

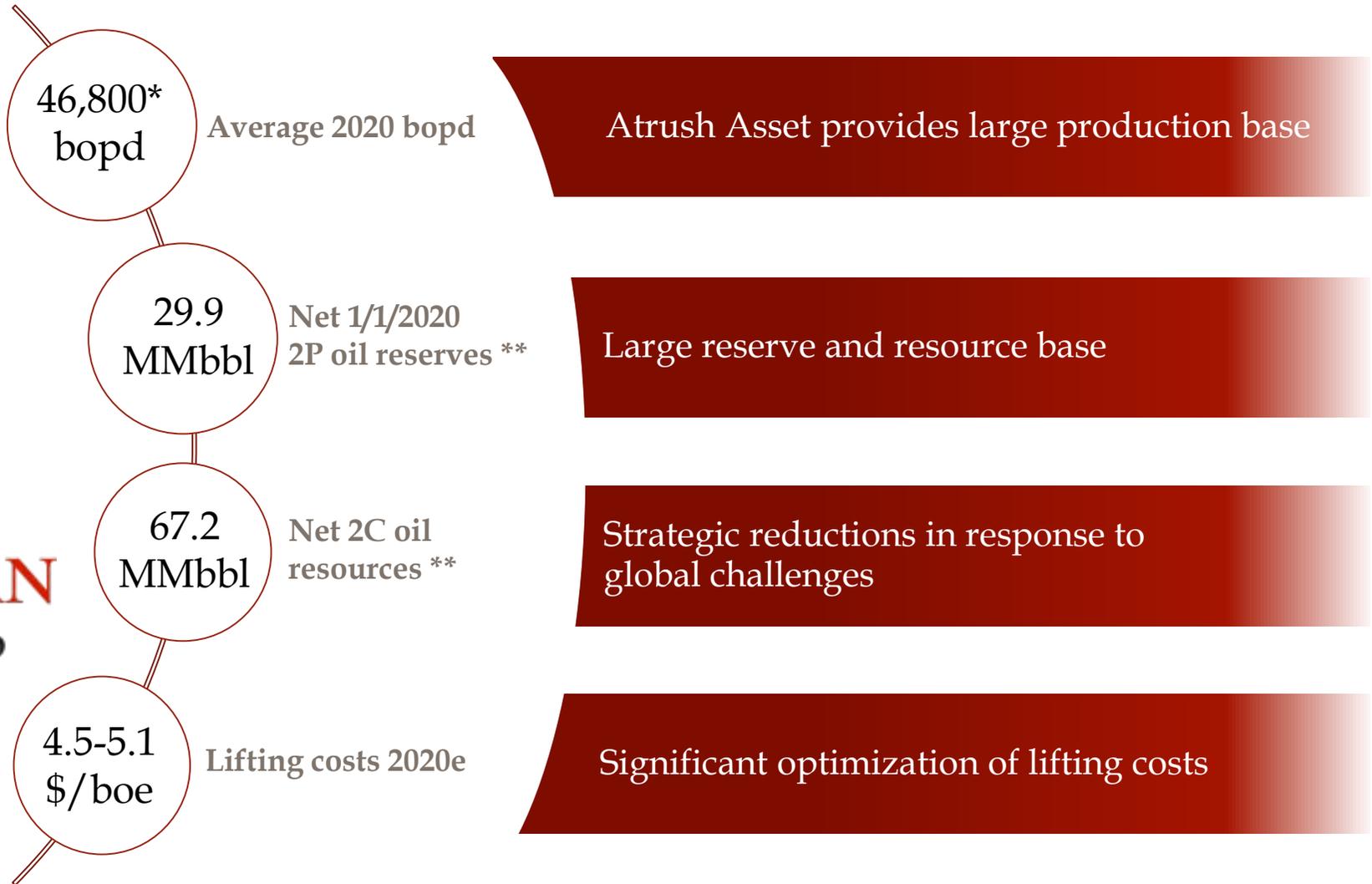


# Corporate Presentation

---

July 2020





(\*) As of 30/06/2020

(\*\*) Quantities based on Reserves and Contingent Resources - McDaniel & Associates estimates at December 31, 2019, and determined on a 27.6% working interest basis

**Shamaran is an E&P company active in the Kurdistan region**

**Kurdistan’s oil industry is at a relatively early stage of development**

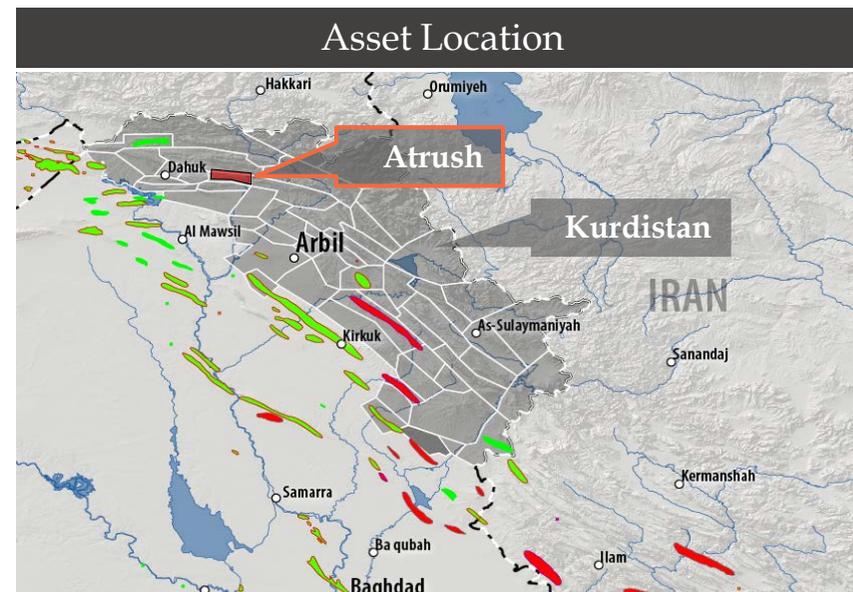
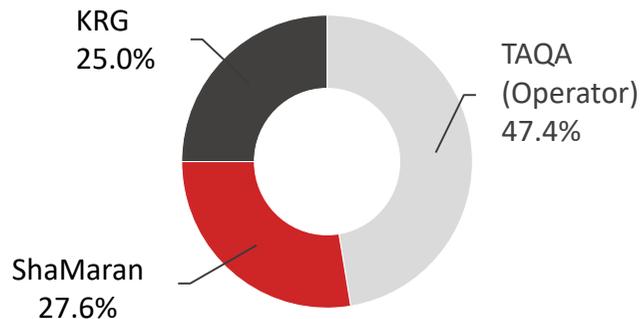
- Significant reserves and resources
- Largely stable political situation
- Well established export route to the Mediterranean via the Turkish port of Ceyhan

**Shamaran has 27.6% interest in the Atrush oil field**

- Taqa is currently the Operator of the Atrush Field

**Growth in 2020**

- Daily production increased by 44% vs. 2019



Atrush Resources (gross)*			
MMbbl	1P/C	2P/C	3P/C
Oil reserves	52.3	108.5	156.3
Oil contingent	135.5	243.5	386.1
Oil prospective	121	173	247

\* Jurassic Fractured Reservoir.  
Low/Best/High of 1.6/2.0/2.6 billion bbls total discovered oil in place

## **Assured Business Continuity**

- COVID 19 Action Plan proactively implemented with critical aspects/parameters monitored on a daily basis.
- Priority was to keep employees safe, informed and prepared
  - All arriving personnel undergoing quarantine procedures

## **Minimized Operations Team Exposure**

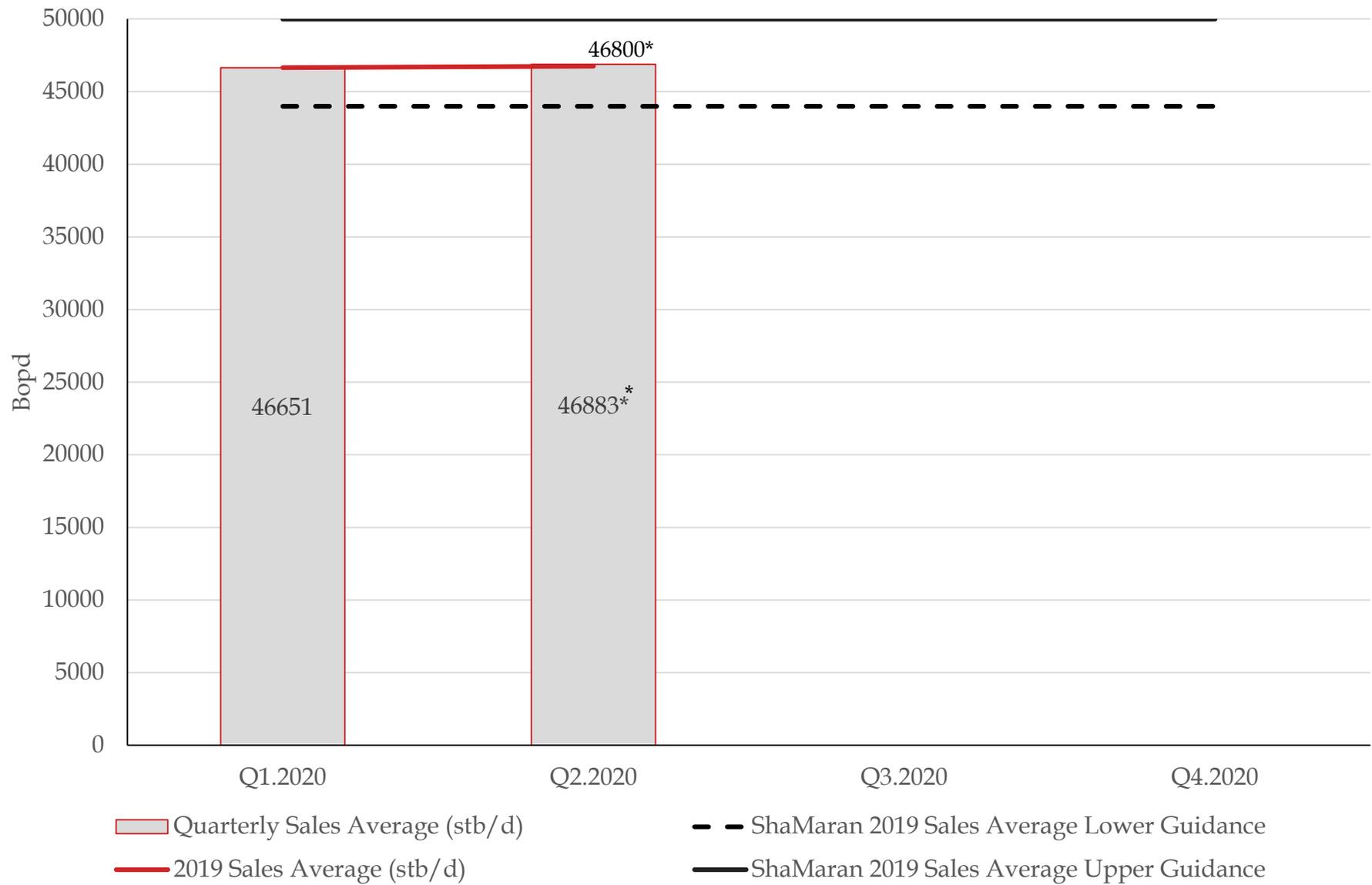
- All non-critical Expat personnel demobilized before mid-March 2020
- On-site teams adjusted to respond to pandemic environment
- Workforce schedule optimized to accommodate curfews and personnel rest during extended rotations

## **Monitor and Mitigate**

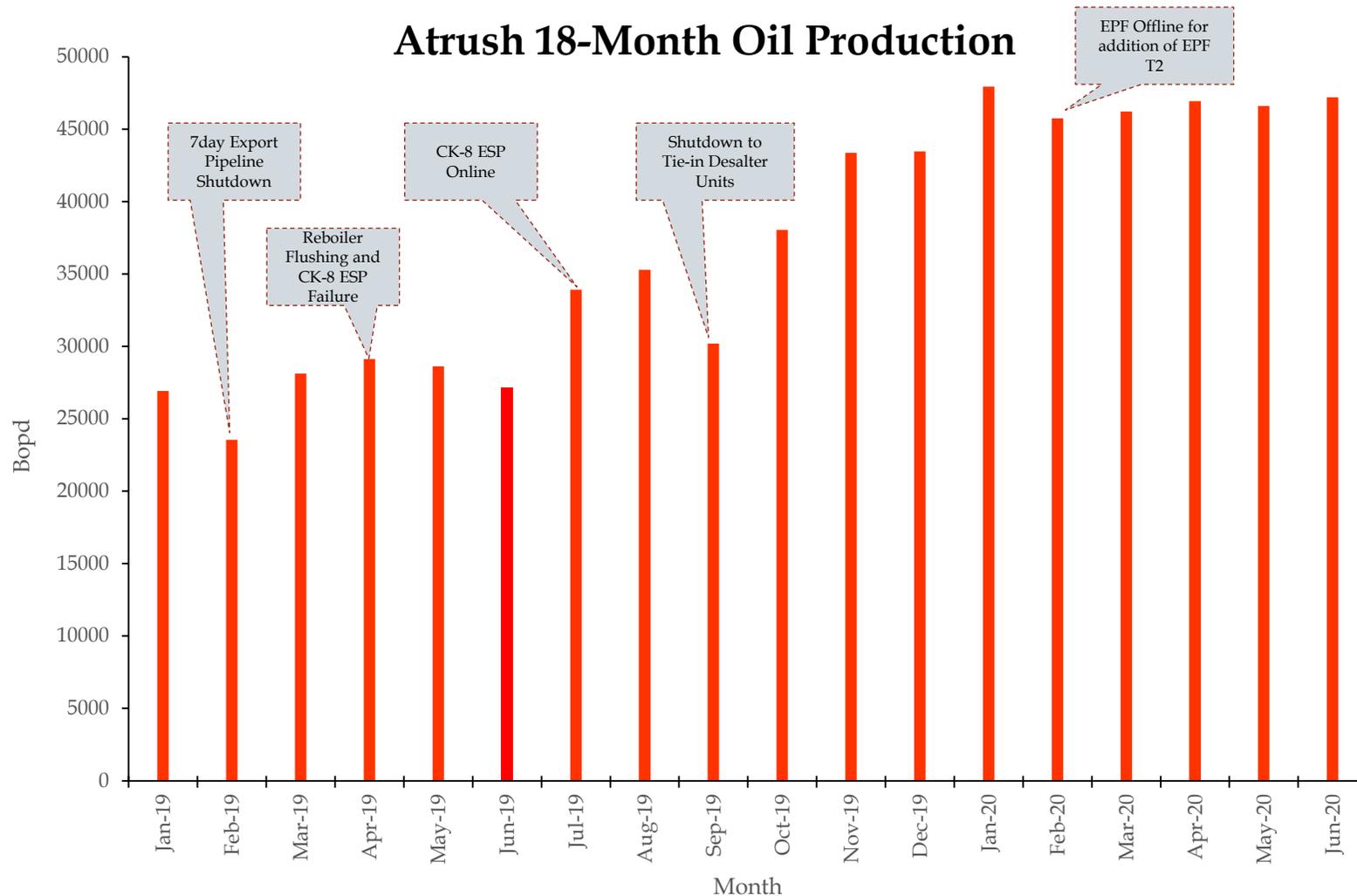
- Daily health monitoring in place for all Field based personnel and in the Erbil Office
- Strategy in place to maintain adequate stocks of critical supplies

**Zero cases in Atrush, Zero cases in Erbil Operating office while maintaining stable production**

# Atrush - Delivering Production Targets



(\*) based on Atrush Production up to 30<sup>th</sup> June 2020



- Average 1Q2019 Sales - 26,284 bopd
- Average 2Q2019 Sales - 28,297 bopd
- Average 3Q2019 Sales - 33,167 bopd
- Average 4Q2019 Sales - 41,602 bopd
- Average 1Q2020 Sales - 46,651 bopd
- Average 2Q2020 Sales - 46,883 bopd

(\*) based on Atrush Production up to 25<sup>th</sup> June 2020

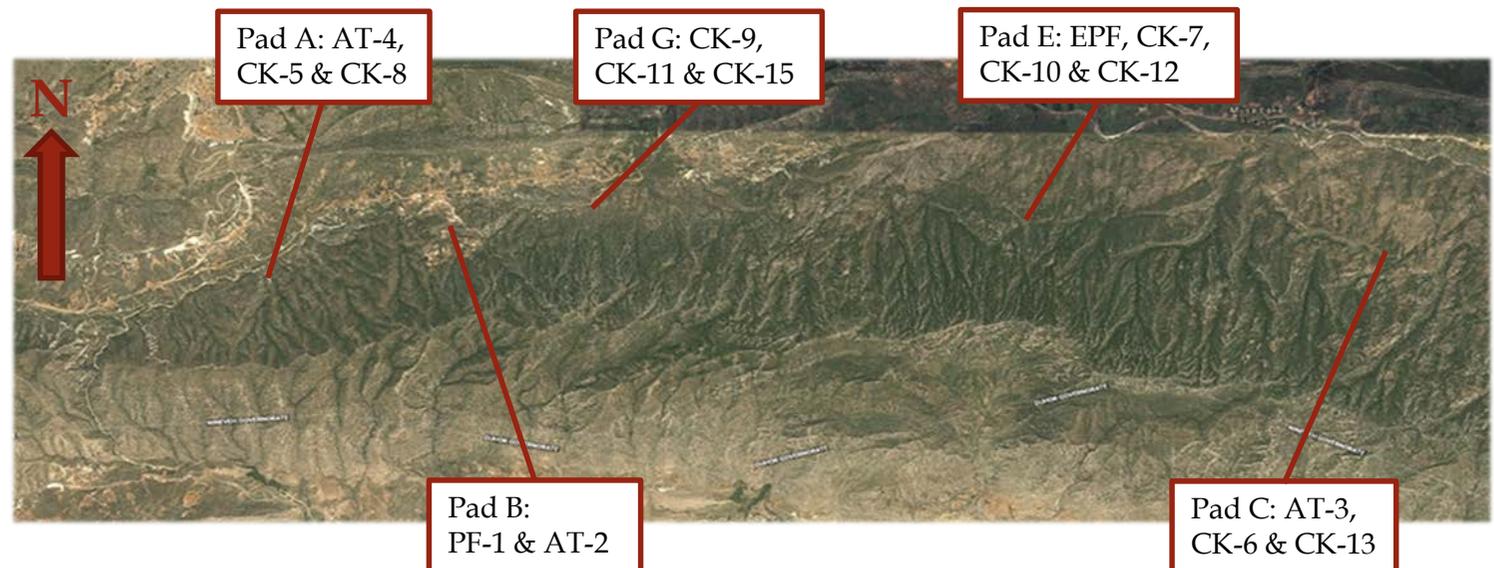


## 2020 Budget Updated to suit low oil price environment and market volatility

- Reduced Capital Expenditures by 80%
  - Atrush capital expenditures from USD 131 million (USD 36 million net to ShaMaran) to USD 28 million (USD 8 million net to ShaMaran) for 2020
- Reduced Operating Expenditures by 22%
  - Previous guidance \$5.50 to \$6.70 per barrel
  - \$4.50 to \$5.10 per barrel lifting cost now expected
- Reduced General and Administrative Expenditures by 28%
  - Implemented initiatives expected to reduce G&A costs from USD 9.0 million to USD 6.5 million for 2020



- Best in class D&C performance delivered well capacity in excess of 50,000 bopd from new wells:
  - CK-11 with a capacity of 8,500 bopd
  - CK-12 with a capacity of 2,000 bopd
  - CK-13 with a capacity of 6,000 bopd
  - CK-15 with a capacity of 7,500 bopd



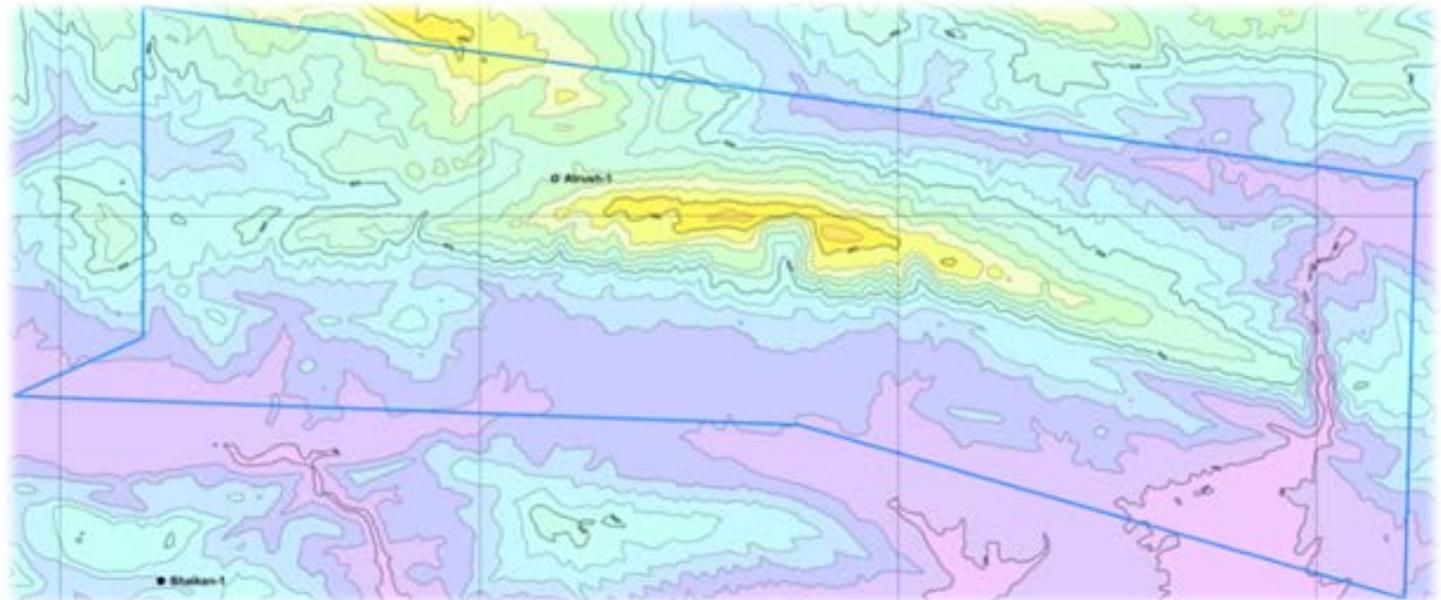


Stripper Column at EPF

## 2020 Processing Capacity Delivery

- Desalter Units at PF-1
  - Desalter units installed during Q4.2019 shutdown
  - Desalter units commissioned and online during Q1.2020
- Installation of Second Train at Early Production Facility (“EPF”)
  - EPF installed at Pad E during Q3.2019 with single production train (EPF.T1) and 10,000 bopd capacity
  - Second production train (EPF.T2) added at EPF during February brings current Atrush processing capacity to 58,000 bopd (PF-1 – 40,000 bopd, EPF.T1 – 10,000 bopd & EPF.T2 – 8,000 bopd)
- Installation of stripper columns at EPF
  - High volumes of H<sub>2</sub>S scavenger required at EPF to ensure export specification oil pumped to export.
  - Stripper columns installed at EPF during Q2.2020 allow for reduction in H<sub>2</sub>S scavenger injection rates and significant cost savings

- Progress Atrush Upgrades
  - Processing Capacity increase processing capacity to match well capacity
- Complete integrated Field Development Plan
  - FDP update work has proven that an integrated column conceptualization and development approach provides superior value over life of field than previous discrete medium-oil column / heavy oil column conceptualization
  - Integrated approach provides operational flexibility/capacity necessary to accommodate residual Atrush subsurface uncertainty



## Environmental Focus

- Proper disposal of all produced water
- Effective waste management program
- Timely remediation of all impacted locations
- Plan to eliminate flaring and emissions via gas sweetening project





## Social Focus

- Successful localization plan >80% staffing from Kurdistan
- Optimizing local content in services and suppliers
- Engaging in and improving local communities in three key sectors in 2020
  - Education
  - Agriculture
  - Woman & Youth

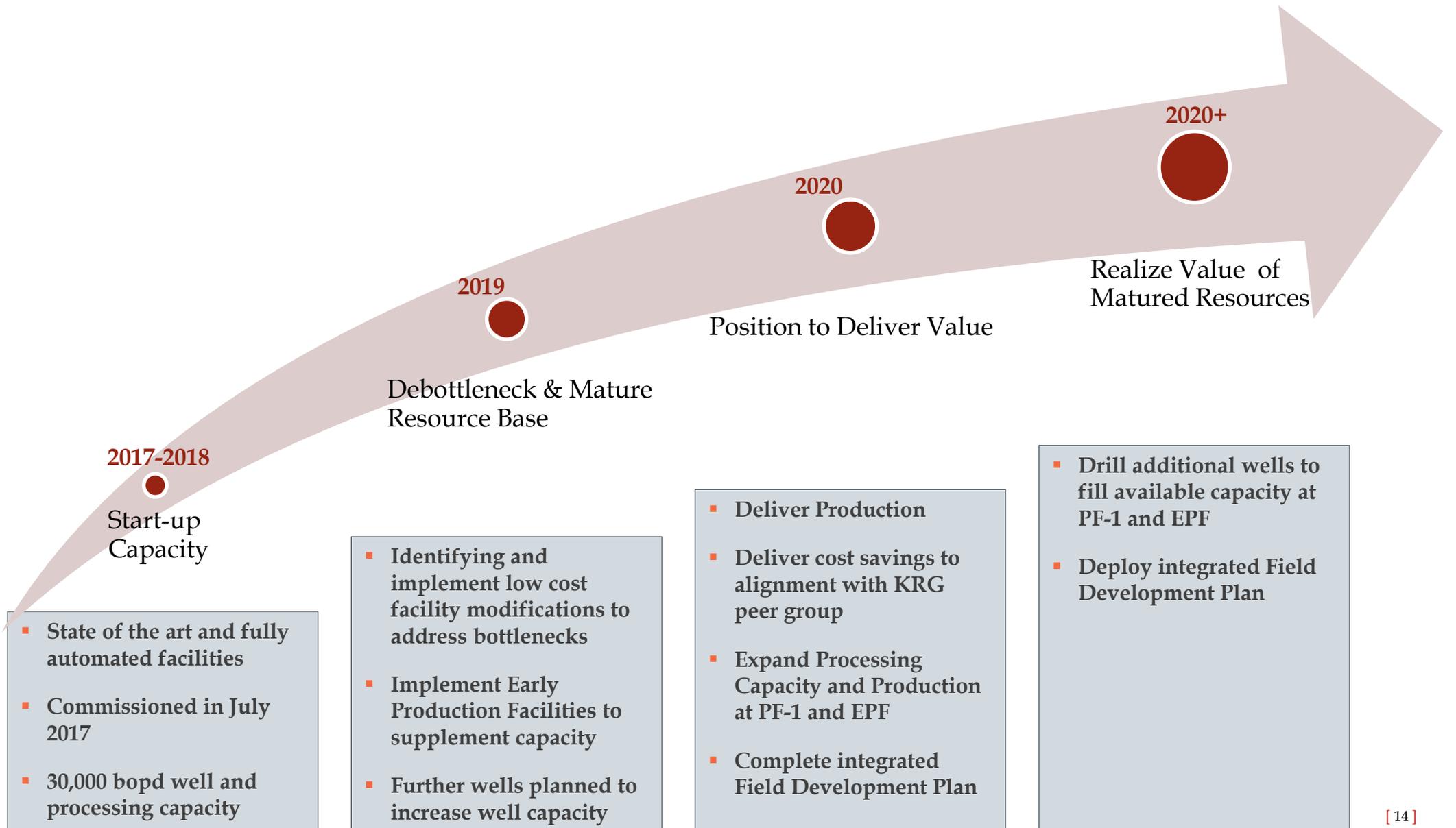
## Governance Focus

- ShaMaran Canadian oil and gas company, publicly listed in Toronto and Stockholm:
  - Adhering to Corporate Governance Practices established in National Policy 58-201
  - Code of Business Conduct and Ethics
  - Policies and practices in place ensuring Board and Managerial decisions are made in best interests of Company, its shareholders and other stakeholders
- Invested in Atrush asset located in Kurdistan Region of Iraq being a semi-autonomous region with:
  - Kurdistan Regional Constitution
  - Kurdistan Oil & Gas law
  - Atrush Production Sharing Contract  
(based on international oil industry practices)
  - Atrush Management Committee
  - Atrush JV Operating Committee



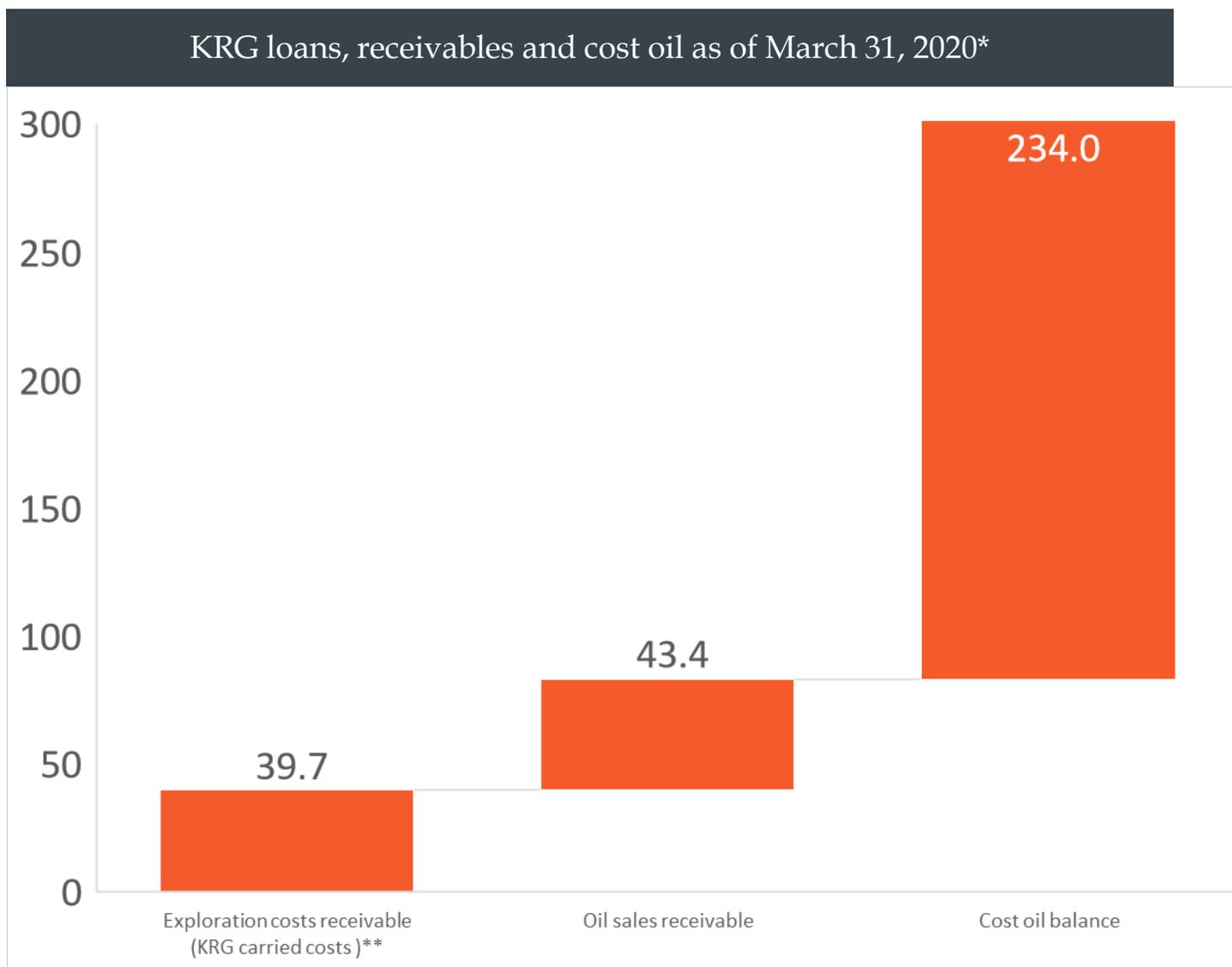
- Finalize Atrush Upgrades in 2021
  - Sustain production above current levels
  - Displace diesel use with gas for power generation
  - 120,000 stb additional storage
    - (+ 30,000 stb additional storage in 2022)
- Implement integrated Field Development Plan
  - Expand field infrastructure and processing capacity as required
  - Drill additional production wells to fill available capacity





<i>In million USD</i>	<i>Q1.2020</i>	<i>Q4.2019</i>
Operating cash, net of G&A and other cash expenses	7.9	15.9
Receivable/payable and working capital adjustments	(5.4)	(14.0)
<b>Cash in from operations</b>	<b>1.9</b>	<b>1.9</b>
KRG loans, interest and KRG carry receivables collected	2.1	2.3
Atrush Development	(3.5)	(8.6)
<b>Cash (out on) / in from investments</b>	<b>(1.4)</b>	<b>(6.3)</b>
Bond coupon interest payments	(11.4)	-
<b>Cash in from operations</b>	<b>(11.4)</b>	<b>-</b>
Total change in cash	(10.9)	(4.4)
Opening Cash	15.6	20.0
<b>Ending Cash</b>	<b>4.7</b>	<b>(15.6)</b>

## Cost oil and KRG loans & receivables add to cash flow



(\*) amounts in this table reflect ShaMaran's 27.6% interest in Atrush.

(\*\*) The Exploration Costs Receivable is related to the repayment of certain development costs that ShaMaran paid on behalf of the KRG which, for purposes of repayment, are governed under the Atrush PSC and the related Facilitation Agreement and are deemed to be Exploration Costs and will be repaid based on an agreed amount of the KRG's share of oil sales for each month's deliveries.

### **Bondholders approve amendment to key bond terms:**

- Draw USD 22.8 million from the Liquidity Guarantee (provided by Nemesia SARL, Lundin family trust entity) into Debt Service Retention Account, pledged to bondholders, to be used to:
  - pay USD 11.4 million Jul 5th 2020 coupon interest
  - provide credit support for future payment bond obligations
- Deferral of obligation to reduce bonds outstanding by USD 15 million by July 5th 2020 until December 5th 2021
- Cash sweep mechanism implemented whereby, on each interest payment date, Company to use amount of free cash exceeding a float USD 15 million to reduce bonds outstanding up to max of USD 15 million
- Waiver with respect to the existing breach of the financial covenant relating to the equity ratio granted until July 5th 2021
- Put right added subject to consent by majority of bondholders

### **Post-Drawdown of Nemesia USD 22.8 million:**

- Nemesia Liquidity Guarantee fully drawn and discharged
- Repayment by Company to Nemesia subordinated to bond repayment
- 2,280,000 ShaMaran shares per month to be issued to Nemesia until the drawdown amount is repaid in full

## Focus on Maintaining Stable High Production Rates

- Achieved 46,800bopd 2020 average by:
  - Debottlenecking current facilities
  - Optimizing production thru additional facilities
- Investing to define next phases of development by mid 2020

## Focus on Financial Resilience

- Successfully traversed period of significant uncertainty related to COVID-19 in Q1/Q2.2020
- Drawdown of USD 22.8 million from Liquidity Guarantee
- Deferral of obligation to reduce outstanding bonds by USD 15 million from July 5<sup>th</sup> 2020 until December 5<sup>th</sup> 2021
- Atrush development self funded

*This document contains statements 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. 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.*



## Q2.2020 Operations Update

---

2020 Additional Slides and Photos





**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 consortium between Marathon, Hess, ConocoPhillips 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.



**Alex Lengyel – CCO**

Alex Lengyel has more than 25 years experience negotiating international oil and gas transactions for companies including Marathon Oil, Hess, ConocoPhillips, Vinson & Elkins, Winston & Strawn and Shearman & Sterling. He holds a Juris Doctorate degree from Notre Dame Law School, is a member of the New York bar and was a Fulbright Scholar to Italy.



**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.



**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.

**Proven track record from Lundin group of companies**

## Share Capital

- Shares issued and outstanding 2,160,631,534

## Market Capitalization

- CAD 76 million (@ 30 June 2020)

## Net Debt

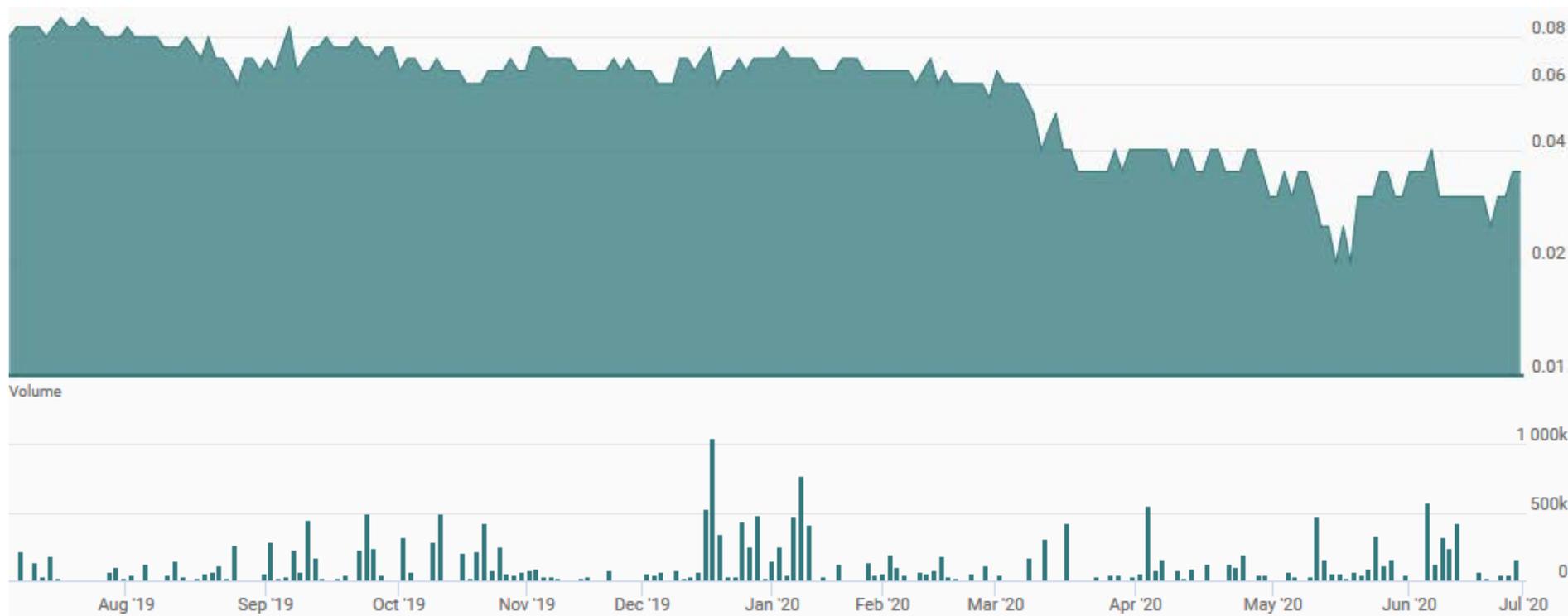
- USD 119 million (@ 31 March 2020)

## Major shareholders

- Lundin family trusts 22.5%
- Directors/Management 0.3%

## Trading Information

- TSX Venture TSX-V:SNM
- NASDAQ First North Growth (Stockholm): SNM



\*Borrowings plus current liabilities less cash, loans and accounts receivable