

Denne meldingen til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS.

**To the Bondholders in:**

**ISIN: NO0011057622 – ShaMaran Petroleum Corp. 12% senior unsecured USD 300,000,000 bond 2021/2025**

27 May 2024

**SUMMONS FOR A WRITTEN RESOLUTION**

Nordic Trustee AS (the “**Bond Trustee**”) acts as bond trustee for the bondholders (the “**Bondholders**”) in the above-mentioned bond issue (the “**Bonds**” or the “**Bond Issue**”) issued by ShaMaran Petroleum Corp. as issuer (the “**Issuer**”) pursuant to the bond terms dated 27 July 2021 (as amended) (the “**Bond Terms**”).

All capitalised terms used, but not defined herein, shall have the same meaning assigned to them in the Bond Terms. References to Clauses and paragraphs are references to Clauses and paragraphs of the Bond Terms.

*The information in this summons (the “**Summons**”) regarding the Issuer, market conditions and described transactions is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.*

**1. Background**

Reference is made to the Q1 2024 financial report and the latest corporate presentation available on the Issuer’s website. The Issuer expects to continue deleveraging its balance sheet on the back of improved cash flow as a result of growing local sales. The closing of the previously announced transaction with TAQA and HKN is expected to further improve cash flow due to the increase in the Issuer’s Working Interest in the Atrush Block. The new operator, HKN, expects to increase Atrush production by installing trucking facilities that will allow it to activate existing underutilized well capacity at the field for new local sales via trucking (with current local sales by pipeline only). The Issuer is also actively engaged with the wider industry to find a commercial solution that will re-open the Iraqi-Turkey export pipeline with the potential to further enhance production and cash flow in the future (including repayment of the significant outstanding accounts receivable due from the KRG).

In light of these recent and expected developments, the Issuer is proposing certain amendments to the terms of the Bonds, including a two-year extension of the maturity date of the Bonds from its current maturity date of 30 July 2025 to 30 July 2027. The proposed amendments aim to better utilize all available cash flow, above a prudent balance required to run the business, in order to repay the Bonds in an accelerated fashion versus the current structure, while providing the Issuer the flexibility to pursue further value accretive M&A transactions in Kurdistan. If the Proposal is approved, the Company is offering to repurchase bonds through a \$47 million tender offer, which, together with the cancellation of the Issuer’s own Bonds (\$5.9 million), will reduce the outstanding amount of the Bonds by approximately 21%. Several large Bondholders, including the Lundin family, have indicated that they do not intend to participate in the tender

offer, allowing the remaining bondholders to reduce the size of their position by a significantly larger percentage through the tender. Any unused tender amount will be repaid pro-rata to all bondholders. Following this exercise, the amount of Bonds outstanding will be reduced by USD 52,500,000, from USD 255,000,000 to USD 202,500,000 through cancellation of such Bonds.

The Proposal also entails removing the scheduled amortisations as per the Bond Terms Clause 10.1 (*Redemption of Bonds*) and replacing it with a cash sweep mechanism whereby all available Cash and Cash Equivalents in excess of USD 50,000,000 (on the Cash Sweep Date (as defined below in the Proposal)) is used to repay the Bonds at 100% of the Nominal Amount every 3 months, starting from 30 October 2024.

In order to support the future trading price of the Bond, provide improved market liquidity and further accelerate the repayment of the Bonds, the Issuer proposes to adjust/extend the Issuer's Call Options, as further set out below in the Proposal, and to use market buy-back and cancellation of Bonds.

The Issuer is seeking an extension of the stated maturity date of the Bonds (while aiming to shorten the effective duration through accelerated repayments) as a way of enabling it to participate in further consolidation among oil and gas producers present in the Kurdistan region of Iraq. The Issuer has an established M&A track-record in the region and intends to continue pursuing a consolidation strategy. The Issuer will continue to restrict any investments to operational fields and newly producing assets that are already generating positive cash flow.

The Issuer expects that the Proposal will result in significantly improved trading liquidity and a higher trading price for the Bonds, creating a "win-win" for Bondholders and the Issuer. Other credit positive events (pipeline reopening, accretive M&A and production increases beyond the current levels at its two existing assets) may provide additional fundamental support and upside to the Bond prices, to the extent they come to fruition.

The Lundin family, the Issuer's largest shareholder and Bondholder, supports the Proposal and do not intend to participate in the contemplated tender offer with their ~14% holding in the outstanding Bonds, creating additional liquidity for other Bondholders who may want to sell some or all of their Bonds in the short-term. In addition, the Lundin family have agreed to extend the maturity of the Nemesia Subordinated Loan by two years, without any changes to the rest of the loan terms or any amendment fees, subject to approval of the Proposal.

If the Proposal is approved, the Issuer is offering a fee equal to 0.25% of the outstanding Bonds following the Tender Offer which will be paid to all Bondholders in connection with the Interest Payment in July 2024.

## **2. Proposal**

Based on the above, the Issuer has requested the Bond Trustee to summon a Written Resolution to propose that the Bondholders resolve the amendments to the Bond Terms and other Finance Documents as set out below (the "**Proposal**"), and that the relevant clauses in the Bond Terms and the other Finance Documents (as relevant in each case) shall be amended to reflect the Proposal, including other amendments required as part of the implementation of the Proposal:

- a) Extension of the Maturity: New Maturity Date is 30 July 2027.
- b) Quarterly Interest Payments: Starting from 30 October 2024, interest payments will be made on a quarterly basis on each 30 January, 30 April, 30 July, and 30 October each year.
- c) Cancelled Amortizations and new cash sweep: The scheduled instalment payments pursuant to Clause 10.1 (*Redemption of Bonds*) will be cancelled and be replaced by a new cash sweep mechanism. The mechanism will be structured as follows:
  - i. Following the Interest Payment Date in July 2024, the Bonds will be repaid by the Issuer on each Interest Payment Date at one hundred per cent. (100.00%) of the Nominal Amount (plus accrued interest on the redeemed amount) with an amount equal to the Excess Cash on the last Cash Sweep Date to occur prior to the Interest Payment Date.
  - ii. The amount of Excess Cash on each Cash Sweep Date shall be reported by the Issuer to the Bond Trustee and the Paying Agent no later than 5 Business Days following the Cash Sweep Date. This reporting shall also include the details of the Issuer's holding of Bonds at the Cash Sweep Date that are to be cancelled pursuant to Clause 11.1 (*Issuer's purchase of Bonds*) of the Bond Terms.
  - iii. Payments to the Bondholders pursuant to sub-paragraph (i) of Clause 10.1 (*Redemption of Bonds and Cash Sweep*) of the Bond Terms will be made pro rata in accordance with the applicable regulations of the CSD.
  - iv. Any remaining Outstanding Bonds will be redeemed in full on the Maturity Date at a price equal to one hundred per cent. (100.00%) of the Nominal Amount.

For this mechanism, the following terms shall have the following meaning:

“**Cash Sweep Date**” means each 5 January, 5 April, 5 July and 5 October each year (and if such date is not a Business Day, it shall be the following Business Day).

“**Excess Cash**” means the amount by which the Cash and Cash Equivalents of the Group exceeds USD 50,000,000 on each Cash Sweep Date.

Clause 11.1 (*Issuer's purchase of Bonds*) of the Bond Terms will be amended to read as follows:

*“The Issuer may purchase and hold Bonds, provided that the Issuer's holding of Bonds on each Cash Sweep Date shall be cancelled on the following Interest Payment Date”.*

- d) Adjusted Issuer's Call Options: The Call Option prices in Clause 10.2 (*Voluntary early redemption – Call Option*) of the Bond Terms shall be amended as follows:
  - i. until but not including the Interest Payment Date in July 2025, 104.5% of the Nominal Amount for each redeemed Bond;
  - ii. from and including the Interest Payment Date in July 2025 to, but not including, the Interest Payment Date in July 2026, 103.0% of the Nominal Amount for each redeemed Bond;

- iii. from and including the Interest Payment Date in July 2026 to, but not including, the Interest Payment Date in January 2027, 102.0% of the Nominal Amount for each redeemed Bond; and
  - iv. from and including the Interest Payment Date in January 2027 to, but not including, the Final Maturity Date, 101.0% of Nominal Amount for each redeemed Bond.
- e) Release of cash and cancellation of the DSRA: The provisions regulating the Debt Service Retention Account (“**DSRA**”) in the Bond Terms will be deleted, the pledge (and block) of the DSRA shall be released, the DSRA Account Pledge Agreement shall be terminated and the cash in the DSRA is made free and unencumbered to the Issuer. The Amended Incurrence Test (see below) will effectively replace the DSRA. The Issuer may request the Bond Trustee to release the funds on the DSRA in order for the Issuer to utilise the funds in the DSRA as part of the settlement of the tender offer specified in h) below.
- f) No cash investments in acquiring new assets: The Issuer undertakes to not acquire new oil and gas assets for cash, unless funded by the proceeds of new cash equity or new Subordinated Loans.
- g) Amended Incurrence Tests: With respect to Distributions, the Issuer must demonstrate Net Debt of less than USD 50,000,000 and Cash and Cash Equivalents of minimum USD 50,000,000 after any Distributions.
- h) Tender Offer:
- i. The Issuer undertakes to conduct a voluntary tender of USD 47,000,000 in Bonds at 100.0% of the Nominal Amount (excluding accrued unpaid Interest) immediately following the approval of the Proposal (including the potential redemption of Bonds pursuant to sub-paragraph (iii) below, collectively the “**Tender Offer**”).
  - ii. All Bondholders will have a pro-rata right for allocation in the Tender Offer based on the amount tendered.
  - iii. After the completion of the Tender Offer, any unused tender amount will be applied to redeem Bonds pro-rata in respect of all Bondholders at one hundred per cent. (100.00%) of the Nominal Amount (plus accrued interest on the redeemed amount), based on documented holding statements in the Bonds pro-forma for the tender. Approval of the Proposal will also be deemed to include the Bondholder's approval of redemption of Bonds with the unused tender amount on the terms described herein.
  - iv. The settlement for Bonds tendered in the Tender Offer will be paid to Bondholders (together with accrued unpaid Interest) according to Schedule 2, and tendered Bonds will be cancelled.
  - v. Details of payment and cancellation of Bonds to be redeemed pursuant to (iii) above are also set out in Schedule 2.
  - vi. An indicative step plan and relevant dates for the Tender Offer are set out in Schedule 2.

- i) Conditions Precedents: Implementation of the Proposal, except the Tender Offer and release of funds from the DSRA to fund the Tender Offer, which shall only be conditional upon condition set out in sub-paragraph (i) below, is conditional on the implementation of the following:
- i. The Proposal has received the required majority affirmative vote;
  - ii. The Tender Offer as set out in h) above being duly completed;
  - iii. The execution by the Issuer (and where relevant, other parties) of amendment agreements to the relevant Finance Documents satisfactory to the Bond Trustee, including satisfaction of customary conditions precedent included in such amendment agreements; and
  - iv. Confirmation to the Trustee that the Nemesia Loan is extended with new maturity date occurring 6 months after the new Maturity Date of the Bonds.

### 3. Evaluation of the Proposal

The Proposal is put forward to the Bondholders without further evaluation or recommendation from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders from the Bond Trustee. Each Bondholder should independently evaluate the Proposal and vote accordingly.

### 4. Further Information

The Issuer has retained Pareto Securities AS as Manager (the “**Manager**”). ABG Sundal Collier and Clarksons Securities AS have been appointed as co-managers (the “**Co-Managers**”). Bondholders may contact the Manager and Co-Managers for further information, including information related to take part of the Tender Offer, as set out below:

Petter Sagfossen – Investment Banking: +47 2287 8748 / [petters@paretosec.com](mailto:petters@paretosec.com)  
Sohaib Ali – Fixed Income: +47 22 01 60 15 / [sohaib.ali@abgsc.no](mailto:sohaib.ali@abgsc.no)  
Dirk Jacob Blaauw – Fixed Income: +47 22 01 63 06 / [jacob.blaauw@clarksons.com](mailto:jacob.blaauw@clarksons.com)

The Manager and Co-Managers act solely for the Issuer and no-one else in connection with the Proposal. No due diligence investigations have been carried out by the Manager and Co-Managers with respect to the Issuer, and the Manager and Co-Managers expressly disclaim any and all liability whatsoever in connection with the Proposal (including, but not limited to, in respect of the information herein).

A large proportion of the Bondholders have pre-supported the proposal.

For further questions to the Bond Trustee, please contact the Bond Trustee through e-mail: [andersen@nordictrustee.com](mailto:andersen@nordictrustee.com).

### 5. Written Resolution

Bondholders are hereby provided with a voting request for a Bondholders’ Resolution pursuant to Clause 16.5 (*Written Resolutions*) of the Bond Terms. For the avoidance of doubt, no Bondholders’ Meeting will be held.

It is proposed that the Bondholders resolve the following (the “**Proposed Resolution**”):

*“The Bondholders approve the Proposal as described in section 2 (Proposal) of this Summons.*

*The Bond Trustee is hereby authorized to implement the Proposal and carry out other necessary work to implement the Proposal, including to prepare, negotiate, finalize and enter into all necessary agreements in connection with documenting the decisions made by way of this Written Resolution, as well as carry out necessary completion work, including agreeing on necessary amendments to the Bond Terms and other Finance Documents, and to permit the Issuer to make the withdrawals from and release Transaction Security over the Debt Service Retention Account as contemplated by the Proposal.”*

\* \* \* \*

**Voting Period:** The Voting Period shall expire ten (10) Business Days after the date of this Summons, being on 10 June 2024 at 16:00 Oslo time. The Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority under the Bond Terms prior to the expiration of the Voting Period.

**How to vote:** A duly completed and signed Voting Form (attached hereto as Schedule 1), together with proof of ownership/holdings must be received by the Bond Trustee no later than at the end of the Voting Period and must be submitted by scanned e-mail to mail@nordictrustee.com.

A Proposed Resolution will be passed if either: (a) Bondholders representing at least a 2/3 majority of the total number of Voting Bonds vote in favour of the relevant Proposed Resolution prior to the expiry of the Voting Period; or (b) (i) a quorum representing at least 50% of the total number of Voting Bonds submits a timely response to the Summons and (ii) the votes cast in favour of the relevant Proposed Resolution represent at least a 2/3 majority of the Voting Bonds that timely responded to the Summons.

If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the expiry of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in Clause 16.1 (*Authority of the Bondholders’ Meetings*).

The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.

If the above resolution is not adopted as proposed herein, the Bond Terms and other Finance Documents will remain unchanged.

Yours sincerely

Nordic Trustee AS

  
Jørgen Andersen

Enclosed:

Schedule 1: Voting form

Schedule 2: Details of relevant times for the tender offer.

## Schedule 1: Voting Form

ISIN: NO 0011057622

ShaMaran Petroleum Corp. 12% senior unsecured USD 300,000,000  
bond 2021/2025

The undersigned holder or authorised person/entity, votes in the following manner to the Proposed Resolution as defined in the Notice of a Written Resolution dated 27 May 2024

**In favour** of the Proposed Resolution

**Against** the Proposed Resolution

ISIN <b>NO 0011057622</b>	Amount of bonds owned
Custodian Name	Account number at Custodian
Issuer	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 \_\_\_\_\_.

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.

We consent to the following information being shared with the issuer's advisor (the Advisor):

Our identity and amounts of Bonds owned

Our vote

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

\_\_\_\_\_  
Authorised signature

***Return by mail:***

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

Telephone: +47 22 87 94 00

E-mail: [mail@nordictrustee.com](mailto: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.



## Schedule 2: Indicative Process Timeline

<b>Day</b>	<b>Action</b>	<b>Date</b>
0	Summons issued to all bondholders	27/05/2024
+14	Written resolution deadline	10/06/2024
+14	Tender offer launched	10/06/2024
+26	Close of tender offer	21/06/2024
+29	Settlement of tender offer	25/06/2024
+30	Cancel Issuer's own bonds \$5.9 m plus any acquired in tender	26/06/2024
+32	Pro rata amortisation using any excess tender cash	28/06/2024
+35	Implementation of amended terms	01/07/2024