CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

ORYX PETROLEUM

Consolidated Interim Statement of Comprehensive Income

	Note	Three months ended March 31 2014 $'000	2013 $'000
General and administrative expense		(4,042)	(6,270)
Pre-licence costs		(1,683)	(1,672)
Impairment of oil and gas assets	8	(416)	-
Depreciation and amortization expense	8, 9	(475)	(159)
Other operating expense	22	-	(39,260)
Loss from operations		**(6,616)**	**(47,361)**
Finance (expense) / income, net	4, 5	(69)	341
Foreign exchange (losses) / gains	6	(123)	111
Finance (expense) / income - net		**(192)**	**452**
Loss before income tax		**(6,808)**	**(46,909)**
Income tax expense	7	(111)	(67)
Net loss for the period		**(6,919)**	**(46,976)**
Other comprehensive income, net of income tax			
(Items that will not be subsequently reclassified to profit and loss)			
Actuarial loss		(373)	-
Total comprehensive loss for the period		**(7,292)**	**(46,976)**
Net loss for the period attributable to:			
Owners of the company		(6,904)	(46,815)
Non-controlling interests		(15)	(161)
		(6,919)	**(46,976)**
Total comprehensive loss for the period attributable to:			
Owners of the company		(7,277)	(46,815)
Non-controlling interests		(15)	(161)
		(7,292)	**(46,976)**
Loss per share (basic and diluted)	18	**(0.07)**	**(0.64)**

Consolidated Interim Statement of Financial Position

	Note	March 31 2014 $'000	December 31 2013 $'000
Non-current assets			
Intangible assets	8	235,866	200,720
Property, plant and equipment	9	502,199	443,824
Deferred tax assets		1,202	911
		739,267	**645,455**
Current assets			
Inventories	10	7,804	12,465
Trade and other receivables	11	7,956	6,606
Prepaid charges	12	5,473	5,652
Cash and cash equivalents	13	152,794	306,034
		174,027	**330,757**
Total assets		**913,294**	**976,212**
Current liabilities			
Trade and other payables	14	75,883	138,608
Current income tax liabilities	15	875	463
		76,758	**139,071**
Non-current liabilities			
Trade and other payables	14	66,404	66,271
Retirement benefit obligation		4,599	3,492
Decommissioning obligation	16	4,455	1,346
		75,458	**71,109**
Total liabilities		**152,216**	**210,180**
Equity			
Share capital	17	1,010,117	1,009,684
Other reserves	19	7,091	5,186
Remeasurement of defined benefit obligation		(4,339)	(3,966)
Accumulated deficit		(268,489)	(261,585)
Equity attributable to owners of the company		**744,380**	**749,319**
Non-controlling interests		16,698	16,713
Total equity		**761,078**	**766,032**
Total equity and liabilities		**913,294**	**976,212**

The condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on May 7, 2014. They were signed on behalf of the Board of Directors by

(signed)

Jean Claude Gandur
Director

(signed)

Peter Newman
Director

Consolidated Interim Statement of Changes in Equity

		Attributable to equity holders of the company							
	Note	Share capital $'000	Share premium $'000	Other reserves $'000	Accumulated deficit $'000	Remeasurement of defined benefit obligation / Actuarial loss $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at January 1, 2013		**499,311**	**771**	**5,846**	**(84,371)**	**(2,542)**	**419,015**	**25,322**	**444,337**
Total comprehensive loss for the period		-	-	-	(46,815)	-	(46,815)	(161)	(46,976)
Shares issued	17	243,229	187	-	-	-	243,416	-	243,416
Share based payment expense	17	-	-	2,106	-	-	2,106	-	2,106
Shares issued for long-term incentive plan	17	-	-	(535)	-	-	(535)	-	(535)
Balance at March 31, 2013		**742,540**	**958**	**7,417**	**(131,186)**	**(2,542)**	**617,187**	**25,161**	**642,348**
Net loss for the period		-	-	-	(138,749)	-	(138,749)	(98)	(138,847)
Shares issued prior to initial public offering	17	17,377	4,344	-	-	-	21,721	-	21,721
Shares issued through initial public offering	17	247,344	-	-	-	-	247,344	-	247,344
Issuance costs		(11,536)	(5,302)	-	-	-	(16,838)	-	(16,838)
Warrants exercised	17	10,515	-	-	-	-	10,515	-	10,515
Share based payment expense	17	-	-	22,941	-	-	22,941	-	22,941
Shares issued for long-term incentive plan	17	3,270	-	(24,998)	-	-	(21,728)	-	(21,728)
Shares issued for Directors' compensation	17	174	-	(174)	-	-	-	-	-
Increase in participating interest in subsidiary[(1)]		-	-	-	8,350	-	8,350	(8,350)	-
Remeasurement of defined benefit obligation		-	-	-	-	(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**
Net loss for the period		-	-	-	(6,904)	-	(6,904)	(15)	(6,919)
Share based payment expense	17	-	-	2,263	-	-	2,263	-	2,263
Shares issued for long-term incentive plan	17	283	-	(283)	-	-	-	-	-
Shares issued for Directors' compensation	17	150	-	(75)	-	-	75	-	75
Actuarial loss	17	-	-	-	-	(373)	(373)	-	(373)
Balance at March 31, 2014		**1,010,117**	**-**	**7,091**	**(268,489)**	**(4,339)**	**744,380**	**16,698**	**761,078**

(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%.

(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. Please refer to Note 17.

Consolidated Interim Statement of Cash Flows

	Note	Three months ended March 31 2014 $'000	2013 $'000
Cash flows from operating activities			
Net cash used in operations	20	(23,757)	(6,824)
Income tax paid		-	-
Interest received		112	99
Net cash used in operating activities		(23,645)	(6,725)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(102,540)	(215)
Acquisition of intangible assets		(27,055)	(55,390)
Net cash used in investing activities		(129,595)	(55,605)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	235,100
Net cash generated from financing activities		-	235,100
Net (decrease) / increase in cash and cash equivalents		(153,240)	172,770
Cash and cash equivalents at beginning of the period		306,034	72,725
Cash and cash equivalents at end of the period	13	152,794	245,495

NOTES TO THE CONSOLIDATED INTERIM 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 comparative consolidated interim financial information, prior to the IPO, 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 interim 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.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 7, 2014.

2. Summary of significant accounting policies

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2014 have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim financial reporting". The interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The unaudited condensed consolidated interim 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 the annual financial statements for the year ended December 31, 2013. These estimates are based on management's best knowledge of current events and actions. Actual results ultimately may differ from those estimates.

The condensed consolidated interim financial statements are presented in the US Dollar currency (USD), which is both the presentational and functional currency of the Group.

2. Summary of significant accounting policies (continued)

New and amended standards adopted by the Group

Effective January 1, 2014, the Group has adopted the following new and amended IFRS standards as issued by the IASB:

Amendments to 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

The above standards do not have a material impact for the Group, other than to enhance certain disclosures.

At the date of authorization of these financial statements, the following standards were issued but not yet effective:

New and Amended Standards		**Effective for annual periods beginning on or after**
IFRS 9	Financial Instruments: classification and measurement	January 1, 2018
	Additions to IFRS 9 for financial liability accounting	January 1, 2018
IAS 19	Defined benefit plans (Employee contributions)	July 1, 2014

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

During 2013, the Group initially and retroactively applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments. The impact on the equity balance as at January 1, 2013 was $3.6 million, which represents an increase in the accumulated deficit of $1.1 million as at December 31, 2012 and an increase in the remeasurement loss of the defined benefit obligation of $2.5 million for the year ended December 31, 2012.

3. 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 two geographical areas. Segmented information related to the two operating segments and corporate activities is as follows:

	Middle East $'000	West Africa $'000	Corporate $'000	Total $'000
For the three months ended March 31, 2014				
General and administrative expense	(36)	(107)	(3,899)	(4,042)
Pre-licence costs	(368)	(1,315)	-	(1,683)
Impairment of oil and gas assets	-	(416)	-	(416)
Depreciation and amortization	-	(9)	(466)	(475)
Segment result	**(404)**	**(1,847)**	**(4,365)**	**(6,616)**
Finance expense (net)				(69)
Foreign exchange losses				(123)
Loss before income tax				**(6,808)**
Income tax expense				(111)
Net loss for the period				**(6,919)**
Capital additions	68,002	26,170	240	94,412
Segment assets	679,852	160,699	72,743	913,294
Segment liabilities	(132,112)	(10,019)	(10,086)	(152,217)

	Middle East $'000	West Africa $'000	Corporate $'000	Total $'000
For the three months ended March 31, 2013				
General and administrative expense	(436)	(419)	(5,415)	(6,270)
Pre-licence costs	(831)	(841)	-	(1,672)
Depreciation and amortization	-	(5)	(154)	(159)
Other operating expense	(39,260)	-	-	(39,260)
Segment result	**(40,527)**	**(1,265)**	**(5,569)**	**(47,361)**
Interest income				341
Foreign exchange gains				111
Loss before income tax				**(46,909)**
Income tax expense				(67)
Net loss for the period				**(46,976)**
Capital additions	31,695	22,504	231	54,430
Segment assets	566,594	205,804	26,165	798,563
Segment liabilities	(147,516)	(366)	(5,754)	(153,636)

4. Finance income

	Three months ended March 31	
	2014	2013
	$'000	$'000
Bank interest	122	341
	122	**341**

5. Finance expense

	Three months ended March 31	
	2014	2013
	$'000	$'000
Interest expense	(168)	-
Accretion expense relating to the decommissioning obligation	(23)	-
	(191)	**-**

6. Foreign exchange gains and losses

	Three months ended March 31	
	2014	2013
	$'000	$'000
Realized foreign exchange losses	(42)	(3)
Unrealized foreign exchange (losses) / gains	(81)	114
	(123)	**111**

7. Income tax expense

	Three months ended March 31	
	2014	2013
	$'000	$'000
Current tax:		
Current income tax expense	(408)	(326)
Total current income tax expense	**(408)**	**(326)**
Deferred tax:		
Deferred tax on long-term incentive plan	134	130
Deferred tax on defined benefit obligation	163	129
Total net income tax expense	**(111)**	**(67)**

7. Income tax expense (continued)

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.

Cumulative unused tax losses unrecognized in deferred tax assets amount to $57.1 million at March 31, 2014 (December 31, 2013: $50.1 million, March 31, 2013: $5.2 million).

8. Intangible assets

	Note	Exploration & Evaluation costs $'000	Computer Software $'000	Total $'000
Cost				
At January 1, 2013		**507,319**	**1,287**	**508,606**
Additions		54,199	16	54,215
Transfers and reclassifications[1]	9	(371,603)	-	(371,603)
At March 31, 2013		**189,915**	**1,303**	**191,218**
Additions		157,067	381	157,448
Transfers and reclassifications[1][2]	9	(35,117)	-	(35,117)
At December 31, 2013		**311,865**	**1,684**	**313,549**
Additions		35,491	189	35,680
At March 31, 2014		**347,356**	**1,873**	**349,229**
Accumulated amortization and impairment				
At January 1, 2013		**29,017**	**427**	**29,444**
Amortization		-	105	105
At March 31, 2013		**29,017**	**532**	**29,549**
Amortization		-	332	332
Impairment charge[3][4][5][6]		82,948	-	82,948
At December 31, 2013		**111,965**	**864**	**112,829**
Amortization		-	118	118
Impairment charge[6]		416	-	416
At March 31, 2014		**112,381**	**982**	**113,363**
Net book value				
At March 31, 2013		160,898	771	161,669
At December 31, 2013		199,900	820	200,720
At March 31, 2014		234,975	891	235,866

(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, $371.6 million of costs associated with the license area were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E in the first quarter of 2013, and a further $1.6 million in costs were transferred in the second quarter of 2013.

(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.

8. Intangible assets (continued)

(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 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. An additional impairment charge of $0.4 million was recorded in the first quarter of 2014 based on updated information received from the operator.

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

	March 31 2014 $'000	March 31 2013 $'000	December 31 2013 $'000
Middle East	105,253	87,095	95,930
West Africa	129,722	73,803	103,970
	234,975	**160,898**	**199,900**

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 to determine whether reserves are established is complete. At that stage the relevant costs are either transferred to PP&E or written-off to the statement of comprehensive income as exploration expense.

9. Property, plant and equipment

	Note	Oil and Gas Assets $'000	Facilities under Construction(3) $'000	Fixtures and Equipment $'000	Total $'000
Cost					
At January 1, 2013		**-**	**-**	**671**	**671**
Additions		-	-	215	215
Transfers and reclassifications(1)	8	371,603	-	-	371,603
At March 31, 2013		**371,603**	**-**	**886**	**372,489**
Additions		33,931	1,116	1,558	36,605
Transfers and reclassifications(1)(2)	8	35,117	-	-	35,117
At December 31, 2013		**440,651**	**1,116**	**2,444**	**444,211**
Additions		54,335	4,346	51	58,732
At March 31, 2014		**494,986**	**5,462**	**2,495**	**502,943**
Accumulated depreciation					
At January 1, 2013		-	-	**96**	**96**
Depreciation		-	-	54	54
At March 31, 2013		**-**	**-**	**150**	**150**
Depreciation		-	-	237	237
At December 31, 2013		**-**	**-**	**387**	**387**
Depreciation		-	-	357	357
At March 31, 2014		**-**	**-**	**744**	**744**
Net book value					
At March 31, 2013		371,603	-	736	372,339
At December 31, 2013		440,651	1,116	2,057	443,824
At March 31, 2014		494,986	5,462	1,751	502,199

(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, $371.6 million of costs associated with the license area were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E in the first quarter of 2013, and a further $1.6 million in costs were transferred in the second quarter of 2013.

(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.

(3)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. The related facilities are under construction. Refer to Note 21 for further information on the increase in capital commitments due to the finalization of the Early Production Facility finance lease contract.

No assets have been pledged as security.

10. Inventories

	March 31 2014 $'000	December 31 2013 $'000
Exploration materials	7,804	12,465
	7,804	**12,465**

No inventories have been recognized as an expense during the period (2013: nil).
No inventories have been pledged as security.

11. Trade and other receivables

	March 31 2014 $'000	December 31 2013 $'000
Advances paid on contracts	5,502	5,500
Receivables from joint operations partners	2,040	717
Receivables from related parties	-	116
Other receivables	414	273
	7,956	**6,606**

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

12. Prepaid charges

	March 31 2014 $'000	December 31 2013 $'000
Prepaid charges	5,473	5,652
	5,473	**5,652**

13. Cash and cash equivalents

	March 31 2014 $'000	December 31 2013 $'000
Cash at bank and in hand	152,794	306,034
	152,794	**306,034**

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.

14. Trade and other payables

	March 31 2014 $'000	December 31 2013 $'000
Trade accounts payable	15,015	14,033
Payables to joint operations partners	9,684	12,213
Payables to related parties	8	1,120
Contingent costs	76,753	136,807
Other payables and accrued liabilities	40,827	40,706
	142,287	**204,879**
Less : Non-current portion	(66,404)	(66,271)
Current portion	**75,883**	**138,608**

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The carrying amounts of trade and other payables presented above are reasonable approximations of their fair value.

The decrease in contingent costs in due to a payment of $50.0 million made in the first quarter of 2014 relating to the contingent liability due to the Kurdistan Regional Government upon the declaration of a first commercial discovery on the Hawler license area. Additionally a $10.0 million payment was made during the quarter as contingent consideration due on the Hawler license area relating to the acquisition of Norbest Limited in 2011. See Note 22 for further information. The non-current portion relates to a further $71 in million contingent consideration relating to the acquisition of Norbest Limited and is presented at fair value estimated by discounting future cash outflows at a rate of 10%.

The Group entered into an uncommitted bond facility agreement with BNP Paribas on March 26, 2013 whereby up to a maximum of $15 million may be used by Oryx Petroleum Holdings PLC for bank guarantees. In February 2014, OPCL extended the uncommitted bond facility agreement for an additional twelve months. As at the date of this document, no guarantees were issued under this agreement.

15. Current income tax liabilities

	March 31 2014 $'000	December 31 2013 $'000
Corporation tax payable	875	463
	875	**463**

16. 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 March 31, 2014 is $4.5 million (December 31, 2013 - $1.3 million) based on the Group's total working interest undiscounted liability of $29.9 million (December 31, 2013 - $22.9 million). The decommissioning obligation was discounted using a risk-adjusted discount rate determined by management. During the quarter management revised discount rate assumptions resulting in a $2.0 million increase in the decommissioning liability.

	Three months ended March 31 2014 $'000	Year ended December 31 2013 $'000
Decommissioning obligation, beginning of the period	1,346	-
Property acquisition and development activity	1,086	1,346
Change in discount rate	2,046	-
	4,478	**1,346**
Accretion expense	(23)	-
Decommissioning obligation, end of the period	**4,455**	**1,346**

17. Share capital and share premium

Issued and fully paid	**Number of shares**	**Share capital $'000**	**Share premium $'000**
At January 1, 2013	**499,311**	**499,311**	**771**
Issue of shares	243,229	243,229	187
At March 31, 2013	**742,540**	**742,540**	**958**
Issue of shares	17,377	17,377	4,344
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**	-
Issue of shares	34,316	433	-
At March 31, 2014	**99,889,234**	**1,010,117**	-

The Company has unlimited authorized share capital outstanding as at March 31, 2014.

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

17. Share capital and share premium (continued)

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.

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.

During the first quarter of 2014 the Group issued 21,850 shares to employees and executive officers under the Group’s long term incentive plan and 12,466 shares 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**
Long term incentive plan	21,850
Directors' compensation	12,466
Common shares outstanding at March 31, 2014	**99,889,234**

18. 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:

	Three months ended March 31	
	2014	**2013**
	$'000	**$'000**
Net loss for the period attributable to equity holders	(6,904)	(46,815)
Weighted average number of ordinary shares for basic and diluted loss per share*	99,879,812	73,495,623
	$	**$**
Basic and diluted loss per share	**(0.07)**	**(0.64)**

* The unvested LTIP shares are excluded as they are anti-dilutive. The weighted average number of shares of OPHP for the three months ended March 31, 2013 are presented as if they were shares of the Company (refer to note 17).

19. Other reserves

	Share based payments $'000
At January 1, 2013	**5,846**
Share based payment transactions	2,106
Issue of shares for long-term incentive plan	(535)
At March 31, 2013	**7,417**
Share based payment transactions*	22,941
Issue of shares for long-term incentive plan	(24,998)
Issue of shares for Directors' compensation	(174)
At December 31, 2013	**5,186**
Share based payment transactions	2,263
Issue of shares for long-term incentive plan	(283)
Issue of shares for Directors' compensation	(75)
At March 31, 2014	**7,091**

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

20. Net cash used in operations

	Three months ended March 31	
	2014	**2013**
	$'000	**$'000**
Net loss before income tax	(6,808)	(46,909)
Adjustments for:		
Depreciation and amortization	475	159
Foreign exchange losses	32	(34)
Interest income	(69)	(341)
Share based payment and directors' remuneration expense	2,263	2,106
Impairment of intangible assets	416	-
Increase in retirement benefit obligation, net of remeasurement	734	368
Operating cash flows before movements in working capital	**(2,957)**	**(44,651)**
Decrease / (Increase) in inventories	4,661	(432)
(Increase) / Decrease in trade and other receivables	(2,219)	37
(Decrease) / Increase in trade and other payables	(23,242)	38,222
Net cash used in operations	**(23,757)**	**(6,824)**

21. Commitments

(a) Contractual obligations

The Group, under its joint operations activities, has entered into various commitments with various third party providers of goods and services which contain provisions for the following spending commitments:

	March 31	**December 31**
	2014	**2013**
	$000	**$000**
No later than one year	23,163	141,110
One to five years	124,144	36,821
Greater than five years	46,904	-
	194,211	**177,931**

During the third quarter of 2013, the Group signed a finance lease agreement for the construction of an Early Production Facility relating to the Demir Dagh development in the Hawler license area. The remaining commitment related to this finance lease agreement is included above and amounts to $33.3 million due within five years.

The commitments noted above reflect the Group's execution of current budgeted and contracted exploration and development activities. Expenditure commitments may be subject to change and could be reduced by selective relinquishments of acreage and/or licenses or by curtailing the execution of activity under existing supplier contracts. Determining expenditure commitments requires the use of reasonable estimates and judgments primarily related to expectations that budgeted activities will be executed.

21. Commitments (continued)

(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 expenditures charged to the statement of comprehensive income during the three month period ended March 31, 2014 was $0.3 million (2013: $0.3 million).

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

Leases which expire	March 31 2014 $000	December 31 2013 $000
No later than one year	175	677
One to five years	134	139
	309	**816**

22. 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 March 31, 2014 these amounted in aggregate to a maximum of $183.5 million (December 31, 2013 – $193.5 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 successive declarations of commercial discoveries.

As at March 31, 2014, a total liability of $76.8 million (December 31, 2013: $136.8 million) has been recorded relating to the aggregate fair value of the contingent consideration and payment related to the Hawler license area. Of this amount, $10.3 million is expected to be paid within one year (December 31, 2013: $70.5 million). The decrease in the liability during the first quarter 2014 is due to payments of $60.0 million which were related to the first commercial discovery on the Hawler license area.