



April 12, 2022

Notice to reader:

The references to the 'Expiry Time' being 2:00 p.m. (Eastern Time) on May 20, 2022 on pages 1, 4 and 7 in the attached document, which was originally filed on April 5, 2022, have been amended and restated at the request of the TSX Venture Exchange. The amended Expiry Time is now **5:00 p.m. (Eastern Time) on May 20, 2022.**

PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 5:00 P.M. (EASTERN TIME) ON MAY 20, 2022.

This rights offering circular (the “Circular”) is prepared by management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this circular. Any representation to the contrary is an offence.

This is the circular we referred to in the April 5, 2022 rights offering notice, which you should have already received. Your rights DRS advice statement and relevant forms were enclosed with the rights offering notice. This Circular should be read in conjunction with the rights offering notice and our continuous disclosure prior to making an investment decision.

This Circular does not constitute an offer or a solicitation in any jurisdiction in which, or to any person to whom, such offer or solicitation is unlawful.

The Offering (as defined below) is being conducted, and the share subscription rights described herein are being distributed, in each province and territory of Canada and, pursuant to a prospectus to be filed with the Swedish Financial Supervisory Authority expected to be published no later than April 20, 2022 (“Swedish Prospectus”), in Sweden, as well as in Norway, Denmark, Finland, France, The Netherlands, the United Kingdom and Luxembourg, in reliance on applicable exemptions from the prospectus requirements of applicable securities laws, including all Canadian jurisdictions. No prospectus or other disclosure document in respect of the securities offered hereby has been or will be filed with any securities commission or other regulatory authority in Canada. A copy of the Swedish Prospectus is expected to be filed on www.sedar.com no later than April 20, 2022, under the Company's issuer profile at www.sedar.com and will be available electronically on the Company's website at www.shamaranpetroleum.com.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States. This Circular does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States or to, or for the benefit of, any U.S. person (as that term is defined in Regulation S under the U.S. Securities Act (“Regulation S”).

No securities commission or similar regulatory authority has approved or disapproved, or in any way passed upon, this document or the securities offered hereby, and any representation to the contrary is an offence.



OFFERING OF RIGHTS TO SUBSCRIBE FOR UP TO 558,242,414 COMMON SHARES

Price: \$0.06825 per Common Share (SEK 0.52 per Common Share)

Reference in this Circular to “we”, “our”, “us” and similar terms means ShaMaran Petroleum Corp (“Shamaran” or the “Company”). Reference in this rights offering circular (this “Circular”) to “you”, “your” and similar terms mean to shareholders of the Company. Unless otherwise indicated, reference herein to “\$”, “CAD \$” or “dollar” are to Canadian dollars, reference to “USD” is to United States dollars and reference to “SEK” is to Swedish krona. Reference to “Euroclear Sweden” is to Euroclear Sweden AB, the Swedish Central Securities Depository (CSD). Certain terms used in this Circular are defined elsewhere herein.

SUMMARY OF THE RIGHTS OFFERING

Why are you reading this circular?

We are issuing to registered holders (“Shareholders”) of our common shares (the “Common Shares”) as of close of business (5:00 p.m.) on April 13, 2022 (the “Record Date”) transferable rights (the “Rights”) to subscribe for Common Shares. The Rights entitle eligible holders to subscribe for and purchase Common Shares upon and subject to the terms described in this Circular.

The purpose of this Circular is to provide you with detailed information about the Company's offering of the Rights (the “Offering”) and your rights and restrictions in respect thereof. This Circular should be read in conjunction with the April 5, 2022 rights offering notice of ShaMaran (the “Notice”), which you should have already received.

The proceeds realized from the exercise of Rights and subscription for Common Shares thereunder are intended to be used by ShaMaran for general corporate and administrative expenses. Please see “*How will we use the available funds?*” below.

What is being offered?

We expect to issue 2,232,969,658 Rights entitling the holders thereof to subscribe for and purchase an aggregate of 558,242,414 Common Shares at a price of CAD \$0.06825 per share (SEK 0.52 per share), with each Eligible Holder (as defined below) to receive one (1) Right for each Common Share held as of close of business (5:00 p.m.) on the Record Date. Four (4) Rights will need to be exercised to acquire one (1) Common Share, at a price of CAD \$0.06825 (SEK 0.52) per Common Share purchased.

No fractional Rights will be issued. Where a holder would, as a result of this ratio, otherwise be entitled to receive fractional Rights, the holder's entitlement will be reduced and rounded down to the next lowest whole number of Rights.

The Offering is being conducted, and Rights are being distributed to registered ShaMaran shareholders (“Eligible Holders”) resident in, each province and territory of Canada and, pursuant to the Swedish Prospectus, shareholders resident in Sweden, and, in reliance on applicable exemptions from the prospectus requirements of applicable securities laws, shareholders resident in Norway, Denmark, Finland, France, The Netherlands, the United Kingdom and Luxembourg (together with Sweden and all provinces and territories of Canada, the “Eligible Jurisdictions”). The Rights are also being offered to shareholders of the Company resident in Eligible Jurisdictions in transactions exempt from, or not subject to, the registration requirements of the United States Securities Act of 1933 (the “U.S. Securities Act”). The Offering is not made in any jurisdiction where the Company is not eligible to make the offer. Shareholders should be aware that the Swedish Prospectus, once published, is expected to contain information about the Company and, amongst other things, the Company’s proposed acquisition from an affiliate of TotalEnergies S.E. of the outstanding shares of TEPKRI Sarsang A/S (the “TEPKRI Acquisition”) in addition to what is included in the Circular. Shareholders are encouraged to review such information in the Swedish Prospectus following its publication.

All jurisdictions other than the Eligible Jurisdictions are referred to in this circular as “Ineligible Jurisdictions”.

You will be presumed to be resident in the place shown in our records as your registered address, unless the contrary is established to our satisfaction.

This Circular does not constitute an offer or a solicitation in any jurisdiction in which, or to any person to whom, such offer or solicitation is unlawful. No Rights or Common Shares issuable upon exercise thereof are offered for sale, and no offers to purchase securities are solicited, in any jurisdiction that is not an Eligible Jurisdiction, or to or from persons (“Ineligible Holders”) who are or appear to be resident in any jurisdiction that is not an Eligible Jurisdiction.

Ineligible Holders who hold their Common Shares on the TSXV will not receive a Rights DRS Advice, but will be sent a letter advising (i) that their Rights will be held by Computershare Investor Services Inc. (the “Rights Agent”), as agent for the benefit of all such Ineligible Holders, and (ii) how Ineligible Holders might establish their ability to participate in the Offering and subscribe for Common Shares as an Approved Holder (as defined below), failing which the Rights Agent will attempt to sell the Rights for their benefit.

Ineligible Holders who hold their Common Shares on the NASDAQ First North Growth Market are advised to carefully review the Swedish Prospectus, in particular the section entitled “IMPORTANT INFORMATION”, and contact Aktieinvest FK (the “Issuing Agent”), their nominee or broker (as applicable) as soon as possible for information on how they may participate in the Offering.

The contact information of Aktieinvest FK is set out below:

Aktieinvest FK
Emittentservice
Box 7415
103 91 Stockholm
Telephone: +46 8 5065 1795
E-mail: emittentservice@aktieinvest.se

Neither the Company nor the Rights Agent will accept subscriptions from any Ineligible Holder (including, for certainty, any transferee of Rights who is or appears to be resident in any jurisdiction that is not an Eligible Jurisdiction) unless such holder establishes to the Company’s satisfaction, in its sole discretion, not later than May 13, 2022, that an offering to and subscription by such holder of Rights and Common Shares is lawful and in compliance with all securities and other laws applicable in the Eligible Jurisdictions and in the jurisdiction where such holder is resident and would not require that ShaMaran file any document, take any proceeding, make any application, obtain any approval, give any notice or make any payment, in each case of any kind or nature whatsoever, including by delivering a Representation Letter (as defined below) in the form provided by ShaMaran. Any such holder who

establishes such matters to the satisfaction of the Company, in its sole discretion, is referred to herein as an “Approved Holder”.

In respect of any Ineligible Holder who holds their Common Shares on the NASDAQ First North Growth Market, the Ineligible Holder should contact the Issuing Agent (or nominee, where the Common Shares are held in the name of such nominee) for further information on how they may participate in the Offering.

The Rights and Common Shares issuable upon exercise thereof have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States. This Circular does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States or to, or for the benefit of, any U.S. person (as that term is defined in Regulation S under the U.S. Securities Act).

What do the Rights entitle you to receive?

Every four (4) Rights entitles an Eligible Holder (or, if applicable, an Approved Holder) to subscribe for and purchase one (1) Common Share at a subscription price of CAD \$0.06825 per share (SEK 0.52 per share) (the “Basic Subscription Privilege”) until 5:00 p.m. (Eastern time) on May 20, 2022 (the “Expiry Time”).

Eligible Holders (and, if applicable, Approved Holders) who fully exercise all of their Rights under the Basic Subscription Privilege may also subscribe, on a pro rata basis among all such fully exercising holders, for additional Common Shares that have not been subscribed and paid for pursuant to the Basic Subscription Privilege (“Additional Common Shares”) at the same subscription price per share (the “Additional Subscription Privilege”), to the extent that not all Rights are exercised under the Basic Subscription Privilege. The number of Additional Common Shares available for purchase under the Additional Subscription Privilege will be the difference, if any, between (i) the total number of Common Shares issuable in the Offering and (ii) the number of Common Shares that have been subscribed and paid for under the Basic Subscription Privilege by the Expiry Time.

No fractional Common Shares will be issued. Where any exercise of Rights would otherwise entitle a holder of Rights to receive fractional Common Shares, the holder's entitlement will be reduced and rounded down to the next lowest whole number of Common Shares, and the fraction shall be cancelled without any repayment of capital or other consideration therefor.

Any Eligible Holder (or, if applicable, Approved Holder) who exercises Rights (whether under the Basic Subscription Privilege only or also the Additional Subscription Privilege) must enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc., as Rights Agent in respect of the Offering.

What is the subscription price?

The subscription price for each Common Share issuable pursuant to an exercise of Rights (whether under the Basic Subscription Privilege or the Additional Subscription Privilege) is CAD \$0.06825 (SEK 0.52) (the “Subscription Price”).

The Subscription Price paid upon the exercise of Rights by holders of Rights trading in the NASDAQ First North Growth Market will be paid in Swedish krona at a fixed price of SEK 0.52, which will be converted to CAD \$0.06825 in accordance with certain currency hedging arrangements entered into by the Company in connection with the Offering.

On April 4, 2022, being the last trading day before announcement of the terms of the Offering, the closing price of the Common Shares on the TSX Venture Exchange (“TSXV”) was CAD \$0.10 and on the NASDAQ First North Growth Market was SEK 0.748.

When does the offer expire?

The Rights may be exercised until the Expiry Time.

Any Rights not exercised at or before the Expiry Time will be void and of no value.

What are the significant attributes of the Rights issued under the Offering and the securities to be issued upon the exercise of the Rights?

The Rights entitle Eligible Holders (and, if applicable, Approved Holders) to subscribe for and purchase from ShaMaran up to an aggregate of 558,242,414 Common Shares, at a subscription price of CAD \$0.06825 per share (SEK 0.52 per share), pursuant to the Basic Subscription Privilege and, if available, the Additional Subscription Privilege, until the Expiry Time.

The Rights are transferable into and within Canada.

The Rights are “restricted securities” as defined in Rule 144 promulgated under the U.S. Securities Act. Recipients of the Rights may not offer, sell, pledge or otherwise transfer the Rights, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S), except pursuant to a transaction meeting the requirements of Regulation S, pursuant to an effective registration statement under the U.S. Securities Act, or pursuant to an exemption from the registration requirements of the U.S. Securities Act.

A holder of Rights is not, by reason of owning the Rights, a shareholder of the Company and does not have any rights of a shareholder.

The Rights are exercisable for fully paid and non-assessable Common Shares. We are authorized to issue an unlimited number of Common Shares, of which 2,232,969,658 are issued and outstanding as at the date hereof. Holders of Common Shares are entitled to receive notice of and to one vote per Common Share held at meetings of our Shareholders, to receive such dividends (if any) as the ShaMaran board of directors may declare, and to share equally in such remaining assets of the Company as are distributable to Shareholders upon its liquidation, dissolution or winding-up.

What are the minimum and maximum number or amount of Common Shares that may be issued under the Offering?

A maximum of 558,242,414 Common Shares are issuable upon the exercise of Rights under the Offering.

The Offering is not subject to any minimum subscription level. ShaMaran has, however, received a standby commitment from Nemesia S.à.r.l. (the “Standby Guarantor”) to exercise its Basic Subscription Privilege and to purchase up to 548,879,120 Common Shares not subscribed for by others under the Basic Subscription Privilege or the Additional Subscription Privilege. The Standby Guarantor, together with Zebra Holdings and Investments S.à.r.l., both being private companies ultimately controlled by a trust whose settlor is the Estate of the late Adolf H. Lundin that report their securityholding as joint actors, collectively hold more than 25% of the outstanding Common Shares.

Performance by the Standby Guarantor of its standby commitment will ensure that a total of 548,879,120 Common Shares are issued pursuant to the Offering for gross proceeds of CAD \$37,461,000.

Where will the Rights and Common Shares issuable upon the exercise of the Rights be listed for trading?

The outstanding Common Shares are listed for trading on the TSXV in Canada and on the NASDAQ First North Growth Market in Sweden under the trading symbol “SNM”.

The Rights will trade on the TSXV under the trading symbol "SNM.RT" until the Expiry Time, and on the NASDAQ First North Growth Market under the trading symbol "SNM TR" until 5:30 p.m. (Swedish time) on May 11, 2022.

FORWARD-LOOKING STATEMENTS

This Circular includes certain "forward-looking information" and "forward-looking statements" (collectively "Forward-Looking Statements") within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein, including, without limitation, the timing of and other procedural matters associated with the Rights issued under the Offering, the anticipated use of proceeds from the Rights issued under the Offering, the successful completion of the Rights issued under the Offering, the continued listing of the common shares in the capital of the Company on NASDAQ First North Growth Market, liquidity and working capital and the Company's business goals and objectives are Forward-Looking Statements. Forward-Looking Statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved.

Forward-Looking Statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include: commodity price fluctuations; uncertainty with the estimates of the quantities and quality of reserves and resources; risks related to the Company's ability to continue production and generate revenues; risks related to the disruption of infrastructure; risks related to political instability in Kurdistan; risks related to dependence on third parties for the development of projects; equipment breakdowns, labour disputes, non-compliance with permit requirements or other unanticipated difficulties with or interruptions in development; the uncertainties involving the economic viability of further developing contingent or prospective resources in the Atrush block; risks pertaining to the outbreak of the global pandemics, including COVID-19; government regulation of operations; environmental risks; prices for energy inputs, labour, materials, supplies and services; and risks associated with the validity of petroleum contracts in Kurdistan. In particular, these statements involve assumptions made with regard to the commercial viability of the Atrush block, the future demand and prices pertaining to oil and gas, the timely payment for oil deliveries from the Kurdistan Regional Government of Iraq ("KRG") and that neither the Federal Government of Iraq's supreme court decision implying that the KRG's production sharing contracts should be voided or amended, nor the KRG's order for the cessation of flaring, will be enforced in ways that will have a significant negative impact on ShaMaran's operations. The Company's Forward-Looking Statements reflect the beliefs, opinions, and projections on the date the statements are made. The Company assumes no obligation to update the Forward-Looking Statements or beliefs, opinions, projections, or other factors, should they change, except as required by law. Shareholders should review the Swedish Prospectus for additional information about the risk factors referred to above.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. The Company cautions readers not to place undue reliance on any such Forward-Looking statements, which speak only as of the date made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from Forward-Looking statements, there may be other factors that cause results not to be as anticipated, estimated, described or intended, some of which are included in the Risk Factors section of this Circular. The Company disclaims any obligation subsequently to revise any Forward-Looking statements to reflect events or circumstances after the date of such statements or to reflect changes in assumptions or the occurrence of anticipated or unanticipated events, except as required by law.

The Company qualifies all the Forward-Looking Statements contained in this Circular by the foregoing cautionary statements.

IMPORTANT DATES AND TIMES

Circular, Notice and news release filed on SEDAR and published on the Company's website at www.shamaranpetroleum.com	April 5, 2022
Last day to trade in Common Shares on the TSXV and the NASDAQ First North Growth Market (<i>cum</i> rights)	April 11, 2022
Shareholders will be unable to cross border their Common Shares from TSXV to NASDAQ First North Growth Market and vice versa	April 12, 2022 to April 13, 2022 (inclusive)
Listing and trading of Rights commences on the TSXV at market open under the trading symbol SNM.RT and ISIN CA8193201289	April 12, 2022
Common Shares commence trading ex-Rights on the TSXV and on the NASDAQ First North Growth Market	April 12, 2022
Record Date for the Offering	April 13, 2022
Swedish Prospectus and news release expected to be filed on SEDAR and published on the Company's website at www.shamaranpetroleum.com	By no later than April 20, 2022
Listing and trading of Rights commences on the NASDAQ First North Growth Market under the trading symbol SNM TR and ISIN, to be published when the Swedish Prospectus is published	April 20, 2022
Print and mail DRS Advices and Rights Offering Notice to Eligible Holders with Common Shares listed on the TSXV	April 20, 2022
Print and distribute Rights Offering Notice and Notice to Ineligible Holders to Ineligible Holders (registered and, if known, beneficial) with Common Shares listed on the TSXV	April 20, 2022
Offering opens for Shareholders on the TSXV and for Shareholders holding Common Shares through Euroclear Sweden	April 20, 2022
ShaMaran expected to publish its financial statements and annual reserves report as at and for the year ended December 31, 2021	April 25, 2022
Last day for trading Rights on the NASDAQ First North Growth Market	May 11, 2022
Deadline for Ineligible Holders to submit Representation Letters (Qualification Deadline)	May 13, 2022 at 2:00 p.m. (Vancouver time)
Subscription period through Euroclear Sweden ends at 3.00 p.m. (Swedish time) for Shareholders holding Common Shares through Euroclear Sweden	May 16, 2022
Last day for trading Rights on the TSXV	May 20, 2022
Offering closes at 5.00 p.m. (Eastern time) (Expiry Time)	May 20, 2022 (Expiry Time)
Results of Offering announced by the Company	May 24, 2022

USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Offering?

The following table sets out our estimate of the Company's available funds after giving effect to the Offering.

A	Amount to be raised by the Offering ⁽¹⁾	CAD 38,100,045 ⁽¹⁾
B	Selling commissions and fees	Nil
C	Estimated Offering costs	CAD 624,350
D	Available funds: $D = A - (B+C)$	CAD 37,475,695
E	Additional sources of funding	CAD 0
F	Working capital deficiency	N/A
G	Total: $G = (D+E) - F$	CAD 37,475,695

Note:

- (1) Performance by the Standby Guarantor of its standby commitment will ensure that a total of 548,879,120 Common Shares are issued pursuant to the Offering for proceeds of CAD 37,461,000 being the equivalent of USD 30,000,000 based on a currency exchange rate of CAD 1.2487 to USD 1.00. See “*Insider Participation*” and “*Standby Commitment*” below.

How will we use the available funds?

The reason for the Offering is that ShaMaran intends to continue growing in the current oil and gas price environment through one or more acquisitions of stakes in producing assets. The Company generally intends to target producing assets that can contribute to its production and cashflows. The proceeds of the Offering will be used for general corporate and administrative purposes of the Company, which includes the strengthening of the Company’s balance sheet and possibly partly funding of one or more acquisitions the Company may pursue in the future.

The following table sets out how we intend to use our available funds, including those raised pursuant to the Offering. We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

General corporate and administrative expenses	CAD 37,475,695
Working capital deficiency	N/A
Total: [equal to G in the table of available funds provided above]	CAD 37,475,695

How long will the available funds last?

ShaMaran management expects our available funds to be sufficient to cover the Company's anticipated expenses for more than the next 12 months, and, together with ongoing cash flow from our oil producing assets, to adequately meet planned growth and development activities over the same period.

INSIDER PARTICIPATION

Will insiders be participating?

The Standby Guarantor, which together with its joint actors holds more than 25% of the outstanding Common Shares, has agreed, upon and subject to the terms and conditions of a Standby Purchase Agreement dated April 5, 2022 (the “Standby Commitment”), to exercise its Basic Subscription Privilege and to purchase from the Company, at the Subscription Price, up to 548,879,120 Common Shares available as a result of unexercised Rights under the Offering and so not subscribed for by others, whether under the Basic Subscription Privilege or the Additional Subscription Privilege, so that the maximum number of Common Shares issuable under the Offering to which the Standby Guarantor has committed (being 548,879,120 Common Shares) will be sold and the Company will realize gross proceeds of not less than USD 30,000,000 thereunder.

Directors and executive officers of the Company who are Eligible Holders (or, if applicable, Approved Holders) may elect to participate in the Offering with respect to Rights distributed in respect of their Common Shares. There is, however, no obligation to do so and ShaMaran provides no assurances in this regard.

Who are the holders of 10% or more of our securities before and after the Offering?

To the knowledge of our directors and executive officers, the only persons who currently hold 10% or more of the Common Shares or will own 10% or more upon completion of the Offering, are as set out in the following table.

Name of Shareholder	Holdings before the Offering	Holdings after the Offering
Nemesia S.à.r.l. and Zebra Holdings and Investments S.à.r.l. ⁽¹⁾	569,817,651 ⁽²⁾ or 25.52% ⁽³⁾	1,120,976,771 or 40.26% ⁽⁴⁾ or 1,130,340,065 or 40.46% ⁽⁵⁾

Notes:

- (1) Nemesia S.à.r.l. and Zebra Holdings and Investments S.à.r.l., who report their security holdings as joint actors, are private companies ultimately controlled by a trust whose settlor is the Estate of the late Adolf H. Lundin.
- (2) Information on Common Shares held has been obtained by the Company from securities filings on SEDAR and on the System for Electronic Disclosure by Insiders (SEDI) as of the date of this Circular.
- (3) Based on there being 2,232,969,658 Common Shares issued and outstanding as of the date of this Circular.
- (4) Assumes that no Rights are exercised by any person other than the Standby Guarantor and all 548,879,120 Common Shares issuable under the Offering up to the amount of the Standby Commitment are acquired by the Standby Guarantor. Based on there being 2,784,128,778 Common Shares issued and outstanding as of the date of the closing of the Rights Offering (2,232,969,658 Common Shares issued and outstanding as of the date of this Circular plus 2,280,000 Common Shares to be issued to Nemesia on May 5, 2022 but which will not benefit from any Rights under this Offering, and 548,879,120 Common Shares issuable under the Standby Commitment).
- (5) Assumes that no Rights are exercised by any person other than the Standby Guarantor, such that all 558,242,414 Common Shares issuable under the Offering are acquired by the Standby Guarantor. Based on there being 2,793,492,072 Common Shares issued and outstanding as of the date of the closing of the Rights Offering (2,232,969,658 Common Shares issued and outstanding as of the date of this Circular plus 2,280,000 Common Shares to be issued to Nemesia on May 5, 2022 but which will not benefit from any Rights under this Offering, and 558,242,414 Common Shares issuable under the Offering).

DILUTION

If you do not exercise your Rights, by how much will your security holdings be diluted?

Assuming issuance of the maximum number of Common Shares under the Offering (558,242,414 Common Shares), and that you do not exercise any Rights and so do not acquire any Common Shares pursuant to the Offering, then your shareholdings will be diluted by approximately 20.0%.

STANDBY COMMITMENT

Who is the standby guarantor and what are the fees?

ShaMaran has entered into the Standby Commitment with the Standby Guarantor, pursuant to which the Standby Guarantor has agreed, upon and subject to the terms and conditions of the Standby Commitment, to exercise its Basic Subscription Privilege and to purchase from the Company, at the Subscription Price, up to 548,879,120 Common Shares available as a result of unexercised Rights under the Offering and not subscribed for by others, whether under the Basic Subscription Privilege or the Additional Subscription Privilege, so that 548,879,120 Common Shares issuable under the Offering will be sold and the Company will realize gross proceeds of not less than USD 30,000,000 thereunder.

The Standby Guarantor is a related party of the Company on the basis that it holds, together with its joint actors, more than 10% of the outstanding Common Shares.

The Standby Guarantor will not receive any fee for providing the Standby Commitment.

The Standby Commitment does not include termination provisions.

The foregoing is a summary of certain terms of the Standby Commitment and is qualified in its entirety by reference to the full text of the Standby Commitment, a copy of which has been filed on SEDAR is available electronically under the Company's issuer profile at www.sedar.com.

Have we confirmed that the standby guarantor has the financial ability to carry out its standby commitment?

To the knowledge of our directors and executive officers, the Standby Guarantor has the financial ability to carry out and perform its Standby Commitment.

What are the security holdings of the Standby Guarantor before and after the Offering?

To the knowledge of our directors and executive officers, the Standby Guarantor's holdings of Common Shares, before and after completion of the Offering, are as set out in the following table.

Name of Shareholder	Holdings before the Offering	Holdings after the Offering if the Standby Guarantor takes up the entire amount of the Standby Commitment
Nemesia S.à.r.l. and Zebra Holdings and Investments S.à.r.l. ⁽¹⁾	569,817,651 ⁽²⁾ or 25.52% ⁽³⁾	1,120,976,771 or 40.26% ⁽⁴⁾ or 1,130,340,065 or 40.46% ⁽⁵⁾

Notes:

- (1) Nemesia S.à.r.l. and Zebra Holdings and Investments S.à.r.l., who report their security holdings as joint actors, are private companies ultimately controlled by a trust whose settlor is the Estate of the late Adolf H. Lundin.
- (2) Information on Common Shares held has been obtained by the Company from securities filings on SEDAR and on the System for Electronic Disclosure by Insiders (SEDI) as of the date of this Circular.
- (3) Based on there being 2,232,969,658 Common Shares issued and outstanding as of the date of this Circular.
- (4) Assumes that no Rights are exercised by any person other than the Standby Guarantor and all 548,879,120 Common Shares issuable under the Offering up to the amount of the Standby Commitment are acquired by the Standby Guarantor. Based on there being 2,784,128,778 Common Shares issued and outstanding as of the date of the closing of the Rights Offering (2,232,969,658 Common Shares issued and outstanding as of the date of this Circular plus 2,280,000 Common Shares to be issued to Nemesia on May 5, 2022 but which will not benefit from any Rights under this Offering, and 548,879,120 Common Shares issuable under the Standby Commitment).
- (5) Assumes that no Rights are exercised by any person other than the Standby Guarantor, such that all 558,242,414 Common Shares issuable under the Offering are acquired by the Standby Guarantor. Based on there being 2,793,492,072 Common Shares issued and outstanding as of the date of the closing of the Rights Offering (2,232,969,658 Common Shares issued and outstanding as of the date of this Circular plus 2,280,000 Common Shares to be issued to Nemesia on May 5, 2022 but which will not benefit from any Rights under this Offering, and 558,242,414 Common Shares issuable under the Offering).

MANAGING DEALER, SOLICITING DEALER AND UNDERWRITING CONFLICTS

The Company has not retained any managing dealer, soliciting dealer or other party to solicit subscriptions for Common Shares pursuant to the Offering.

HOW TO EXERCISE THE RIGHTS

How does a security holder that is a registered holder participate in the Offering?

Rights will be evidenced by an advice statement (a “Rights DRS Advice”) issued under the direct registration system administered by Computershare Investor Services Inc. (the “Rights Agent”).

If you are a registered Eligible Holder in respect of Common Shares trading on the TSXV, a Rights DRS Advice representing the total number of Rights to which you are entitled as at the Record Date, together with a subscription form (the “Subscription Form”), has been mailed to you with a copy of the Notice. To exercise the Rights evidenced by the Rights DRS Advice, you must complete the Subscription Form and deliver to the Rights Agent (i) the Rights DRS Advice, (ii) the duly completed Subscription Form, and (iii) payment in full of the aggregate subscription price for all Common Shares subscribed for (whether under the Basic Subscription Privilege only or also the Additional Subscription Privilege), in accordance with the instructions set out below, not later than the Expiry Time. If you are an Ineligible Holder, you must first establish to the Company, in its sole discretion, that you are an Approved Holder by, among other things, delivering an executed Representation Letter, as discussed below under “Who is eligible to receive rights”.

The method of delivery is at the discretion and risk of the holder of the Rights DRS Advice and delivery to the Rights Agent will only be effective if and when actually received by the Rights Agent at its subscription office set forth below under “Appointment of Rights Agent”. Rights DRS Advices and payments received after the Expiry Time will not be accepted.

Any Rights not exercised at or before the Expiry Time will be void and of no value.

If you are a registered Eligible Holder (or, if applicable, an Approved Holder), in respect of Common Shares trading

on the TSXV, then in order to exercise your Rights you must:

1. **Complete and sign Box 1 on the Rights Subscription Form.** The maximum number of Rights that you may exercise under the Basic Subscription Privilege is shown on the first page of the Rights DRS Advice. If you complete Box 1 on the Subscription Form so as to exercise some but not all of the Rights evidenced by the Rights DRS Advice, you will be deemed to have surrendered the unexercised balance of such Rights, unless you otherwise specifically advise the Rights Agent at the time the Rights DRS Advice is surrendered to the Rights Agent.
2. **Additional Subscription Privilege.** Complete and sign Box 2 on the Subscription Form only if you wish to also participate in the Additional Subscription Privilege. See “*How to exercise the rights - What is the Additional Subscription Privilege and how can you exercise this privilege?*” below.
3. **Payment.** Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc. To exercise the Rights, you must pay the full Subscription Price per Common Share. In addition to the amount payable for any Common Shares you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for all of the Common Shares you subscribe for under the Additional Subscription Privilege.
4. **Delivery.** You must deliver or mail the completed Subscription Form, Rights DRS Advice and payment in the enclosed return envelope addressed to the Rights Agent so that it is received by the Rights Agent at its subscription office of the Rights Agent set forth below before the Expiry Time. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery.

The signature of the registered Eligible Holder (or, if applicable, an Approved Holder) on Box 1 and, if applicable, Box 2 of the Subscription Form must correspond to every particular with the name that appears on the face of the Rights DRS Advice.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a corporation or any other person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Rights Agent.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any exercise will be determined by the Company in its sole discretion, and any determination by the Company will be final and binding on the Company and its security holders. Any subscription for Common Shares will be irrevocable once submitted and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted. The Company reserves the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be unlawful. The Company also reserves the right to waive any defect in respect of any particular subscription. Neither the Company nor the Rights Agent is under any duty to give any notice of any defect or irregularity in any exercise, nor will they be liable for the failure to give any such notice.

If you are an Eligible Holder in respect of Common Shares held in Euroclear Sweden, please refer to the Swedish Prospectus, in particular the section entitled “A. *Details of the Rights Issue for Holders of Shares in Euroclear Sweden (Sweden)*”.

How does a security holder that is not a registered holder participate in the Offering?

You are a beneficial holder of Common Shares in respect of Common Shares trading on the TSXV if you hold your Common Shares through a securities broker or dealer, bank, trust company or other participant (a “Participant”) in the book-based securities depository and registration system administered by CDS Clearing and Depository Services Inc. (“CDS”). The total number of Rights to which all such beneficial holders as at the Record Date are entitled will be issued to and deposited with CDS following the Record Date. If you are a beneficial Eligible Holder, we expect that

you will receive a customer confirmation of the number of such Rights allocated to you from the applicable Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

Ineligible Holders who are beneficial owners of Common Shares who wish to exercise their Rights should contact the Participant or registered holder (as applicable) through which they hold their Common Shares at the earliest opportunity to request to have a Representation Letter sent to them and to understand the procedures required to be followed to make their Rights eligible and become an Approved Holder.

Neither ShaMaran nor the Rights Agent will have any liability for (i) the records maintained by CDS or Participants relating to the Rights or book-entry accounts, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants.

If you are a beneficial Eligible Holder (or, if applicable, an Approved Holder) in respect of Common Shares trading on the TSXV:

1. in order to exercise your Rights held through a Participant, you must instruct such Participant to exercise all or a specified number of such Rights, and forward to such Participant the Subscription Price for each Common Share that you wish to subscribe for; and
2. you may subscribe for Additional Common Shares pursuant to the Additional Subscription Privilege by instructing such Participant to exercise the Additional Subscription Privilege in respect of the number of Additional Common Shares that you wish to subscribe for, and forwarding to such Participant the Subscription Price for such Additional Common Shares requested.

Any excess funds will be returned to the applicable Participant for the account of the beneficial holder, without interest or deduction.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any exercise will be determined by the Company in its sole discretion, and any determination by the Company will be final and binding on the Company and its shareholders. Any subscription for Common Shares will be irrevocable once submitted and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted. The Company reserves the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be unlawful. The Company also reserves the right to waive any defect in respect of any particular subscription. Neither the Company nor the Rights Agent is under any duty to give any notice of any defect or irregularity in any exercise, nor will they be liable for the failure to give any such notice.

If you are an Eligible Holder in respect of Common Shares in Euroclear Sweden that are registered with a nominee, please refer to the Swedish Prospectus, in particular the section entitled “*A. Details of the Rights Issue for Holders of Shares in Euroclear Sweden (Sweden)*”.

Who is eligible to receive Rights?

The Rights are being offered to shareholders of the Company resident in Eligible Jurisdictions in transactions otherwise exempt from, or not subject to, the registration requirements of the U.S. Securities Act. Shareholders not located in Eligible Jurisdictions that are able to establish to the Company’s satisfaction, in its sole discretion, not later than May 13, 2022, that an offering to and subscription by such holder of Rights and Common Shares is lawful and in compliance with all securities and other laws applicable in the Eligible Jurisdictions and in the jurisdiction where such holder is resident and would not require that ShaMaran file any document, take any proceeding, make any application, obtain any approval, give any notice or make any payment, in each case of any kind or nature whatsoever, including by delivering a representation letter in the form presented by ShaMaran, will be eligible to receive Rights

by following the procedures set forth below.

Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to our satisfaction. This Circular is not to be construed as an offering of the Rights, nor are the Common Shares issuable upon exercise of the Rights offered for sale, in any jurisdiction outside the Eligible Jurisdictions or to shareholders who are residents of any jurisdiction other than the Eligible Jurisdictions.

Registered holders of Common Shares who hold their Common Shares on the TSXV

Ineligible Holders who are registered holders of their Common Shares on the TSXV will be sent a letter advising them that their Rights DRS Advices will be issued to, and held on their behalf by, the Rights Agent and a form of representation letter (the "Representation Letter"). The Representation Letter will set out the conditions required to be met, and procedures that must be followed, in order for an Ineligible Holder to establish that it qualifies as an Approved Holder in order to participate in the Offering.

Rights DRS Advices in respect of Rights issued to registered Ineligible Holders will be issued to and held by the Rights Agent as agent for the benefit of Ineligible Holders. The Rights Agent will hold the Rights until 2:00 p.m. (Vancouver time) on May 13, 2022 (the "Qualification Deadline") in order to provide Ineligible Holders an opportunity to claim a Rights DRS Advice by satisfying us that an offering to and subscription by such holder is lawful and in compliance with all securities and other laws applicable in the Eligible Jurisdictions and in the jurisdiction where such holder is resident and would not require that ShaMaran file any document, take any proceeding, make any application, obtain any approval, give any notice or make any payment, in each case of any kind or nature whatsoever, including by delivering a Representation Letter to the Company. Following such date, the Rights Agent, for the account of registered Ineligible Holders, will, prior to the Expiry Time, attempt to sell the Rights of such registered Ineligible Holders represented by Rights DRS Advices in the possession of the Rights Agent on such date or dates and at such price or prices as the Rights Agent determines in its sole discretion. No charge will be made for the sale of Rights by the Rights Agent except for a proportionate share of any brokerage commissions incurred by the Rights Agent and the costs of or incurred by the Rights Agent in connection with the sale of the Rights. Registered Ineligible Holders will not be entitled to instruct the Rights Agent regarding the price or the time at which the Rights are to be sold. The Rights Agent will endeavor to effect sales of Rights on the open market and any proceeds received by the Rights Agent with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, the Canadian tax required to be withheld, will be divided on a *pro rata* basis among such registered Ineligible Holders and delivered by mailing cheques (in Canadian funds) of the Rights Agent therefor as soon as practicable to such registered Ineligible Holders at their addresses recorded on the Company's books. Amounts of less than \$10.00 will not be remitted. The Rights Agent will act in its capacity as agent of the registered Ineligible Holders on a best efforts basis only and we and the Rights Agent do not accept responsibility for the price obtained on the sale of, or the inability to sell, the Rights on behalf of any registered Ineligible Holder.

Beneficial holders of Common Shares who hold their Common Shares on the TSXV

Participants receiving Rights on behalf of Ineligible Holders will be instructed by CDS not to permit the exercise of such Rights unless the holder has completed a Representation Letter. After the Qualification Deadline, Participants should attempt to sell the Rights of Ineligible Holders for the accounts of such holders and should deliver any proceeds of sale to such holders.

Beneficial owners of Common Shares registered in the name of a resident of an Ineligible Jurisdiction, who are not themselves resident in an Ineligible Jurisdiction, who wish to receive Rights and who believe that their Rights DRS Advices may have been delivered to the Rights Agent, should contact the Participant or registered holder (as applicable) through which they hold their Common Shares at the earliest opportunity to request to have their Rights DRS Advices mailed to them.

The Rights and the Common Shares issuable on the exercise of the Rights have not been qualified for distribution in

any Ineligible Jurisdiction and, accordingly, may only be offered, sold, acquired, exercised or transferred in transactions not prohibited by applicable laws in Ineligible Jurisdictions. Notwithstanding the foregoing, persons located in certain Ineligible Jurisdictions may be able to exercise the Rights and purchase Common Shares provided that they furnish the Representation Letter satisfactory to the Company on or before the Qualification Deadline. The form of Representation Letter will be available from the Company or the Rights Agent upon request. Beneficial owners of Rights or Common Shares should contact their Participant to obtain the Representation Letter. A holder of Rights in an Ineligible Jurisdiction holding on behalf of a person resident in an Eligible Jurisdiction may be able to exercise the Rights provided the holder certifies in the Representation Letter that the beneficial purchaser is resident in an Eligible Jurisdiction and satisfies the Company that such subscription is lawful and in compliance with all securities and other applicable laws.

Holders of Rights who hold their Common Shares directly on the NASDAQ First North Growth Market through Euroclear Sweden or through a nominee

All Shareholders holding their Common Shares through Euroclear Sweden are advised to review the section entitled ‘IMPORTANT INFORMATION’ on the cover of the Swedish Prospectus for more information about the conditions for participating in the Offering. Such Shareholders that are eligible to participate in the Offering can find information in the Swedish Prospectus on how to exercise their Rights. Shareholders holding their Common Shares on the NASDAQ First North Growth Market through a nominee should also refer to the Swedish Prospectus on how to exercise their rights and contact their nominee as soon as possible for further information. For any questions regarding the NASDAQ First North Growth Market and trading of the Rights thereon, please contact the Company’s Certified Adviser, Arctic Securities AS (Swedish branch) at certifiedadviser@arctic.com (+46 844 68 61 00).

What is the Additional Subscription Privilege and how can you exercise this privilege?

Registered holders of Rights in respect of Common Shares on the TSXV

If you exercise all of your Rights under the Basic Subscription Privilege, you may subscribe for Additional Common Shares pursuant to the Additional Subscription Privilege. If you wish to exercise the Additional Subscription Privilege, you must first exercise your Basic Subscription Right in full by completing Box 1 on the Subscription Form for the maximum number of Common Shares that you may subscribe for and also complete Box 2 on the Subscription Form, specifying the number of Additional Common Shares requested. Send the purchase price for the Additional Common Shares under the Additional Subscription Privilege with your Subscription Form and Rights DRS Advice to the Rights Agent. The purchase price is payable in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc. These funds will be placed in a segregated account pending allocation of the Additional Common Shares, with any excess funds being returned by mail without interest or deduction. Interest, if any, earned on such funds will be for our benefit.

If the aggregate number of Additional Common Shares subscribed for by those who exercise their Additional Subscription Privilege is less than the number of available Additional Common Shares, each such holder of Rights will be allotted the number of Additional Common Shares subscribed for under the Additional Subscription Privilege.

If the aggregate number of Additional Common Shares subscribed for by those who exercise their Additional Subscription Privilege exceeds the number of available Additional Common Shares, each subscriber under the Additional Subscription Privilege will be entitled to receive the number of Additional Common Shares equal to the lesser of:

1. the number of Additional Common Shares subscribed for by the holder under the Additional Subscription Privilege; and
2. the product (disregarding fractions) obtained by multiplying the aggregate number of Additional Common

Shares available through unexercised Rights by a fraction, the numerator of which is the number of Rights previously exercised by the holder and the denominator of which is the aggregate number of Rights previously exercised by all holders of Rights who have subscribed for Additional Common Shares under the Additional Subscription Privilege.

As soon as practicable after the Expiry Time, the Rights Agent will mail to each holder of Rights who completed Box 2 on the Subscription Form, a DRS advice statement for the Additional Common Shares which that holder has purchased and shall return to the holder any excess funds paid for the subscription for Additional Common Shares by such holder under the Additional Subscription Privilege, without interest or deduction.

Beneficial holders of Rights in respect of Common Shares on the TSXV

If you are a beneficial holder of Rights held through a Participant and you wish to exercise your Additional Subscription Privilege, you must deliver your payment and instructions to the Participant sufficiently in advance of the Expiry Time to allow the Participant to properly exercise the Additional Subscription Privilege on your behalf.

Eligible holders of Rights in respect of Common Shares in Euroclear Sweden

Holders of Rights that hold their shares through Euroclear Sweden will not be able to subscribe for Additional Common Shares pursuant to the Additional Subscription Privilege (Sv. "Subsidiär teckning"). Please refer to the instructions to holders of shares in Euroclear Sweden in the Company's press release dated April 5, 2022.

How does a Rights holder sell or transfer Rights?

Registered Holders of Rights in respect of Common Shares on the TSXV

The Rights will trade on the TSXV under the trading symbol "SNM.RT" until the Expiry Time.

Holders of Rights DRS Advices not wishing to exercise their Rights may sell or transfer them directly or through their securities broker or dealer at the holder's own expense, subject to any applicable resale restrictions. Rights DRS Advices will not be issued and forwarded to Ineligible Shareholders. Holders of Rights DRS Advices may elect to exercise only a part of their Rights and dispose of the remainder, or dispose of all of their Rights. Any commission or other fee payable in connection with the exercise or any trade of Rights is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from the sale.

If you wish to transfer your Rights, you must obtain a Stock Power of Attorney form (the "Transfer Form") from the Rights Agent, complete the Transfer Form and have your signature guaranteed by an "eligible institution" to the satisfaction of the Rights Agent, and deliver the Rights DRS Advice and Transfer Form to the transferee. For this purpose, eligible institution means a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Agents Medallion Program, or a member of the Stock Exchange Medallion Program. Members of these programs are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada.

It is not necessary for a transferee to obtain a new Rights DRS Advice to exercise the Rights (whether under the Basic Subscription Privilege or the Additional Subscription Privilege), but the signature of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee shown on the Transfer Form. If the Transfer Form is properly completed, the Company and the Rights Agent will treat the transferee as the absolute owner of the Rights DRS Advice for all purposes and will not be affected by notice to the contrary. A Rights DRS Advice so completed should be delivered to the appropriate person in ample time for the transferee to use it before the Expiry Time.

Beneficial holders of Rights in respect of Common Shares on the TSXV

If you are a beneficial holder of Rights held through a Participant, you must arrange for the exercise, transfer or purchase of rights through that Participant.

Beneficial holders of Rights in respect of Common Shares in Euroclear Sweden

The Rights will trade on the NASDAQ First North Growth Market under the trading symbol “SNM TR” until 5:30 p.m. (Swedish time) on May 11, 2022.

If you are a beneficial holder in respect of Common Shares held in Euroclear Sweden, please refer to the instructions to holders of shares in Euroclear Sweden in the Company’s press release dated April 5, 2022 and the Swedish Prospectus for further information on how you can sell or transfer your Rights.

When can you trade securities issuable upon the exercise of your Rights?

The outstanding Common Shares are listed for trading on the TSXV in Canada and on the NASDAQ First North Growth Market in Sweden under the trading symbol “SNM”.

The TSXV has conditionally approved the listing of the Common Shares issuable on the exercise of the Rights, subject to ShaMaran fulfilling all of the conditions of the TSXV. The Company will also apply for the Common Shares issuable on the exercise of the Rights to be traded on NASDAQ First North Growth Market.

Are there restrictions on the resale of securities?

The Offering is being conducted, and the Rights and any Common Shares issued upon their exercise will be distributed in the Eligible Jurisdictions, in reliance on applicable exemptions from the prospectus requirements of applicable securities laws of all Canadian jurisdictions.

Any resale of Rights and underlying Common Shares will be subject to restrictions pursuant to applicable securities laws then in force. Set out below is a general summary of the restrictions currently governing first trades in the Rights and underlying Common Shares in Eligible Jurisdictions. The Rights are “restricted securities” as defined in Rule 144 promulgated under the U.S. Securities Act. Recipients of the Rights may not offer, sell, pledge or otherwise transfer the Rights, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S), except pursuant to a transaction meeting the requirements of Regulation S, pursuant to an effective registration statement under the U.S. Securities Act, or pursuant to an exemption from the registration requirements of the U.S. Securities Act. Additional restrictions apply to holders of Rights and underlying securities who are “control persons” in respect of the Company for purposes of securities legislation. You are urged to consult your own professional advisors to determine the specific conditions and restrictions applicable to your ability to trade Rights or underlying Common Shares.

Generally, the first trade in Rights or Common Shares issued upon an exercise of Rights will be exempt from the prospectus requirements of Canadian securities legislation, if: (a) the Company is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade; (b) the trade is not a control distribution; (c) no unusual effort is made to prepare the market or to create a demand for the Rights or the Common Shares; (d) no extraordinary commission or other consideration is paid in respect of such trade; and (e) if the selling security holder is an insider or officer of the Company, the selling security holder has no reasonable grounds to believe that the Company is in default of securities legislation. If such conditions have not been met, then the Rights and the underlying securities may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances. As of the date hereof, the Company has been a reporting issuer for more than four months in certain Canadian provinces.

The foregoing is a summary only and is not intended to be exhaustive. Holders of Rights or of underlying Common Shares should consult with their advisors concerning restrictions on resale, and should not resell their Rights or the underlying securities until they have determined that any such resale is in compliance with all requirements of applicable legislation.

Will we issue fractional underlying securities upon exercise of the Rights?

No fractional Common Shares will be issued. Where any exercise of Rights would otherwise entitle a holder of Rights to receive fractional Common Shares, the holder's entitlement will be reduced and rounded down to the next lowest whole number of Common Shares, and the fraction shall be cancelled without any repayment of capital or other consideration therefor.

APPOINTMENT OF RIGHTS AGENT

Who is the Rights Agent?

Computershare Investor Services Inc. is the Rights Agent for the Offering. The Rights Agent has been appointed to receive subscriptions and payments from holders of Rights and to perform services relating to the exercise and transfer of Rights.

The subscription office of the Rights Agent is located at:

By Hand or Courier:

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

By Mail:

Computershare Investor Services Inc.
31 Adelaide Street E, PO Box 7021
Toronto, Ontario M5C 3H2

What happens if we do not receive funds from the Standby Guarantor?

The Company has entered into an agreement with the Rights Agent under which the Rights Agent will return all funds held by it to holders of Rights that have already subscribed for Common Shares under the Offering, without interest or deduction, if the Offering is not fully-subscribed and the Company does not receive funds from the Standby Guarantor pursuant to its obligations under the Standby Commitment.

RISK FACTORS

An investment in the Company's securities entails a significant degree of risk and should be considered speculation. The Company is subject to both known and unknown risks, which could have a material adverse effect on its operations. The following is a summary of certain known risk factors and is qualified in its entirety and must be read in conjunction with the detailed information appearing in this Circular. Security holders should carefully consider the information contained herein prior to investing. The description below includes certain known risk factors that are deemed to be of material importance for the Company's future development, including factors related to the Company's business, industry sector and legal risks. The description below is based on information available as of the date of the Circular. Readers are encouraged to review the Swedish Prospectus for additional risk factors applicable to the Company.

Business and industry-related risks

In-country risks

ShaMaran's assets and operations are in Kurdistan, a federally recognized semi-autonomous political region of Iraq,

and may be influenced by political developments between Kurdistan and the Federal Government of Iraq (the “Federal Government”) as well as political developments of neighbouring states within MENA, Turkey, and surrounding areas. Kurdistan and Iraq have a history of political instability, with disputes between the Federal Government and the KRG. The delineation of powers under the constitution of Iraq has been subject to different interpretations which has resulted in a number of outstanding political issues and differences between the Federal Government and the KRG including the financial support to be provided to the KRG by the Federal Government, the validity of production sharing contracts (“PSCs”) signed by the KRG and the jurisdiction over oil and gas matters in Kurdistan. There is also a risk that levels of authority of the KRG, and corresponding systems in place, could be transferred to the Federal Government. The oil and gas exploration, development and production activities in Kurdistan and Iraq are consequently subject to significant political, social and economic uncertainties, including the risk of changes in government policies and legislation, expropriation, nationalization, 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 KRG’s ability to export, and the imposition of currency controls.

On February 15, 2022, the Federal Supreme Court of Iraq ruled that the PSCs are contrary to the constitution of Iraq and should be voided (“FSC 2022 Ruling”). On February 23, 2022, the KRG responded by announcing that it, even though it considers the FSC 2022 Ruling unconstitutional and unjust, has decided to work with the Federal Government to reach an agreement on the FSC 2022 Ruling. The Company views the FSC 2022 Ruling as an incorrect interpretation of the Iraqi Constitution and a politically motivated attempt to interfere with the formation of a new Federal Government following the last parliamentary election, but a risk nevertheless remains that the Federal Government could successfully implement the FSC 2022 Ruling in whole or in part.

Kurdistan also has a history of security problems and the operations in Kurdistan are subject to uncertainties such as the risk of war, terrorism and criminal activity which may put the safety of the Company’s personnel at risk and interfere with the efficient execution of the Company’s operations.

The above could result in adverse effects to the Company’s business including 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.

The Company’s assessment is that the probability of the above risks occurring, in whole or in part, is medium, and that the negative impact of the risk, if it were to materialize, would be high.

Legal risks

Risks associated with the validity of petroleum contracts in Kurdistan

The Constitution of Iraq 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 federal parliament to govern the future organization and management of Iraq’s petroleum industry (including in Kurdistan) as there are a number of material issues which need to be resolved between the Federal Government and the KRG.

The Iraq oil ministry has historically disputed the validity of the KRG’s PSCs and, as a result indirectly, the Company’s right and title to its oil assets in Kurdistan. The KRG has previously disputed the Federal Government claims and has stated that the PSCs are compliant with the Constitution of Iraq. Currently there is no assurance that the KRG PSCs are enforceable or binding in accordance with ShaMaran’s interpretation of their terms or that, if breached, the Company would have remedies.

Should the Iraqi Federal Government successfully implement the FSC 2022 Ruling such as by invalidating the KRG’s PSCs or mandating other unfavourable changes that negatively impact the economic and operating terms of the Atrush Block PSC, as amended, it could result in adverse effects to the Company’s business including, but not limited to,

impairing the Company's claim and title to the assets held, and/or increasing the obligations required, under the PSC.

The Company's assessment is that the probability of the Federal Government successfully implementing the FSC 2022 Ruling, in whole or in part, is medium, and that the negative impact of the risk, if it were to materialize, would be high.

ADDITIONAL INFORMATION

Where can you find more information about us?

You can access our continuous disclosure documents filed with Canadian securities regulators on SEDAR under our issuer profile at www.sedar.com. In particular, you are encouraged to review the Swedish Prospectus which is expected to be published no later than April 20, 2022. The Swedish Prospectus, once published, is expected to contain additional information relating to the Company, including, amongst other things, the Company's proposed TEPKRI Acquisition. The Swedish Prospectus will be available on our website and also on SEDAR under our issuer profile. You can also find additional information about us on the Company's website at www.shamaranpetroleum.com.

MATERIAL FACTS AND MATERIAL CHANGES

There is no material fact or material change about the Company that has not been generally disclosed.