



SHAMARAN
petroleum corp

INVITATION TO SUBSCRIBE FOR SHARES IN SHAMARAN PETROLEUM CORP.

As a shareholder in ShaMaran Petroleum Corp., you will receive Subscription Rights (as defined herein). Please note that the Subscription Rights are expected to have an economic value. In order not to lose the value of the Subscription Rights, holders through Euroclear Sweden on Nasdaq First North Growth market must either:

- exercise the Subscription Rights to subscribe for new Shares by no later than at 15.00 (CEST) May 16, 2022; or
- sell the Subscription Rights which are not intended to be exercised by no later than May 11, 2022.

Please note that other deadlines apply for holders through CDS and on TSXV. Shareholders with nominee-registered shareholdings shall be entitled to subscribe for new Shares through the respective nominee and that the deadline for subscription may vary.

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. Nasdaq Stockholm AB approves the application for admission of the new shares offered in this prospectus to trading on Nasdaq First North Growth Market.

IMPORTANT INFORMATION

In this prospectus (the “**Prospectus**”), “**Shamaran**”, the “**Company**” or the “**Group**” refer to, depending on the context, ShaMaran Petroleum Corp., the Group in which ShaMaran Petroleum Corp is the parent company, or a subsidiary of the Group. “**TEPKRI**” refers to TEPKRI Sarsang A/S. “**Pareto**” refers to Pareto Securities AB. “**Aktieinvest**” refers to Aktieinvest FK AB, a wholly owned subsidiary of Pareto. Pareto has been appointed by ShaMaran to act as technical advisor for the Rights Issue in Sweden and Aktieinvest as issuing agent (as defined below). Pareto is not registered as a dealer in any Canadian jurisdiction and, accordingly, will not, directly or indirectly, solicit offers to purchase or sell shares or subscription rights in Canada. See the section *Definitions and Glossary* for definitions of other terms in this Prospectus.

Information for investors

This Prospectus has been prepared in accordance with the rules set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the regulations in the Prospectus Regulation. The approval from the Swedish Financial Supervisory Authority does not mean that the Swedish Financial Supervisory Authority guarantees that the information in the Prospectus is complete or correct. Swedish law governs the Prospectus and the offering pursuant to the Prospectus (the “**Rights Issue**” or “**Rights Offer**”). Disputes arising from the Prospectus, the Rights Issue and related legal matters shall be settled exclusively by the Swedish courts. In accordance with exemption granted by the Swedish Financial Supervisory Authority, the Prospectus has been published in the English language only.

No action has been taken, or will be taken, by ShaMaran to allow a public offering in any country other than Sweden and Canada. Neither subscription rights in the Rights Issue (the “**Subscription Rights**”), paid-up subscribed shares (“**BT**”) nor shares in ShaMaran (“**Shares**”) subscribed for in the Rights Issue (“**Securities**”) have been, or will be, registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) or any securities laws of any state or other jurisdiction of the United States (the “**US**”), nor have any of such regulatory authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Prospectus. Securities may not be offered or sold, directly or indirectly, in or into the United States or US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”) other than to a limited number of investors that are qualified institutional buyers (as defined in Rule 144A under the Securities Act) (“**QIBs**”). The distribution of the Subscription Rights in each jurisdiction of Canada will be made on a prospectus-exempt basis pursuant to a rights offering notice to be sent to shareholders in Canada and related rights offering circular, in each case as will be filed with applicable Canadian securities regulatory authorities. The Subscription Rights are also qualified to be distributed to holders in Sweden as a result of the filing of this Prospectus with the Swedish Financial Supervisory Authority. Moreover, the Rights Issue is not made to persons resident in Australia, Hong Kong, Japan, New Zealand, Singapore, South Africa or Switzerland, or to persons whose participation would require additional prospectuses, registration or other measures than those imposed by Swedish law or Canadian law. The Prospectus may not be distributed in any country or any jurisdiction where the distribution or the Rights Issue would require such measures or would be in conflict with the applicable regulation of each such jurisdiction. Application for subscription of Securities in violation of the restrictions above may be void. Persons who receive copies of the Prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may result in a violation of securities regulations.

In the member states of the European economic area (“**EES**”) and in the United Kingdom – with the exception of Sweden – the Rights Issue may be made only on condition that it does not lead to requirements for drawing up of prospectuses in such countries in accordance with the Prospectus Regulation (as applicable in such countries).

An investment in Securities involves certain risks; see the *Risk Factors* section. When investors make an investment decision, they must rely on their own assessment of ShaMaran and the Rights Issue, including applicable facts and risks. Investors may only rely on the information contained in this Prospectus and any possible supplements to this Prospectus. Prior to making an investment decision, potential investors should engage their own professional advisers and carefully evaluate and consider their investment decision. No person is authorized to provide any information or make any statements other than those made in this Prospectus. Should such information or statements nevertheless be made, they should not be considered to have been approved by ShaMaran or Pareto, and neither the Company nor Pareto is responsible and assumes no liability for such information or statements. Neither the publication of this Prospectus nor any transaction made in respect of the Rights Issue shall under any circumstances imply that the information contained herein is accurate or applicable at any time other than on the date of publication of this Prospectus, or that there have been no changes in the Company’s business since this date. If significant changes to the information in this Prospectus occur, such changes will be announced in accordance with the provisions on supplements to a prospectus under the Prospectus Regulation. No warranty, either expressed or implied, is provided by Pareto regarding the accuracy or completeness of the information contained in this Prospectus, and nothing in this Prospectus is to be regarded as a promise or guarantee of Pareto, whether it relates to the past or the future. Accordingly, to the extent permitted by applicable law, Pareto disclaims any liability that Pareto might otherwise have with respect to the Prospectus or any statement referred to above.

As a condition for subscribing for new Shares pursuant to the Rights Issue, each subscriber will be deemed to have made, or, in some cases, be required to make, certain representations and warranties which will be relied upon by ShaMaran and Pareto. ShaMaran reserves the right, at its discretion, to disregard any subscription application that it or its advisors believes may give rise to a breach or violation of any law, rule or regulation. Certain amounts presented in the Prospectus have been rounded off, and consequently the numbers in certain tables do not necessarily correspond exactly to the total amounts. Unless otherwise specified, “**CAD**” refers to Canadian dollars. All financial amounts are expressed in US dollars (“**USD**”). “**SEK**” refers to Swedish krona.

Information for United States investors

No subscription rights, paid subscribed shares or shares issued by ShaMaran, including the Shares and the Securities, have been registered or will be registered under the Securities Act or securities law in any state or jurisdiction of the United States and may not be offered, subscribed for, exercised, pledged, sold, resold, assigned, delivered or transferred, directly or indirectly, in or to the United States, except in accordance with any applicable exception to, or in a transaction not covered by, the Securities Act registration requirements and in accordance with the securities laws of the relevant state or other jurisdiction in the United States. The Securities are only offered and sold (i) outside the US or to, or for the account or benefit of, non-US persons (as defined in Regulation S) in offshore transactions in accordance with Regulation S or (ii) to a limited number of existing shareholders that (A) are QIBs in transactions otherwise exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) have delivered a representation letter in the form presented by ShaMaran. Recipients of the Prospectus are hereby notified that ShaMaran may rely on an exception to the registration requirements under Section 5 of the Securities Act. Up to 40 days after the start of the Rights Issue, an offer or transfer of securities in the United States conducted by a securities broker (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act. The securities have neither been approved nor rejected by the U.S. Securities and Exchange Commission (SEC), any state securities authority, or any other US authority. Nor has any such authority assessed or commented on the offer under this Prospectus or the accuracy and reliability of this document. Claiming the opposite is a criminal offense in the United States.

Presentation of financial information

Financial information related to ShaMaran presented in this Prospectus was extracted from ShaMaran’s audited consolidated financial statements for the financial year 2020, as well as the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021, each prepared in accordance with International Reporting Standards, issued by the International Accounting Standard Board, (“**IFRS**”). Financial information related to TEPKRI presented in this Prospectus was extracted from TEPKRI’s audited financial statements for the financial years 2020, 2019 and 2018, prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies, as well as TEPKRI’s separate audited statement of cash flows for the financial years 2018, 2019 and 2020, prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies. The mentioned financial statements of ShaMaran and TEPKRI (including TEPKRI’s separate audited statement of cash flows for the financial years 2018, 2019 and 2020) are incorporated by reference into the Prospectus and constitute part of this Prospectus. For more information on documents incorporated by reference, please refer to section *Legal Considerations and Supplementary Information – Documents Incorporated by Reference*. To make the information easily accessible to the reader, certain financial and other figures presented in the Prospectus have been rounded off. Consequently, the numbers in certain columns do not exactly correspond to the total amount specified. Besides (i) the Company’s audited financial statements for the financial year 2020, (ii) TEPKRI’s audited financial statements for the financial years 2018, 2019 and 2020 and TEPKRI’s separate audited statement of cash flows for the financial years 2018, 2019 and 2020, no information in this Prospectus has been reviewed or audited by an auditor.

Forward-looking statements

This Prospectus contains certain forward-looking statements that reflect ShaMaran’s current views or expectations with respect to future events as well as financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or other expressions regarding indications or forecasts of future developments or trends that are not based on historical facts constitute forward-looking information. Although ShaMaran believes that these statements are based on reasonable assumptions and expectations, ShaMaran cannot guarantee that such forward-looking statements will be realized. Forward-looking information is inherently associated with both known and unknown risks and uncertainties since it depends on future events and circumstances. Forward-looking information does not constitute a guarantee of future results or performance, and the outcome may differ materially from what is set out in the forward-looking information. Factors that could cause ShaMaran’s future results or performance to differ from what is expressed in the forward-looking statements include, but are not limited to, those described in the section *Risk Factors*. Forward-looking information in this Prospectus applies only to the date of the publication of the Prospectus. ShaMaran undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or similar circumstances, other than as required by law.

Third party information

This Prospectus contains information from third parties, including information regarding reserves. Although ShaMaran considers that the sources are reliable and the information has been reproduced properly in the Prospectus, ShaMaran has not independently verified the information, which is why its accuracy and completeness cannot be guaranteed. The Company has presented this information accurately, as far as the Company’s Board of Directors is aware and can be deduced from information that has been published by a third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Some of the information and statements in the Prospectus relating to the industry in which the Company’s business is conducted are not based on published statistics or information from independent third parties, but rather reflect ShaMaran’s best estimates based on information obtained from industry and business organizations and other contacts. Although ShaMaran is of the view that its internal analyses are reliable, these have not been verified by any independent source.

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The Prospectus is valid for up to 12 months from the date of approval, provided that ShaMaran, if applicable, fulfils the obligation to provide a supplement to the Prospectus in accordance with the Prospectus Regulation. The obligation to publish a supplement to the Prospectus will not apply when the Prospectus is no longer valid, and ShaMaran will only create a supplement to the Prospectus when required by the provisions of the Prospectus Regulation.

Summary of the rights issue

Holders of Shares in Euroclear Sweden at the close of business (Swedish time) on the Record Date, April 13, 2022, will receive Subscription Rights on the basis of one (1) Subscription Right for each Share held at that time.

Four (4) Subscription Rights will entitle the holder to subscribe for one (1) Share upon payment of the Subscription Price of SEK 0.52.

Holders of Subscription Rights in Euroclear Sweden may subscribe for Shares during the period from and including April 20, 2022 up to and including May 16, 2022.

Shareholders who choose not to participate in the Rights Issue will have their ownership interest diluted by approximately 20.0 per cent but have the opportunity to financially compensate for this dilution by selling their Subscription Rights on Nasdaq First North Growth Market no later than than May 11, 2022.

On expiry of the subscription period, the Subscription Rights which have not been exercised will expire and become null and void.

Important dates (2022)

Record Date	April 13
Subscription period through Euroclear Sweden	April 20 – May 16
Subscription period through CDS	April 20 – May 20
Trading in Subscription Rights on Nasdaq First North Growth Market	April 20 – May 11
Trading in Subscription Rights on TSX Venture Exchange	April 20 – May 20
Publication of outcome	May 24

ISIN codes

Shares	CA8193201024
Subscription Rights on Nasdaq First North Growth Market	SE0017769912
Subscription Rights on TSX Venture Exchange	CA8193201289

Ticker

Shares	SNM
Subscription Rights on Nasdaq First North Growth Market	SNM TR
Subscription Rights on TSX Venture Exchange	SNM.RT

Financial calendar (2022)

Financial report January – December 2021	April 25
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Summary

Introduction and warnings

The securities	The Prospectus has been prepared by reason of the invitation to subscribe for common shares (“ Shares ”) in ShaMaran. The Shares have ISIN code CA8193201024 and are admitted to trading on TSX Venture Exchange in Canada and Nasdaq First North Growth Market (“ Nasdaq First North ”) in Sweden under the ticker <i>SNM</i> .
Identity and contact details of the issuer	Legal name: ShaMaran Petroleum Corp. Reg. no: C0778647 LEI code: 529900227RVB89NZH924 Address: 2000 - 885 West Georgia Street, Vancouver, BC Telephone: +1 (604) 689-7842 www.shamaranpetroleum.com
Competent authority	The Swedish Financial Supervisory Authority (Sw. <i>Finansinspektionen</i>). Address: Box 7821, 103 97, Stockholm Telephone: +46 8 408 980 00 www.fi.se
Date of approval	April 7, 2022
Warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. Investors can lose all or parts of their invested capital. If a claim related to the information in this Prospectus is brought before a court of law, the investor who is plaintiff under national legislation may be obliged to pay the cost of translating the Prospectus before the legal proceedings commence. Liability under civil law covers only those persons who have issued the summary, including translations of it, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Prospectus or if the summary, taken together with other parts of the Prospectus, does not provide key information in order to aid investors when considering whether to invest in such securities.

Key information on the issuer

Who is the issuer of the securities?	<p><i>The Issuer's domicile, legal form and law</i></p> <p>The Company is registered and continued under the British Columbia Business Corporations Act, Canada as a company with corporation number C0778647. The Company is regulated by, and its operations are conducted in accordance with, the laws of the Province of British Columbia, Canada. The Company's LEI code is 529900227RVB89NZH924.</p> <p><i>The Issuer's principal activities</i></p> <p>The Company is an independent oil and gas exploration company whose head office is in Canada, with a services office in Switzerland. ShaMaran is focused on oil exploration and development in the Kurdistan Region of Iraq (“Kurdistan”). ShaMaran's principal asset is a 27.6% interest in the Atrush Block located in the northeast of Kurdistan. ShaMaran expects, upon closing of the proposed acquisition from a TotalEnergies' affiliate, to also hold an 18% interest through its then wholly-owned subsidiary TEPKRI Sarsang A/S (“TEPKRI”) in the Sarsang Block. ShaMaran's mission is to build a leading oil and gas exploration and production company focused on opportunities in the Middle East and North Africa region while creating positive economic and social impacts on the local communities and growing shareholder value. ShaMaran has pursued and expects to continue to pursue a growth strategy with active exploration and development activities, together with focused acquisitions and joint venture arrangements. ShaMaran expects to continue to target areas and prospects that it believes could result in meaningful resource and/or reserve additions. ShaMaran expects to continue the identification of exploration projects that have a medium risk and multi-zone potential in prospective, geologically favourable settings. ShaMaran intends to maintain a balance between exploration, exploitation, and development activities with and without joint venture partners.</p>
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Who is the issuer of the securities? Cont.**The Issuer's major shareholders**

In so far as is known to ShaMaran, as at the date of this Prospectus, only the following persons beneficially own or control, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all outstanding Shares in the Company:

Name	Number of shares ²⁾	Percentage of total issued Shares and votes ³⁾
Nemesia S.à.r.l. (“ Nemesia ”) ¹⁾ and Zebra Holdings Investments S.à.r.l. (“ Zebra ”) ¹⁾	569,817,651	25.52%

1) Nemesia and Zebra, who report their security holdings as joint actors, are private companies ultimately controlled by a trust whose settlor is the Estate of the late Adolf H. Lundin.

2) The information above has been obtained by the Company from filings on the System for Electronic Disclosure by Insiders (SEDI) as of the date of this Prospectus.

3) The percentage has been calculated based on the number of issued and outstanding Shares of the Company as at the date of the Prospectus.

Board of directors, senior executives and auditors

The Company's board of directors comprises the board member and chairman of the board Chris Bruijnzeels and other board members Dr. Adel Chaouch, Mike S. Ebsary, Keith C. Hill and William A.W. Lundin. The Company's executive management comprises Dr. Adel Chaouch (President and CEO) and Alex C. Lengyel (Chief Commercial Officer and Corporate Secretary).

At the 2021 annual general meeting held on June 23, 2021, PricewaterhouseCoopers SA (“**PwC**”) was re-elected as the Company's auditor, with Colin Johnson as auditor-in-charge. Colin Johnson is a U.S. Certified Public Accountant and member of the Texas State Board of Public Accountancy. PwC has been the registered audit firm since 2014. PwC is a member of EXPERTsuisse – Swiss Expert Association for Audit, Tax and Fiduciary.

At the 2021 annual general meeting held on May 12, 2021, KPMG Statsautoriseret Revisionspartner-selskab (“**KPMG**”) was re-elected as TEPKRI's auditor, represented by Morten Høgh-Petersen, State Authorized Public Accountant and Martin Pieper, State Authorized Public Accountants, both members of FSR – Danish Auditors (FSR danske revisorer). KPMG has been TEPKRI's registered audit firm since 2018.

The financial statements of TEPKRI for the financial year January 1 to December 31, 2020 were audited by KPMG represented by State Authorized Public Accountants Morten Høgh-Petersen (MNE-no. 34283) and Martin Pieper (MNE-no. 44063). The financial statements of TEPKRI for the financial years January 1 to December 31, 2019 and January 1 to December 31, 2018 were audited by KPMG represented by State Authorized Public Accountants Henrik O. Larsen (MNE-no. 15839) and Morten Høgh-Petersen (MNE-no. 34283). TEPKRI's separate statements cash flow for the financial years January 1 to December 31, 2020, January 1 to December 31, 2019 and January 1 to December 31, 2018 were audited by KPMG represented by State Authorized Public Accountants Morten Høgh-Petersen (MNE-no. 34283) and Martin Pieper (MNE-no. 44063).

What is the key financial information regarding the issuer?

The following historical financial information as of and for the year ended December 31, 2020 has been taken from ShaMaran's audited consolidated financial statements for the financial year 2020, and the information as of and for the nine months ended September 30, 2021 and 2020 has been taken from ShaMaran's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021, each prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standard Board, (“**IFRS**”) and incorporated by reference into the Prospectus. The consolidated financial statements for the financial year 2020 have been audited by PwC in accordance with Canadian generally accepted auditing standards, who issued an unqualified audit opinion thereon with an emphasis of matter relating to going concern given that the Company may require additional liquidity to finance its operations and that this, along with other matters, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

ShaMaran's consolidated statement of comprehensive income in summary

	Audited (IFRS)		Unaudited (IFRS)	
	Jan–Dec 2020	Jan–Sept 2021	Jan–Sept 2021	Jan–Sept 2020
USD thousands				
Revenues	56,673	74,884		42,592
Gross margin on oil sales	7,106	37,227		(3,147)
(Loss) / income from operating activities	(122,308)	30,536		(126,933)
Net finance cost	(22,071)	(21,171)		(15,632)
(Loss) / income for the period	(144,425)	9,322		(142,640)
Total other comprehensive (loss) / income	(378)	378		28
Total comprehensive (loss) / Income for the period	(144,803)	9,700		(142,612)

What is the key financial information regarding the issuer? Cont.

Shamaran's consolidated balance sheet in summary

USD thousands	Audited (IFRS)		Unaudited (IFRS)	
	Dec 31 2020	Sept 30 2021	Sept 30 2021	Sept 30 2020
Non-current assets	196,256	146,995		199,062
Current assets	47,117	225,085		39,385
Total assets	243,373	372,080		238,447
Non-current liabilities	36,427	45,317		223,444
Current liabilities	203,279	312,449		9,476
Equity	3,667	14,314		5,527
Total equity and liabilities	243,373	372,080		238,447

Shamaran's consolidated statement of cash flow in summary

USD thousands	Audited (IFRS)		Unaudited (IFRS)	
	Jan-Dec 2020	Jan-Dec 2021	Jan-Sept 2021	Jan-Sept 2020
Net cash inflows from operating activities	12,860	40,567	40,567	7,510
Net cash inflows from / (outflows to) investing activities	201	4,108	4,108	(473)
Net cash (outflows to) / inflows from financing activities	(147)	78,031	78,031	(104)

Unaudited pro forma financial information

The unaudited pro forma financial information comprises an unaudited pro forma statement of income for the financial year ended December 31, 2020, an unaudited pro forma balance sheet as at December 31, 2020 and related notes to show the effect as if the proposed acquisition of TEPKRI, the new bond issue (ISIN NO 0011057622) and the Rights Issue had been carried out as at January 1, 2020 in respect of the unaudited pro forma statement of income and as at December 31, 2020 in respect of the unaudited pro forma balance sheet. The unaudited pro forma financial information is presented for illustrative purposes only.

Shamaran's unaudited pro forma income statement for the financial year ended December 31, 2020 in summary

USD thousands	ShaMaran	TEPKRI	Accounting Adjustments	New bond issue Adjustments	Acquisition Adjustments	Pro Forma
Revenues	56,673	44,288	(20,037)	-	-	80,924
Gross margin on oil sales	7,106	10,238	-	-	(3,129)	14,215
(Loss) / income from operating activities	(122,308)	7,310	194	-	(3,219)	(117,933)
Net finance cost	(22,071)	(13)	-	(13,083)	(1,100)	(36,267)
Net loss on TEPKRI acquisition	-	-	-	-	(1,500)	(1,500)
(Loss) / income before income tax expense	(144,379)	7,297	194	(13,083)	(5,729)	(155,699)
(Loss) / Profit for the year	(144,425)	7,298	194	(13,083)	(5,729)	(155,744)

Shamaran's unaudited pro forma balance sheet as of December 31, 2020 in summary

USD thousands	ShaMaran	TEPKRI	Accounting Adjustments	Offering Adjustments	New bond issue		Acquisition Adjustments	Pro Forma
					Adjustments	Adjustments		
Non-current assets	196,256	141,980	194	-	-	22,527		360,957
Current assets	47,117	37,982	-	30,000	103,200	(168,563)		49,736
Total assets	243,373	179,962	194	30,000	103,200	(146,036)		410,693
Non-current liabilities	36,427	3,242	-	-	290,446	-		330,115
Current liabilities	203,279	4,418	-	2,000	(174,164)	31,994		67,528
Equity	3,667	172,302	194	28,000	(13,083)	(178,030)		13,050
Total equity and liabilities	243,373	179,962	194	30,000	103,200	(146,036)		410,693

What is the key financial information regarding TEPKRI?

The following financial information on TEPKRI, excluding TEPKRI's cash flow statement for the financial years 2018, 2019 and 2020, is taken from and shall be read together with TEPKRI's audited financial reports as per and for the financial years ended December 31, 2020, December 31, 2019 and December 31, 2018, which are prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies, incorporated into the Prospectus by reference. TEPKRI's cash flow statement for the financial years 2018, 2019 and 2020 is taken from, and should be read together with, TEPKRI's separate audited statement of cash flows prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies, incorporated into the Prospectus by reference.

TEPKRI's statement of profit and loss in summary

USD thousands	Audited (Danish Financial Statements Act)		
	Jan-Dec	Jan-Dec	Jan-Dec
	2020	2019	2018
Revenue	44,288	69,520	55,556
Gross profit	10,548	31,006	27,265
Result before financial items and tax	7,310	24,996	16,639
Result for the year	7,298	29,479	22,773

TEPKRI's statement of financial position in summary

USD thousands	Audited (Danish Financial Statements Act)		
	Dec 31	Dec 31	Dec 31
	2020	2019	2018
Total assets	179,962	172,963	144,435
Total equity	172,302	165,004	135,525

TEPKRI's cash flow statement in summary

USD thousands	Audited (Danish Financial Statements Act)		
	Jan-Dec	Jan-Dec	Jan-Dec
	2020	2019	2018
Cash flow from operating activities before financial items	25,529	23,922	17,650
Cash flow from operating activities	24,465	24,458	23,784
Cash flow used for investing activities	(18,414)	(34,142)	(13,898)

What are the key risks that are specific to the issuer?

BUSINESS AND INDUSTRY-RELATED RISKS

General market conditions and the impact of Covid-19

A reduction of the oil price, a general economic downturn, or a recession could result in adverse effects to the Company's business, including reduced cash flows associated with the Company's future oil sales. The Covid-19 pandemic and the restrictions and disruptions related to it have had a drastic adverse effect on the world demand for, and prices of, oil and gas. If the pandemic were to worsen as a result of new mutations or for other reasons, it would have a significant impact on the demand for the Company's products and even after the Covid-19 outbreaks have subsided, ShaMaran may continue to experience materially adverse impacts to its' business as a result of its global economic impact.

Commodity price risk

The prices that the Company receives for its oil production may have a significant impact on the Company's revenues and cash flows provided by operations and net result. World prices for oil and gas are characterised by significant fluctuations that are determined by the global balance of supply and demand and worldwide political developments and the price received for the Company's oil production in Kurdistan is dependent upon the Kurdistan Regional Government and its ability to export production outside of Iraq. A significant decline in the price at which the Company can sell future oil production could adversely affect the amount of funds available for capital reinvestment purposes as well as impair the value of the Company's oil asset.

Exploration, development and production risks

ShaMaran's business is subject to risks and hazards inherent in businesses involved in the development, production and marketing of oil, including drilling of unsuccessful wells, fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil wells, production facilities, other property or the environment, or in personal injury. The operations in which the Company has interests involve geological, technical and commercial risks. ShaMaran's success will depend on its ability to find, appraise, develop and commercially produce oil resources and reserves. Future oil development may involve risks relating to dry holes, wells which do not produce sufficient petroleum to return a profit after drilling, operating and other costs. In addition, operations can be affected by drilling hazards, environmental damage, and other field operating conditions which could adversely affect production and increase the cost of operations.

What are the key risks that are specific to the issuer? Cont.

In-country risks

Shamaran's assets and operations in Kurdistan are subject to significant political, social and economic uncertainties, including the risk of changes in government policies and legislation, expropriation, nationalization, renegotiation or nullification of existing or future contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, a limitation on the Company's ability to export, and the imposition of currency controls. The region also has a history of security problems and the operations in Kurdistan are subject to uncertainties such as the risk of war, terrorism and criminal activity. Furthermore, the Federal Supreme Court of Iraq has recently, in what the Company deems to be an incorrect interpretation of the Iraqi Constitution and a politically motivated attempt to interfere with the formation of a new Federal Government, ruled that the Kurdistan regional Government's production sharing contracts are contrary to the constitution of Iraq and should be voided (the "**FSC 2022 Ruling**").

Risks relating to infrastructure

Shamaran is dependent on access to available and functioning infrastructure (including third party services in Kurdistan), in particular the Iraq-Turkey export pipeline to transport its products. The pipeline has previously been subject to minor acts of sabotage and consequently been disrupted for periods of days at a time. If the pipeline were disrupted for a significant period of time, it would disrupt the marketing of the Company's product.

LEGAL RISKS

Risks associated with the validity of petroleum contracts in Kurdistan

The Iraq oil ministry has historically disputed the validity of the Kurdistan Regional Government's production sharing contracts and, as a result indirectly, the Company's right and title to its oil assets in Kurdistan. There is a risk that the Iraq Federal Government successfully implement the FSC 2022 Ruling such as by invalidating the Kurdistan Regional Governments' production sharing contracts or mandating other unfavourable changes. Currently there is no assurance that the Kurdistan Regional Government's production sharing contracts are enforceable or binding in accordance with Shamaran's interpretation of their terms or that, if breached, the Company would have remedies.

Stoppage of flaring

Both the operators of Atrush and Sarsang respectively currently flare associated gas produced at the Atrush Block and the Sarsang Block respectively. On July 13, 2021 the Minister of the Ministry of Natural Resources issued a Ministerial Order giving oil production companies in the Kurdistan Region 18 months to put a complete end to flaring in their blocks. If the terms of this order are actually enforced and if either the operators (or both) cannot comply such block(s) may be forced to curtail or cease oil production due to these emissions constraints as the blocks may not be able sufficiently treat, re-inject or market the associated gas.

Closing of the proposed TEPKRI Acquisition

On July 12, 2021, Shamaran entered into a sale and purchase agreement to acquire the entire share capital of TEPKRI (the "**TEPKRI Acquisition**"). There is a risk that the TEPKRI Acquisition may not close, or not close in the timeframe originally contemplated by Shamaran. The agreement governing the TEPKRI Acquisition may be terminated if the Kurdistan Regional Government does not provide its final consent for the TEPKRI Acquisition by July 12, 2022. The Kurdistan Regional Government has broad discretion in granting, withholding or conditioning its consent to the TEPKRI Acquisition.

FINANCIAL RISKS

Payments for oil deliveries that the Kurdistan Regional Government exports

The Company may face significant delays in the receipt of cash for its entitlement share of future oil deliveries to the Kurdistan Regional Government for its export to the international market. Should the Company not receive payments as expected, this could have a material effect on the Company's liquidity and operations.

Liquidity and financing

Should there be a significant decrease in oil prices or should the Company not receive payments from the Kurdistan Regional Government for the Company's delivered products as expected, the lack of operating cash flow could impair Shamaran's liquidity situation and ability to meet its financial obligations as they become due. In a scenario with lower oil prices or if the Company does not receive the expected payment for export of its products, it may also be difficult to raise new financing for the Company at acceptable terms or at all.

Default under the production sharing contracts and joint operating agreements

The production sharing contracts for each of the Atrush Block and for the Sarsang Block and the respective joint operating agreements include provisions that apply if a party should fail to meet its obligations under these contracts. The Company could upon a default lose all its rights and interests in the blocks without any compensation.

Key information on the securities

What are the main features of the securities?

Type, class and ISIN of the securities

The Rights Issue comprises common shares of ShaMaran (“Shares”). The Shares have ISIN code CA8193201024 and are admitted to trading on TSX Venture Exchange in Canada and Nasdaq First North in Sweden under the ticker SNM.

Currency, nominal value and number of securities

The Company has 2,232,969,658 Shares issued and outstanding. All Shares are fully paid up and non-assessable. The Company does not have a share capital amount and the Shares have no quota value or denomination. Through the Rights Issue, the number of Shares can increase by a maximum of 558,242,414.

Rights attached to the securities

The holders of Shares are entitled to receive notice of meetings of shareholders of the Company, to one vote per share at meetings of the shareholders of the Company. Holders of Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the votes eligible to vote at a meeting of shareholders may elect all the directors of the Company standing for election. Prior to their exercise, a holder of Subscription Rights is not, by reason of owning the Subscription Rights, a shareholder of the Company and does not have any rights of a shareholder.

The relative seniority of the securities in the Issuer’s capital structure in the event of liquidation

The holders of Shares are entitled to dividends, if, as and when declared by the Board of Directors. Dividends, if any, will be paid on a pro rata basis only from funds legally available therefor. Holders of Shares are furthermore upon liquidation of the Company entitled to receive such assets of the Company as are distributable to the holders of the Shares. The rights set out are subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of the Shares with respect to dividends or liquidation.

Transferability of the securities

The Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Dividend policy

The Company has not declared or paid any dividends on its Shares since its incorporation. The Company has not adopted any formal dividend policy and will only be permitted to declare and pay dividends once its Net Debt (as defined in the Bond Terms dated July 30, 2021 for the bond 2021/2025 (ISIN NO 0011057622) issued in connection with the funding of the proposed TEPKRI Acquisition) is less than USD 100 million. Any such decision to pay dividends will be made by the Company’s Board of Directors on the basis of ShaMaran earnings, financial and legal requirements and other conditions existing at such future time.

Where will the rights and the securities be traded?

The Company’s Shares are traded on TSX Venture Exchange (Canada) and since June 22, 2011 also on Nasdaq First North (Sweden). The Company will apply for the Subscription Rights as well as the new Shares to be traded on TSX Venture Exchange in Canada and Nasdaq First North in Sweden.

What are the key risks that are specific to the securities?

Market price of the Shares

Since an investment in Shares may both increase and decrease in value, there is a risk that an investor will not recover the invested capital. The price of ShaMaran’s Shares could fall below the subscription price in the Rights Issue. Anyone who chooses to subscribe for new Shares in the Rights Issue would then make a loss on the sale of such Shares.

Risks related to dilution

Shareholders who wholly or partly choose not to use their Subscription Rights to subscribe for new Shares in the Rights Issue will have a reduced share of the total number of Shares and voting rights in ShaMaran, as a result of the total number of Shares and votes in the Company increasing with the allocation of new Shares in the Rights Issue. The dilutive effect for shareholders who choose not to participate in the Rights Issue thus amounts to approximately 20.0 per cent of the total number of shares and votes in the Company after the Rights Issue.

Trading in Subscription Rights

Subscription Rights will be traded and there is a risk that there will not be an active trade in the Subscription Rights, that there will not be sufficient liquidity or that the Subscription Rights cannot be disposed of. If active trading develops, the price of the Subscription Rights will depend, among other things, on the price trend of ShaMaran’s Shares and may be subject to greater volatility than that applicable to those Shares. The price of ShaMaran’s Shares may fall below the subscription price in the Rights Issue.

Key information on the rights issue

Under which conditions and timetable can I invest in this security?	<p>Conditions and timetable for participation in the Rights Issue</p> <p>Holders of Shares in Euroclear Sweden at the close of business (Swedish time) on the Record Date, April 13, 2022, will receive Subscription Rights on the basis of one (1) Subscription Right for each Share held at that time. Four (4) Subscription Rights will entitle the holder to subscribe for one (1) Share upon payment of the subscription price of SEK 0.52. No brokerage fees will be charged.</p> <p>Holders of Subscription Rights in Euroclear Sweden may subscribe for Shares during the period from and including April 20, 2022 up to 15.00 CEST on May 16, 2022. On expiry of the subscription period, the Subscription Rights which have not been exercised will expire and become null and void.</p>
Why is this Prospectus being produced?	<p>Dilution and costs</p> <p>Provided that the Rights Issue is fully subscribed, the number of Shares will increase by a total of 558,242,414 new Shares, corresponding to an increase of approximately 25.0 per cent. Shareholders who choose not to participate in the Rights Issue will have their ownership interest diluted by approximately 20.0 per cent but have the opportunity to financially compensate for this dilution by selling their Subscription Rights on Nasdaq First North Growth Market no later than May 11, 2022.</p> <p>The costs related to the Rights Issue are estimated to amount to approximately SEK 16.6 million (USD 1.75 million¹⁾).</p> <p>Net proceeds from the Rights Issue</p> <p>With full subscription, the Rights Issue will provide ShaMaran with a total of SEK 290.3 million (USD 30.51 million¹⁾) before deduction of costs related to the Rights Issue and a total of SEK 273.7 million (USD 28.76 million¹⁾) after deduction of costs related to the Rights Issue.</p> <p>Motives and use of the proceeds</p> <p>The reason for the Rights Issue is that ShaMaran intends to continue growing in the current oil and gas price environment through one or more acquisitions of stakes in producing assets. The Company generally intends to target producing assets that can contribute to its production and cashflows.</p> <p>The proceeds of the Rights Issue will be used for general corporate and administrative purposes of the Company, which includes the strengthening of the Company's balance sheet and possibly partly funding of one or more acquisitions the Company may pursue in the future. The Company has USD 175 million out-standing under its bond with ISIN NO 001082645.6. If the proposed TEPKRI Acquisition closes, the amount of bonds outstanding will increase to USD 300 million. So, to the extent that the Company is unable to negotiate the acquisition of other assets on terms which it deems attractive, the proceeds from the Rights Issue may be used in the future to partially repay the outstanding bonds and strengthen the balance sheet of the Company.</p> <p>Guarantee commitment</p> <p>One of ShaMaran's principal shareholders, Nemesia²⁾ has signed a standby commitment agreement pursuant to which it will participate in the Rights Offering at such level as may be required to ensure that the Company receives proceeds amounting to at least USD 30 million. Nemesia does not receive any commission for its guarantee commitment.</p> <p>Conflicts of interest</p> <p>Pareto Securities AB provides technical advice and other services to ShaMaran in connection with the Rights Issue. These advisers (including their related companies) have provided, and may in the future provide various banking, financial, investment, commercial and other services to ShaMaran for which they have received or may receive compensation.</p>

1) Using a USD/SEK exchange rate of 1 USD = 9.514 SEK and a CAD/SEK exchange rate of 1 CAD = 7.619 SEK.

2) Registered office address: 40, Boulevard Grand Duchesse Charlotte, L-1330 Luxembourg

Sammanfattning

Inledning och varningar

Värdepapperna	Detta prospekt ("Prospektet") har upprättats med anledning av inbjudan till teckning av stamaktier i ShaMaran ("Aktier"). Aktierna har ISIN-kod CA8193201024 och är upptagna till handel på TSX Venture Exchange i Kanada och på Nasdaq First North Growth Market ("Nasdaq First North") i Sverige under kortnamnet (ticker) <i>SNM</i> .
Identitet och kontaktuppgifter för emittenten	Registrerad firma: ShaMaran Petroleum Corp. Org.nr: C0778647 LEI-kod: 529900227RVB89NZH924 Adress: 2000 - 885 West Georgia Street, Vancouver, BC Växel: +1 (604) 689-7842 www.shamaranpetroleum.com
Behörig myndighet	Finansinspektionen Adress: Box 7821, 103 97, Stockholm Växel: +46 8 408 980 00 www.fi.se
Datum för godkännande av prospektet	7 april 2022
Varningar	Denna sammanfattning bör betraktas som en introduktion till Prospektet. Varje beslut om att investera i värdepapperen bör baseras på en bedömning av hela Prospektet från investerarens sida. Investerare kan förlora hela eller delar av det investerade kapitalet. I talan som väcks i domstol angående informationen i Prospektet kan den investerare som är kärande enligt nationell rätt bli tvungen att stå för kostnaderna för översättning av Prospektet innan de rättsliga förfarandena inleds. Civilrättsligt ansvar kan endast åläggas de personer som lagt fram sammanfattningen, inklusive översättningar av den, men endast om sammanfattningen är vilseledande, felaktig eller oförenlig med de andra delarna av Prospektet eller om den inte, tillsammans med de andra delarna av Prospektet, ger nyckelinformation för att hjälpa investerare när de överväger att investera i sådana värdepapper.

Nyckelinformation om emittenten

Vem är emittent av värdepapperen?	Emittentens hemvist, juridiska form och lagstiftning Bolaget är registrerat under British Columbia Business Corporations Act i Kanada som ett aktiebolag med organisationsnummer C0778647. Bolaget regleras av, och verksamheten bedrivs i enlighet med lagarna i British Columbia, Kanada. Bolagets LEI-kod är 529900227RVB89NZH924. Emittentens huvudsakliga verksamhet Bolaget är ett oberoende olje- och gasprospekteringsbolag med huvudkontor i Kanada och tjänstekontor i Schweiz. ShaMarans fokus är oljeprospektering och utveckling i den kurdistanska regionen i Irak ("Kurdistan"). ShaMarans huvudsakliga tillgång är en ägarandel motsvarande ett intresse om 27,6 % i Atrushblocket i nordöstra Kurdistan. ShaMaran väntar sig att efter ha genomfört planerat förvärv från TotalEnergies dotterbolag även att inneha en ägarandel motsvarande ett intresse om 18% i Sarsangblocket genom dess därefter helägda dotterbolag TEPKRI Sarsang A/S ("TEPKRI"). ShaMarans mål är att bygga ett ledande olje- och gasprospekterings- och produktionsbolag med fokus på möjligheterna i Mellanöstern och Nordafrika och att samtidigt skapa positiva ekonomiska och sociala effekter på lokala samhällen och ökat värde för aktieägarna. ShaMaran har följt och väntar sig fortsätta följa en tillväxtstrategi med aktiva prospekterings- och utvecklingsaktiviteter, tillsammans med fokuserade förvärv och joint venture-arrangemang. ShaMaran väntar sig att fortsätta fokusera på områden och möjligheter som Bolaget tror kommer att resultera i meningsfulla resurs- och/eller reservtillskott. ShaMaran väntar sig fortsätta identifiera prospekteringsprojekt som har medelhög risknivå och potential inom flera zoner i lovande geologiskt gynnsamma omgivningar. ShaMaran avser att bibehålla en god balans mellan prospekterings-, exploaterings- och utvecklingsaktiviteter med och utan joint venture-partners.
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Vem är emittent av värdepapperen? Forts.**Emittentens större aktieägare**

Såvitt Shamaran känner till, per datumet för Prospektet, äger eller kontrollerar endast följande personer, direkt eller indirekt, Aktier motsvarande 10% eller mer av rösträtten hänförlig till alla utestående Aktier i Bolaget:

Name	Antal Aktier shares ²⁾	Procent av antalet utfärdade Aktier och röster ³⁾
Nemesia S.å.r.l. ("Nemesia") ¹⁾ och Zebra Holdings Investments S.å.r.l. ("Zebra") ¹⁾	569 817 651	25,52%

1) Nemesia och Zebra, som rapporterar sina värdepappersinnehav gemensamt, är privata bolag som ytterst kontrolleras av en trust vars stiftare var Adolf H. Lundins dödsbo.

2) Informationen ovan har erhållits av Bolaget från sökning i System for Electronic Disclosure by Insiders (SEDI) per datumet för Prospektet.

3) Den angivna procentsatsen har beräknats baserat på antalet utfärdade och utestående Aktier i Bolaget per dagen för Prospektet.

Styrelse, ledande befattningshavare och revisorer

Bolagets styrelse består av styrelseledamot- och styrelseordförande Chris Buijnzeels samt de ordinarie styrelseledamöterna Dr. Adel Chaouch, Mike S. Ebsary, Keith C. Hill and William A.W. Lundin. Bolagets ledande befattningshavare utgörs av av Dr. Adel Chaouch (President och VD) och Alex C. Lengyel (Chief Commercial Officer och Corporate Secretary).

Vid årsstämman för 2021 som hölls den 23 juni 2021 blev PricewaterhouseCoopers SA ("PwC") omvald till Bolagets revisor med Colin Johnson som huvudansvarig revisor. Colin Johnson är U.S certifierad publik revisor och medlem i Texas State Board of Public Accountancy. PwC har varit Bolagets registrerade revisionsbolag sedan 2014. PwC är medlemmar i EXPERTsuisse – Swiss Expert Association for Audit, Tax and Fiduciary.

Vid årsstämman som hölls den 12 maj 2021, omvaldes KPMG Statsautoriseret Revisionspartnerselskab ("KPMG") till TEPKRIs revisor, representerad av Morten Høgh-Petersen, statsauktorerad revisor och Martin Pieper, statsauktorerad revisor, båda medlemmar av FSR – Danske Revisorer. KPMG har varit TEPKRIs registrerade revisionsbolag sedan 2018.

TEPKRIs årsredovisning för räkenskapsåret 1 januari till 31 december 2020 har reviderats av KPMG representerad av statsauktorerade revisorer Morten Høgh-Petersen (MNE-nummer 34283) och Martin Pieper (MNE-nummer 44063). Årsredovisningen för TEPKRI för räkenskapsåren 1 januari till 31 december 2019 och 1 januari till 31 december 2018 har reviderats av KPMG representerad av statsauktorerade revisorer Henrik O. Larsen (MNE-nummer 15839) och Morten Høgh-Petersen (MNE-nummer 34283). TEPKRI's separata kassaflödesrapport för räkenskapsåren 1 januari till 31 december 2020, 1 januari till 31 december 2019 och 1 januari till 31 december 2018, har reviderats av KPMG representerad av statsauktorerade revisorer Morten Høgh-Petersen (MNE-nummer 34283) och Martin Pieper (MNE-nummer 44063).

Vilken är den finansiella nyckelinformationen avseende emittenten?

Följande historiska finansiella information per och för det år som slutade 31 december 2020 har hämtats från ShaMarans reviderade koncernredovisning för räkenskapsåret 2020, och informationen per och för de nio månaderna som slutade den 30 september 2021 och 2020 har hämtats från ShaMarans oreviderade delårsrapporter för de tre och nio månaderna som slutade den 30 september 2021, var och en upprättad i enlighet med International Financial Reporting Standards, utgivna av International Accounting Standard Board, ("IFRS") och införlivade genom hänvisning i Prospektet. De konsoliderade räkenskaperna för räkenskapsåret 2020 har reviderats av PwC, i enlighet med kanadensiska revisionsstandarder, som har avgett en ren revisionsberättelse innehållande en särskild upplysning rörande antagande om fortsatt drift (Eng. going concern) då Bolaget skulle kunna behöva ytterligare likviditet för att finansiera sin verksamhet och att detta, tillsammans med andra förhållanden, indikerar förekomsten av en väsentlig osäkerhet som kan skapa betydande tvivel om Bolagets förmåga att fortsätta verksamheten.

ShaMarans konsoliderade rapport över totalresultat i sammandrag

USD tusen	Reviderade (IFRS)	Oreviderade (IFRS)	
	jan-dec 2020	jan-sep 2021	jan-sep 2020
Intäkter	56 673	74 884	42 592
Bruttomarginal på oljeförsäljning	7 106	37 227	(3 147)
Resultat från den löpande verksamheten	(122 308)	30 536	(126 933)
Nettofinansieringskostnad	(22 071)	(21 171)	(15 632)
Periodens resultat	(144 425)	9 322	(142 640)
Övrigt totalresultat	(378)	378	28
Totalresultat för perioden	(144 803)	9 700	(142 612)

Vilken är den finansiella nyckelinformationen avseende emittenten?
Forts.

ShaMarans konsoliderade balansräkning i sammandrag

USD tusen	Reviderade (IFRS)		Oreviderade (IFRS)	
	31 dec 2020		30 sep 2021	30 sep 2020
Anläggningstillgångar	196 256		146 995	199 062
Omsättningstillgångar	47 117		225 085	39 385
Totala tillgångar	243 373		372 080	238 447
Långfristiga skulder	36 427		45 317	223 444
Kortfristiga skulder	203 279		312 449	9 476
Eget kapital	3 667		14 314	5 527
Totalt eget kapital och skulder	243 373		372 080	238 447

ShaMarans konsoliderade kassaflödesanalys i sammandrag

USD tusen	Reviderade (IFRS)		Oreviderade (IFRS)	
	jan-dec 2020		jan-sept 2021	jan-sept 2020
Nettokassaflöde från den löpande verksamheten	12 860		40 567	7 510
Nettokassaflöde från / (utflöden till) investeringsverksamheten	201		4 108	(473)
Nettokassa- (utflöde till) / inflöden från finansieringsverksamheten	(147)		78 031	(104)

Oreviderad proformaredovisning

Den oreviderade proformaredovisningen består av en oreviderad proforma-resultaträkning för räkenskapsåret som slutade den 31 december 2020, en oreviderad proforma-balansräkning per den 31 december 2020 och tillhörande noter. Proformaredovisningen syftar till att illustrera effekten av om det planerade förvärvet av TEPKRI, emissionen av en ny obligation (ISIN NO 0011057622) och den förträdesemission som detta prospekt avser ("Företrädesemissionen") hade genomförts per den 1 januari 2020 avseende den oreviderade proforma-resultaträkningen och per den 31 december 2020 avseende den oreviderade proformabalansräkningen. Den oreviderade proformaredovisningen presenteras endast i illustrativt syfte.

ShaMarans oreviderade pro forma resultaträkning för det finansiella räkenskapsåret som avslutas den 31 december 2020 i sammandrag

USD tusen	ShaMaran	TEPKRI	Redovisnings- justeringar	Justeringar		Proforma
				emission av ny obligation	Justeringar förvärv	
Intäkter	56 673	44 288	(20 037)	-	-	80 924
Bruttomarginal på oljeförsäljning	7 106	10 238	-	-	(3 129)	14 215
Resultat från den löpande verksamheten	(122 308)	7 310	194	-	(3 219)	(117 933)
Nettofinansieringskostnad	(22 071)	(13)	-	(13 083)	(1 100)	(36 267)
Nettoförlust på förvärvet av TEPKRI	-	-	-	-	(1 500)	(1 500)
Resultat före skatt	(144 379)	7 297	194	(13 083)	(5 729)	(155 699)
Årets resultat	(144 425)	7 298	194	(13 083)	(5 729)	(155 744)

ShaMarans oreviderade pro forma balansräkning per den 31 december 2020 i sammandrag

USD tusen	ShaMaran	TEPKRI	Redovisnings- justeringar	Erbjudande- justeringar	Justeringar		Proforma
					emission av ny obligation	Justeringar förvärv	
Anläggningstillgångar	196 256	141 980	194	-	-	22 527	360 957
Omsättningstillgångar	47 117	37 982	-	30 000	103 200	(168 563)	49 736
Totala tillgångar	243 373	179 962	194	30 000	103 200	(146 036)	410 693
Långfristiga skulder	36 427	3 242	-	-	290 446	-	330 115
Kortfristiga skulder	203 279	4 418	-	2 000	(174 164)	31 994	67 528
Eget kapital	3 667	172 302	194	28 000	(13 083)	(178 030)	13 050
Totalt eget kapital och skulder	243 373	179 962	194	30 000	103 200	(146 036)	410 693

Vad är den finansiella nyckelinformationen avseende TEPKRI?

Följande finansiella information om TEPKRI, exklusive TEPKRIs kassaflödesanalys för räkenskapsåren 2018, 2019 och 2020, är hämtad från och ska läsas tillsammans med TEPKRIs reviderade årsredovisningar per och för räkenskapsåren som avslutades den 31 december 2020, 31 december 2019 och 31 december 2018, vilka är upprättade i enlighet med bestämmelserna i den danska årsredovisningslagen tillämplig på stora företag av klass C, införlivad i Prospektet genom hänvisning. TEPKRIs kassaflödesanalys för räkenskapsåren 2018, 2019 och 2020 är hämtad från, och bör läsas tillsammans med, TEPKRIs separata reviderade kassaflödesanalys upprättad i enlighet med bestämmelserna i den danska årsredovisningslagen tillämplig på stora företag av klass C, införlivade i Prospektet genom hänvisning.

TEPKRI's resultaträkning i sammandrag

USD tusen	Reviderad (Danska årsredovisningslagen)		
	jan-dec	jan-dec	jan-dec
	2020	2019	2018
Intäkter	44 288	69 520	55 556
Bruttoresultat	10 548	31 006	27 265
Resultat före finansiella poster och skatt	7 310	24 996	16 639
Året resultat	7 298	29 479	22 773

TEPKRI's rapport över finansiell ställning i sammandrag

USD tusen	Reviderad (Danska årsredovisningslagen)		
	dec 31	dec 31	dec 31
	2020	2019	2018
Totala tillgångar	179 962	172 963	144 435
Totalt eget kapital	172 302	165 004	135 525

TEPKRI's kassaflödesanalys i sammandrag

USD tusen	Reviderad (Danska årsredovisningslagen)		
	jan-dec	jan-dec	jan-dec
	2020	2019	2018
Kassaflöde från den löpande verksamheten före finansiella poster	25 529	23 922	17 650
Kassaflöde från löpande verksamheten	24 465	24 458	23 784
Kassaflöde till investeringsverksamheten	(18 414)	(34 142)	(13 898)

Vilka är nyckelriskerna som är specifika för emittenten?

VERKSAMHETS- OCH BRANSCHRELATERADE RISKER

Allmänna marknadsförhållanden och effekten av Covid-19

En sänkning av oljepriset, en allmän ekonomisk nedgång eller en lågkonjunktur skulle kunna leda till negativa effekter för Bolagets verksamhet, inklusive minskade kassaflöden kopplad till Bolagets framtida oljeförsäljning. Covid-19-pandemin och restriktionerna och störningarna i samband med denna har haft en drastisk negativ effekt på världens efterfrågan och priser på olja och gas. Om pandemin skulle förvärras till följd av nya mutationer eller av andra skäl, skulle det ha betydande påverkan på efterfrågan på Bolagets produkter och även efter att Covid-19 utbrotten har avtagit kan ShaMaran komma att fortsätta att uppleva väsentliga negativa konsekvenser på sin verksamhet som ett resultat av dess globala ekonomiska påverkan

Råvaruprisrisk

De priser som Bolaget får för sin oljeproduktion kan ha en betydande inverkan på Bolagets intäkter och kassaflöden från verksamheten och resultatet. Världspriserna på olja och gas kännetecknas av betydande fluktuationer som bestäms av den globala balansen mellan utbud och efterfrågan och den globala politiska utvecklingen och det pris som kan erhållas för Bolagets oljeproduktion i Kurdistan är beroende av Kurdistans regionala regering och dess förmåga att exportera produktionen från Irak. En betydande nedgång i det pris till vilket Bolaget kan sälja framtida oljeproduktion kan negativt påverka storleken på tillgängliga medel för kapitalinvesteringar och sänka värdet på Bolagets oljetillgångar.

Risker avseende utvinning, utveckling och produktion

ShaMarans verksamhet är föremål för risker och faror kopplade till verksamhet såsom prospektering, produktion och marknadsföring av olja, inklusive risk för borrning av misslyckade brunnar, brand, explosion, utblåsningar, utsläpp av sura gaser, rörelningsbrott och oljeutsläpp, som alla kan resultera i en väsentlig skada på oljebrunnar, produktionsanläggningar, annan egendom och miljön och personskador. Den verksamhet som Bolaget har intressen i innebär geologiska, tekniska och kommersiella risker. ShaMarans framgång är beroende av dess förmåga att hitta, bedöma, utveckla och kommersiellt producera oljeresurser och reserver. Framtida oljeutvinning kan innebära risker relaterade till tomma borrhål, brunnar som inte producerar tillräckligt med petroleum för att generera lönsamhet efter borrning, drifts- och andra kostnader. Dessutom kan verksamheten påverkas av borrhingsfaror, miljöskador och andra driftsförhållanden som kan påverka produktionen negativt och öka driftskostnaderna.

**Vilka är nyckelriskerna som är specifika för emittenten?
Forts.**

Inrikes risker

Shamarans tillgångar och verksamhet i Kurdistan är föremål för betydande politiska, sociala och ekonomiska osäkerheter, inklusive risken för förändringar i regeringens politik och lagstiftning, expropriation, nationalisering, omförhandling eller upphävande av befintliga eller framtida kontrakt, införande av internationella sanktioner, förändring i prissättningsregler för råolja eller naturgas, förändring av beskattning, begränsning av Bolagets exportmöjligheter och införande av valutakontroller. Regionen har också en historia av säkerhetsproblem och verksamheten i Kurdistan är föremål för osäkerheter som risk för krig, terrorism och kriminell verksamhet. Vidare har Iraks federala högsta domstol nyligen, i vad Bolaget anser vara en felaktig tolkning av den irakiska konstitutionen och ett politiskt motiverat försök att störa bildandet av en ny federal regering, slagit fast att Kurdistans regionala regerings produktionsdelningsavtal strider mot Iraks konstitution och ska ogiltigförklaras ("FSC 2022-domen").

Risker relaterade till infrastruktur

Shamaran är beroende av tillgången till tillgänglig och fungerande infrastruktur (inklusive tredjepartstjänster i Kurdistan), i synnerhet oljeledningen mellan Irak och Turkiet för att vidaretransportera sina produkter. Oljeledningen har tidigare varit föremål för begränsade sabotageangrepp och därmed kortvariga störningar över ett antal dagar i taget. Om oljeledningen blir obrukbar under en betydande tidsperiod, skulle det medföra avbrott i försäljningen av Bolagets produkter.

LEGALA RISKER

Risker kopplade till giltigheten av petroleumavtal i Kurdistan

Oljeministeriet i Irak har historisk sett ifrågasatt giltigheten av Kurdistans regionala regerings produktionsdelningsavtal och därmed indirekt Bolagets rätt till och ägande av dess oljetillgångar i Kurdistan. Det finns en risk för att Iraks regering lyckas genomdriva FSC 2022-domen och ogiltigförklara Kurdistans regionala regerings produktionsdelningsavtal eller genomföra andra ofördelaktiga förändringar. För nuvarande finns det ingen garanti för att Kurdistans regionala regerings produktionsdelningsavtal är verkställbara eller bindande i enlighet med Shamarans tolkning av deras villkor eller att Bolaget skulle ha tillgång till effektiva rättsmedel om de bröts mot.

Upphörande av gasfackling

Båda operatörerna för Atrush- respektive Sarsangblocket facklar för nuvarande gas producerad vid Atrushblocket respektive Sarsangblocket. Den 13 juli 2021 utfärdade ministern för Ministry of Natural Resources ett dekret som ger oljeproducenter i Kurdistan 18 månader på sig att helt upphöra med gasfackling. Om villkoren i detta dekret verkligen genomdrivs och någon av operatörerna (eller båda) inte lyckas efterleva villkoren, kan de tvingas minska eller stänga ned oljeproduktionen till följd av dessa restriktioner, då de saknar möjlighet att på ett adekvat sätt bearbeta gasen, återföra den till marknaden eller vidareförsälja den.

Tillträde avseende det planerade förvärvet av TEPKRI

Den 12 juli 2021 ingick Shamaran avtal om förvärv av samtliga aktier i TEPKRI. Det finns en risk för att tillträde avseende förvärvet av TEPKRI inte sker alls, eller kommer att dröja längre än Shamaran planerat. Det avtal som reglerar förvärvet av TEPKRI kan sägas upp om Kurdistans regionala regering inte lämnar sitt slutliga godkännande av förvärvet av TEPKRI senast 12 juli 2022. Kurdistans regionala regering har ett stort utrymme för skönmässig bedömning när det gäller att bevilja, hålla inne eller villkora sitt godkännande till förvärvet av TEPKRI.

FINANSIELLA RISKER

Betalningar för oljeleveranser som Kurdistans regionala regering exporterar

Bolaget kan komma att råka ut för betydande förseningar i erhållande av ersättning för sin andel av framtida oljeleveranser till Kurdistans regionala regering för export till den internationella marknaden. Skulle Bolaget inte få betalt som förväntat kan detta ha väsentlig inverkan på Bolagets likviditet och verksamhet.

Likviditet och finansiering

Om det sker en betydande sänkning av oljepriset eller om Bolaget inte får betalt för sina produkter som förväntat från Kurdistans regionala regering, kan bristen på kassaflöde i den löpande verksamheten försämra Shamarans likviditet och förmåga att fullgöra sina finansiella skyldigheter när de förfaller. I ett scenario med lägre oljepriser eller om Bolaget inte mottar förväntad betalning för export av sina produkter, kan det också vara svårt att anskaffa ny finansiering för Bolaget på acceptabla villkor eller överhuvudtaget.

Misslyckande att fullgöra skyldigheter enligt produktionsdelningsavtal och samarbetsavtal

Produktionsdelningsavtalen för var och ett av Atrushblocket och Sarsangblocket och respektive samarbetsavtal för respektive block innehåller bestämmelser som aktualiseras om en part skulle underlåta att uppfylla sina skyldigheter enligt avtalen. Bolaget kan vid ett avtalsbrott förlora alla sina rättigheter och intressen i blocken utan ersättning.

Nyckelinformation om värdepappren

Värdepapprens viktigaste egenskaper

Värdepapperstyp, kategori och ISIN på värdepapperna

Företrädesemissionen avser stamaktier i ShaMaran. Aktierna har ISIN-kod CA8193201024 och handlas på TSX Venture Exchange i Kanada och Nasdaq First North i Sverige och har kortnamnet *SNM*.

Värdepapprens valuta, nominella värde och antal

Bolaget har 2 232 969 658 emitterade och utestående Aktier. Samtliga Aktier är fullt inbetalda. Bolaget har inget belopp för aktiekapital och Aktierna har inget kvotvärde eller denominering. Genom Företrädesemissionen kan antalet Aktier öka med maximalt 558 242 414.

Rättigheter kopplade till värdepapperna

Innehavarna av Aktier är berättigade att kallas till bolagsstämmor i Bolaget och har därvid en röst per Aktie. Innehavare av Aktier har inte kumulativ rösträtt när det gäller val av styrelseledamöter och följaktligen kan innehavare av en majoritet av rösterna vid en bolagsstämma välja samtliga valbara styrelseledamöter i Bolaget. En innehavare av teckningsrätter i Företrädesemissionen ("**Teckningsrätter**") är inte aktieägare i Bolaget och har inte heller de rättigheter som tillkommer aktieägare till följd av innehavet av Teckningsrätter innan Teckningsrätterna utnyttjats för teckning av Aktier.

Värdepapperens relativa senioritet i emittentens kapitalstruktur i händelse av likvidation

Innehavarna av Aktier har rätt till utdelning, om och när detta beslutas av styrelsen. Utdelning, om någon, kommer att betalas ut pro rata endast från lagligen utdelningsbara medel. Innehavare av Aktier har vidare rätt att vid likvidation av Bolaget erhålla sådana tillgångar i Bolaget som är utdelningsbara till innehavarna av Aktierna. Dessa rättigheter kan begränsas av rättigheter, privilegier, restriktioner och villkor som är knutna till andra serier eller aktieslag som har högre preferens eller gälla på pro rata-basis till innehavarna av Aktier vad gäller utdelning eller likvidation.

Värdepappernas överlåtbarhet

Aktierna har inte företrädes-, tecknings-, inlösen- eller konverteringsrätter och de innehåller inte heller några så kallade sinking fund eller purchase fund-bestämmelser.

Utdelningspolicy

Bolaget har inte beslutat om eller genomfört någon utdelning för sina Aktier sedan det bildades. Bolaget har inte antagit någon formell utdelningspolicy och kommer endast att tillåtas att besluta om eller betala utdelning när dess nettoskuld (som definierad i obligationsvillkoren daterade den 30 juli 2021 för Bolagets obligation 2021/2025 (ISIN NO 0011057622) som emitterades för delfinansiering av det planerade förvärvet av TEPKRI) understiger 100 miljoner USD. Varje sådant beslut att betala utdelning kommer att fattas av Bolagets styrelse utifrån ShaMarans intäkter, ekonomiska och legala krav och andra då gällande villkor.

Var kommer rättigheterna och värdepapperna handlas?

Bolagets Aktier är upptagna till handel på TSX Venture Exchange (Kanada) och sedan 22 juni 2011 även på Nasdaq First North (Sverige). Bolaget kommer att ansöka om att Teckningsrätterna och de nya Aktierna ska bli föremål för handel på TSX Venture Exchange i Kanada och Nasdaq First North i Sverige.

Vilka nyckelrisker är specifika för värdepappren?

Marknadpris på Aktierna

Eftersom en investering i Aktierna både kan komma att öka och minska i värde finns det en risk att en investerare inte kommer att få tillbaka det investerade kapitalet. Priset på ShaMarans Aktier kan bli lägre än teckningspriset i Företrädesemissionen. Alla som väljer att teckna Aktier i Företrädesemissionen kommer då göra en förlust vid försäljning av sådana Aktier.

Risker kopplade till utspädning

Aktieägare som helt eller delvis väljer att inte använda sina Teckningsrätter för att teckna nya Aktier i Företrädesemissionen kommer få en reducerad andel av ShaMarans totala antal aktier och röster, till följd av det totala antalet Aktier och röster i Bolaget ökar med tilldelning av nya Aktier i Företrädesemissionen. Utspädningseffekten för aktieägare som väljer att inte delta i Företrädesemissionen uppgår således till cirka 20,0 procent av det totala antalet Aktier och röster i Bolaget efter Företrädesemissionen.

Handel med Teckningsrätter

Teckningsrätter kommer att handlas och det finns risk för att det inte uppstår en aktiv handel med Teckningsrätter, att det inte uppstår tillräcklig likviditet eller att Teckningsrätterna inte kan avyttras. Om aktiv handel utvecklas styrs priset på Teckningsrätterna bland annat på kursutvecklingen på ShaMarans Aktier och kan vara föremål för större volatilitet än vad som gäller för dessa Aktier. Kursen på ShaMarans Aktier kan sjunka under teckningskursen i Företrädesemissionen.

Nyckelinformation om företrädesemissionen

På vilka villkor och enligt vilken tidsplan kan jag investera i detta värdepapper?

Villkor och tidplan för deltagande i Företrädesemissionen

Innehavare av Aktier i Euroclear Sweden vid stängning (svensk tid) på avstämningsdagen, 13 april 2022, kommer att erhålla en (1) Teckningsrätt för varje Aktie som ägs vid den tidpunkten. Fyra (4) Teckningsrätter ger innehavaren rätt att teckna en (1) Aktie mot betalning av 0,52 SEK. Courtage utgår ej.

Innehavare av Teckningsrätter i Euroclear Sweden kan teckna Aktier under perioden från och med 20 april 2022 till 15:00 CEST den 16 maj 2022. Vid utgången av teckningsperioden kommer de Teckningsrätter som inte har utnyttjats att förfalla och bli ogiltiga.

Utspädning och kostnader

Förutsatt att Företrädesemissionen fulltecknas kommer antalet Aktier att öka med totalt 558 242 414 nya Aktier, motsvarande en ökning med cirka 25,0 procent. Aktieägare som väljer att inte delta i Företrädesemissionen kommer att få sin ägarandel utspädd med cirka 20,0 procent men har möjlighet att ekonomiskt kompensera för denna utspädning genom att sälja sina Teckningsrätter på Nasdaq First North Growth Market senast 11 maj 2022.

Kostnaderna relaterade till Företrädesemissionen beräknas uppgå till cirka 16,6 miljoner SEK (1,75 miljoner USD¹⁾).

Varför upprättas detta prospekt?

Nettolikvid från Företrädesemissionen

Vid full teckning i Företrädesemissionen kommer ShaMaran att tillföras 290,3 miljoner SEK (30,51 miljoner USD¹⁾) före avdrag för kostnader hänförliga till Företrädesemissionen och 273,7 miljoner SEK (28,76 miljoner USD¹⁾) efter avdrag för kostnader relaterade till Företrädesemissionen.

Motiv och användning av emissionslikviden

Motivet till Företrädesemissionen är att ShaMaran avser att fortsätta växa i den rådande miljön för olje- och gaspriser genom ett eller flera förvärv av andelar i producerande tillgångar. Bolaget avser generellt att fokusera på producerande tillgångar som kan bidra till dess produktion och kassaflöden.

Likviden från Företrädesemissionen kommer att användas för allmänna företags- och administrativa ändamål, vilket inkluderar förstärkning av Bolagets balansräkning och eventuell delfinansiering av ett eller flera förvärv som Bolaget kan komma att genomföra i framtiden. Bolaget har utestående obligationer med ISIN NO 001082645.6 uppgående till ett belopp om 175 miljoner USD. Om det planerade förvärvet av TEPKRI genomförs kommer beloppet för utestående obligationer att öka till 300 miljoner USD. I den mån Bolaget inte kan nå överenskommelser om förvärv av ytterligare tillgångar på villkor som det bedömer som attraktiva, kan likviden från Företrädesemissionen användas i framtiden för att delvis återbetala de utestående obligationerna och stärka Bolagets balansräkning.

Garantiåtaganden

En av ShaMarans huvudägare, Nemesia²⁾ har ingått ett garantiåtagande enligt vilket de kommer att delta i Företrädesemissionen i den utsträckning som krävs för att säkerställa att Bolaget erhåller en likvid om motsvarande minst 30 miljoner USD. Nemesia erhåller ingen provision för sitt garantiåtagande.

Intressekonflikter

Pareto Securities AB tillhandahåller teknisk rådgivning och andra tjänster till Shamaran i samband med Företrädesemissionen. Dessa rådgivare (samt till dem närstående företag) har tillhandahållit, och kan i framtiden komma att tillhandahålla olika bank-, finansiella, investerings, kommersiella och andra tjänster till ShaMaran för vilka de har erhållit respektive kan komma att erhålla ersättning.

1) Vid en USD/SEK växelkurs om 1 USD = 9,514 SEK och en CAD/SEK växelkurs om 1 CAD = 7,619 SEK.

2) Registrerad kontorsadress: 40, Boulevard Grand Duchesse Charlotte, L-1330 Luxembourg.

Risk factors

An investment in securities is associated with risk. When assessing ShaMaran's future development, it is important to consider the risk factors associated with the Company and the Shares. These include risks related to ShaMaran's business and industry sector, legal risks, financial risks and risks related to the Shares and the Rights Issue. Below are described the risk factors that are deemed to be of material importance for the Company's future development. The Company has assessed the risks based on the likelihood that the risks will occur and the expected extent of their adverse effects should they materialize, and where quantification has not been possible, the expected extent of the adverse effects have been graded under the scale (i) low, (ii) medium and (iii) high. The risk factors are presented in a limited number of categories, in which the most significant risks according to the Company's assessment as described above are stated first. The description below is based on information available as of the date of the Prospectus.

Business and industry-related risks

General market conditions and the impact of Covid-19

ShaMaran's business and operations depend upon conditions prevailing in the oil and gas industry, including the current and anticipated prices of oil and gas and the global economic activity. A reduction of the oil price, a general economic downturn, or a recession could result in adverse effects to the Company's business, including reduced cash flows associated with the Company's future oil sales. The Covid-19 pandemic and the restrictions and disruptions related to it have had a drastic adverse effect on the world demand for, and prices of, oil and gas. This situation has largely reversed as worldwide vaccinations to the Covid-19 virus have led to a return of pre-COVID business activities together with an increase in oil prices worldwide due to the increasing demand. If the pandemic were to worsen as a result of new mutations or for other reasons, it would have a significant impact on the demand for the Company's products and even after the Covid-19 outbreaks have subsided, ShaMaran may continue to experience materially adverse impacts to its' business as a result of its global economic impact. Worldwide crude oil commodity prices are expected to remain volatile in the future due to the Covid-19 pandemic and its effects on global supply and demand balances, actions taken by the Organization of the Petroleum Exporting Countries, and ongoing global credit and liquidity concerns.

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

Commodity price risk

The prices that the Company receives for its oil production may have a significant impact on the Company's revenues and cash flows provided by operations and net result. World prices for oil and gas are characterized by significant fluctuations that are determined by the global balance of supply and demand and

worldwide political developments and, in particular, the price received for the Company's oil production in Kurdistan Region of Iraq ("Kurdistan") is dependent upon the Kurdistan Regional Government (the "KRG") and its ability to export production outside of Iraq. A significant decline in the price at which the Company can sell future oil production could adversely affect the amount of funds available for capital reinvestment purposes as well as impair the value of the Company's oil asset. For the financial year ended December 31, 2020 an increase by 15 percent of the Dated Brent oil price would have increased the net result by approximately USD 13,532,000, while a decrease by 15 percent would instead have implied a decrease of the net result by approximately USD 13,840,000. The Company does not hedge against commodity price risk.

The Company's assessment is that the probability of a significant decline in the price at which the Company can sell future oil production is medium, and that the negative impact of the risk, if it were to materialize, would be high.

Exploration, development and production risks

ShaMaran's business is presently no longer involved in exploration activities but is subject to all the risks and hazards inherent in businesses involved in the development, production and marketing of oil, including drilling of unsuccessful wells, fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil wells, production facilities, other property or the environment, or in personal injury.

The operations in which the Company has interests involve geological, technical and commercial risks. ShaMaran's success will depend on its ability to find, appraise, develop and commercially produce oil resources and reserves. Future oil development may involve risks relating to dry holes, wells which do not produce sufficient petroleum to return a profit after drilling, operating and other costs. In addition, operations can be affected by drilling hazards, environmental damage, and other field operating condi-

tions which could adversely affect production and increase the cost of operations. Diligent operations can contribute to maximizing production rates over time but production delays and declines from normal field operating conditions cannot be eliminated and can adversely affect revenue and cash flow levels.

The Company is not fully insured against all of these risks, nor are all such risks insurable and these risks could result in adverse effects to the Company's business including increased costs or losses due to events arising from accidents or other unforeseen outcomes including clean up, repair, containment and or evacuation activities, settlement of claims associated with injury to personnel or property, and or loss of revenue as a result of downtime due to accident. The Company's assessment is that the probability of the risk occurring, in whole or in part, is medium, and that the negative impact of the risk, if it were to materialize, would be high.

In-country risks

Shamaran's assets and operations are in Kurdistan, a federally recognized semi-autonomous political region of Iraq, and may be influenced by political developments between Kurdistan and the Federal Government of Iraq (the "**Federal Government**") as well as political developments of neighbouring states within MENA, Turkey, and surrounding areas. Kurdistan and Iraq have a history of political instability, with disputes between the Federal Government and the KRG. The delineation of powers under the constitution of Iraq has been subject to different interpretations which has resulted in a number of outstanding political issues and differences between the Federal Government and the KRG including the financial support to be provided to the KRG by the Federal Government, the validity of production sharing contracts ("**PSCs**") signed by the KRG and the jurisdiction over oil and gas matters in Kurdistan. There is also a risk that levels of authority of the KRG, and corresponding systems in place, could be transferred to the Federal Government. The oil and gas exploration, development and production activities in Kurdistan and Iraq are consequently subject to significant political, social and economic uncertainties, including the risk of changes in government policies and legislation, expropriation, nationalization, renegotiation or nullification of existing or future contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, a limitation on the KRG's ability to export, and the imposition of currency controls.

On February 15, 2022, the Federal Supreme Court of Iraq ruled that the PSCs are contrary to the constitution of Iraq and should be voided ("**FSC 2022 Ruling**"). On February 23, 2022, the KRG responded by announcing that it, even though it considers the FSC 2022 Ruling unconstitutional and unjust, has decided to work with the Federal Government to reach an agreement on the FSC 2022 Ruling. Subsequently as follow-up to the FSC 2022 Ruling, the Minister of Oil has sent a letter dated March 24, 2022 ("**March Letter**") addressed to the KRG purporting to effect the FSC 2022 ruling. The Company views the FSC 2022 Ruling as an incorrect interpretation of the Iraqi Constitution and likely a politically motivated attempt to interfere with the formation of a new Federal Government following the last parliamentary election, and believes the March Letter was merely a gesture by the Minister of Oil that

will likely either be rejected by the KRG or its reply may be delayed while the KRG waits for a broader political negotiation on this matter with the next government (or as part of the next government formation process) but a risk nevertheless remains that the Federal Government could successfully implement the FSC 2022 Ruling in whole or in part.

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

The above could result in adverse effects to the Company's business including increased costs associated with planned projects, impairment or termination of future revenue generating activities, impairment of the value of the Company's assets and or its ability to meet its contractual commitments as they become due.

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

Risks relating to infrastructure

Shamaran is dependent on access to available and functioning infrastructure (including third party services in Kurdistan) relating to the properties in which it has interests, such as roads, power and water supplies, pipelines and gathering systems. The Company is particularly dependent on the Iraq-Turkey export pipeline to transport its products. The pipeline has previously been subject to minor acts of sabotage and consequently been disrupted for periods of days at a time. If the pipeline were disrupted for a significant period of time, the KRG would be unable to market its product, which would significantly impair Shamaran's sales and cash generation.

The Company's assessment is that the probability of material adverse effects occurring as a result of disruptions of infrastructure is low, and that the negative impact of the risk, if it were to materialize, would be high.

Risks in estimating resources

The Company's interest in the Atrush block, together with its to be acquired interest in the Sarsang block, are both still in the early production stage and additional information must be obtained by further seismic, well drilling and testing to ultimately determine the economic viability of developing contingent or prospective resources of those fields. There is no certainty that the Company will be able to commercially produce any portion of such contingent or prospective resources.

There are uncertainties inherent in estimating quantities of reserves and resources and the results of drilling, testing, production and new data from seismic may cause revisions to current estimates. Furthermore, reservoir parameters such as permeability and effectiveness of pressure support may affect the recovery process. Recovery of reserves and resources may also be affected by the availability and quality of water, fuel gas, technical services and support, local operating conditions, security, performance of the operating company and the continued operation of well and plant equipment.

As of the date of the Prospectus, the reserves information for the Sarsang Block which the Company has obtained during the due diligence investigation prior to the acquisition of the share capital of TEPKRI Sarsang A/S (the “**TEPKRI Acquisition**”) has been provided solely from the seller TotalEnergies EP Danmark A/S (“**TTE**”) and could be inaccurate, incomplete or misleading. TTE does not conduct operational activities on the Sarsang Block and there are limitations to their access to data pertaining to the Sarsang Block which could be relevant for its assessment. ShaMaran is aware that there have been significant variations between different assessments carried out on the Sarsang Block by different parties, which according to the Company’s view may be due to the fact that assessments carried out with limited access to the source data may be misleading and inaccurate. ShaMaran will not be able to verify data it has based its assessments of TEPKRI on until ShaMaran has become the owner of TEPKRI. Should estimates of the quantities and quality of reserves and resources, including the conditions for recovery, be inaccurate this could have a material impact on the Company’s prospects. The Company’s assessment is that the probability of material inaccuracies in estimations of resources is low, and that the negative impact of the risk, if it were to materialize, would be medium.

Shared ownership and dependency on operators

ShaMaran’s operations are to a significant degree conducted together with a partner through contractual arrangements with the execution of the operations being undertaken by the operator in accordance with the terms of a Joint Operating Agreement (a “**JOA**”). As a result, ShaMaran has limited ability to exercise influence over the deployment of those assets or their associated costs and this could adversely affect ShaMaran’s financial performance. ShaMaran’s return on assets operated by others will therefore depend upon factors that may be outside of ShaMaran’s control, including the timing and amount of capital expenditures, the operator’s expertise and financial resources, the selection of technology and risk management practices. The operator may have a different opinion from the Company on how to conduct certain operations which may result in delays, losses or increased costs not anticipated by the Company. In addition, if the operator or the KRG fails to perform, ShaMaran may, among other things, risk losing rights or revenues or incur additional obligations or costs to itself perform in place of its partners. If a dispute would arise with the operator or the KRG such dispute may have significant negative effects on the Company’s operations relating to its projects.

The Company’s assessment is that the probability material adverse effects as a result of dependence of the operator’s performance, in whole or in part, is low, and that the negative impact of the risk, if it were to materialize, would be medium.

Petroleum cost recovery

Under the terms of the production sharing contract in respect of the Atrush Block entered into between the KRG and GEP dated November 10, 2007, as amended (the “**Atrush Block PSC**”), the KRG is entitled to conduct an audit to verify the validity of incurred petroleum costs which the operator has reported to the KRG and is therefore entitled under the terms of the Atrush Block PSC to recover through cash payments from future petroleum production. No such audit has yet taken place. Should any future audits result

in negative findings concerning the validity of reported incurred petroleum costs the Company’s petroleum cost recovery entitlement could ultimately be reduced.

The Company’s assessment is that the probability of material negative revisions of the Company’s petroleum cost recovery entitlement is low, and that the negative impact of the risk, if it were to materialize, would be low.

Reliance on key personnel

ShaMaran’s success depends in large measure on certain key personnel and directors. Since ShaMaran’s business is largely conducted in Kurdistan, it is of importance that key personnel and directors have knowledge of the local procedures and practices when it comes to interacting with for example the regional government and its ministries. ShaMaran’s business relations in the region have been built up over time and are of great value to ShaMaran’s operations. Such business relations are however largely through specific individuals, which means that they risk being lost if key personnel were to leave the Company. ShaMaran has not obtained key person insurance in respect of the lives of any key personnel. Competition for qualified personnel in the oil and gas industry is intense and there can be no assurance that ShaMaran will be able to attract and retain the skilled and well-connected personnel necessary for the operation and development of its business. The loss of the services of key personnel could negatively affect ShaMaran’s ability to deliver projects according to plan and result in increased costs and delays.

The Company’s assessment is that the probability of such loss of key personnel occurring is low, and that the negative impact of the risk, if it were to materialize, would be low.

Risk relating to community relations / labor disruptions

The Company’s operations may be in or near communities that may regard operations as detrimental to their environmental, economic or social circumstances. This may result in disputes with the KRG or with local communities and may give rise to incremental financial commitments. Additionally, there is a risk that strikes or labor unrest/disruptions may occur near the Company’s operations. Negative community reactions and labor disruptions or disputes could increase operational costs and result in delays in the execution of projects.

The Company’s assessment is that the probability of adverse effects to the Company relating to community relations or labor disruptions is low, and that the negative impact of the risk, if it were to materialize, would be low.

Legal risks

Risks associated with the validity of petroleum contracts in Kurdistan

The Constitution of Iraq grants a role for the regions of Iraq in awarding of petroleum contracts for certain types of operations, and in regulating those petroleum operations occurring within the regions. No federal Iraq legislation has yet been agreed or enacted by the Iraq federal parliament to govern the future organization and management of Iraq’s petroleum industry (including in Kurdistan) as there are a number of material issues which need to be resolved between the Federal Government and the KRG.

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

Should the Iraqi Federal Government successfully implement the FSC 2022 Ruling such as by invalidating the KRG's PSCs or mandating other unfavourable changes that negatively impact the economic and operating terms of the Atrush Block PSC or the production sharing contract in respect of the Sarsang Block between TEPKRI, HKN and KRG, as amended (the "**Sarsang Block PSC**"), it could result in adverse effects to the Company's business including, but not limited to, impairing the Company's claim and title to the assets held, and or increasing the obligations required, under the PSCs.

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

Legal claims and disputes relating to PSCs and JOAs

The Company may suffer unexpected costs or other losses if a counterparty to any contractual arrangement entered by the Company does not meet its obligations under such agreements. In particular, the Company cannot control the actions or omissions of its partners in the Atrush Block PSC and, following the proposed TEPKRI Acquisition, the Sarsang PSC. If such parties were to breach the terms of the PSCs or any other provisions relating to the Company's interest in the PSCs, it could cause the KRG to revoke, terminate or adversely amend the PSCs.

Furthermore, disputes relating to the PSCs and the JOAs may disrupt business operations and could materially adversely affect the business prospects or results of operations of the Company.

The Company's assessment is that the probability of adverse effects to the Company as a result of contractual or regulatory breaches by the Company or its partners, is low, and that the negative impact of the risk, if it were to materialize, would be high.

Stoppage of flaring

Both the operator of the Atrush Block, TAQA Atrush B.V. ("**TAQA**", or the "**Atrush Operator**") and the operator of the Sarsang Block, HKN Energy Ltd ("**HKN**" or the "**Sarsang Operator**") currently flare associated gas produced at the Atrush Block and the Sarsang Block respectively. On July 13, 2021 the Minister of the Ministry of Natural Resources issued a Ministerial Order giving oil production companies in the Kurdistan Region 18 months to put a complete end to flaring in their blocks. If the terms of this order are actually enforced and if either the Atrush Operator or the Sarsang Operator (or both) cannot comply such block(s) may be forced to curtail oil production due to these emissions constraints as the blocks may not be able sufficiently treat, re-inject or market the associated gas and may therefore be forced to curtail or cease oil production, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's assessment is that the probability of adverse effects to the Company's business due to restrictions on the practice of flaring is medium and that the negative impact of the risk, if it were to materialize, would be medium.

TEPKRI Acquisition may not close or not close as originally contemplated

On July 12, 2021, ShaMaran entered into a sale and purchase agreement with TTE for the TEPKRI Acquisition (the "**SPA**"). There is a risk that the TEPKRI Acquisition may not close, or not close in the timeframe originally contemplated by ShaMaran, if TTE or ShaMaran exercise their respective termination rights under the SPA, including where certain conditions set out in the SPA are not satisfied or waived. Either ShaMaran or TTE may terminate the SPA if the other party to the SPA is in breach of certain anti bribery and corruption-related warranties and covenants. TTE may terminate the SPA if ShaMaran fails to obtain receipt of all necessary approvals from the TSX Venture Exchange for the TEPKRI Acquisition or in the issuance of a convertible loan note and offering of senior notes in connection with closing. In addition, ShaMaran itself may terminate the SPA if it is found ahead of closing that TTE is in breach of certain warranties that it has provided in the SPA in connection with the TEPKRI Acquisition or if there is any law rendering illegal or otherwise prohibiting or restricting closing of the TEPKRI Acquisition. Furthermore, the TEPKRI Acquisition may not close due to unforeseen significant economic or legal impediments ShaMaran may terminate the SPA if a "material adverse event" occurs prior to closing, which material adverse event must either (i) have a monetary impact on TEPKRI in excess of USD 20 million, (ii) involve termination or revocation of the Sarsang Block PSC or JOA, or (iii) involve nationalization or similar of the Sarsang Block. Finally, either ShaMaran or TTE may terminate the SPA if the KRG does not provide its final consent for the TEPKRI Acquisition by July 12, 2022. The KRG has broad discretion in granting, withholding or conditioning its consent to the TEPKRI Acquisition.

The Company's assessment is that the probability of adverse effects to the Company relating to the SPA failing to close after the launch of the Rights Offering is low, and that the negative impact of the risk, if it were to materialize, would be high.

Government regulations, licenses and permits

The Company is affected by changes in taxes, regulations and other laws or policies affecting the oil and gas industry in general as well as changes in taxes, regulations and other laws or policies applicable to oil and gas development in Kurdistan in particular. Potential government regulation relating to price, quotas and other aspects of the oil and gas business could result in adverse effects to the Company's business including impairing the Company's ability to sell oil and receive full payment for all sales of such delivered oil.

ShaMaran conducts its operations pursuant to the rights granted under the Atrush Block PSC, and in the future the Sarsang PSC, and related licenses, permits and other authorizations. The grant of licenses and permits may require fulfilment of certain conditions or the exercise of discretion by the concerned authorities. The Company's ability to execute its projects may be hindered if it cannot secure the necessary approvals or the discretion is

exercised in a manner adverse to the Company. Any significant delay in obtaining or renewing a license or permit may result in a delay of the Company's planned activities and the future development of any oil and gas resources.

The taxation system applicable to the operating activities of the Company in Kurdistan is pursuant to the Oil and Gas Law governed by general Kurdistan tax law and the terms of the PSCs. However, it is possible that the arrangements under the PSCs in Kurdistan may be overridden or negatively affected by the enactment of any future oil and gas or tax law in Iraq or in Kurdistan. Furthermore, ShaMaran has entities incorporated and resident for tax purposes in Canada, the Cayman Islands and Switzerland. Changes in the tax legislation or tax practices in any of the jurisdictions where entities of the group are registered, resident or conduct business may increase the Company's expected future tax obligations associated with its activities.

The Company's assessment is that the probability of the risk of adverse effects to the Company due to changes in taxes, regulations and other laws or policies is low, and that the negative impact of the risk, if it were to materialize, would be medium.

Environmental regulation and liabilities

Drilling for and producing, handling, transporting and disposing of oil and gas and petroleum by-products are activities that are subject to extensive regulation under national and local environmental laws. Environmental regulations may impose, among other things, restrictions, liabilities and obligations relating to water and air pollution control, waste management, permitting requirements and restrictions on operations in environmentally sensitive areas. The Company's operations in Kurdistan are subject to general and specific regulations and restrictions governing drilling, production and processing, land tenure use, environmental requirements (including site specific environmental licenses, permits, remediation, decommissioning and abandonment requirements), workplace health and safety requirements, social impacts and other laws and regulations. The environmental laws of Kurdistan are limited as compared to those in jurisdictions such as Europe or North America. The Company is obliged to follow both Kurdish law and the terms of the PSCs towards protecting the environment and the health and safety of its employees and third parties. Breach of environmental regulations where ShaMaran operates could result in restrictions or cessation of operations and the imposition of fines and penalties. The Company could further be liable for contamination of properties acquired.

Future changes in environmental or health and safety laws, regulations or community expectations governing the Company's operations could result in adverse effects to the Company's business including increased monitoring, compliance and remediation costs and/or costs associated with penalties or other sanctions imposed on the Company for non-compliance or breach of environmental regulations.

The Company's assessment is that the probability of adverse effects to the Company relating to environmental regulations and liabilities is low, and that the negative impact of the risk, if it were to materialize, would be low.

Financial risks

Payments for oil deliveries that the KRG exports

Cash payments to international oil companies for oil the KRG exported from Kurdistan has been under the sole control of the KRG since the beginning of exports in 2009. The KRG has established a relatively consistent record of delivering regular payments to the international oil companies for their entitlement revenues in respect of monthly petroleum production (other than the four month period from November 2019 through February 2020). Nevertheless, there remains a risk that the Company may face significant delays in the receipt of cash for its entitlement share of future oil deliveries to the KRG for its export to the international market. Should the Company not receive payments as expected, this could have a material effect on the Company's liquidity and operations.

The Company's assessment is that the probability material adverse effects to the Company resulting from delayed payments from KRG is medium, and that the negative impact of the risk, if it were to materialize, would be high.

Liquidity and financing

The Company has secured four year tenor financing through a bond issue which the Company expects to be sufficient financing for the expected liquidity needs. The Company has a conditional outstanding seller credit due in 2022 related to the proposed TEPKRI Acquisition which is expected to be covered by operating cash flow and available cash resources. However, should there be a significant decrease in oil prices or should the Company not receive payments from the KRG for the Company's delivered products as expected, the lack of operating cash flow could impair the ShaMaran's liquidity situation and ability to meet its financial obligations as they become due. In a scenario with lower oil prices or if the Company does not receive the expected payment for export of its products, it may also be difficult to raise new financing for the Company at acceptable terms or at all.

The Company's assessment is that the risk of material adverse effect to the Company resulting from lacking liquidity is medium, and that the negative impact of the risk, if it were to materialize, would be high.

KRG failing to pay its share of operating and development costs

On November 7, 2016 the KRG exercised its back-in right under the terms of the Atrush Block PSC and the Atrush Facilitation Agreement and assumed a 25% participating interest in the Atrush Block. The KRG has, since the commencement of oil production exports from Atrush (with the exception of the four-month period November 2019 to February 2020) paid for its share of operating and development costs as part of the payment cycle for oil deliveries. The KRG has timely paid its 25% participating interest share of Atrush joint venture cash calls in the amounts of approximately USD 31 million, USD 49 million and USD 29 million for the years 2018, 2019 and 2020 respectively. Going forward, there is a risk that the Atrush operator and the Company may be exposed to funding the KRG's 25% share of monthly operating and development costs if not paid by the KRG.

The Company's assessment is that the probability of not being duly compensated for operating and development costs by the KRG is low, and that the negative impact of the risk, if it were to materialize, would be low.

Default under the PSCs and JOAs

The PSC for each of Atrush Block and for Sarsang Block and the respective JOAs include a number of provisions if a party should fail to meet its obligations under these contracts. Defaults include where a contractor does not carry out drilling as prescribed, interrupts production for more than 90 consecutive days without reasonable cause, intentionally extracts other materials than permitted, becomes bankrupt, or there is a change of control in a party which is not approved in advance by the KRG. If a default is not remedied within three (3) months following notice of intention to terminate, the KRG may terminate the respective PSC with respect to the defaulting party and allocate its interest among the other contractors. Consequently, the Company could upon a default lose all its rights and interests in the field without any compensation.

The respective JOA definition of default includes payment default and failure to provide security as required under such JOA. If a party does not remedy such default within 5 business days after having been notified of the default, its entitlement shall vest with and be the property of the other parties should the default remain un-remedied after a 60 day period. The operator will in this period be entitled to sell the entitlement at arms' length on reasonable terms and apply proceeds to cover costs and liabilities and a reserve fund before releasing any remaining surplus. If a default has remained for 60 days or more a non-defaulting party has the option to acquire the defaulter's participating interest at certain terms. Should the Company fail to meet its obligations under the PSCs and/or JOAs it could result in adverse effects to the Company's business including, but not limited to, a default under one or both contracts, the termination of future revenue generating activities of the Company and impairment of the Company's ability to meet its contractual commitments as they become due.

The Company's assessment is that the probability of default or other material adverse effects to the Company due to failure to meet its obligations under the PSCs and/or JOAs is low, and that the negative impact of the risk, if it were to materialize, would be high.

Risks related to the shares and the rights issue

Market price of the Shares

Since an investment in Shares may both increase and decrease in value, there is a risk that an investor will not recover the invested capital. The price of ShaMaran's Shares could fall below the Subscription Price in the Rights Issue. Anyone who chooses to subscribe for new Shares in the Rights Issue would then make a loss on the sale of such Shares. During the period January 1, 2021 – April 4, 2022, the Company's share price on Nasdaq First North was at its minimum SEK 0.25 and at its maximum SEK 0.93 and on TSX Venture Exchange at its minimum CAD 0.040 and at its maximum CAD 0.12 respectively. Consequently, the price of the Company's shares may in the future continue to be volatile. The develop-

ment of the share price depends on a number of factors, some of which are company-specific and others linked to the stock market as a whole. Such factors can also increase the volatility of the share price. An investment decision regarding the new Shares should therefore be preceded by a thorough analysis.

Risks related to dilution

Shareholders who wholly or partly choose not to use their Subscription Rights to subscribe for new Shares in the Rights Issue will have a reduced share of the total number of Shares and voting rights in ShaMaran, as a result of the total number of Shares and votes in the Company increasing with the allocation of new Shares in the Rights Issue. The Rights Issue, if fully subscribed, increases the number of Shares in the Company from 2,232,969,658 Shares to 2,791,212,072 Shares. The dilutive effect for shareholders who choose not to participate in the Rights Issue thus amounts to approximately 20.0 per cent of the total number of Shares and votes in the Company after the Rights Issue.

Trading in Subscription Rights

Subscription Rights will be traded on Nasdaq First North in Sweden during the period from and including April 20, 2022 up to and including May 11, 2022 and on TSX Venture Exchange in Canada from and including April 20, 2022 to and including May 20, 2022 respectively. There is a risk that there will not be an active trade in the Subscription Rights, that there will not be sufficient liquidity or that the Subscription Rights cannot be disposed of. If active trading develops, the price of the Subscription Rights will depend, among other things, on the price trend of ShaMaran's Shares and may be subject to greater volatility than that applicable to those Shares. The price of ShaMaran's Shares may fall below the Subscription Price due to reasons attributable to ShaMaran as well as a general decline in the stock market.

Invitation to subscribe for shares in ShaMaran

On April 5, 2022, the board of directors of ShaMaran approved the Rights Issue and, in connection therewith, authorized a new issue of up to 558,242,414 Shares pursuant to a distribution of 2,232,969,658 Subscription Rights to ShaMaran's shareholders in Canada and Sweden.

Holders of Shares in Euroclear Sweden at the close of business (Swedish time) on April 13, 2022 (the "**Record Date**"), will receive Subscription Rights on the basis of one (1) Subscription Right for each Share held at that time. Four (4) Subscription Rights will entitle the holder to subscribe for one (1) Share upon payment of the Subscription Price of SEK 0.52.

Holders of Subscription Rights in Euroclear Sweden may subscribe for Shares during the period from and including April 20, 2022 up to 15.00 CEST on May 16, 2022 and otherwise in accordance with the instructions set out in the section *Terms and conditions*.

With full subscription, the Rights Issue will provide ShaMaran with a total of SEK 290.3 million (USD 30.51 million¹⁾) before deduction of costs related to the Rights Issue, which are estimated to amount to SEK 16.6 million (USD 1.75 million¹⁾), corresponding to a total of SEK 273.7 million (USD 28.76 million¹⁾) after deduction of costs related to the Rights Issue. With full subscription to the Rights Issue, the number of Shares in ShaMaran will increase by 558,242,414 Shares, which corresponds to a dilution of approximately 20.0 per cent of the total number of Shares and votes in the Company after the Rights Issue. The new Shares will have the same rights as existing Shares in the Company.

The Company has also entered into an agreement with Nemesia pursuant to which Nemesia has agreed to exercise its Basic Subscription Privilege and Additional Subscription Privilege (each as defined below) and also to acquire any other Shares not subscribed for by others and thereby ensure that ShaMaran raises at least USD 30 million through the Rights Issue.

The shareholders of ShaMaran are hereby invited to exercise their rights to subscribe for newly issued ShaMaran Shares in accordance with the terms of the Prospectus.

Vancouver, British Columbia, Canada, April 7, 2022

ON BEHALF OF THE BOARD

[/s/ Adel Chaouch]

Adel Chaouch, Ph.D., P.E.

President, Chief Executive Officer and Director

ShaMaran Petroleum Corp.

1) Using a USD/SEK exchange rate of 1 USD = 9,514 SEK and a CAD/SEK exchange rate of 1 CAD = 7,619 SEK.

Background and reasons

Shamaran is a Canadian oil and gas company, focused on oil development and exploration, which currently holds a 27.6% non-operated participating interest, through its wholly-owned subsidiary General Exploration Partners, Inc. (“GEP”), in the Atrush Block, Kurdistan Region of Iraq.

On July 12, 2021, Shamaran announced that it had signed an agreement to acquire TEPKRI, holding an 18% non-operated participating interest in the Sarsang Block, located directly adjacent to the Atrush Block. Shamaran furthermore announced its intention to carry out the Rights Issue in connection with the proposed TEPKRI Acquisition but since that announcement certain changes have occurred including the positive effects on the Company’s financial position due to the increase in oil prices worldwide. As such, the proceeds from the Rights Issue will no longer be required to fund the proposed TEPKRI Acquisition.

However, the Company believes that it is right to proceed with the Rights Issue in order to afford the Company’s shareholders, who are resident in eligible jurisdictions, to participate in this Rights Issue and the opportunity to potentially benefit in the future growth of Shamaran.

The reason for the Rights Issue is that Shamaran intends to continue growing in the current oil and gas price environment through one or more acquisitions of stakes in producing assets. The Company generally intends to target producing assets that can contribute to its production and cashflows. The proceeds of the Rights Issue will be used for general corporate and administrative purposes of the Company, which includes the strengthening of the Company’s balance sheet and possibly partly funding of one or more acquisitions the Company may pursue in the future. The Company has USD 175 million outstanding under its 2023 Bond. If the proposed TEPKRI Acquisition closes, the amount of bonds outstanding will increase to USD 300 million. So, to the extent that the Company is unable to negotiate the acquisition of other assets on terms which it deems attractive, the proceeds from the Rights Issue may be used in the future to partially repay the outstanding bonds and strengthen the balance sheet of the Company.

Completion of the proposed TEPKRI Acquisition is expected to be highly accretive and transformative to Shamaran and is a part of Shamaran’s future growth plans. For illustration purposes, the Company is including in this Prospectus certain TEPKRI financial and other *pro forma* financial information.

The Board of Directors of Shamaran Petroleum Corp. is responsible for the contents of the Prospectus. To the best of the Board’s knowledge, the information provided in the Prospectus is consistent with the facts and no information likely to affect its meaning has been omitted.

Vancouver, British Columbia, Canada, April 7, 2022

ON BEHALF OF THE BOARD

[/s/ Adel Chaouch]

Adel Chaouch, Ph.D., P.E.

President, Chief Executive Officer and Director

Shamaran Petroleum Corp.

Terms and conditions

Holders of Shares in Euroclear Sweden should read “A. Details of the Rights Issue for Holders of Shares in Euroclear Sweden (Sweden)” in order to inform themselves on how to exercise their Subscription Rights (among other things). Information on how to exercise rights to subscribe for Shares registered with CDS is set out in B. *Details of the Rights Issue for Registered Holders of Shares and Beneficial Holders of Shares not administered by Euroclear.*

Subscriptions for Additional Shares (as defined below) will not be possible for holders of shares in Euroclear Sweden. Anyone who wishes to subscribe for Additional Shares must no later than on the Record Date instead have their Shares registered in Canada and participate in the Rights Offering according to the Canadian terms and conditions under B. *Details of the Rights Issue for Registered Holders of Shares and Beneficial Holders of Shares not administered by Euroclear – Basic Subscription Privilege and Additional Subscription Privilege below.*

A. DETAILS OF THE RIGHTS ISSUE FOR HOLDERS OF SHARES IN EUROCLEAR SWEDEN (SWEDEN)

In addition to the information set out above with respect to the Rights Issue, the following information is applicable to Holders of Shares who hold their Shares through Euroclear Sweden.

Subscription Rights and Subscription Price

Holders of Shares in Euroclear Sweden at the close of business (Swedish time) on the Record Date (as defined below) will receive Subscription Rights on the basis of one (1) Subscription Right for each Share held at that time. Four (4) Subscription Rights will entitle the holder to subscribe for one (1) Share upon payment of the subscription price of SEK 0.52 (the “**Subscription Price**”). No brokerage fees will be charged.

Record Date

The Record Date for determining who shall receive Subscription Rights (ISIN: SE0017769912) is April 13, 2022. The Shares are traded on Nasdaq First North exclusive of the right to participate in the Rights Issue from April 12, 2022 and the last day for trading in the Shares on Nasdaq First North with the right to participate in the Rights Issue is April 11, 2022.

Subscription Period

Holders of Subscription Rights may subscribe for Shares during the period from and including April 20, 2022 up to 15.00 CEST on May 16, 2022. On expiry of the subscription period, the Subscription Rights which have not been exercised will expire and become null and void. Unexercised Subscription Rights will be cancelled from the securities (VP) account without any notice from Euroclear Sweden.

During the subscription period, Subscription Rights issued to holders of Shares in Euroclear Sweden not entitled to participate in the Rights Issue will be sold on behalf of such holders. The proceeds of such sale, less any withholding tax, will be distributed pro rata to the holdings of the relevant holders of Shares. Sale proceeds corresponding to 50 SEK or less from such sale will not be paid.

Trading in Subscription Rights

Those who elect not to participate in the Rights Issue may have their ownership diluted of up to 20.0 % but have the opportunity to sell their Subscription Rights. Subscription Rights are expected to be traded on Nasdaq First North under the symbol SNM TR during the period from and including April 20, 2022 up to and including May 11, 2022.

Directly Registered Holders of Shares

Subject to applicable securities laws, a printed issue statement with an accompanying bank giro slip will be sent directly to registered holders of Shares, or to relevant representatives of such holders, who on the Record Date are registered in the share register maintained by Euroclear Sweden on behalf of ShaMaran. The printed issue statement will show, among other things, the number of Subscription Rights received and the number of Shares that may be subscribed for by way of such Subscription Rights. Those who are registered in Euroclear Sweden’s special list of holders of pledges and similar encumbrances that accompanies the share register will receive such information separately. A securities (VP) account statement with respect to the registration of Subscription Rights in a holder’s securities (VP) account will not be dispatched.

Shares held by Nominees

Holders of Shares, whose shareholding is registered with a nominee, will not receive an issue statement from Euroclear Sweden. The exercise of Subscription Rights and payment of the Subscription Price on behalf of such holders of Shares should be made according to instructions from the shareholders’ nominee.

SUBSCRIPTION AND PAYMENT FOR DIRECTLY REGISTERED HOLDERS OF SHARES

Subscription for Shares by way of Exercising Subscription Rights

Subscription for Shares by way of exercising Subscription Rights by holders who hold their Shares through Euroclear Sweden is made by paying the Subscription Price of SEK 0.52 per new Share (subscription through payment). Holders of Shares on the Record Date will have received the printed issue statement with an accompanying bank giro slip. Subscription should be effected using either the bank giro slip or, if applicable, application form (I), as further described below. A subscription is binding and cannot be revoked.

Bank Giro Slip

If all of the Subscription Rights received as of the Record Date are exercised, only the printed bank giro slip should be used for the payment of the Subscription Price. If not resident in Sweden, contact Aktieinvest FK (telephone number: +46 8 5065 1795; email: emittentservice@aktieinvest.se) to receive international payment details.

Application Form (I)

If Subscription Rights are acquired or sold, or if for any other reason the number of Subscription Rights differs from the number set out in the issue statement, application form (I) shall be used for subscribing for new Shares. The details on the printed bank giro slip should in this case not be used, payment should instead be made according to the instructions in the application form (I). The application form (I) will be available on Aktieinvest's web page, and can also be obtained by contacting Aktieinvest FK (telephone number: +46 8 5065 1795; email: emittentservice@aktieinvest.se). The application form (I) shall be sent by mail or scanned and sent by email, alternatively handed in to:

Aktieinvest FK
Emittentservice
Box 7415
103 91 Stockholm
Telephone: +46 8 5065 1795
E-mail: emittentservice@aktieinvest.se
Visiting address: Berzelii Park 9, Stockholm, Sweden

The completed application form (I) and payment must be received by Aktieinvest no later than 15.00 CEST on May 16, 2022. If the application form (I) is sent by mail it must, therefore, be sent well in advance of that date. The application is binding and cannot be revoked. An incomplete or incorrectly completed application form (I) may be rejected without any further consideration.

Subscription through payment will be registered with Euroclear Sweden as soon as possible, which normally means a number of banking days after payment. Subsequently, the exercised Subscription Rights will be automatically exchanged for paid subscribed Shares (BTAs) (ISIN: SE0017769920) and the subscriber will receive a securities (VP) note confirming the booking at the subscriber's securities (VP) account. The conversion of BTAs to Shares is expected to take place on or about June 2, 2022. Such conversion will be carried out without any notification from Euroclear.

Subscription for Additional Shares (Subscription without Exercising Subscription Rights)

Subscriptions for Additional Shares will not be possible for holders of shares in Euroclear Sweden. Anyone who wishes to subscribe for Additional Shares must no later than on the Record Date instead have their Shares registered in Canada and participate in the Rights Offering according to the Canadian terms and conditions (as defined under *B. Details of the Rights Issue for Registered Holders of Shares and Beneficial Holders of Shares not administered by Euroclear – Basic Subscription Privilege and Additional Subscription Privilege* below).

Trading in BTA

It will not be possible to trade in paid subscribed shares (Sw. *Betalad Tecknad Aktie* or BTA).

Questions

For questions regarding the Rights Issue please contact Aktieinvest FK (telephone number: +46 8 5065 1795; email: emittentservice@aktieinvest.se).

B. DETAILS OF THE RIGHTS ISSUE FOR REGISTERED HOLDERS OF SHARES AND BENEFICIAL HOLDERS OF SHARES NOT ADMINISTERED BY EUROCLEAR

Basic Subscription Privilege and Additional Subscription Privilege

Registered holders of Shares and beneficial holders of Shares not administered by Euroclear may subscribe for Shares by exercising Subscription Rights ("**Basic Subscription Privilege**") and such holders who fully exercise all of their Subscription Rights under the Basic Subscription Privilege may also subscribe, on a pro rata basis among all such fully exercising holders, for additional Shares that have not been subscribed and paid for pursuant to the Basic Subscription Privilege ("**Additional Shares**") at the same subscription price per Share (the "**Additional Subscription Privilege**"), to the extent that not all Subscription Rights are exercised under the Basic Subscription Privilege.

Registered Security Holders on the Records of the Company's Registrar and Transfer Agent

Security holders who are registered shareholders as of the Record Date, or who elect to withdraw their rights from their broker, bank or financial institution into their own name and become registered security holders during the course of the offering, must deliver their subscription instructions and subscription funds directly to the Company's rights subscription agent, Computershare Investor Services Inc ("**Computershare**" or the "**Rights Agent**").

Subscription Rights issued to registered security holders will be evidenced by an advice statement (a "**Rights DRS Advice**") created under the direct registration system administered by Computershare.

Registered security holders should direct any questions that they may have directly to Computershare:

Computershare Investor Services Inc.
100 University Ave, 8th Floor
Toronto, ON, M5J 2Y1
corporateactions@computershare.com
+1 514-982-7555 (international direct dial)

If you are or become a registered security holder, a Rights DRS Advice representing the total number of Subscription Rights to which you are entitled as of the Record Date, which is April 13, 2022, together with a subscription form (the "**Subscription Form**"), has been or will be mailed to you with a copy of a rights offering notice. To exercise the Subscription Rights evidenced by the Rights DRS Advice, you must complete the Subscription Form and deliver to the Rights Agent (i) the Rights DRS Advice, (ii) the duly

completed Subscription Form, and (iii) payment in full of the aggregate subscription price for all Shares subscribed for (whether under the Basic Subscription Privilege only or also the Additional Subscription Privilege), in accordance with the instructions set out below, not later than 2:00 p.m. (Eastern time) on May 20, 2022 (the “**Expiry Time**”).

The method of delivery is at the discretion and risk of the holder of the Rights DRS Advice and delivery to the Rights Agent will only be effective if and when actually received by the Rights Agent at its subscription office set forth below.

By Hand or Courier:

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

By Mail:

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

Rights DRS Advices and payments received after the Expiry Time will not be accepted.

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

If you are a registered shareholder, then in order to exercise your Subscription Rights you must:

1. Complete and sign Box 1 on the Subscription Form

The maximum number of Subscription Rights that you may exercise under the Basic Subscription Privilege is shown on the first page of the Rights DRS Advice. If you complete Box 1 on the Subscription Form so as to exercise some but not all of the Subscription Rights evidenced by the Rights DRS Advice, you will be deemed to have surrendered the unexercised balance of such Subscription Rights, unless you otherwise specifically advise the Rights Agent at the time the Rights DRS Advice is surrendered to the Rights Agent.

2. Additional Subscription Privilege

Complete and sign Box 2 on the Subscription Form only if you wish to also participate in the Additional Subscription Privilege.

3. Payment

Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc. To exercise the Subscription Rights, you must pay the full subscription price of CAD 0.06825 per Share (the “**CAD Subscription Price**”). In addition to the amount payable for any Shares you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for all of the Shares you subscribe for under the Additional Subscription Privilege.

4. Delivery

You must deliver or mail the completed Subscription Form, Rights DRS Advice and payment in the enclosed return envelope addressed to the Rights Agent so that it is received by the Rights

Agent at its subscription office of the Rights Agent set forth above before the Expiry Time. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery.

The signature of the registered shareholder on Box 1 and, if applicable, Box 2 of the Subscription Form must correspond to every particular with the name that appears on the face of the Rights DRS Advice.

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

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

Beneficial Security Holders not Administered by Euroclear

If you hold your Shares with a broker, bank or financial institution not administered through Euroclear, or choose to transfer your rights out of Euroclear to a North American financial institution, you are a beneficial security holder. Beneficial security holders hold their securities through a securities broker or dealer, bank, trust company or other participant (a “**Participant**”) in the book-based securities depository and registration system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). The total number of Subscription Rights to which all such beneficial holders as at the Record Date are entitled will be issued to and deposited with CDS following the Record Date. If you are a beneficial holder, or if you transfer your rights to a North American financial institution during the course of the rights offering, we expect that you will receive a customer confirmation of the number of such Subscription Rights allocated to you from the applicable Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Subscription Rights.

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

If you are a beneficial holder:

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

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

Trading in Subscription Rights on TSX Venture Exchange

The Subscription Rights will trade on TSX Venture Exchange under the trading symbol "SNM.RT" until the Expiry Time of 2:00 p.m. (Eastern time) on May 20, 2022. Any Subscription Rights not exercised at or before the Expiry Time will be void and of no value.

Additional Subscription Privilege

Registered holders of Subscription Rights

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

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

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

1. the number of Additional Shares subscribed for by the holder under the Additional Subscription Privilege; and

2. the product (disregarding fractions) obtained by multiplying the aggregate number of Additional Shares available through unexercised Subscription Rights by a fraction, the numerator of which is the number of Subscription Rights previously exercised by the holder and the denominator of which is the aggregate number of Subscription Rights previously exercised by all holders of Subscription Rights who have subscribed for Additional Shares under the Additional Subscription Privilege.

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

Beneficial holders of Subscription Rights

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

OTHER INFORMATION

Dividend Rights

The new Shares will entitle the holders to dividends (if any) on any record date that occurs after the registration of the Shares with Computershare Investor Services Inc.

Publication of the outcome of the rights issue

Provided that the Rights Issue is fully subscribed, the number of Shares will increase by a total of 558,242,414 new Shares, corresponding to an increase of approximately 25.0 per cent. The final outcome of the Rights Issue will be made public through a press release from ShaMaran around May 24, 2022.

Trading in new shares

The Shares are traded on TSX Venture Exchange in Canada and Nasdaq First North in Sweden. Following their registration in the central securities register of the Company, the Shares issued pursuant to the Rights Issue will also be traded on TSX Venture Exchange in Canada and Nasdaq First North in Sweden. The first day of trading in Shares subscribed with and without Subscription Rights on Nasdaq First North is expected to be around May 30, 2022.

Termination and repayment

The Company is not entitled to terminate the Rights Issue. In the event that an excessive amount has been paid by a subscriber for the Shares, ShaMaran will arrange for the excess amount to be repaid. No interest will be paid on surplus amounts. Subscription of Shares, with or without Subscription Rights, is irrevocable and the subscriber cannot withdraw or change such a subscription. Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is late, insufficient or paid incorrectly, an application for subscription may be disregarded or a

subscription made for a lower amount. Any payment made that has not been used will be refunded. Incorrectly paid amounts of less than 100 SEK will only be refunded on request.

Subscription from accounts that are subject to specific rules

If you have an account with specific rules for securities transactions, such as an IPS account, ISK (Investment savings) account or custody account/account within an endowment insurance, you should check with the administrator if and how you can subscribe for Shares in the Rights Issue.

Important information on taxation

The tax legislation in the investor's home country and in Sweden may affect any income received from the Shares. The taxation of any dividend, as well as capital gains taxation and rules on capital losses on the disposal of securities, depend on the specific situation of each individual shareholder. Special tax rules apply to certain types of taxable persons and certain types of investment. Each holder of Shares and Subscription Rights should therefore consult a tax advisor to obtain information on the specific consequences that may arise in the individual case, including the applicability effect of foreign tax rules and tax agreements.

Shareholders residing in certain unauthorized jurisdictions

The allocation of Subscription Rights and the issue of Shares upon exercise of Subscription Rights to persons residing in or nationals of countries outside the EEA and Canada may be affected by securities legislation in such countries. For this reason, with some exceptions, shareholders who have their existing Shares directly registered in securities accounts with registered addresses in the United States (with the exception of a limited number of QIBs acting in accordance with the procedures described below), Australia, Hong Kong, Japan, New Zealand, Switzerland, South Africa, Singapore or any other jurisdiction in which it would not be permitted to offer Subscription Rights or Shares, will not receive any Subscription Rights on their respective securities accounts or be allowed to subscribe for Shares. The Subscription Rights that would otherwise have been registered for these shareholders will be sold on the market and the proceeds of the sale, less costs, will be paid to such shareholders.

Selling Restrictions in the US

Neither this Prospectus nor any advertisement or any other offering material may be distributed, published or otherwise made available by any means or media, directly or indirectly, in whole or in part, in or into the US except to persons reasonably believed to be QIBs under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Securities may not be offered or sold in the US absent (i) registration under the Securities Act or (ii) an available exemption from registration under the Securities Act. Neither the Subscription Rights nor the

Shares have been registered, or will be registered, under the Securities Act or the securities legislation of any state or other jurisdiction in the US and neither the Subscription Rights nor the Shares may be utilized, offered, sold, resold, delivered or otherwise transferred, directly or indirectly, in or into the US, except under an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable securities legislation of any state or other jurisdiction in the United States.

Accordingly, ShaMaran does not direct the Rights Issue to the US or to US persons (as defined in Regulation S), except to QIBs acting in accordance with the procedures described below, and no part of the Prospectus or any pre-printed issue statement or application form represents or will represent, or be part of, an offer or invitation to subscribe or an offer or invitation to acquire or subscribe for Subscription Rights nor Shares in the US. With certain exceptions, neither the Prospectus nor any pre-printed issue statement or application form may be sent to shareholders whose address is located in, or who live in or are located in the US. Banks and other nominees who manage Shares for shareholders in ShaMaran whose holdings on the Record Date are nominee-registered may not send the Prospectus or any pre-printed issue statement or application form to shareholders whose address is located in, or who live in or are located in the US without first obtaining ShaMaran's written approval.

This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or to buy, or to sell or transfer, any Subscription Rights or Shares to any person in the US or to persons elsewhere who are US persons to whom it is unlawful to make such offer or solicitation or that may result in the requirement to register any Subscription Rights or Shares under the Securities Act or qualify any Subscription Rights or Shares under applicable securities laws of any state or other jurisdiction of the US. In connection with the Rights Issue, the Company will not affect any transactions or induce or attempt to induce the purchase or sale of any security in or into the US.

The Subscription Rights and new Shares will be sold only to (a) non-US Persons in "offshore transactions" as defined in and pursuant to Regulation S or (b) otherwise to a limited number of persons who are reasonably believed to be QIBs under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and who have executed and delivered a representation letter addressed to ShaMaran in the format provided by ShaMaran ("**Representation Letter**"). The Representation Letter will require that any such QIB represents, declares and approves that, among other things, (i) the person is a QIB and (ii) the person will only offer, subscribe, utilize, pledge, sell, resell, grant, deliver or otherwise transfer the Shares through transactions that are exempt from, or not subject to, the registration requirements of the Securities Act and which comply with the securities legislation of the relevant state. The Representation Letter will contain additional written representations, agreements and acknowledgements relating to, among other things, the trans-

fer restrictions applicable to the Shares. Any such QIB whose holding is nominee-registered through a bank or other nominee shall ensure that the relevant bank or other nominee submits a so-called investor representation letter on their behalf. Any person who acquires or subscribes to Subscription Rights or Shares and who is not a QIB who has delivered a representation letter to ShaMaran will, by accepting the Prospectus or the pre-printed issue statement or application form or by accepting the delivery of Subscription Rights or Shares, be deemed to have declared, guaranteed and accepted that the person is not, and at the time of acquisition or subscription of Subscription Rights or Shares will not be resident in or located in the US or act on a non-discretionary basis for the benefit or on behalf of a person who is located in or resides in the US. Pre-printed issue statements or application forms sent from or postmarked in the US will be considered invalid and anyone who subscribes for Shares and wishes to keep the subscribed Shares in registered form must provide an address outside the US for registration of the Shares.

Any person in the US that is not a QIB and that obtains a copy of the Prospectus or a pre-printed issue statement or application form is required to disregard it. Accordingly, investors in the US who are not QIBs cannot participate in the Rights Issue, subscribe for Shares or exercise Subscription Rights and application forms or other documents required to participate in the Rights Issue from such investors will not be accepted by ShaMaran or the Manager. In connection with the Rights Issue, the Manager will not perform any transactions or induce or attempt to induce the purchase or sale of any Subscription Rights or Shares in or into the United States. ShaMaran will be responsible for any offer solely to eligible shareholders in the US.

The Subscription Rights and new Shares offered by the Company to non-US persons (as applicable for purposes of Regulation S) in the offering are subject to the conditions of Regulation S. The Subscription Rights and new Shares are “restricted securities” as defined in Rule 144 promulgated under the Securities Act. Purchasers of the Subscription Rights or Shares may not offer, sell, pledge or otherwise transfer those securities, directly or indirectly, in or into the United States or to, or for the account or benefit of, any US person (as defined in Regulation S), except pursuant to a transaction meeting the requirements of Rules 901 to 905 (including the Preliminary Notes) of Regulation S, pursuant to an effective registration statement under the Securities Act, or pursuant to an exemption from the registration requirements of the Securities Act. All Subscription Rights and new Shares are subject to these restrictions until at least the expiry of one year after the date of their admission to trading and official listing.

The Subscription Rights and new Shares have not been approved, disapproved or recommended by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the US.



Business description

Business description

Overview

Shamaran Petroleum Corp. is a Canadian independent oil development, production and exploration company. The Company is engaged in the business of oil and gas exploration and development and holds a 27.6% participating interest in the Atrush Block PSC¹⁾, through its wholly owned subsidiary GEP, related to a petroleum property located in Kurdistan. The area covered by the Atrush Block PSC (the “**Atrush Block**”) is 269 km² and includes, on the surface, the Chiya Khere Mountain running east to west, which coincides with the Atrush subsurface structure. The Atrush Block is located approximately 85 kilometres northwest of Erbil, which is the capital of Kurdistan.

Upon closing of the proposed TEPKRI Acquisition, the Group will in addition hold an 18% participating interest (22.5% paying interest²⁾) in the Sarsang Block PSC³⁾. The Sarsang Block PSC covers a 420 km² area (the “**Sarsang Block**”), currently producing oil from two separate fields: the Swara Tika field and the East Swara Tika field. The Sarsang Block is located directly to the north of the Atrush Block.

The proposed TEPKRI Acquisition is expected to add immediate incremental participating interest production of approximately 5,000 bopd of light crude oil and is expected to double Shamaran’s Q2 2021 average net production of 11,090 bopd following the completion of the processing facility expansion at Swara Tika field by 3Q-2022. Furthermore, the acquisition is expected to enhance Shamaran’s oil reserves through the addition of high API and low

sulphur oil that achieves a low discount to Brent and provides a low cost structure with life-of-field operating expenditure anticipated to be approximately USD 5.60/bbl. Additionally, the Sarsang crude is of high quality (36–40° API) and enjoys an approximately USD 7.00 sales price discount, one of the lowest price discounts to Brent in Kurdistan. In connection with a new facility being commissioned, the Sarsang block also plans to tie Sarsang production by pipeline to the Atrush feeder pipeline for future pipeline export to the international export market via the Kurdistan to Ceyhan, Turkey export pipeline. Sarsang has an attractive discovered reserves base with a strong track record of safety and sustained production. As a neighboring field to the Atrush field, becoming a partner in the Sarsang field presents opportunities for potential integration synergies with Atrush operations.

Furthermore, the proposed TEPKRI Acquisition is expected to be transformative to Shamaran’s production, reserves and financial profile and is expected to deliver on the Company’s focused and disciplined strategy for growth. It is a strategic transaction for Shamaran that is expected to deliver value to equity and debt holders and strengthen the financial profile of the Company. Through the acquisition, Shamaran expects to add cash flow and a production growth trajectory underpinned by its interests in two PSCs with three producing fields in the same vicinity.

Table 1 below summarizes the operator, participating interests, license date, the current production status and Figure 1 shows the location of the Atrush and Sarsang blocks.

Table 1 – Summary of Atrush and Sarsang blocks

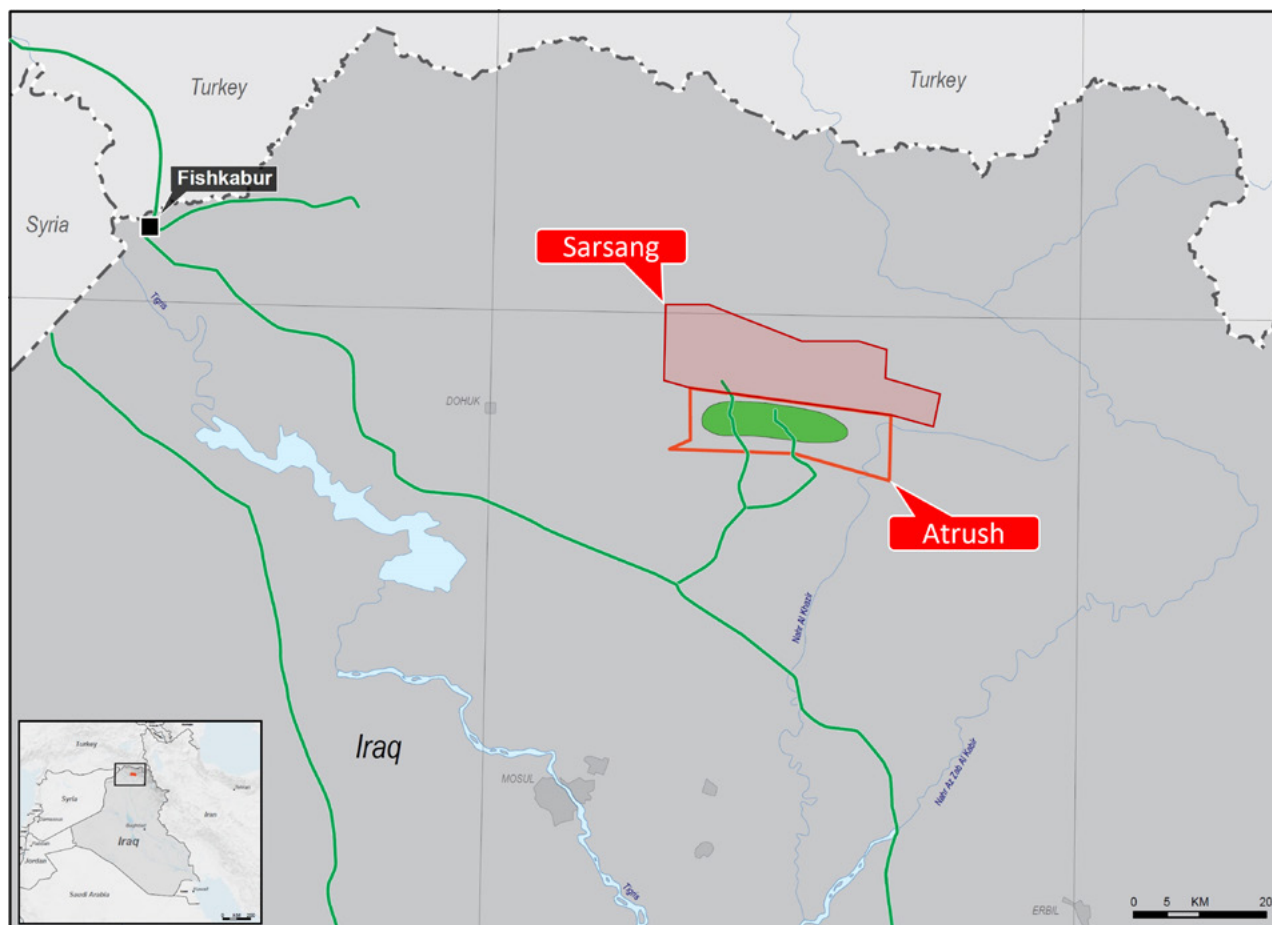
Block	Operator	Interest (%)	License Date	Production Status
Atrush	TAQA	TAQA; 47.4%, GEP; 20.6%, KRG; 25%	November 10, 2007	Development
Sarsang	HKN	HKN; 62%, TEPKRI; 18%, KRG; 20%	November 7, 2007	Development

1) For more information on the Atrush Block PSC, refer to section *Significant agreements – Atrush Block PSC*.

2) In the Atrush Block PSC the KRG is obligated to pay for Atrush costs in proportion to its 25% interest in the Atrush Block, but in the Sarsang Block PSC, the KRG does not pay for Sarsang costs in proportion to its 20% interest but is carried by HKN and TEPKRI proportionately. This means TEPKRI with an 18% participating interest and HKN with a 62% participating interest in the Sarsang Block respectively pay 22.5% and 77.5% of Sarsang costs in relation to the Sarsang Block PSC.

3) For more information on the Sarsang Block PSC, refer to section *Significant agreements – Sarsang Block PSC*.

Figure 2 – Location of the Atrush and Sarsang blocks



The Atrush and Sarsang Blocks are both currently in the ninth year of a twenty-year development period and both blocks have an automatic right to a five-year extension and the possibility to extend for an additional five years. Atrush Block oil production commenced in July 2017 with the completion of its central processing facility and the Atrush Feeder Pipeline (as defined below) to enable consistent deliveries of Atrush oil solely to the KRG at the Atrush Block boundary for pipeline transport also for the KRG's onward sale in the international market from Ceyhan, Turkey. Oil production from the Sarsang Block is currently trucked to the DNO-operated pipeline injection facility at Fishkibur, Kurdistan for delivery to the KRG for the KRG's onward sale in the international market from Ceyhan, Turkey.

The Atrush Block has oil proven in Jurassic fractured carbonates in the Chiya Khere formation. Total discovered oil in place in the Atrush Block is a low estimate of 1.6 billion barrels, a best estimate of 2.0 billion barrels and a high estimate of 2.6 billion barrels. The Sarsang Block has oil proven in the Triassic fractured carbonates in the Kurra Chine A, B and C formations. Total discovered oil in place in the Sarsang Block is a low estimate of 0.8 billion barrels, a best estimate of 1.2 billion barrels and a high estimate of 1.8 billion barrels.

Both the Atrush and Sarsang Blocks are continuously being appraised and further potential phases of development, including further drilling and possible facilities expansion, will be defined based on production data, appraisal information and economics. As part of its normal business the Company evaluates new opportunities. Furthermore, ShaMaran relies on specialised skills and knowledge to gather, interpret and process geological and geophysical data, and to design, drill and complete wells, together with the numerous additional activities required to potentially, produce oil and natural gas. The Company is part of a joint venture for the Atrush Block and upon the successful closing of the proposed TEPKRI Acquisition, will be part of a joint venture for the Sarsang Block that both employ a strategy of contracting consultants and other service providers to supplement the skills and knowledge of permanent staff to provide the specialised skills and knowledge required to undertake its oil and natural gas operations efficiently and effectively.

The Atrush Block and the Sarsang Block

The Atrush Block is located approximately 85 kilometers north-west of Erbil, the capital of Kurdistan. The Atrush Block covers an area of 269 km² and includes, on the surface, the Chiya Khare Mountain running east to west, which coincides with the Atrush subsurface structure. Immediately to the north of Atrush Block is the Sarsang Block where HKN is currently producing oil from the Swara Tika-and East Swara Tika Fields.

The Company's interest in the Atrush Block is governed by a production sharing contract and a joint operating agreement, please refer to sections *Significant agreements – Atrush Block PSC and Significant agreements – Atrush Block JOA*. The Atrush Block PSC was signed on November 10, 2007. Originally, the participants were GEP, then a wholly owned subsidiary of Aspect Holdings LLP (“**Aspect**”), with an 80 percent participating interest and the KRG with a 20 percent carried third-party interest.

In August 2010, ShaMaran acquired a 33.5 percent interest in GEP from Aspect, thereby gaining a 26.8 percent indirect participating interest in the Atrush Block. In October 2010, the government assigned their third-party interest to Marathon Oil KDV B.V. (“**Marathon**”). In December 2012, Aspect sold their interest in the Atrush Block to TAQA who then took over operatorship. Following this sale, ShaMaran became the sole shareholder of GEP. In March 2013, the KRG informed the Atrush joint venture it intended to exercise its option to back-in to a 25 percent paying interest in Atrush Block PSC. Negotiations with the KRG then commenced and on November 7, 2016, documentation formalizing the KRG's back-in right was signed, giving the KRG a 25 percent paying interest in Atrush effective from November 7, 2012. This reduced ShaMaran's interest to 20.1 percent, Marathon's to 15 percent and TAQA's to 39.9 percent. Subsequently, ShaMaran and TAQA agreed to jointly acquire Marathon's 15 percent interest, with effect from January 1, 2018, which increased ShaMaran's interest to 27.6 percent.

The Atrush structure is a complex faulted anticlinal structure developed along a possible shallow thrust zone oriented east-west. The proven and potential stacked oil reservoirs within the block Barsarin, Naokelekan (Upper Jurassic), Upper and Lower Sargelu (Middle Jurassic), Alan, Mus and Adaiyah/Upper Sarki (time equivalent Butmah)/(Lower Jurassic) with both fracture and matrix porosity. The Alan anhydrites form a pressure barrier between the Upper/Middle Jurassic and Lower Jurassic reservoirs.

The reservoirs contain a 420 meter oil column of 25–27° API medium crude oil, underlain by a heavy crude oil zone of around 250 meters where API gravity decreases with depth from around 22° API to 14° API. The oil columns are present and producible with the help of electric submersible pumps in both the Upper/Middle Jurassic reservoirs and the Lower Jurassic reservoirs.

The Atrush Block's twenty (20) year development period started on October 1, 2013 with the KRG's approval of the Atrush Block's initial Phase 1 field development plan

Construction of the 30 Mbopd Atrush Phase 1 production facility commenced in the second quarter of 2014 and together with related infrastructure including the section of the pipeline from the Atrush block boundary to the tie-in point on the main export pipeline (“**Atrush Feeder Pipeline**”) necessary for exporting Atrush produced oil were completed by July 2017.

Cumulative oil production from the Atrush Block commenced on July 3, 2017 and to the date of this Prospectus has exceeded 54 million barrels of crude oil.

The Sarsang Block is located directly to the north of the Atrush Block and covers an area of 420 km². TEPKRI's interest in the Sarsang Block is governed by a production sharing contract and a joint operating agreement, please refer to sections *Significant agreements – Sarsang Block PSC and Significant agreements – Sarsang Block JOA*. The Sarsang Block PSC was signed on November 7, 2007. Originally, the participants were HKN and the KRG. In October 2010 Marathon acquired the KRG's interest in Sarsang Block PSC. In April 2014 HKN assigned 30 percent of its Sarsang interest to Maersk Oil Kurdistan A/S (“**Maersk Kurdistan**”) giving it an 18% participating interest (22.5% paying interest) in the Sarsang block. Maersk Kurdistan's corporate name was changed to TEPKRI following the acquisition by TotalEnergies of the global oil and gas assets of AP Moeller-Maersk in 2018.

The Sarsang Block is currently producing oil from two fields: Swara Tika and East Swara Tika. Swara Tika is Sarsang Block's most significant production asset with over 25,000 bopd from two facilities and five wells. Current production is focused on the reserves in the Triassic reservoir. Triassic reserves are light crude oil with API gravity of 36–39°. East Swara Tika has two wells currently producing approximately 5,600 bopd of high quality light crude oil with an API gravity of 36–39°. The Sarsang crude is of high quality (36–40° API) and enjoys an approximately USD 7.00 sales price discount, one of the lowest price discounts to Brent in Kurdistan. Sarsang Block's oil production is currently being trucked to Fishkhabur with plans to connect it to the KRG's pipeline once commissioned as described in section *Production Development* below.

The reserves information for the Sarsang Block which the Company has obtained during the due diligence investigation prior to the TEPKRI Acquisition could be inaccurate, incomplete or misleading and ShaMaran will not be able to verify data it has based its assessments of TEPKRI on until ShaMaran has become the owner of TEPKRI. Please refer to *Risk Factors – Risks in estimating resources* for further details.

For details of the reserves, exploration results and prospects relating to the Atrush Block, and a detailed property report, please refer to section *Mineral Companies Information and Report* included in this Prospectus by reference. For more information on documents incorporated by reference, please refer to section *Legal Considerations and Supplementary Information – Documents Incorporated by Reference*.

Production development

The Atrush operator together with ShaMaran have implemented the initial Atrush Field Development Plan (“**Atrush FDP**”) for the Atrush Block and first oil was achieved in July 2017. The first phase of the Atrush FDP has been completed and over 54 million barrels of crude oil have so far been produced as at the date of this Prospectus. Further phases of development will be defined based on production data, appraisal information and economic circumstances.



An extensive back-to-back four well drilling program was conducted in 2019 in Atrush Block with the aim of increasing well production capacity. The Atrush CK-11 production well was drilled through the upper and lower Jurassic reservoirs and came online producing from the upper reservoir in May 2019. The rig went directly to the Atrush CK-12 location on Chamanke E pad. This well was drilled through the back-limb of the structure into the front limb thereby producing valuable information on the geometry of the Atrush fold. Atrush CK-12 is the first producer dedicated to the lower Jurassic Mus formation and came online in August 2019. Atrush CK-13 and CK-15 were both drilled both as infill well locations at the structurally shallow parts of the field and are completed Upper Jurassic Sargelu formation producers. Atrush CK-13 started producing oil in September 2019 followed by Atrush CK-15 in December 2019.

As the new 2019 Atrush wells came into production an increase in processing capacity was required to fully utilize available well capacity. An Atrush early production facility (“EPF”), with a capacity of 10,000 bpd was installed on the Chamanke E pad. Additionally, a debottlenecking initiative was run on the Atrush central processing facility with a resulting increase in processing capacity from 30,000 bpd to 40,000 bpd.

In Q1 2020, the EPF was upgraded to 18,000 bpd capacity through the addition of a second processing train.

The Sarsang Operator has been the operator of Sarsang Block since inception of the Sarsang Block PSC in November 2007. The Sarsang Block has a development Plan for the Swara Tika field (“**ST FDP**”) and a separate development plan for the East Swara Tika field (“**EST FDP**”). The ST FDP aims to ramp up oil production to 50,000 bpd of light crude oil from the Triassic reservoir. Swara Tika is expected to increase from 27,000 bpd facility capacity currently (from two facilities) to over 50,000 bopd after commissioning of a new 25,000 bpd facility (currently under construction with completion now forecast for Q3 2022). A 5 well drilling program re-started in May 2021 with the aim of increasing utilization of the new oil processing facility when completed. In that program, HKN has drilled and completed Swara Tika B6 well.

The KRG is currently constructing a pipeline from the Sarsang Block boundary to its existing Atrush feeder pipeline 21 km to the south. The Sarsang Block’s oil production is planned to be connected to the new pipeline once commissioned, which is currently anticipated to be in Q3 2022. This new pipeline from Sarsang Block is expected to have a capacity in excess of 100,000 bopd.

The EST FDP anticipates production of 5,000 bopd from the Triassic Kurra Chine A reservoir and for additional seismic data and drilling to further refine development of East Swara Tika field. The 3D seismic program for East Swara Tika has been delayed until 2022 due to access issues in East Swara Tika and the western part of Swara Tika.

Due to the global coronavirus pandemic, the 2020 work plans for Atrush and for Sarsang were both revised, suspending the ongoing drilling and completion campaigns as well as all non-critical projects but in 2021 the work plans in both blocks have re-commenced.

Market trends and significant change in the financial performance

2020 was a challenging year, due to the global coronavirus pandemic and the collapse of crude oil prices and its adverse effect on world demand for oil. However, ShaMaran together with its partner in the Atrush Block and TEPKRI with its partner in the Sarsang Block were both able to weather those challenges by drastically reducing expenditures with a deferral of scheduled capital expenditure projects until such time as oil prices rebounded. During 2021 the Company and TEPKRI have both experienced a rebound in world oil prices and with an increase in the roll-out globally of vaccinations against the Covid-19 virus, they are cautiously optimistic that worldwide demand for oil will continue to grow so that capital expenditures can be revived in the Atrush Block and in the Sarsang Block.

Both see sustainable 2022 production in their respective fields and progressing plans which meet environmental commitments. 2022 is expected to be a year of cash flow harvest and measured capital deployment to continue to give shareholders a clear and socially responsible path to sustained production and reserves maturation. However, the timing and execution of capital expenditure programs may also be affected by the availability of third party contractor services in Kurdistan should the relaxation of Covid-19 related travel, quarantine and other related restrictions not continue.

Since first oil occurred in both blocks, oil production has been consistently delivered to the respective oil buyers. ShaMaran is not aware of the official allocation to the KRG of export pipeline capacity to Ceyhan but management expects no change in 2022 on the KRG's ability to access of export pipeline capacity in Turkey. However, due to possible unforeseen political developments in Iraq, Turkey and/or Kurdistan arrangements currently in place to export oil produced from the Atrush Block and the Sarsang Block may not continue to be in effect. Also, there remains an on-going risk that any renewed tensions in the regional political and security situation could have a material adverse effect on the financial performance of ShaMaran.

In addition to the above, there have not been any significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of this Prospectus.

Changes to regulatory environment – stoppage of flaring

Both the Atrush Operator and the Sarsang Operator currently flare associated gas produced at the Atrush Block and the Sarsang Block respectively. On July 13, 2021 the Minister of the Ministry of Natural Resources issued a Ministerial Order giving oil production companies in the Kurdistan Region 18 months to put a complete end to flaring in their blocks. If the terms of this order are actually enforced and if either the Atrush Operator or the Sarsang Operator (or both) cannot comply such block(s) may be forced to curtail oil production due to these emissions constraints as the blocks may not be able sufficiently treat, re-inject or market the associated gas and may therefore be forced to curtail or cease oil production, which in turn could have a material adverse effect on the Company's business, financial conditions, results of operations and prospects

Mineral companies information and report



As a TSX Venture Exchange listed company, ShaMaran has engaged an Independent Qualified Reserves Evaluator; McDaniel & Associated Consultants Ltd (“**McDaniel**”), to prepare annual year-end assessments of Company reserves and contingent resource estimates and associated filing documentation in accordance with Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“**NI 51-101**”) since 2010. Below is summarized information from McDaniel’s assessments of reserves for the Atrush asset dated September 30, 2021 and effective November 19, 2021.

Reserves definition

The estimates of reserves presented in this Prospectus have been based on the definitions and guidelines prepared by the Standing Committee on Reserves Definitions of the CIM (Petroleum Society) as presented in the Canadian Oil and Gas Evaluations Handbook (“**COGE Handbook**”), an Acceptable Internationally Recognized Mineral Standard by European Securities and Markets Authority (“**ESMA**”). The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recovered from known accumulations, as of a given date, based on: the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified in accordance with the level of certainty associated with the estimates and based on development and production status. To be classified as reserves, estimated recoverable quantities must be associated with projects that have demonstrated commercial viability. Under the fiscal conditions applied in the estimation of reserves, the chance of commerciality is effectively 100 percent. The following are the definitions of proved, probable and possible reserves as set out in the COGE Handbook:

“proved reserves”

- those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- At least a 90% probability (“**P90**”) that the quantities actually recovered will equal or exceed the estimated proved reserves is the targeted level of certainty.
- Proved reserves (P90) are also referred to as “**1P**”.

“probable reserves”

- those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- At least a 50% probability (“**P50**”) that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves is the targeted level of certainty.
- Proved (P90) plus probable (P50) reserves are also referred to as “**2P**”

“possible reserves”

- those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
- At least a 10% probability (“**P10**”) that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves is the targeted level of certainty.
- Proved (P90) plus probable (P50) plus possible (P10) reserves are also referred to as “**3P**”

Reserves tables

Table 2 – Summary of Atrush Reserves^{(1),(2),(3),(4),(5)}

Reserve Category	Property Gross, Mbbl	Company Gross, Mbbl	Company Net, Mbbl
Proved Developed Producing Reserves	26,943	7,436	4,164
Proved Developed Non-Producing Reserves	0	0	0
Proved Developed Reserves	26,943	7,436	4,164
Proved Undeveloped Reserves	15,745	4,346	2,393
Total Proved Reserves (1P)	55,458	15,306	8,518
Total Probable Reserves	43,004	11,869	5,673
Total Proved + Probable Reserves (2P)	98,462	27,176	14,191
Total Possible Reserves ⁽⁶⁾	44,864	12,382	4,616
Total Proved + Probable + Possible Reserves (3P)	143,326	39,558	18,808

Notes:

- Totals may not add due to rounding.
- The definitions of the various categories of reserves and expenditures are those set out in NI 51-101.
- The Atrush Field contains crude oil of variable density. Fluid type is classified according to COGEH: Light/Medium Oil is based on density less than 920 kg/m³ and Heavy Oil is between 920 and 1000 kg/m³.
- "Company Gross" reserves refer to ShaMaran's working interest share before deducting royalties and are based on the working interest share of the property gross reserves.
- "Company Net" reserves refer to ShaMaran's working interest share after deducting royalties. Note, as the government pays income taxes on behalf of ShaMaran out of the government's royalties received in the form of a profit oil share, Company net reserves are based on the effective pre-tax profit revenues by adjusting for the tax rate.
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

The information in this section has been obtained from McDaniel, which is a third-party source, and ShaMaran has cited this information correctly in the Prospectus. Even if the Company considers this source to be trustworthy, no independent verification has been performed and thus neither the accuracy nor the completeness of the information can be guaranteed. As far as the Company is aware no information has been omitted that could render the reproduced information inaccurate or misleading.

See also section *Business Description – The Atrush Block and the Sarsang Block* and the Detailed Property Report of McDaniel for the Atrush Block as at September 31, 2021 incorporated to this Prospectus by reference, with the consent of McDaniel. For more information on documents incorporated by reference, please refer to section *Legal Considerations and Supplementary Information – Documents Incorporated by Reference*.



Unaudited pro forma financial information

Introduction

On July 12, 2021, ShaMaran Petroleum Corp. (the “**Company**” or “**Shamaran**”) announced that it had signed an agreement with a subsidiary of TotalEnergies S.E. (“**TotalEnergies**”) to acquire its affiliate TEPKRI Sarsang A/S (“**TEPKRI**”), holding an 18% non-operated participating interest in the Sarsang block production sharing contract in the Kurdistan Region of Iraq for an initial consideration of USD 155 million divided into (i) an upfront cash payment of USD 135 million upon closing and (ii) a deferred consideration of USD 20 million structured as a vendor finance in the form of a convertible promissory note with yearly interest rate of 5.5% issued to a subsidiary of TotalEnergies with a 12-months’ maturity from the date of closing. In addition to the initial consideration, USD 7.096 million are payable as working capital adjustment. Further, a contingent consideration of USD 15 million is payable in the future upon further contingent events (i) cumulative gross production from the Sarsang block production sharing contract reaching 130 MMbbls and (ii) subject to Brent crude oil prices averaging at least USD 60/bbl for the previous twelve months’ period (the “**TEPKRI Acquisition**”).

On July 16, 2021, the Company announced that the new USD 300 million senior unsecured bond 2021/2025 (ISIN NO 0011057622) (the “**2025 Bond**”) with 4-year tenor had been priced at 12% fixed semi-annual coupon. The 2025 Bond was issued at 98.5% of nominal value which is applicable to both new money under the initial issue amount of USD 111.5 million (the “**2025 Initial Bond Issue**”) and the refinancing of existing debt. The 2025 Initial Bond Issue was settled on July 30, 2021 for gross cash proceeds of USD 109.8 million. Of the USD 300 million under the 2025 Bond, the remaining USD 188.4 million will be issued to refinance existing indebtedness of the Company in connection with, and conditional upon, the completion of the proposed TEPKRI Acquisition.

On April 5, 2022, the board of directors of the Company authorized a rights issue in SEK for up to 558,242,414 Shares in the Company pursuant to a distribution of preferential subscription rights to ShaMaran’s shareholders (the “**New Share Issue**”). The New Share Issue is expected to, with full subscription, provide ShaMaran with gross proceeds of the equivalent of USD 30.5 million before deduction of costs related to the New Share Issue, which below have been estimated to amount to approximately USD 2 million. The proceeds of the New Share Issue will be used for general corporate and administrative purposes of the Company, which includes strengthening the Company’s balance sheet and possibly partly funding of one or more acquisitions the Company may pursue in the future.

The Unaudited Pro Forma Financial Information comprises an unaudited pro forma statement of income for the financial year ended December 31, 2020, an unaudited pro forma balance sheet as at December 31, 2020 and related notes (the “**Unaudited Pro Forma Financial Information**”) to show the effect as if the proposed TEPKRI Acquisition, the 2025 Initial Bond Issue and the New Share

Issue (the “**Transaction**”) had been carried out as at January 1, 2020 in respect of the unaudited pro forma statement of income and as at December 31, 2020 in respect of the unaudited pro forma balance sheet. In order to present a prudent view of the right issue capital raising success the preparation of the Pro Forma Financial Information has been carried out assuming New Share Issue proceeds of USD 30,000,000, based on the Nemesia guarantee (please see Note 4 of the Pro Forma Financial Information).

The Unaudited Pro Forma Financial Information in this Prospectus is presented for illustrative purposes only and is not necessarily indicative of what the actual financial position or results of operations of a group consisting of the Company including its subsidiaries and TEPKRI (the “**Enlarged Group**”) would have been had the Transaction been completed on the dates indicated above. Actual future financial statements may differ materially from this information.

The Unaudited Pro Forma Financial Information presented in this Prospectus is unaudited and has been prepared solely for use in this Prospectus in accordance with the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the “**Delegated Prospectus Regulation**”) and is not to be used for any other purposes.

The Unaudited Pro Forma Financial Information was prepared on the basis of the stated criteria described in section *Basis for preparation* and in accordance with the accounting policies of the Company as described in its audited consolidated financial statements prepared in accordance with IFRS for the financial year ended on December 31, 2020.

Basis for preparation

For the purpose of the Unaudited Pro Forma Financial Information, it is assumed that the Transaction as described in the section *Introduction* has been carried out as at January 1, 2020 for the income statement and as at December 31, 2020 for the balance sheet. The 18% non-operated participating interest in the Sarsang Production Sharing Contract in the Kurdistan Region of Iraq qualifies as joint operation under IFRS 11, Joint arrangements, as unanimous consent is needed between the investors. Thus, the TEPKRI Acquisition and its interest in the Sarsang Production Sharing Contract will be accounted for as a business combination at consolidation using the acquisition method of accounting under the provisions of IFRS 3, Business Combinations, with ShaMaran determined as the acquirer of TEPKRI. The acquisition method of accounting applies the fair value concepts defined in IFRS 13, Fair Value Measurement, and requires, among other things, that the identifiable assets acquired and liabilities assumed in a business

combination are recognized at their fair values as of the acquisition date, with any excess of the purchase consideration over the fair value of identifiable net assets acquired recognized as goodwill. The preliminary purchase price allocation presented herein has been made solely for the purpose of preparing the pro forma financial information in this Prospectus. The Unaudited Pro Forma Financial Information has been prepared in accordance with Annex 20 to the Delegated Prospectus Regulation and on a basis consistent with the accounting principles applied by the Company in its audited consolidated financial statements prepared in accordance with IFRS for the financial year ended December 31, 2020.

The Unaudited Pro Forma Financial Information is derived from (i) the audited consolidated financial statements of ShaMaran for the financial year ended December 31, 2020; and (ii) the audited financial statements of TEPKRI for the financial year ended December 31, 2020.

The Unaudited Pro Forma Financial Information reflects adjustments to historical financial information to give pro forma effect to events that are directly attributable to the Transaction and which are factually supportable. The Unaudited Pro Forma Financial Information and explanatory notes present how ShaMaran's income statement and balance sheet would have appeared had the Transaction actually been consummated as at January 1, 2020 for the income statement and as at December 31, 2020 for the balance sheet.

ShaMaran has performed a preliminary alignment of TEPKRI's accounting policies to ensure comparability in the Unaudited Pro Forma Financial Information. ShaMaran did not identify any differences between Danish Financial Statements Act, as basis for preparation of the audited financial statements of TEPKRI, and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, as basis for preparation of the audited consolidated financial statements of ShaMaran. Based on the information available as at the date of this Prospectus, ShaMaran has identified a number of adjustments to align the accounting policies of TEPKRI to those of ShaMaran as described in the notes to the Unaudited Pro Forma Financial Information. ShaMaran is not aware of any other accounting policy differences

that could have a material impact on the Unaudited Pro Forma Financial Information. Upon the completion of the proposed TEPKRI Acquisition, ShaMaran will conduct a detailed review of TEPKRI accounting policies and estimates applied. As a result of that review, ShaMaran may identify additional accounting policy differences between the companies that, when conformed, could have further impact on the Enlarged Group's financial information. Also, the accounting policies to be applied by the Enlarged Group in the future may differ from the accounting policies applied in the pro forma financial information.

The Unaudited Pro Forma Financial Information reflects the application of pro forma adjustments that are preliminary, and which are based upon available information and certain assumptions, described in the accompanying notes to the Unaudited Pro Forma Financial Information below and, that the management of ShaMaran believes are reasonable under the circumstances. Actual results of the Transaction may materially differ from the assumptions used in the Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information has been prepared by the management of ShaMaran for illustrative purposes only and, because of its nature, it addresses a hypothetical situation, and therefore does not represent the actual financial position or results of ShaMaran's operations that would have been realized had the Transaction occurred as of the dates indicated, nor is it meant to be indicative of any anticipated financial position or future results of operations that the Enlarged Group may experience going forward. In addition, the accompanying pro forma statement of income do not reflect any expected cost savings, synergy benefits or future integration costs that are expected to be generated or may be incurred as a result of the proposed TEPKRI Acquisition.

The consolidated financial statements of ShaMaran and of TEPKRI have been presented in USD. The Unaudited Pro Forma Financial Information set forth herein has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row.

ShaMaran

Unaudited pro forma income statement for the financial year ended December 31, 2020

Expressed in Thousands of United States dollars

	ShaMaran Note 1	TEPKRI Note 2	Accounting Adjustments Note 3	New bond issue Adjustments Note 5	Acquisition Adjustments Note 6	Pro Forma
Revenues	56,673	44,288	(20,037)	-	-	80,924
Cost of goods sold:						
Lifting costs	(23,154)	(27,539)	20,037	-	-	(30,656)
Other costs of production	(3,623)	(310)	-	-	-	(3,933)
Depletion	(22,790)	(6,201)	-	-	(3,129)	(32,120)
Gross margin on oil sales	7,106	10,238	-	-	(3,129)	14,215
Depreciation and amortization expense	(205)	(95)	-	-	-	(300)
Share based payments expense	(1,663)	-	-	-	-	(1,663)
Impairment loss on trade receivables	(3,201)	-	-	-	-	(3,201)
General and administrative expense	(8,181)	(2,833)	194	-	-	(10,820)
Impairment loss	(116,164)	-	-	-	-	(116,164)
(Loss) / income from operating activities	(122,308)	7,310	194	-	(3,219)	(117,933)
Finance income	5	39	-	2,744	-	2,788
Finance costs	(22,076)	(52)	-	(15,826)	(1,100)	(39,054)
Net finance cost	(22,071)	(13)	-	(13,083)	(1,100)	(36,267)
Acquisition related costs	-	-	-	-	(1,500)	(1,500)
Net loss on TEPKRI acquisition	-	-	-	-	(1,500)	(1,500)
(Loss) / income before income tax expense	(144,379)	7,297	194	(13,083)	(5,729)	(155,699)
Income tax expense	(46)	1	-	-	-	(45)
(Loss) / Profit for the year	(144,425)	7,298	194	(13,083)	(5,729)	(155,744)

Shamaran**Unaudited pro forma balance sheet as of December 31, 2020**

Expressed in Thousands of United States dollars

	ShaMaran Note 1	TEPKRI Note 2	Accounting Adjustments Note 3	Offering Adjustments Note 4	New bond issue Adjustments Note 5	Acquisition Adjustments Note 6	Pro Forma
ASSETS							
Non-current assets							
Property, plant and equipment	146,046	65,864	76,270	-	-	22,553	310,733
Loans and receivables	49,941	-	-	-	-	-	49,941
Right-of-use asset	199	-	-	-	-	-	199
Intangible assets	70	76,116	(76,076)	-	-	(27)	83
	196,256	141,980	194	-	-	22,527	360,957
Current assets							
Loans and receivables	18,128	26,645	-	-	-	(19,371)	25,402
Cash and cash equivalents, unrestricted	16,967	11,278	-	-	(6,600)	(9,392)	12,253
Cash and cash equivalents, restricted	11,451	-	-	30,000	109,800	(139,800)	11,451
Other current assets	571	59	-	-	-	-	630
	47,117	37,982	-	30,000	103,200	(168,563)	49,736
Total assets	243,373	179,962	194	30,000	103,200	(146,036)	410,693
LIABILITIES							
Non-current liabilities							
Borrowings	-	-	-	-	290,446	-	290,446
Loan from related party	19,215	-	-	-	-	-	19,215
Provisions	15,479	3,242	-	-	-	-	18,721
Pension liability	1,477	-	-	-	-	-	1,477
Cash-settled deferred share units	202	-	-	-	-	-	202
Lease liability	54	-	-	-	-	-	54
	36,427	3,242	-	-	290,446	-	330,115
Current liabilities							
Borrowings	188,416	-	-	-	(188,416)	-	-
Accrued interest expense on bonds	11,145	-	-	-	6,753	-	17,898
Accounts payable and accrued expenses	3,578	4,418	-	2,000	7,500	1,500	18,996
Lease liability	134	-	-	-	-	-	134
Current tax liabilities	6	-	-	-	-	-	6
Contingent consideration payable	-	-	-	-	-	3,750	3,750
Deferred consideration payable	-	-	-	-	-	21,100	21,100
Provision for deferred tax	-	-	-	-	-	5,641	5,644
	203,279	4,418	-	2,000	(174,164)	31,994	67,528
EQUITY							
Share capital	638,434	966	-	30,000	-	(966)	668,434
Share based payments reserve	8,766	-	-	-	-	-	8,766
Loan Share reserve	4,063	-	-	-	-	-	4,063
Cumulative translation adjustment	50	-	-	-	-	-	50
Accumulated deficit	(647,646)	171,336	194	(2,000)	(13,083)	(177,064)	(668,263)
	3,667	172,302	194	28,000	(13,083)	(178,030)	13,050
Total equity and liabilities	243,373	179,962	194	30,000	103,200	(146,036)	410,693

Note 1

The results for ShaMaran for the period January 1, 2020 – December 31, 2020 and the balance sheet as of December 31, 2020 have been extracted without adjustments from ShaMaran's audited consolidated financial statements for the financial year 2020 on which an audit report has been published.

Note 2

The results for TEPKRI for the period January 1, 2020 – December 31, 2020 and the balance sheet as of December 31, 2020 have been extracted from TEPKRI's audited financial statements.

Note 3

These adjustments relate to differences in accounting policies between ShaMaran and TEPKRI and include:

Reclassifications within the income statement and balance sheet

Certain items have been reclassified in the unaudited pro forma income statement and balance sheet to align revenue, expenses, assets and liabilities to ShaMaran's income statement and balance sheet as follows:

A. Capacity building payments, royalties and fees in-kind

ShaMaran has a policy to recognize any capacity building payments, royalties, and fees in kind on net basis. USD 20.037 million of TEPKRI revenues have been netted to lifting costs in order to correct that previous gross basis recognition. This is a one off adjustment aligning the presentation in the financial statements. These cost items are recurring and will be presented in accordance with ShaMaran's accounting policies.

B. Oil rights, proved and oil rights, unproved

ShaMaran has a policy to account proved and unproved capital expenses as property, plant and equipment. Oil rights, proved and oil rights, unproved in the amount of USD 76.076 million have been reclassified from intangible assets to property, plant and equipment in order to align presentation of assets in the proforma balance sheet.

C. Movement in the abandonment provision

ShaMaran has a policy to capitalize any movements in the abandonment provision to property, plant, and equipment. USD 194 thousand has been capitalized to property, plant and equipment that was previously recognized in general and administrative expenses. This is a one off adjustment aligning the presentation in the financial statements. This cost item is recurring and will be presented in accordance with ShaMaran's accounting policies.

Note 4

This adjustment reflects the net proceeds from the Offering, being SEK 285.4 million of gross proceeds (USD 30 million at an exchange rate of SEK 9,5139 to USD 1) and USD 2 million of expected costs which have been accrued on the balance sheet. This adjustment is a non-recurring item relating to the transaction.

One of ShaMaran's principal shareholders, Nemesia has signed a guarantee deed pursuant to which it will participate in the Transaction at such level as may be required to ensure that ShaMaran receives proceeds amounting to at least USD 30 million. Management estimated the expenses for this shareholder transaction are not material and therefore did not adjust for this in the Unaudited Pro Forma Financial Information.

Note 5

This adjustment related to the balance reflects the following:

(i) net proceeds from the 2025 Bond issued, which form part of the financing for the proposed TEPKRI Acquisition, on July 30, 2021 with gross proceeds of USD 300 million that includes net of refinancing of previous debt of USD 188.4 million. Net proceed of cash is USD 109.8 million and represents the amount issued at 98,5% from nominal value of USD 111.5 million. Management estimated and accrued issuing costs of USD 7.5 million;

(ii) recognition of New Bond issue in amount of USD 290.446 million as non-current borrowings represents bonds liability using the effective interest method which includes unamortized issuing costs and unwind discount for the financial year 2020. The repayment of the existing bond of USD 188.416 million results in a corresponding decrease in current borrowings. This adjustment is a non-recurring item relating to the transaction.

The adjustment related to the income statement reflect the following:

(i) additional interest expenses in amount of USD 13.4 million calculated as 12% on USD 111.5 million. Since the coupon interest rate of the previous bond is also 12%, no adjustment has been made to the refinanced portion of the previous debt of USD 188.4 million;

(ii) the amortization of capitalized issuing costs and discount to nominal value in the amount of USD 2.446 million;

(iii) the gain from derecognition of previous debts in the amount of USD 2.744 million.

Resulting in a total effect on finance costs of USD 15.826 million and finance income of USD 2.744 million.

The additional interest expenses and amortization of capitalized issuing costs will continue however the gain from the derecognition of previous debt is a one off adjustment in the financials.

The additional interest expense of USD 13.4 million referred to in adjustment (i) to the income statement above has been split between cash payment and accrued interest on bonds in the balance sheet following semi-annual payment structure.

Note 6

All of the business combination relating effects are resulting in one off adjustments except for where stated otherwise.

	USD'000
Upfront cash payment (i a)	135,000
Second payment at closing (i b)	7,096
Deferred consideration in convertible loan from TOTAL (ii)	20,000
Contingent consideration (iii)	3,750
Total acquisition costs (iv)	165,846
Book value of net assets of TEPKRI	172,302
Less cash to be distributed pre-close (i c)	-7,096
Less receivable staying with Total Energies	-19,371
Carrying value of net assets of TEPKRI (v)	145,835
Software	-27
PP&E (vi)	25,682
Deferred tax (vi)	-5,644
Preliminary estimate of fair value of net assets	165,846

(i) The decrease in cash and cash equivalents presented in the proforma balance sheet in amount of USD 139.8 million of restricted cash and USD 9.392 million of unrestricted cash represents following:

- a) USD 135 million of upfront cash payment.
- b) USD 7.096 million additional payment in cash which is payable to Total Energies as working capital adjustment.
- c) USD 7.096 million of cash to be distributed by TEPKRI to Total Energies pre close of the TEPKRI Acquisition.

(ii) Represents the convertible promissory note of USD 20 million with a yearly interest rate of 5.5% issued to a subsidiary of Total Energies with a 12-month maturity recorded as deferred consideration payable in the pro forma balance sheet. Additional expenses in amount of USD 1.1 million calculated as 5.5% interest on the convertible loan were accrued to the pro forma income statement as finance costs and in the pro forma balance sheet as deferred consideration payable. This is a one off interest payment and will not continue to have an impact after the first year.

(iii) Represents the fair value of the contingent payment as estimated by management. The trigger for the USD 15 million contingent payment is based on cumulative production from the Sarsang block reaching 130,000,000 barrels and is subject to the average Brent oil price for the preceding 12 months being at least USD 60 per barrel. Management have estimated the probability of making this payment, based on forecasted production plans, and consider a value of USD 3.75 million as appropriate recorded as contingent consideration payable in the balance sheet. Subsequently, fair value of contingent liability will be reassessed at each balance sheet date with adjustment recognised in income statement.

(iv) Excluding estimated transaction costs amounted of USD 1.5 million that were accrued to the income statement as acquisition related costs and in the balance sheet as accounts payable and accrued expenses. These are one off transaction costs that will not continue.

(v) Carrying value of net assets of TEPKRI in amount of USD 172.302 million has been deducted by the USD 7.096 million cash payment by TEPKRI as described under (i) (c) above and USD 19.371 million of receivables that stay with Total Energies after closing of the Transaction.

(vi) For the purpose of the pro forma balance sheet, the fair value of the majority of assets and liabilities acquired of TEPKRI, is assumed equal to the carrying amount in the balance sheet as at December 31, 2020 for TEPKRI except for the fair value of certain tangible assets of TEPKRI that has been remeasured on a preliminary basis in amount of USD 25.682 million for the purpose of the Unaudited Pro Forma Financial Information. The adjustments also include the associated impact on deferred tax in amount of USD 5.644 million. The purchase price allocation presented herein has been made solely for the purpose of preparing the pro forma financial information in this Prospectus.

Management estimated additional depletion for fair value adjustments in amount of USD 3.129 million in accordance with ShaMaran accounting policies. Additional depletion for the fair value is not one off adjustment and should continue going forward.

Independent practitioner's assurance report on the compilation of pro forma financial information included in a prospectus

ShaMaran Petroleum Corp.

Vancouver, Canada

Independent practitioner's assurance report on
the compilation of pro forma financial information
included in a prospectus





Independent practitioner's assurance report

on the compilation of pro forma financial information included in a prospectus

To the Board of Directors of ShaMaran Petroleum Corp. ("ShaMaran"):

We have completed our assurance engagement to report on the compilation of pro forma financial information of ShaMaran by management. The pro forma financial information consists of the pro forma balance sheet as at December 31, 2020, the pro forma income statement for the year ended December 31, 2020 and related notes as set out on pages 40 – 42 of the prospectus issued by ShaMaran. The applicable criteria on the basis of which management has compiled the pro forma financial information are specified Sections 1 and 2 of Annex 20 to the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 and described in the sections 'Introduction' and 'Basis of preparation ("the applicable criteria")'.

The pro forma financial information has been compiled by management to illustrate the impact of the acquisition of TEPKRI Sarsang AS ("TEPKRI") and its financing (cumulatively "the transaction") on ShaMaran's financial position as at December 31, 2020 as if the transaction had taken place at December 31, 2020 and on ShaMaran's financial performance for the year ended December 31, 2020 as if the transaction had taken place at January 1, 2020. As part of this process, information about the financial position and financial performance of ShaMaran and TEPKRI has been extracted by management from ShaMaran's consolidated financial statements for the year ended December 31, 2020, on which an audit report has been published and TEPKRI's financial statements for the year ended December 31, 2020, on which an audit report has been published.

Management's Responsibility for the Pro Forma Financial Information

Management is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express an opinion as required by Section 3 of Annex 20 to the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 about whether the pro forma financial information has been compiled, in all material respects, by management on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

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and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at January 1, 2020 or December 31, 2020, respectively, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been properly compiled on the basis stated and such basis is consistent with the accounting policies of ShaMaran.

PricewaterhouseCoopers SA



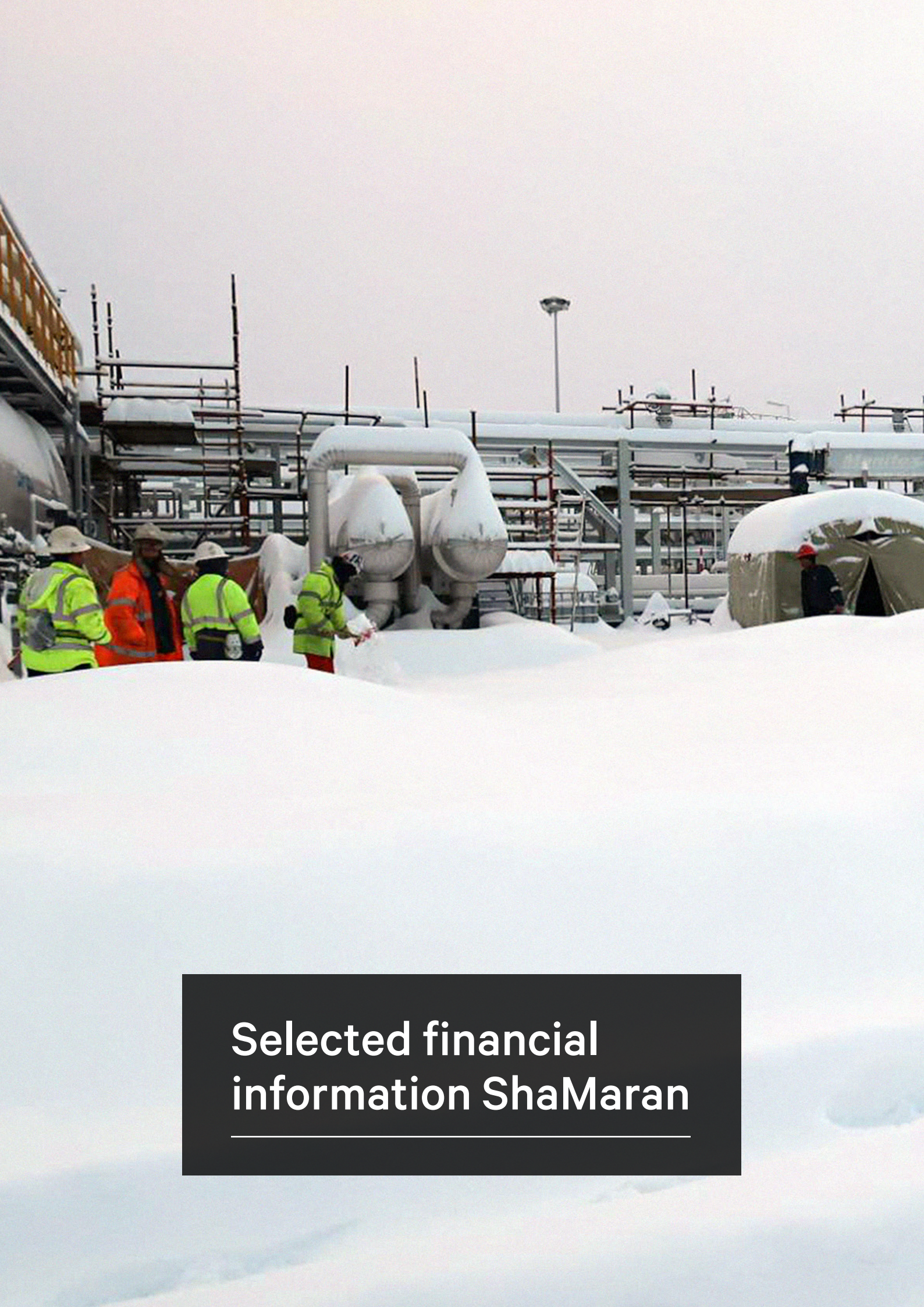
Colin Johnson



Geneva Dmytro Gotra

Geneva, April 7, 2022





Selected financial information ShaMaran

Selected financial information ShaMaran

Presentation of financial and other information

The selected historical financial information in the Prospectus shall be read together with the section Capitalization, indebtedness and other financial information. The financial information is taken from and shall be read together with (i) the audited consolidated financial statements of the Group as per and for the financial year ended December 31, 2020, which are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, (IFRS) and incorporated into the Prospectus by reference and (ii) the Group's unaudited condensed interim consolidated financial statements for the period January–September, 2021 prepared in accordance with IFRS and incorporated into the Prospectus by reference. For more information on documents incorporated by reference, please refer to section Legal Considerations and Supplementary Information – Documents Incorporated by Reference.

ShaMaran's consolidated statement of comprehensive income in summary

USD thousands	Jan–Sept 2021 (unaudited)	Jan–Sept 2020 (unaudited)	Full year 2020 (audited)
Revenues	74,884	42,592	56,673
Cost of goods sold:			
Lifting costs	(13,868)	(17,875)	(23,154)
Other costs of production	(6,574)	(3,808)	(3,623)
Depletion	(17,215)	(24,056)	(22,790)
Gross margin on oil sales	37,227	(3,147)	7,106
Depreciation and amortization expense	(168)	(151)	(205)
Share based payments expense	(1,332)	(1,405)	(1,663)
Impairment loss on trade receivables	–	–	(3,201)
General and administrative expense	(5,191)	(6,066)	(8,181)
Impairment loss	–	(116,164)	(116,164)
Income / (loss) from operating activities	30,536	(126,933)	(122,308)
Finance income	888	3	5
Finance cost	(22,059)	(15,635)	(22,076)
Net finance cost	(21,171)	(15,632)	(22,071)
Income / (loss) before income tax expense	9,365	(142,565)	(144,379)
Income tax expense	(43)	(75)	(46)
Income / (loss) for the period	9,322	(142,640)	(144,425)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Currency translation differences	(96)	(4)	33
Items that will not be reclassified to profit or loss:			
Re measurements on defined pension plan	474	32	(411)
Total other comprehensive income / (loss)	378	28	(378)
Total comprehensive income / (loss) for the period	9,700	(142,612)	(144,803)
Loss in dollars per share:			
Basic and diluted	–	(0.07)	(0.07)

ShaMaran's consolidated balance sheet in summary

USD thousands	September 30, 2021 (unaudited)	September 30, 2020 (unaudited)	December 30, 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	146,856	142,421	146,046
Loans and receivables	–	56,388	49,941
Right-of-use asset	88	224	199
Intangible assets	51	29	70
	146,995	199,062	196,256
Current assets			
Loans and receivables	68,235	16,537	18,128
Cash and cash equivalents, unrestricted	34,703	10,981	16,967
Cash and cash equivalents, restricted	116,345	11,451	11,451
Other current assets	5,802	416	571
	225,085	39,385	47,117
TOTAL ASSETS	372,080	238,447	243,373
LIABILITIES			
Non-current liabilities			
Borrowings	–	188,257	–
Loan from related party	21,080	18,624	19,215
Provisions	22,771	15,194	15,479
Pension liability	880	1,013	1,477
Cash-settled deferred share units	586	274	202
Lease liability	–	82	54
	45,317	223,444	36,427
Current liabilities			
Borrowings	290,360	–	188,416
Accrued interest expense on bonds	7,464	5,383	11,145
Accounts payable and accrued expenses	14,544	3,900	3,578
Lease liability	81	131	134
Current tax liabilities	–	62	6
	312,449	9,476	203,279
EQUITY			
Share capital	640,128	638,052	638,434
Share based payments reserve	9,199	8,424	8,766
Loan Share reserve	2,883	4,456	4,063
Cumulative translation adjustment	(46)	13	50
Accumulated deficit	(637,850)	(645,418)	(647,646)
	14,314	5,527	3,667
TOTAL EQUITY AND LIABILITIES	372,080	238,447	243,373

ShaMaran's consolidated statement of cash flow in summary

USD thousands	Jan–September 2021 (unaudited)	Jan–September 2020 (audited)	Full year 2020 (audited)
Operating activities			
Income / (loss) for the year	9,322	(142,640)	(144,425)
<i>Adjustments for:</i>			
Impairment loss	–	116,164	116,164
Depreciation, depletion and amortization expense	17,383	24,207	22,995
Borrowing costs – net of amount capitalized	22,449	15,559	21,894
Share based payment expense	1,332	1,405	1,663
Net gain from settlement of debt	(792)	–	–
Foreign exchange (gain) / loss	(82)	65	171
Bargain purchase gain	–	–	–
Unwinding discount on decommissioning provision	(405)	3	(1)
Interest income	(14)	(3)	(5)
Re-measurements on defined pension plan	474	32	(411)
Changes in pension liability	(526)	(2)	387
Changes in accounts receivables on Atrush oil sales	(14,303)	(2,089)	152
Changes in current tax liabilities	(6)	20	(36)
Changes in other current assets	(5,231)	(109)	(264)
Changes in accounts payable and accrued expenses	10,966	(5,102)	(5,424)
Net cash inflows from operating activities	40,567	7,510	12,860
Investing activities			
Loans and receivables – payments received	14,137	6,481	9,096
Interest received on cash deposits	14	3	5
Purchase of additional interest in Atrush	–	–	–
(Purchases)/credits of intangible assets	(7)	(7)	(51)
Purchase of property, plant and equipment	(10,036)	(6,950)	(8,849)
Net cash inflows from/ (outflows to) investing activities	4,108	(473)	201
Financing activities			
Proceeds on loan from related party	–	22,800	22,800
Net proceeds received on new bond issue	109,800	–	–
Bonds retired	(9,208)	–	–
Principal element of lease payments	(96)	(104)	(145)
Payments to bondholders – interest	(22,465)	(22,800)	(22,802)
Net cash outflows to financing activities	78,031	(104)	(147)
Effect of exchange rate changes on cash and cash equivalents	(76)	(31)	(26)
Change in cash and cash equivalents	122,630	6,902	12,888
Cash and cash equivalents, beginning of the period	28,418	15,530	15,530
Cash and cash equivalents, end of the period*	151,048	22,432	28,418

*Inclusive of restricted cash.

Alternative key figures

The Prospectus contains certain key figures that are not defined in accordance with IFRS (alternative key figures). ShaMaran's view is that these key figures are widely used by investors, securities analysts and other stakeholders as additional measures of performance and financial position. ShaMaran's alternative key figures are not necessarily comparable to similar measurements presented by other companies and have certain limitations as analytical tools. They should therefore not be considered separately from, or as a substitute for, the Group's financial information prepared in accordance with IFRS. All alternative key figures have been taken from ShaMaran's annual report for the financial year 2020 and interim report for the period January-September, 2021 unless otherwise stated. The alternative key figures are unaudited.

USD thousands	Jan–Sept 2021 (unaudited)	Jan–Sept 2020 (unaudited)	Full year 2020 (unaudited)
EBITDAX	47,919	13,438	20,052
Gross margin on oil sales	37,227	(3,147)	7,106

Definitions and explanations

Key figures	Definition	Explanation
EBITDAX	Net result before financial items, taxes, depletion of oil and gas properties, impairment costs, depreciation and exploration expenses and adjusted for nonrecurring profit/loss on sale of assets and other income.	An indicator of financial performance when reporting earnings that is used for oil and gas companies, it measures the Company's ability to produce income from its operations.
Gross margin on oil sales	Net result of oil sales revenue less cost of goods sold which includes lifting costs, other costs of production and depletion.	Shows the amount of profit made on oil sales before deducting indirect costs. It is the equivalent of gross margin, which is net sales less cost of goods sold, and is key to measuring business performance.

Reconciliation of alternative key figures

EBITDAX	Jan–Sept 2021 (unaudited)	Jan–Sept 2020 (unaudited)	Full year 2020 (unaudited)
USD thousands			
Revenues	74,884	42,592	56,673
Lifting costs	(13,868)	(17,875)	(23,154)
Other costs of production	(6,574)	(3,808)	(3,623)
General and administrative expense	(5,191)	(6,066)	(8,181)
Share based payments	(1,332)	(1,405)	(1,663)
EBITDAX	47,919	13,438	20,052

Gross margin on oil sales

USD thousands	Jan–Sept 2021 (unaudited)	Jan–Sept 2020 (unaudited)	Full year 2020 (unaudited)
Revenue from Atrush oil sales	74,884	42,592	56,673
Lifting costs	(13,868)	(17,875)	(23,154)
Other costs of production	(6,574)	(3,808)	(3,623)
Depletion costs	(17,215)	(24,056)	(22,790)
Cost of goods sold	(37,657)	(45,739)	(49,567)
Gross margin on oil sales	37,227	(3,147)	7,106

Auditor's emphasis of matter

In the independent auditor's report of the Company's consolidated financial statements for the financial year 2020 the Company's auditor emphasized a matter relating to the Company's ability to continue as a going concern as follows:

“Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

Note 2.b to the consolidated financial statements for the financial year 2020 referred to in the independent auditor's report reads as follows:

“2.b. Going concern

These consolidated financial statements have been prepared on the 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. Should there be delays to the forecasted receipt of cash from the sale of oil exports or in the magnitude of those cash receipts, which are under the control of the Kurdistan Regional Government (“KRG”), and the Company was unable to defer certain planned cost activities, the Company could require additional liquidity in the next 12 months to fund the forecasted Atrush operating and development costs thereafter. Failure to meet development commitments could put the Atrush PSC and the Company's bond agreements at risk of forfeiture. Further, as per Note 19, the Bond Terms were amended to provide for a put option in favour of the Bond-

holders to require that the Company purchase the Bonds (at par plus accrued interest and the existing call premium) at any time on ten (10) business days' notice subject to the affirmative vote by holders of 50.01% of the Bonds. Exercise of this put option would require immediate and significant additional liquidity. The Bond Terms were also amended with a temporary waiver until July 5, 2021 granted with respect to the existing breach of the financial covenant relating to the equity ratio. Although there may be the possibility that the Company could be in breach of this covenant at July 5, 2021, management thinks there is a very low likelihood of this occurring given the current global context with improved oil prices and sustained oil production. In case the Company could not secure external financing in sufficient amount and in time to meet its obligations as they come due, the Company may be required to take measures such as divestment of assets and or further renegotiation of its existing debt. Should this not be successful, there is a risk that the Company would be subject to a partial or complete reorganization, or that the Company is declared bankrupt. The potential that the Company's financial resources are insufficient to fund its appraisal, development and production activities for the next 12 months, particularly in case the Company is unable to finance the maturing bonds and coupon interest payment when they come due and or there are any unforeseen delays in receipt of funds from oil sales, indicates a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. Therefore, the Company might be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not include the adjustments that would result if the Company is unable to continue as a going concern.”

Supplementary operational and financial information TEPKRI

Presentation of historical financial information

The financial information in this section, excluding TEPKRI's cash flow statement for the financial years 2018, 2019 and 2020, is taken from and shall be read together with TEPKRI's audited financial reports as per and for the financial years ended December 31, 2020, December 31, 2019 and December 31, 2018, which are prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies, incorporated into the Prospectus by reference. TEPKRI's cash flow statement for the financial years 2018, 2019 and 2020 is taken from, and should be read together with, the separate audited statement of cash flows prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies, incorporated into the Prospectus by reference. For more information on documents incorporated by reference, please refer to section Legal Considerations and Supplementary Information – Documents Incorporated by Reference.

General Information

The information in this section refers to TEPKRI Sarsang A/S, a limited liability company incorporated and registered under the laws of Denmark, with registration number 33870434. TEPKRI's annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies. The financial statements for TEPKRI are reported in USD, which is also the functional currency and reporting currency of the Company.

The financial statements of TEPKRI for the financial year January 1 to December 31, 2020 were audited by KPMG represented by State Authorized Public Accountants Morten Høgh-Petersen (MNE-no. 34283) and Martin Pieper (MNE-no. 44063). The financial statements of TEPKRI Sarsang A/S for the financial years January 1 to December 31, 2019 and January 1 to December 31, 2018 were audited by KPMG represented by State Authorized Public Accountants Henrik O. Larsen (MNE-no. 15839) and Morten Høgh-Petersen (MNE-no. 34283). The separate cash flow statements for the financial years January 1 to December 31, 2018, January 1 to December 31, 2019 and January 1 to December 31, 2020 were audited by KPMG represented by State Authorized Public Accountants Morten Høgh-Petersen (MNE-no. 34283) and Martin Pieper (MNE-no. 44063)

TEPKRI's income statements

Change of cost classification

Under the accounting standards applicable to TEPKRI, costs may either be presented by function or by nature. In the income statements included in TEPKRI's audited annual report for the financial years 2018 and 2019, costs are presented on basis of the nature of the cost. In the income statement included in the audited annual report for the financial year 2020, costs are instead presented on the basis of the function of the cost. Due to this change of classification, the item Production expenses less depreciation in the income statement for 2019 and 2018 is replaced with Production cost in the income statement for 2020, the item Explorations expenses is replaced with Other operating cost and costs presented under Depreciation and amortization is presented under Production costs and Administrative expenses respectively.

TEPKRI's income statement for 2020

USD thousands	Full year 2020 (audited)
Revenue	44,288
Production costs	(33,740)
Gross profit	10,548
Administrative expenses	(2,928)
Other operating cost	(310)
Result before financial items and tax	7,310
Financial income	39
Financial expenses	(52)
Result before tax	7,297
Tax for the year	1
Result for the year	7,298

TEPKRI's income statement for 2018 and 2019

USD thousands	Full year 2019 (audited)	Full year 2018 (audited)
Revenue	69,520	55,556
Production expenses less depreciation ¹⁾	(38,514)	(28,291)
Gross profit¹⁾	31,006	27,265
Administrative expenses ²⁾	(2,226)	(5,607)
Exploration expenses ³⁾	(478)	(246)
Depreciation and amortization ⁴⁾	(3,306)	(4,773)
Result before financial items and tax	24,996	16,639
Financial income	535	370
Financial expenses	-	(241)
Result before tax	25,531	16,768
Tax for the year	3,948	6,005
Result for the year	29,479	22,773

1) If *production expenses less depreciation* for the financial year 2019, in order to allow for an easier comparison with *production costs* for the financial year 2020, is adjusted to include depreciation of USD thousands 3,200, the *production expenses (including depreciation)* for the financial year 2019 amounts to USD thousands 41,714 and the gross profit for the financial year 2019 amounts to USD thousands 27,806.

2) If *administrative expenses* for the financial year 2019, in order to allow for an easier comparison with the same item for the financial year 2020, is adjusted to include expenses amounting to USD thousands 106 presented under *Depreciation and amortization* in the income statement for the financial year 2019, TEPKRI's administrative expenses for the financial year 2019 amounts to USD thousands 2,332.

3) There is no difference between *Exploration expenses*, as used in the income statement for the financial years 2018 and 2019, compared to *Other operating cost*, as used in the income statement for the financial year 2020.

4) The costs presented under *Depreciation and amortization* for the financial year 2019 is presented under *Production costs* and *Administrative expenses* respectively for the financial year 2020. The item *Depreciation and amortization* amounting to USD thousands 3,306 in the income statement for the financial year 2019 can, in order to in order to allow for an easier comparison to the income statement for the financial year 2020, be reclassified as USD thousands 3,200 as *production costs/Production expenses less depreciation* and USD thousands 106 as *administrative expenses* (as described in note (1) and (2) above).

TEPKRI's balance sheet

USD thousands	Dec 31, 2020 (audited)	Dec 31, 2019 (audited)	Dec 31, 2018 (audited)
ASSETS			
Non-current assets			
Intangible fixed assets			
Oil rights, proved	22,888	18,638	–
Oil rights, unproved	53,188	57,040	–
Oil Rights	–	–	76,589
Software	40	135	–
	76,116	75,813	76,589
Property, plant and equipment			
Production facilities	43,691	28,617	22,438
Production facilities etc. under construction	22,173	25,432	–
	65,864	54,049	22,438
Total non-current assets	141,980	129,862	99,027
Current assets			
Receivables	–	–	–
Receivables from sale of oil	23,782	22,214	12,735
Receivables Group companies	2,863	20,501	22,049
Other receivables	9	10	530
Prepayments	50	149	183
	26,704	42,874	35,497
Cash	11,278	227	9,911
Total current assets	37,982	43,101	45,408
Total assets	179,962	172,963	144,435
Liabilities and equity			
Equity			
Share capital	966	966	966
Retained earnings	171,336	164,038	134,559
	172,302	165,004	135,525
Noncurrent liabilities			
Provisions	3,242	3,049	2,937
	3,242	3,049	2,937
Current liabilities			
Trade payables	3,727	1,685	41
Payables to group companies	691	3,225	5,723
Other payables	–	–	209
	4,418	4,910	5,973
Total liabilities	7,660	7,959	8,910
Total liabilities and equity	179,962	172,963	144,435

TEPKRI's cash flow statements

USD thousands	Full year 2020 (audited)	Full year 2019 (audited)	Full year 2018 (audited)
Result before financial items and tax	7,310	24,996	16,639
Depreciation and impairment	6,296	3,306	4,773
Other non-cash items	193	112	(1)
Change in working capital etc.:			
Change in receivables	12,222	(3,429)	(8,093)
Change in trade and other payables	(492)	(1,063)	4,332
Cash flow from operating activities before financial items	25,529	23,922	17,650
Financial income, received	39	514	370
Exchange rate adjustment	(52)	22	(241)
Taxes received	3,949	0	6,005
Cash flow from operating activities	24,465	24,458	23,784
Purchase of intangible assets and property, plant and equipment	(18,414)	(34,142)	(13,898)
Cash flow used for investing activities	(18,414)	(34,142)	(13,898)
Net cash flow for the year	11,051	(9,684)	9,886
Liquid funds etc. at January 1	227	9,911	25
Liquid funds etc. at December 31	11,278	227	9,911

TEPKRI's alternative key figures

TEPKRI'S financial information contain certain key figures that are not defined in accordance with the Danish Financial Statements Act applicable to large class C (alternative key figures). TEPKRI's view is that these key figures are widely used by investors, securities analysts and other stakeholders as additional measures of performance and financial position. TEPKRI's alternative key figures are not necessarily comparable to similar measurements presented by other companies and have certain limitations as analytical tools. They should therefore not be considered separately from, or as a substitute for, TEPKRI's financial information prepared in accordance with the Danish Financial Statements Act applicable to large class C companies. All alternative key figures have been taken from TEPKRI's annual report for the financial year 2020 unless otherwise stated. The alternative key figures have not been audited nor reviewed by TEPKRI's auditor.

(%)	December 31, 2020 (unaudited)	December 31, 2019 (unaudited)	December 31, 2018 (unaudited)
Profit margin	17%	36%	30%
Solvency ratio	96%	95%	94%
Return on equity	4%	15%	12%

Definitions and explanations

Key figures	Definition	Purpose of use
Profit margin	Results before financial items divided by revenue.	To indicate what % of sales has turned into profit
Solvency ratio	Equity upon closing of period divided by total assets upon closing of period.	To indicate whether the Company's cash flow is sufficient to meet its future liabilities
Return on equity	Results before taxes divided by equity upon closing of period.	To analyse how well the Company uses its shareholders' equity

Reconciliation of alternative key figures

Profit margin USD million	December 31, 2020 (unaudited)	December 31, 2019 (unaudited)	December 31, 2018 (unaudited)
(A) Results before financial items	7	25	17
(B) Revenue	44	70	56
(A/B) Profit margin	17%	36%	30 %

Solvency ratio USD million	December 31, 2020 (unaudited)	December 31, 2019 (unaudited)	December 31, 2018 (unaudited)
(A) Equity, closing	172	165	136
(B) Total assets, closing	180	173	144
(A/B) Solvency ratio	96%	95%	94%

Return on equity Solvency ratio USD million	December 31, 2020 (unaudited)	December 31, 2019 (unaudited)	December 31, 2018 (unaudited)
(A) Results before taxes	7	25	17
(B) Equity, closing	172	165	136
(A/B) Return on equity	4%	15%	12%

The financial year 2019 compared to financial year 2020

Income statement

Revenue

TEPKRI's revenue decreased by USD thousands 25,232, from USD thousands 69,520 during the period January to December 2019 to USD thousands 44,288 during the same period in 2020. The decrease was primarily attributable to a drop in oil price from an average of USD 64.2/barrel for 2019 to an average of USD 41.8/barrel for 2020.

Production costs (compared to production expenses less depreciation)

TEPKRI's production expenses less depreciation for the period January to December 2019 amounted to USD thousands 38,514, while its production costs for the same period 2020 (which includes depreciation) amounted to USD thousands 33,740, which constitutes a decrease by USD thousands 4,774. If the production expenses less depreciation for the financial year 2019 is adjusted to include depreciation of USD thousands 3,200, TEPKRI's production expenses (including depreciation) for the financial year 2019 amounts to USD thousands 41,714. This implies, adjusted for depreciation, a decrease by USD thousands 7,974 from the financial year 2019 compared to the financial year 2020. The decrease is primarily attributable to a temporarily shut-in in 2020 of some facilities in response to the operational impact of the COVID pandemic and to the collapse in oil prices.

Gross profit

TEPKRI's gross profit decreased by USD thousands 20,458, from USD thousands 31,006 during the period January to December 2019 to USD thousands 10,548 during the same period in 2020. If TEPKRI's production expenses less depreciation for the financial year 2019 is adjusted for depreciation of USD thousands 3,200 as described above, TEPKRI's gross profit would instead have decreased by USD thousand 17,258 from USD thousands 27,806 for the financial year 2019 to USD thousands 10,548 in 2020. The decrease was primarily attributable to the drop in oil price, only partly mitigated by decrease in production costs.

Result before financial items and tax

TEPKRI's result before financial items and tax decreased by USD thousands 17,686, from USD thousands 24,996 during the period January to December 2019 to USD thousands 7,310 during the same period in 2020. The decrease was primarily attributable to the drop in oil price, only partly mitigated by decrease in production expenses.

Result for the year

TEPKRI's result for the year decreased by USD thousands 22,181, from USD thousands 29,479 during the period January to December 2019 to USD thousands 7,298 during the same period in 2020. The decrease was primarily attributable to the drop in oil price, only partly mitigated by decrease in production expenses, and the absence in 2020 of any tax refund as compared to 2019.

Balance sheet

Total non-current assets

Total non-current assets increased from USD thousands 129,862 as of December 31, 2019 to USD thousands 141,980 as of December 31, 2020. The increase was attributable to further investments in production facilities and in drilling expenditures in 2020.

Total current assets

Total current assets decreased from USD thousands 43,101 as of December 31, 2019 to USD thousands 37,982 as of December 31, 2020 and the decrease was primarily attributable to a decrease of cash and cash equivalent, which included in 2019 an on-demand deposit with Group company under Receivables Group Companies.

Equity

Equity increased from USD thousands 165,004 as of December 31, 2019 to USD thousands 172,302 as of December 31, 2020 and the increase was primarily attributable to the profit for the year 2020 being carried over as Retained Earnings.

Total liabilities

Total liabilities decreased from USD thousands 7,959 as of December 31, 2019 to USD thousands 7,660 as of December 31, 2020 and the decrease was primarily attributable to a decrease of services provided by Group companies not yet paid at the end of 2020 as compared to end of 2019, nearly compensated by an increase in the operator account position.

Cash flows statement

Cash flow from operating activities before financial items

Cash flow from operating activities before financial items increased from USD thousands 23,922 during the period January to December 2019 to USD thousands 25,529 during the same period in 2020. The increase was primarily attributable to reduced receivables Group companies, partially offset by lower result before financial items primarily attributable to the drop in oil price, only partly mitigated by decrease in production expenses.

Cash flow from operating activities

Cash flow from operating activities increased insignificantly from USD thousands 24,458 during the period January to December 2019 to USD thousands 24,465 during the same period in 2020.

Cash flow used for investing activities

Cash flow used for investing activities decreased from USD thousands (34,142) during the period January to December 2019 to USD thousands (18,414) during the same period in 2020. The decrease was primarily attributable to a lesser level of investment in property, plant and equipment in 2020 as compared to 2019.

Liquid funds

Liquid funds increased from USD thousands 227 as of December 31, 2019 to USD thousands 11,278 as of December 31, 2020 and the increase was primarily attributable to lower cash flow used for investing activities.

The financial year 2018 compared to financial year 2019

Income statement

Revenue

TEPKRI's revenue increased by USD thousands 13,964, from USD thousands 55,556 during the period January to December 2018 to USD thousands 69,520 during the same period in 2019. The increase was primarily attributable to an increase in total oil production levels to reach over 30,000 b/d in December 2019.

Production expenses less depreciation

TEPKRI's production expenses less depreciation increased by USD thousands 10,223, from USD thousands 28,291 during the period January to December 2018 to USD thousands 38,514 during the same period in 2019. The cost is attributable to the costs associated to the ramp-up of the oil production in 2019.

Gross profit

TEPKRI's gross profit increased by USD thousands 3,741, from USD thousands 27,265 during the period January to December 2018 to USD thousands 31,006 during the same period in 2019. The increased operating profit was primarily attributable to the oil production increase.

Result before financial items and tax

TEPKRI's result before financial items and tax increased by USD thousands 8,357, from USD thousands 16,639 during the period January to December 2018 to USD thousands 24,996 during the same period in 2019. The increase was primarily attributable to the oil production increase and to a decrease in administrative expenses.

Result for the year

TEPKRI's result for the year increased by USD thousands 6,706, from USD thousands 22,773 during the period January to December 2018 to USD thousands 29,479 during the same period in 2019. The increase was primarily attributable to the oil production increase and to a decrease in administrative expenses, mitigated by a lesser tax refund received in 2019 as compared to 2018.

Balance sheet

Total non-current assets

Total non-current assets increased from USD thousands 99,027 as of December 31, 2018 to USD thousands 129,862 as of December 31, 2019. The increase was attributable to further investments in production facilities during 2019.

Total current assets

Total current assets decreased from USD thousands 45,408 as of December 31, 2018 to USD thousands 43,101 as of December 31, 2019 and the decrease was primarily attributable to a decrease in cash not entirely balanced by an increase of oil sales receivable from the KRG.

Equity

Equity increased from USD thousands 135,525 as of December 31, 2018 to USD thousands 165,004 as of December 31, 2019 and the increase was primarily attributable to the profit for the year 2019 being carried over as Retained Earnings.

Total liabilities

Total liabilities decreased from USD thousands 8,910 as of December 31, 2018 to USD thousands 7,959 as of December 31, 2019 and the decrease was primarily attributable to a decrease of services provided by Group companies not yet paid at the end of 2019 as compared to end of 2018.

Cash flows statement

Cash flow from operating activities before financial items

Cash flow from operating activities before financial items increased from USD thousands 17,650 during the period January to December 2018 to USD thousands 23,922 during the same period in 2019. The increase was primarily attributable to an increase in result before financial items and tax due to the oil production increase and to a decrease in administrative expenses.

Cash flow from operating activities

Cash flow from operating activities increased from USD thousands 23,784 during the period January to December 2018 to USD thousands 24,458 during the same period in 2019. The increase was primarily attributable to an increase in result before financial items and tax due to the oil production increase and to a decrease in administrative expenses, offset by reduced taxes received.

Cash flow used for investing activities

Cash flow used for investing activities increased from USD thousands (13,898) during the period January to December 2018 to USD thousands (34,142) during the same period in 2019. The increase was primarily attributable to a higher level of investment in production facilities.

Liquid funds

Liquid funds decreased from USD thousands 9,911 as of December 31, 2018 to USD thousands 227 as of December 31, 2019 and the decrease was primarily attributable to a high level of capital expenditures in production facilities in 2019.

Significant events after December 31, 2020

There have been no significant changes in TEPKRI's financial position, performance or position on the market during the period from the beginning of January 2021 until the date of the Prospectus.

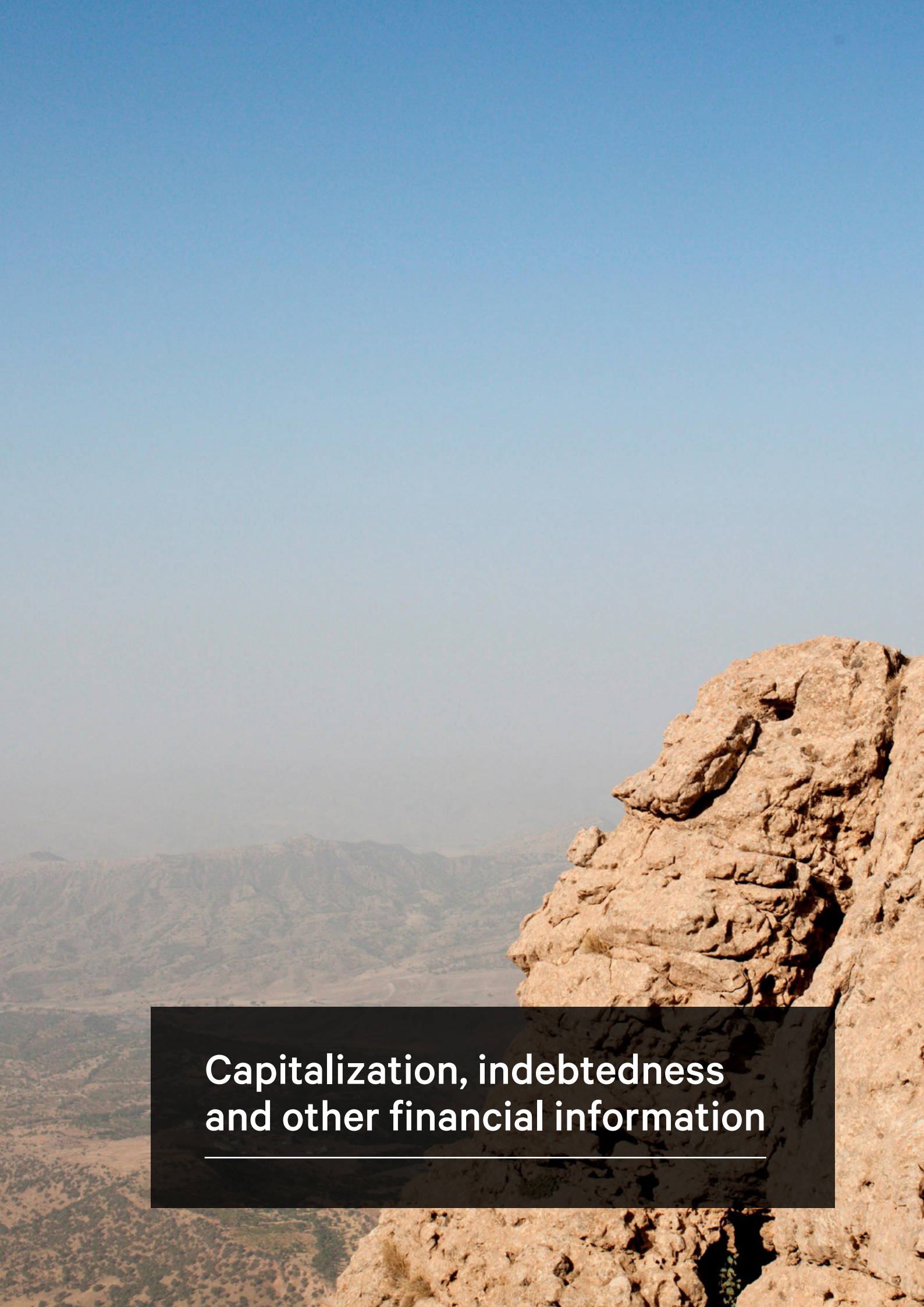
Investments

TEPKRI has not made any material investments since December 31, 2020 which are in progress or for which firm commitments have been made.

Related party transactions

During the period of time covered by the historical financial information of TEPKRI in the Prospectus and until the date of the Prospectus, TEPKRI has purchased services regarding provision of personnel to fulfil TEPKRI's rights and obligations under the Production Sharing Contract and the Joint Operating Agreement services from TotalEnergies SE (formerly Total SA then Total SE) and Total E&P Danmark A/S to the amount below. All related party transactions have been concluded at arm's length.

Period	Jan 2021 – date of Prospectus	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018
Amount (USD Thousands)	(3,000)	(2,152)	(2,469)	(5,723)



**Capitalization, indebtedness
and other financial information**

Capitalization, indebtedness and other financial information

Capitalization and indebtedness

The tables in this section describe the capital structure of the Company and net indebtedness on a group level as per February 28, 2022, except for the Statutory reserves, which have not been adjusted for any profit or loss for the period October 1, 2021 – February 28, 2022 and consequently correspond to the situation per September 30, 2021. The tables show the interest bearing liabilities of the Company (non-interest bearing liabilities are not included). See section *Share capital and ownership structure for additional information* regarding inter alia the share capital and shares of the Company. The tables in this section should be read together with section *Selected financial information for ShaMaran* and the condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 incorporated in the Prospectus by reference. In addition to what has been described in the section *Significant events after September 30, 2021* no significant events have occurred since September 30, 2021 as regards the indebtedness of the Company.

Capitalization

USD thousands	February 28, 2022 (unaudited)
Total current debt	
(including current portion of non-current debt)	
Guaranteed	-
Secured	-
Unsecured	281,158
Total non-current debt	
(excluding current portion of non-current debt)	
Guaranteed	21,748
Secured	-
Unguaranteed/unsecured	-
Equity	
Share capital	640,784
Statutory reserve(s)	(637,850)
Other reserves	11,640
Total	14,574

Net indebtedness

USD thousands	February 28, 2022 (unaudited)
(A) Cash	164,007
(B) Other cash equivalents ¹⁾	-
(C) Other financial assets	55,550
(D) Liquidity (A)+(B)+(C)	219,557
(E) Current financial debt (including debt instruments, but excluding current portion of non-current debt)	14,165
(F) Current portion of non-current debt	281,158
(G) Current financial indebtedness (E+F)	295,323
(H) Current financial net indebtedness(G-D)	75,776
(I) Non-current financial debt (excluding current portion of non-current debt instruments)	21,748
(J) Debt instruments	-
(K) Non-current accounts payable and other debts	1,627
(L) Non-current financial indebtedness (I+J+K)	23,375
(M) Total financial indebtedness (H+L)²⁾	99,151

1) Cash equivalents consist of bank deposits.

2) Financial debt comprises leasing debt of which the short- and/or long-term leasing debt amounting to USD thousand 30.

Indirect indebtedness and contingent liabilities

As of February 28, 2022 there is neither any indirect indebtedness nor any contingent liabilities.

Working capital statement

It is the Company's assessment that the existing working capital, as of the date of the Prospectus, is sufficient for the Company's needs during the coming twelve-month period, based on the current business plan. Following the approval by the holders of the 2023 Bond of the proposals for the conditional refinancing of the existing bond as well as necessary waivers for the issuance of the 2025 Bond and other financial matters relating to the existing bond, it is the Company's assessment that the going concern emphasis of matter disclosed in the recent financial reports of the Company is no longer necessary.¹⁾

Investments

On July 12, 2021, ShaMaran announced that it had signed an agreement with a subsidiary of TotalEnergies S.E. to acquire its affiliate TEPKRI holding an 18% non-operated participating interest (22.5% paying interest) in the Sarsang Production Sharing Contract in the Kurdistan Region of Iraq. The acquisition is financed through the issuance of bonds, as described in press release as of July 30, 2021 summarized in section *Statutory Disclosure* and by utilizing the Company's cash balance. The agreement governing the acquisition is described in more detail in the section *Significant agreements – Acquisition of TEPKRI*.

ShaMaran has not made any material investments since December 31, 2020 which are in progress or for which firm commitments have been made, other than the above.

Significant events after September 30, 2021

There have been no significant changes in the Group's financial position, results or position on the market after September 30, 2021.

1) Please refer to section *Selected financial information ShaMaran – Auditor's emphasis of matter* for an extract from the independent auditor's report of the Company's consolidated financial statements for the financial year 2020 relating to the Company's ability to continue as a going concern and for an extract from the relevant note included in such financial statements. A corresponding emphasis has also been made in the notes of ShaMaran's unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2021, incorporated to this Prospectus through reference.

Board of Directors, senior executives and auditors

The Board

Shamaran's Board of Directors currently consists of five members, including the chairman. All Board members elected by the Annual General Meeting are elected for the period until the next Annual General Meeting (currently scheduled for June 23, 2022). Shamaran's Board can be reached via the Company's address: 2000 - 885 West Georgia Street Vancouver, BC, Canada V6C 3E8.

The table below lists the members elected by the last Annual General Meeting, their position and when they were first elected.

Name	Position	Board member since
Chris Bruijnzeels	Chairman of the Board, Board member and Chair of the Corporate Governance and Nominating Committee	2015
Adel Chaouch	Board member	2019
Mike S. Ebsary	Board member and Chair of the Audit Committee	2019
Keith C. Hill	Board member and Chair of the Compensation Committee	2007
William A.W. Lundin	Board member and Chair of the Reserves Committee	2019

Presented below is information about the Board members with year of birth, position, the year in which they were first elected, further education, other information including principal activities performed by them outside of Shamaran and their holdings in Shares, stock options, Restricted Share Units ("RSUs") and Director Share Units ("DSUs") in Shamaran. The shareholdings of all Board members relates to current holdings per the date of the Prospectus. The holdings include the holdings of spouses and minor children, as well as holdings through companies in which they have a significant ownership and/or significant influence.



CHRIS BRUIJNZEELS

Born 1959

Position: Chairman of the Board and Board member, elected to the Board in 2015.

Education: Graduate of Delft University where he obtained a degree in Mining Engineering.

Information: Mr. Bruijnzeels was previously the President and CEO of ShaMaran from 2015 until 2019 when he became Chairman of the Board of ShaMaran. He also previously was Senior Vice President Development of Lundin Petroleum. Mr. Bruijnzeels joined Lundin Petroleum in 2003 and was responsible for Lundin Petroleum's operations, reserves and the development of its asset portfolio. From 1985 until 1998, Mr. Bruijnzeels worked for Shell International in the Netherlands, Gabon and Oman in several reservoir engineering functions. In 1998, he joined PGS Reservoir Consultants in the UK where he worked as Principal Reservoir Engineer and Director of Evaluations. Mr. Bruijnzeels has over 34 years of experience in the oil and gas industry.

Shamaran holdings: 2,063,690 Shares and 2,625,306 DSUs.



ADEL CHAOUCH

Born: 1968

Position: President, CEO and Board member, elected to the Board in 2019.

Education: Dr. Chaouch has a Ph.D. in Engineering, with a focus on Oil & Gas offshore geohazards, and gas hydrates from Texas A&M University and a Master of Engineering with a focus on deepwater structures from Texas A&M University, which he earned simultaneously with his Engineering degree at the E.S.T.P. in Paris, France.

Information: Dr. Adel Chaouch previously headed Marathon Oil Company's interests in the MENA region. He presided over Marathon Oil Kurdistan, a business that he has been overseeing since 2011, and in that capacity was ShaMaran's partner in the Atrush block. He was the chairman of the consortium of private owners for the Waha operating company in Libya until early 2018. Dr. Chaouch was instrumental in establishing the mega gas hub in Equatorial Guinea and also directed the opportunity team that successfully re-entered Gabon through operated and non-operated interests in deep water exploration off the Gulf of Guinea. Dr. Chaouch was previously the director of Corporate Social Responsibility for Marathon's worldwide activities and Sustainable Growth Manager for Marathon Central Africa Operations based in Equatorial Guinea.

Shamaran holdings: 4,617,881 Shares, 40,910,000 stock options and 12,033,333 RSUs.



MIKE S. EBSARY

Born: 1961.

Position: Board member since 2019.

Education: Mr. Ebsary is a graduate of Queen's University in Canada.

Information: Mr. Ebsary was previously the Chief Executive Officer, and a director of Oryx Petroleum Corporation Limited during the years 2010 through 2016. Mr. Ebsary served as the Chief Financial Officer of Addax Petroleum Corporation, an international oil and gas exploration and production company, for eleven years between 1998 and 2009, after having held various positions in project finance and treasury with oil companies Elf Aquitaine and Occidental Petroleum, both in France and the United Kingdom. He began his working life in multinational banking institutions in Canada and the United Kingdom.

Shamaran holdings: 118,000 Shares and 2,625,306 DSUs.



KEITH C. HILL

Born 1959

Position: Board member since 2007.

Education: Mr. Hill has a Master of Science degree in Geology and Bachelor of Science degree in Geophysics from Michigan State University as well as an MBA from the University of St. Thomas in Houston.

Information: Mr. Hill previously served as President of Valkyries Petroleum, BlackPearl Resources and ShaMaran Petroleum. Mr. Hill has over 30 years' experience in the oil industry including over 18 years with the Lundin Group as well as international new venture management and senior exploration positions at Occidental Petroleum and Shell Oil Company.

ShaMaran holdings: 1,343,000 Shares and 2,625,306 DSUs.



WILLIAM A.W. LUNDIN

Born: 1993

Position: Board member since 2019.

Education: Mr. Lundin holds a Bachelor of Engineering in Mineral Resource Engineering from Dalhousie University.

Information: Mr. Lundin has been with International Petroleum Corp. ("IPC") an international oil and gas exploration and production company with a portfolio of assets located in Canada, Europe and South East Asia since 2018 initially as a project engineer – production operations and currently as its Chief Operating Officer. Preceding IPC, Mr. Lundin worked with Black Pearl Resources Inc., at its Onion Lake prospect located in Onion Lake, Saskatchewan, Canada. Mr. Lundin has held mining engineering intern and intern positions with Lundin Mining Corporation and Denison Mines Corp., respectively.

ShaMaran holdings: 1,968,600 Shares and 1,905,253 DSUs.

Senior executives

Shamaran's group management consists of two persons. Presented below is information about these executives with year of birth, position, year of employment, education, experience, ongoing assignments and previous assignments for at least five years for each person and holding of shares as well as share units and stock options in Shamaran. Assignments in subsidiaries within the Group have been excluded. All of their Shares as well as share units and stock options holdings refer to current holdings as of the date of the Prospectus. The holdings include the holdings of spouses and minor children, as well as holdings through companies in which they have a significant ownership and/or significant influence.



ADEL CHAOUCH

Born 1968, employed since 2019

Position: President and CEO. For further information, see above under the heading The Board.

Other ongoing assignments: None

Previous assignments (in the last five years): Chairman of Waha Operating Company (Libya), head of Marathon Oil Company's interests in MENA region, and Board member of Ophir Energy.



ALEX C. LENGYEL

Born 1957, employed since 2019

Position: Chief Commercial Officer and Corporate Secretary.

Education: Mr. Lengyel holds a Juris Doctorate degree from Notre Dame Law School and is a member of the New York bar. He was a Fulbright Scholar to Italy and holds a Bachelor of Music degree (violin performance) from Eastman School of Music.

Experience: Mr. Lengyel (CCO) has negotiated oil and gas transactions in over 20 countries for more than 25 years. He also has experience in energy project financings, bank finance, equipment leasing, U.S. securities, country debt restructuring and corporate matters (including oil and gas joint ventures and consortium work). He has worked at Marathon Oil, Hess, ConocoPhillips, Vinson & Elkins, Winston & Strawn and Shearman & Sterling.

Other assignments: None.

Previous assignments in the last five years: Vice President of Marathon Oil KDV B.V. and Commercial Director for Marathon Oil's MENA assets.

Holding: 824,966 Shares, 7,820,000 stock options and 3,190,000 RSUs

Other information about the board and senior executives

None of the board members or senior executives has any family relationship with any other board member or senior executive of ShaMaran. None of the members of the board or senior executives has in the last five years (i) been convicted in fraud-related cases, (ii) been a deputy, board member or senior executive of any company declared bankrupt, placed in receivership or liquidation (other than voluntary liquidation), (iii) been subject to accusation or sanction by any authority mandated by law or regulation (including approved professional associations) or been prohibited by a court from being part of an issuer's administrative, management or control body or from having leading or senior functions with an issuer. There are also no conflicts of interest through which the private interests of board members or senior executives would be contrary to the Company's interests.

Auditors

ShaMaran

At the 2021 annual general meeting held on June 23, 2021, PwC was re-elected as the Company's auditor, with Colin Johnson as auditor-in-charge. Colin Johnson is a U.S. Certified Public Accountant and member of the Texas State Board of Public Accountancy. PwC has been the registered audit firm since October 1, 2014. PwC is a member of EXPERTsuisse – Swiss Expert Association for Audit, Tax and Fiduciary.

TEPKRI

At the 2021 annual general meeting held on May 12, 2021, KPMG Statsautoriseret Revisionspartnerselskab ("KPMG") was re-elected as the TEPKRI's auditor, represented by Morten Høgh-Petersen, State Authorized Public Accountant and Martin Pieper, State Authorized Public Accountants, both members of FSR – Danish Auditors (FSR danske revisorer). KPMG has been the registered audit firm of TEPKRI since 2018.

Share capital and ownership structure

Summary

The Company is authorised to issue an unlimited number of common shares without par value. All issued shares are common shares of the same class. The Shares are issued in accordance with the Business Corporations Act (British Columbia) (“**BCBCA**”). According to the Company’s articles, and subject to the BCBCA, the Company may by special resolution of shareholders or by resolution of the board of directors conduct alterations of the authorised share structure, including to: (1) create new classes or series of shares; (2) increase, reduce or eliminate the maximum number of shares that the Company is authorised to issue out of any class or series of shares, or establish a maximum number of shares that the Company is authorised to issue out of any class or series of shares for which no maximum is established; (3) subdivide or consolidate unissued or fully paid issued shares; (4) if the Company is authorised to issue shares of a class of shares with par value, (a) decrease the par value of those shares or (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares; (5) change unissued or fully paid issued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value; (6) alter the identifying name of any of its shares; or (7) otherwise alter its shares or authorised share structure when required or permitted to do so by the BCBCA.

As of the date of the Prospectus, 2,232,969,658 Shares are issued and outstanding. All Shares are fully paid up and non-assessable. The Company does not have a share capital amount and the Shares have no par value or denomination. The currency of the Rights Issue is CAD and SEK respectively. Through the Rights Issue, the number of Shares can increase by a maximum of 558,242,414.

Investors are hereby made aware that the tax legislation in the investor’s country of residence, member state, Canada and in Sweden may have an impact on the income from the Shares.

Certain rights linked to the shares

Participation and voting at general meetings

The holders of Shares are entitled to receive notice of meetings of shareholders of the Company, to one vote per share at meetings of the shareholders of the Company. Holders of Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the votes eligible to vote at a meeting of shareholders may elect all the directors of the Company standing for election.

Dividends and proceeds from liquidation

The holders of Shares are entitled to dividends, if, as and when declared by the Board of Directors. Dividends, if any, will be paid on a pro rata basis only from funds legally available therefore. Holders of Shares are furthermore upon liquidation of the Company entitled to receive such assets of the Company as are distributable to the holders of the Shares. The rights set out herein are subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of the Shares with respect to dividends or liquidation.

Preferential rights to new Shares etc.

The Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions or limitations to transferability.

Holders of Subscription Rights does not have rights of a shareholder.

Prior to their exercise, a holder of Subscription Rights is not, by reason of owning the Subscription Rights, a shareholder of the Company and does not have any rights of a shareholder.

Trading in the shares

The Shares are admitted to trading on TSX Venture Exchange in Canada and Nasdaq First North in Sweden, with ticker *SNM*. The depository agent in Canada is Computershare and in Sweden, Euroclear Sweden. The Subscription Rights are expected to be open for trading on TSX Venture Exchange in Canada during April 20 – May 20, 2022 and Nasdaq First North in Sweden during April 20 – May 11, 2022. The ISIN code for the Shares is CA8193201024.

Dividend policy

The Company has not declared or paid any dividends on its Shares since its incorporation. The Company has not adopted any formal dividend policy and will only be permitted to declare and pay dividends once its Net Debt (as defined in the bond terms for the 2025 Bond issued in connection with the funding of the proposed TEPKRI Acquisition) is less than USD 100 million. Any such decision to pay dividends will be made by the Board on the basis of the Company’s earnings, financial and legal requirements and other conditions existing at such future time.

Ownership structure

In so far as is known to ShaMaran, as at the date of this Prospectus, only the following persons beneficially own or control or direct, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all outstanding Shares in the Company:

Name	Number of Shares ²⁾	Percentage of total issued votes ³⁾
Nemesia S.à.r.l. ("Nemesia") ¹⁾ and Zebra Holdings and Investments S.à.r.l. ("Zebra") ¹⁾	569,817,651	25.52%

¹⁾ Nemesia and Zebra, who report their security holdings as joint actors, are private companies ultimately controlled by a trust whose settlor is the Estate of the late Adolf H. Lundin.

²⁾ The information above has been obtained by the Company from filings on the System for Electronic Disclosure by Insiders (SEDI) as of the date of this Prospectus.

³⁾ The percentage shown has been calculated based on the number of issued and outstanding Shares of the Company as at the date of the Prospectus.

As of the date of this Prospectus, as far as the Company is aware, there is no direct or indirect ownership that may lead to change of control of the Company.

Share units and stock options

The Company has established share unit plans and a share purchase option plan whereby a committee of the Company's Board may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees or consultants. 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 share unit plans the Company may grant performance share units ("PSU"), restricted share units ("RSU") or deferred share units ("DSU"). PSU grants may be awarded annually to employees, directors or consultants ("Participants") based on the fulfilment of defined Company and individual performance parameters. RSU grants may be awarded to Participants annually based on the fulfilment of defined Company performance parameters. RSUs and PSUs will vest based on the conditions described in the relevant grant agreement and, in any case, no later than the end of the third calendar year following the date of the grant. DSUs may be awarded annually to non employee directors of the Company based on the performance of the Company and vest immediately at the time of grant, however DSUs may not be redeemed until a minimum period of three months has passed following the end of service as a director of the Company. The share unit plans provide for redemption of the share units by way of payment in cash, shares or a combination of cash and shares. Under the option plan the term of any options granted under the option plan will be fixed by the Board and may not exceed five years from the date of grant. A four month hold period may be imposed by the stock exchange from the date of grant. Vesting terms are at the discretion of the Board. All issued share options have terms of five years and vest over two years from grant date. The exercise prices reflect trading values of the Company's shares at grant date.

On March 3, 2020, the Company granted a total of 35,840,000 stock options and 21,250,000 RSUs to certain senior officers and other eligible persons of the Company. The options vest over a period of two years and are exercisable over a period of five years

at a strike price of CAD 0.06 per share. In 2019 a total of 25,070,000 incentive stock options were granted. In 2020 a total of 22,000,000 stock options expired and 300,000 were cancelled due to the end of service of a plan participant.

The result of the option movements was a total charge to the Statement of Comprehensive Income of USD 1.3 million for the year 2020 (2019: USD 653 thousand). The RSU grants were based on the grant date share of CAD 0.06, vest over a period of three years and are redeemable in cash or shares of the Company up to five years after the grant date. In 2020 a total of 380,000 RSUs were cancelled due to the end of service of a plan participant, a total of 3,836,667 RSUs vested and the same quantity of shares were issued to plan participants. The Statement of Comprehensive Income includes RSU related charges of USD 346 thousand (2019: USD 92 thousand) for the year 2020 relating to 2020 and 2019 RSU grants.

On March 3, 2020, the Company granted a total of 4,466,665 DSUs to non employee directors. The fair value of the DSUs are fully expensed in the period granted, based on the grant date share price of CAD 0.06, at each quarter end the carrying value of the DSU liability is revalued based on the change in the share price, any gains or losses are charged to the Income Statement. In 2019 a total of 3,600,265 DSUs were granted. The total DSU grants resulted in charges to the Statement of Comprehensive Income of USD 47 thousand for the year 2020 (2019: USD 199 thousand). The carrying amount of the DSU liability at December 31, 2020 is USD 202 thousand. The DSUs may not be redeemed until a minimum period of three months has passed following the end of service as a director of the Company and are to be settled in cash thereafter.

On March 8, 2021, the Company granted

- (i) 8,950,000 RSUs to certain senior officers and other eligible persons of the Company at a grant date share price of CAD 0.051. In the first half of 2021 a total of 9,828,627 RSUs vested, and the same quantity of shares were issued to plan participants, 3,091,372 RSUs were cancelled or expired due to the end of service of plan participants. The Statement of Comprehensive Income includes RSU related charges of USD 317 thousand (2020: USD 210 thousand) for the first six months.
- (ii) 5,059,600 of DSUs to non-executive directors at a grant share price of CAD 0.05. The Statement of Comprehensive Income includes DSU related charges of USD 399 thousand for the first six months of 2021 (2020: USD 59 thousand). The carrying amount of the DSU liability at June 30, 2021 is USD 601 thousand.
- (iii) 15,590,000 stock options to certain senior officers and other eligible persons of the Company at a strike price of CAD 0.05. In the first six months of 2021 a total of 14,210,000 were cancelled due to the end of service of grantees. The Statement of Comprehensive Income includes option related charges of USD 418 thousand (2020: USD 853 thousand) for the first six months.

At September 30, 2021 there were 61,990,000 stock options outstanding under the Company's employee incentive stock option plan. No stock options were exercised in 2021 (year 2020: nil).

The Company recognises compensation expense on share options granted to both employees and non-employees using the fair value method at the date of grant, which the Company records as an expense. 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 share options.

The total volume of outstanding share units and stock options per the date of this Prospectus entitle the holders to an aggregate of 102,483,334 Shares in the Company upon exercise.

Net asset value per share

The table below shows the net asset value per share before and after the Rights Issue based on equity as of September 30, 2021. The Subscription Price in the Rights Issue has been set at SEK 0.52 per share.

(USD)	Before the Rights Issue (as of September 30, 2021)	After the Rights Issue
Equity	14,314,000	14,314,000
Number of Shares	2,232,969,658	2,791,212,072
Net asset value per Share	0,0064	0,0051

Public takeover bids

The Act (2006:451) on public takeover bids on the stock market ("LUA") applies to public takeover bids for ShaMaran's shares. According to LUA, anyone making a public takeover bid must undertake to comply with the Takeover Rules for Nasdaq Stockholm (the "Takeover Rules"). Through the undertaking, anyone making a public takeover bid undertakes to comply with both the Takeover Rules and the Swedish Securities Council's decisions and statements on the interpretation and application of the Takeover Rules and on good practice in the stock market. The shares in ShaMaran are not, and never have been, the subject of any public takeover bid.

Legal considerations and supplementary information

Company information and legal structure

Shamaran

Shamaran is a Canadian company originally incorporated under the laws of the Province of British Columbia, Canada on October 3, 1991. The Company's current corporate name, also a trade name, is Shamaran Petroleum Corp. The Company's corporate identity number is C0778647 and its LEI code is 529900227RVB89NZH924. Its registered office is located in, and its annual general meetings are held in, Vancouver, British Columbia, Canada. The Company conducts its business in accordance with the BCBCA.

Shamaran is the parent company of the Group, which prior to the closing of the proposed acquisition of TEPKRI, consists of the Company and 4 subsidiaries and upon such closing will include 5 subsidiaries. Shamaran's website is www.shamaranpetroleum.com. The information on the website does not form part of the Prospectus unless it is incorporated by reference (see section *Documents incorporated by reference*).

Subsidiary	Principal activities	Country of incorporation
TEPKRI	Petroleum activities	Denmark
GEP	Petroleum activities	Cayman Islands
Shamaran Services S.A.	Technical and administrative services	Switzerland
Bayou Bend Petroleum U.S.A. Ltd	Petroleum activities	Nevada, United States
0781756 B.C. Ltd	Petroleum activities	British Columbia, Canada

TEPKRI

TEPKRI is a stock-based company (aktieselskab) established in Denmark on August 17, 2011 and registered with the Danish Business Authority. The company's trade name is TEPKRI Sarsang A/S. The company's registration number is 33870434 and its LEI code is 5493004HCFYWT8Z4U31. TEPKRI is based in Copenhagen, Denmark. TEPKRI was incorporated under the name Maersk Oil Kurdistan A/S as part of the A.P. Moller-Maersk A/S group of companies. In 2018 the share capital of its parent company was acquired by Total E&P Danmark A/S and its name changed to TEPKRI Sarsang A/S.

Shamaran's significant agreements

The following is a summary of the significant agreements entered into by the Group during the last two financial years, as well as other agreements entered into by the Group that contain rights or obligations of material importance to the Group. The summary does not include agreements concluded in the context of day-to-day operations:

The proposed TEPKRI Acquisition SPA

On July 12, 2021, Shamaran announced that it had signed an agreement for the proposed TEPKRI Acquisition for an initial consideration of USD 155 million divided into (i) an upfront cash payment of USD 135 million payable upon closing and (ii) a deferred consideration of USD 20 million structured as a vendor finance in the form of a 5.5% convertible promissory note issued to a subsidiary of TotalEnergies with a 12-months' maturity from the date of closing. An additional contingent consideration of USD 15 million is payable in the future upon (i) cumulative gross produc-

tion from the Sarsang Block PSC reaching 130 MMbbls and (ii) subject to Brent crude oil prices averaging at least USD 60/bbl for the previous twelve months' period. The proposed TEPKRI Acquisition has an effective date as of January 1, 2021. The proposed TEPKRI Acquisition is expected to be transformative to Shamaran's production, reserves and financial profile and to deliver on the Company's focused and disciplined strategy for growth by targeting this opportunity that is expected to be accretive to the Company, its shareholders and its bondholders.

Atrush Block PSC

The Company's 26.7 percent participating interest in the Atrush Block is governed by a production sharing contract, with the effective date November 10, 2007 and with several subsequent amendments (as amended, the "Atrush Block PSC"). The Atrush Contractor Group in the Atrush Block PSC refers to the parties from time to time that hold an interest in the Atrush Block PSC. The Atrush Contractor Group currently consists of Shamaran (through its wholly-owned subsidiary GEP holding a participating interest of 27.6%), the KRG (25%) and TAQA (47.4%). The contract term of the Atrush Block PSC is comprised of an exploration period and a development period. During the term of the Atrush Block PSC, the Atrush Contractor Group are obliged to incur costs relating to acquiring, processing and interpreting seismic data, exploration, development and production well drilling operations. The Atrush Block PSC exploration period passed into the development period on October 1, 2013, which runs until September 30, 2033 with an automatic right to a five-year extension, and upon satisfying certain conditions to an additional five-year extension, before the Atrush Block PSC expires.

Fiscal terms under the Atrush Block PSC include a 10% royalty and a variable profit split based on a percentage share paid to the KRG. The Atrush Contractor Group has the right to recover costs using up to 40% of the available oil (produced oil less royalty oil). The Atrush Contractor Group is entitled to cost recovery in respect of all costs and expenditures incurred for exploration, development, production and decommissioning operations, as well as certain other allowable direct and indirect costs.

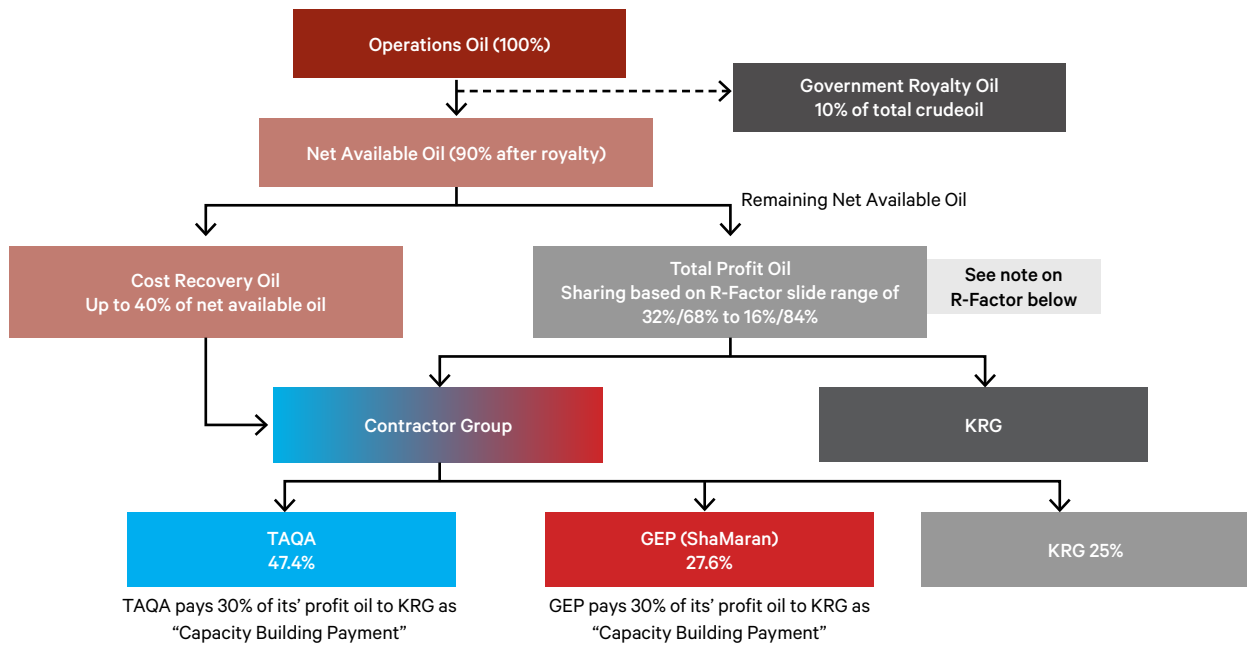
The portion of profit oil available to the Atrush Contractor Group is based on a sliding scale from 32% to 16% depending on the “R-Factor”, which is a ratio of cumulative revenues to cumulative costs. When the ratio is below one, the Atrush Contractor Group is entitled to 32% of profit oil, with a reducing scale to 16% when the ratio is greater than 2.75. In respect of gas, the sliding scale is from 40% to 22%. As at the date of this Prospectus, 32% of profit oil is currently available monthly for payment to the Atrush Contractor Group.

The profit oil distributions to TAQA and to GEP are both subject to a 30% charged interest that is paid monthly to the KRG as a capacity building payment.

Under the terms of the Atrush Block PSC the KRG shall have the right to terminate the contract on not less than 90 days’ prior notice in the event that the Atrush Contractor Group fails to meet any material financial obligations, interrupts production for more than 90 consecutive days with no cause or acceptable justification, and provided such default is not cured with the 90 day notice period. In certain circumstances, the rights and interests of an individual member of the Atrush Contractor Group will be terminated if such individual member is subject to a change of control that occurs without the prior consent of the KRG.

As the Atrush Block is currently in the development period, the Atrush Contractor Group has the right to terminate the Atrush Block PSC at any time by surrendering all production areas provided its current obligations have been satisfied in accordance with the terms of the Atrush Block PSC.

Atrush Block PSC revenue flow



R-Factor: Determines what % of Profit oil goes to the Contractor Group (TAQA, GEP)

$$R = \frac{\text{Cumulative Revenues}}{\text{Cumulative Costs}}$$

{	R < or = 1	32%
	1 < R < or = 2.25	32% - (32% - 16%) * (R - 1) / (2.25 - 1)
	R > 2.25	16%

Atrush Block JOA

On November 30, 2011 the Atrush Operator (then being GEP which was jointly owned by Aspect Energy and Shamaran) entered into a joint operating agreement with Marathon Oil KDV B.V. (“Marathon”) in respect of the Atrush Block, which has subsequently been amended to reflect the sale by Aspect to TAQA who became the Atrush Operator and the sale by Marathon of its Atrush

interest to TAQA and GEP (as so amended, the “Atrush Block JOA”). The Atrush Block JOA establishes the respective rights and obligations of TAQA as Atrush Operator and GEP with regard to operations under the Atrush Block PSC, including the joint exploration, appraisal, development, production and disposition of oil and gas from the Atrush Block.

Facilitation Agreement

On November 7, 2016 the Atrush co-venturers and the KRG entered into an agreement the documents the back-in rights of the KRG to a 25% participating interest in the Atrush Block PSC and sets out the mechanism whereby certain loans were to be repaid and monthly cash calls would be paid by the KRG for its pro rata share of Atrush operating, development, production and certain other costs relating to Atrush Block PSC activities (the “**Facilitation Agreement**”).

Agreements on marketing and sale of Atrush Oil

On June 1, 2017 TAQA as the Atrush operator was granted the authority on behalf of the Atrush co-venturers to market all of the Atrush oil pursuant to the terms of the Atrush Joint Marketing Agreement.

On September 18, 2017, an agreement for the sale of Atrush oil was executed by TAQA (on behalf of the Atrush co-venturers) and the KRG. Under the agreement, the KRG agreed to purchase all oil produced by the Atrush Block and delivered to the Atrush Block’s boundary. The Atrush oil sales price is based upon the Dated Brent oil price minus a certain price discount (originally USD 16.04 per barrel for quality discount and all local and international transportation costs) and such oil sales price is determined on the same principles as other oil sales agreements between the KRG and oil producers in Kurdistan. As at the date of this Prospectus the price discount applied to Dated Brent for monthly sales invoices by Atrush co-venturers is USD 15.77.

Financing of the proposed TEPKRI Acquisition

The proposed TEPKRI Acquisition will be financed with debt financing secured in 3Q-2021 and by utilizing the Company’s cash balance. The Company issued a USD 300 million 4-year bond to refinance existing debt and raise new capital for the proposed TEPKRI Acquisition in 3Q-2021. Subject to the closing of the proposed TEPKRI Acquisition, the currently outstanding USD 175 million ShaMaran 2023 bond (ISIN: NO 001082645.6) (the “**2023 Bond**”) will exchange at 102% of par value into the 2025 bond (ISIN No. 0011057622) (the “**2025 Bond**”). In aggregate, USD 185.7 million (including the USD 7.2 million amount described below) will be issued to refinance the existing debt into the 2025 Bond upon closing of the TEPKRI Acquisition and up to USD 114.3 million in cash will be used to finance the proposed TEPKRI Acquisition and other general corporate purposes. Cash proceeds from the 2025 Bond have been placed in an escrow account and will only be released upon satisfaction of certain closing conditions. The existing debt that is agreed to be refinanced into the 2025 Bond includes USD 7.2 million of the total USD 22.8 million debt currently owed by the Company to Nemesia. The remaining USD 15.6 million balance will remain outstanding as subordinated debt, save for any permitted interest payments in cash at the same rate as the 2025 Bond. The majority of existing bondholders approved the conditional refinancing of the existing bond through a written summons and resolutions, as well as necessary waivers for the issuance of the 2025 Bond and other financial matters relating to the existing bond that were passed on July 27, 2021.

The 2025 Bond

The 2025 Bond (ISIN NO 0011057622) is Senior Unsecured and was issued by the Company on July 30, 2021 with a maturity date on July 30, 2025 (four years after the initial issue date). The initial

issue amount is USD 111,472,081 and has been placed into an escrow account to be released to partially fund the purchase price to be paid by the Company at the closing of the proposed TEPKRI Acquisition. The 2025 Bond has a borrowing limit of USD 300,000,000 and has a coupon rate of 12.00% per annum with semi-annual interest payments. Commencing July 2023, the 2025 Bond begins to amortize at each interest payment date in the amount of USD 22,500,000, less the nominal amount of the 2025 Bond already repaid and cancelled by the Company through any voluntary buy-backs in the preceding 6 months. The remaining balance outstanding will be repaid at the 2025 maturity date. The only financial covenant for the 2025 Bond is an asset coverage ratio, which must be higher than 1.25x. The 2025 Bond also has an incurrence test for new debt and equity distributions: NIBD/ EBITDA less than 1.75x, with an additional test for permitted distributions where the Company’s net debt is less than USD 100,000,000 (pro forma for such distributions).

The 2025 Bond will be guaranteed by TEPKRI, GEP and any material company in the ShaMaran Group. Furthermore, the 2025 Bond has a make-whole period during the initial 24 months, and thereafter is callable at 106.0%, 104.5%, 103.0%, 101.50% after 24, 30, 36, 42 months and at 100.0% of the nominal amount after 45 months (together with accrued and unpaid interest). Since the issuance of the 2025 Bond the Company has deposited funds on a monthly basis into a Debt Service Retention Account, currently containing an amount equal to 6-month interest payments. Post closing of the proposed TEPKRI Acquisition and 12 months after the issue of the 2025 Bond, the amount held in the DSRA will increase to the equivalent of 12 month’s interest. Post January 2023 the amount held in the DSRA will further increase by a further USD 22,500,000, representing the next amortization payment due under the 2025 Bond.

If the proposed TEPKRI Acquisition does not close within a specified period of time, the funds from the initial issue of 2025 Bond will be released from the escrow account and used by the Company to repay its bondholders together with a 1% premium.

The 2023 Bond

The 2023 Bond (ISIN NO 0010826456) is Senior Unsecured and was issued by the Company on July 5, 2018 with a maturity date on July 5, 2023 (five years after the initial issue date). The issue amount was USD 240,000,000 and at the date of this Prospectus USD 175,000,000 (with the Company holding in treasury approximately USD 3,000,000) remains outstanding, with a coupon rate of 12% per annum and semi-annual interest payments. Immediately following closing of the TEPKRI Acquisition the outstanding balance of the 2023 Bond will be converted into the 2025 Bond. If the proposed TEPKRI Acquisition does not close with a specified period of time, the 2023 Bond will not convert and will be repaid in full at its 2023 maturity date. The only financial covenant for the 2023 Bond is a book equity ratio for the ShaMaran Group being at all times at a minimum of 30%. Under the terms of the 2023 Bond, the Company is restricted from paying any dividends. The 2023 Bond is guaranteed by GEP and any material company of the ShaMaran Group. The 2023 Bond had a make whole period of the first 24 months (now expired), and thereafter callable at 107.20%, 104.80%, 102.40%, 101.20% of the nominal amount after 24, 36, 48, 54 months (together with accrued and unpaid interest).

TEPKRI's significant agreements¹⁾

Sarsang Block PSC

TEPKRI's 18 percent participating interest in the Sarsang Block is governed by a production sharing contract, with the effective date of November 7, 2007 and with several subsequent amendments (as amended, the "Sarsang Block PSC"). The contract term of the Sarsang Block PSC is comprised of an exploration period and a development period. During the exploration period, the parties that held an interest in the Sarsang Block PSC (the "Sarsang Contractor Group") were obliged to incur costs relating to acquiring, processing and interpreting seismic data and exploration well drilling operations. The Sarsang Block PSC exploration period has expired and Sarsang Block PSC has entered into its twenty (20) year development period with an automatic right to a five-year extension after the expiration of such twenty (20) year period, and upon satisfying certain conditions to an additional five-year extension, before the Sarsang Block PSC expires.

Fiscal terms under the Sarsang Block PSC include a 10% royalty and a variable profit split based on a percentage share paid to the KRG. TEPKRI has the right to recover costs using up to 43% of the available oil (produced oil less royalty oil). The Sarsang Contractor Group is entitled to cost recovery in respect of all costs and expenditures incurred for exploration, development, production and decommissioning operations, as well as certain other allowable direct and indirect costs.

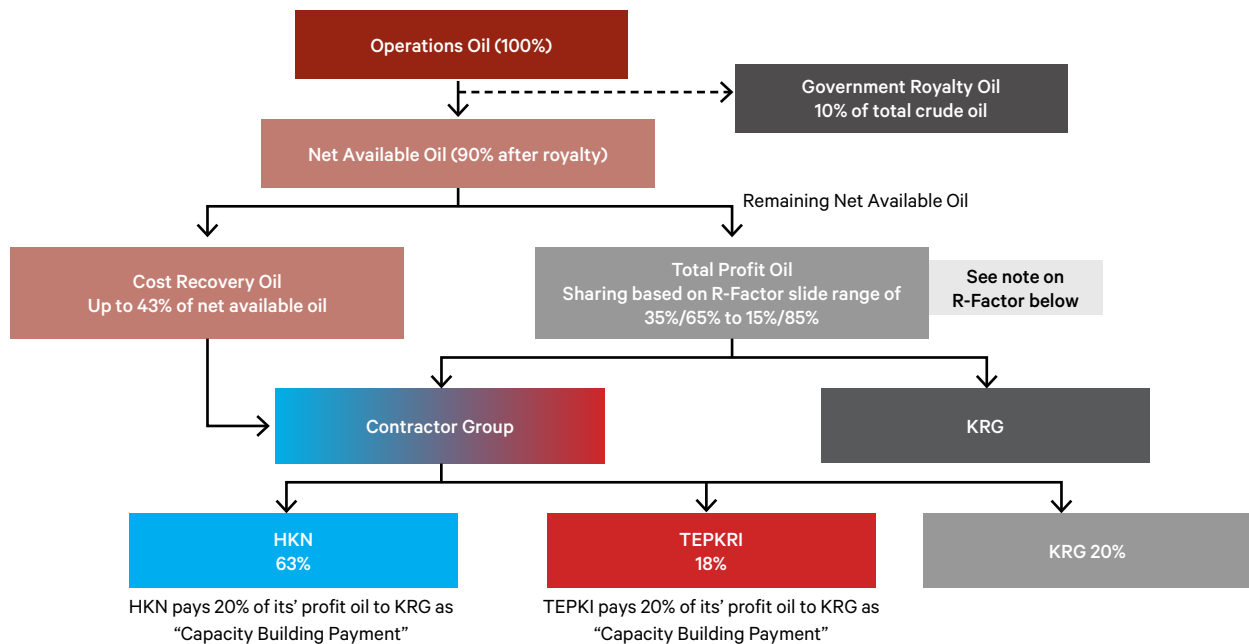
The portion of profit oil available to the Sarsang Contractor Group is based on a sliding scale from 32% to 16% depending on the "R- Factor", which is a ratio of cumulative revenues to cumulative costs. When the ratio is below one, the Sarsang Contractor Group is entitled to 35% of profit oil, with a reducing scale to 16% when the ratio is greater than 2.75. In respect of gas, the sliding scale is from 40% to 22%. As at the date of this Prospectus, 33% of profit oil is currently available monthly for payment to the Sarsang Contractor Group.

The profit oil distributions to HKN and to TEPKRI are both subject to a 20% charged interest that is paid monthly to the KRG as a capacity building payment.

Under the terms of the Sarsang Block PSC the KRG shall have the right to terminate the contract on not less than 90 days' prior notice in the event that the Sarsang Contractor Group fails to meet any material financial obligations, interrupts production for more than 90 consecutive days with no cause or acceptable justification, and provided such default is not cured with the 90 day notice period. In certain circumstances, the rights and interests of an individual member of the Sarsang Contractor Group will be terminated if such individual member is subject to a change of control that occurs without the prior consent of the KRG.

As the Sarsang Block is currently in the development period, the Sarsang Contractor Group has the right to terminate the Sarsang Block PSC at any time by surrendering all production areas provided its current obligations have been satisfied in accordance with the terms of the Sarsang Block PSC.

Sarsang Block PSC revenue flow



R-Factor: Determines what % of Profit oil goes to the Contractor Group (HKN, TEPKRI)

$$R = \frac{\text{Cumulative Revenues}}{\text{Cumulative Costs}}$$

{	R < or = 1	35%
	1 < R < or = 2	35% - (35% - 15%) * (R - 1) / (2 - 1)
	R > 2	15%

1) These descriptions only include publicly available information.

Sarsang Block JOA

On August 31, 2011 HKN and Marathon Oil KDV B.V. entered into a joint operating agreement in respect of the Sarsang Block, which has subsequently been amended to add Maersk Kurdistan that subsequently changed its name to TEPKRI (as so amended, the “Sarsang Block JOA”). The Sarsang Block JOA establishes the respective rights and obligations of the Sarsang operator (currently HKN) and TEPKRI with regard to operations under the Sarsang Block PSC, including the joint exploration, appraisal, development, production and allocation of oil and gas revenues from the Sarsang Block.

Agreements on marketing and sale of Sarsang Oil

HKN, as the Sarsang operator, has been granted the authority on behalf of the Sarsang co-venturers to market all of the Sarsang oil pursuant to the terms of the Sarsang Joint Marketing Agreement.

TEPKRI's share of crude oil production is sold to the KRG at the DNO-operated pipeline injection facility at Fishkhabur, Kurdistan. The Sarsang Operator incurs trucking expenses, road fees, and unloading / injection fees associated with transporting the crude oil to Fishkhabur and TEPKRI's pro rata share of such

expenses is paid monthly. These transportation and injection fees were USD 2.34 per barrel in September 2021, which is not included in the Sarsang's crude oil discount. The crude oil injected at the Fishkhabur facility is delivered into KRG's main export pipeline and further transported through the Iraq-Turkey Pipeline to the port of Ceyhan, Turkey. Due to the light sweet quality of Sarsang Triassic crude oil, the realized price is among the highest for crude oil produced in Kurdistan. The sales price is calculated as the monthly average Dated Brent reference price less a discount of USD 7.33 per barrel. The discount covers quality differences from the Brent benchmark, pipeline tariffs, and access fees to deliver the crude to market from Fishkhabur. The discount is subject to adjustment each month based on the API and sulphur content of delivered oil. Currently, the KRG markets all crude oil exports from Kurdistan.

Related party transactions

The following shows related party transactions which have taken place since January 1, 2021 up to the date of the Prospectus. All transactions with related parties are in the normal course of business and are made on the same terms and conditions as with parties at arm's length.

Parent company and group

Related company	Transaction amount for January 1, 2021 until date of Prospectus (USD thousands)	Amounts owing as of date of Prospectus (USD thousands)
Nemesia	652	2,092
Namdo Management Services Ltd	8	-
Total	660	2,092

Nemesia is a company controlled by a trust settled by the estate of the late Adolf H. Lundin and is a shareholder of the Company. The Company has an obligation to issue Shares each month to Nemesia based on the USD 22.8 million drawn down on the liquidity guarantee and accrue 5% interest based on the principal balance outstanding.

Namdo Management Services Ltd. is a private corporation affiliated with a shareholder of the Company and has provided corporate administrative support and investor relations services to the Company.

Authority proceedings, legal proceedings and arbitration

Shamaran is involved from time to time in disputes in the course of day-to-day operations. Shamaran has not in the last twelve months been a party to any authority proceedings, legal proceedings or arbitration proceedings (including pending or deemed likely by the Company) that are deemed likely to have a significant effect on the Company's financial position or profitability.

To the best of Shamaran's knowledge, TEPKRI has not in the last twelve months been a party to any authority proceedings, legal proceedings or arbitration proceedings (including pending or, to the best of the Company's knowledge, deemed likely to be initiated) that are deemed likely to have a significant effect on the Company's financial position or profitability.

Guarantee commitment

One of Shamaran's principal shareholders, Nemesia¹⁾ has on July 30, 2021 signed a guarantee deed pursuant to which it will participate in the Rights Issue at such level as may be required to ensure that the Company receives proceeds amounting to at least USD 30 million.

On April 5, 2022, Nemesia and the Company entered into a standby commitment agreement governing the detailed terms for Nemesia's undertaking in connection with the Rights Issue. Under the standby commitment agreement, Nemesia or its permitted assignee(s) shall, if less than 558,242,414 Shares are subscribed for under the Rights Offering: (a) first, subscribe for such number of Shares which Nemesia or its affiliates are entitled to purchase pursuant to the terms and conditions of the Basic Subscription Privilege attached to any Subscription Rights held by the Nemesia or its affiliates; and (b) second, purchase such number of Shares which are potentially issuable by Shamaran under the Rights Offering but not subscribed for by shareholders pursuant to the exercise of the Basic Subscription Privileges and the Additional Subscription Privileges. The obligations of Nemesia under the standby commitment agreement will be as to a maximum of 548,879,120 Shares.

Nemesia does not receive any commission for its commitment under the guarantee deed or the standby commitment agreement.

1) Registered office address: 40, Boulevard Grand Duchesse Charlotte, L-1330 Luxembourg

Statutory disclosures

The following is a summary of the information disclosed by the Company during the last 12-month period in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on Market Abuse (Market Abuse Regulation), which, in the Company's opinion, is still relevant as of the date of the Prospectus.

Financial reports

May 5, 2021

Financial Report for the three months ended March 31, 2021.

August 10, 2021

Financial Report for the three and six months ended June 30, 2021.

November 9, 2021

Financial report for the three and nine months ended September 30, 2021.

The TEPKRI Acquisition and financing

July 12, 2021

The Company announces that it has signed an agreement with a subsidiary of TotalEnergies S.E. for the TEPKRI Acquisition. The acquisition is deemed transformative to ShaMaran's production, reserves and financial profile.

July 16, 2021

The Company announces the 2025 Bond. The proceeds from the bond issue will be used to refinance USD 175 million of the USD 180 million outstanding under the 2023 Bond, to refinance USD 7.2 million of existing subordinated debt, finance the TEPKRI Acquisition and general corporate purposes. Cash proceeds from the 2025 Bond will be placed in an escrow account and will only be released upon satisfaction of the closing conditions to the TEPKRI Acquisition.

July 27, 2021

ShaMaran announces that proposals for the conditional refinancing of the existing 2023 Bond as well as necessary waivers for the issuance of the 2025 Bond have been approved by the bondholders.

July 30, 2021

The Company announces that it has completed the 2025 Initial Bond Issue and has entered into an agreement with Nemesia pursuant to which Nemesia has agreed to ensure that ShaMaran raises USD 30 million through the Rights Issue by way of a stand-by commitment to acquire shares not subscribed for by others in the Rights Issue.

Repurchase of the 2023 Bond

April 6, 2021

The Company announces that it has purchased 2023 Bonds in the market at commercially attractive rates. As a result, bonds in the principal amount of USD 4.95 million have been retired. The Company's bond amortization payment due in December 2021 has accordingly been reduced by 33%.

December 7, 2021

The Company announces that the record date for holders of the 2023 Bond to receive their pro rata share of the remaining USD 5 million amortization payment due in December 2021 plus accrued interest has been set to December 8, 2021 and that the payment date is scheduled for December 10, 2021.

December 10, 2021

The Company announces that the December 2021 amortization payment of the 2023 Bond, reducing the outstanding principal amount to USD 175 million, has been completed.

Payments from the KRG

April 12, 2021

The Company confirms payment to the Company of USD 10.5 million from the KRG for the February 2021 Atrush oil sales invoice and entitlements and from the KRG's proposed repayment mechanism for receivables. In particular, the February 2021 Atrush sales and entitlements as received are USD 23.8 million (USD 8.1 million net to the Company) and USD 6.5 million (USD 2.4 million net to the Company) as the second monthly payment received for receivables repayment from the KRG. This receivable repayment reduces the KRG's outstanding amount owed to the Company to USD 38.25 million.

May 13, 2021

The Company announces that it has received a letter from the KRG proposing an amendment, starting with the March 2021 oil sales and entitlement invoice, to payment terms due to the ongoing challenges in Iraq with the Covid-19 pandemic. The KRG's has noted that since the dated Brent price has remained consistently well above USD 50 per barrel, the monthly repayment of outstanding arrears will now be calculated as 20% (compared to 50% previously) of the difference between the average monthly dated Brent price and USD 50 per barrel multiplied by the gross Atrush crude oil volumes sold in a month. The balance to ShaMaran for the November 2019 to February 2020 outstanding invoices was at the time standing at USD 38 million. The KRG propose that its payment will now be 60 days after submission of each monthly invoice. The KRG's is committing to re-evaluate this proposed payment model should international oil markets see substantial volatility. None of these proposals have been discussed with the KRG nor have they been accepted by the Company.

May 20, 2021

The Company confirms receipt of payment for the March 2021 Atrush sales and entitlements at USD 27.2 million (USD 10 million net to the Company). The Company is also in receipt of USD 655 thousand net to the Company that reflects an offset in the KRG receivable repayment mechanism. Noting the Company's press release of May 13, 2021, ShaMaran has commenced dialogue with representatives of the KRG's and other Kurdistan oil producers to reach an amicable resolution to the terms of the latest KRG's receivable repayment mechanism. This offset reduces the KRG's outstanding receivable amount owed to the Company to USD 34.1 million.

June 28, 2021

The Company confirms receipt of payment for the April 2021 Atrush sales and entitlements at USD 27.86 million (USD 10.25 million net to the Company).

July 27, 2021

The Company confirms receipt of payment for the May 2021 Atrush sales and entitlements at USD 31 million (USD 11.4 million net to the Company).

September 2, 2021

The Company confirms receipt of payment for the June 2021 Atrush sales and entitlements at USD 26.6 million (USD 9.8 million net to the Company). The Company is also in receipt of USD 1.8 million net to the Company as the next instalment for June 2021 in the KRG receivable repayment mechanism calculated based on the KRG's proposed amendment to the mechanism repayment terms as announced on May 13, 2021. The payment reduces the KRG's outstanding receivable amount owed to the Company to USD 30.25 million. The Company continues to be in dialogue with the KRG on its amendment proposal.

October 5, 2021

The Company confirms receipt of payment for the July 2021 Atrush sales and entitlements at USD 35.3 million (USD 13 million net to the Company). The Company is also receipt of USD 2.4 million net to the Company as the next instalment for July 2021 in the KRG receivable repayment mechanism calculated based on the KRG's proposed amendment to the mechanism repayment terms as announced on May 13, 2021. The payment reduces the KRG's outstanding receivable amount owed to the Company to USD 27.89 million. The Company continues to be in dialogue with the KRG on its amendment proposal.

November 3, 2021

The Company confirms receipt of payment for the August 2021 Atrush sales and entitlements at USD 32.1 million (USD 11.8 million net to the Company). The Company is also in receipt of USD 1.97 million net to the Company as the next instalment for August 2021 in the KRG receivable repayment mechanism calculated based on the KRG's proposed amendment to the mechanism repayment terms as announced on May 13, 2021. The payment reduces the KRG's outstanding receivable amount owed to the Company to USD 25.92 million. The Company continues to be in dialogue with the KRG on its amendment proposal.

December 6, 2021

The Company confirms receipt of payment for the September 2021 Atrush sales and entitlements at USD 31.99 million (USD 11.77 million net to the Company). The Company is also in receipt of USD 2.18 million net to the Company as the next instalment for September 2021 in the KRG receivable repayment mechanism calculated based on the KRG's proposed amendment to the mechanism repayment terms as announced on May 13, 2021. Today's payment reduces the KRG's outstanding receivable amount owed to the Company to USD 23.74 million. The Company continues to be in dialogue with the KRG on its amendment proposal.

January 26, 2022

The Company confirms receipt of payment for the October 2021 Atrush sales and entitlements at USD 36.12 million (USD 13.29 million net to the Company). The Company is also in receipt of USD 2.91 million net to the Company as the next instalment for October 2021 in the KRG receivable repayment mechanism calculated based on the KRG's proposed amendment to the mechanism repayment terms as announced on May 13, 2021. Today's payment reduces the KRG's outstanding receivable amount owed to the Company to USD 20.83 million. The Company continues to be in dialogue with the KRG on its amendment proposal.

March 4, 2022

The Company confirms receipt of payment for the November 2021 Atrush sales and entitlements at USD 24.02 million (USD 8.84 million net to the Company). The Company is also in receipt of USD 1.95 million net to the Company as the next instalment for November 2021 in the KRG receivable repayment mechanism calculated based on the KRG's proposed amendment to the mechanism repayment terms as announced on May 13, 2021. The payment reduces the KRG's outstanding receivable amount owed to the Company to USD 18.88 million.

The Company furthermore announces that the Company's Certified Adviser will become Arctic Securities AS (Swedish branch) on Nasdaq First North effective March 9, 2022.

March 31, 2022

The Company confirms receipt of payment for the December 2021 Atrush sales and entitlements at USD 29.38 million (USD 10.81 million net to the Company). The Company is also in receipt of USD 2.19 million net to the Company as the next instalment for December 2021 in the KRG receivable repayment mechanism calculated based on the KRG's proposed amendment to the mechanism repayment terms as announced on May 13, 2021. The payment, together with a set-off of the Company's share of the bonus payable to the KRG for the Atrush field's achievement of 50 mmo cumulative oil production, reduces the KRG's outstanding receivable amount owed to the Company to USD 10.26 million.

Miscellaneous

September 14, 2021

The Company announces that the Atrush Block has surpassed the cumulative oil production milestone of 50 million barrels since its first oil in July 2017.

Advisers

Pareto provides technical advice and other services to the Company in connection with the Rights Issue. Pareto (as well as related companies) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which they have received, or may receive, remuneration. In connection with the Rights Issue (i) Setterwalls Advokatbyrå is legal adviser to the Company regarding Swedish law matters and (ii) Fasken is legal adviser to the Company regarding Canadian law matters.

Certified adviser

Companies listed on Nasdaq First North are obliged to appoint a Certified Adviser that has the task of supervising that the Company complies with applicable regulations. The Company has appointed Arctic Securities AS as its Certified Adviser.

Transaction costs

The Company's costs attributable to the Rights Issue are estimated to amount to approximately SEK 16.6 million (USD 1.75 million)¹⁾. Such costs are primarily attributable to costs for financial advisers, technical advisers, reserves assessment, auditors and legal advisers.

The prospectus

The Prospectus has been prepared by reason of the invitation to subscribe for Shares in ShaMaran Petroleum Corp. The Prospectus has been prepared as a simplified prospectus in accordance with article 14 in the Prospectus Regulation (EU) 2017/1129 and has been approved by the Swedish Financial Supervisory Authority, which is the competent authority in accordance with the Prospectus Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority has approved the Prospectus only insofar it meets the standards of completeness, comprehensibility and consistency set out in the Prospectus Regulation. The approval of the Prospectus should not be taken as any form of endorsement of the issuer referred to in this Prospectus. Investors should make their own assessment on whether it is appropriate to invest in these securities.

Documents incorporated by reference

The following accounting documents are incorporated into the Prospectus by reference. The documents incorporated by reference are available on the Company's website, www.shamaranpetroleum.com.

Financial information for ShaMaran

- The consolidated financial statements of ShaMaran as of and for the year ended December 31, 2020 as included in ShaMaran's annual report for the year ended December 31, 2020 as follows: consolidated statement of comprehensive income on page 33, consolidated balance sheet on page 34, consolidated statement of cash flow on page 35, consolidated statement of changes in equity on page 36, notes on pages 37–62 and the independent auditor's report on pages 29–32.
- ShaMaran's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 including comparative figures for the corresponding period in 2020 as included in ShaMaran's financial report for the three and nine months ended September 30, 2021 as follows: condensed interim consolidated statement of comprehensive income on page 20, condensed interim consolidated balance sheet on page 21, condensed interim consolidated statement of cash flow on page 22, condensed interim consolidated statement of changes in equity on page 23 and notes on pages 24–36.

Financial information for TEPKRI

- TEPKRI's audited annual report for the financial year 2020, where reference is made to the income statement on page 14, balance sheet on pages 15–16, changes in equity on page 17, notes on pages 18–21 and the audit report on pages 8–10.
- TEPKRI's audited annual report for the financial year 2019, where reference is made to the income statement on page 15, balance sheet on pages 16–17, changes in equity on page 18, notes on pages 20–22 and the audit report on pages 9–11.
- TEPKRI's audited annual report for the financial year 2018, where reference is made to the income statement on page 13, balance sheet on pages 14–15, changes in equity on page 16, notes on pages 17–19 and the auditor's report on pages 7–9.
- TEPKRI's separate audited statement of cash flows for the financial years 2018, 2019 and 2020, where reference is made to the cash flow statement on page 6, notes on page 7 and the auditor's report on pages 3–4.

Other information

- Detailed Property Report for the Atrush Block, Kurdistan Region of Iraq by McDaniel & Associates Consultants Ltd. dated November 19, 2021.

Documents available for inspection

The following documents are, throughout the period of validity of the Prospectus, available on the Company's website <https://shamaranpetroleum.com/company/charter-documents/>.

- The Company's amended and restated articles of incorporation
- The Company's certificate of continuation dated December 29, 2006 under the name "Kit Resources Ltd."
- The Company's certificate of change of name dated February 9, 2007 adopting the name "Bayou Bend Petroleum Ltd."
- The Company's certificate of change of name dated October 21, 2009 adopting the name "ShaMaran Petroleum Corp."
- TEPKRI's certificate of registration

1) Using a USD/SEK exchange rate of 1 USD = 9.514 SEK and a CAD/SEK exchange rate of 1 CAD = 7.619 SEK.

Definitions and glossary

“Atrush Block”	means the area covered by the Atrush Block PSC
“Atrush Block PSC”	means the Production Sharing Contract dated November 10, 2007, as amended, in respect of the Atrush Block presently between GEP and the KRG
“Atrush Operator”	means TAQA
“CAD Subscription Price”	means CAD 0.06825
“Company”, “Shamaran” or the “Group”	means, depending on the circumstances, Shamaran Petroleum Corp. reg. no. C0778647, the group that Shamaran Petroleum Corp. is parent company of, or a subsidiary in the Group
“GEP”	means General Exploration Partners, Inc., a wholly owned subsidiary of the Company, existing under the laws of the Cayman Islands
“HKN”	means HKN Energy Ltd.
“JOA”	means joint operation agreement
“KRG”	means the Kurdistan Regional Government
“Kurdistan”	means the Kurdistan Region of Iraq
“Prospectus”	means this prospectus that has been drawn up in connection with the Rights Issue
“Prospectus Regulation”	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017
“PSC”, or “Production Sharing Contract”	means contracts or agreements entered with a host government providing for petroleum operations in a defined area and the division of petroleum production from the petroleum operations
“QIB”	means Qualified institutional buyers as defined in Rule 144A under the Securities Act
“Record Date”	means April 13, 2022
“Regulation S”	means Regulation S under the Securities Act
“Representation Letter”	means the representation letter, in the form presented by the Company, to be executed and delivered by QIBs to the Company
“Rights Issue”	means the offer to subscribe for Shares in Shamaran set forth in this Prospectus
“Sarsang Block”	means the area covered by the Sarsang Block PSC
“Sarsang Block PSC”	means the Production Sharing Contract dated November 7, 2007, as amended, in respect of the Sarsang Block presently among TEPKRI, HKN and the KRG
“Sarsang Operator”	means HKN
“Securities Act”	means the US Securities Act of 1933, as amended
“Share” or “Shares”	means common shares in Shamaran
“Subscription Price”	means SEK 0.52
“Subscription Rights”	means subscription rights in the Rights Issue
“TAQA”	means TAQA Atrush B.V.
“TEPKRI”	means TEPKRI Sarsang A/S, reg. no. 33870434
“US”	means the United States of America
“US person”	has the meaning given to it in Regulation S

Addresses

The Company

Shamaran Petroleum Corp.
Head Office: Suite 2000, 885 West Georgia Street
Vancouver, BC Canada V6C 3E8
Tel : +1 (604) 689-7842
Registered Office: 25th Floor, 666 Burrard Street,
Vancouver, BC Canada V6C 2X8
www.shamaranpetroleum.com

Technical adviser to the Company

Pareto Securities AB
Box 7415
103 91 Stockholm

Legal adviser to the Company regarding Swedish law

Setterwalls Advokatbyrå AB
Box 1050
101 39 Stockholm
Street address: Sturegatan 10, Stockholm

Legal adviser to the Company regarding Canadian law

Fasken Martineau LLP
15th Floor
125 Old Broad Street
London EC2N 1AR

Auditors to the Company

PricewaterhouseCoopers SA
Avenue Giuseppe-Motta 50
CH-1211 Genève 2
Switzerland

Shamaran's independent qualified reserves evaluator

McDaniel & Associates Consultants Ltd
2200 Bow Valley Square 3
255 – 5th Avenue SW
Calgary, Alberta
T2P 3G6 Canada

Shamaran's Certified Adviser

Arctic Securities AS (Swedish branch)
Regeringsgatan 38
111 56 Stockholm



Shamaran Petroleum Corp.
2000 - 885 West Georgia Street
Vancouver, BC
Canada V6C 3E8