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SHAMARAN
Petroleum Ltd.

Financial Report

For the three and six months ended June 30, 2026

(UNAUDITED)

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these financial statements.

Contents

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL STATEMENTS

Management's Discussion and Analysis
For the three and six months ended June 30, 2026

INTRODUCTION

Management's discussion and analysis ("MD&A") of the financial and operating results of ShaMaran Petroleum Ltd. (together with its subsidiaries, "ShaMaran" or the "Company") is prepared with an effective date of August 5, 2026, and is intended to provide an overview of the Company's operations, financial performance and current and future business opportunities. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2026, together with the accompanying notes ("Financial Statements") and the second quarter 2026 results press release.

Company Overview

ShaMaran Petroleum Ltd., formerly ShaMaran Petroleum Corp., on May 27, 2026, completed the previously announced corporate continuance from Canada to Bermuda. The Company is now incorporated in and subject to the laws of Bermuda, and the address of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

Simultaneously with the continuance, the Company's shares were delisted from the TSX Venture Exchange in Toronto and, on June 5, 2026, began trading on the Euronext Growth Oslo market ("EGO") operated by the Oslo Stock Exchange. The Company maintains its secondary listing on the Nasdaq First Growth North in Stockholm. The Company's shares on both markets trade under the ticker symbol "SNM".

The Company is engaged in the business of oil and gas exploration and production and holds the following interests at June 30, 2026:

- 50% non-operated working interest (66.7% paying interest) in the Atrush Block production sharing contract ("Atrush PSC") in the Kurdistan Region of Iraq ("KRI"). The Atrush Block twenty-year development period commenced in Q4 2013, and oil production on the Atrush Block commenced in Q3 2017.

- 18% non-operated working interest (22.5% paying interest) in the Sarsang Block production sharing contract ("Sarsang PSC") in the KRI. The Sarsang Block twenty-year development period commenced in Q2 2013, and oil production on the Sarsang Block commenced in Q1 2013.

Basis of Preparation

The MD&A and Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Unless otherwise stated herein, all currency amounts indicated as "$" in this MD&A are expressed in United States dollars ("USD").

Management's Discussion and Analysis
For the three and six months ended June 30, 2026

INTERIM MD&A QUARTERLY HIGHLIGHTS

- Production at both the Atrush and Sarsang blocks was temporarily shut-in from March until June 2026 as a precaution due to the Iran war. Production and pipeline exports restarted and gradually increased until another shut-in was announced on July 20, 2026, due to the deterioration of the regional security environment. Other international oil companies ("IOCs") in the region also announced temporary production shut-ins over the same period, with only a fraction of the pre-Iran war oil volumes being exported from the KRI via the Iraq-Türkiye pipeline ("ITP");
- International oil exports from the KRI through the ITP restarted on September 27, 2025, and have continued in line with the interim agreements executed between the Kurdistan Regional Government ("KRG"), Government of Iraq and several IOCs, including ShaMaran.
    - IOCs are entitled to receive export payments "in-kind" under the interim agreements, with cargoes sold by the IOC-appointed marketing firm on a regular basis, and payments for the sales received approximately 30 days after each lifting. There have been no delays in receiving payment from the Iraqi State Organization for Marketing of Oil ("SOMO") as part of the interim agreements since the start of exports in September 2025.
    - The interim agreements were recently extended to September 30, 2026, in order to facilitate the reconciliation of IOC invoices with the respective PSCs by the appointed international consulting firm. IOCs expect full PSC entitlement payment now that the review is complete and are working with SOMO to collect the top-up payments.
- On May 28, 2026, the Company announced completion of the corporate continuance from Canada to Bermuda and the delisting of the Company's shares from the TSXV. On June 5, 2026, the Company announced the first day of trading on the EGO;
- On June 2, 2026, in connection with the EGO listing requirements, the Company announced placing 8,999,999 shares through a retail private offering, raising approximately $1.1 million in cash and welcoming more than 400 new shareholders;
- Average gross daily oil production from Atrush and Sarsang in Q2 2026 on a combined basis was 1.9 Mbopd (97% lower than the 63.8 Mbopd in Q2 2025) due to the shut-in for the majority of Q2 2026;
- Average Company net daily oil production from Atrush and Sarsang in Q2 2026 on a combined basis was 0.7 Mbopd (97% lower than the 22.7 Mbopd in Q2 2025) due to the shut-in during Q2 2026;
- Revenue in Q2 2026 was $17.8 million (50% lower than the $35.4 million in Q2 2025) primarily due to the shut-in, partially offset by the impact of the realization of Q1 2026 oil prices. The actual realized oil price in Q2 2026 was considerably higher than the estimated price accrued in Q1 2026 due to the timing of cargo liftings and the significant increase in oil price due to the Iran war. Most of Q1 2026 oil exports were sold in cargos from Ceyhan at a higher price during the second quarter;
- Oil sales in Q2 2026 averaged a net oil price of $84.23/bbl from the two blocks on a combined basis (154% higher than the $33.12/bbl in Q2 2025) due to international pricing since the restart of pipeline exports;
- Lifting costs in Q2 2026 were $4.0 million (55% lower than the $8.9 million in Q2 2025) mainly due to immediate cost control following the shut-in from the beginning of March 2026;
- Gross margin on oil sales in Q2 2026 was $13.3 million (4% higher than the $12.8 million in Q2 2025) mainly due to Q2 2026 pipeline export sales at international pricing and lower costs due to the shut-in;
- Adjusted EBITDAX[1] in Q2 2026 was $11.9 million (46% lower than the $24.9 million in Q2 2025) due to a combination of the effects described above;
- The Company generated $2.2 million in cash flow from operating activities during Q2 2026 (92% lower than the $26.5 million in Q2 2025). The decrease is due to timing of cash receipts for pipeline export sales and the production shut-in that resulted in no sales for most of Q2 2026; and
- At June 30, 2026, the Company had cash of $29.0 million and gross debt (corporate bond) of $143.8 million. Net debt[1] was $114.8 million.

[1] Non-IFRS Accounting Standards measures do not have any standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other public companies. Non-IFRS Accounting Standards measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. The Company uses non-IFRS Accounting Standards measures to provide investors with supplemental information. Refer to the "Non-IFRS Accounting Standards Measures" section of this MD&A for more information.

SUBSEQUENT EVENTS:

- On July 13, 2026, the Company announced that production and pipeline exports had gradually increased following restart of operations at the Atrush and Sarsang blocks; and
- On July 20, 2026, the Company announced that production and pipeline exports at the Atrush and Sarsang fields were again temporarily shut-in due to the deterioration of the regional security environment. Both the Atrush and Sarsang blocks remain shut-in at the date of this MD&A due to the regional security situation, and there is no certainty as to the duration of the shut-in. HKN Energy Ltd. ("HKN"), the operator of the blocks, plans to restart production as soon as safe and secure operations are possible.

OPERATIONS REVIEW

	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Average daily oil production – gross 100% field (Mbopd)				
- Atrush	1.2	35.1	10.8	35.2
- Sarsang	0.7	28.7	8.0	29.3
Total	**1.9**	**63.8**	**18.8**	**64.5**
Average daily oil production – Company net (Mbopd)				
- Atrush (50%)	0.6	17.5	5.4	17.6
- Sarsang (18%)	0.1	5.2	1.4	5.3
Total	**0.7**	**22.7**	**6.8**	**22.9**
Oil sales – gross 100% field (Mbbl)				
- Atrush	87	3,192	1,939	6,368
- Sarsang	66	2,664	1,422	5,368
Total	**153**	**5,856**	**3,361**	**11,736**
ShaMaran oil sales entitlement (Mbbl)				
- Atrush (50%)	21	768	468	1,531
- Sarsang (18%)	7	301	162	606
Total	**28**	**1,069**	**630**	**2,137**

Production at Atrush and Sarsang was suspended for most of the second quarter of 2026 due to the regional security environment. After the first shut-in (early March 2026 until late June 2026), the fields briefly resumed delivering international exports via the ITP before being suspended again due to renewed security concerns from July 20, 2026. The damage assessment from drone attacks at Sarsang on March 5, 2026, and April 1, 2026, is still ongoing.

Operational plans for the remainder of 2026, including drilling and other capital expenditures, remain contingent on the regional security environment. The ITP agreement between Iraq and Türkiye was extended for one year on August 1, 2026. Negotiations are ongoing for a new agreement beyond July 2027.

At Atrush, average production in Q2 2026 was 1.2 Mbopd, well below potential due to the precautionary security shutdown. Prior to the security shutdown, the Central Processing Facility expansion was completed, and the facility was successfully tested at up to 41.7 Mbopd and briefly produced at more than 40 Mbopd in early July 2026. The current field potential with all wells running at maximum capacity is estimated at 44 to 45 Mbopd. For the remainder of 2026, the capital development program will most likely be limited to resuming the drilling of the reservoir section of well CK-25, interrupted after the 7" casing was set above the reservoir. The drilling rig has been suspended on site at no cost, and operations can resume quickly when the security environment allows.

At Sarsang, average production in Q2 2026 was 0.7 Mbopd, well below potential due to the precautionary security shutdown. The B1 facility sustained significant damage in the drone attacks. Operations will resume at reduced capacity by recommissioning the decentralized Early Production Facility on Pad B. Pad A has a capacity of 7 Mbopd, and work on Pad B could add 5-7 Mbopd to reach 12-14 Mbopd total for the block. Improving water desalting on both pads would increase total capacity close to 22 Mbopd, still below the B1 facility potential, but this is considered the best option for maximizing production and cash flow in the shortest timeframe. The long-term solution for Sarsang production facilities will be decided once the operator is able to ascertain cost and delivery timeframes for long lead items needed to repair the B1 facility.

FINANCIAL REVIEW

Financial Results

Selected Quarterly Financial Information

The following is a summary of selected quarterly financial information for the Company:

USD Thousands (except per share data)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Continuing operations:								
Revenue	**17,759**	38,031	54,663	28,936	35,385	35,885	34,749	29,425
Cost of goods sold	**(4,496)**	(15,333)	(24,146)	(19,658)	(22,610)	(23,409)	(15,673)	(19,470)
Bargain purchase gain on acquisitions	**-**	-	-	-	-	-	-	70,336
General and administrative expense	**(2,036)**	(1,871)	(4,592)	(1,492)	(1,552)	(5,076)	(3,340)	(1,282)
Share-based payments expense	**(611)**	166	1,115	(1,477)	(1,004)	(3,471)	(1,533)	(273)
Depreciation and amortization	**(25)**	(26)	(27)	(20)	(37)	(1)	(32)	(26)
Credit loss provision	**539**	(185)	(420)	(390)	1,042	1,314	24	1,591
Finance expense	**(2,610)**	(4,076)	(4,625)	(4,594)	(8,286)	(6,982)	(6,793)	(5,569)
Finance income	**292**	338	582	584	655	641	782	384
Income tax expense	**7**	(20)	(7)	(18)	(75)	(7)	(65)	(17)
Net income/(loss)	**8,819**	**17,024**	**22,543**	**1,871**	**3,518**	**(1,106)**	**8,119**	**75,099**
EBITDAX[2]	**11,030**	28,294	39,568	16,391	23,846	17,777	21,885	21,509
Adjusted EBITDAX[3]	**11,882**	28,128	39,887	17,868	24,850	24,465	23,418	21,782
Earnings per share in $								
- Basic	**0.003**	0.006	0.008	0.001	0.001	-	0.003	0.026
- Diluted	**0.003**	0.006	0.008	0.001	0.001	-	0.003	0.025

EBITDAX is calculated as the net result before financial items, taxes, depletion of oil and gas properties, impairment costs, the gains on acquisitions, depreciation and exploration expenses and adjusted for non-recurring profit/loss on sale of assets and other income. Explanations for the significant variances between periods are provided in the following sections.

Summary of Principal Changes in the Second Quarter Financial Information

The $8.8 million net income generated in Q2 2026 was primarily driven by actual price realizations for ITP export sales in the first quarter of 2026 and low cost of goods sold due to the shut-in. The income and expenses in Q2 2026 are explained in more detail in the following sections.

[2] Non-IFRS Accounting Standards measures do not have any standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other public companies. Non-IFRS Accounting Standards measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. The Company uses non-IFRS Accounting Standards measures to provide investors with supplemental information. Refer to the "Non-IFRS Accounting Standards Measures" section of this MD&A for more information.

[3] Adjusted EBITDAX adds back the non-cash share-based payments expense each quarter, as well as non-recurring, transaction and project related expenses.

Gross margin on oil sales

USD Thousands	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Revenue from oil sales	17,759	35,385	55,790	71,270
Lifting costs	(4,008)	(8,877)	(11,929)	(18,311)
Other costs of production	(74)	(106)	(185)	(233)
Depletion costs	(414)	(13,627)	(7,715)	(27,475)
Cost of goods sold	**(4,496)**	**(22,610)**	**(19,829)**	**(46,019)**
Gross margin on oil sales	**13,263**	**12,775**	**35,961**	**25,251**

Revenue from oil sales relates to the Company's entitlement share of local oil sales until September 26, 2025, and then ITP export sales from the Atrush and Sarsang blocks. The revenue in the second quarter and the first six months of 2026 was lower than the same periods of 2025, mainly due to the shut-in resulting in no production for the majority of the second quarter of 2026. The Company's entitlement share of oil sales in the first six months was 0.6 MMbbls, 71% lower than the 2.1 MMbbls entitlement in 2025. Most of the revenue recorded in the second quarter of 2026 corresponds to actual price realizations for ITP export sales in the first quarter of 2026. Revenue benefited in 2026 from higher sales prices with the average net oil price for the first six months of 2026 at $87.69/bbl for the two blocks on a combined basis (163% higher than the $33.34/bbl for the same period in 2025) due to ITP sales at international prices.

Lifting costs comprise the Company's share of expenses related to the production of oil from the Atrush and Sarsang blocks, including operations and maintenance of wells and production facilities, insurance and the operator's related support costs as charged to the Company. Lifting costs were 55% lower in the second quarter and 35% lower in the first six months of 2026 compared to the same periods of 2025, mainly due to immediate cost control following the shut-in.

Other costs of production include the Company's share of other costs prescribed under the Atrush and Sarsang PSCs.

Depletion costs were 97% lower in the second quarter and 72% lower in the first six months of 2026, compared to the same periods of 2025, due to the loss of production during the 2026 shut-in.

Gross margin on oil sales was 4% higher in the second quarter and 42% higher in the first six months of 2026, versus the same periods of 2025, despite the lower production. This was due to higher average net oil prices in 2026 and lower cost of goods sold.

General and administrative expense

USD Thousands	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Salaries and benefits	936	789	1,912	4,882
Legal, accounting and audit fees	412	222	560	537
Management and consulting fees	399	337	852	681
Listing costs and investor relations	168	95	316	200
Travel expenses	88	58	132	79
General and other office expenses	33	87	135	230
Corporate sponsorship	-	(36)	-	19
General and administrative expense	**2,036**	**1,552**	**3,907**	**6,628**

The increase in general and administrative expenses in the second quarter of 2026 was mainly due to additional legal and listing costs related to the corporate continuance from Canada to Bermuda and the change of the Company's primary listing from Toronto to Oslo. The decrease in expenses in the six-month period is mainly due to non-recurring, transaction-related management compensation incurred in 2025, part of which was linked to contractual obligations under employment agreements, including severance payments and M&A triggers.

Finance expense

USD Thousands	Three months ended June 30, 2026	2025	Six months ended June 30, 2026	2025
Interest/amortization charges on bonds	4,811	5,621	9,561	11,507
Amortization of related-party loan	-	469	-	1,004
Re-measurement of contingent consideration	(670)	(98)	(746)	58
Adjustment of bond and loan amortization	(691)	2,288	(691)	3,134
Total borrowing costs	**3,450**	**8,280**	**8,124**	**15,703**
Unwinding discount on decommissioning provision	288	441	560	489
Foreign exchange loss	29	15	80	71
Lease – interest expense	15	29	29	29
Interest expense	-	-	52	-
Total finance expense before borrowing costs capitalized	**3,782**	**8,765**	**8,845**	**16,292**
Borrowing costs capitalized	(1,172)	(479)	(2,159)	(1,024)
Total finance expense	**2,610**	**8,286**	**6,686**	**15,268**

The Company previously had a loan from a related party, Nemesia S.à.r.l. ("Nemesia"). In Q3 2025, the Company repaid the full balance of the loan plus all accrued and unpaid interest.

Interest and amortization charges relate to the Company's bond and related-party loan. The bond amendments effective May 2, 2025, as well as the repayments of the related-party loan, were treated as a modification to the bond and loan, and the amortization schedules were adjusted accordingly.

Interest/amortization charges on bonds were lower in 2026 due to the repayments made during 2025.

Borrowing costs directly attributable to the preparation of development assets for their intended use have been capitalized together with the related oil and gas assets. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

For further information on the Company's borrowings, refer to the discussions in the section below entitled "Borrowings".

Capital Expenditures

Capital Expenditures on Property, Plant & Equipment ("PP&E")

PP&E principally comprises development costs related to the Company's share of the PSCs, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

The movements in PP&E are explained below:

USD Thousands	At June 30, 2026	At December 31, 2025
Opening net book value	**324,505**	**365,708**
Additions	28,223	8,883
Depletion and depreciation expense	(7,656)	(50,086)
Net book value	**345,072**	**324,505**

The PP&E additions in the first six months of 2026 were mostly committed to and spent during the first quarter of 2026 on drilling news wells, before the Iran war.

Financial Position and Liquidity

Accounts receivable

At June 30, 2026, the Company had the following outstanding receivables:

USD Thousands	At June 30, 2026	At December 31, 2025
Accounts receivable on oil sales	109,265	96,093
Credit loss provision	(10,835)	(11,190)
Total accounts receivable	**98,430**	**84,903**

The accounts receivable balance at June 30, 2026, relates to $52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the "Overdue Receivables") and $56.5 million representing the remaining PSC entitlement amounts owed for the 2025-2026 ITP export sales. It is Management's view that the counterparty risk related to oil sales under the 2025 interim agreements is better diversified than that of the Overdue Receivables from the KRG. The compensation for the Company's sales under the interim agreements is paid by SOMO on behalf of the KRG in barrels allocated to the IOC-appointed trader, and the Company benefits from contractual recourse against both the KRG and/or SOMO for non-payment. There have been no delays in receiving payment from SOMO as part of the interim agreements since the restart of exports in September 2025. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. The Company has reassessed the credit loss provision for the Overdue Receivables and has compared the carrying value of the relevant trade receivables with the present value of the estimated future cash flows based on reasonable recovery scenarios, weighted by the relative probability of these potential outcomes. A relevant discount rate has been applied to reflect counterparty credit risk to provide a reasonable approximation of the fair value of these trade receivables at June 30, 2026. The result of the Company's assessment under IFRS 9 is a $0.4 million adjustment to these trade receivables in the first half of 2026, included in the Statement of Comprehensive Income (Q2 2025: $2.4 million).

Borrowings

On April 11, 2025, the Company announced bondholder approval for certain further amendments to the terms of the Company's outstanding bond. The new amendments became effective on May 2, 2025, and included converting the mandatory cash sweep to voluntary and extending the maturity by an additional two years to July 2029 (the "2029 Bond"). All amendments to the bond have been treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense.

The bond has a financial covenant stating that at all times the ratio of reserve value to net debt ("Asset Coverage Ratio") shall be a minimum of 1.25x. The reserve value is based on the latest 2P reserve value as set out in the latest published reserve report. Net debt is calculated as total debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the covenant was included in the bond terms.

The movements in borrowings are explained below:

USD Thousands	At June 30, 2026	At December 31, 2025
Opening balance	**145,348**	**198,296**
Interest/amortization charges	8,870	23,572
Bond transaction costs	-	(556)
Bond cancellation	-	(56,146)
Payments to bondholders – interest	(8,626)	(19,818)
Ending balance	**145,592**	**145,348**

Liquidity and Capital Resources

Cash in the bank at June 30, 2026, was $29.0 million, compared to $42.1 million at December 31, 2025. The main components of the $13.1 million decrease in funds during the first half of 2026 were as follows:

- The operating activities of the Company at June 30, 2026, resulted in an increase of $23.6 million in the cash position (Q2 2025: increase of $58.5 million);
- Net cash outflows related to investing activities in 2026 were $25.4 million (Q2 2025: net cash inflows of $7.2 million). Cash outflows to investing activities comprised $26.0 million for capital investments in the Atrush and Sarsang development work programs, plus cash inflows of $0.6 million for interest received; and
- Net cash outflows for financing activities in 2026 were $11.3 million (Q2 2025: $75.4 million) and comprised $8.6 million of interest payments to bondholders, $1.1 million of income from the retail private placement in connection with the EGO listing and $3.8 million of cash taxes and payments on the share and stock compensation plan.

The Financial Statements were prepared on a going-concern basis, which assumes that the Company will be able to realize into the foreseeable future its assets and liabilities in the normal course of business as they come due. Refer also to the discussion in the section below on "Risks and Uncertainties."

Non-IFRS Accounting Standards Measures

This MD&A contains certain financial measures and ratios, as described below, which do not have standardized meanings prescribed by IFRS Accounting Standards or generally accepted accounting principles (GAAP). As these non-IFRS financial measures and ratios are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

The non-IFRS financial measures and ratios used in this MD&A are used by the Company as key measures of financial performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with IFRS Accounting Standards.

The tables below set out how the Non-IFRS Accounting Standards Measures are calculated from figures shown in the Financial Statements.

EBITDAX

EBITDAX is calculated as the net result before financial items, taxes, depletion of oil and gas properties, impairment costs, the gains on acquisitions, depreciation and exploration expenses and adjusted for non-recurring profit/loss on sale of assets and other income. The Company uses EBITDAX primarily as a measure of profitability and cash generation. Adjusted EBITDAX adds back non-cash, share-based payments and non-recurring, transaction and project related expenses. A quantitative reconciliation to revenues, the most directly comparable IFRS Accounting Standards measure, is provided below:

	Three months ended June 30,		Six months ended June 30,	
USD Thousands	**2026**	**2025**	**2026**	**2025**
Revenues	17,759	35,385	55,790	71,270
Lifting costs	(4,008)	(8,877)	(11,929)	(18,311)
Other costs of production	(74)	(106)	(185)	(233)
General and administrative expense	(2,036)	(1,552)	(3,907)	(6,628)
Share-based payments	(611)	(1,004)	(445)	(4,475)
EBITDAX	**11,030**	**23,846**	**39,324**	**41,623**
Share-based payments	611	1,004	445	4,475
Non-recurring costs	241	-	241	3,217
Adjusted EBITDAX	**11,882**	**24,850**	**40,010**	**49,315**

Free cash flow before debt service

Free cash flow before debt service is a non-IFRS financial measure calculated as the sum of cash flows from operating and investment activities. The Company uses free cash flow before debt service primarily as a measure of cash generation. A quantitative reconciliation to net cash inflows from operating activities, the most directly comparable IFRS Accounting Standards measure, is provided below:

	Three months ended June 30,		Six months ended June 30,	
USD Thousands	**2026**	**2025**	**2026**	**2025**
Net cash inflows from operating activities	2,209	26,448	23,632	58,480
Net cash (outflows)/inflows from investing activities	(6,103)	1,495	(25,358)	7,243
Free cash flow before debt service	**(3,894)**	**27,943**	**(1,726)**	**65,723**

Net debt

Net debt is a non-IFRS financial measure calculated as total debt less cash and cash equivalents. The Company uses net debt primarily as a measure of leverage. A quantitative reconciliation to total debt, the most directly comparable IFRS Accounting Standards measure, is provided below:

USD Thousands	At June 30, 2026	2025
Outstanding principal of ShaMaran Bond	(143,768)	(143,768)
Loan from related party	-	(10,630)
Total debt	**(143,768)**	**(154,398)**
Cash and cash equivalents	28,950	67,150
Net debt	**(114,818)**	**(87,248)**

All figures in the net debt calculation are based on their nominal value at the balance sheet date. See Notes 9, 15 and 19 in the Financial Statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

	Transactions for periods ended June 30				Amounts owing at the balance sheet dates	
	three months		six months			
USD Thousands	2026	2025	2026	2025	June 30, 2026	December 31, 2025
International Petroleum Corp.	78	106	176	182	-	36
Orrön Energy AB	37	14	85	48	-	1
Namdo Management Services Ltd.	1	10	10	16	-	74
Nemesia	-	5,592	-	6,128	-	-
Lundin Foundation	-	(36)	-	19	-	-
Total	**116**	**5,686**	**271**	**6,393**	**-**	**111**

Nemesia is a company controlled by a trust settled by the estate of the late Adolf H. Lundin and is a shareholder and bondholder of the Company. The Company had a loan from Nemesia that was fully repaid in 2025.

The Lundin Foundation is a non-profit organization, of which the Company is a member, that provides services for Lundin Group companies.

International Petroleum Corp., Namdo Management Services Ltd. and Orrön Energy AB are companies affiliated with shareholders of the Company and provide corporate, technical and administrative support services to the Company.

All transactions with related parties are conducted in the normal course of business and are made on an arm's-length basis, as with all third parties.

RISKS AND UNCERTAINTIES

ShaMaran is engaged in the exploration and production of crude oil and natural gas, and its operations are subject to various risks and uncertainties that include but are not limited to those listed below. Additional risks and uncertainties not presently known to the management of the Company, or that the management of the Company presently deem to be immaterial, may also impair the business and operations of the Company and cause the price of the shares in the Company to decline. If any of the risks described below materialize, the effect on the Company's business, financial condition or operating results could be materially adverse.

Risk factors related to the Group's business and industry in which the Group operates

Geopolitical instability arising from the conflict in Iran
The Group's operations in the KRI are exposed to significant risks arising from geopolitical instability in the wider region, and in particular from the ongoing military conflict involving Iran. Since February 2026, the United States and Israel have conducted large-scale military operations against Iran, targeting Iran's missile and nuclear programmes, military infrastructure and senior leadership. Iran has retaliated with missile and drone strikes against targets in multiple neighbouring countries, including Iraq, and has effectively disrupted commercial maritime traffic through the Strait of Hormuz, creating what the International Energy Agency has described as the largest supply disruption in the history of the global oil market. In connection with the conflict, attacks have also been conducted on sites in the KRI, including drone strikes on HKN-managed fields that resulted in temporary production shut-ins at both the Atrush Block and the Sarsang Block. As of the date of this MD&A, a shut-in remains in effect, with the timing for a safe resumption of production uncertain.

The conflict has materially disrupted global energy markets with significant volatility in Brent crude oil prices and substantial reductions in oil flows through the Strait of Hormuz. Although the Group's crude oil is primarily exported by pipeline rather than through the Strait of Hormuz, the conflict and associated instability may adversely affect regional security conditions, the operability of export infrastructure, and the Group's ability to produce from and access its assets. The conflict has also prompted heightened international sanctions activity, including the reimposition of comprehensive United Nations sanctions on Iran. Any expansion, prolongation or escalation of hostilities, including further strikes on energy infrastructure in the region, the potential introduction of ground forces, or retaliatory actions by Iran-aligned groups, could lead to further disruptions to the Group's operations, supply chains and export routes.

The ultimate outcome of the conflict remains highly uncertain with the potential for prolonged severe regional instability, altering the Group's ability to conduct its operations. Such scenario could have a material adverse effect on the Group's business, results of operations, financial condition, cash flow and prospects.

The oil and gas industry is subject to commodity price risk
The prices that the Group receives for its oil production may have a significant impact on the Group's revenues and cash flow provided by operations and net result. World prices for oil and gas are characterized by significant fluctuations, which are determined by the global balance of supply and demand and by worldwide political developments. In particular, the price received for the Group's oil production in the KRI is dependent upon 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 and impair the value of the Company's oil assets. The Company does not hedge against commodity price risk.

The Group is subject to development and production risks
The Group's business is presently not 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, explosions, 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 Group's operations are carried out onshore in the KRI and depend on a network of wells, surface facilities, gathering systems, processing plants, storage and export infrastructure (including third-party export pipelines and terminals); damage to, or failure of, any such infrastructure may result in prolonged production interruptions, reduced production rates, evacuation of personnel and increased remediation and repair costs.

The operations in which the Group has interests involve geological, technical and commercial risks. The Group'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, i.e., wells that 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 that could adversely affect production and increase the cost of operations. Operational disruptions may also arise from subcontractor or third-party non-performance (including inadequate workmanship, insolvency, strikes and delays), logistical failures, shortages of critical equipment or supplies and personnel shortages. Diligent operations can contribute to maximizing production rates over time, but production delays and declines resulting from normal field operating conditions cannot be eliminated and can adversely affect revenue and cash flow levels.

The Group's operations are subject to insurance limitations

The Group is not fully insured against all of these risks, nor are all such risks insurable. Certain risks may be uninsurable or only insurable at prohibitive cost, and insurance policies typically contain exclusions, coverage limits, deductibles and conditions that may reduce or eliminate recovery for a particular loss. In addition, contractual indemnities provided by counterparties may be unenforceable, limited in scope, or of limited value if the counterparty lacks sufficient financial resources or insurance. Accordingly, the Group may retain material risk through self-insurance for losses in excess of policy limits, and it may in the future elect to retain additional risk. No assurance can be given that the Group will be able to maintain adequate insurance or enforceable indemnities in all circumstances. These risks could result in adverse effects to the Group's business, including increased costs or losses due to events arising from accidents or other unforeseen occurrences, including cleanup, repair, containment and/or evacuation activities; settlement of claims associated with injury to personnel or damage to property; and/or loss of revenue as a result of downtime due to an accident. The occurrence of a significant accident, major environmental incident or other adverse event that is not fully covered by insurance or by enforceable indemnities could result in substantial liabilities, loss of production, impairment of assets and could materially and adversely affect the Group's results of operations, cash flow, financial condition and prospects.

The Group's primary operating market is in Kurdistan

The Group'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 by political developments in neighbouring states in the MENA region, Türkiye and in 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 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 legislations, 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.

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. This 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.

Infrastructure-related risks

The Group 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, including ITP and the Kurdistan pipeline. The Group is particularly dependent on the ITP to transport its products. This pipeline has previously been subject to minor acts of sabotage, earthquake damage, military operations or terrorism and consequently been disrupted for periods of days at a time. If this pipeline were disrupted for a significant period of time, IOCs would be unable to market their product, which would significantly impair the Company's sales and cash generation.

More recently, the ITP was shut for an extended period from March 2023 until late September 2025, during which exports were largely limited to local sales and trucking, materially impacting sales and cash generation. International pipeline exports have since resumed under interim arrangements, with current sales flowing via the ITP to Ceyhan. The treaty governing the ITP was set to expire on July 27, 2026, subsequent to the expiration, on August 1, 2026, Iraq and Türkiye signed a 12-month extension to the agreement. Beyond legal disagreements and regional politics, the pipeline may be subject to interruption for a variety of reasons, including, but not limited to, technical, maintenance, repairs, damage (e.g., as a result of earthquake, military operations or terrorism), theft, smuggling or sanctions. Restrictions on the Group's ability to export crude oil by use of the pipeline may require the Group to explore alternative transportation at increased cost or to sell crude oil to local markets at lower prices, and may have a material adverse effect on its cash flow, results of operations, financial condition and prospects.

Risks in estimating resources
The Company's interests in the area covered by the Atrush Block PSC and the Sarsang Block PSC are expected to continue producing for a number of years in the future, and additional information must be obtained by further seismic surveys, 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 Group 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.

The Group's risks associated with share ownership and dependency on operators
The Group'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 ("JOA"). As a result, the Group has limited ability to exercise influence over the deployment of those assets or their associated costs, and this could adversely affect the Group's financial performance. The Group's return on assets operated by others will therefore depends upon factors that may be outside of the Group's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, and the selection of technology and risk management practices. The operator may have a different opinion from the Group on how to conduct certain operations, which may result in delays, losses, or increased costs not anticipated by the Group. In addition, if the operator or the KRG fails to perform, the Company may, among other things, risk losing rights or revenues or incur additional obligations or costs to perform itself in place of its partners. If a dispute arises with the operator or the KRG, such dispute may have significant negative effects on the Group's operations relating to its projects.

Petroleum cost recovery
Under the terms of the PSCs in respect of the blocks entered into between the KRG and the Group, as amended, the KRG is entitled to conduct an audit to verify the validity of incurred petroleum costs that the operator of each block has reported to the KRG and is therefore entitled under the terms of the Atrush Block PSC and the Sarsang Block PSC respectively, to recover such costs through cash payments from future petroleum production. Should any future audits conclude in negative findings concerning the validity of reported incurred petroleum costs, the Company's petroleum cost recovery entitlement could ultimately be reduced.

The Group's risk relating to community relations and labour disruptions
The Group's operations may be in or near communities that 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 labour unrest/disruptions may occur near the Group's operations. Negative community reactions and labour disruptions or disputes could increase operational costs and result in delays in the execution of projects.

Risks related to the concentration of operations
The Group conducts its operations solely in the KRI and holds interests only in the Atrush Block and the Sarsang Block. Consequently, the Group's business, future revenues and prospects are entirely dependent on commercial production in these two blocks; if these blocks do not contain commercially recoverable hydrocarbons, or if production from these blocks materially underperforms current expectations (e.g., due to reservoir performance, unsuccessful appraisal/drilling, technical failures, mechanical breakdowns, excessive water or sand production, rapid pressure decline, prolonged shut-ins, or loss/suspension of contractual or regulatory approvals), the Group would have no material operations.

Since the Group has no significant operations outside these blocks, it has limited ability to mitigate these risks in the short term by reallocating activity to other regions or assets. While the Group seeks to reduce exposure through contractor selection, technical due diligence, phased development and maintaining contingency arrangements, such measures may be insufficient to avoid material adverse effects in the event of one or more of the scenarios described above, and such scenarios may have a material adverse effect on the Group's revenues, financial condition, results of operations, and cash flow.

Climate change, renewable energy and the regulatory framework may impact the Group's business and reputation
The ongoing issue of climate change, along with the regulation of greenhouse gases and the growing development of renewable energy alternatives, may negatively impact the Group's industry, business, and reputation. Scientific consensus highlights that increasing concentrations of greenhouse gases in the Earth's atmosphere result in climate change, leading to severe weather events such as storms and floods. Such events can materially affect the Group's operations, particularly given the possibility of operation curtailment or rig damage during significant weather incidents.

Present and future regulations concerning greenhouse gases and climate change may impose higher compliance costs or additional operational constraints on the Group's activities. The negative consequences of greenhouse gases and climate change have previously garnered adverse publicity for the oil and gas industry and could similarly harm the Group's reputation. Furthermore, because the Group's business closely correlates with offshore oil and natural gas industry activity, existing or future regulations and agreements related to greenhouse gases and climate change, including carbon taxes, greenhouse gas fees, or incentives for energy conservation and renewable energy adoption, could decrease oil and natural gas demand or exploration activity. Any of these factors may materially and adversely affect the Group's business, reputation, financial condition, operational results, and cash flow.

Supplier-related risks
The Group relies on third-party suppliers, manufacturers, and service providers for procuring equipment essential to its operations. The Group is exposed to potential fluctuations in quality, pricing (due to e.g., inflation), and availability of services from its third-party suppliers, manufacturers and other service providers. Certain specialized components and equipment necessary for the Group's operations may be sourced exclusively from a single or a limited number of suppliers. Disruptions in deliveries from such third-party suppliers, including capacity constraints, production interruptions, price escalations, defects, quality issues, recalls, or reduced availability of parts and equipment, may negatively impact the Group's ability to fulfil its commitments to its customers. Such disruptions may result in unremunerated downtime, reduced exploration and production, or contract cancellations or terminations, ultimately affecting the Group's operations and increasing operational costs. Any of these scenarios could have a material adverse effect on the Group's revenue, operational results, and cash flow.

Risks related to the Group's financial situation

Risks related to the payments for oil deliveries that the KRG exports
Since September 2025, cash payments to IOCs for oil exported from Kurdistan rely on interim agreements between the KRG, SOMO and IOCs. All the parties have fulfilled their commitments under these agreements as of the date of this MD&A, and payments to IOCs have been regular.

Nevertheless, there remains a risk that the Company may face significant delays in receiving cash for its entitlement share of future oil deliveries to the KRG for export to the international market via SOMO, and that the agreements may not be extended or made permanent following their expiry. Should the Company not receive payments as expected, or should exports be curtailed in the future, this could have a material effect on the Company's liquidity and operations.

The Group's failure to comply with covenants under the PSCs and JOAs
The PSCs for the blocks and the respective JOAs include provisions if a party fails to meet its obligations under these contracts. Defaults include failure to carry out drilling as prescribed, interruption of production for more than 90 consecutive days without reasonable cause, intentional extraction of materials other than those permitted, bankruptcy or a change of control in a party that is not approved in advance by the KRG. If a default is not remedied within three 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 compensation.

The respective JOA definition of "default" includes payment default and failure to provide security as required under the JOA. If a party does not remedy such a default within five business days after notification, its entitlement shall vest in and become the property of the other parties if the default remains unremedied after a 60-day period. During this period, the operator is entitled to sell the entitlement on arm's-length, reasonable terms and apply the proceeds to cover costs, liabilities and a reserve fund before releasing any remaining surplus. If a default has continued for 60 days or more, a non-defaulting party has the option to acquire the defaulter's participating interest on specified terms.

Should the Company fail to meet its obligations under the PSCs and/or JOAs, it could suffer adverse effects to its business, including, but not limited to, a default under one or both contracts, termination of future revenue generating activities, and impairment of its ability to meet contractual commitments as they fall due.

The Group's failure to comply with covenants under its existing financing agreement or debt financing could trigger an event of default

The Company is subject to certain covenants under its 12% senior unsecured $300,000,000 bond 2021/2029 (the "Bond") documented through bond terms originally dated July 27, 2021 (as amended and restated from time to time, as latest amended and restated by an amendment and restatement agreement dated May 2, 2025) between the Company as issuer and Nordic Trustee AS as bond trustee (the "Bond Trustee") (as amended and restated from time to time, the "Bond Terms"). The Company's failure to comply with the covenants under the Bond Terms could result in an Event of Default that, if not cured or waived, could lead to an acceleration of the Bond, requiring the Company to repay the Bond before their scheduled maturity. The need to refinance the Bond on less favourable terms, or the inability to refinance the Bond at all, could adversely affect the Group's results of operations and financial condition.

Risks related to Laws, Regulations and Litigation

Risks associated with the validity of petroleum contracts in Kurdistan

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

The Iraqi Ministry of Oil ("MoO") has historically disputed the validity of the KRG's PSCs and, consequently, the Company's right and title to its oil assets in Kurdistan. The KRG has disputed the Federal Government's claims and maintains that the PSCs comply with the Constitution of Iraq.

A number of Iraqi court rulings in recent years have affirmed the validity of the KRG PSC contracts, and the MoO has ceased all litigation against the IOCs. However, it is possible that such cases may restart again in the future, and it is possible that they may result in changes that negatively alter the economic or operating terms of the Atrush Block PSC and Sarsang Block PSC. This may adversely affect the Company's business, including, but not limited to, impairing the Company's claim to and title in assets held and/or increasing the obligations required under those PSCs.

Risks associated with legal claims and disputes relating to PSCs and JOAs

The Group may incur unexpected costs or other losses if a counterparty to any contractual arrangement entered into 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 the Sarsang Block PSC. If such parties were to breach the terms of the PSCs or any other agreements affecting the Company's interest in those PSCs, the KRG could revoke, terminate or unfavourably amend the PSCs.

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

The Group's ability to operate its operations could be impaired by governmental regulations, licenses and permits

The Group's operations are subject to various changes in taxes, regulations, and other laws or policies affecting the oil and gas industry in general, as well as by changes in taxes, regulations, and other laws or policies applicable specifically to oil and gas development in Kurdistan and in Iraq. Potential government regulation relating to prices, quotas, and other aspects of the oil and gas business could have adverse effects on the Company's operations, including impairing the Company's ability to sell oil and to receive full payment for all deliveries.

The Group conducts its operations pursuant to the rights granted under the Atrush Block PSC and the Sarsang Block PSC, as well as related licenses, permits, and other authorisations. 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 if such 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 Group's operating activities in Kurdistan is governed by the Oil and Gas Law, by general Kurdistan tax law, and by the terms of the PSCs. However, the arrangements under those PSCs could be overridden or adversely affected by the enactment of future oil and gas or tax legislation in Iraq or in the Kurdistan Region.

Furthermore, the Group has entities incorporated in and resident for tax purposes in Bermuda, the Cayman Islands and Switzerland. Changes in tax legislation or tax practices in any of the jurisdictions where group entities are registered, are tax resident, or conduct business may increase the Company's expected future tax obligations arising from its activities.

Risks related to Controlled foreign company ("CFC") taxation

If Norwegian shareholders (and foreign shareholders that hold the shares in connection with a business that is taxable in Norway), in the aggregate, directly or indirectly own or control 50% or more of the share capital of a company resident in a low-tax jurisdiction at the beginning and end of a fiscal year, or more than 60% at the end of a fiscal year, then such shareholders may become subject to CFC taxation in Norway. A jurisdiction is considered a low-tax jurisdiction if the general income tax on the company's total profits amount to less than two thirds of the tax that would be assessed on the company had it been a Norwegian resident company. Bermuda is currently on the list of countries that are generally considered a low-tax jurisdiction. In the event that CFC taxation applies, the relevant company's annual profits will be taxable for the Norwegian shareholders according to their proportionate share of the company's equity.

CFC taxation applies regardless of whether, and to what extent, the profits are distributed to the Norwegian shareholders. The relevant company's profits will, for the purpose of the CFC taxation, be calculated according to Norwegian tax rules as if the relevant company was a Norwegian taxpayer and assessed at the hands of the Norwegian shareholder(s). For shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("Norwegian Corporate Shareholder") who is subject to CFC taxation, dividends distributed from the relevant company are exempt from further taxation to the extent the dividends do not exceed such shareholder's taxable share of the relevant company's net income. Special rules may apply for Norwegian shareholders if a company subject to CFC taxation cease to be subject to CFC taxation. Special rules also apply to the calculation of taxable gains/losses upon realization of shares by a Norwegian Corporate Shareholder that is or has been subject to CFC taxation. While the Board of Directors of the Company, pursuant to the Bye-Laws, can decline to register transfer of shares likely to result in the Company being classified as a CFC and its Norwegian shareholders being subject to CFC taxation, this can be challenging for the Board of Directors to enforce in practice, and there is no guarantee that the Norwegian shareholders will not become subject to CFC taxation. If the Norwegian shareholders are at risk of becoming subject to CFC taxation, this could also affect the price of the shares as Norwegian shareholders may prefer to sell their shares instead of becoming subject to CFC taxation. In such scenarios, the Board of Directors may, if deemed in the Company's and the shareholders best interest, also consider different alternatives to seek that the Company does not become classified as a CFC (e.g., stock exchange announcements, share issues, etc.).

Legislation enacted in Bermuda as to Economic Substance may affect operations

The Company is incorporated under the laws of Bermuda. Pursuant to the Economic Substance Act 2018 (as amended) of Bermuda (the "ES Act") that came into force on January 1, 2019, a registered entity other than an entity that is resident for tax purposes in certain jurisdictions outside Bermuda ("Non-resident entity") that carries on as a business any one or more of the "relevant activities" referred to in the ES Act must comply with economic substance requirements. The ES Act may require in-scope Bermuda entities that are engaged in such "relevant activities" to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain physical offices and premises in Bermuda or perform core income-generating activities in Bermuda. The list of "relevant activities" includes carrying on any one or more of: banking, insurance, fund management, financing and leasing, headquarters, shipping, distribution and service centre, intellectual property and holding entity. At the date of this MD&A, the Company believes it does not carry on any relevant activity and is out of scope of the economic substance requirements in Bermuda, but to the extent the Company is required to increase its substance in Bermuda to satisfy additional requirements in the future, it could result in additional costs that could adversely affect the Company's financial condition or results of operations. If the Company was required to satisfy economic substance requirements in Bermuda but failed to do so, the Company could face automatic disclosure to competent authorities in the European Union or certain other jurisdictions of the information filed by the entity with the Bermuda Registrar of Companies in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of the Company's business activities and/or may be struck off as a registered entity in Bermuda.

ADDITIONAL INFORMATION

Additional information related to the Company is available on the Company's website at www.shamaranpetroleum.com.

ShaMaran plans to publish its financial statements for the nine months ending September 30, 2026, on November 9, 2026.

OTHER SUPPLEMENTARY INFORMATION

Oil-related terms and measurements

bbl	Barrel (1 barrel = 159 litres)
boe	Barrels of oil equivalent
boepd	Barrels of oil equivalent per day
bopd	Barrels of oil per day
kg	Kilograms
Mbbl	Thousand barrels
MMbbl	Million barrels
Mboe	Thousand barrels of oil equivalent
Mboepd	Thousand barrels of oil equivalent per day
Mbopd	Thousand barrels of oil per day
Mcf	Thousand cubic feet
MMboe	Million barrels of oil equivalent
m^3	Cubic metres

Condensed Interim Consolidated Statement of Comprehensive Income (unaudited)

For the three and six months ended June 30

		Three months ended June 30,		Six months ended June 30,	
Expressed in thousands of United States dollars	Note	**2026**	**2025**	**2026**	**2025**
Revenues	5	**17,759**	**35,385**	**55,790**	**71,270**
Cost of goods sold:					
Lifting costs	6	(4,008)	(8,877)	(11,929)	(18,311)
Other costs of production	6	(74)	(106)	(185)	(233)
Depletion	6	(414)	(13,627)	(7,715)	(27,475)
Gross margin on oil sales		**13,263**	**12,775**	**35,961**	**25,251**
Credit loss provision	12	539	1,042	354	2,356
Depreciation and amortization expense		(25)	(37)	(51)	(38)
Share-based payments expense	18	(611)	(1,004)	(445)	(4,475)
General and administrative expense	7	(2,036)	(1,552)	(3,907)	(6,628)
Income from operating activities		**11,130**	**11,224**	**31,912**	**16,466**
Finance income	8	292	655	630	1,296
Finance expense	9	(2,610)	(8,286)	(6,686)	(15,268)
Net finance expense		**(2,318)**	**(7,631)**	**(6,056)**	**(13,972)**
Income before income tax expense		**8,812**	**3,593**	**25,856**	**2,494**
Income tax expense	10	7	(75)	(13)	(82)
Income for the period		**8,819**	**3,518**	**25,843**	**2,412**
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Currency translation differences		-	48	-	96
Total other comprehensive Income		**-**	**48**	**-**	**96**
Total comprehensive Income for the period		**8,819**	**3,566**	**25,843**	**2,508**
Earnings in dollars per share (Note 17):					
Basic		-	-	0.01	-
Diluted		-	-	0.01	-

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Balance Sheet (unaudited)

As at June 30, 2026, and December 31, 2025

Expressed in thousands of United States dollars	Note	June 30, 2026	December 31, 2025
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	345,072	324,505
Accounts receivable	*12*	21,848	22,938
Right-of-use asset	*13*	620	656
Intangible assets		64	79
		367,604	**348,178**
Current assets			
Accounts receivable	*12*	76,582	61,965
Cash and cash equivalents, unrestricted		28,039	41,150
Cash and cash equivalents, restricted		911	981
Other current assets		484	489
		106,016	**104,585**
TOTAL ASSETS		**473,620**	**452,763**
LIABILITIES			
Non-current liabilities			
Borrowings	*15*	131,799	131,799
Provisions	*16*	44,160	44,212
Cash-settled deferred share units	*18*	3,047	3,904
Lease liability	*13*	595	625
Pension liability		393	402
		179,994	**180,942**
Current liabilities			
Accrued interest expense on corporate bond	*15*	13,794	13,549
Accounts payable and accrued expenses	*14*	5,578	8,474
Other current liabilities		53	21
		19,425	**22,044**
EQUITY			
Share capital	*17*	673,438	674,622
Share-based payments reserve		9,750	9,985
Cumulative translation adjustment		192	192
Accumulated deficit		(409,179)	(435,022)
		274,201	**249,777**
TOTAL EQUITY AND LIABILITIES		**473,620**	**452,763**

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

Going concern (Note 2b)
Commitments and contingencies (Note 20)
Subsequent events (Note 22)

Signed on behalf of the Board of Directors

/s/Michael Ebsary — Michael Ebsary, Director

/s/Chris Bruijnzeels — Chris Bruijnzeels, Director

Condensed Interim Consolidated Statement of Cash Flow (unaudited)

For the three and six months ended June 30

Expressed in thousands of United States dollars	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Operating activities					
Income for the period		**8,819**	**3,518**	**25,843**	**2,412**
Adjustments for non-cash related items:					
Borrowing costs – net of amount capitalized		2,278	7,801	5,965	14,679
Share-based payment expense		611	1,004	445	4,475
Depreciation, depletion and amortization expense		439	13,664	7,766	27,513
Unwinding discount on decommissioning provision		288	441	560	489
Foreign exchange loss	*9*	29	15	80	71
Interest income		(292)	(655)	(630)	(1,296)
Changes in accounts payable and accrued expenses		2,879	(290)	(2,896)	481
Changes in other current assets		156	79	5	302
Changes in current tax liabilities		31	-	30	(25)
Changes in pension liability		(4)	52	(9)	64
Changes in accounts receivables on oil sales		(13,025)	819	(13,527)	9,315
Net cash inflows from operating activities		**2,209**	**26,448**	**23,632**	**58,480**
Investing activities					
Purchase of property, plant and equipment		(6,410)	809	(25,988)	5,923
Interest received on cash deposits		307	686	630	1,320
Net cash (outflows to) / inflows from investing activities		**(6,103)**	**1,495**	**(25,358)**	**7,243**
Financing activities					
Private placement		1,105	-	1,105	-
Bond transaction costs		-	(15)	-	(15)
Related-party loan repayment		-	(4,970)	-	(4,970)
Repayment of bonds		-	(29,375)	-	(56,146)
Principal element of lease payments	*13*	(12)	(25)	(24)	(25)
Payments for share and stock compensation plan		(430)	(575)	(3,826)	(2,115)
Payments to bondholders and related party – interest	*15*	(4,313)	(5,195)	(8,626)	(12,128)
Net cash outflows to financing activities		**(3,650)**	**(40,155)**	**(11,371)**	**(75,399)**
Effect of exchange rate changes on cash and cash equivalents		(31)	33	(84)	25
Change in cash and cash equivalents		**(7,575)**	**(12,179)**	**(13,181)**	**(9,651)**
Cash and cash equivalents, beginning of the period*		36,525	79,329	42,131	76,801
Cash and cash equivalents, end of the period*		**28,950**	**67,150**	**28,950**	**67,150**
***Inclusive of restricted cash**		**911**	-	**911**	-

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Changes in Equity
For the six months ended June 30

Expressed in thousands of United States dollars	Share capital	Share-based payments reserve	Cumulative translation adjustment	Accumulated deficit	Total
Balance at January 1, 2025	**672,530**	**12,551**	**108**	**(461,988)**	**223,201**
Total comprehensive income for the period:					
Income for the period	-	-	-	2,412	2,412
Other comprehensive income	-	-	96	-	96
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 18)	-	(2,330)	-	-	(2,330)
Options exercised*	1,223	-	-	-	1,223
RSU shares issued*	1,901	-	-	-	1,901
	3,124	(2,330)	96	2,412	3,302
Balance at June 30, 2025	**675,654**	**10,221**	**204**	**(459,576)**	**226,503**
Balance at December 31, 2025	**674,622**	**9,985**	**192**	**(435,022)**	**249,777**
Total comprehensive income for the period:					
Income for the period	-	-	-	25,843	25,843
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 18)	-	(177)	-	-	(177)
Options exercised*	64	-	-	-	64
RSU shares vested*	(2,411)	-	-	-	(2,411)
Shares issued on private placement*	1,163	(58)	-	-	1,105
	(1,184)	(235)	-	25,843	24,424
Balance at June 30, 2026	**673,438**	**9,750**	**192**	**(409,179)**	**274,201**

*Refer to Note 17

The accompanying Notes are an integral part of these condensed interim consolidated financial statements.

1. General information

ShaMaran Petroleum Ltd., formerly ShaMaran Petroleum Corp., (“ShaMaran” and, together with its subsidiaries, the “Company”) on May 27, 2026, completed the previously announced corporate continuance from Canada to Bermuda. The Company is now incorporated in and subject to the laws of Bermuda, and the address of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

Simultaneously with the continuance, the Company’s shares were delisted from the TSX Venture Exchange in Toronto and, on June 5, 2026, began trading on the Euronext Growth Oslo market (“EGO”) operated by the Oslo Stock Exchange. The Company maintains its secondary listing on the Nasdaq First Growth North in Stockholm. The Company’s shares on both markets trade under the ticker symbol “SNM”.

The Company is engaged in the business of oil and gas exploration and production and holds the following interests at June 30, 2026:

- 50% non-operated working interest (66.7% paying interest) in the Atrush Block production sharing contract (“Atrush PSC”) in the Kurdistan Region of Iraq (“KRI”). The Atrush Block twenty-year development period commenced in Q4 2013, and oil production on the Atrush Block commenced in Q3 2017.

- 18% non-operated working interest (22.5% paying interest) in the Sarsang Block production sharing contract (“Sarsang PSC”) in the KRI. The Sarsang Block twenty-year development period commenced in Q2 2013, and oil production on the Sarsang Block commenced in Q1 2013.

2. Basis of preparation and going concern

a. Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The significant accounting policies of the Company have been applied consistently throughout the period. The policies applied in these unaudited consolidated financial statements are based on IFRS Accounting Standards as of August 5, 2026, the date these unaudited condensed consolidated financial statements were approved and authorized for issuance by the Company’s board of directors (“the Board”).

b. Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a 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.

The closure of the Iraq-Türkiye pipeline (“ITP”) on March 25, 2023, heavily impacted the Company’s operations. On September 25, 2025, the Company announced that interim agreements were executed between the Kurdistan Regional Government (“KRG”), Government of Iraq and several international oil companies (“IOCs”), including ShaMaran. These agreements enabled the restart of international oil exports by pipeline from the KRI on September 27, 2025. The agreements to resume oil exports from the KRI are based on the Iraqi Budget Law amendment in February 2025 and Iraq’s recognition of the KRI PSCs. The Budget Law provides for an initial period of approximately three months, currently extended to September 30, 2026, during which IOCs are compensated at $16 per barrel for the cost of production and transportation, resulting in similar economics to the previous KRI local oil sales, with a reconciliation to full PSC entitlement following a review of the IOC invoices and contractual entitlements by an industry consultant. The Iraqi State Organization for Marketing of Oil (“SOMO”) is marketing the KRI crude at the Kirkuk blend official selling price, and IOCs are being paid in arrears from the sale of their allocation at Ceyhan via their nominated trader. IOCs expect full PSC entitlement payment now that the review is completed and are working with SOMO to collect the top-up payments.

The agreements also provide that the IOCs and KRG will continue discussions about recovering outstanding accounts receivable from past oil sales. As uncertainty remains regarding the timing and viability of payments by the KRG for these receivables, the Company has adjusted the credit loss provision to reflect this. Refer to Note 12 for additional information.

Management believes that the signing of the interim agreements and restart of pipeline exports are positive steps towards improving the operating environment for IOCs with assets in the KRI. However, long-term agreements are needed with regular payments for oil sales based on PSC invoices before the Company can be confident that the uncertainties introduced by the ITP closure are resolved.

On March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional security environment related to the Iran war, and on March 5, 2026, and April 1, 2026, the Company announced explosions at the Sarsang field. After the first shut-in (early March 2026 until late June 2026), the fields briefly resumed delivering international exports via the ITP before being suspended again due to renewed security concerns from July 20, 2026 (refer to Note 22).

These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flow from operations or to secure additional funding from shareholders or lenders. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

c. Significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of application as those in the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

3. Critical accounting judgments and key sources of estimation uncertainty

Areas of critical accounting judgments that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

4. Business and geographical segments

The Company operates in one business segment, oil and gas exploration and production, and one geographical segment, the KRI. As a result, in accordance with *IFRS 8: Operating Segments,* the Company has presented its financial information collectively for one operating segment.

5. Revenues

As discussed in Note 2b, the ITP was closed from March 25, 2023, until September 27, 2025. The revenues recorded during this period relate entirely to oil sold to local refineries. Prices for these crude oil sales were in line with the local market and at a significant discount to international benchmark prices but with upfront or prompt payment. From September 27, 2025, all oil sales are sold to the KRG for ITP export, and revenues are recorded as per the interim agreements at the Kirkuk blend official selling price, with payments in arrears. As also discussed in Note 2b, production was suspended for most of the second quarter of 2026, significantly impacting revenue. Most of the revenue recorded in the second quarter of 2026 corresponds to actual price realizations for ITP export sales in the first quarter of 2026. The actual realized oil price for the first quarter of 2026 was considerably higher than the estimated price accrued in the first quarter due to the timing of cargo liftings and the significant increase in oil price due to the Iran war. Most of the first quarter's oil exports were sold in cargos from Ceyhan at a higher price during the second quarter.

Refer also to Note 12.

6. Cost of goods sold

Lifting costs are composed of the Company's share of expenses related to the production of oil from the Atrush and Sarsang blocks, including operation and maintenance of wells and production facilities, insurance and the operator's related support costs charged to the Company.

Other costs of production include the Company's share of other costs prescribed under the PSCs.

Oil and gas assets are depleted using the unit of production method based on proved and probable reserves using estimated future prices and costs and accounting for future development expenditures necessary to bring those reserves into production.

Refer also to Notes 5 and 11.

7. General and administrative expense

General and administrative expenses principally include the Company's cost of technical and administrative personnel, travel, office, business development, stock exchange listing and regulatory costs.

8. Finance income

Finance income relates to the interest received on cash deposits.

Expressed in thousands of United States dollars, unless otherwise noted

9. Finance expense

	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Interest/amortization charges on bonds	4,811	5,621	9,561	11,507
Amortization of related-party loan	-	469	-	1,004
Re-measurement of contingent consideration	(670)	(98)	(746)	58
Adjustment of bond and loan amortization	(691)	2,288	(691)	3,134
Total borrowing costs	**3,450**	**8,280**	**8,124**	**15,703**
Unwinding discount on decommissioning provision	288	441	560	489
Foreign exchange loss	29	15	80	71
Lease – interest expense	15	29	29	29
Interest expenses	-	-	52	-
Total finance expense before borrowing costs capitalized	**3,782**	**8,765**	**8,845**	**16,292**
Borrowing costs capitalized	(1,172)	(479)	(2,159)	(1,024)
Total finance expense	**2,610**	**8,286**	**6,686**	**15,268**

The Company previously had a loan from a related party, Nemesia S.à.r.l. ("Nemesia"). In Q3 2025, the Company repaid the full balance of the loan plus all accrued and unpaid interest.

Interest and amortization charges relate to the Company's bond and related-party loan. The bond amendments effective May 2, 2025, as well as the repayments of the related-party loan, were treated as a modification to the bond and loan, and the amortization schedules were adjusted accordingly.

Refer to Notes 15 regarding the Company bond, Note 16 regarding the contingent consideration and decommissioning provision and Note 13 regarding the lease interest.

Borrowing costs directly attributable to the preparation of development assets for their intended use have been capitalized together with the related oil and gas assets. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

10. Taxation

The tax expense is incurred on the profits of the Swiss administrative company and the Danish company that was dissolved as of June 23, 2026.

Expressed in thousands of United States dollars, unless otherwise noted

11. Property, plant and equipment

PP&E principally comprises development costs related to the Company's share of the PSCs, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

During the first half of 2026, movements in PP&E include general additions of $28.2 million (2025 full year: $8.9 million of general additions), which included capitalized borrowing costs of $2.2 million (2025 full year: $2.2 million), plus depletion and depreciation expense of $7.6 million (2025 full year: $50.1 million), that resulted in a net increase to PP&E assets of $20.6 million.

Refer also to Notes 5 and 6.

12. Accounts receivable

At June 30, 2026, the Company had outstanding receivables as follows:

	At June 30, 2026	At December 31, 2025
Accounts receivable on oil sales	109,265	96,093
Credit loss provision	(10,835)	(11,190)
Total accounts receivable, net of provisions	**98,430**	**84,903**
Current portion	76,582	61,965
Non-current portion	21,848	22,938

The accounts receivable balance at June 30, 2026, relates to $52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the "Overdue Receivables") and $56.5 million representing the remaining PSC entitlement amounts owed for 2025-2026 ITP export sales. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. Refer to Note 2b. The Company has reassessed the credit loss provision for the Overdue Receivables and has compared the carrying value of the relevant trade receivables with the present value of the estimated future cash flows based on reasonable recovery scenarios, weighted by the relative probability of these potential outcomes. A relevant discount rate has been applied to reflect counterparty credit risk to provide a reasonable approximation of the fair value of these trade receivables at June 30, 2026. The result of the Company's assessment under *IFRS 9* is a $0.4 million adjustment to these trade receivables in the first half of 2026, included in the Statement of Comprehensive Income (2025: $2.4 million). The portion of these receivables that is estimated to be received after 2027 is classified as non-current due to uncertainty in the timing of recovery.

The remaining PSC entitlement amounts owed for the 2025-2026 ITP export sales are all classified as current receivables. It is expected that these amounts will be paid following completion of the review of the IOC invoices and contractual entitlements by the appointed industry consultant.

Refer also to Note 5.

Expressed in thousands of United States dollars, unless otherwise noted

13. Right-of-use asset and lease liability

The right-of-use asset relates to the ten-year office lease for the Company's technical and administrative services office in Vésenaz, Switzerland. At June 30, 2026, the balance sheet shows a value of $620 (2025: $704) for the right-of-use asset and a total lease liability value of $651 (2025: $716); split $56 (2025: $53) as a current liability (within other current liabilities) and $595 (2025: $663) as a non-current liability. The income statement for the six months ended June 30, 2026, includes the depreciation charge of the right-of-use asset of $30 (2025: $30) plus an interest expense of $29 (2025: $29) included in the finance cost.

Refer also to Note 9.

14. Accounts payable and accrued expenses

	At June 30, 2026	At December 31, 2025
Payables to joint-operations partners	4,142	5,583
Accrued expenses	911	2,372
Trade payables	525	519
Total accounts payable and accrued expenses	**5,578**	**8,474**

15. Borrowings

On April 11, 2025, the Company announced bondholder approval for certain further amendments to the terms of the Company's outstanding bond. The new amendments became effective on May 2, 2025, and included converting the mandatory cash sweep to voluntary and extending the maturity by an additional two years to July 2029 (the "2029 Bond"). All amendments to the bond have been treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense. Refer to Note 9 for more information. The total outstanding nominal amount of the 2029 Bond at June 30, 2026, was $143.8 million.

The bond has a financial covenant stating that at all times the ratio of reserve value to net debt ("Asset Coverage Ratio") shall be a minimum of 1.25x. The reserve value is based on the latest 2P reserve value as set out in the latest published reserve report. Net debt is calculated as total debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the covenant was included in the bond terms.

The movements in borrowings are explained below:

	June 30, 2026	December 31, 2025
Opening balance:	**145,348**	**198,296**
Interest/amortization charges	8,870	23,572
Bond transaction costs	-	(556)
Bond cancellation	-	(56,146)
Payments to bondholders – interest	(8,626)	(19,818)
Ending balance	**145,592**	**145,348**
Non-current portion – net borrowings	131,799	131,799
Current portion – accrued bond interest expense	13,794	13,549

Expressed in thousands of United States dollars, unless otherwise noted

16. Provisions

	At June 30, 2026	At December 31, 2025
Opening balance	**32,185**	**32,972**
Unwinding discount on decommissioning provision	560	1,000
Changes in estimates and obligations incurred	234	(698)
Changes in discount and inflation rates	(100)	(1,089)
Total decommissioning and site restoration provisions	**32,879**	**32,185**
Contingent consideration	11,281	12,027
Total provisions	**44,160**	**44,212**

The decommissioning and site restoration provision relates to the Company's share of future costs in respect of the Company's 50% interest (66.7% paying interest) in the Atrush Block and 18% interest (22.5% paying interest) in the Sarsang Block. The provision assumes these works will commence in 2032 for Atrush and in 2038 for Sarsang and will take ten years to abandon. The undiscounted provision at June 30, 2026, is $34.8 million (2025: $34.0 million) and was discounted using a risk-free rate of 4.23% for the Atrush Block and 4.47% for the Sarsang Block (2025: 3.24 % for the Atrush Block and 3.80% for the Sarsang Block) with an inflation rate of 3.50% (2025: 2.68%).

The contingent consideration relates to the purchase consideration for the acquisition of the interest in the Sarsang Block, purchased in September 2022, and is payable to the seller upon (i) cumulative gross oil production from the Sarsang PSC reaching 130 MMbbls and (ii) Brent crude oil prices averaging at least $60/bbl for the preceding twelve-month period. The Company estimates the fair value of this contingent consideration based on forecasted results from the reserves report at the end of each quarter and treats any difference as a finance income/cost.

Refer also to Note 9.

17. Share capital

The Company is authorized to issue an unlimited number of common shares with no par value. The Company's issued share capital is as follows:

	Number of shares	Share capital ($)
At January 1, 2025	**2,845,961,365**	**672,530**
RSUs	12,753,177	(432)
Options	16,734,707	2,524
At December 31, 2025	**2,875,449,249**	**674,622**
RSUs	-	(2,411)
Options	3,055,065	64
Private placement	8,999,999	1,163
At June 30, 2026	**2,887,504,313**	**673,438**

During the first half of 2026, a total of 3,055,065 common shares from exercised options and nil common shares from vested Restricted Share Units ("RSUs") were issued to plan participants in accordance with the Company's Share Unit Plan (2025 full year: 12,753,177 RSUs and 16,734,707 options). The carrying value of the RSU shares has been determined based on the Company's average closing share price over the five-day period prior to the vesting date.

On June 2, 2026, the Company announced that 8,999,999 offer shares were placed through a retail private placement in connection with the listing of the Company on the EGO.

Refer also to Notes 1 and 18.

Expressed in thousands of United States dollars, unless otherwise noted

Earnings per share

	For the six months ended June 30,	
	2026	**2025**
Net income, in dollars	25,843	2,412
Weighted average number of shares outstanding during the period	2,879,549,586	2,860,156,701
Weighted average diluted number of shares outstanding during the period	2,958,776,476	2,963,936,926
Basic income per share, in dollars	0.01	-
Diluted income per share, in dollars	0.01	-

18. Share-based payments expense

The Company has established share unit plans and a share purchase option plan whereby a committee of the Board may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees and consultants. At June 30, 2026, a total of 79,226,890 shares (3% of the issued share capital) had been granted of the potential 288,750,431 shares that could be granted under the plans. 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 plans, the Company may grant stock options, performance share units, RSUs and deferred share units ("DSUs"). The DSU Plan is for non-executive directors of the Company.

Stock options vest in three equal tranches over two years with the first vesting immediately on the grant date, the next on the first anniversary date and the remaining third on the second anniversary date. RSUs vest in three equal tranches over three years with the first vesting on the first anniversary of the grant date, the next on the second anniversary date and the remaining third on the third anniversary date. The grants are subject to continued employment with the Company. DSUs vest immediately on grant but are not available until the non-executive director leaves the Company, unless redeemed early at the Company's option.

In the first six months of 2026, a total of 14,951,316 RSUs vested, 332,015 RSUs were forfeited, 7,366,666 options were exercised and 210,000 options were forfeited (2025: 17,363,336 RSUs vested and 31,773,335 options were exercised).

The movements in the first six months of 2026 resulted in charges to the Statement of Comprehensive Income for options of $295 (2025: $336), for RSUs of $1,007 (2025: $2,574) and for DSUs of $(857) (2025: $1,565). The carrying amount of the DSU liability at June 30, 2026, is $3,047 (December 31, 2025: $3,904), which is valued at the quarter-end closing share price. The closing share price at June 30, 2026, was SEK 1.33 (December 31, 2025, CAD 0.24, SEK 1.58).

Expressed in thousands of United States dollars, unless otherwise noted

A summary of movements in the Company's outstanding options and share units is below:

	Number of stock options outstanding	Number of RSUs outstanding	Number of DSUs outstanding
At December 31, 2025	**27,403,328**	**52,413,324**	**22,270,235**
Options exercised	(7,366,666)	-	-
Expired/forfeited	(210,000)	(332,015)	-
RSUs vested	-	(14,951,316)	-
At June 30, 2026	**19,826,662**	**37,129,993**	**22,270,235**
Quantities vested and unexercised:			
At December 31, 2025	9,816,670	-	22,270,235
At June 30, 2026	9,455,833	-	22,270,235
Weighted average exercise price of options exercised:			
At December 31, 2025	CAD 0.07 (SEK 0.47)		
At June 30, 2026	SEK 0.75		
Weighted average remaining contractual life of options:			
At December 31, 2025	4.1 years		
At June 30, 2026	3.5 years		
Weighted average exercise price of outstanding options:			
At December 31, 2025	CAD 0.14 (SEK 0.94)		
At June 30, 2026	SEK 1.005		

The Company recognizes compensation expense on stock options granted to both employees and non-employees using the fair value method at the date of grant. 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 stock options.

Comparative share price figures above for 2025 are shown in CAD and SEK due to the recent delisting from the TSX Venture Exchange in Toronto. Refer to Note 1. The 2026 figures are taken from the Nasdaq First North Growth Market in Stockholm in SEK because the Company's share plans reference this market.

Expressed in thousands of United States dollars, unless otherwise noted

19. Financial instruments

Financial assets

The financial assets of the Company on the balance sheet dates were as follows:

	Fair value hierarchy [5]	Carrying and fair values at [1] June 30, 2026	December 31, 2025
Accounts receivable [4]	Level 3	98,430	84,903
Cash and cash equivalents, unrestricted [2]	Level 1	28,039	41,150
Cash and cash equivalents, restricted [2]	Level 1	911	981
Other receivables [2]	Level 2	151	142
Total financial assets		**127,531**	**127,176**

Financial assets classified as other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Financial liabilities

The financial liabilities of the Company on the balance sheet dates were as follows:

	Fair value hierarchy [5]	Carrying values at [1] June 30, 2026	December 31, 2025
Borrowings [3]	Level 2	131,799	131,799
Accrued interest on bond	Level 2	13,794	13,549
Contingent consideration	Level 3	11,281	12,027
Accounts payable and accrued expenses [2]	Level 2	5,578	8,474
Total financial liabilities		**162,452**	**165,849**

Financial liabilities other than the contingent consideration are initially recognized at the fair value of the amount expected to be paid and subsequently measured at amortized cost using the effective interest rate method. The contingent consideration is recorded at its estimated fair value at the end of each quarter with any movements recorded to finance income/cost. Refer to Note 16 for additional information.

[1] The carrying amount of the Company's financial assets approximate their fair values at the balance sheet dates.

[2] No valuation techniques have been applied to establish the fair value of these financial instruments as they are either cash and cash equivalents, correspond to payment terms fixed by contract or, due to the short-term nature, are readily convertible to or settled with cash and cash equivalents.

[3] The Company's estimate for the fair value of its net borrowings (the gross outstanding amount of the 2029 Bond) at the balance sheet date is $150.2 million (December 31, 2025: $150.6 million) based on recent trading in the Company's bond and indicative pricing provided by brokers.

[4] Provisions have been made to the accounts receivable. Refer to Note 12 for additional information.

[5] *Fair value measurements*

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy of three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1: fair value measurements are based on unadjusted quoted market prices;
- Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted prices or indices; and
- Level 3: fair value measurements are derived from valuation techniques that include inputs that are not based on observable market data.

Expressed in thousands of United States dollars, unless otherwise noted

20. Commitments and contingencies

At June 30, 2026, the outstanding commitments of the Company were as follows:

	For the year ended June 30,				
	2027	2028	2029	Thereafter	Total
Atrush and Sarsang block development and PSC	61,273	400	400	1,200	**63,273**
Sarsang contingent consideration	-	-	-	15,000	**15,000**
Corporate office and other	72	63	63	345	**543**
Total commitments	**61,345**	**463**	**463**	**16,545**	**78,816**

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2026 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon the security situation, continued production, continuation of sales and other economic factors.

Refer to Note 16 for further information regarding the Sarsang contingent consideration.

21. Related-party transactions

Transactions with corporate entities

	Transactions for periods ended June 30,				Amounts owing at the balance sheet dates	
	three months		six months			
	2026	2025	2026	2025	June 30, 2026	December 31, 2025
International Petroleum Corp.	78	106	176	182	-	36
Orrön Energy AB	37	14	85	48	-	1
Namdo Management Services Ltd.	1	10	10	16	-	74
Nemesia	-	5,592	-	6,128	-	-
Lundin Foundation	-	(36)	-	19	-	-
Total	**116**	**5,686**	**271**	**6,393**	**-**	**111**

Nemesia is a company controlled by a trust settled by the estate of the late Adolf H. Lundin and is a shareholder and bondholder of the Company. The Company had a loan from Nemesia that was fully repaid in 2025. Refer to Note 9 for further details.

The Lundin Foundation is a non-profit organization, of which the Company is a member, that provides services for Lundin Group companies.

International Petroleum Corp., Namdo Management Services Ltd. and Orrön Energy AB are companies affiliated with shareholders of the Company and provide corporate, technical and administrative support services to the Company.

All transactions with related parties are conducted in the normal course of business and are made on an arm's-length basis, as with all third parties.

22. Subsequent events

On July 13, 2026, the Company announced that production and pipeline exports had gradually increased following restart of operations at the Atrush and Sarsang blocks.

A further shut-in at both blocks was announced by the Company on July 20, 2026, due to the deterioration of the regional security environment.

Subsequent to the expiration of the ITP agreement on July 27, 2026, Iraq and Türkiye signed a one-year interim agreement on August 1, 2026, to extend the operation of the ITP.

NON-EXECUTIVE DIRECTORS

Chris Bruijnzeels
Director, Chairman

Michael Ebsary
Director

Keith Hill
Director

William Lundin
Director

OFFICERS

Garrett Soden
Director, President and Chief Executive Officer

Elvis Pellumbi
Chief Financial Officer and Corporate Secretary

INVESTOR RELATIONS

Robert Eriksson

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INDEPENDENT AUDITORS

PricewaterhouseCoopers AG
Geneva, Switzerland

TRANSFER AGENT

DNB Bank ASA
Oslo, Norway

STOCK EXCHANGE LISTINGS

Oslo: Euronext Growth Market

Stockholm: Nasdaq First North Growth Market

Trading Symbol: SNM