

Dear Shareholders:

The year 2009 was an extremely eventful year for the Corporation. After the completion of the sale of substantially all of its U.S. oil and gas properties in May 2009 the Corporation acquired working interests in the Pulkhana, Arbat and the K 42 blocks in the autonomous region of Kurdistan in northern Iraq. The Corporation was renamed ShaMaran Petroleum Corp. and has emerged as a leading Kurdistan focused oil company with a balanced portfolio of appraisal and exploration assets in this under-developed and under-explored major oil region.

The Pulkhana block is an appraisal/development project of an oil field discovered in 1956 while the Arbat and Block K 42 are exploration blocks which are expected to have significant potential. The Corporation has put together an aggressive exploration and appraisal program for 2010 and is planning to shoot 800 line kilometers of 2D seismic in the three blocks and drill an appraisal/ exploration well in the Pulkhana block.

Operations commenced in March of this year with the start of the Pulkhana 2D seismic program. We plan to use this data to pick the first drilling location by mid-year. Further, we have commenced the procurement activities which should enable us to mobilize a drilling rig to the Pulkhana block before the end of the year.

Financing

The Corporation successfully completed an equity financing in September 2009 raising \$99.7 million Canadian dollars (net of expenses). The new funds together with the existing capital were utilized to pay the signature and capacity building bonuses for the three blocks acquired by the Corporation in Kurdistan and will fund the work program for 2010.

Board of Directors and Management

During the year, Clinton Colden and John Zaoirny stepped down from the Board and we thank them for the contributions made during their tenure. Alex Schneiter and Cameron Bailey joined the Board during the year, each bringing different expertise and experience which will assist the Corporation in creating shareholder value.

In December 2009, the Corporation undertook certain changes to management in order to strengthen its core operations and retain individuals with the relevant depth of oil and gas experience required to conduct ShaMaran's operations in Kurdistan. Pradeep Kabra was promoted to the position of the President and Chief Executive Officer replacing Keith Hill who remains the Chairman of the Board. In addition, John Ashbridge was appointed as the Chief Operating Officer and Brenden Johnstone was appointed as the Chief Financial Officer. John Ashbridge resigned from his position as Chief Operating Officer in April 2010.

The Board would like to thank Keith Hill for his stewardship of the Corporation during his tenure as Chief Executive Officer and looks forward to his guidance in the future as the Chairman of the Board. We would also like to thank John Ashbridge for his role in ShaMaran.

Outlook

The Corporation has gone through many changes and 2009 was the beginning of a new chapter. We have started our operations in one of the most exciting oil provinces in the world and have the cash resources to carry out our work program for the next year. Further, we are, based on the current reports, optimistic that the regional government of Kurdistan and the federal government of Iraq will come to an agreement on a possible payment mechanism for oil revenues arising from the sale of oil produced from Kurdistan before we start producing and exporting oil from our area. This will be an extremely positive development for the Corporation.

We are proud of the developments at ShaMaran Petroleum over the last 12 months and that we now have an excellent team in place to carry out the operations in Kurdistan. We are beginning a campaign that should generate shareholder value and benefit for all the stakeholders. We are grateful for your support and are sure that we will prove ourselves worthy of your trust.

On behalf of the Board,

“Pradeep Kabra”

Pradeep Kabra
President and CEO