

*Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst ta kontakt med Nordic Trustee AS.*

**To the bondholders in:**

**ISIN NO 0010826456: "ShaMaran Petroleum Corp. 12.00% senior unsecured USD 240,000,000 callable bonds 2018/2023"**

**Notice of Written Resolution**

Oslo, 21 January 2019

Nordic Trustee AS acts as trustee (the "**Bond Trustee**") for the holders (the "**Bondholders**") of the bonds (the "**Bonds**") in the above mentioned bond issue with ISIN NO 0010826456 (the "**Bond Issue**") issued by ShaMaran Petroleum Corp. (the "**Issuer**" or the "**Company**").

The Issuer has requested that the Bond Trustee issues this request for a Written Resolution pursuant to Clause 15.5 (Written Resolutions) of the Bond Terms to consider approval of the Proposal (as defined below).

All capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the bond terms dated 3 July 2018 (the "**Bond Terms**"), unless otherwise stated herein. References to Clauses and paragraphs are references to Clauses and paragraphs of the Bond Terms.

*The information in this summons regarding the background, the Issuer, the described transactions and the Proposal set out in Section 2 below are provided by the Company (together with its subsidiaries, the "**Group**"), and the Bond Trustee expressly disclaims all liability whatsoever related to such information. Bondholders are encouraged to read this notice including appendices in their entirety.*

## **1 BACKGROUND**

The Company refers to its recent announcements on 27 December 2018, regarding the acquisition of a 7.5% participating interest in the Atrush PSC from Marathon International Oil Company (the "**Acquisition**") and the approval of the Written Resolution on 2 January 2019 which was intended to give the Company sufficient time to consider alternative acquisition structures. The revised Acquisition is highly beneficial to the Bondholders as it increases ShaMaran's participating interest in the Atrush field from 20.1% to 27.6%. Consequently the Company's share of Atrush production, reserves and resources, as well as asset backing for the Bonds, will increase by 37.3%. The Acquisition is conditional on the consent of the KRG and certain other closing conditions including final documentation. The KRG has given its initial consent verbally and closing is expected to occur in Q1 2019.

The Marathon Transaction contemplated in the Bond Terms lapsed due to lack of partner consent. As the structure of the acquisition of an increased share of the Atrush asset has changed, the Acquisition requires consent from the Bondholders. ShaMaran is therefore pleased to present an attractive proposal to Bondholders that will provide full repayment of the USD 50 million on the Marathon Pledged Account at par value plus accrued interest (on the Bonds that will be redeemed) and a fully funded Acquisition. Furthermore, by reducing the aggregate outstanding amount of the Bond Issue to USD 190 million and increasing the interest in Atrush to 27.6%, the relative leverage is unchanged compared to the original transaction with an aggregate outstanding amount of USD 240 million under

the Bond Issue and a corresponding 35.1% participating interest. The Company is also proposing to further reduce the aggregate outstanding amount of the Bond Issue to a maximum of USD 175 million through buy-backs or amortization by no later than the interest payment date in July 2020. With the support of its largest shareholder, the Lundin Family Trust through Nemesia Sarl (organisation number RCS B 204 552, incorporated in Luxembourg) ("**Nemesia**"), ShaMaran proposes a solution whereby the Company finances the Acquisition through its existing cash balances and uses funds in the Marathon Pledged Account to redeem USD 50 million of Bonds at par value plus accrued interest (on the Bonds to be redeemed).

In order to fund the Acquisition through available cash, ShaMaran proposes to release the amount currently deposited on the Debt Service Retention Account (the "**DSRA**"). ShaMaran further proposes that the requirement to fund the DSRA with an amount equal to 6 months interest under the Bonds no later than 31 December 2018 and 12 months interest under the Bonds no later than 30 June 2019 is waived and replaced by an extension of the Liquidity Guarantee provided by Nemesia. The Liquidity Guarantee shall remain in force until the DSRA has been funded with an amount equal to 12 months interest under the Bonds. In return the Company proposes that the 1% step-up in Interest Rate in the event of a Marathon Transaction Long Stop Event occurring shall lapse and be replaced with a coupon step-up of 1% in the event the Acquisition has not been completed within 5 July 2019.

The amendments required to implement the proposal above is further described in section 2 (PROPOSAL) below.

Bondholders representing a significant share of outstanding Bonds have confirmed that they will vote in favour of the Proposal as set out in this letter.

## **2 PROPOSAL**

In accordance with Clause 15.5 of the Bond Terms, the Issuer has approached the Bond Trustee to propose that the Bondholders adopt a Written Resolution to approve the Transaction and make certain amendments to the Bond Terms as described below (the "**Proposal**").

- (i) The Acquisition and amendments set out in section 1 above are approved.
- (ii) The Company may release the funds currently deposited in the Debt Service Retention Account to fund the Acquisition and for general corporate purposes. Such release will be carried out within 5 Business Days after the Company has notified the Bond Trustee. Any deposits made to the Debt Service Retention Account after the release of the funds deposited until now will be subject to the restrictions in the Bond Terms.
- (iii) The Issuer shall use funds in the Marathon Pledged Account to prepay Outstanding Bonds in a total principal amount of USD 50,000,000 (at Nominal Amount including accrued interest), such prepayment to take place no later than 10 Business Days after the Bondholders' Meeting has approved the proposal set out in this notice of written resolution. Any residual amount in the account will be released to the Issuer and the account will be closed.
- (iv) The Issuer shall reduce the aggregate outstanding amount of the Bond Issue to a maximum of USD 175,000,000 within 5 Business Days prior to the Interest Payment Date on 5 July 2020 (the "**July 2020 Payment Date**"). If the aggregate outstanding amount of the Bond Issue has not been reduced to a maximum of USD 175,000,000 5 Business Days prior to the July 2020 Payment Date, the Issuer shall on the July 2020 Payment Date redeem Bonds at their Nominal Amount (plus accrued interest) in an aggregate amount that reduces the aggregate outstanding amount of the Bond Issue to USD 175,000,000.

- (v) The definitions of Atrush PSC, Marathon Asset, Marathon Pledged Account, Marathon SPA, Marathon Transaction Longstop Date and Significant Asset Disposal Event will be deleted or amended (as relevant) to reflect the terms of the Acquisition as described in section 1 above (subject to completion of the Acquisition).
- (vi) Clause 2.5 will be updated to reflect that with effect from the prepayment set out in (ii) above, the Debt Service Retention Account is the only security for the Bonds.
- (vii) Clause 10.5 regarding a mandatory prepayment upon a Marathon Transaction Longstop Event will be deleted and replaced with a step up in the Interest Rate of 1% p.a. in the event the Acquisition has not been completed within 5 July 2019. There will be no step up in the Interest Rate in connection with the cancellation of the Marathon Transaction described in the current version of the Bond Terms.
- (viii) Clause 13.19 and 13.20 to be amended to reflect that there is no fixed deadline for funding the Debt Service Retention Account with 12 months interest under the Bonds and that the Liquidity Guarantee will remain in force until the Debt Service Retention Account has been funded with 12 months interest under the Bonds.

The Bond Trustee is authorised to agree the amendments required to the Bond Terms to implement the proposal set out above and the amendments shall be documented by an amendment agreement to the Bond Terms (the “**Bond Terms Amendments**”). The Bond Terms Amendment will be effective upon satisfaction of the following conditions precedent (the “**Effective Date**”):

- (i) copies of the Issuer's (a) certificate of incorporation or other similar official document, evidencing that the Issuer is validly registered and existing and (b) the articles of association (or similar);
- (ii) copies of all necessary corporate resolutions of the Issuer to enter into, execute and perform its obligations under the Bond Term Amendments;
- (iii) a power of attorney to relevant individuals for the Issuer's execution of the Bond Terms Amendments, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute the Bond Terms Amendments on behalf of each such party;
- (iv) a copy of a duly executed purchase agreement for the Transaction; and
- (v) any statement or legal opinion reasonably required by the Bond Trustee.

### 3 EVALUATION OF THE PROPOSAL

#### 3.1 The Issuer's evaluation

The Issuer considers the Proposal to be attractive for bondholders. The Company makes an accretive Acquisition that will improve the asset backing by 37% and credit quality of the Group with reduced debt per oil reserves and debt per producing barrels from the Atrush Block as compared to no transaction with Marathon. The entire USD 50 million on the Marathon Pledged Account will be repaid to bondholders whereas ShaMaran will have no further financing need and maintains sufficient liquidity. The Issuer also undertakes to further reduce leverage by reducing the aggregate outstanding amount of the Bond Issue by another USD 15 million to a maximum of USD 175 million within July 2020. Lastly, the Lundin Family continues to show its strong support through extending the Liquidity Guarantee as they believe in ShaMaran and the significant Atrush asset.

### 3.2 Further information

More information on the status of the Issuer, including financial requirements, can be found on [www.shamaranpetroleum.com](http://www.shamaranpetroleum.com).

The Issuer has engaged Pareto Securities AS as the Issuer's financial advisor (the "Advisor") with respect to the Proposal. Accordingly, Bondholders may contact Pareto Securities AS at +47 22 87 87 48 or +47 22 87 87 77 for further information.

*The Advisor is acting solely for, and relying on information from, the Issuer in connection with the Proposal. No due diligence investigations have been carried out by the Advisor with respect to the Issuer, and the Advisor does not assume any liability in connection with the Proposal (including but not limited to the information contained herein).*

### 3.3 The Bond Trustee's disclaimer/non-reliance

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee or any of its advisors. The Bondholders must independently evaluate whether the proposed changes are acceptable and vote accordingly.

It is recommended that the Bondholders seek counsel from their legal, financial and tax advisers regarding the effect of the Proposal.

## 4 WRITTEN RESOLUTION

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 15.5 of the Bond Terms. For the avoidance of doubt, no physical Bondholders' Meeting will be held.

For a vote to be valid, the Bond Trustee must have received it by post, courier or email to the address indicated in the enclosed form at Schedule 1 (the "Voting Form") no later than 1 February 2019 at 12.00 hours (Oslo time) (the "Voting Deadline").

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 15.5 (g) of the Bond Terms, the Proposal will become effective automatically upon receipt of affirmative votes by or on behalf of the Bondholders who at the date of this notice represent such majority of votes as would be required if the Proposal was voted on at a Bondholders' Meeting (which, for the avoidance of doubt, is 2/3 of the Voting Bonds pursuant to Clause 15.1 (g) of the Bond Terms) at which all Bondholders entitled to attend and vote thereat were present and voting.

\* \* \*

Yours sincerely  
**Nordic Trustee AS**



Jørgen Andersen

Enclosed: Voting Form

**SCHEDULE 1 – VOTING FORM**

**Voting Form**  
**NO 0010826456**

**ShaMaran Petroleum Corp. 12.00% senior unsecured USD 240,000,000**  
**callable bonds 2018/2023**

The undersigned holder or authorised person/entity, votes in the following manner:

The Proposal as defined in the Notice of a Written Resolution dated 21 January 2019

**In favor** of the Proposal

**Against** the Proposal

ISIN ISIN NO 0010826456	Amount of bonds owned
Custodian Name	Account number at Custodian
Company	Day time telephone number
	E-mail

Enclosed to this form is the complete printout from our custodian/VPS<sup>1</sup>, verifying our bondholding in the bond issue as of \_\_\_\_\_ 2019.

We acknowledge that Nordic Trustee AS in relation to the Written Resolution for verification purpose may obtain information regarding our holding of Bonds on the above stated account in the securities register VPS.

\_\_\_\_\_  
Place, date

\_\_\_\_\_  
Authorized signature:

**Return:**

*Nordic Trustee AS*  
*PO Box 1470 Vika*  
*N-0116 Oslo*

Telefax: +47 22 87 94 10

Telephone: +47 22 87 94 00

E-mail: mail@nordictrustee.com

<sup>1</sup> If the Bonds are held in custody other than in the VPS, evidence provided from the custodian confirming that (i) you are the owner of the Bonds, (ii) in which account number the Bonds are held, and (iii) the amount of Bonds owned.