



NEWS RELEASE

UPDATE ON FINANCING ARRANGEMENT

May 3, 2016 - ShaMaran Petroleum Corp. ("**ShaMaran**" or the "**Company**") (TSX VENTURE: SNM) (NASDAQ OMX: SNM) is pleased to announce that, further to its news releases dated April 19, 2016 and April 28, 2016, concerning the Company's proposed financing arrangement (the "**Financing Arrangement**"), the TSX Venture Exchange has approved the conversion of USD \$18 million (CAD\$22,980,600) of bonds (the "**Existing Bonds**") at face value into common shares of ShaMaran. The Existing Bonds are listed on the Oslo stock exchange and were issued November 13, 2013 by General Exploration Partners, Inc. ("**GEP**"), a wholly owned subsidiary of ShaMaran.

To complete the debt for equity component of the previously announced Financing Arrangement the Company has today issued from treasury 218,863,000 common shares which will be delivered on or about May 6, 2016 for settlement at a deemed price of CAD \$0.105 per share. The newly issued common shares cannot be traded in Canada, or otherwise sold to a purchaser whom the seller knows to be a Canadian resident, until September 4, 2016.

As agreed in the Financing Arrangement GEP issued on May 3, 2016 USD \$17 million of new super senior bonds under ISIN number NO0010764178 with maturity date of November 13, 2018 and an 11.5% coupon interest payable semi-annually with the option for GEP to pay the coupon interest in kind by issuing new bonds ("**PIK Bonds**").

The Financing Arrangement also entails certain amendments to the bond agreement for the Existing Bonds including an option to settle interest payments by new bonds. These amendments became effective on May 3, 2016. The forthcoming interest payment May 13, 2016 will be carried out through the issue of new PIK Bonds.

ABOUT SHAMARAN

ShaMaran Petroleum Corp. is a Kurdistan focused oil development and exploration company with a 26.8% direct interest in the Atrush oil discovery until such time that the Kurdistan Regional Government has completed the exercise of its right to acquire up to a 25% interest. The Atrush Block is currently undergoing an appraisal and development campaign.

ShaMaran 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". Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Pareto Securities AB is the Company's Certified Advisor on NASDAQ OMX First North.

FORWARD LOOKING STATEMENTS

This news release contains statements and information 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. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "outlook", "budget" or the negative of those terms or similar words suggesting future outcomes. The Company cautions readers regarding the reliance placed by them on forward-looking information as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.

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.

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