

# Q1

**SHAMARAN**  
petroleum corp

***Financial Report***

*For the three months ended March 31, 2026*

*(UNAUDITED)*

*The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these financial statements.*

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# Management's Discussion and Analysis

## For the three months ended March 31, 2026

### INTRODUCTION

Management's discussion and analysis ("MD&A") of the financial and operating results of ShaMaran Petroleum Corp. (together with its subsidiaries, "ShaMaran" or the "Company") is prepared with an effective date of May 6, 2026, and is intended to provide an overview of the Company's operations, financial performance and current and future business opportunities. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2026, together with the accompanying notes ("Financial Statements"), the annual information form for the year ended December 31, 2024 ("2024 Annual Information Form") and the first quarter 2026 results press release.

### Company Overview

The Company is engaged in the business of oil and gas exploration and production and holds the following interests in production sharing contracts ("PSCs"):

- 50% non-operated working interest (66.7% paying interest) in the Atrush Block production sharing contract ("Atrush PSC") in the Kurdistan Region of Iraq ("KRI"). The Atrush Block twenty-year development period commenced in Q4 2013, and oil production on the Atrush Block commenced in Q3 2017.
- 18% non-operated working interest (22.5% paying interest) in the Sarsang Block production sharing contract ("Sarsang PSC") in the KRI. The Sarsang Block twenty-year development period commenced in Q2 2013, and oil production on the Sarsang Block commenced in Q1 2013.

ShaMaran's common shares are listed on the TSX Venture Exchange ("TSXV") in Canada and the NASDAQ First North Growth Market ("Nasdaq First North") in Sweden. The Company is incorporated and domiciled in British Columbia, Canada under the *Business Corporations Act* (British Columbia). The address of its registered and records office is 1075 West Georgia Street, Suite 1200, Vancouver, BC V6E 3C9, Canada, and its business address is 1055 Dunsmuir Street, Suite 2800, PO Box 49225, Vancouver, BC V7X 1LC, Canada.

### Basis of Preparation

The MD&A and Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Unless otherwise stated herein, all currency amounts indicated as "\$" in this MD&A are expressed in United States dollars ("USD").

# Management's Discussion and Analysis

## For the three months ended March 31, 2026

### INTERIM MD&A QUATERLY HIGHLIGHTS

- On March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional security environment related to the Iran war. Other international oil companies ("IOCs") in the region have also announced temporary production shut-ins since early March, with only a fraction of the pre-Iran war oil volumes being exported from the KRI via the Iraq-Türkiye pipeline ("ITP");
- The Company announced on March 5, 2026, an explosion at one of the processing facilities in the Sarsang field and on April 1, 2026, an explosion at one of the storage facilities in the Sarsang field. All personnel were safely accounted for, and no injuries were reported;
- International oil exports from the KRI through the ITP restarted on September 27, 2025, and continue in line with the interim agreements executed between the Kurdistan Regional Government ("KRG"), Government of Iraq and several IOCs, including ShaMaran.
  - IOCs are entitled to receive export payments "in-kind" under the interim agreements, with cargoes sold by the IOC-appointed marketing firm on a regular basis and payments for the sales received approximately 30 days after each lifting. There have been no delays in receiving payment from the Iraqi State Organization for Marketing of Oil ("SOMO") as part of the interim agreements since the start of exports in September 2025.
  - The interim agreements were extended to June 30, 2026, in order to facilitate the reconciliation of IOC invoices with the respective PSCs by the appointed international consulting firm. IOCs expect full PSC entitlement payment when the review is completed.
- On March 10, 2026, the Company announced shareholder approval for the proposed continuance of the Company from Canada to Bermuda and the delisting of the Company's shares from the TSXV. Following the continuance to Bermuda, the Company plans to list its shares on the Euronext Growth Oslo market operated by the Oslo Stock Exchange while maintaining the Company's secondary listing on the Nasdaq First North in Stockholm. Once ShaMaran completes both transactions, the Company will no longer be incorporated in British Columbia and subject to the laws of Canada, it will cease to be listed on the TSXV, and it will no longer be a reporting issuer in any jurisdiction in Canada. ShaMaran will instead be incorporated in and subject to the laws of Bermuda;
- Average gross daily oil production from Atrush and Sarsang in Q1 2026 on a combined basis was 35.9 Mbopd (45% lower than the 65.2 Mbopd in Q1 2025) primarily due to the shut-in from the beginning of March 2026 and lower production at the Sarsang Block;
- Average Company net daily oil production from Atrush and Sarsang in Q1 2026 on a combined basis was 13.1 Mbopd (43% lower than the 23.0 Mbopd in Q1 2025) primarily due to the shut-in from the beginning of March 2026 and lower production at the Sarsang Block;
- Revenue in Q1 2026 was \$38.0 million (6% higher than the \$35.9 million in Q1 2025) primarily due to oil sales at international prices following the restart of pipeline exports. Production has been suspended since March 2, 2026, impacting revenue in Q1 2026;
- Oil sales in Q1 2026 averaged a net oil price of \$63.08/bbl from the two blocks on a combined basis (88% higher than the \$33.57/bbl in Q1 2025) due to international pricing since the restart of pipeline exports;
- Lifting costs in Q1 2026 were \$7.9 million (16% lower than the \$9.4 million in Q1 2025) mainly due to immediate cost control following the shut-in from the beginning of March 2026;
- Gross margin on oil sales in Q1 2026 was \$22.7 million (82% higher than the \$12.5 million in Q1 2025) mainly due to Q1 2026 pipeline export sales at international pricing and lower costs due to the shut-in;
- Adjusted EBITDAX<sup>1</sup> in Q1 2026 was \$28.1 million (15% higher than the \$24.5 million in Q1 2025) due to a combination of the effects described above and lower corporate costs;
- The Company generated \$21.4 million in cash flow from operating activities during Q1 2026 mainly from pipeline export interim payments (33% lower than the \$32.0 million in Q1 2025). The decrease is due to timing of cash receipts for pipeline export sales, as well as higher expenditures related to drilling, debottlenecking and maintenance works on both blocks; and
- At March 31, 2026, the Company had cash of \$36.5 million and gross debt (corporate bond) of \$143.8 million. Net debt<sup>1</sup> was \$107.2 million.

### SUBSEQUENT EVENTS:

- On April 1, 2026, the Company announced an explosion at one of the storage facilities in the Sarsang field. All personnel were safely accounted for, and no injuries were reported. Both the Atrush and Sarsang blocks remain shut-in at the date of this MD&A due to the regional security environment, and there is no certainty as to the duration of the shut-in. HKN Energy Ltd. ("HKN"), the operator of the blocks, plans to restart production as soon as safe and secure operations are possible.

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<sup>1</sup> Non-IFRS Accounting Standards measures do not have any standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other public companies. Non-IFRS Accounting Standards measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. The Company uses non-IFRS Accounting Standards measures to provide investors with supplemental measures. Refer to the "Non-IFRS Accounting Standards Measures" section of this MD&A for more information.

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

#### OPERATIONS REVIEW

	Three months ended March 31,		Three months ended Dec 31,
	2026	2025	2025
<b>Average daily oil production – gross 100% field (Mbopd)</b>			
- Atrush	20.6	35.3	30.2
- Sarsang	15.3	29.9	27.1
<b>Total</b>	<b>35.9</b>	<b>65.2</b>	<b>57.3</b>
<b>Average daily oil production – Company net (Mbopd)</b>			
- Atrush (50%)	10.3	17.6	15.1
- Sarsang (18%)	2.8	5.4	4.9
<b>Total</b>	<b>13.1</b>	<b>23.0</b>	<b>20.0</b>
<b>Oil sales – gross 100% field (Mbbbl)</b>			
- Atrush	1,852	3,175	2,775
- Sarsang	1,357	2,705	2,451
<b>Total</b>	<b>3,209</b>	<b>5,880</b>	<b>5,226</b>
<b>ShaMaran oil sales entitlement (Mbbbl)</b>			
- Atrush (50%)	442	764	665
- Sarsang (18%)	153	305	275
<b>Total</b>	<b>595</b>	<b>1,069</b>	<b>940</b>

Atrush and Sarsang delivered international exports via the ITP in the first quarter of 2026 until the temporary production shut-in at the beginning of March 2026 due to the regional security environment. The operator, HKN, will be able to assess the damage from drone attacks and recommend any needed repairs when the security environment allows unrestricted access to the fields. The operator expects that Atrush will be able to produce at full capacity shortly after field operations restart. Sarsang is expected to restart at reduced capacity, with full production to be reached in phases over several months, as damage assessment is complete and repairs or modifications are made.

Operational plans for the remainder of 2026, including drilling and other capital expenditures, are contingent on the security environment in the region. The operating plans for 2026 are also contingent on the continuation of the ITP export deal reached with SOMO in 2025, including completion of the reconciliation work by the appointed international consultant and receipt of full PSC entitlement by IOCs, as well as the extension or renegotiation of the ITP agreement between Iraq and Turkey prior to its expiry in July 2026.

At Atrush, average production in Q1 2026 was 20.6 Mbopd, below potential due to the precautionary security shutdown. Atrush production reached 40.0 Mbopd in mid-February 2026 due to commissioning of the CPF expansion, replacement of the CK-10 electrical submersible pump and successful completion of the CK-21 well, which demonstrated initial production rates of approximately 6.0 Mbopd. CK-25, the next well in the drilling sequence, was successfully drilled to the reservoir. However, it was suspended after cementing the production casing due to the security environment.

At Sarsang, average production in Q1 2026 was 15.3 Mbopd, below potential due to the precautionary security shutdown. Daily spot production rates prior to the shutdown were approximately 24.0 Mbopd, representing a decrease from the previous quarter due to natural field decline and the suspension of the ST-2 well pending installation of water-handling facilities.

# Management's Discussion and Analysis

## For the three months ended March 31, 2026

### FINANCIAL REVIEW

#### Financial Results

#### Selected Quarterly Financial Information

The following is a summary of selected quarterly financial information for the Company:

USD Thousands (except per share data)	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
<b>Continuing operations:</b>								
Revenue	38,031	54,663	28,936	35,385	35,885	34,749	29,425	22,630
Cost of goods sold	(15,333)	(24,146)	(19,658)	(22,610)	(23,409)	(15,673)	(19,470)	(15,225)
Bargain purchase gain on acquisitions	-	-	-	-	-	-	70,336	-
General and administrative expense	(1,871)	(4,592)	(1,492)	(1,552)	(5,076)	(3,340)	(1,282)	(1,426)
Share-based payments expense	166	1,115	(1,477)	(1,004)	(3,471)	(1,533)	(273)	(887)
Depreciation and amortization	(26)	(27)	(20)	(37)	(1)	(32)	(26)	(42)
Credit loss provision	(185)	(420)	(390)	1,042	1,314	24	1,591	298
Finance expense	(4,076)	(4,625)	(4,594)	(8,286)	(6,982)	(6,793)	(5,569)	(6,812)
Finance income	338	582	584	655	641	782	384	1,046
Income tax expense	(20)	(7)	(18)	(75)	(7)	(65)	(17)	(91)
<b>Net income/(loss)</b>	<b>17,024</b>	<b>22,543</b>	<b>1,871</b>	<b>3,518</b>	<b>(1,106)</b>	<b>8,119</b>	<b>75,099</b>	<b>(509)</b>
<b>EBITDAX<sup>2</sup></b>	<b>28,294</b>	39,568	16,391	23,846	17,777	21,885	21,509	14,707
<b>Adjusted EBITDAX<sup>3</sup></b>	<b>28,128</b>	39,887	17,868	24,850	24,465	23,418	21,782	15,594
<b>Earnings per share in \$</b>								
- Basic	0.006	0.008	0.001	0.001	-	0.003	0.026	-
- Diluted	0.006	0.008	0.001	0.001	-	0.003	0.025	-

EBITDAX is calculated as the net result before financial items, taxes, depletion of oil and gas properties, impairment costs, the gains on acquisitions, depreciation and exploration expenses and adjusted for non-recurring profit/loss on sale of assets and other income. Explanations of the significant variances between periods are provided in the following sections.

#### Summary of Principal Changes in the First Quarter Financial Information

The \$17.0 million net income generated in Q1 2026 was primarily driven by higher price realizations in revenue, with Q1 2026 oil sales recorded at the Kirkuk blend official selling price, and the reduction in costs throughout the cost base. The income and expenses in Q1 2026 are explained in more detail in the following sections.

<sup>2</sup> Non-IFRS Accounting Standards measures do not have any standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other public companies. Non-IFRS Accounting Standards measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. The Company uses non-IFRS Accounting Standards measures to provide investors with supplemental measures. Refer to the "Non-IFRS Accounting Standards Measures" section of this MD&A for more information.

<sup>3</sup> Adjusted EBITDAX adds back the non-cash share-based payments expense each quarter, as well as non-recurring, transaction and project related expenses.

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

#### Gross margin on oil sales

USD Thousands	Three months ended March 31,	
	2026	2025
Revenue from oil sales	38,031	35,885
Lifting costs	(7,921)	(9,434)
Other costs of production	(111)	(127)
Depletion costs	(7,301)	(13,848)
<b>Cost of goods sold</b>	<b>(15,333)</b>	<b>(23,409)</b>
<b>Gross margin on oil sales</b>	<b>22,698</b>	<b>12,476</b>

**Revenue from oil sales** relates to the Company's entitlement share of local oil sales until September 26, 2025, and then ITP export sales until the shut-in at the start of March 2026, from the Atrush and Sarsang blocks. The revenue of \$38.0 million in Q1 2026 was 6% higher than Q1 2025, driven by the higher international prices of ITP export sales. The average net oil price in Q1 2026 was \$63.08/bbl from the two blocks on a combined basis (88% higher than the \$33.57/bbl in Q1 2025). The Company's entitlement share of oil sales in Q1 2026 was 0.6 MMbbls, 45% lower than the 1.1 MMbbls entitlement in Q1 2025, mainly due to the shut-in.

**Lifting costs** comprise the Company's share of expenses related to the production of oil from the Atrush and Sarsang blocks, including operations and maintenance of wells and production facilities, insurance and the operator's related support costs as charged to the Company. Lifting costs were 16% lower in Q1 2026 compared to Q1 2025, mainly due to the immediate cost control following the shut-in.

**Other costs of production** include the Company's share of other costs prescribed under the Atrush and Sarsang PSCs.

**Depletion costs** were 47% lower in Q1 2026 compared to Q1 2025, due to the reduction in production. Average gross daily oil production from Atrush and Sarsang in Q1 2026 on a combined basis was 35.9 Mbopd (45% lower than the 65.2 Mbopd in Q1 2025).

**Gross margin on oil sales** was 79% higher in Q1 2026 versus Q1 2025, due to ITP export sales at international prices and lower costs due to the shut-in.

#### General and administrative expense

USD Thousands	Three months ended March 31,	
	2026	2025
Salaries and benefits	976	4,093
Management and consulting fees	453	344
Legal, accounting and audit fees	148	315
Listing costs and investor relations	148	105
General and other office expenses	102	143
Travel expenses	44	21
Corporate sponsorship	-	55
<b>General and administrative expense</b>	<b>1,871</b>	<b>5,076</b>

The decrease in general and administrative expenses in the quarter is mainly due to Q1 2025 including non-recurring, transaction-related management compensation, as well as consulting, legal and audit fees. Part of the compensation-related increase in Q1 2025 was linked to contractual obligations under employment agreements, including severance payments and M&A triggers.

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

#### Finance expense

USD Thousands	Three months ended March 31,	
	2026	2025
Interest/amortization charges on bonds	4,750	5,886
Adjustment of bond and loan amortization	-	846
Amortization of related-party loan	-	535
<b>Total borrowing costs</b>	<b>4,750</b>	<b>7,267</b>
Unwinding discount on decommissioning provision	272	48
Interest expense	52	-
Foreign exchange loss	51	56
Lease – interest expense	14	-
Re-measurement of contingent consideration	(76)	156
<b>Total finance expense before borrowing costs capitalized</b>	<b>5,063</b>	<b>7,527</b>
Borrowing costs capitalized	(987)	(545)
<b>Total finance expense</b>	<b>4,076</b>	<b>6,982</b>

The Company had a loan from a related party, Nemesia S.à.r.l. (“Nemesia”). In Q3 2025, the Company repaid the full balance of the loan plus all accrued and unpaid interest.

Interest and amortization charges relate to the Company's bond and related-party loan. The bond amendments effective May 2, 2025, as well as the repayments of the related-party loan, were treated as a modification to the bond and loan, and the amortization schedules were adjusted accordingly.

Interest/amortization charges on bonds were lower in 2026 due to the repayments made during 2025.

Borrowing costs directly attributable to the preparation of development assets for their intended use have been capitalized together with the related oil and gas assets. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

For further information on the Company's borrowings, refer to the discussions in the section below entitled “Borrowings”.

## Management’s Discussion and Analysis

### For the three months ended March 31, 2026

#### Capital Expenditures

##### Capital Expenditures on Property, Plant & Equipment (“PP&E”)

PP&E principally comprises development costs related to the Company’s share of the PSCs, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

The movements in PP&E are explained below:

USD Thousands	At March 31, 2026	At December 31, 2025
<b>Opening net book value</b>	<b>324,505</b>	<b>365,708</b>
Additions	23,191	8,883
Depletion and depreciation expense	(7,242)	(50,086)
<b>Net book value</b>	<b>340,454</b>	<b>324,505</b>

#### Financial Position and Liquidity

##### Accounts receivable

At March 31, 2026, the Company had the following outstanding receivables:

USD Thousands	At March 31, 2026	At December 31, 2025
Accounts receivable on oil sales	96,779	96,093
Credit loss provision	(11,374)	(11,190)
<b>Total accounts receivable</b>	<b>85,405</b>	<b>84,903</b>

The accounts receivable balance at March 31, 2026, relates to \$52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the “Overdue Receivables”) and \$44.0 million representing the remaining PSC entitlement amounts owed for the 2025-2026 ITP export sales. It is Management’s view that the counterparty risk related to oil sales under the 2025 interim agreements is better diversified than that of the Overdue Receivables from the KRG. The compensation for the Company’s sales under the interim agreements is paid by the SOMO on behalf of the KRG in barrels allocated to the IOC-appointed trader, and the Company benefits from contractual recourse against both the KRG and/or SOMO for non-payment. There have been no delays in receiving payment from SOMO as part of the interim agreements since the start of exports in September 2025. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. The Company has reassessed the credit loss provision for the Overdue Receivables and has compared the carrying value of the relevant trade receivables with the present value of the estimated future cash flows based on reasonable recovery scenarios, weighted by the relative probability of these potential outcomes. A relevant discount rate has been applied to reflect counterparty credit risk to provide a reasonable approximation of the fair value of these trade receivables at March 31, 2026. The result of the Company’s assessment under IFRS 9 is a \$0.2 million adjustment to these trade receivables in Q1 2026, included in the Statement of Comprehensive Income (Q1 2025: \$1.3 million).

## Management’s Discussion and Analysis

### For the three months ended March 31, 2026

#### Borrowings

On April 11, 2025, the Company announced bondholder approval for certain further amendments to the terms of the Company’s outstanding bond. The new amendments became effective on May 2, 2025, and included converting the mandatory cash sweep to voluntary and extending the maturity by an additional two years to July 2029 (the “2029 Bond”). All amendments to the bond have been treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense.

The bond has a financial covenant stating that at all times the ratio of reserve value to net debt (“Asset Coverage Ratio”) shall be a minimum of 1.25x. The reserve value is based on the latest 2P reserve value as set out in the latest published reserve report. Net debt is calculated as total debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the covenant was included in the bond terms.

The movements in borrowings are explained below:

USD Thousands	At March 31, 2026	At December 31, 2025
<b>Opening balance</b>	<b>145,348</b>	<b>198,296</b>
Interest/amortization charges	4,751	23,572
Bond transaction costs	-	(556)
Bond cancellation	-	(56,146)
Payments to bondholders – interest	(4,313)	(19,818)
<b>Ending balance</b>	<b>145,786</b>	<b>145,348</b>

#### Liquidity and Capital Resources

**Cash in the bank** at March 31, 2026, was \$36.5 million, compared to \$42.1 million at December 31, 2025. The main components of the \$5.6 million decrease in funds during Q1 2026 were as follows:

- The operating activities of the Company in Q1 2026 resulted in an increase of \$21.4 million in the cash position (Q1 2025: increase of \$32.0 million);
- Net cash outflows related to investing activities in Q1 2026 were \$19.3 million (Q1 2025: net cash inflows of \$5.7 million). Cash outflows to investing activities comprised \$19.6 million for capital investments in the Atrush and Sarsang development work programs, plus cash inflows of \$0.3 million for interest received; and
- Net cash outflows for financing activities in Q1 2026 were \$7.7 million (Q1 2025: \$35.2 million) and comprised \$4.3 million of interest payments to bondholders and \$3.4 million of cash taxes and payments on the share and stock compensation plan.

The Financial Statements were prepared on a going-concern basis, which assumes that the Company will be able to realize into the foreseeable future its assets and liabilities in the normal course of business as they come due. Refer also to the discussion in the section below on “Risks and Uncertainties.”

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

#### Non-IFRS Accounting Standards Measures

This MD&A contains certain financial measures and ratios, as described below, which do not have standardized meanings prescribed by IFRS Accounting Standards or generally accepted accounting principles (GAAP). As these non-IFRS financial measures and ratios are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

The non-IFRS financial measures and ratios used in this MD&A are used by the Company as key measures of financial performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with IFRS Accounting Standards.

The following tables set out how the Non-IFRS Accounting Standards Measures are calculated from figures shown in the Financial Statements:

#### EBITDAX

EBITDAX is calculated as the net result before financial items, taxes, depletion of oil and gas properties, impairment costs, the gains on acquisitions, depreciation and exploration expenses and adjusted for non-recurring profit/loss on sale of assets and other income. The Company uses EBITDAX primarily as a measure of profitability and cash generation. Adjusted EBITDAX adds back non-cash, share-based payments and non-recurring, transaction and project related expenses. A quantitative reconciliation to revenues, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	Three months ended March 31,	
	2026	2025
Revenues	38,031	35,885
Lifting costs	(7,921)	(9,434)
Other costs of production	(111)	(127)
General and administrative expense	(1,871)	(5,076)
Share-based payments	166	(3,471)
<b>EBITDAX</b>	<b>28,294</b>	<b>17,777</b>
Share-based payments	(166)	3,471
Non-recurring costs	-	3,217
<b>Adjusted EBITDAX</b>	<b>28,128</b>	<b>24,465</b>

#### Free cash flow before debt service

Free cash flow before debt service is a non-IFRS financial measure calculated as the sum of cash flows from operating and investment activities. The Company uses free cash flow before debt service primarily as a measure of cash generation. A quantitative reconciliation to net cash inflows from operating activities, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	Three months ended March 31,	
	2026	2025
Net cash inflows from operating activities	21,423	32,032
Net cash (outflows)/inflows from investing activities	(19,255)	5,748
<b>Free cash flow before debt service</b>	<b>2,168</b>	<b>37,780</b>

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

#### Net debt

Net debt is a non-IFRS financial measure calculated as total debt less cash and cash equivalents. The Company uses net debt primarily as a measure of leverage. A quantitative reconciliation to total debt, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	At March 31,	
	2026	2025
Outstanding principal of ShaMaran Bond	(143,768)	(173,143)
Loan from related party	-	(15,600)
<b>Total debt</b>	<b>(143,768)</b>	<b>(188,743)</b>
Cash and cash equivalents	36,525	79,329
<b>Net debt</b>	<b>(107,243)</b>	<b>(109,414)</b>

All figures in the net debt calculation are based on their nominal value at the balance sheet date. See Notes 9, 15 and 19 in the Financial Statements.

#### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

#### Transactions with Related Parties

USD Thousands	Purchase of services in the three months ended March 31,		Amounts owing at the balance sheet date	
	2026	2025	March 31, 2026	December 31, 2025
International Petroleum Corp.	98	76	76	36
Orrön Energy AB	48	34	9	1
Namdo Management Services Ltd.	9	6	69	74
Nemesia	-	536	-	-
Lundin Foundation	-	55	-	-
<b>Total</b>	<b>155</b>	<b>707</b>	<b>154</b>	<b>111</b>

Nemesia is a company controlled by a trust settled by the estate of the late Adolf H. Lundin and is a shareholder and bondholder of the Company. The Company had a loan from Nemesia that was fully repaid in 2025.

The Lundin Foundation is a non-profit organization, of which the Company is a member, that provides services for Lundin Group companies.

International Petroleum Corp., Namdo Management Services Ltd. and Orrön Energy AB are companies affiliated with shareholders of the Company and provide corporate, technical and administrative support services to the Company.

All transactions with related parties are conducted in the normal course of business and are made on an arm's-length basis, as with all third parties.

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

#### Outstanding Share Data, Share Units and Stock Options

##### Common shares

The Company had 2,878,504,314 outstanding shares and 2,960,804,535 fully-diluted shares at March 31, 2026, and at the date of this MD&A.

A summary of the share issuances in the first quarter of 2026 is below:

- No common shares were issued from restricted share units ("RSUs"); and
- 3,055,065 common shares were issued as a result of options exercised in accordance with the Stock Option Plan (defined below).

##### Share units and stock options

ShaMaran has established a deferred share unit plan (the "DSU Plan"), a share unit plan (the "Share Unit Plan") and a stock option plan (the "Stock Option Plan") whereby the Company may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees or consultants. At March 31, 2026, a total of 82,300,221 shares, 3% of the issued share capital, had been granted of the potential 287,850,431 shares that could be granted under the plans. Under the plans, the Company may also grant performance share units ("PSUs") or RSUs. As at March 31, 2026, and the date of this MD&A, there are no PSUs outstanding. The DSU Plan is for non-executive directors of the Company.

During Q1 2026, a total of 11,971,318 RSUs vested, 238,682 RSUs were forfeited, 7,366,666 options were exercised and 210,000 options were forfeited.

At March 31, 2026, there were 19,826,662 stock options outstanding under the Company's employee incentive Stock Option Plan, which represents 0.7% of the total shares outstanding at March 31, 2026.

The Company has no warrants outstanding.

Movements in the Company's outstanding options and share units in the period are explained below:

	Number of stock options outstanding	Number of RSUs outstanding	Number of DSUs outstanding
<b>At December 31, 2025</b>	<b>27,403,328</b>	<b>52,413,324</b>	<b>22,270,235</b>
Options exercised	(7,366,666)	-	-
Expired/forfeited	(210,000)	(238,682)	-
RSUs vested	-	(11,971,318)	-
<b>At March 31, 2026</b>	<b>19,826,662</b>	<b>40,203,324</b>	<b>22,270,235</b>
<b>Quantities vested and unexercised:</b>			
At December 31, 2025	9,816,670	-	22,270,235
At March 31, 2026	9,408,333	-	22,270,235

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

#### Contractual Obligations and Commitments

##### Production Sharing Contracts

The Company is responsible for its pro-rata share of petroleum costs incurred in executing the development and production work programs on the Atrush and Sarsang blocks. ShaMaran also carries its pro-rata share of the KRG's petroleum costs in the Sarsang and Atrush blocks.

As at March 31, 2026, the outstanding commitments of the Company were as follows:

USD Thousands	For the year ended March 31,				Total
	2027	2028	2029	Thereafter	
Atrush and Sarsang block development and PSC	74,368	400	400	1,200	<b>76,368</b>
Sarsang contingent consideration	-	-	-	15,000	<b>15,000</b>
Corporate office and other	74	64	64	364	<b>566</b>
<b>Total commitments</b>	<b>74,442</b>	<b>464</b>	<b>464</b>	<b>16,564</b>	<b>91,934</b>

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2026 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon the security situation, continuation of sales and other economic factors.

The contingent consideration relates to the purchase consideration for the acquisition of the interest in the Sarsang Block, purchased in September 2022, and is payable to the seller upon (i) cumulative gross oil production from the Sarsang PSC reaching 130 MMbbls and (ii) Brent crude oil prices averaging at least \$60/bbl for the preceding twelve-month period. The Company estimates the fair value of this contingent consideration based on forecasted results from the reserves report at the end of each quarter and treats any difference as a finance income/cost.

#### Critical Accounting Policies and Estimates

The Financial Statements of the Company have been prepared by management using IFRS Accounting Standards. In preparing financial statements, management makes informed judgments and estimates that affect the reported amounts of assets and liabilities as at the date of the Financial Statements and affect the reported amounts of revenues and expenses during the period. Specifically, estimates are utilized in calculating depletion, asset retirement obligations, fair values of assets on acquisition of control, share-based payments, amortization and impairment write-downs, as required. Actual results could differ from these estimates, and differences could be material.

#### Accounting for Oil and Gas Operations

Oil and gas assets comprise development and production costs for areas where technical feasibility and commercial viability have been established and include any exploration and evaluation assets transferred after conclusion of appraisal activities, as well as costs of development drilling, completion, gathering and production infrastructure, directly attributable overheads, borrowing costs capitalized and the cost of recognizing provisions for future restoration and decommissioning. Oil and gas costs are accumulated separately for each contract area.

Exploration well costs are initially capitalized and, if subsequently determined to have not found sufficient reserves to justify commercial production, are charged to exploration expense. Exploration well costs that have found sufficient reserves to justify commercial production, but whose reserves cannot be classified as proved, continue to be capitalized if sufficient progress is being made to assess the reserves and economic viability of the well or related project.

Capitalized costs of proved oil and gas properties are depleted using the unit of production method based on estimated gross proved and probable reserves of petroleum and natural gas as determined by independent engineers. Successful exploratory wells, development costs and acquired resource properties are depleted over proved and probable reserves. Acquisition costs of unproved reserves are not depleted or amortized while under active evaluation for commercial reserves. Costs associated with significant development projects are depleted once commercial production commences. A revision to the estimate of proved and probable reserves can have a significant impact on earnings as they are a key component in the calculation of depreciation, depletion and accretion.

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

Producing properties and significant unproved properties are assessed annually, or more frequently as economic events dictate, for potential indicators of impairment. Economic events that would indicate impairment include:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of petroleum resources in the specific area is neither budgeted nor planned;
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amounts of exploration and evaluation costs and oil and gas assets is unlikely to be recovered in full from successful development or by sale;
- Extended decreases in prices or margins for oil and gas commodities or products; and
- A significant downwards revision in estimated volumes or an upward revision in future development costs.

For impairment testing, the assets are aggregated into CGU cost pools based on their ability to generate largely independent cash flows. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value-in-use. Fair value is determined to be the amount for which the asset could be sold in an arm's-length transaction. Value-in-use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU.

Where conditions giving rise to the impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the statement of comprehensive income net of any depletion and depreciation that would have been charged since the impairment.

In 2026, all of the Company's development activities were conducted jointly with others.

#### FINANCIAL INSTRUMENTS

The Company's financial instruments currently consist of cash, cash equivalents, advances to joint operations, other receivables, borrowings, related-party loans, accounts payable and accrued expenses, accrued interest on bonds, provisions for decommissioning costs and current tax liabilities. The Company classifies its financial assets and liabilities at initial recognition in the following categories:

- **Financial Assets at Amortized Cost** – Assets that are held for collection of contractual cash flow where that cash flow represents solely payments of principal and interest. This includes the Company's receivables that consist of fixed or determined cash flow related solely to principal and interest amounts or contractual sales of oil. The Company's intent is to hold these receivables until cash flow is collected. Financial assets at amortized cost are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for any expected credit losses on a financial asset that is measured at amortized cost.
- **Financial Liabilities at Amortized Cost** – Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at Fair Value through Profit or Loss ("FVTPL"), or the Company has opted to measure them at FVTPL. Borrowings and accounts payable are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

With the exception of borrowings, accrued interest on bonds and provisions for decommissioning costs, which have fair-value measurements based on valuation models and techniques where the significant inputs are derived from quoted prices or indices, the fair values of the Company's other financial instruments did not require valuation techniques to establish fair values as the instrument was either cash and cash equivalents or, due to the short-term nature, readily convertible to or settled with cash and cash equivalents.

The Company is exposed in varying degrees to a variety of financial instrument-related risks that are discussed in the following sections:

#### Financial Risk Management Objectives

The Company's management monitors and manages the Company's exposure to financial risks facing the operations. These financial risks include market risk (including commodity-price, foreign-currency and interest-rate risks), credit risk and liquidity risk.

The Company does not presently hedge against these risks as the benefit of entering into such agreements is not considered to be significant enough as to outweigh the significant cost and administrative burden associated with such hedging contracts.

**Commodity-price risk** is a risk as the prices that the Company receives for its oil production may have a significant impact on the Company's revenues and cash flow from operations.

The Company does not hedge against commodity price risk.

## Management's Discussion and Analysis

### For the three months ended March 31, 2026

**Foreign-currency risk** is a low risk since all of the Company's revenues and most of its purchases are denominated in USD, and therefore the Company maintains a substantial portion of its cash and cash equivalents in the currency. Certain of its operations require the Company to make purchases denominated in foreign currencies, which are currencies other than USD and correspond to the various countries in which the Company conducts its business, such as CHF and CAD. As a result, the Company holds some cash and cash equivalents in foreign currencies and is therefore exposed to foreign-currency risk due to exchange-rate fluctuations between the foreign currencies and the USD. The Company considers its foreign-currency risk to be limited because it holds relatively small amounts of foreign currencies at any point in time and because its volume of foreign currency transactions is relatively low. Therefore, the Company does not hedge its exposure to changes in foreign currency exchange rates.

**Interest-rate risk** is a risk due to the fluctuation in short-term interest rates as the Company earns interest income at variable rates on its cash and cash equivalents.

The Company's policy on interest-rate management is to maintain a certain amount of funds in the form of cash and cash equivalents for short-term liabilities and to have the remainder held in relatively short-term deposits.

ShaMaran is leveraged through bond financing at the corporate level. However, the Company is not exposed to interest-rate risks associated with its corporate bond as the interest rate is fixed.

**Credit risk** is a risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is primarily exposed to credit risk on its cash and cash equivalents and receivables.

The Company manages credit risk by monitoring counterparty ratings and credit limits and by maintaining excess cash and cash equivalents on account in instruments having a minimum credit rating of R-1 (mid) or better (as measured by Dominion Bond Rate Services) or the equivalent thereof according to a recognized bond-rating service.

The carrying amounts of the Company's financial assets recorded in the Financial Statements represent the Company's maximum exposure to credit risk.

**Liquidity risk** is a risk that the Company will have difficulties meeting its financial obligations as they become due. Like with many oil and gas companies, the Company raises financing for its development activities in discrete tranches to finance its activities for limited periods. The Company will seek additional funding as and when required. The Company anticipates making substantial capital expenditures in the future for the development and production of oil and gas reserves, and, as the Company continues to develop projects, specific financing, including the possibility of additional debt, may be required to enable future development to take place. The financial results of the Company will impact its access to the capital markets necessary to undertake or complete future drilling and development programs. There can be no assurance that debt or equity financing, or future cash generated by operations, will be available or sufficient to meet these requirements or, if debt or equity financing is available, that it will be on terms acceptable to the Company.

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasted and actual cash flow. Annual capital expenditure budgets are prepared, monitored and updated, as necessary. In addition, the Company requires authorization for expenditures on both of its non-operated projects to further manage capital expenditures.

# Management's Discussion and Analysis

## For the three months ended March 31, 2026

### RISKS AND UNCERTAINTIES

ShaMaran is engaged in the exploration and production of crude oil and natural gas, and its operations are subject to various risks and uncertainties that include but are not limited to those listed below. Additional risks and uncertainties not presently known to the management of the Company, or that the management of the Company presently deem to be immaterial, may also impair the business and operations of the Company and cause the price of the shares in the Company to decline. If any of the risks described below materialize, the effect on the Company's business, financial condition or operating results could be materially adverse.

#### Implementation of the 2023-2025 Federal Budget Law ("Federal Budget Law")

On September 25, 2025, the Company announced that interim agreements were executed between the KRG, Government of Iraq and several IOCs, including ShaMaran. These agreements enabled the restart of international oil exports from the KRI via the ITP on September 27, 2025. The agreements are based on the Iraqi Budget Law amendment in February 2025 and Iraq's recognition of the KRI PSCs. The agreements were initially extended until March 31, 2026, and then again until June 30, 2026, to allow the appointed international consultant to complete a reconciliation of export invoices to PSC terms for each block that is party to the export agreements. There is no certainty that the interim agreements entered into will be implemented as agreed or extended beyond the expiry date of June 30, 2026, especially in light of the ongoing negotiations regarding the formation of a new government in Iraq following parliamentary elections in November 2025. If the implementation of all material aspects of the interim agreements fails, or if there is no extension of these agreements, KRI oil exports may stop again.

#### 2026 ITP renegotiation

On July 26, 2025, Türkiye notified Iraq of its intent to terminate the ITP agreement on the maturity date of July 27, 2026. Following various press reports, it is expected that Türkiye and Iraq will enter negotiations for a new ITP agreement (where Türkiye would like a non-exclusive deal) before the expiration of the current contract. It may also be possible for the KRG to enter negotiations with Türkiye on a new export deal via the ITP. There is a risk that exports via the ITP could stop in their current form if there is no new agreement reached between Türkiye and Iraq by the time the ITP agreement expires in July 2026.

#### Federal Supreme Court of Iraq ruling

As previously noted in the Company's 2024 Annual Information Form, the Federal Supreme Court of Iraq ("FSC") 2022 ruling that the Kurdistan Region's 2007 Oil and Gas Law is unconstitutional and the instruction to the Ministry of Oil to take steps to implement the FSC's decision are still in place. In October 2024, a Baghdad commercial court ruled that various KRI PSCs are valid (including the Atrush and Sarsang PSCs to which a ShaMaran subsidiary is a party). It has been reported that the Ministry of Oil has failed in its appeals of the October 2024 decisions and that those decisions now stand as final, confirming the legality and validity of the KRI PSCs under Iraqi law. The interim agreements signed by the KRG, Government of Iraq and several IOCs in September 2025 confirm the validity of KRI PSCs under Iraqi law, however there is no certainty this will not be challenged again.

#### Iran conflict, Russia-Ukraine war and other regional escalations

At the date of this MD&A, most of the oil production in the KRI, including from the Atrush and Sarsang blocks, is contracted to be sold at international prices via the ITP. The impact of the Russia-Ukraine and Israel-Palestine conflicts has been limited on the oil market to date. The more recent conflict between Iran, Israel and the United States, and its spillover into neighboring Gulf states, however, has had and could continue to have more serious implications, both in terms of market pricing and the ability of KRI producers to safely operate their fields. If these conflicts continue or escalate, they may have further adverse impacts on production volumes and realized pricing for international oil markets.

The evolving situation in Iran has already had an impact on the Company's operations in the KRI. The proximity of Kurdistan to Iran and the presence of pro-Iranian militias in Iraq exposes the Company's operations to potential risks, such as the temporary production shut-in announced in March 2026. Taking into account the severity of the regional security situation, the actual overall impact on oil production infrastructure in the KRI has been limited to date, despite the closure of Iraqi airspace, recent rocket and drone attacks reported on US assets in the KRI. However, there have been several drone attacks on KRI fields, including fields operated by HKN, which highlight the potential risk of injury to personnel, damage to equipment and disruption to production. It is possible that further disruptions may be experienced during times of heightened geopolitical tensions, and the Company continues to work closely with HKN, other IOCs and the local government and security forces to minimize the impact of any such activities.

For more information on risk factors that may affect the Company's business, refer also to the discussion of risks under the "Reserves and Resource Estimates" and "Financial Instruments" sections of this MD&A, as well as to the "Risk Factors" section of the 2024 Annual Information Form.

# Management's Discussion and Analysis

## For the three months ended March 31, 2026

### ADDITIONAL INFORMATION

Additional information related to the Company, including its 2024 Annual Information Form, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company's profile and on the Company's website at [www.shamaranpetroleum.com](http://www.shamaranpetroleum.com).

ShaMaran plans to publish its financial statements for the six months ending June 30, 2026, on August 5, 2026.

### OTHER SUPPLEMENTARY INFORMATION

#### Abbreviations

CAD	Canadian dollar
CHF	Swiss franc
USD	US dollar

#### Oil-related terms and measurements

bbbl	Barrel (1 barrel = 159 litres)
boe	Barrels of oil equivalent
boepd	Barrels of oil equivalent per day
bopd	Barrels of oil per day
kg	Kilograms
Mbbbl	Thousand barrels
MMbbbl	Million barrels
Mboe	Thousand barrels of oil equivalent
Mboepd	Thousand barrels of oil equivalent per day
Mbopd	Thousand barrels of oil per day
Mcf	Thousand cubic feet
MMboe	Million barrels of oil equivalent
m <sup>3</sup>	Cubic metres

## Condensed Interim Consolidated Statement of Comprehensive Income/(Loss) (unaudited)

For the three months ended March 31

<i>Expressed in thousands of United States dollars</i>	Note	2026	2025
<b>Revenues</b>	5	<b>38,031</b>	<b>35,885</b>
<b>Cost of goods sold:</b>			
Lifting costs	6	(7,921)	(9,434)
Other costs of production	6	(111)	(127)
Depletion	6	(7,301)	(13,848)
<b>Gross margin on oil sales</b>		<b>22,698</b>	<b>12,476</b>
Share-based payments expense	18	166	(3,471)
Depreciation and amortization expense		(26)	(1)
Credit loss provision	12	(185)	1,314
General and administrative expense	7	(1,871)	(5,076)
<b>Income from operating activities</b>		<b>20,782</b>	<b>5,242</b>
Finance income	8	338	641
Finance expense	9	(4,076)	(6,982)
<b>Net finance expense</b>		<b>(3,738)</b>	<b>(6,341)</b>
<b>Income / (loss) before income tax expense</b>		<b>17,044</b>	<b>(1,099)</b>
Income tax expense	10	(20)	(7)
<b>Income / (loss) for the period</b>		<b>17,024</b>	<b>(1,106)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
Currency translation differences		-	48
<b>Total other comprehensive income</b>		<b>-</b>	<b>48</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>17,024</b>	<b>(1,058)</b>
<b>Earnings in dollars per share (Note 17):</b>			
Basic		0.006	-
Diluted		0.006	-

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

## Condensed Interim Consolidated Balance Sheet (unaudited)

As at March 31, 2026, and December 31, 2025

<i>Expressed in thousands of United States dollars</i>	Note	March 31, 2026	December 31, 2025
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	340,454	324,505
Accounts receivable	12	29,422	22,938
Right-of-use asset	13	638	656
Intangible assets		72	79
		<b>370,586</b>	<b>348,178</b>
<b>Current assets</b>			
Accounts receivable	12	55,983	61,965
Cash and cash equivalents, unrestricted		35,568	41,150
Cash and cash equivalents, restricted		957	981
Other current assets		655	489
		<b>93,163</b>	<b>104,585</b>
<b>TOTAL ASSETS</b>		<b>463,749</b>	<b>452,763</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	131,799	131,799
Provisions	16	47,094	44,212
Cash-settled deferred share units	18	3,041	3,904
Lease liability	13	610	625
Pension liability		397	402
		<b>182,941</b>	<b>180,942</b>
<b>Current liabilities</b>			
Accrued interest expense on corporate bond	15	13,987	13,549
Accounts payable and accrued expenses	14	2,699	8,474
Other current liabilities		21	21
		<b>16,707</b>	<b>22,044</b>
<b>EQUITY</b>			
Share capital	17	672,636	674,622
Share-based payments reserve		9,271	9,985
Cumulative translation adjustment		192	192
Accumulated deficit		(417,998)	(435,022)
		<b>264,101</b>	<b>249,777</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>463,749</b>	<b>452,763</b>

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

Going concern (Note 2b)  
 Commitments and contingencies (Note 20)  
 Subsequent events (Note 22)

Signed on behalf of the Board of Directors

/s/Michael Ebsary

Michael Ebsary, Director

/s/Chris Bruijnzeels

Chris Bruijnzeels, Director

**Condensed Interim Consolidated Statement of Cash Flow (unaudited)**  
**For the three months ended March 31**

<i>Expressed in thousands of United States dollars</i>	Note	2026	2025
<b>Operating activities</b>			
Income / (loss) for the period		17,024	(1,106)
Adjustments for non-cash related items:			
Depreciation, depletion and amortization expense		7,327	13,849
Borrowing costs – net of amount capitalized		3,687	6,878
Unwinding discount on decommissioning provision		272	48
Foreign exchange loss	9	51	56
Share-based payment expense		(166)	3,471
Interest income		(338)	(641)
Changes in current tax liabilities		(1)	(25)
Changes in pension liability		(5)	12
Changes in other current assets		(151)	223
Changes in accounts receivables on oil sales		(502)	8,496
Changes in accounts payable and accrued expenses		(5,775)	771
<b>Net cash inflows from operating activities</b>		<b>21,423</b>	<b>32,032</b>
<b>Investing activities</b>			
Interest received on cash deposits		323	634
Purchase of property, plant and equipment		(19,578)	5,114
<b>Net cash outflows to investing activities</b>		<b>(19,255)</b>	<b>5,748</b>
<b>Financing activities</b>			
Principal element of lease payments	13	(12)	-
Payments for share and stock compensation plan		(3,396)	(1,540)
Payments to bondholders and related party – interest	15	(4,313)	(6,933)
Repayment of bonds		-	(26,771)
<b>Net cash outflows to financing activities</b>		<b>(7,721)</b>	<b>(35,244)</b>
Effect of exchange rate changes on cash and cash equivalents		(53)	(8)
<b>Change in cash and cash equivalents</b>		<b>(5,606)</b>	<b>2,528</b>
Cash and cash equivalents, beginning of the period*		42,131	76,801
<b>Cash and cash equivalents, end of the period*</b>		<b>36,525</b>	<b>79,329</b>
<b>*Inclusive of restricted cash</b>		<b>957</b>	<b>9</b>

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

**Consolidated Statement of Changes in Equity**  
**For the year ended December 31**

	Share capital	Share-based payments reserve	Cumulative translation adjustment	Accumulated deficit	Total
<i>Expressed in thousands of United States dollars</i>					
<b>Balance at January 1, 2025</b>	<b>672,530</b>	<b>12,551</b>	<b>108</b>	<b>(461,988)</b>	<b>223,201</b>
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(1,106)	(1,106)
Other comprehensive income	-	-	48	-	48
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 18)	-	(1,810)	-	-	(1,810)
Options exercised*	978	-	-	-	978
RSU shares issued*	1,193	-	-	-	1,193
	2,171	(1,810)	48	(1,106)	(697)
<b>Balance at March 31, 2025</b>	<b>674,701</b>	<b>10,741</b>	<b>156</b>	<b>(463,094)</b>	<b>222,504</b>
<b>Balance at December 31, 2025</b>	<b>674,622</b>	<b>9,985</b>	<b>192</b>	<b>(435,022)</b>	<b>249,777</b>
Total comprehensive income for the period:					
Income for the period	-	-	-	17,024	17,024
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 18)	-	(714)	-	-	(714)
Options exercised*	152	-	-	-	152
RSU shares vested*	(2,138)	-	-	-	(2,138)
	(1,986)	(714)	-	17,024	14,324
<b>Balance at March 31, 2026</b>	<b>672,636</b>	<b>9,271</b>	<b>192</b>	<b>(417,998)</b>	<b>264,101</b>

\*Refer to Note 17

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

# Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

## 1. General information

ShaMaran Petroleum Corp. (“ShaMaran” and, together with its subsidiaries, the “Company”) is incorporated under the Business Corporations Act, British Columbia, Canada. The address of the registered office is 1075 West Georgia Street, Suite 1200, Vancouver, British Columbia V6E 3C9, Canada. The Company’s shares trade on the TSX Venture Exchange (“TSXV”) in Canada and NASDAQ First North Growth Market in Sweden under the symbol “SNM”.

On March 10, 2026, the Company announced shareholder approval for the proposed continuance of the Company from Canada to Bermuda and the delisting of the Company’s shares from the TSXV. Following the continuance to Bermuda, the Company plans to list its shares on the Euronext Growth Oslo market operated by the Oslo Stock Exchange while maintaining the Company’s secondary listing on the Nasdaq First North in Stockholm. Once ShaMaran completes both transactions, the Company will no longer be incorporated in British Columbia and subject to the laws of Canada, it will cease to be listed on the TSXV, and it will no longer be a reporting issuer in any jurisdiction in Canada. ShaMaran will instead be incorporated in and subject to the laws of Bermuda.

The Company is engaged in the business of oil and gas exploration and production and holds the following interests at March 31, 2026:

- 50% non-operated working interest (66.7% paying interest) in the Atrush Block production sharing contract (“Atrush PSC”) in the Kurdistan Region of Iraq (“KRI”). The Atrush Block twenty-year development period commenced in Q4 2013, and oil production on the Atrush Block commenced in Q3 2017.
- 18% non-operated working interest (22.5% paying interest) in the Sarsang Block production sharing contract (“Sarsang PSC”) in the KRI. The Sarsang Block twenty-year development period commenced in Q2 2013, and oil production on the Sarsang Block commenced in Q1 2013.

## 2. Basis of preparation and going concern

### a. Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The significant accounting policies of the Company have been applied consistently throughout the period. The policies applied in these unaudited consolidated financial statements are based on IFRS Accounting Standards as of May 6, 2026, the date these unaudited condensed consolidated financial statements were approved and authorized for issuance by the Company’s board of directors (“the Board”).

### b. Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and liabilities in the normal course of business as they come due in the foreseeable future.

The closure of the Iraq-Türkiye pipeline (“ITP”) on March 25, 2023, heavily impacted the Company’s operations. On September 25, 2025, the Company announced that interim agreements were executed between the Kurdistan Regional Government (“KRG”), Government of Iraq and several international oil companies (“IOCs”), including ShaMaran. These agreements enabled the restart of international oil exports by pipeline from the KRI on September 27, 2025. The agreements to resume oil exports from the KRI are based on the Iraqi Budget Law amendment in February 2025 and Iraq’s recognition of the KRI PSCs. The Budget Law provides for an initial period of approximately three months, later extended to nine months, during which IOCs are compensated at \$16 per barrel for the cost of production and transportation, resulting in similar economics to the recent KRI local oil sales, with a reconciliation to full PSC entitlement following a review of the IOC invoices and contractual entitlements by an industry consultant. The Iraqi State Organization for Marketing of Oil (“SOMO”) is marketing the KRI crude at the Kirkuk blend official selling price, and IOCs are being paid in arrears from the sale of their allocation at Ceyhan via their nominated trader.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

The agreements also provide that the IOCs and KRG will continue discussions about recovering outstanding accounts receivable from past oil sales. As uncertainty remains regarding the timing and viability of payments by the KRG for these receivables, the Company has adjusted the credit loss provision to reflect this. Refer to Note 12 for additional information.

Management believes that the signing of the interim agreements and restart of pipeline exports are positive steps towards improving the operating environment for IOCs with assets in the KRI. However, long-term agreements are needed with regular payments for oil sales based on PSC invoices before the Company can be confident that the uncertainties introduced by the ITP closure are resolved.

On March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional security environment related to the Iran war, and on March 5, 2026, and April 1, 2026, the Company announced explosions at the Sarsang field. There is no certainty as to the duration of the shut-in (refer to Note 22).

These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flow from operations or to secure additional funding from shareholders or lenders. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

### c. Significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of application as those in the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

### 3. Critical accounting judgments and key sources of estimation uncertainty

Areas of critical accounting judgments that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

### 4. Business and geographical segments

The Company operates in one business segment, oil and gas exploration and production, and one geographical segment, the KRI. As a result, in accordance with *IFRS 8: Operating Segments*, the Company has presented its financial information collectively for one operating segment.

### 5. Revenues

As discussed in Note 2b, the ITP was closed from March 25, 2023, until September 27, 2025. The revenues recorded during this period relate entirely to oil sold to local refineries. Prices for these crude oil sales were in line with the local market and at a significant discount to international benchmark prices but with upfront or prompt payment. From September 27, 2025, all oil sales are sold to the KRG for ITP export, and revenues are recorded as per the interim agreements at the Kirkuk blend official selling price, with payments in arrears. As also discussed in Note 2b, production has been suspended since March 2, 2026, impacting revenue in the first quarter of 2026.

Refer also to Note 12.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

*Expressed in thousands of United States dollars, unless otherwise noted*

### 6. Cost of goods sold

Lifting costs are composed of the Company's share of expenses related to the production of oil from the Atrush and Sarsang blocks, including operation and maintenance of wells and production facilities, insurance and the operator's related support costs charged to the Company.

Other costs of production include the Company's share of other costs prescribed under the PSCs.

Oil and gas assets are depleted using the unit of production method based on proved and probable reserves using estimated future prices and costs and accounting for future development expenditures necessary to bring those reserves into production.

Refer also to Notes 5 and 11.

### 7. General and administrative expense

General and administrative expenses principally include the Company's cost of technical and administrative personnel, travel, office, business development, stock exchange listing and regulatory costs.

### 8. Finance income

Finance income relates to the interest received on cash deposits.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

### 9. Finance expense

	For the three months ended March 31,	
	2026	2025
Interest/amortization charges on bonds	4,750	5,886
Adjustment of bond and loan amortization	-	846
Amortization of related-party loan	-	535
<b>Total borrowing costs</b>	<b>4,750</b>	<b>7,267</b>
Unwinding discount on decommissioning provision	272	48
Interest expenses	52	-
Foreign exchange loss	51	56
Lease – interest expense	14	-
Re-measurement of contingent consideration	(76)	156
<b>Total finance expense before borrowing costs capitalized</b>	<b>5,063</b>	<b>7,527</b>
Borrowing costs capitalized	(987)	(545)
<b>Total finance expense</b>	<b>4,076</b>	<b>6,982</b>

The Company had a loan from a related party, Nemesia S.à.r.l. (“Nemesia”). In Q3 2025, the Company repaid the full balance of the loan plus all accrued and unpaid interest.

Interest and amortization charges relate to the Company’s bond and related-party loan. The bond amendments effective May 2, 2025, as well as the repayments of the related-party loan, were treated as a modification to the bond and loan, and the amortization schedules were adjusted accordingly.

Refer to Notes 15 regarding the Company bond, Note 16 regarding the contingent consideration and decommissioning provision and Note 13 regarding the lease interest.

Borrowing costs directly attributable to the preparation of development assets for their intended use have been capitalized together with the related oil and gas assets. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

### 10. Taxation

The tax expense is incurred on the profits of the Swiss administrative company and the Danish company that is currently winding down.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

### 11. Property, plant and equipment

PP&E principally comprises development costs related to the Company's share of the PSCs, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

During the first three months of 2026, movements in PP&E include general additions of \$23.2 million (2025 full year: \$8.9 million of general additions), which included capitalized borrowing costs of \$1.0 million (2025 full year: \$2.2 million), plus depletion and depreciation expense of \$7.2 million (2025 full year: \$50.1 million), that resulted in a net increase to PP&E assets of \$16.0 million.

Refer also to Notes 5 and 6.

### 12. Accounts receivable

At March 31, 2026, the Company had outstanding receivables as follows:

	At March 31, 2026	At December 31, 2025
Accounts receivable on oil sales	96,779	96,093
Credit loss provision	(11,374)	(11,190)
<b>Total accounts receivable, net of provisions</b>	<b>85,405</b>	<b>84,903</b>
Current portion	55,983	61,965
Non-current portion	29,422	22,938

The accounts receivable balance at March 31, 2026, relates to \$52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the "Overdue Receivables") and \$44.0 million representing the remaining PSC entitlement amounts owed for 2025-2026 ITP export sales. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. Refer to Note 2b. The Company has reassessed the credit loss provision for the Overdue Receivables and has compared the carrying value of the relevant trade receivables with the present value of the estimated future cash flows based on reasonable recovery scenarios, weighted by the relative probability of these potential outcomes. A relevant discount rate has been applied to reflect counterparty credit risk to provide a reasonable approximation of the fair value of these trade receivables at March 31, 2026. The result of the Company's assessment under *IFRS 9* is a \$0.2 million adjustment to these trade receivables in the first quarter of 2026, included in the Statement of Comprehensive Income (2025: \$1.3 million credit). The portion of these receivables that is estimated to be received after 2027 is classified as non-current due to uncertainty in the timing of recovery.

The remaining PSC entitlement amounts owed for the 2025-2026 ITP export sales are all classified as current receivables. It is expected that these amounts will be paid following completion of the review of the IOC invoices and contractual entitlements by the appointed industry consultant.

Refer also to Note 5.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

### 13. Right-of-use asset and lease liability

The right-of-use asset relates to the ten-year office lease for the Company's technical and administrative services office in Vézenaz, Switzerland. At March 31, 2026, the balance sheet shows a value of \$638 for the right-of-use asset and a total lease liability value of \$665; split \$55 as a current liability (within other current liabilities) and \$610 as a non-current liability. The income statement for the three months ended March 31, 2026, includes the depreciation charge of the right-of-use asset of \$15 plus an interest expense of \$12 included in the finance cost. There were no right-of-use assets or lease liabilities in the three first months of 2025.

Refer also to Note 9.

### 14. Accounts payable and accrued expenses

	At March 31, 2026	At December 31, 2025
Payables to joint-operations partners	514	5,583
Accrued expenses	1,256	2,372
Trade payables	929	519
<b>Total accounts payable and accrued expenses</b>	<b>2,699</b>	<b>8,474</b>

### 15. Borrowings

On April 11, 2025, the Company announced bondholder approval for certain further amendments to the terms of the Company's outstanding bond. The new amendments became effective on May 2, 2025, and included converting the mandatory cash sweep to voluntary and extending the maturity by an additional two years to July 2029 (the "2029 Bond"). All amendments to the bond have been treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense. Refer to Note 9 for more information. The total outstanding nominal amount of the 2029 Bond at March 31, 2026, was \$143.8 million.

The bond has a financial covenant stating that at all times the ratio of reserve value to net debt ("Asset Coverage Ratio") shall be a minimum of 1.25x. The reserve value is based on the latest 2P reserve value as set out in the latest published reserve report. Net debt is calculated as total debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the covenant was included in the bond terms.

The movements in borrowings are explained below:

	March 31, 2026	December 31, 2025
<b>Opening balance:</b>	<b>145,348</b>	<b>198,296</b>
Interest/amortization charges	4,751	23,572
Bond transaction costs	-	(556)
Bond cancellation	-	(56,146)
Payments to bondholders – interest	(4,313)	(19,818)
<b>Ending balance</b>	<b>145,786</b>	<b>145,348</b>
Non-current portion – net borrowings	131,799	131,799
Current portion – accrued bond interest expense	13,987	13,549

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

### 16. Provisions

	March 31, 2026	At December 31, 2025
<b>Opening balance</b>	<b>32,185</b>	<b>32,972</b>
Changes in discount and inflation rates	1,372	(1,089)
Changes in estimates and obligations incurred	1,314	(698)
Unwinding discount on decommissioning provision	272	1,000
<b>Total decommissioning and site restoration provisions</b>	<b>35,143</b>	<b>32,185</b>
Contingent consideration	11,951	12,027
<b>Total provisions</b>	<b>47,094</b>	<b>44,212</b>

The decommissioning and site restoration provision relates to the Company's share of future costs in respect of the Company's 50% interest (66.7% paying interest) in the Atrush Block and 18% interest (22.5% paying interest) in the Sarsang Block. The provision assumes these works will commence in 2032 for Atrush and in 2038 for Sarsang and will take ten years to abandon. The undiscounted provision at March 31, 2026, is \$35.7 million (2025: \$34.0 million) and was discounted using a risk-free rate of 3.30% for the Atrush Block and 3.81% for the Sarsang Block (2025: 3.24 % for the Atrush Block and 3.80% for the Sarsang Block) with an inflation rate of 3.26% (2025: 2.68%).

The contingent consideration relates to the purchase consideration for the acquisition of the interest in the Sarsang Block, purchased in September 2022, and is payable to the seller upon (i) cumulative gross oil production from the Sarsang PSC reaching 130 MMbbls and (ii) Brent crude oil prices averaging at least \$60/bbl for the preceding twelve-month period. The Company estimates the fair value of this contingent consideration based on forecasted results from the reserves report at the end of each quarter and treats any difference as a finance income/cost.

Refer also to Note 9.

### 17. Share capital

The Company is authorized to issue an unlimited number of common shares with no par value. The Company's issued share capital is as follows:

	Number of shares	Share capital (\$)
<b>At January 1, 2025</b>	<b>2,845,961,365</b>	<b>672,530</b>
RSUs	12,753,177	(432)
Options	16,734,707	2,524
<b>At December 31, 2025</b>	<b>2,875,449,249</b>	<b>674,622</b>
RSUs	-	(2,138)
Options	3,055,065	152
<b>At March 31, 2026</b>	<b>2,878,504,314</b>	<b>672,636</b>

During the first quarter of 2026, a total of 3,055,065 common shares from exercised options and nil common shares from vested Restricted Share Units ("RSUs") were issued to plan participants in accordance with the Company's Share Unit Plan (2025 full year: 12,753,177 RSUs and 16,734,707 options). The carrying value of the RSU shares has been determined based on the Company's average closing share price over the five-day period prior to the vesting date.

Refer also to Note 18.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

### Earnings per share

	For the three months ended March 31,	
	2026	2025
Net income, in dollars	17,024	(1,106)
Weighted average number of shares outstanding during the period	2,878,106,472	2,854,304,631
Weighted average diluted number of shares outstanding during the period	2,960,406,693	2,967,614,885
Basic income per share, in dollars	0.006	(0.000)
Diluted income per share, in dollars	0.006	(0.000)

### 18. Share-based payments expense

The Company has established share unit plans and a share purchase option plan whereby a committee of the Board may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees and consultants. At March 31, 2026, a total of 82,300,221 shares (3% of the issued share capital) had been granted of the potential 287,850,431 shares that could be granted under the plans. The number of shares issuable under these plans at any specific time to any one recipient shall not exceed 5% of the issued and outstanding common shares of the Company. Under the plans, the Company may grant stock options, performance share units, RSUs and deferred share units ("DSUs"). The DSU Plan is for non-executive directors of the Company.

Stock options vest in three equal tranches over two years with the first vesting immediately on the grant date, the next on the first anniversary date and the remaining third on the second anniversary date. RSUs vest in three equal tranches over three years with the first vesting on the first anniversary of the grant date, the next on the second anniversary date and the remaining third on the third anniversary date. The grants are subject to continued employment with the Company. DSUs vest immediately on grant but are not available until the non-executive director leaves the Company.

In the first quarter of 2026, a total of 11,971,318 RSUs vested, 238,682 RSUs were forfeited, 7,366,666 options were exercised and 210,000 options were forfeited (2025: 12,223,336 RSUs vested and 27,383,336 options were exercised).

The movements in the first quarter of 2026 resulted in charges to the Statement of Comprehensive Income for options of \$155 (2025: \$191), for RSUs of \$542 (2025: \$1,711) and for DSUs of \$(863) (2025: \$1,569). The carrying amount of the DSU liability at March 31, 2026, is \$3,041 (December 31, 2025: \$3,904), which is valued at the quarter-end closing share price. The closing share price at March 31, 2026, was CAD 0.19 (December 31, 2025, CAD 0.24).

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

A summary of movements in the Company's outstanding options and share units is below:

	Number of stock options outstanding	Number of RSUs outstanding	Number of DSUs outstanding
<b>At December 31, 2025</b>	<b>27,403,328</b>	<b>52,413,324</b>	<b>22,270,235</b>
Options exercised	(7,366,666)	-	-
Expired/forfeited	(210,000)	(238,682)	-
RSUs vested	-	(11,971,318)	-
<b>At March 31, 2026</b>	<b>19,826,662</b>	<b>40,203,324</b>	<b>22,270,235</b>
<b>Quantities vested and unexercised:</b>			
At December 31, 2025	9,816,670	-	22,270,235
At March 31, 2026	9,408,333	-	22,270,235
<b>Weighted average exercise price of options exercised:</b>			
At December 31, 2025	CAD 0.07		
At March 31, 2026	CAD 0.10		
<b>Weighted average remaining contractual life of options:</b>			
At December 31, 2025	4.1 years		
At March 31, 2026	3.9 years		
<b>Weighted average exercise price of outstanding options:</b>			
At December 31, 2025	CAD 0.14		
At March 31, 2026	CAD 0.15		

The Company recognizes compensation expense on stock options granted to both employees and non-employees using the fair value method at the date of grant. The share-based payments expense for these options is calculated using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

### 19. Financial instruments

#### Financial assets

The financial assets of the Company on the balance sheet dates were as follows:

	Fair value hierarchy <sup>5</sup>	Carrying and fair values at <sup>1</sup>	
		March 31, 2026	December 31, 2025
Accounts receivable <sup>4</sup>	Level 3	85,405	84,903
Cash and cash equivalents, unrestricted <sup>2</sup>	Level 1	35,568	41,150
Cash and cash equivalents, restricted <sup>2</sup>	Level 1	957	981
Other receivables <sup>2</sup>	Level 2	159	142
<b>Total financial assets</b>		<b>122,089</b>	<b>127,176</b>

Financial assets classified as other receivables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

#### Financial liabilities

The financial liabilities of the Company on the balance sheet dates were as follows:

	Fair value hierarchy <sup>5</sup>	Carrying values at	
		March 31, 2026	December 31, 2025
Borrowings <sup>3</sup>	Level 2	131,799	131,799
Accrued interest on bond	Level 2	13,987	13,549
Contingent consideration	Level 3	11,951	12,027
Accounts payable and accrued expenses <sup>2</sup>	Level 2	2,699	8,474
<b>Total financial liabilities</b>		<b>160,436</b>	<b>165,849</b>

Financial liabilities other than the contingent consideration are initially recognized at the fair value of the amount expected to be paid and are subsequently measured at amortized cost using the effective interest rate method. The contingent consideration is recorded at its estimated fair value at the end of each quarter with any movements recorded to finance income/cost. Refer to Note 16 for additional information.

<sup>1</sup> The carrying amount of the Company's financial assets approximate their fair values at the balance sheet dates.

<sup>2</sup> No valuation techniques have been applied to establish the fair value of these financial instruments as they are either cash and cash equivalents, correspond to payment terms fixed by contract or, due to the short-term nature, are readily convertible to or settled with cash and cash equivalents.

<sup>3</sup> The Company's estimate of the fair value of its net borrowings (the gross outstanding amount of the 2029 Bond) at the balance sheet date is \$147.7 million (December 31, 2025: \$150.6 million) based on recent trading in the Company's bond and indicative pricing provided by brokers.

<sup>4</sup> Provisions have been made to the accounts receivable. Refer to Note 12 for additional information.

<sup>5</sup> *Fair value measurements*

*IFRS 13* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy of three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1: fair value measurements are based on unadjusted quoted market prices;
- Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted prices or indices; and
- Level 3: fair value measurements are derived from valuation techniques that include inputs that are not based on observable market data.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

Expressed in thousands of United States dollars, unless otherwise noted

### 20. Commitments and contingencies

At March 31, 2026, the outstanding commitments of the Company were as follows:

	2027	For the year ended March 31,			Total
		2028	2029	Thereafter	
Atrush and Sarsang block development and PSC	74,368	400	400	1,200	<b>76,368</b>
Sarsang contingent consideration	-	-	-	15,000	<b>15,000</b>
Corporate office and other	74	64	64	364	<b>566</b>
<b>Total commitments</b>	<b>74,442</b>	<b>464</b>	<b>464</b>	<b>16,564</b>	<b>91,934</b>

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2026 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon the security situation, continuation of sales and other economic factors.

Refer to Note 16 for further information regarding the Sarsang contingent consideration.

### 21. Related-party transactions

#### Transactions with corporate entities

	Purchase of services in the three months ended March 31,		Current amounts owing at the balance sheet dates	
	2026	2025	March 31, 2026	December 31, 2025
International Petroleum Corp.	98	76	76	36
Orrön Energy AB	48	34	9	1
Namdo Management Services Ltd.	9	6	69	74
Nemesia	-	536	-	-
Lundin Foundation	-	55	-	-
<b>Total</b>	<b>155</b>	<b>707</b>	<b>154</b>	<b>111</b>

Nemesia is a company controlled by a trust settled by the estate of the late Adolf H. Lundin and is a shareholder and bondholder of the Company. The Company had a loan from Nemesia that was fully repaid in 2025. Refer to Note 9 for further details.

The Lundin Foundation is a non-profit organization, of which the Company is a member, that provides services for Lundin Group companies.

International Petroleum Corp., Namdo Management Services Ltd. and Orrön Energy AB are companies affiliated with shareholders of the Company and provide corporate, technical and administrative support services to the Company.

All transactions with related parties are conducted in the normal course of business and are made on an arm's-length basis, as with all third parties.

## Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2026

*Expressed in thousands of United States dollars, unless otherwise noted*

### 22. Subsequent events

On April 1, 2026, the Company announced an explosion at one of the oil storage facilities in the Sarsang field. Both the Atrush and Sarsang blocks remain shut-in at the date of this document.

## **NON-EXECUTIVE DIRECTORS**

Chris Buijnzeels  
Director, Chairman

Michael Ebsary  
Director

Keith Hill  
Director

William Lundin  
Director

## **OFFICERS**

Garrett Soden  
Director, President and Chief Executive Officer

Elvis Pellumbi  
Chief Financial Officer and Corporate Secretary

## **INVESTOR RELATIONS**

Robert Eriksson

## **CORPORATE OFFICE**

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## **REGISTERED and RECORDS OFFICE**

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Vancouver, British Columbia V6E 3C9  
Canada

## **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Calgary, Canada

## **TRANSFER AGENT**

Computershare Trust Company of Canada  
Vancouver, Canada

## **STOCK EXCHANGE LISTINGS**

Toronto: TSX Venture Exchange

Stockholm: NASDAQ First North  
Growth Market

Trading Symbol: SNM