CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

ORYX PETROLEUM

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Deloitte.

Independent Auditor's Report

To the Shareholders of
Oryx Petroleum Corporation Limited

We have audited the accompanying consolidated financial statements of Oryx Petroleum Corporation Limited, which comprise the consolidated statement of financial position as at December 31, 2013 and 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Oryx Petroleum Corporation Limited as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Signed by Deloitte SA

Chris Jones	Will Eversden
Geneva, March 12, 2014	Geneva, March 12, 2014

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
General and administrative expense		(40,131)	(22,612)
Pre-licence costs		(6,383)	(6,608)
Impairment of oil and gas assets	11	(82,948)	(29,017)
Depreciation and amortization expense	11, 12	(728)	(361)
Other operating expense	32	(56,887)	-
Loss from operations		**(187,077)**	**(58,598)**
Interest (expense) / income - net	7, 8	(60)	89
Foreign exchange gains / (losses)	9	2,633	(231)
Finance income / (expense) - net		**2,573**	**(142)**
Loss before income tax		**(184,504)**	**(58,740)**
Income tax (expense) / benefit	10	(1,319)	203
Net loss for the year		**(185,823)**	**(58,537)**
Other comprehensive loss, net of income tax			
(items that will not be subsequently reclassified to profit and loss)			
Remeasurement of the defined benefit obligation	27	(1,424)	(2,542)
Total comprehensive loss for the year		**(187,247)**	**(61,079)**
Net loss for the year attributable to:			
Owners of the company		(185,564)	(58,359)
Non-controlling interests	28	(259)	(178)
		(185,823)	**(58,537)**
Total comprehensive loss attributable to:			
Owners of the company		(186,988)	(60,901)
Non-controlling interests	28	(259)	(178)
		(187,247)	**(61,079)**
Loss per share (basic and diluted)	23	**(2.04)**	**(2.10)**

Consolidated Statement of Financial Position

	Note	December 31 2013 $'000	December 31 2012 $'000 (restated)
Non-current assets			
Intangible assets	11	200,720	479,162
Property, plant and equipment	12	443,824	575
Deferred tax assets	17	911	870
		645,455	**480,607**
Current assets			
Inventories	13	12,465	5,601
Trade and other receivables	14	6,606	12,361
Prepaid charges	15	5,652	4,971
Cash and cash equivalents	16	306,034	72,725
		330,757	**95,658**
Total assets		**976,212**	**576,265**
Current liabilities			
Trade and other payables	18	138,608	83,121
Current income tax liabilities	19	463	870
Borrowings	21	-	7,781
		139,071	**91,772**
Non-current liabilities			
Trade and other payables	18	66,271	37,687
Retirement benefit obligation	27	3,492	2,469
Decommissioning obligation	20	1,346	-
		71,109	**40,156**
Total liabilities		**210,180**	**131,928**
Equity			
Share capital	22	1,009,684	499,311
Share premium	22	-	771
Other reserves	24	5,186	5,846
Remeasurement of defined benefit obligation	27	(3,966)	(2,542)
Accumulated deficit		(261,585)	(84,371)
Equity attributable to owners of the company		**749,319**	**419,015**
Non-controlling interests	28	16,713	25,322
Total equity		**766,032**	**444,337**
Total equity and liabilities		**976,212**	**576,265**

The financial statements were approved by the Board of Directors and authorized for issue on March 12, 2014.
They were signed on behalf of the Board of Directors by

Jean Claude Gandur
Director

Peter J. Newman

Peter Newman
Director

Consolidated Statement of Changes in Equity

	Note	Share capital $'000	Share premium $'000	Other reserves $'000	Accumulated deficit $'000	Remeasurement of defined benefit obligation $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to equity holders of the company							
Balance at January 1, 2012		**105,153**	**-**	**2,585**	**(26,012)**	-	**81,726**	**25,500**	**107,226**
Net loss for the year		-	-	-	(58,359)	-	(58,359)	(178)	(58,537)
Shares issued	22	394,158	771	-	-	-	394,929	-	394,929
Share based payment expense	26	-	-	11,729	-	-	11,729	-	11,729
Shares issued for long-term incentive plan	26	-	-	(8,468)	-	-	(8,468)	-	(8,468)
Remeasurement of defined benefit obligation	27	-	-	-	-	(2,542)	(2,542)	-	(2,542)
Balance at December 31, 2012 (restated)		**499,311**	**771**	**5,846**	**(84,371)**	**(2,542)**	**419,015**	**25,322**	**444,337**
Net loss for the year		-	-	-	(185,564)	-	(185,564)	(259)	(185,823)
Shares issued prior to initial public offering	22	260,606	4,531	-	-	-	265,137	-	265,137
Shares issued through initial public offering	22	247,344	-	-	-	-	247,344	-	247,344
Issuance costs		(11,536)	(5,302)	-	-	-	(16,838)	-	(16,838)
Warrants exercised	26	10,515	-	-	-	-	10,515	-	10,515
Share based payment expense	26	-	-	25,047	-	-	25,047	-	25,047
Shares issued for long-term incentive plan	26	3,270	-	(25,533)	-	-	(22,263)	-	(22,263)
Shares issued for Directors' compensation	26	174	-	(174)	-	-	-	-	-
Increase in participating interest in subsidiary(1)	26	-	-	-	8,350	-	8,350	(8,350)	-
Remeasurement of defined benefit obligation	27	-	-	-	-	(1,424)	(1,424)	-	(1,424)
Balance at December 31, 2013(2)		**1,009,684**	**-**	**5,186**	**(261,585)**	**(3,966)**	**749,319**	**16,713**	**766,032**

(1) During the fourth quarter of 2013, Oryx Petroleum Middle East Ltd increased its participating interest in KPA Western Desert Energy Ltd to 66.67% from 50% (Note 28).

(2) All outstanding shares of Oryx Petroleum Holdings PLC (“OPHP”) were acquired by Oryx Petroleum Corporation Limited (“OPCL”) immediately prior to the closing date of the initial public offering in exchange for new shares in OPCL. All share capital balances prior to May 15, 2013 relate to shares held by OPHP.

Consolidated Statement of Cash Flows

	Note	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
Cash flows from operating activities			
Net cash used in operations	25	(9,148)	(23,715)
Income tax paid		(1,768)	(130)
Interest received		2,184	89
Net cash used in operating activities		**(8,732)**	**(23,756)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(10,710)	(633)
Acquisition of intangible assets		(223,369)	(92,267)
Net cash used in investing activities		**(234,079)**	**(92,900)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		492,959	251
Proceeds from issuance of convertible loan notes		-	284
Proceeds from borrowings		-	163,565
Share issuance costs		(16,838)	-
Net cash generated from financing activities		**476,121**	**164,100**
Net increase in cash and cash equivalents		**233,309**	**47,444**
Cash and cash equivalents at beginning of the year		72,725	25,281
Cash and cash equivalents at end of the year	16	**306,034**	**72,725**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Oryx Petroleum Corporation Limited ('the Company') is a public company incorporated in Canada under the Canada Business Corporation Act on December 31, 2012, and is the holding company for the Oryx Petroleum Group of companies (together "the Group"). The address of the registered office of Oryx Petroleum Corporation Limited is 3400 First Canadian Centre 350, 7th Avenue Southwest, Calgary, Alberta, Canada T2J 2M2. The Group's indirect majority shareholder is The Addax and Oryx Group Ltd ("AOG") (incorporated in Malta). The majority of AOG's outstanding shares are owned by Samsufi Trust, an irrevocable discretionary charitable trust created at the suggestion of Jean Claude Gandur. Mr. Gandur is not one of the beneficiaries of the Samsufi Trust. The Group's principal activities are to acquire and develop exploration and production assets in order to produce hydrocarbons and to increase oil and gas reserves.

On May 5, 2013, Oryx Petroleum Corporation Limited announced the filing of a supplemented PREP prospectus with the securities regulatory authorities in each of the provinces of Canada, other than Quebec, in connection with its initial public offering of 16,700,000 common shares, at a price of CAD$15.00 per common share (the "IPO") for total gross proceeds of CAD$250.5 million ($249.4 million). The IPO closed on May 15, 2013.

Immediately prior to closing the IPO, a corporate restructuring occurred whereby Oryx Petroleum Corporation Limited became the parent company of Oryx Petroleum Holdings PLC (OPHP) (formerly Oryx Petroleum Company PLC and Oryx Petroleum Company Limited). Although the consolidated financial information has been released in the name of the parent, Oryx Petroleum Corporation Limited, it represents an in-substance continuation of the pre-existing Group, headed by OPHP and the following accounting treatment has been applied to account for the restructuring:

- the consolidated assets and liabilities of the subsidiary OPHP were recognized and measured at the pre-restructuring carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances recognized in the consolidated statement of financial position reflect the consolidated retained earnings and other equity balances of OPHP, as at May 9, immediately prior to the restructuring, and the results of the period from January 1, 2013 to May 9, 2013, the date of the restructuring, are those of OPHP as the Company was not active prior to the restructuring. Subsequent to the restructuring, the equity structure reflects the applicable movements in equity of Oryx Petroleum Corporation Limited.
- Comparative numbers presented in the consolidated financial statements are those of OPHP, except for the per-share amounts, which have been restated to reflect the change in the nominal value of the common shares resulting from the restructuring as if the Company had been the parent company during such periods.

The consolidated financial statements were authorized for issue by the Board of Directors on March 12, 2014.

2. Summary of significant accounting policies

a. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4: Critical accounting estimates and judgments. These estimates are based on management's best knowledge of current events and actions; actual results ultimately may differ from those estimates.

2. Summary of significant accounting policies (continued)

New and amended standards adopted by the Group

The Group has adopted all of the new and revised standards and interpretations issued by the IASB and IFRIC that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2013 as follows:

Amendments to Standards		**Effective for annual periods beginning on or after**
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IAS 1	Presentation of financial statements	January 1, 2013
IAS 27 (2011)	Separate financial statements	January 1, 2013
IAS 28 (2011)	Investments in associates and joint ventures	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IAS 19 (2011)	Employee Benefits	January 1, 2013
IFRS 7	Financial Instruments: Disclosures	January 1, 2013

The above new or amended standards and interpretations do not have a material impact for the Group, other than to enhance certain disclosures, except for the adoption of IAS 19 (2011) Employee Benefits.

At the date of authorization of these financial statements, the following new or further amended standards and interpretations applicable to the Group were issued but not yet effective:

New and Amended Standards		**Effective for annual periods beginning on or after**
IAS 32	Financial Instruments: Presentation (Offsetting)	January 1, 2014
IAS 36	Impairment of Assets (Disclosures re non-financial assets)	January 1, 2014
IFRS 10, IFRS 12 and IAS 27		
	Consolidated Financial Statements (Investment entities)	January 1, 2014
IFRS 9	Financial Instruments: classification and measurement	January 1, 2015
	Additions to IFRS 9 for financial liability accounting	January 1, 2015

Management has considered the impact of these additional new or further amended standards and interpretations but do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group.

2. Summary of significant accounting policies (continued)

In the current year, the Group has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. The impact on accumulated deficit at January 1, 2012 was an increase of $24 thousand and an increase of $3.6 million in restating the previously reported total comprehensive loss for 2012. The elements of this application are detailed as follows:

Impact on total comprehensive loss for the year of the application of IAS 19 (as revised in 2011)	**Year ended December 31 2013 $'000**	**Year ended December 31 2012 $'000 (restated)**
Impact on loss for the year		
General and administrative expense	(411)	(1,482)
Foreign exchange losses	(72)	(75)
Income tax (expense) / benefit	(168)	501
Increase in loss for the year	**(651)**	**(1,056)**
Impact on other comprehensive loss for the year		
Remeasurement of defined benefit obligation	(1,424)	(2,542)
Income tax (expense) / benefit	-	-
Increase in other comprehensive loss for the year	**(1,424)**	**(2,542)**
Increase in total comprehensive loss for the year	**(2,075)**	**(3,598)**
Net loss attributable to:		
Owners of the company	(651)	(1,056)
Non-controlling interests	-	-
Total comprehensive loss attributable to:		
Owners of the company	(2,075)	(3,598)
Non-controlling interests	-	-

Impact on assets, liabilities and equity as at December 31 2012 for the application of IAS 19 (as revised in 2011)	**December 31 2012 $'000**	**IAS 19 adjustments $'000**	**December 31 2012 $'000 (restated)**
Retirement benefit asset / (obligation)	67	(2,536)	(2,469)
Prepaid charges	6,534	(1,563)	4,971
Deferred tax assets	369	501	870
Total effect on net assets		**(3,598)**	
Remeasurement of defined benefit obligation	-	(2,542)	(2,542)
Accumulated deficit	(83,315)	(1,056)	(84,371)
Total effect on equity		**(3,598)**	

2. Summary of significant accounting policies (continued)

Impact on assets, liabilities and equity as at December 31, 2013 for the application of IAS 19 (as revised in 2011)

	IAS 19 Adjustments **$'000**
Retirement benefit obligation	(1,995)
Prepaid charges	(4,011)
Deferred tax assets	333
Total effect on net assets	**(5,673)**
Remeasurement of defined benefit obligation	(3,966)
Accumulated deficit	(1,707)
Total effect on equity	**(5,673)**

b. Going concern

The Group presently meets its day to day working capital requirements, and funds its current and planned exploration projects through the funding received from the IPO and the balance of equity funding from AOG and other investors that is remaining.

Prior to the IPO, the Group met its day to day working capital requirements through $723 million in equity funding provided by AOG and other investors.

The Group has no debt and a considerable degree of control over both the extent and timing of expenditure under its future capital investment program.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the consolidated financial statements.

Notes 3.1 and 3.2 of the consolidated financial statements set out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

c. Consolidation

i. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has obtained control. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Group also assesses existence of control where it does not have more than one half of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

ii. Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of any consideration paid or received is recorded directly in equity.

iii. Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

iv. Interest in joint operations

A joint operation is a joint arrangement whereby the Group has rights to assets, and obligations for the liabilities relating to the arrangement.

Where the Group undertakes its activities under joint operation arrangements directly, the Group's proportionate share of jointly controlled assets and any liabilities incurred jointly with others are recognized in the financial statements.

Liabilities and expenses incurred directly in respect of interests in joint operations are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of joint operations and its share of the joint operation expenses are recognized when it is probable that the economic benefit associated with the transactions will flow to/from the Company and the amount can be reliably measured.

d. Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US Dollars (USD), which is the functional and presentation currency of the Company and the presentation currency of the Group.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where these items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale, are included in other comprehensive income.

iii. Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the end of each reporting period;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

e. Exploration and evaluation assets and property, plant and equipment

i. Cost

Oil and gas properties and other property, plant and equipment are recorded at cost including expenditures which are directly attributable to the purchase or development of an asset.

ii. Exploration and evaluation ("E&E") costs

Exploration and evaluation costs incurred following the acquisition of a license are initially capitalized as intangible E&E assets. Payments to acquire the legal rights to explore, costs of technical work, seismic acquisition, education and training fund, production sharing contract costs, exploratory and appraisal drilling, general technical support and directly attributable administrative and overhead costs are capitalized as E&E assets.

E&E costs are not amortized prior to the conclusion of appraisal activities.

E&E assets related to each exploration license/prospect are carried forward until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for impairment. If commercial reserves have been discovered, the carrying value, less any impairment loss, of the relevant E&E assets is then reclassified to property, plant and equipment. If, however, commercial reserves have not been found, the related capitalized costs are charged to expense after conclusion of appraisal activities.

Costs incurred prior to having obtained the legal rights to explore an area are expensed in the period in which they are incurred.

iii. Development costs

Expenditures on the construction, installation and completion of infrastructure facilities and drilling of development wells are capitalized as oil and gas properties. Costs incurred to operate and maintain wells and equipment to lift oil and gas to the surface are expensed as production and operating expenses.

iv. Other property, plant and equipment

Property, plant and equipment (PP&E) assets are stated at historical cost, less any accumulated depreciation and any provision for impairment. Cost includes expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Where such subsequent expenditure is to replace previously capitalized equipment, the remaining carrying amount of the replaced part is derecognized.

Repairs and maintenance are charged to expense as incurred.

v. Depreciation and amortization

All expenditure within each license area is depleted from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a license area-by-license area basis. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated future field development costs. Changes in the estimates of commercial reserves are dealt with prospectively.

Depreciation on other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

- Fixtures and equipment: 3 - 5 years
- Computer equipment: 3 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income as 'Other income' or 'Other expense'.

vi. Intangible assets other than oil and gas assets

Intangible assets, other than oil and gas assets, have finite useful lives and are measured at cost and amortized over their expected useful economic lives on a straight line basis as follows:

- Computer software: 3 years

f. Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include but are not limited to:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted or planned;
- exploration for and evaluation of resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and a decision has been taken to discontinue such activities in the specific area;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale;
- extended decreases in prices or margins for oil & gas commodities or products;
- a significant downwards revision in estimated volumes of reserves or resources or an upward revision in future development costs.

For the purpose of impairment testing the assets are aggregated in cash-generating unit (CGU) cost pools based on their ability to generate largely independent cash flows. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal at each reporting date.

g. Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as 'held for trading' unless they are designated as hedges.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are included in 'Trade and other receivables' in the statement of financial position.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

Regular purchases and sales of investments are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as 'available-for-sale' are recognized in other comprehensive income.

When securities classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income as part of 'Other income'. Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive income as part of 'Other income' when the Group's right to receive payments is established.

h. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

i. Impairment of financial assets

i. Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

ii. Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognized in profit or loss. Impairment losses recognized on equity instruments in the statement of comprehensive income are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

j. Inventories

Inventories relating to materials acquired for use in exploration activities are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

k. Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

l. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

m. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

n. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the directors of the Company, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Compound financial instruments are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

o. Taxation

The tax expense for the period represents tax currently payable and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is the tax recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred income tax is not recorded if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor loss.

Deferred income tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the year when the deferred tax liability is settled or the asset is realized. Deferred tax is charged or credited in the statement of comprehensive income except when it relates to items charged or credited directly to equity in which case the deferred tax is also recognized directly in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

p. Employee benefits

i. Pension obligations

The Group operates two defined benefit pension plans. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group's Swiss pension plans are accounted for as defined benefit schemes in accordance with the requirements of IFRS. The pension assets within these Swiss plans consist entirely of investments held by the insurance company that fully reinsures the Group's pension liabilities.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contributions to the plans.

ii. Share-based compensation

The Group issues equity-settled share-based payments to employees under a Long Term Incentive Plan (LTIP). Such payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of any service and non-market performance vesting conditions.

The fair value of equity-settled share-based payments determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

q. Trade and other payables

Liabilities for trade and other amounts payable are stated initially at their fair value and subsequently at amortized cost using the effective interest method.

r. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date and are discounted to present value where the effect is material.

Provisions for decommissioning costs represent management's best estimate of the Group's liability for restoring the sites of drilled wells to their original status, discounted where the effect is material. A decommissioning asset is also established, since the future cost of decommissioning is regarded as part of the total investment to gain access to future economic benefits. The amount recognized is reassessed each reporting period in accordance with local conditions and requirements. Changes in the estimated timing or cost of decommissioning are dealt with prospectively. The unwinding of any discount on the decommissioning provision is included as a finance cost.

s. Interest income

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

t. Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management objective is to decrease volatility in earnings, financial position and cash flow while securing effective and competitive financing. In order to address the impact of these risks, the Group has developed various risk management policies and strategies.

a. Market risk

i. Foreign exchange risk

The Group operates internationally and has foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's reporting currency is the US Dollar; being the currency in which the majority of the Group's expenditure is transacted. The US Dollar is also the functional currency of all Group companies. Less material elements of general and administrative expenses are transacted in other currencies. The majority of balances are held in US Dollars with transfers to Swiss Francs and other local currencies as required to meet local needs.

A forward exchange contract was signed in December 2012 to purchase 1,500,000 Swiss Francs per month for the subsequent twelve months. The contract was a zero cost collar hedging instrument. The collar rates included in the contract were 0.8805 CHF : 1 USD and 0.9660 CHF : 1 USD. Any gains or losses arising from the application of the collar have been charged to the statement of comprehensive income. There were no forward exchange rate contracts in place at December 31, 2013.

During 2013, if the Swiss Franc had strengthened/weakened by 10% against the US Dollar throughout the year with all other variables held constant, the total comprehensive loss for the year would have been $2.9 million lower/ higher, mainly as the result of Swiss Franc-denominated general and administrative expenses and foreign exchange gains/losses on the translation of Swiss Franc-denominated monetary assets and liabilities.

ii. Commodity price risk

The market prices for crude oil and natural gas are subject to significant fluctuations resulting from a variety of factors affecting demand and supply globally. As the Group's activities are currently at exploration and development stage, there is no sales revenue and consequently no income statement exposure to commodity price risk.

iii. Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates with the exception of interest income from bank deposits, with variable interest rates which are exposed to cash flow interest rate risk as market rates change. The interest expense on the contingent consideration (note 8) is also exposed to interest rate risk as market rates change. The funding provided by AOG and others, prior to 2013, was interest-free and converted into equity in September 2012 and January 2013. The objective of the Group's interest rate risk management is to balance the returns received on interest bearing assets with an acceptable level of access to those assets.

Based on the exposure to the interest rates for cash and cash equivalents, and the interest expense on the contingent consideration, at the reporting date, a 0.5% rate increase or decrease would not have a material impact on the Group's loss for the year. A change in rate of 0.5% is used as it represents management's assessment of the reasonably possible changes in interest rates.

b. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to oil and gas property license partners and customers, including outstanding receivables and committed transactions. For cash and cash equivalents, the Group invests in products that are rated investment grade and above. The credit risk on liquid funds is assessed as limited because the counterparties are banks with good credit-ratings assigned by international credit-rating agencies.

The Group does not have any significant trade or other receivables outstanding from any one debtor at the reporting date.

Management does not believe that there is significant exposure to credit risk on receivables from related parties.

Where a Group company undertakes its activities under joint venture arrangements, its joint venture partners are obligated to make cash contributions to fund joint venture operations and have historically done so. The balance of joint venture receivables (Note 14) arises from timing differences between cash calls and the expenditure incurred on behalf of joint venture partners. While there is no “due date” for these receivables, based on historical experience of funding through regular cash calls with a limited group of joint venture partners, management does not believe that there is significant exposure to credit risk on these receivables.

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and being able to secure sufficient funding on a timely basis to meet capital and operating expenditure obligations. Management uses budgets and cash flow models, which are regularly updated, to monitor liquidity risk. The Group manages liquidity risk through its corporate treasury function using sources of financing from other entities and investing excess liquidity.

The table below details the remaining contractual maturity for non-derivative financial liabilities of the Group. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
At December 31, 2012				
Trade and other payables	83,121	37,687	-	-
Borrowings	7,781	-	-	-
At December 31, 2013				
Trade and other payables	138,608	66,271	-	-

3.2 Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of issued capital and reserves less accumulated deficits. There is no indebtedness. A substantial proportion of net equity at the reporting date is held as cash and cash equivalents.

4. Critical accounting estimates and judgments

In the process of applying the Group’s accounting policies management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions for which ultimate actual outcomes have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

a. Carrying value of intangible exploration and evaluation assets

The outcome of ongoing exploration, and therefore whether the carrying value of intangible exploration and evaluation assets will ultimately be recovered, is inherently uncertain. Management makes the judgments necessary to implement the Group’s policy with respect to exploration and evaluation assets and considers these assets for impairment at least annually with reference to the indicators set out in IFRS 6.

Assets are aggregated into Cash Generating Units (“CGUs”) for the purpose of calculating impairment based on their ability to generate largely independent cash flows and giving consideration to the geography, geology, production profile and infrastructure of its assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures and the way in which management monitors the operations.

b. Acquisition of subsidiaries

Due to the inherently uncertain nature of the oil and gas industry, the assumptions underlying the fair values of identifiable assets and liabilities of OP Hawler Kurdistan Limited (formerly Norbest Limited) and KPA Western Desert Energy Limited, which were acquired on August 10, 2011 and December 21, 2011 respectively, and the probability of exploration success that could result in paying contingent consideration, and quantification thereof, are judgmental in nature. Further details on the measurement of the contingent consideration are disclosed in Note 32.

c. Fair value

An assessment of fair value of assets and liabilities is required in accounting for derivative instruments and other items, principally available-for-sale financial assets and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market based transactions may not exist.

d. Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, as disclosed in Note 27. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations and the charge to the statement of comprehensive income.

e. Decommissioning obligation

The decommissioning obligation is calculated using the current estimated costs to decommission the asset. Liabilities for decommissioning are adjusted every reporting period for changes in estimates. Estimating the decommissioning obligation requires significant judgment as restoration technologies and costs are constantly changing, as are regulatory, political, environmental and safety considerations. Inherent in the calculation of the obligation are numerous assumptions including the ultimate settlement amounts, future third-party pricing, inflation factors, risk free discount rates, credit risk, timing of settlement and changes in the legal, regulatory and environmental and political environments. Future revisions to these assumptions may result in material changes to the decommissioning obligation. Adjustments to the estimated amounts and timing of future decommissioning cash flows are a regular occurrence in light of the significant estimates and judgments involved.

5. Segment information

The Group has a single class of business which is to acquire, explore, develop and produce oil from oil and gas assets. The Group operates in a number of geographical areas based on the location of operations and assets. The Group's reporting segments comprise each separate geographical area in which it operates.

	Middle East $'000	West Africa $'000	Corporate $'000	Total $'000
For the year ended December 31, 2013				
General and administrative expense	(501)	(239)	(39,391)	(40,131)
Pre-license costs	(960)	(5,423)	-	(6,383)
Impairment of oil and gas assets	(43,992)	(38,956)	-	(82,948)
Depreciation and amortization	-	(29)	(699)	(728)
Other operating expense	(56,887)	-	-	(56,887)
Segment result	**(102,340)**	**(44,647)**	**(40,090)**	**(187,077)**
Interest expense (net)				(60)
Foreign exchange gains				2,633
Loss before income tax				**(184,504)**
Income tax expense				(1,319)
Net loss for the year				**(185,823)**
Capital additions	154,686	91,709	2,087	248,482
Segment assets	645,708	242,905	87,599	976,212
Segment liabilities	(188,624)	(6,290)	(15,266)	(210,180)

5. Segment information (continued)

	Middle East $'000	West Africa $'000	Corporate $'000	Total $'000
For the year ended December 31, 2012 (restated)				
General and administrative expense	(570)	(50)	(21,992)	(22,612)
Pre-license costs	(1,526)	(5,082)	-	(6,608)
Impairment of oil and gas assets	(29,017)	-	-	(29,017)
Depreciation and amortization	-	(1)	(360)	(361)
Segment result	**(31,113)**	**(5,133)**	**(22,352)**	**(58,598)**
Interest income				89
Foreign exchange losses				(231)
Loss before income tax				**(58,740)**
Income tax benefit				203
Net loss for the year				**(58,537)**
Capital additions	91,601	44,623	1,175	137,399
Segment assets	485,348	74,382	16,535	576,265
Segment liabilities	(111,086)	(6,079)	(14,763)	(131,928)

6. Staff Costs

	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
Wages and salaries	22,407	9,749
Social security costs	2,959	1,186
Employee share awards	24,852	11,569
Pension costs	2,603	1,091
Other costs	455	311
	53,276	**23,906**

A portion of the Group’s staff costs and associated overheads are recharged to the joint venture partners, expensed as pre-license expenditure or capitalized where they are directly attributable to on-going capital projects. Amounts are stated gross of recharges.

6. Staff Costs (continued)

The average number of employees of the Group (including Executive Directors) was:

	Year ended December 31 2013	Year ended December 31 2012 (restated)
West Africa	4	2
Middle East	14	6
Geneva office	53	31
	71	**39**

7. Interest income

	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
Bank interest	2,202	89
	2,202	**89**

8. Interest expense

	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
Interest expense	(2,262)	-
	(2,262)	**-**

Interest expense relates to accrued interest on contingent consideration arising from the acquisition of OP Hawler Kurdistan Ltd. (Note 32). The acquisition terms included the payment of interest on additional consideration contingent upon the outcome of future drilling activities. Interest is calculated at the rate of LIBOR plus 0.25% per annum, compounded on an annual basis.

9. Foreign exchange gains/losses

	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
Realized foreign exchange gains / (losses)	2,924	(49)
Unrealized foreign exchange losses	(291)	(182)
	2,633	**(231)**

On May 9, 2013, the Group sold CAD$150 million and purchased $149.4 million at the forward rate of CAD$1.0043 per $1, with delivery on May 21, 2013. A foreign exchange gain of $3.1 million was realized on this transaction.

10. Income tax expense

	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
Current tax:		
Current income tax expense	(1,321)	(797)
Adjustments in respect of prior years	(40)	130
Total current income tax	**(1,361)**	**(667)**
Deferred tax:		
Deferred tax on long-term incentive plan	(91)	369
Deferred tax on defined benefit obligation	133	501
Total deferred tax	**42**	**870**
Income tax (expense) / benefit	**(1,319)**	**203**

The Group is subject to income taxes in certain territories in which it owns licenses or has taxable operations. The current income tax expense relates to tax on profit from operations of the Group's Swiss and Maltese subsidiaries.

The deferred tax represents tax on unvested shares issued for the long-term incentive plan and on defined benefit obligations following the adoption of the amendments to IAS 19 – Employee Benefits.

10. Income tax expense (continued)

The charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
Loss before income tax	(184,504)	(58,740)
Combined Canadian federal and provincial income tax credit at the statutory rate / Maltese rate*	50,817	20,559
Effect of income exempt from taxation	4,761	5,527
Effect of unused tax losses unrecognized in deferred tax assets	(11,111)	(378)
Utlization of previously unrecognized tax losses	-	4,457
Effect of tax rates of subsidiaries operating in other jurisdictions	(117)	(229)
Effect of non-deductible expenses	(45,669)	(29,733)
Income tax (expense) / benefit	**(1,319)**	**203**

* The tax expense for the nine months ended December 31, 2013 was calculated using the combined Canadian federal and provincial tax rates, being 25%. The tax expense for the three months ended March 31, 2013 and the year ended December 31, 2012 was calculated using the Maltese tax rate, being 35%.

Deferred tax assets have been recognized for unvested amounts relating to the long-term incentive plan of the Group's Maltese subsidiary and defined benefit obligations relating to the Group's Swiss subsidiary. No other deferred tax assets have been recognized for the benefit of tax deductions and tax losses because realization of the deferred tax assets in the foreseeable future is not sufficiently probable.

Cumulative unused tax losses unrecognized in deferred tax assets amount to $50.1 million at December 31, 2013 (December 31, 2012: $5.4 million (restated)).

11. Intangible assets

	Note	Exploration & Evaluation costs $'000	Computer Software $'000	Total $'000
Cost				
At January 1, 2012		**371,122**	**645**	**371,767**
Additions		136,124	642	136,766
Transfers and reclassifications	12	73	-	73
At December 31, 2012 (restated)		**507,319**	**1,287**	**508,606**
Additions		211,266	397	211,663
Transfers and reclassifications(1)(2)	12	(406,720)	-	(406,720)
At December 31, 2013		**311,865**	**1,684**	**313,549**
Accumulated amortization and impairment				
At January 1, 2012		**-**	**156**	**156**
Amortization		-	271	271
Impairment charge(3)		29,017	-	29,017
At December 31, 2012 (restated)		**29,017**	**427**	**29,444**
Amortization		-	437	437
Impairment charge(4)(5)(6)		82,948	-	82,948
At December 31, 2013		**111,965**	**864**	**112,829**
Net book value				
At December 31, 2012 (restated)		478,302	860	479,162
At December 31, 2013		199,900	820	200,720

(1) In March 2013, a portion of the Hawler license area E&E costs in Kurdistan was transferred from intangible assets to property, plant and equipment (PP&E) following a reserve report, effective March 31, 2013, from Netherland, Sewell & Associates, Inc. (NSAI) confirming the discovery of reserves at Demir Dagh within the license area. As a result, $373.2 million of costs associated with the license area were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E.

(2) Following a further reserve report from NSAI, effective December 31, 2013, confirming the discovery of reserves at Zey Gawra within the Hawler license area, $33.5 million of costs associated with Zey Gawra were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E. Please refer to Note 33 for further information.

(3) Mateen-1 was drilled by the operator of the Sindi Amedi block, with technical support provided by Oryx Petroleum. The understanding of the structure did not support a working petroleum system on Mateen. The impairment charge of $29.0 million recorded in 2012 was reviewed and adjusted downwards by $1.2 million in the second quarter of 2013, based on new information received from the operator.

(4) Drilling on the Dila prospect, one of several identified prospects in the OML 141 license area offshore Nigeria was completed in the second quarter of 2013. Oil was encountered during the drilling, but the estimated quantities of oil were not sufficient to be considered commercial. The Group considered the well unsuccessful and an impairment charge of $21.7 million was recorded during the second quarter of 2013.

(5) On April 25, 2013, in conjunction with the operator, Oryx Petroleum relinquished 34% of the Sindi Amedi license area to the Kurdistan Regional Government in exchange for the replacement of an exploration well commitment with the acquisition of

11. Intangible assets (continued)

180km of seismic data in the retained license area. Following acquisition of this seismic data, during the third quarter of 2013, the Company decided to relinquish its remaining interest in the Sindi Amedi license area upon expiry of the initial exploration period on October 2, 2013. An impairment charge of $45.2 million was recorded during the second half of 2013.

(6) In conjunction with the operator, drilling on the Horse prospect (formerly Ma) in the western portion of the Haute Mer A license area offshore Congo (Brazzaville) was completed in the fourth quarter of 2013. Although the H-1 well encountered both Tertiary and Cretaceous reservoirs with good porosity, the reservoirs were water bearing. The Company considers the well unsuccessful. An impairment charge of $17.3 million was recorded during the fourth quarter of 2013.

The carrying amounts of intangible E&E assets relate to:

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Middle East	95,930	427,003
West Africa	103,970	51,299
	199,900	**478,302**

The net reduction to intangible E&E assets during the year ended December 31, 2013 reflects the transfer to PP&E of $406.7 million due to the successful drilling at Demir Dagh and Zey Gawra in the Hawler license area and the impairment charges of $82.9 million relating to the Sindi Amedi license area, the Dila-1 well in OML 141 and the H-1 well in the Haute Mer A license area. These amounts are offset by additions of $211.3 million.

The amounts for intangible assets represent costs incurred on active exploration projects. These amounts remain capitalized, provided there are no indications of impairment, until the process is completed to determine whether reserves are established. At that stage the relevant costs are either transferred to PP&E or written-off to the statement of comprehensive income as exploration expense.

The National Assembly of Congo (Brazzaville) announced on July 25, 2013 that it had approved a one year extension to the initial exploration period of the Haute Mer A license area to September 2014. One of the two subsequent three year extension periods will be shortened to two years.

12. Property, plant and equipment

	Note	Oil and Gas Assets $'000	Fixtures and Equipment $'000	Total $'000
Cost				
At January 1, 2012		**-**	**111**	**111**
Additions		-	633	633
Transfers and reclassifications	11	-	(73)	(73)
At December 31, 2012 (restated)		**-**	**671**	**671**
Transfers and reclassifications[(1)(2)]	11	406,720	-	406,720
Additions		35,047	1,773	36,820
At December 31, 2013		**441,767**	**2,444**	**444,211**
Accumulated depreciation				
At January 1, 2012		-	**6**	**6**
Depreciation		-	90	90
At December 31, 2012 (restated)		-	**96**	**96**
Depreciation		-	291	291
At December 31, 2013		**-**	**387**	**387**
Net book value				
At December 31, 2012 (restated)		-	575	575
At December 31, 2013		441,767	2,057	443,824

(1) In March 2013 a portion of the Hawler costs in Kurdistan was transferred from intangible E&E assets to PP&E following a reserve report from NSAI, effective March 31, 2013, confirming the discovery of reserves at Demir Dagh within the license area. As a result, $373.2 million of E&E costs associated with the license area were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E.

(2) Following a further reserve report from NSAI, effective December 31, 2013, confirming the discovery of reserves at Zey Gawra within the Hawler license area, $33.5 million of costs associated with Zey Gawra were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E. Please refer to Note 33 for further information

During the third quarter of 2013, the Kurdistan Regional Government gave its consent to lease an Early Production Facility for the Demir Dagh area of the Hawler license. Refer to Note 31 for further information on the increase in capital commitments due to the finalization of the Early Production Facility lease contract.

No assets have been pledged as security.

13. Inventories

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Exploration materials	12,465	5,601
	12,465	**5,601**

No inventories have been recognized as an expense during the year (2012: $nil).

No inventories have been pledged as security.

14. Trade and other receivables

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Advances paid on contracts	5,500	4,000
Receivables from joint venture partners	717	7,197
Receivables from related parties	116	-
Other receivables	273	1,164
	6,606	**12,361**

Trade and other receivables are denominated in the following currencies:

	December 31 2013 $'000	December 31 2012 $'000 (restated)
US Dollar	6,239	11,752
Swiss Franc	306	362
Euro	28	241
Central African Franc	33	6
	6,606	**12,361**

The carrying amounts of trade and other receivables presented above are reasonable approximations of the fair value and not past due or impaired as of the date of issuance of these financial statements.

The balance of joint venture receivables arises from timing differences between cash calls and the expenditure incurred on behalf of joint venture partners. Cash calls are normally due within 15 days.

15. Prepaid charges

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Prepaid charges	5,652	4,971
	5,652	**4,971**

16. Cash and cash equivalents

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Cash at bank and in hand	306,034	72,725
	306,034	**72,725**

Cash and cash equivalents are denominated in the following currencies:

	December 31 2013 $'000	December 31 2012 $'000 (restated)
US Dollar	304,848	72,256
Swiss Franc	736	408
Euro	242	13
Central African Franc	49	47
Canadian Dollar	28	-
Nigerian Naira	116	-
Iraqi Dinar	15	1
	306,034	**72,725**

Cash and cash equivalents comprise cash and short-term deposits with an original maturity of three months or less, substantially held in interest-bearing accounts. The carrying amounts presented above are reasonable approximations of the fair value.

AOG provided additional equity funding to the Group amounting to $234.8 million in January 2013.

As a result of the initial public offering, the Group received a total of $236.0 million (CAD$238.9 million) which represents the total offering of $249.4 million (CAD$250.5 million), net of underwriters' fees.

17. Deferred tax assets

The analysis of deferred tax assets is as follows:

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Deferred tax assets to be recovered after twelve months	911	870
Deferred tax assets	**911**	**870**

The movement in deferred tax assets during the year is as follows:

	Defined benefit plan $'000	Long-term incentive plan $'000	Total $'000
At December 31, 2012 (restated)	**501**	**369**	**870**
Credited / (debited) to the income statement	132	(91)	41
At December 31, 2013	**633**	**278**	**911**

18. Trade and other payables

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Trade accounts payable	14,033	8,381
Payables to joint venture partners	12,213	6,349
Payables to related parties	1,120	2,608
Contingent costs	136,807	60,087
Other payables and accrued liabilities	40,706	43,383
	204,879	**120,808**
Less : Non-current portion	(66,271)	(37,687)
Current portion	**138,608**	**83,121**

Included in Other payables and accrued liabilities is $0.7 million due by way of a direct contribution towards the construction of a hospital for children in Erbil in Kurdistan (December 31, 2012: $40.0 million).

18. Trade and other payables (continued)

Trade and other payables are denominated in the following currencies:

	December 31 2013 $'000	December 31 2012 $'000 (restated)
US Dollar	192,811	117,680
Swiss Franc	9,734	2,358
Euro	1,790	272
UK Pound	349	152
Central African Franc	26	22
Canadian Dollar	166	284
Nigerian Naira	3	40
	204,879	**120,808**

Trade and other payables comprise current amounts outstanding for trade purchases and ongoing costs. Contingent costs relate to the acquisition of OP Hawler Kurdistan Ltd (Note 32). The carrying amounts of trade and other payables presented above are reasonable approximations of their fair value.

19. Current income tax liabilities

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Corporation tax payable	463	870
	463	**870**

20. Decommissioning obligation

The Group has an obligation to decommission the drilled wells upon ultimate future cessation of operations. The estimated net present value of the decommissioning obligation at December 31, 2013 is $1.3 million (December 31, 2012 – nil), based on a total undiscounted liability of $22.9 million. The decommissioning obligation was discounted using a rate of 12.0% at December 31, 2013.

	Year ended December 31 2013 $'000	Year ended December 31 2012 $'000 (restated)
Decommissioning obligation, beginning of the year	-	-
Property acquisition and development activity	1,346	-
Decommissioning obligation, end of the year	**1,346**	**-**

21. Borrowings

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Convertible loan notes - unsecured	-	7,781
Current portion	**-**	**7,781**

The fair value of borrowings equaled their carrying amount, as the impact of discounting was not significant. All borrowings were denominated in US Dollars.

At December 31, 2012, the Group had 7,681 loan notes convertible at par value of $1,000 and 80 loan notes convertible at $1,250 being $7,781 convertible loan notes in total. During the first quarter of 2013, the loan notes were fully converted into equity.

Furthermore, the Group entered into an uncommitted bond facility agreement on March 26, 2013 whereby up to a maximum of US$15 million may be used by OPHP for bank guarantees. As of December 31, 2013, no guarantees were issued under this agreement.

22. Share capital and share premium

Issued and fully paid	Number of shares	Share capital $'000	Share premium $'000
At January 1, 2012	**105,153**	**105,153**	**-**
Issue of shares	394,158	394,158	771
At December 31, 2012 (restated)	**499,311**	**499,311**	**771**
Issue of shares	260,606	260,606	4,531
At May 15, 2013	**759,917**	**759,917**	**5,302**
OPCL share capital upon incorporation	1	-	-
Issue of shares	99,854,917	1,009,684	-
At December 31, 2013	**99,854,918**	**1,009,684**	**-**

The Company has unlimited authorized share capital outstanding as at December 31, 2013.

Prior to the Company's initial public offering, OPHP had authorized two classes of ordinary shares which carried no right to fixed income. The holders of ordinary 'A' shares were entitled to appoint all the directors of the Company. Otherwise, both classes of shares ranked pari passu. Prior to the IPO, AOG International Holdings Ltd held 699,900 ordinary 'A' shares and its parent, AOG, which was the ultimate parent company of the Company, held 100 ordinary 'B' shares. Additionally, 42,540 ordinary 'B' shares were held by directors of AOG, persons connected to AOG, Group management and employees of the Group via the Long Term Incentive Plan and investments in the Company.

Immediately prior to the closing of the initial public offering, the Group, AOG and its affiliates, as well as other shareholders of the Company, engaged in certain transactions whereby the Company acquired all of the issued and outstanding shares of OPHP in exchange for 81,762,377 common shares of the Company. These shares acquired include 10,920 shares of OPHP issued prior to closing to the employees and executive officers of OPHP, as well as 6,457 shares of OPHP issued to employees and executive officers of OPHP under previously issued awards pursuant to the OPHP long term incentive plan.

22. Share capital and share premium (continued)

On May 5, 2013, the Company announced the filing of a supplemented PREP prospectus with the securities regulatory authorities in each of the provinces of Canada, other than Quebec, in connection with its initial public offering of 16,700,000 common shares, at a price of CAD$15.00 per common share for total gross proceeds of CAD$250.5 million ($249.4 million). The IPO closed on May 15, 2013.

Immediately prior to closing, a corporate restructuring occurred whereby the Company became the parent company of OPHP. Although the consolidated financial information has been released in the name of the Company it represents in-substance continuation of the pre-existing Group, headed by OPHP.

Holders of 21,155 ordinary 'B' shares of OPHP had the right to purchase an additional half share at par value for every share held (warrants). Warrant holders could exercise the right to purchase shares at any time once completing three years' service, or on the occurrence of an exit event, such as an offering of the Company's shares to the public. Accordingly, prior to closing of the IPO, the warrants, which represented an entitlement to acquire 10,515 shares of OPHP, were cancelled in exchange for 1,131,349 warrants issued by the Company that entitled the holder to acquire, for each warrant held, one common share of the Company at $9.29 per share for a period of 10 business days following the closing. All warrants were exercised on or before June 13, 2013 resulting in an issuance of 1,131,349 common shares for net proceeds to the Company of $10,515,000.

Subsequent to the IPO, during 2013, the Group issued 239,703 shares to employees and executive offers under the Group's long term incentive plan and 8,607 shares to employees and executive officers as a share gift. In addition, 12,881 shares were issued to Directors of the company as remuneration.

Common shares outstanding at January 1, 2013	1
OPHP shares acquired by the Company immediately prior to the IPO	81,762,377
Initial public offering	16,700,000
First stage investors options exercised	1,131,349
Share gift	8,607
Long term incentive plan	239,703
Directors' compensation	12,881
Common shares outstanding at December 31, 2013	**99,854,918**

23. Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of the basic and diluted loss per share are as follows:

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Loss for the year attributable to equity holders	**(185,564)**	**(58,359)**
Weighted average number of ordinary shares for basic and diluted loss per share*	**90,797,365**	**27,832,823**
	$	**$**
Basic and diluted loss per share	**(2.04)**	**(2.10)**

* For 2012, warrants, convertible loan notes, treasury shares and unvested LTIP shares were excluded as they were then anti-dilutive. For 2013, the unvested LTIP shares are excluded as they are anti-dilutive. There were no warrants, convertible loan notes or treasury shares at December 31, 2013. The weighted average number of shares of OPHP for the year ended December 31, 2012 is presented as if they were shares of the Company (refer to Note 22).

24. Other reserves

	Treasury shares $'000	Share based payments $'000	Total $'000
At January 1, 2012	**(864)**	**3,449**	**2,585**
Share based payment transactions	-	11,729	11,729
Issue of shares for long-term incentive plan	(8,468)	-	(8,468)
Release of shares for long-term incentive plan	9,332	(9,332)	-
At December 31, 2012 (restated)	-	**5,846**	**5,846**
Share based payment transactions*	-	25,047	25,047
Issue of shares for long-term incentive plan	-	(25,533)	(25,533)
Issue of shares for Directors' compensation	-	(174)	(174)
At December 31, 2013	-	**5,186**	**5,186**

*Share based payments for the year ended December 31, 2013 include a share grant to employees and executive officers of $13.7 million immediately prior to the Company's initial public offering.

25. Net cash used in operations

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Net loss before income tax	(184,504)	(58,740)
Adjustments for:		
Depreciation and amortization	728	361
Foreign exchange (gains) / losses	(4)	10
Interest expense / (income) - net	60	(89)
Share based payment expense	25,047	11,729
Impairment of intangible assets	82,948	29,017
Decrease in retirement benefit obligation, net of remeasurement	(1,964)	(97)
Operating cash flows before movements in working capital	**(77,689)**	**(17,809)**
Increase in inventories	(6,864)	(5,528)
(Increase)/decrease in trade and other receivables	8,555	(6,541)
Increase in trade and other payables	66,850	6,163
Net cash used in operations	**(9,148)**	**(23,715)**

26. Share based payments

Initial share gift

An initial share gift comprising common shares of Oryx Petroleum Company PLC was granted to officers and employees who commenced employment before the end of January 2011. An initial share gift of 50 common shares of OPHP was granted to each non-executive director of the Company on their appointment in 2012, totalling 300 shares of OPHP. These shares vested immediately.

Long term incentive plan

The long term incentive plan (LTIP) was introduced in 2010 to provide a long-term incentive scheme which motivates all employees and provides a longer-term perspective to the total remuneration package. Annual awards under the LTIP comprised common shares, originally of Oryx Petroleum Company PLC and now of the Company. These shares vest in three equal tranches with one-third vesting immediately on date of grant, one-third on July 1 the following year and the balance vesting on July 1 the year after.

2,628 shares of OPHP relating to the 2011 LTIP, 3,705 shares of OPHP relating to the 2012 LTIP and 232,387 shares of the Company relating to the 2013 LTIP vested during the year ended December 31, 2013. (2012: 2,150 shares of OPHP relating to the 2010 LTIP, 2,831 shares of OPHP relating to the 2011 LTIP and 3,620 shares of OPHP relating to the 2012 LTIP vested). Immediately prior to the initial public offering 6,457 shares of OPHP were issued to employees and executive officers of OPHP under previously issued awards pursuant to the OPHP long term incentive plan (Note 22).

26. Share based payments (continued)

The following shares have been awarded under the 2011, 2012 and 2013 schemes:

	LTIP Number of shares	Share gift Number of shares	Total Number of shares
At January 1, 2012	**772,631**	-	**772,631**
Shares granted for 2011 LTIP	46,050	-	46,050
Shares granted for 2012 share gift	-	32,278	32,278
Shares granted for 2012 LTIP	1,159,108	-	1,159,108
Shares issued for 2010 LTIP	(231,327)	-	(231,327)
Shares issued for 2011 LTIP	(304,598)	-	(304,598)
Shares issued for 2012 LTIP	(389,490)	-	(389,490)
At December 31, 2012 (restated)	**1,052,374**	**32,278**	**1,084,652**
Shares granted for 2012 LTIP	5,100	-	5,100
Shares granted for 2013 share gift	-	1,174,923	1,174,923
Shares granted for 2013 LTIP	711,998	-	711,998
Shares issued for 2011 LTIP	(282,756)	-	(282,756)
Shares issued for 2012 LTIP	(419,292)	-	(419,292)
Shares issued for 2013 LTIP	(240,994)	-	(240,994)
At December 31, 2013	**826,430**	**1,207,201**	**2,033,631**

The number of shares granted and issued of OPHP prior to the initial public offering are presented as if they were shares of the Company (see Note 22)

The amount of share based payments in respect of officers and employees charged to the statement of comprehensive income for the year ended December 31, 2013 was $24.9 million (2012: $11.6 million). Prior to the initial public offering, the fair value of the shares granted under the long term incentive plan was determined by management in the absence of readily available market value and was calculated based on asset values of the Group. The fair value of the shares of OPHP granted in 2011 was $1.00 thousand per OPHP share and $1.25 thousand per OPHP share for 2012. For the 2013 LTIP plan, the shares have been granted at a range between $12.33 and $14.01 per share (CAD $13.22 and CAD $14.49 per share). Subsequent to the initial public offering, the fair value of the shares of the Company granted under the long term incentive plan has been determined based on the volume weighted average price of the shares issued for the five days prior to the grant date.

27. Retirement benefit obligation

The Group operates a defined benefit pension plan for all employees of Oryx Petroleum Holdings PLC and its subsidiary, Oryx Petroleum Services SA. The plan is funded by the payment of contributions to separately administered pension funds.

The disclosures set out below are based on calculations carried out as at December 31, 2013 by a qualified independent actuary and have been prepared in accordance with IAS 19 – Employee Benefits.

27. Retirement benefit obligation (continued)

The principal actuarial assumptions used at the reporting date were:

	December 31 2013	December 31 2012 (restated)
Discount rate	2.20%	2.00%
Expected return on plan assets	2.20%	2.00%
Expected rate of salary increases	2.00% - 2.50%	2.00% - 2.50%
Future pension increases	0.00%	0.00%
Inflation	1.00%	1.00%

The following table reconciles the funded status of defined benefit plans to the amounts recognized in the consolidated statement of financial position:

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Fair value of plan assets	20,605	15,553
Present value of defined benefit obligation	24,097	18,022
Defined benefit obligation	**(3,492)**	**(2,469)**

The change in the defined benefit obligation is as follows:

	December 31 2013 $'000	December 31 2012 $'000 (restated)
Opening defined benefit obligation	(2,469)	(739)
Current service cost	(2,607)	(1,169)
Interest cost	(397)	(309)
Remeasurement losses	(1,424)	(2,542)
Translation difference	(72)	(74)
Other	3,477	2,364
Defined benefit obligation	**(3,492)**	**(2,469)**

27. Retirement benefit obligation (continued)

The change in the fair value of plan assets is as follows:

	December 31 2013 $'000s	December 31 2012 $'000s (restated)
Opening fair value of plan assets	15,553	11,720
Interest income	353	337
Return on plan assets	(468)	(304)
Employer contributions	2,929	2,085
Benefits deposited	1,611	809
Translation difference	627	906
Fair value of plan assets	**20,605**	**15,553**

The fair value of the plan assets are comprised of investments held by the insurance company that fully reinsures the Group's pension liabilities.

The amounts recognized in comprehensive income are determined as follows:

	December 31 2013 $'000s	December 31 2012 $'000s (restated)
Current service cost	2,607	1,169
Net interest expense / (income)	45	(28)
Other	9	40
Defined benefit cost recognized in profit or loss	**2,661**	**1,181**

The following table summarizes the present value of the defined benefit obligation with certain changes in the actuarial assumptions used**:**

	December 31 2013 $'000s	December 31 2012 $'000s (restated)
Decrease in discount rate of 0.25%	25,444	18,753
Increase in discount rate of 0.25%	23,271	17,281
Decrease in salary increases of 0.25%	24,047	17,815
Increase in salary increases of 0.25%	24,581	18,172
Decrease in life expectancy of one year	24,144	17,817
Increase in life expectancy of one year	24,499	18,164

Defined benefit costs of $2.7 million recognized in the statement of comprehensive income have been included in general and administrative expenses.

The Group expects to make contributions of $1.9 million to the defined benefit plan during the next financial year. The actual contributions for 2013 amounted to $2.9 million (2012: $2.1 million).

28. Subsidiaries

Details of the Company's subsidiaries at December 31, 2013 are as follows:

Name of subsidiary	Country of incorporation	Principal activity	Proportion of interest/voting rights
Oryx Petroleum Holdings Plc [1]	Malta	Intermediate holding company	100%
Oryx Petroleum Services SA	Switzerland	Administrative/technical services	100%
Oryx Petroleum Middle East Ltd	BVI	Intermediate holding company	100%
Oryx Petroleum Africa Ltd	BVI	Intermediate holding company	100%
OP OML 141 Nigeria Ltd	Nigeria	Exploration for oil and gas	100%
OP AGC Shallow Ltd	BVI	Exploration for oil and gas	100%
OP Sindi Amedi Kurdistan Ltd	BVI	Exploration for oil and gas	100%
OP Hawler Kurdistan Ltd [2]	BVI	Exploration for oil and gas	100%
Oryx Petroleum Congo SA	Congo	Exploration for oil and gas	100%
OP (TBA) Ltd [4]	BVI	Exploration for oil and gas	100%
OP Iraq Ltd	BVI	Exploration for oil and gas	100%
KPA Western Desert Energy Ltd [3]	Cyprus	Intermediate holding company	66.67%
AmiraKPO Ltd [3]	Cyprus	Exploration for oil and gas / Mining of bitumen	66.67%
AmiraKPO Exploration Ltd [3]	Cyprus	Exploration for oil and gas	66.67%
AmiraKPO Petroleum Company Ltd [3]	Cyprus	Mining of bitumen	66.67%
AmiraKPO Middle East Ltd	Malta	Intermediate holding company	60%
Sandhill Petroleum Operations Ltd	Anguilla	Exploration for oil and gas	60%
Desert Hill Petroleum Operations Ltd	Anguilla	Exploration for oil and gas	60%
Damsel Petroleum Operations Ltd	Anguilla	Exploration for oil and gas	60%
Black Hills Petroleum Operations Ltd	Anguilla	Exploration for oil and gas	60%
Raval Petroleum Operations Ltd	Anguilla	Exploration for oil and gas	60%

(1) Held directly by Oryx Petroleum Corporation Limited. All others are held through subsidiary undertakings.

(2) OP Hawler Kurdistan Ltd was formerly known as Norbest Ltd.

(3) In the fourth quarter of 2013, Oryx Petroleum Middle East Ltd increased its participating interest in KPA Western Desert Energy Ltd., and its subsidiary undertakings, from 50% to 66.67%. 50 million additional shares of KPA Western Desert Energy Ltd. were purchased for $0.001 per share.

(4) OP (TBA) Ltd was formerly known as OP Taoudeni Mauritania Ltd

A material non-controlling interest in the Group's activities is held through the following subsidiary:

Subsidiary	Ownership Interest	Loss allocated to non-controlling interests during 2013 $'000s	Accumulated non-controlling interests at December 31, 2013 $'000s
AmiraKPO Ltd	66.67%	-	16,954

28. Subsidiaries (continued)

Summarized financial information for AmiraKPO Ltd is provided below

	December 31 2013 $'000s	December 31 2012 $'000s (restated)
Total assets	45,293	40,369
Total liabilities	3,788	14,937
Net loss for the year	-	(661)

29. Related party transactions

The Group's indirect majority shareholder is AOG (incorporated in Malta). The majority of AOG's outstanding shares are owned by Samsufi Trust, an irrevocable discretionary charitable trust created at the suggestion of Jean Claude Gandur, a director and the Chairman of the Company. Mr. Gandur is not one of the beneficiaries of the Samsufi Trust.

The following transactions were carried out with related parties, which are all subsidiaries of AOG.

(a) *Purchases of goods and services*

	Year ended December 31 2013 $000	Year ended December 31 2012 $000 (restated)
AOG International Holdings Ltd	32	51
AOG Advisory Services SA	1,692	1,368
Addax and Oryx Group Ltd	2,178	2,636
Addax Bioenergy Management	-	21
Addax Energy SA	20	188
Addax Immobilier SA	4	4
Addax Nigeria Ltd.	160	-
AOG Advisory Services Ltd	105	344
Oryx Supply & Storage SA	-	1
	4,191	**4,613**

Purchases of goods and services have been acquired on normal commercial terms and conditions. In addition $0.5 million (2012: $nil) has been donated to the Addax and Oryx Foundation, a Swiss-registered charity.

29. Related party transactions (continued)

(b) *Payables to related parties*

	Year ended December 31 2013 $000	Year ended December 31 2012 $000 (restated)
AOG Advisory Services SA	1,105	533
Addax and Oryx Group Ltd	14	2,001
AOG International Holdings Ltd	1	-
Addax Energy SA	-	70
Addax Immobilier SA	-	4
	1,120	**2,608**

The amounts outstanding are unsecured. No guarantees have been given. Amounts owing to related parties relate to purchases of goods and services which were acquired on normal commercial terms and will be settled in cash.

(c) *Receivables from related parties*

	December 31 2013 $000	December 31 2012 $000 (restated)
AOG Advisory Services Ltd	39	38
	39	**38**

The amounts outstanding were acquired by related parties on normal commercial terms and will be settled in cash. The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties.

(d) *AOG guarantee*

Certain contingent payments (Note 32) are supported by a guarantee provided by AOG.

(e) *Key management compensation*

The remuneration of the directors and senior officers, the key management personnel of the Group, in aggregate is set out below.

	Year ended December 31 2013 $000	Year ended December 31 2012 $000 (restated)
Wages, salaries and other short term benefits	6,640	2,988
Post employment benefits	438	383
Share-based compensation	10,125	5,504
	17,203	**8,875**

30. Financial instruments by category

Financial assets	December 31 2013 $000 $000	December 31 2012 $000 (restated)
Loans and receivables		
Trade and other receivables	6,606	12,361
Cash and cash equivalents	306,034	72,725
	312,640	**85,086**

Financial liabilities	December 31 2013 $000 $000	December 31 2012 $000 (restated)
Amortized cost		
Trade and other payables	204,879	120,808
Borrowings	-	7,781
	204,879	**128,589**

The fair value of the financial assets and liabilities approximates the carrying amounts.

31. Commitments

(a) *Capital commitments*

It will be necessary to incur expenditure in order to maintain existing exploration and appraisal rights, therefore as at December 31, 2013, the Group had capital commitments totaling $177.9 million (December 2012: $177.4 million) which includes minimum work obligations on production sharing contracts of $63.6 million (December 2012: $58.5 million).

The Group signed a lease agreement during the third quarter of 2013 for an Early Production Facility relating to the Demir Dagh development in the Hawler license area. The commitment related to this lease agreement is $35.2 million.

During the second quarter of 2013, the Group resolved to donate a total of $1.5 million over a period of 3 years to the Addax & Oryx Foundation. The first payment of $0.5 million was made in July 2013.

(b) *Operating lease commitments – Group company as lessee*

The Group leases buildings and equipment under non-cancellable operating lease agreements with varying terms and renewal rights. The corresponding lease expenditure charged to the statement of comprehensive income during the year ended December 31, 2013 was $1.2 million (December 2012: $0.9 million).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Leases which expire	December 31 2013 $000	December 31 2012 $000 (restated)
No later than one year	677	13
One to five years	139	-
	816	**13**

32. Contingent liabilities

During 2011, the Group acquired interests in various exploration licenses. The acquisition terms included additional consideration and other liabilities, contingent upon the outcome of future drilling activities and, in some cases, the quantities of reserves discovered. At December 31, 2013 these amounted in aggregate to a maximum of $193.5 million (December 31, 2012 – $197.5 million). In accordance with the terms of the agreements for the acquisition of interests in these license areas, the Group is contractually obliged to make the payments upon a declaration of commercial discovery. If quantities of hydrocarbons discovered are not determined to be commercial, no payments will be due.

The aggregate fair value of the contingent consideration, based on the estimated probability of success, was initially evaluated by the directors at $46.3 million, of which $27.7 million was first recognized in the Group's statement of financial position at December 31, 2011 in relation to the Hawler license area acquired as part of the business combination with Norbest Limited (subsequently renamed OP Hawler Kurdistan Limited). The determination of fair value was principally based on an assessment of the available geological data, historical success rates in the region and other related assumptions on the likelihood of commercial success.

In addition, the net assets and liabilities acquired with OP Hawler Kurdistan Limited include a contingent payment to the Kurdistan Regional Government in relation to the declaration of a first commercial discovery. The total potential amount payable is $50 million of which the fair value, based on the estimated probability of success, was initially evaluated by the directors at $32.4 million and recognized in the fair values of the identifiable assets and liabilities acquired.

During 2013, the fair values of the contingent consideration and the contingent payment have been re-evaluated following the discovery of reserves in the Hawler license area. The fair value of the payments increased by $74.5 million to an estimated fair value of $134.6 million, of which $70.0 million is expected to be paid within one year. The increase in fair value of the payments resulted in $56.9 million recognized in the statement of comprehensive income for the year ended December 31, 2013 and $17.6 million capitalized to property, plant and equipment.

Consequent upon the relinquishment of the Sindi Amedi exploration license in the third quarter of 2013 the aggregate fair value of the contingent consideration was decreased by $3.9 million.

33. Events after the balance sheet date

In January 2014, the Group determined that the Demir Dagh 2 (DD-2) well discovery is a Commercial Discovery pursuant to the terms of the Hawler Production Sharing Contract (PSC). In accordance with the terms of the Hawler PSC, Oryx Petroleum is obliged to provide an additional payment to the KRG of $50 million which was paid by the Group in February 2014. In accordance with the terms of the agreement of the acquisition of OP Hawler Kurdistan Ltd, Oryx Petroleum is also obliged to provide additional consideration of $20 million to the vendor, of which $10 million was paid in February 2014 with the balance to be paid prior to the end of 2014.

In February 2014, the Group updated its reserves and resource volumes based upon a report issued by NSAI effective December 31, 2013. Total gross (working interest) proved and probable oil reserves in the Hawler license area in Kurdistan increased to 213 MMbbl from 164 MMbbl included in the NSAI report effective March 31, 2013. The increase in reserves booked relate primarily to the discovery at Zey Gawra announced in the fourth quarter of 2013. An increase of 23 MMbbl of best estimate gross (working interest) contingent resources was also included in the report effective December 31, 2013 citing a total of 217 MMbbl in the Hawler license area (NSAI report effective March 31, 2013 – 200 MMbbl) and 6 MMbbl in the Haute Mer A license area (NSAI report effective March 31, 2013 - nil). This increase is due to the discoveries at Banan and Ain-Al-Safra in the Hawler license area, and the Elephant discovery in the Haute Mer A license area. Finally, the report effective December 31, 2013 updated the best estimate unrisked gross (working interest) prospective oil resources to 1,167 MMbbl (risked: 209 MMbbl).

In February 2014, OPCL extended the uncommitted bond facility agreement for an additional twelve months, whereby up to a maximum of $15 million may be used by Oryx Petroleum for bank guarantees. As at the date of this document, no guarantees were issued under this agreement.

In March 2014, the Group announced that the testing of the E-1 exploration well targeting the Elephant prospect in the Haute Mer A license area confirmed the discovery of natural gas and crude oil. The discovery of natural gas and crude oil was previously announced in September 2013. Together with the operator of the license area, the Group will further analyze the test results and other data accumulated during the drilling of the well and determine the next steps.

Effective February 25, 2014 OP (TBA) Limited has changed its name to OP AGC Central Limited.