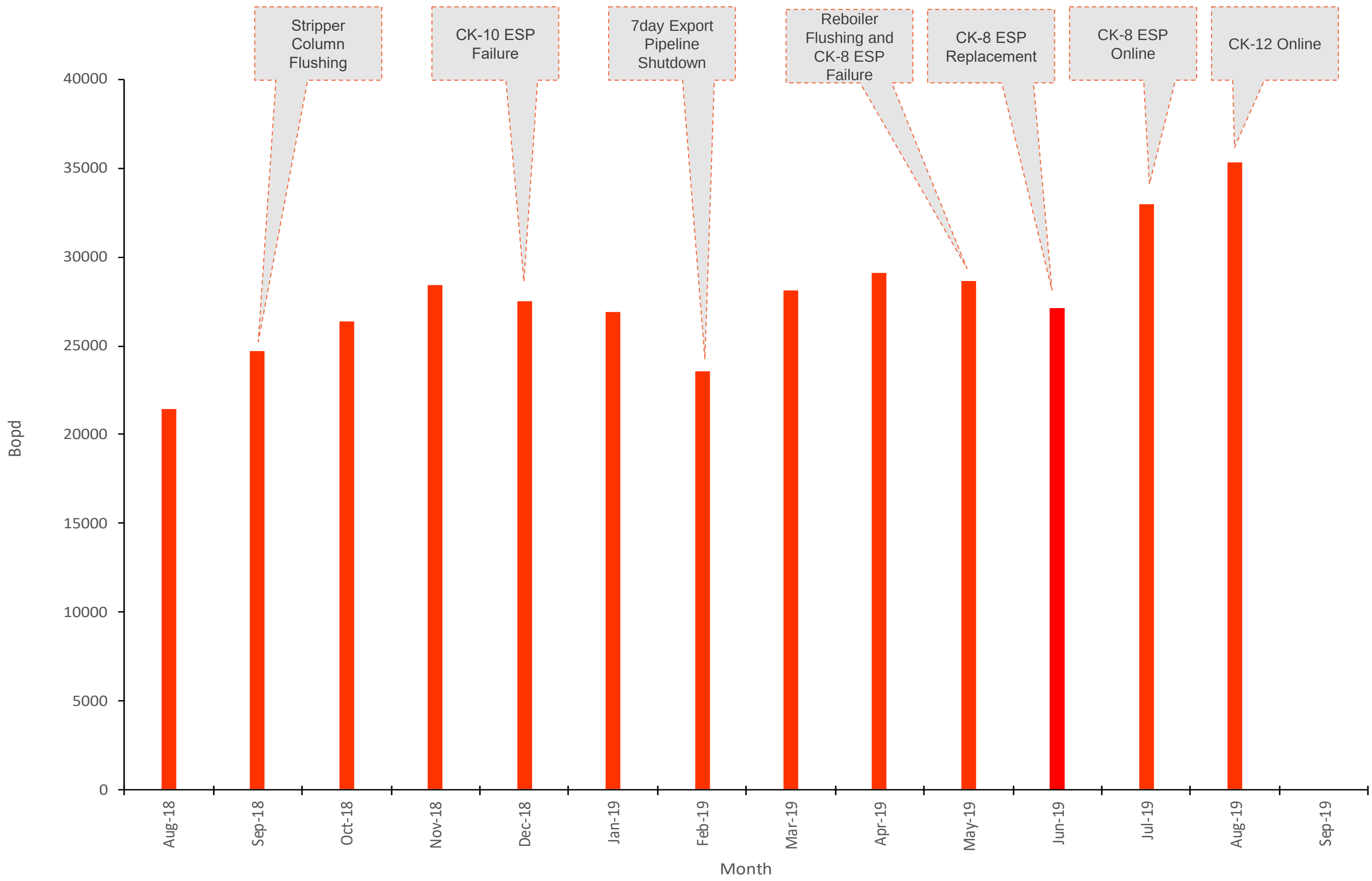
- Install second process train at permanent facility to double processing capacity
- Deliver additional wells to maximize utilization of available processing capacity
- Investment decision for Heavy Oil resources in 2020, and path forward to 100,000+

# Delivering Production Growth in 2019




- **Over 1,000,000stb (gross) sales per month starting July 2019**

# Atrush 12 Month Production



# Delivering Well Capacity in 2019

- **2019 Wells Delivered**
  - CK-6 recompleted 16th Feb. Well online 1st June with a capacity of 4,500 bopd
  - CK-11 delivered on production on 10th May with a capacity of 8,500 bopd*
  - CK-12 delivered on production on 10th August with a capacity of 2,000 bopd **
  - CK-13 drilling phase completed August 14th.
  - Three unplanned workovers completed in 2019 (CK-5, CK-8 and CK-10)
  - 13 wells now drilled
  - Seven wells now permanently on production.
  - Current well capacity over 50,000 bopd
- **2019 Wells to be Delivered**
  - CK-13 current at completion phase. Expected online 3Q 2019
  - CK-15 well expected to be spudded 3Q 2019. Expected online 4Q 2019

**Plan for over 60,000 bopd well capacity for end 2019**

(*) capacity based on well and reservoir management targets. Well currently constrained to 6,500 bopd by installed ESP. Workover planned for 3Q2019 to install larger ESP

(**) CK-12 completion restriction limits production rates to approx. 500stb/d. Workover planned for November 2019 to replace completion.

# Delivering Processing Capacity in 2019

- **Maximizing permanent facility processing capacity through debottlenecking campaigns:**
  - First step delivered May 2019
  - Next step to 40,000 bopd planned Q4 2019

- **Utilise Temporary Facilities to provide additional processing capacity:**
  - Heavy Oil Extended Well Test Facility (HOEWT) installed at Pad C in Q1 2019.
  - HOEWT facility repurposed also to produce 4,000-4,500stb/d medium oil from CK-6 from Q2 2019.
  - With completion of CK-3 testing, HOEWT facility now used to produce medium oil from CK-6 only.
  - Based on HOEWT success, 10,000 bopd capacity Early Production Facility (EPF) mobilised to Pad E during Q3 2019. Expected online at start Q4 2019

**Plan for over 50,000 bopd processing capacity for end 2019**

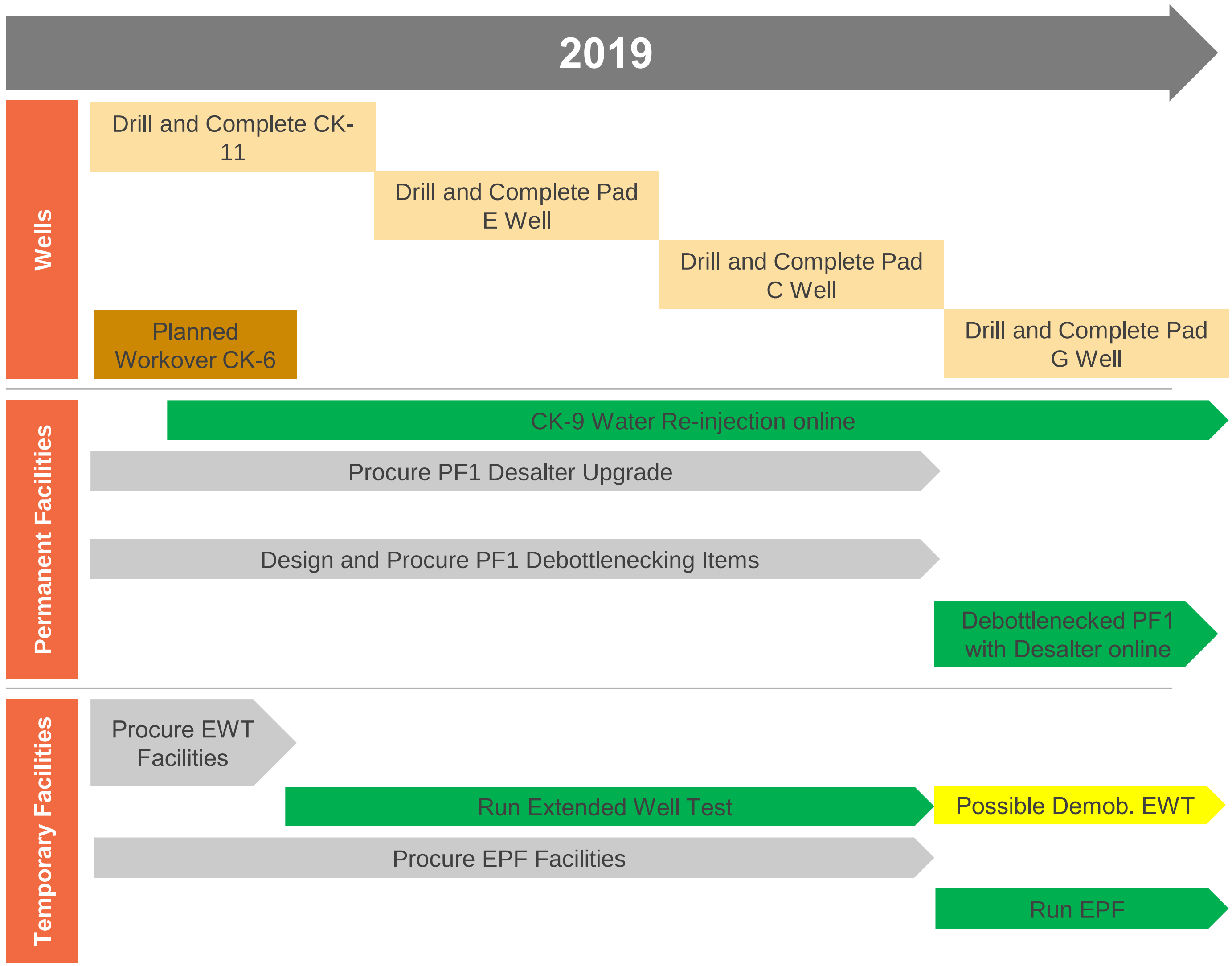
# Delivering a Path Forward for Heavy Oil

- **Extended Well Testing**
  - Temporary facilities (HOEWT) installed at Pad C Q1 2019
  - AT-3 Heavy Oil Testing commenced 14th April 2019
  - Testing concluded on 26th August.
  - Test results inconclusive

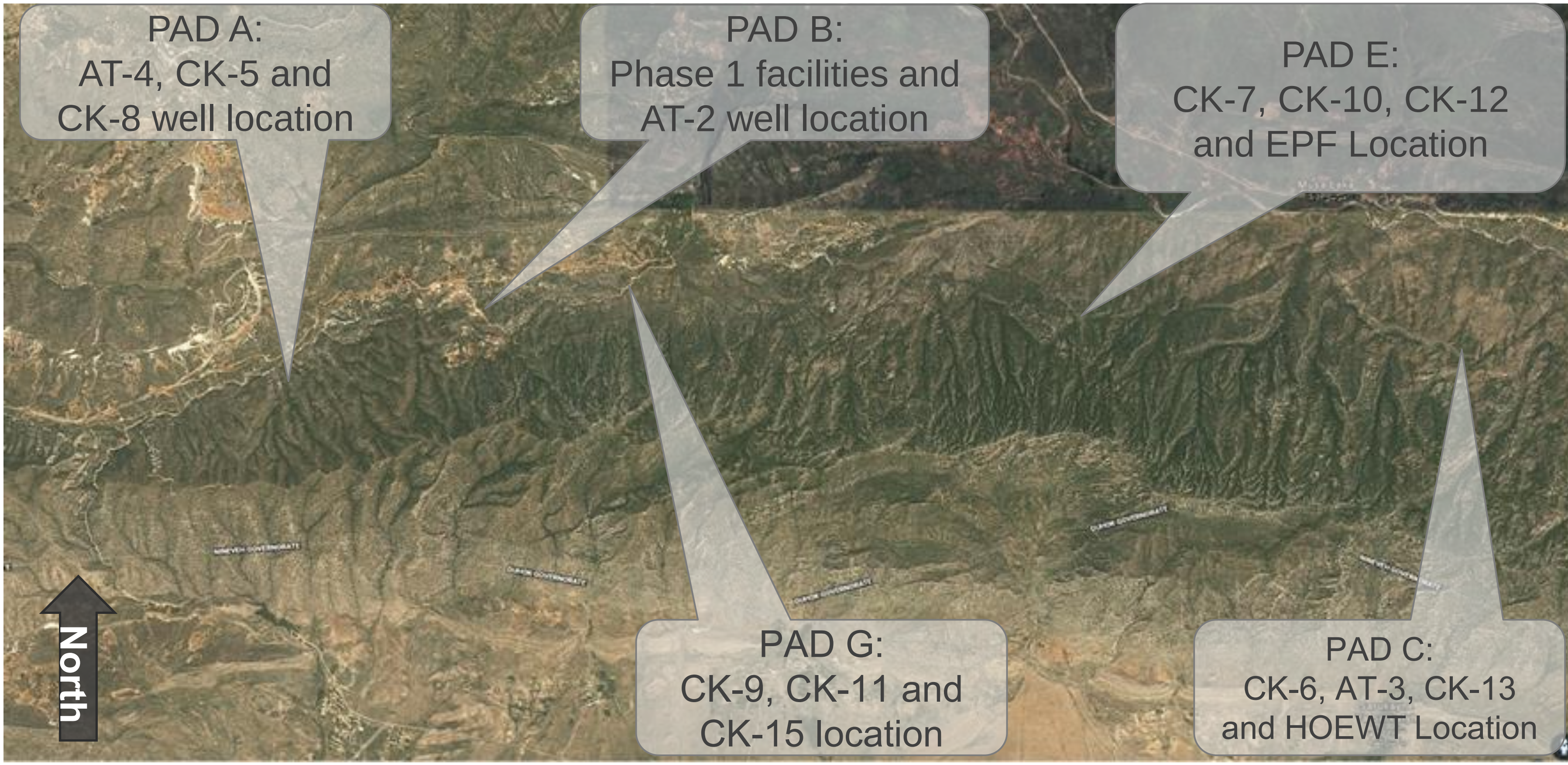
- **Heavy Oil Forward Plan:**
  - Reservoir Modelling work ongoing and will aim to be at Development Proposal/Concept Select stage for end 2019.
  - Dedicated heavy oil appraisal well likely to de-risk heavy oil development.
  - Planned second train at permanent processing facility capable of handling heavy oil

# 2019 Work Program

- **2019 capex**
  - ~USD 38MM net to ShaMaran (27.6% working interest)



# Atrush Field – Facilities and Well Locations



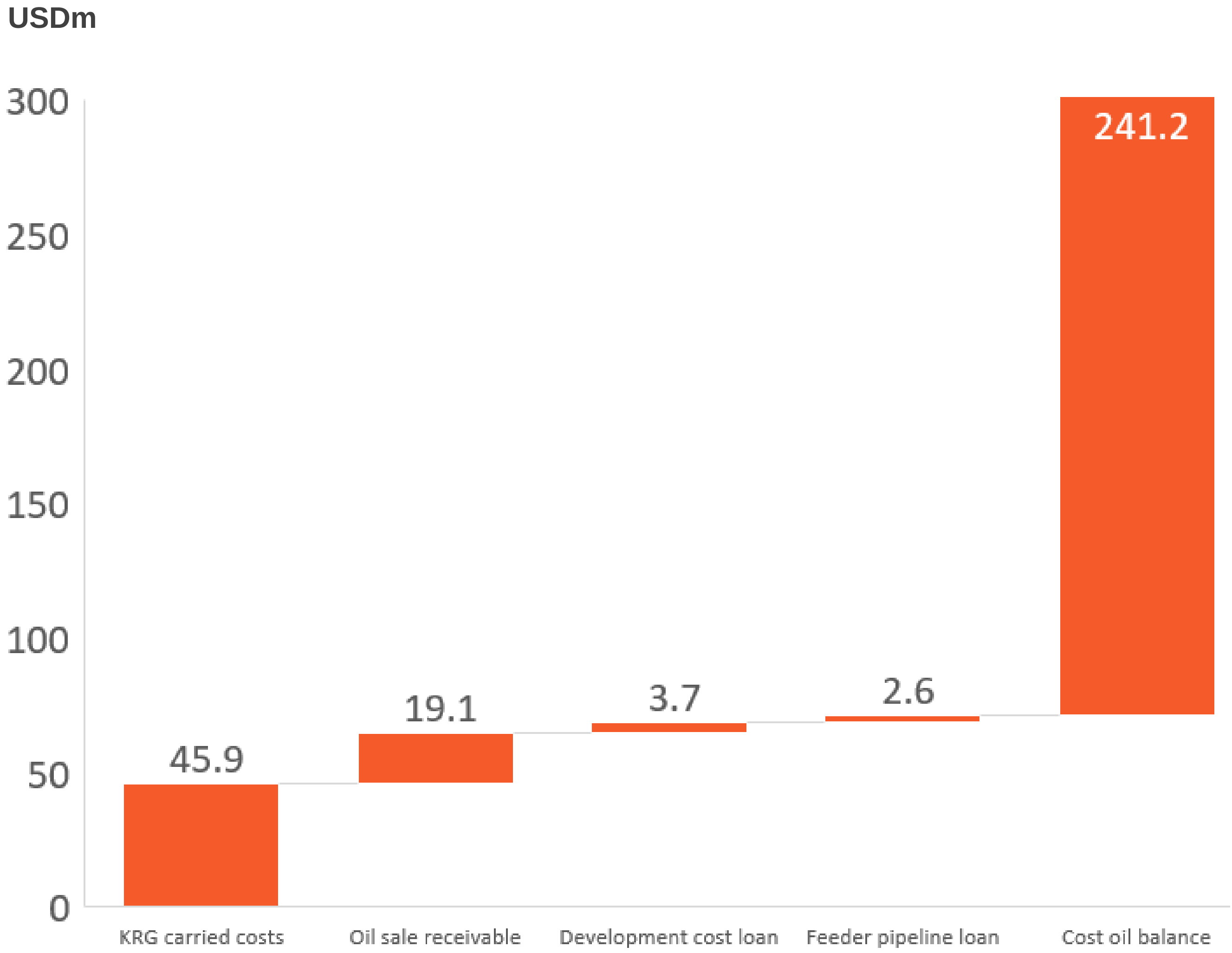
# Strong operational cash flow

| *In million USD* | Q2.2019 | Q1.2019 |
|---|---|---|
| Operating cash, net of G&A and other cash expenses | 7.5 | 5.6 |
| Net gain on Atrush acquisition | (9.5) | - |
| Receivable/payable and working capital adjustments | (3.3) | 3.5 |
| **Cash in from operations** | **(5.4)** | **9.1** |
| KRG loans, interest and KRG carry receivables collected | 6.7 | 4.9 |
| Purchase of additional interest in Atrush [1] | (18.4) | - |
| Atrush Development | (1.2) | (3.6) |
| **Cash (out on) / in from investments** | **(12.9)** | **1.3** |
| Bonds repaid | - | (50.0) |
| Bond coupon interest payments | - | (15.0) |
| **Cash out on financing** | **-** | **(65.0)** |
| Total change in cash | (18.3) | (54.6) |
| Opening cash | 37.9 | 92.5 |
| **Ending cash** | **19.6** | **37.9** |

[1] This figure is net of a further $8.75 million of cash spent on acquisition related costs spent during Q2 on the acquisition of an additional 7.5% interest in Atrush. The $8.75 million has been included in the line item "Operating cash, net of G&A and other cash expenses".

# Cost oil and KRG loans & receivables

Pro-forma* KRG loans, receivables and cost oil as of June 30, 2019




(*) amounts in this table reflect a 27.6% effective interest in Atrush as at June 30, 2019, and are inclusive of amounts relating to the 7.5% interest attributable to ShaMaran's share of the Marathon acquisition which was completed on May 30, 2019.

# Strategy

- **Focus on production growth**
  - Target 45,000 – 50,000 bopd as 2019 exit rate through:
    - Debottlenecking current permanent facilities
    - Supplementing permanent processing capacity through use of temporary facilities
    - Drilling and completing four development wells
  - Lay foundations for next phases of development (~100,000 bopd) through:
    - De-risking the reservoir
    - Capitalizing on existing investments (i.e. cost effective expansion of PF-1 through Train 2)
    - Incremental increases in production levels
- **Focus on cash flow and buildup of cash reserves**
  - Robust 2019 cash flow:
    - Strong cash flow at current oil prices
    - KRG loan repayments to scheduled to complete in Q4 2019
  - Atrush development is self-funding
- **Focus on growth**
  - New Management focused on growth
  - Well established network of stakeholders and access to strategic opportunities
  - Continuous and strong backing from main shareholders supports growth

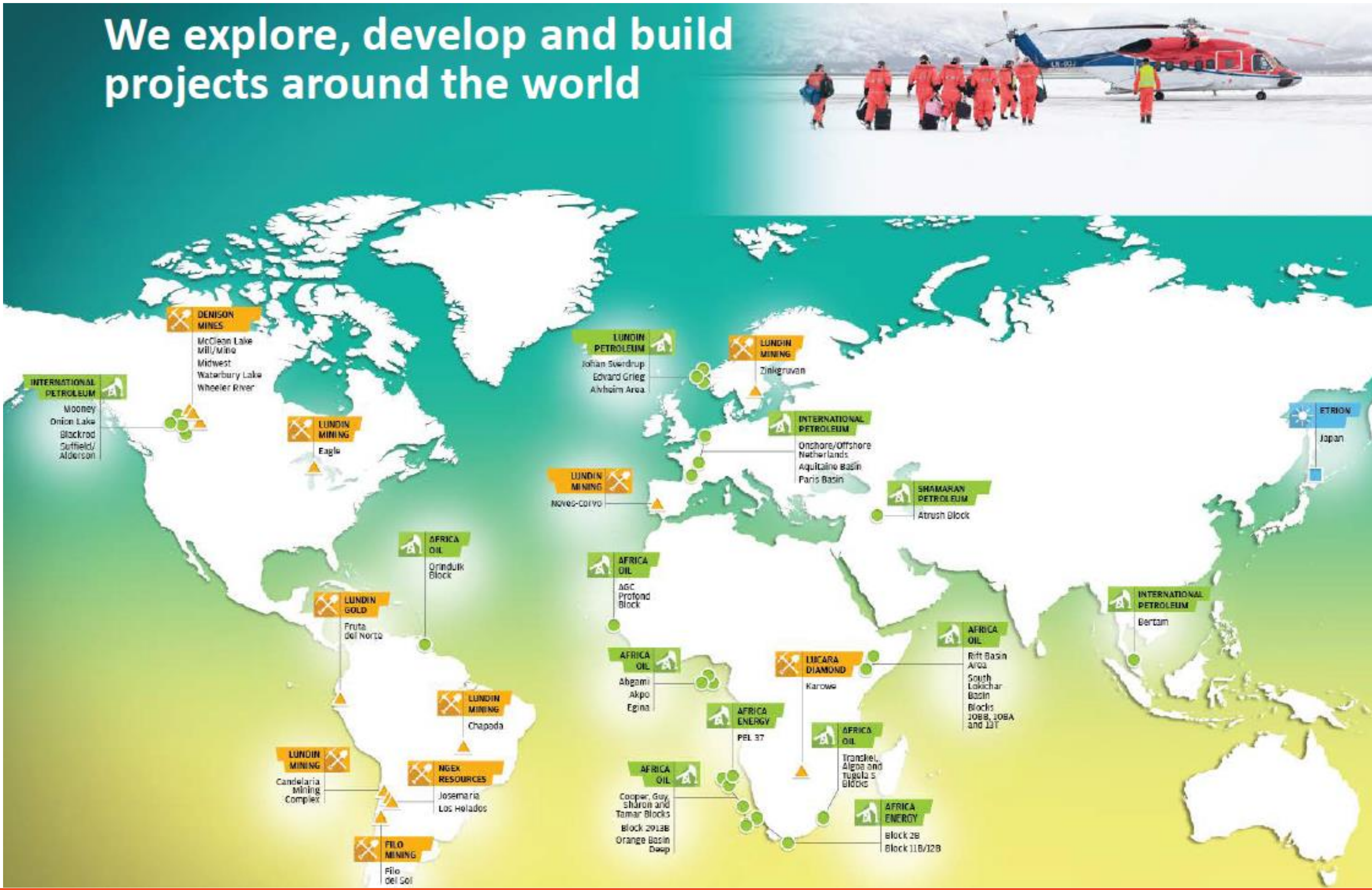
# Cautionary statements

*This document contains statements about expected or anticipated future events and financial results that are forward-looking nature and, as a result, are subject to certain risks and uncertainties, such as legal and political risk, civil unrest, general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Actual results may differ materially from those projected by management. References to regional and un-related Company oil resources are sourced from industry and other websites. References to resource volume potential and potential flow rates are for general information only and are subject to confirmation. Further, any forward-looking information is made only as of a certain date and the Company undertakes no obligation to update any forward-looking information or statements to reflect events or circumstances after the date on which such statement is made or reflect the occurrence of unanticipated events, except as may be required by applicable securities laws. New factors emerge from time to time, and it is not possible for management of the Company to predict all of these factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information. Test results are not necessarily indicative of long-term performance or of ultimate recovery. Technical results and interpretations are by ShaMaran Petroleum and its technical consultants.*

# Appendix

# ShaMaran - a Lundin Group company

$26.2 billion - combined market cap of Lundin Group



# Management and Board of Directors

**Chris Bruijnzeels – Chairman and Director**

Over 30 years of experience in the oil and gas industry including Senior Vice President Development of Lundin Petroleum, Shell International and PGS Reservoir Consultants. From 2003 to 2016 he was responsible for Lundin Petroleum's operations, reserves and the development of its asset portfolio.

**Adel Chaouch – President, CEO & Director**

Dr. Adel Chaouch has over 25 years of experience in the oil and gas industry including Vice President North Africa & Middle East, President & GM Kurdistan, President Gabon, CSR Director of Marathon Oil Company. He was also chairman of the private entities for Waha Oil Company a consortuim between Marathon, Hess, ConocoPhilips and the Libyan NOC.

**Brenden Johnstone – CFO**

Canadian Chartered Accountant with a broad range of experience in audit and assurance with Deloitte & Touche and in the oil and gas industry as CFO with Avante Petroleum SA.

**Mike Ebsary – Director**

Over 30 years of experience in the oil industry. Previous CEO of Oryx Petroleum and CFO of Addax Petroleum. He has extensive experience in Kurdistan.

**William Lundin – Director**

Mr. Lundin is currently project engineer, production operations, with International Petroleum Corp. (“IPC”), with a portfolio of assets located in Canada, Europe and South East Asia. From September 2016 to March 2018, Mr. Lundin held the position of plant operator with Black Pearl Resources Inc., at its Onion Lake prospect located in Onion Lake, Saskatchewan, Canada.

**Keith C. Hill –Director**

Over 30 years experience in the oil industry including international new venture management and senior exploration positions in Valkyries Petroleum Corp., Lundin Oil AB, BlackPearl Resources, Occidental Petroleum, Shell Oil Company and Tanganyika Oil. Mr. Hill is currently President and CEO of Africa Oil.

**Terry L. Allen– Director**

Ms. Allen has worked in corporate and investment banking for over 30 years. She has served on several corporate and not-for-profit boards for more than 20 years, and is President of Pivotal Capital Advisory Group.

## Proven track record from Lundin group of companies

# Corporate profile

- **Share capital**
  - Shares issued and outstanding 2,160,631,534
- **Market capitalization**
  - CAD 151 million (@ 29 August 2019)
- **Net debt***
  - USD 116 million (@ 30 June 2019)
    *Borrowings plus current liabilities less cash, loans and accounts receivable
- **Major shareholders**
  - Lundin family trusts 22.5%
  - Directors/Management 0.3%
- **Trading information**
  - TSX Venture TSX-V:SNM
  - NASDAQ First North (Stockholm) OMX: SNM

**SNM share price on TSX.V:**