



## NEWS RELEASE

### SHAMARAN Q3 2011 FINANCIAL AND OPERATING RESULTS

**November 21, 2011 (SNM-TSXV & NASDAQ OMX: SNM). ShaMaran Petroleum Corp.** ("ShaMaran" or the "Company") (TSX VENTURE: SNM) (NASDAQ OMX: SNM) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2011.

#### Highlights

- A major oil discovery in the Atrush Block was announced by the Company on April 13, 2011. The Atrush 1 well flowed at rates totalling over 6,393 bopd of 26.5 API oil from three tests in the Middle and Upper Jurassic reservoirs and well analysis indicated that the intervals are capable of much higher rates when completed for production. The well was drilled in budget and on time to a total depth of 3,400 meters.
- The Appraisal Work Programme & Budget on the Atrush Block has been submitted to the KRG. The Programme consists of 3D seismic and a number of appraisal wells and studies. 3D seismic acquisition is in progress and the construction of the location for the Atrush-2 appraisal well has commenced. Planning for an Early Production facility is also underway.
- Pulkhana-9 completed well testing and recovered oil from the Shiranish, Jaddala & Euphrates formations. Due to mechanical issues experienced during testing, a geological sidetrack is underway to allow the openhole testing of the two Cretaceous reservoirs (Shiranish & Balambo) which had good hydrocarbon indications. The workover on the Pulkhana-8 well is on-going.
- The Company's 100% owned subsidiary ShaMaran Petroleum BV entered into a production sharing contract ("PSC") on July 27, 2011 in respect of the Taza Block (formerly Block K42) in the Kurdistan Region of Iraq. ShaMaran holds a 20% working interest in the PSC, and Oil Search Iraq Limited ("OSIL") is the operator with a 60% working interest in the PSC. The Kurdistan Regional Government of Iraq ("KRG") holds a 20% working interest in the PSC with costs carried by ShaMaran and OSIL. Planning is underway for an exploration well to be drilled in 2012.
- The Company commenced the acquisition of 2D seismic data on the Arbat Block. The Company will acquire 183 line kilometres of data on the north side of the Block with the objective of defining a closure on a significant lead. The program is expected to be concluded by end of this year.
- Cash proceeds of \$CAD 51.0 million were raised by the Company through a private placement of 127.5 million common shares at \$CAD 0.40 per share which was concluded on November 15, 2011. A 4% finders' fee is payable in cash on a portion of the private placement.
- The Company had net losses of \$2,810,000 and \$3,323,000 for the three and nine months ended September 30<sup>th</sup>, 2011 (2010: \$750,000 and \$3,501,000). The cash balance of the Company was \$28.6 million as at September 30<sup>th</sup>, 2011 (December 31<sup>st</sup> 2010: \$58.7 million).

## Financial and Operating Results for the three and nine months ended September 30<sup>th</sup> 2011

(Unaudited: Expressed in thousands of United States Dollars)

In the first nine months of 2011 the Company continued its exploration campaign in respect of its petroleum properties in Kurdistan constituting the continuing operations of the Company which currently have no corresponding revenue. The net losses in 2011 were driven by normal operational and corporate expenses incurred over the reporting periods.

### Consolidated Interim Statement of Comprehensive Income

(Unaudited: Expressed in thousands of United States Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
<b>Expenses from continuing operations</b>				
General and administrative (expense) / recovery	202	(643)	(799)	(1,222)
Share based payments	(70)	(73)	(243)	(488)
Depreciation expense	(58)	(41)	(166)	(96)
Share of loss of associate	(173)	(73)	(282)	(73)
<b>Operating loss</b>	<b>(99)</b>	<b>(830)</b>	<b>(1,490)</b>	<b>(1,879)</b>
Finance costs	(2,780)	(457)	(1,984)	(1,363)
Finance income	147	600	424	670
<b>Net finance (costs) / income</b>	<b>(2,633)</b>	<b>143</b>	<b>(1,560)</b>	<b>(693)</b>
<b>Loss before income tax expense</b>	<b>(2,732)</b>	<b>(687)</b>	<b>(3,050)</b>	<b>(2,572)</b>
Income tax expense	(32)	(16)	(106)	(43)
<b>Net loss from continuing operations</b>	<b>(2,764)</b>	<b>(703)</b>	<b>(3,156)</b>	<b>(2,615)</b>
<b>Discontinued operations</b>				
Loss from discontinued operations	(46)	(47)	(167)	(886)
<b>Net loss for the period</b>	<b>(2,810)</b>	<b>(750)</b>	<b>(3,323)</b>	<b>(3,501)</b>
<b>Other comprehensive income:</b>				
Currency translation differences	(61)	111	8	85
<b>Total other comprehensive income / (loss)</b>	<b>(61)</b>	<b>111</b>	<b>8</b>	<b>85</b>
<b>Total comprehensive loss for the period</b>	<b>(2,871)</b>	<b>(639)</b>	<b>(3,315)</b>	<b>(3,416)</b>

The Company increased its investment in exploration, evaluation and other intangible assets by \$77.0 million during the first nine months of 2011 relating to its exploration properties located in Kurdistan. In addition the deferred consideration liability outstanding at December 31, 2010 was discharged completely by providing funds to the associate of the Company, General Exploration Partners Inc ("GEP"), for its approved work program on the Atrush Block. Accounts payable and accrued expenses increased by \$15.9 million over the balance at December 31, 2010 primarily due to the increase in activity associated with the Company's exploration campaign in Kurdistan.

## Consolidated Interim Balance Sheet

(Unaudited: Expressed in thousands of United States Dollars)

	September 30, 2011	December 31, 2010	January 1, 2010
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration, evaluation and other intangible assets	226,855	149,892	185,035
Property, plant & equipment	775	330	145
Investment in associate	49,145	44,282	-
	<b>276,775</b>	<b>194,504</b>	<b>185,180</b>
<b>Current assets</b>			
Other current assets	562	447	376
Inventories	3,426	2,656	-
Other receivables	146	124	31
Cash and cash equivalents	28,617	58,684	63,565
	<b>32,751</b>	<b>61,911</b>	<b>63,972</b>
<b>Assets associated with discontinued operations</b>	<b>89</b>	<b>74</b>	<b>847</b>
<b>Total assets</b>	<b>309,615</b>	<b>256,489</b>	<b>249,999</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	21,019	5,156	2,087
Current tax liabilities	96	103	12
Deferred consideration	-	12,643	-
	<b>21,115</b>	<b>17,902</b>	<b>2,099</b>
<b>Non-current liabilities</b>			
Provisions	1,344	-	-
Other long-term liabilities	-	-	170
	<b>1,344</b>	<b>-</b>	<b>170</b>
<b>Liabilities associated with discontinued operations</b>	<b>2,793</b>	<b>3,069</b>	<b>3,167</b>
<b>Total liabilities</b>	<b>25,252</b>	<b>20,971</b>	<b>5,436</b>
<b>Equity</b>			
Share capital	484,827	432,506	379,673
Equity share rights	-	-	61,349
Share premium account	3,807	3,968	3,405
Cumulative translation adjustment	13	5	4
Accumulated deficit	(204,284)	(200,961)	(199,868)
<b>Total equity</b>	<b>284,363</b>	<b>235,518</b>	<b>244,563</b>
<b>Net liabilities and equity</b>	<b>309,615</b>	<b>256,489</b>	<b>249,999</b>

The cash position of the Company decreased by \$43,350 during the third quarter of 2011 and \$30,067 during the first nine months of 2011. The main reason for the decrease in the cash position was the outflow of funds in the amount \$74.5 million for its exploration properties in Kurdistan and \$17.8 million on the investment in GEP. This decrease in cash was offset by the receipt by the Company in May 2011 of funds related to the private placement of 56 million common shares to \$51.3 million (\$CAD 49.5 million).

## Consolidated Cash Flow Statement

(Unaudited: Expressed in thousands of United States Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
<b>Operating activities</b>				
Net loss for the period from continuing operations	(2,764)	(703)	(3,156)	(2,615)
Adjustments for:				
Interest income	(147)	(99)	(424)	(239)
Foreign exchange (gain) / loss	2,572	(501)	1,320	(431)
Depreciation expense	58	41	166	96
Income tax	(98)	19	(7)	46
Share-based payment expense	70	73	243	488
Share of loss of associates	173	73	282	73
Capitalized expenses	(473)	-	(1,070)	-
Changes in trade and other receivables	14	47	(22)	(74)
Changes in other current assets	489	(534)	(115)	(337)
Changes in inventories	(210)	-	(770)	-
Changes in accounts payable and accrued expenses	8,136	3,413	15,863	3,366
Cash used in discontinued operations	(104)	549	(458)	(382)
<b>Net cash inflows / (outflows) from operating activities</b>	<b>7,716</b>	<b>2,378</b>	<b>11,852</b>	<b>(9)</b>
<b>Investment activities</b>				
Exploration, evaluation and other intangible assets	(46,222)	(8,952)	(74,549)	(17,567)
Property, plant & equipment	(9)	(155)	(611)	(283)
Investment in associate	(2,345)	(24,342)	(17,788)	(24,342)
Interest received on cash deposits	147	99	424	239
Cash provided by discontinued operations	-	-	-	277
<b>Net cash outflows to investing activities</b>	<b>(48,429)</b>	<b>(33,350)</b>	<b>(92,524)</b>	<b>(41,676)</b>
<b>Financing activities</b>				
Net proceeds / (costs) on issuance of shares	(4)	47,815	51,917	47,815
<b>Net cash inflows / (outflows) from financing activities</b>	<b>(4)</b>	<b>47,815</b>	<b>51,917</b>	<b>47,815</b>
Effect of exchange rate changes on cash and cash equivalents	(2,633)	415	(1,312)	319
<b>Change in cash and cash equivalents</b>	<b>(43,350)</b>	<b>17,258</b>	<b>(30,067)</b>	<b>6,449</b>
Cash and cash equivalents, beginning of the period	71,967	52,756	58,684	63,565
<b>Cash and cash equivalents, end of the period</b>	<b>28,617</b>	<b>70,014</b>	<b>28,617</b>	<b>70,014</b>

## **Outlook**

The outlook for the remainder of the year 2011 for the four blocks which the Company holds interests in Kurdistan is as follows:

### *Atrush Block*

3D seismic is currently in progress and operations are expected to continue until the winter weather window closes operations in the high mountains for 2011. The Atrush-2 well location is under construction and operator, GEP, is tendering for a rig that can commence drilling operations in Q2 2012.

### *Pulkhana Block*

The geological sidetrack and openhole testing of the Shiranish & Balambo formations in Pulkhana 9 should be completed in December, and the rig moved drilling Pulkhana-10. The workover operations on Pulkhana-8 should be completed. Planning for Pulkhana-11 will commence.

The Company will progress with the feasibility study and design for the Pulkhana Early Production Facility ("EPF") planned to be installed in 2012 using information gathered from current operations.

### *Arbat Block*

Construction of the Arbat-1 well location will commence and the design for the well finalized. The ongoing infill 2D seismic should be completed by year end with data processing initiated.

### *Taza Block (Formerly Block K42)*

Well planning for the Taza exploration well will continue following approval of the surface location. Civil engineering works for access road and the well location are under preparation.

### *New Ventures*

As part of its normal business the Company is pursuing new opportunities in the region.

## **About ShaMaran**

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration vehicle. It has four projects in the region: the Pulkhana development/appraisal block and the Arbat, Atrush and Taza Block (formerly K42) exploration blocks. These projects are nearby and on trend with existing fields and recent discoveries.

Kurdistan lies within the northern extension of the Zagros Folded Belt. The area is highly underexplored and is currently undergoing a significant exploration and development campaign by over 40 mid to large size international oil companies.

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

### *Forward-Looking Statements*

*This press release contains statements about expected or anticipated future events and financial results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as legal and political risk, civil unrest, general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Actual results may differ materially from those projected by management. Further, any forward-looking information is made only as of a certain date and the Company undertakes no obligation to update any forward-looking information or statements to reflect events or circumstances after the date on which such statement is made or reflect the occurrence of unanticipated events, except as may be required by applicable securities laws. New factors emerge from time to time, and it is not possible for management of the Company to predict all of these factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.*

On behalf of the Board,

Pradeep Kabra,  
President and CEO

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**FOR FURTHER INFORMATION PLEASE CONTACT:**

ShaMaran Petroleum Corp.  
Keith Hill  
Chairman  
(604) 806-3583  
[khill@namdo.com](mailto:khill@namdo.com)

or

ShaMaran Petroleum Corp.  
Pradeep Kabra  
President and CEO  
0041 22 560 8605  
[pradeep.kabra@shamaranpetroleum.com](mailto:pradeep.kabra@shamaranpetroleum.com)

or

ShaMaran Petroleum Corp.  
Sophia Shane  
Corporate Development  
(604) 689-7842  
(604) 689-4250 (FAX)  
[sophias@namdo.com](mailto:sophias@namdo.com)  
[www.shamaranpetroleum.com](http://www.shamaranpetroleum.com)