

SHAMARAN CORPORATE UPDATE

June 25, 2020 - ShaMaran Petroleum Corp. ("ShaMaran" or the "Company") (SNM - TSXV, Nasdaq First North Growth Market) provides the following update to stakeholders in connection with the Company's news releases dated May 11, 2020 and June 11, 2020 that announced the breach of a financial covenant and imminent liquidity shortfall and recent discussions with its Bondholders:

UPDATE ON DISCUSSIONS WITH BONDHOLDERS

The Company has been in discussions with the informal Ad Hoc Committee representing approximately more than 50% of the Bondholders (the "AHC") regarding its 12% senior unsecured bonds due 2023 (ISIN: NO 001082645.6) (the "Bonds") and today is pleased to report that an agreement has been reached for the Proposal (set forth below) between the Company and the AHC. Implementation of the Proposal, which is subject to approval by the holders of 66 2/3% of the Bonds, addresses the Company's breach of financial covenant and imminent liquidity shortfall and will enable the Company to re-focus its efforts on its business. As of today, the AHC has informed the Company that over two thirds of the holders of the outstanding Bonds have indicated they will support the Proposal.

Dr. Adel Chaouch, President and Chief Executive Officer of ShaMaran commented, "We are pleased with the outcome of the engagement with the Bondholders that has resulted in the Proposal that not only cures the breach but also gives us the time and flexibility needed to strengthen the financial position of the Company. The Liquidity Guarantee provided by Nemesia S  rl ("Nemesia"), a company controlled by a trust settled by the late Adolf H. Lundin, was issued in connection with the 2019 amendment to the Bond Terms, will be called upon and has helped to facilitate this Proposal."

Dr. Chaouch further commented: "It has without question been a highly turbulent time for the Company over the past several months with the unprecedented oil price crash, deferred payments from the Kurdistan Regional Government, the COVID-19 global pandemic and resultant economic uncertainty. However, despite the crisis, the Company's management team has worked diligently with the Atrush operator to ensure continuity in oil production from the Atrush Field at sustained levels and at significantly reduced costs. We understand that uncertainty in the world oil markets continues but, with acceptance of this Proposal, we can look forward to better times ahead."

Key terms of the Proposal to the Bondholders that was agreed between the Company and the AHC are as follows:

- Full and final discharge of the Liquidity Guarantee given by Nemesia in favor of the Bond Trustee (for the benefit of the Bondholders) in consideration for Nemesia making a payment of USD 22.8 million from the Liquidity Guarantee to the Company's Debt Service Retention Account ("DSRA");
- USD 11.4 million of the amounts credited to the DSRA will be used by the Company to pay the interest on the Bonds due on the next interest payment date in July 2020, while the residual USD 11.4 million will remain in the DSRA to provide credit support for any future payment obligations of the Company under the Bond Terms;
- The Company's obligations to make the USD 15 million amortization payment due on July 5, 2020 will be deferred until December 5, 2021, and substituted with a cash sweep mechanism whereby the Company, on each interest payment date, will use any amount exceeding a free cash amount of USD 15 million in repayment of the Bonds, and any amount of free cash so used to redeem Bonds will correspondingly reduce the deferred amortization payment amount;
- Temporary waiver until July 5, 2021 to be granted with respect to the existing breach of the financial covenant relating to the equity ratio;

- In conjunction with the temporary waivers of the amortization payment requirement and financial covenant breach, the Bond Terms will be amended to provide for a put right in favour of the Bondholders to require that the Company purchase the Bonds (at par plus accrued interest and the existing call premium) at any time on ten (10) business days' notice subject to consent by holders of 50.01% of the Bonds; and
- CFP Capital Management and other members of the AHC will be retained by the Bond Trustee as financial advisor to support the Bond Trustee and the AHC (as constituted from time to time) in continued discussions with the Company.

Upon the full drawdown of the Liquidity Guarantee, as contemplated by the Proposal, the Company will be required to issue to Nemesia 2,280,000 ShaMaran shares per month until the drawdown amount is repaid in full. Repayment of such amount by the Company to Nemesia is payable on or before July 5, 2023 and such claim for repayment is subordinated to the Company's Bonds.

A Summons for a Written Resolution from Nordic Trust AS as Bond Trustee has today been issued to all Bondholders setting out the details of the Proposal with a voting period ending on July 9, 2020.

FURTHER CORPORATE NOTICES

In addition, the Company has been monitoring public health directives and recommendations relating to the COVID-19 pandemic, including continued restrictions on in-person gatherings. Due to such circumstances, the Company has determined to defer its 2020 annual general meeting until the second half of the year and, in connection therewith, the filing of proxy materials containing disclosure on director nominees, the Company's auditor, executive compensation and corporate governance, in reliance on temporary relief issued by the Canadian Securities Administrators. In particular, the Company is relying on BC Instrument 51-516 - Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials and the equivalent exemptions in other jurisdictions with respect to the filing of the executive compensation disclosure, which is included in the information circular sent to shareholders for the annual general meeting.

The 2020 annual general meeting will be held on November 13, 2020 and requisite shareholder communications and other actions necessary for this annual general meeting will be undertaken at the appropriate time.

OTHER

This information is information that ShaMaran Petroleum Corp. is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 5:30 p.m. Eastern Time on June 25, 2020. Pareto Securities AB is the Company's Certified Advisor on Nasdaq First North Growth Market, +46 84 02 5000, certifiedadviser.se@paretosec.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

FORWARD LOOKING STATEMENTS

This news release contains statements and information about expected or anticipated future events and financial results that are forward-looking in 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. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "outlook", "budget" or the negative of those terms or similar words suggesting future outcomes. The Company cautions readers regarding the reliance placed by them on forward-looking information as by its nature, it is based on current expectations regarding future

events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.

Actual results may differ materially from those projected by management. 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 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.

ABOUT SHAMARAN

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration company which holds a 27.6% working interest in the Atrush Block through its wholly-owned subsidiary, General Exploration Partners, Inc.

ShaMaran is a Canadian oil and gas company listed on the TSX Venture Exchange and the Nasdaq First North Growth Market (Stockholm) under the symbol "SNM".

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