

ShaMaran Corporate Update

May 21, 2024

Vancouver, British Columbia – ShaMaran Petroleum Corp. (“ShaMaran” or the “Company”) (TSXV: SNM) (Nasdaq First North: SNM) plans to meet with major bondholders in the Company’s outstanding 12% senior unsecured bond due July 2025 (ISIN NO 0011057622) (the “Bond”) in order to amend certain terms and extend the Bond’s final maturity by two years.

As disclosed recently in the Company’s Q1 2024 results, ShaMaran’s cash flow has improved with increased production and sales to the local market in Kurdistan. The Company expects its stronger cash generation to continue and is seeking to repay the Bond with all available cash flow above a prudent balance required to run the business. The proposal to bondholders aims to make the repayment process faster and more efficient, while providing the Company with strategic flexibility for the benefit of all stakeholders.

ShaMaran proposes to offer bondholders certain changes to the current Bond terms, including a tender offer (buy-back) of \$47 million of bonds at 100% of par value if a written resolution supporting the proposed amendments is passed. The tender offer will be funded by unrestricted cash and the release and permanent cancellation of the Debt Service Reserve Account. The \$5.9 million of bonds owned by the Company will also be permanently cancelled and result in \$52.5 million of the Bond redeemed upon implementation, reducing the outstanding amount of the Bond by approximately 21%. All future semi-annual amortization payments are proposed to be replaced by a quarterly cash sweep mechanism, and ShaMaran’s call options for the Bond will be extended/amended together with other minor changes.

The Company intends to issue a summons for a written resolution to all bondholders if discussions with the larger bondholders are supportive of this proposal. The Lundin family, ShaMaran’s largest shareholder and bondholder, supports this proposal and does not intend to participate in the tender process. The Lundin family have also agreed to extend their subordinated loan to the Company beyond the proposed new maturity of the Bond, with no other changes to the loan terms if the written resolution is passed by bondholders.

Pareto Securities has been engaged as Manager for the contemplated proposal with ABG Sundal Collier and Clarksons Securities engaged as Co-Managers.

All currency amounts indicated as “\$” in this news release are expressed in United States dollars.

About ShaMaran Petroleum Corp.

ShaMaran is a Canadian independent oil and gas company focused on the Kurdistan region of Iraq. The Company indirectly holds an 18% working interest (22.5% paying interest) in the Sarsang Block, and, subject to closing the previously announced transaction, will increase its indirect 27.6% working interest in the Atrush Block to 50%. The Company is listed in Toronto on the TSX Venture Exchange and in Stockholm on Nasdaq First North Growth Market (ticker “SNM”). ShaMaran is part of the Lundin Group of Companies.

Important Information

ShaMaran is obliged to make this information public pursuant to the EU Market Abuse Regulation. This information was submitted for publication through the agency of the contact person set out below on May 21, 2024, at 5:30 p.m. Eastern Time.

The Company's certified advisor on Nasdaq First North Growth Market is FNCA Sweden AB.

Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or the Company's future performance, business prospects and opportunities, which are based on assumptions of management.

The use of any of the words "will", "expected", "planned" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of certain future events. Certain information set forth in this news release contains forward-looking statements, including, but not limited to, expectations of cash flow that may be impacted by the local demand for oil continuing until the Iraq-Türkiye pipeline ("ITP") reopening and its effect on the Company, including production in Sarsang and Atrush, and the impact of the anticipated closing of the TAQA/HKN transaction on the Company's indirect working interest in the Atrush Block. There is no certainty that bondholders will support the proposed amendments and vote in favour of such amendments. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, including results, timing and costs of seismic, drilling and development related activity in the Company's area of operations, uninsured risks, regulatory changes, defects in title, availability of funds required to participate in the development activities, availability of financing on reasonable terms, availability of materials and equipment on satisfactory terms, outcome of commercial negotiations with government and other regulatory authorities, timeliness of government or other regulatory approvals, actual performance of facilities, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included in the Company's annual information form for the year ended December 31, 2023, and other reports on file with the Canadian Securities Regulatory Authorities that can be accessed on the Company's profile on SEDAR+. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. With respect to the forward-looking statements in this news release, the Company has made assumptions regarding, among other things, local sales demand and prices, the timing and conditions to the reopening of the ITP, the closing of the TAQA/HKN transaction, future oil and gas prices and that the Company will be able to raise sufficient capital to fund its operations, if needed. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this release is made as of the date hereof, and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information.

Neither 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.

Source: ShaMaran Petroleum Corp.