

SHAMARAN  
petroleum corp

# Value Creation through M&A in the Kurdistan Region of Iraq

March 2024

A LUNDIN GROUP COMPANY

**STOCK:** TSX-V: SNM; NASDAQ FIRST NORTH: SNM

**WEBSITE:** [www.shamaranpetroleum.com](http://www.shamaranpetroleum.com)

*Photo from Atrush Block of EDC rig drilling CK-7 well on Pad E*

# Corporate Profile

Independent oil and gas company



Interests in two producing assets in Kurdistan

Atrush oil field since 2010  
Sarsang oil fields since 2022

Upside in Triassic and Jurassic reservoirs

Committed to growth through further acquisitions

## Corporate Snapshot<sup>1</sup>

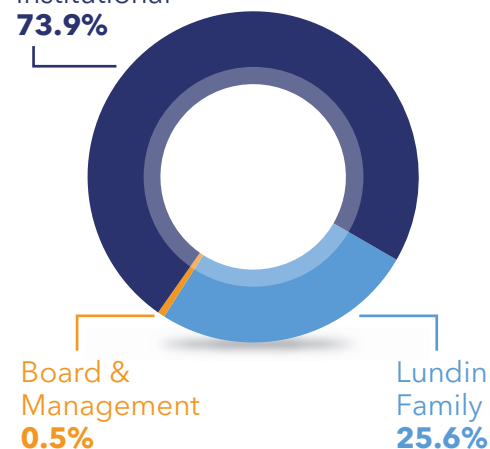
|       |  |
|-------|--|
| SNM   | TSX-V / OMX Ticker                         |
| 0.06  | Share Price (CAD)                          |
| 2,824 | Common Shares (million)                    |
| 115   | Market Cap (USD million)                   |
| 271   | Gross Debt (USD million) <sup>2</sup>      |
| 65    | Cash (USD million) <sup>2</sup>            |
| 200   | Net Debt (USD million) <sup>2</sup>        |
| 95    | Receivables at Dec. 31, 2023 (USD million) |
| 10    | Number of Employees                        |

(1) Data as of March 15, 2024 (unless noted otherwise).

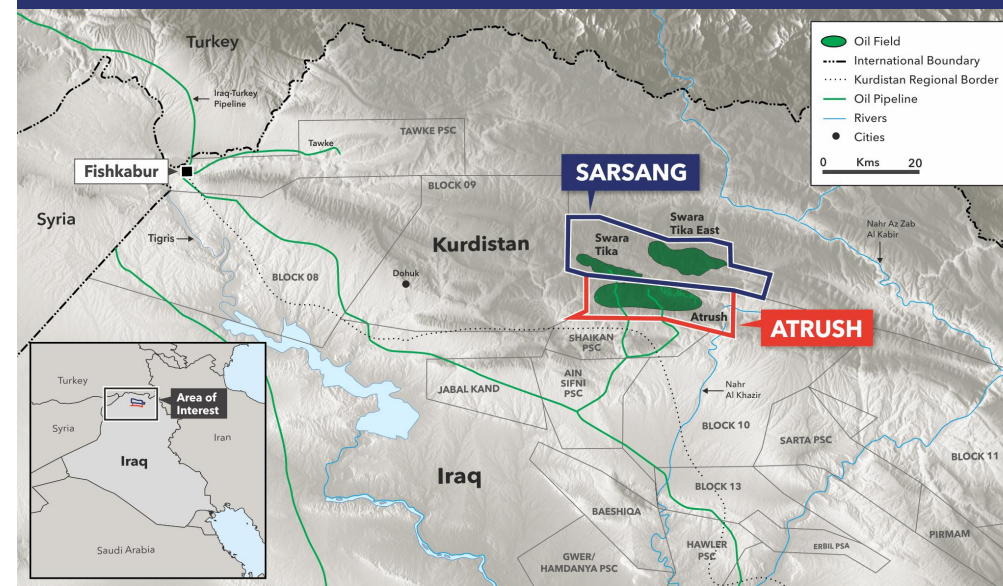
(2) Per Company press release on March 6, 2024, includes \$22.8 million restricted cash.

## Share Ownership

Retail & Institutional  
**73.9%**



## Asset Footprint



## Equity Research

|                     |      |                       |
|---------------------|------|-----------------------|
| Fearnley Securities | Oslo | Sander Solheim Nilsen |
| Pareto Securities   | Oslo | Tom Erik Kristiansen  |
| SpareBank 1 Markets | Oslo | Teodor Sveen-Nilsen   |

## Credit Research

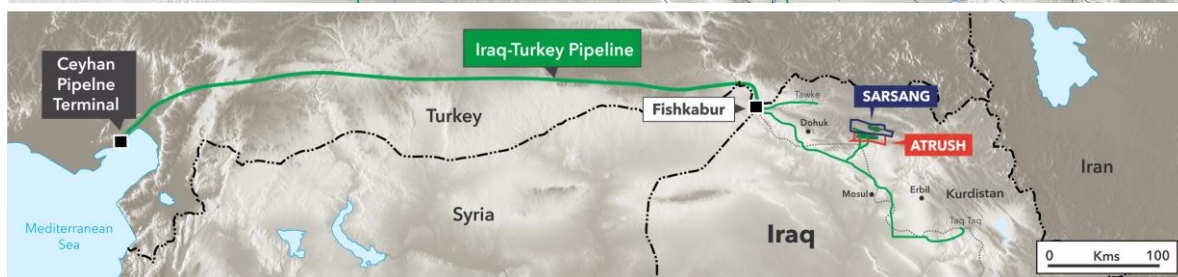
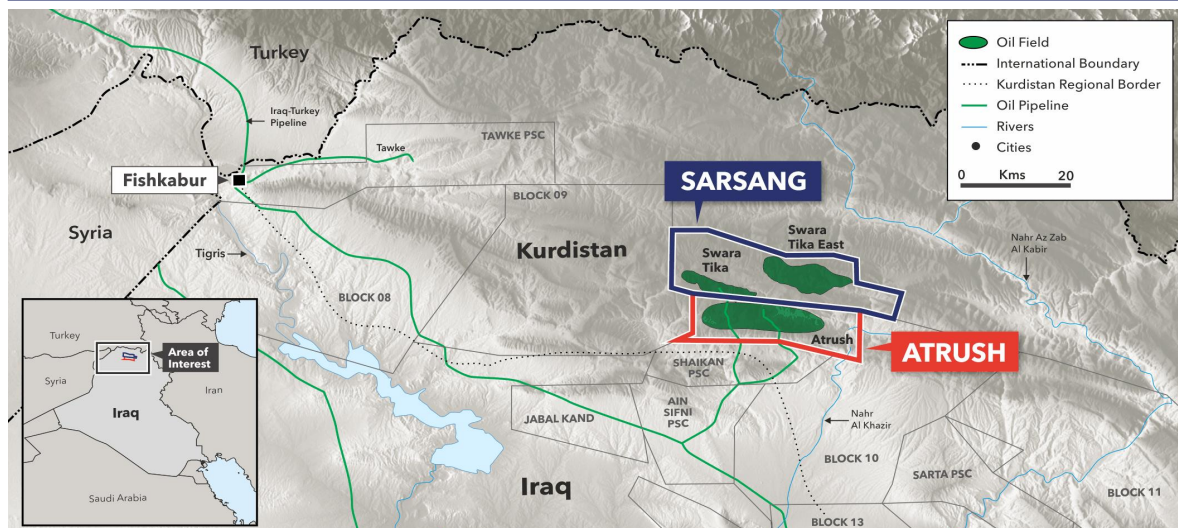
|                     |      |                 |
|---------------------|------|-----------------|
| Arctic Securities   | Oslo | Øyvind Hagen    |
| Pareto Securities   | Oslo | Magnus Hjermann |
| Fearnley Securities | Oslo | Borge Bakke     |



# Oil Production in Kurdistan

## Reserves and Production (SNM working interest)

|                | 1P<br>MMstb           | 2P<br>MMstb           | Q1.2023<br>bopd | Q2.2023<br>bopd | Q3.2023<br>bopd | Q4.2023<br>bopd    |
|----------------|-----------------------|-----------------------|-----------------|-----------------|-----------------|--------------------|
| <b>Atrush</b>  | 16                    | 27                    | 8,433           | 0               | 0               | 2,486 <sup>1</sup> |
| <b>Sarsang</b> | 20                    | 38                    | 6,509           | 3,240           | 4,992           | 6,552 <sup>1</sup> |
| <b>Total</b>   | <b>36<sup>2</sup></b> | <b>65<sup>2</sup></b> | <b>14,942</b>   | <b>3,240</b>    | <b>4,992</b>    | <b>9,038</b>       |



## Contract Terms

PSCs signed with KRG in 2007, first production 2013

20-year development period post-production, automatic 5-year extension<sup>3</sup>

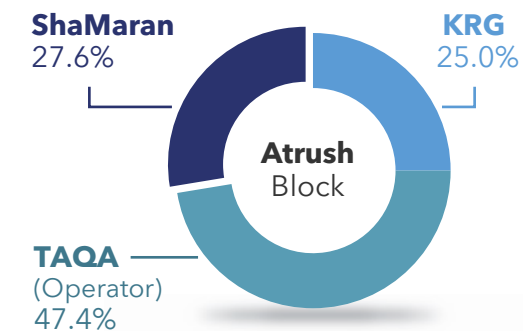
Cost oil recovery<sup>4</sup> of 36% to 38.7% of oil receipts

Profit oil<sup>4</sup> of 13.5% to 31.5% of oil receipts

## Asset Overview

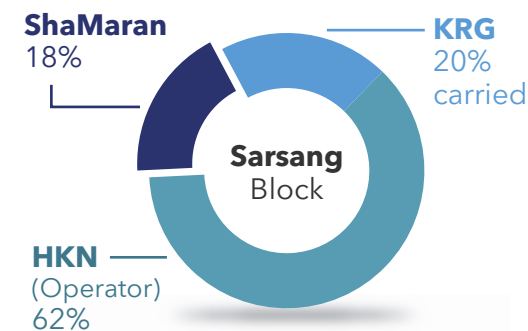
### Atrush Block

- » 36k bopd gross from 11 wells<sup>5</sup>
- » 25-26° API oil
- » Two processing facilities
- » Export via pipeline



### Sarsang Block

- » 43k bopd gross from 11 wells<sup>5</sup>
- » 37-38° API oil
- » Four processing facilities
- » Export via pipeline and trucking



(1) Sarsang gross average production: Q2 2023 - 18k bopd; Q3 2023 - 27.7k bopd; Q4 2023 - 36.4k bopd; Atrush gross average production: Q4 2023 - 9.0k bopd (all sales to local refineries at 40-50% of Brent price).

(2) Reserves at December 31, 2023, according to McDaniel & Associates report, excluding Atrush transaction.

(3) Contractor has automatic extension right of 5 years; further 5-year extension available with KRG consent.

(4) After 10% royalty payment.

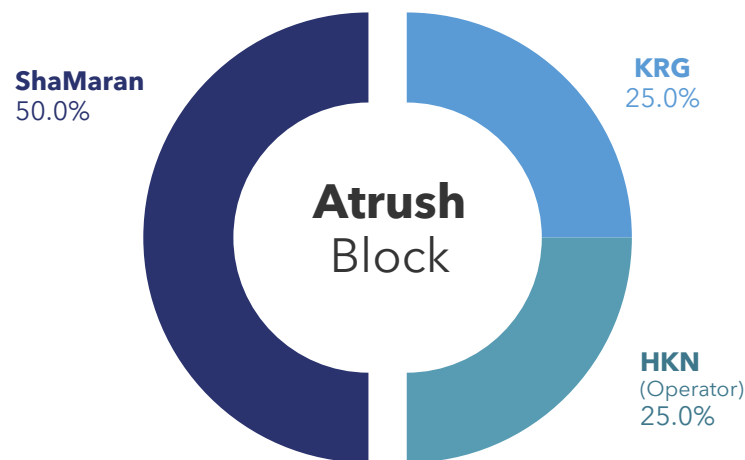
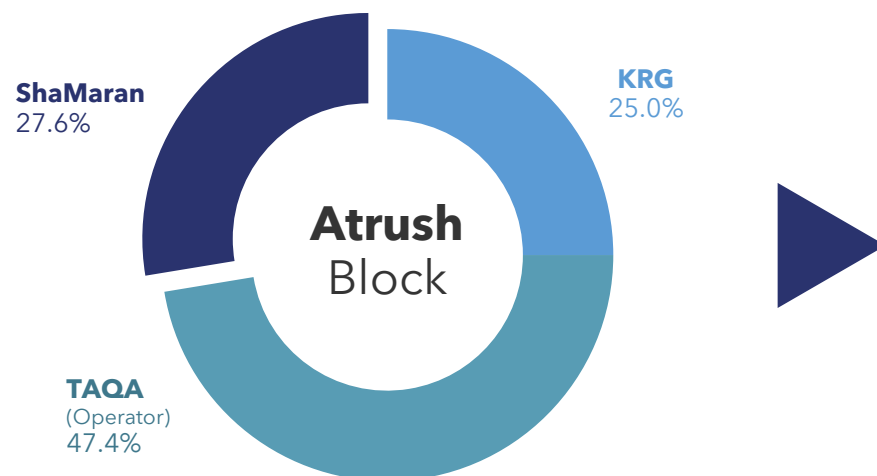
(5) Prior to ITP closure on March 25, 2023.

# Atrush Transaction Overview

| Transaction                         |   |                                       |
|-------------------------------------|---|---------------------------------------|
|                                     | Step 1:<br><i>Acquire TAQA Atrush BV</i>          | Step 2:<br><i>Partial Sale to HKN</i> |
| <b>Working Interest</b>             | 47.4%   | 25%                                   |
| <b>Required Approvals</b>           | KRG review period for HKN appointment as operator | KRG approval                          |
| <b>Expected Closing<sup>1</sup></b> | 30 days   | TBC                                   |

| ShaMaran Atrush Stake                                     |            |            |
|---|------------|------------|
|   | Current    | Pro Forma  |
| <b>Working Interest</b>                                   | 27.6%      | 50%        |
| <b>Net Production (bopd, pre-ITP closure)<sup>2</sup></b> | 9.9k       | 18.0k      |
| <b>Reserves (2P)<sup>3</sup></b>                          | 27.4 MMstb | 49.8 MMstb |

| "New" ShaMaran            |             |
|---------------------------|-------------|
| Atrush 50%<br>Sarsang 18% |             |
| 25.7k                     | <b>+50%</b> |
| 87.7 MMstb                | <b>+30%</b> |



(1) Transaction closing is subject to third-party approvals.

(2) Pre-ITP closure production: Atrush 36k bopd, Sarsang 43k bopd.

(3) 2023 Reserves Report provided by McDaniel & Associates Consultants Ltd.

# Potential Impact of Atrush Transaction

**75%**

Increase in net 2P reserves in Atrush<sup>1</sup>

**81%**

Increase in net production from Atrush<sup>1</sup>

**12x**

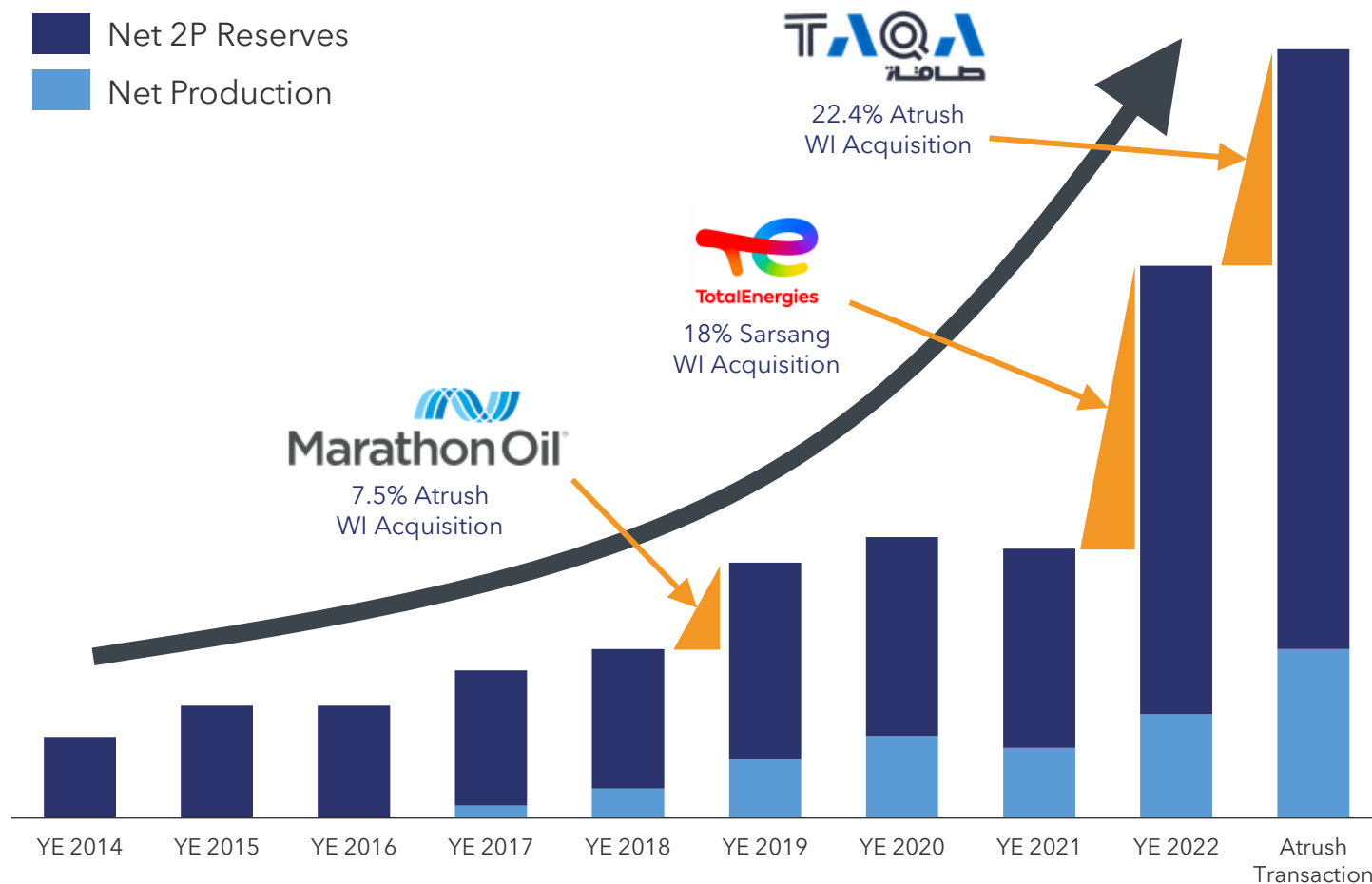
Increase in annual net production since Atrush startup<sup>2</sup>

**760%**

2P reserves growth since inception<sup>1</sup>

## Net 2P Reserves and Production (MMBOE)

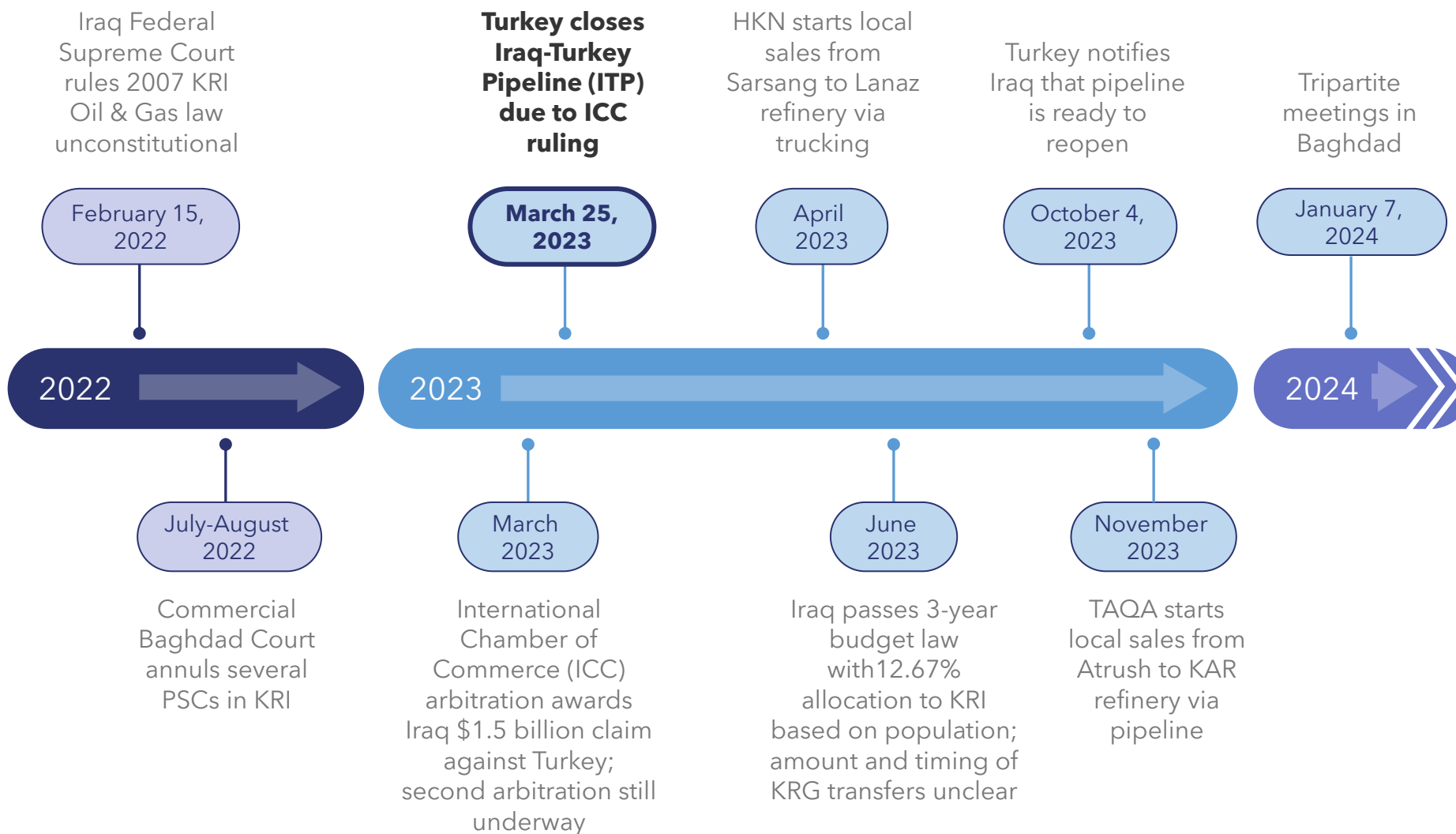
■ Net 2P Reserves  
■ Net Production



(1) Transaction closing is subject to third-party approvals.

(2) Based on Atrush production rate of 36k bopd prior to ITP shutdown.

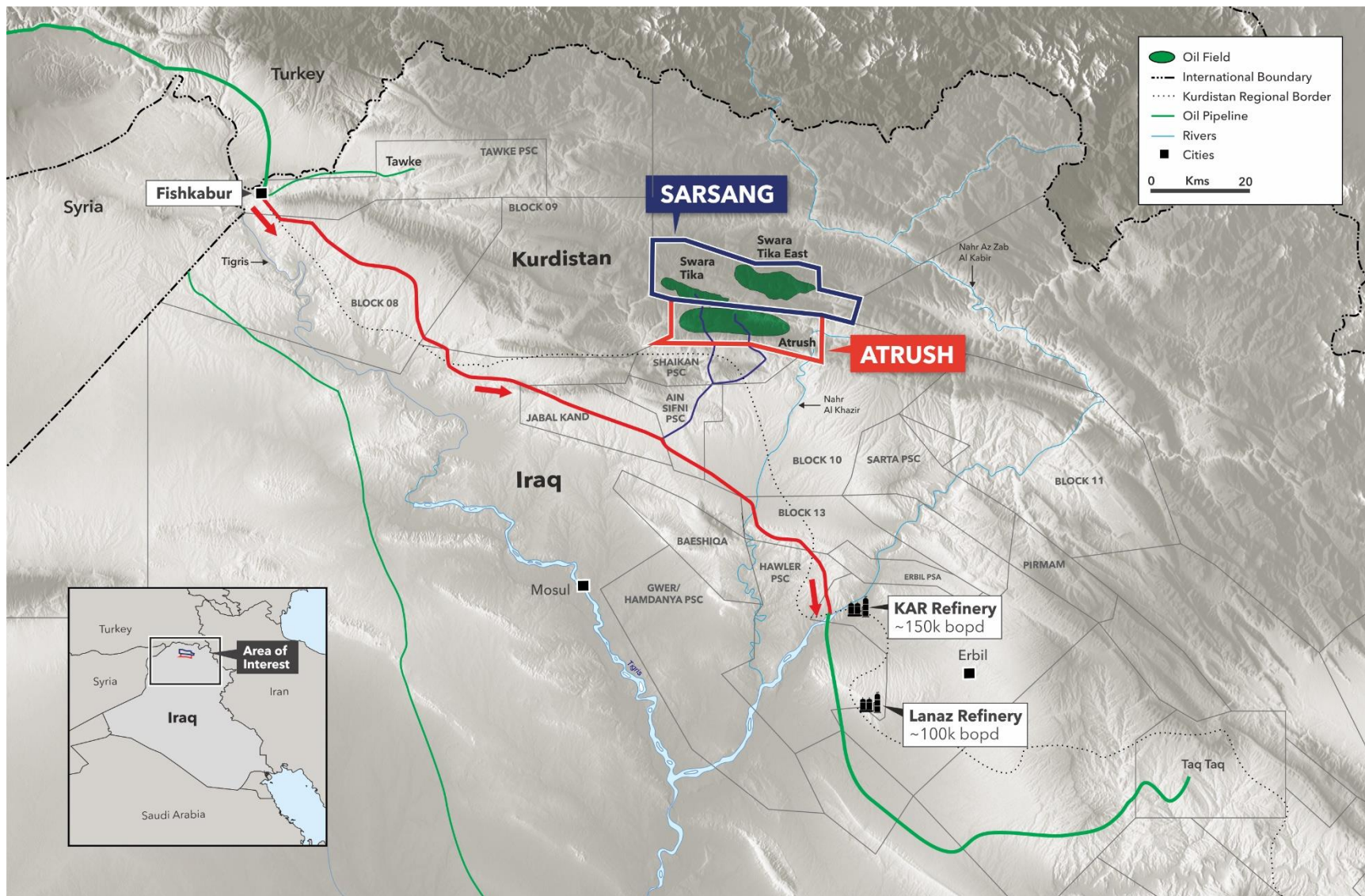
# Recent Events



- » APIKUR states that efforts to reopen ITP need to address IOC payments
- » IOCs benefit from English Law PSCs and are owed significant amounts for oil sales prior to ITP closure
- » KRG needs to deliver 329,000 bopd to SOMO in order to receive Iraq budget allocation



# Pipeline Route for Local Sales



Kurdistan pipeline flow reversed for sales to local refineries

# Summary

## Attractive Assets

- » Low-cost, cash-generative PSC terms
- » Potential for organic growth and regional consolidation through M&A

## Liquidity Focus

- » Reduced expenditures in response to pipeline closure
- » Focused on maximizing local sales and preserving liquidity

## Value Preservation

- » Working with APIKUR members to achieve best commercial solution
- » PSCs protected by international law





# Thank You

## Investor Relations

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# Cautionary Statements

## Cautionary Statement Regarding Forward-Looking Information

Certain statements in this presentation are “forward-looking information” and “forward-looking statements” (within the meaning of applicable securities legislation). Forward-looking information is information concerning possible events, conditions or financial performance that is based on management’s assumptions relating to future economic conditions and courses of actions. Forward-looking information can include future oriented financial information and disclosure relating to ShaMaran’s financial outlook. Forward-looking statements are statements that are not historical and are generally identified by words such as “seek”, “continue”, “may”, “will”, “projects”, “believes”, “anticipates”, “expects”, “estimates”, “pending”, “intends”, “plans” or similar words suggesting future outcomes that are based on management’s best judgment and assumptions concerning how future trends will impact ShaMaran’s business.

By their nature, forward-looking statements and forward-looking information is likely to be less reliable than historical information because it is based on these judgements and assumptions, accounting for inherent risks and uncertainties, many of which are difficult to predict, and which are usually beyond the control of management, but which could cause actual results to be materially different from those expressed by these forward-looking information and forward-looking statements.

## Assumptions

Management is regularly considering and evaluating assumptions that will impact on future performance. Examples of such assumptions include, but are not limited to: (i) assumptions concerning competitive factors such as those relating to the distribution and marketing of oil and natural gas, pricing, and methods of improving reliability of delivery, and (ii) assumptions relating to future changes in environmental or health and safety laws, regulations or community expectations governing ShaMaran’s operations, including, but not limited to, increased monitoring, compliance and remediation costs and/or costs associated with penalties or other sanctions imposed on ShaMaran for non-compliance or breach of environmental regulation.

## Risks

Examples of risks and uncertainties associated with the assumptions made by management include, but are not limited to: (i) risks associated with international operations in Kurdistan, in northern Iraq, which is a politically less stable jurisdiction; (ii) risks associated with the regulation of oil and gas production and export; (iii) risks that are inherent in oil and gas development and production, including availability of a functioning infrastructure, complying with environmental regulation and the availability of staff and equipment. 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 the Atrush JOA or the Sarsang JOA respectively. 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 is also exposed to more generic risks such as the risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, petroleum pricing and availability of financing and currency exchange rate fluctuations. Management used its best efforts to ensure that the assumptions used in this preparation of such information were reasonable. However, they may ultimately prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

ShaMaran does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether due to new information, future events or otherwise. Where such forward-looking statements or forward-looking information is updated or withdrawn, notification will be given by way of a news release and/or MD&A disclosure. Material differences between actual results and previously disclosed future oriented financial information or financial outlook will be disclosed in ShaMaran’s MD&A.