UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015

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Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

		Three months ended June 30		Six months ended June 30	
$000s	**Note**	**2015**	**2014**	**2015**	**2014**
Revenue		9,362	1,378	14,707	1,378
Royalties		(3,833)	(564)	(6,022)	(564)
Net revenue		**5,529**	**814**	**8,685**	**814**
Operating expenses		(4,694)	(1,160)	(9,771)	(1,160)
Depreciation, depletion and amortization	**4,5**	(2,774)	(502)	(4,533)	(977)
Impairment of oil and gas assets	**4**	-	(765)	-	(1,181)
Pre-license costs		(476)	(1,120)	(1,008)	(2,803)
General and administrative expenses		(4,827)	(3,897)	(7,149)	(7,939)
Other income / (expenses)	**20**	2,493	(1,560)	985	(1,560)
Loss from operations		**(4,749)**	**(8,190)**	**(12,791)**	**(14,806)**
Finance income		5	41	12	163
Finance expense		(1,112)	(180)	(1,361)	(371)
Foreign exchange gains / (losses)		496	(127)	278	(250)
Loss before income tax		**(5,360)**	**(8,456)**	**(13,862)**	**(15,264)**
Income tax expense	**17**	(219)	(216)	(381)	(327)
Net loss for the period		**(5,579)**	**(8,672)**	**(14,243)**	**(15,591)**
Other comprehensive loss (net of income tax)					
(Items that will not be subsequently reclassified to profit and loss)					
Loss on defined benefit obligation		(875)	(375)	(1,743)	(748)
Total comprehensive loss for the period		**(6,454)**	**(9,047)**	**(15,986)**	**(16,339)**
Net loss for the period attributable to:					
Owners of the Company		(5,578)	(8,659)	(14,247)	(15,564)
Non-controlling interest		(1)	(13)	4	(27)
		(5,579)	**(8,672)**	**(14,243)**	**(15,591)**
Total comprehensive loss for the period attributable to:					
Owners of the Company		(6,453)	(9,034)	(15,990)	(16,312)
Non-controlling interest		(1)	(13)	4	(27)
		(6,454)	**(9,047)**	**(15,986)**	**(16,339)**
Loss per share (basic and diluted)	**14**	**(0.05)**	**(0.09)**	**(0.12)**	**(0.16)**

Condensed Consolidated Interim Statement of Financial Position

$000s	Note	June 30 2015	December 31 2014
Non-current assets			
Intangible assets	**4**	258,776	254,107
Property, plant and equipment	**5**	792,166	734,221
Deferred tax assets		3,750	2,783
		1,054,692	**991,111**
Current assets			
Inventories	**6**	23,604	22,146
Trade and other receivables	**7**	7,257	3,402
Other current assets	**8**	5,841	11,687
Cash and cash equivalents	**9**	56,653	109,870
		93,355	**147,105**
Total assets		**1,148,047**	**1,138,216**
Current liabilities			
Trade and other payables	**10**	72,484	95,016
Deferred revenue		-	957
Current income tax liabilities		990	994
		73,474	**96,967**
Non-current liabilities			
Borrowings	**11**	43,643	-
Trade and other payables	**10**	63,998	64,718
Retirement benefit obligation		10,630	6,867
Decommissioning obligation	**12**	5,384	9,061
		123,655	**80,646**
Total liabilities		**197,129**	**177,613**
Equity			
Share capital	**13**	1,226,599	1,226,248
Reserves	**15**	18,421	5,763
Remeasurement of defined benefit obligation, net of income tax		(9,284)	(7,541)
Accumulated deficit		(293,882)	(279,635)
Equity attributable to owners of the company		**941,854**	**944,835**
Non-controlling interests		9,064	15,768
Total equity		**950,918**	**960,603**
Total equity and liabilities		**1,148,047**	**1,138,216**

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on August 5, 2015. On behalf of the Board of Directors:

(signed)
Jean Claude Gandur
Director

(signed)
Peter Newman
Director

Condensed Consolidated Interim Statement of Changes in Equity

		Attributable to equity holders of the Company						
$000s		**Share capital**	**Reserves**	**Accumulated deficit**	**Remeasurement of defined benefit obligation**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2014		**1,009,684**	**5,186**	**(261,585)**	**(3,966)**	**749,319**	**16,713**	**766,032**
Net loss for the period		-	-	(15,564)	-	(15,564)	(27)	(15,591)
Share based payment expense	**15**	-	4,395	-	-	4,395	-	4,395
Shares issued for long term incentive plan ("LTIP")	**13, 15**	386	(386)	-	-	-	-	-
Shares issued for Directors' compensation	**13, 15**	150	-	-	-	150	-	150
Loss on defined benefit obligation, net of income tax		-	-	-	(748)	(748)	-	(748)
Disposal of subsidiaries[1]		-	-	13	-	13	-	13
Balance at June 30, 2014		**1,010,220**	**9,195**	**(277,136)**	**(4,714)**	**737,565**	**16,686**	**754,251**
Net loss for the period		-	-	(2,501)	-	(2,501)	(918)	(3,419)
Shares issued through public offering	**13**	209,725	-	-	-	209,725	-	209,725
Issuance costs	**13**	(3,063)	-	-	-	(3,063)	-	(3,063)
Share based payment expense	**15**	-	5,785	-	-	5,785	-	5,785
Shares issued for LTIP	**13, 15**	9,217	(9,217)	-	-	-	-	-
Shares issued for Directors' compensation	**13, 15**	149	-	-	-	149	-	149
Loss on defined benefit obligation, net of income tax		-	-	-	(2,827)	(2,827)	-	(2,827)
Disposal of subsidiaries[1]		-	-	2	-	2	-	2
Balance at December 31, 2014		**1,226,248**	**5,763**	**(279,635)**	**(7,541)**	**944,835**	**15,768**	**960,603**
Net loss for the period		-	-	(14,247)	-	(14,247)	4	(14,243)
Share based payment expense	**13**	-	3,418	-	-	3,418	-	3,418
Shares issued for LTIP	**13, 15**	201	(201)	-	-	-	-	-
Shares issued for Directors' compensation	**13, 15**	150	-	-	-	150	-	150
Warrants issued	**15**	-	6,741	-	-	6,741	-	6,741
Increase in ownership of KPA Western Desert Energy Limited[2]	**15**	-	2,700	-	-	2,700	(6,708)	(4,008)
Loss on defined benefit obligation, net of income tax		-	-	-	(1,743)	(1,743)	-	(1,743)
Balance at June 30, 2015		**1,226,599**	**18,421**	**(293,882)**	**(9,284)**	**941,854**	**9,064**	**950,918**

(1) During the second quarter of 2014, the Group disposed of its shares in the following subsidiaries: AmiraKPO Middle East Limited, Sandhill Petroleum Operations Limited, Desert Hill Petroleum Operations Limited, Damsel Petroleum Operations Limited, Black Hills Petroleum Operations Limited, and Raval Petroleum Operations Limited. The Group disposed of its investment in AmiraKPO Middle East Limited for Nil proceeds and recorded allowances for doubtful accounts related to the transaction for a total of $15,000 in charges to the Statement of Loss which are included in Other expenses.

(2) During the second quarter of 2015, the Group acquired an increased ownership interest in KPA Western Desert Energy Limited ("KPAWDE") and increased its percentage ownership from 66.67% to 80.8%.

Condensed Consolidated Interim Statement of Cash Flows

		Three months ended June 30		Six months ended June 30	
$000s	**Note**	**2015**	**2014**	**2015**	**2014**
Net loss		(5,579)	(8,672)	(14,243)	(15,591)
Items not involving cash	**16**	3,344	5,598	7,881	9,432
		(2,235)	(3,074)	(6,362)	(6,159)
Changes in non-cash working capital and other	**16**	(1,921)	2,236	(5,980)	(14,408)
Net cash used in operating activities		**(4,156)**	**(838)**	**(12,342)**	**(20,567)**
Cash flows used in investing activities					
Acquisition of intangible assets		(3,114)	(39,749)	(4,627)	(75,429)
Acquisition of property, plant and equipment		(24,969)	(64,886)	(64,521)	(120,532)
Changes in non-cash working capital	**16**	811	7,901	(21,110)	(34,284)
Net cash used in investing activities		**(27,272)**	**(96,734)**	**(90,258)**	**(230,245)**
Cash flows generated by financing activities					
Related party financing	**11**	50,000	-	50,000	-
Transaction costs	**11**	(617)	-	(617)	-
Net cash generated from financing activities		**49,383**	**-**	**49,383**	**-**
Net increase / (decrease) in cash and cash equivalents		**17,955**	**(97,572)**	**(53,217)**	**(250,812)**
Cash and cash equivalents at beginning of the period		38,698	152,794	109,870	306,034
Cash and cash equivalents at end of the period	**9**	**56,653**	**55,222**	**56,653**	**55,222**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Oryx Petroleum Corporation Limited (the "Company" or "OPCL") 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" or "Oryx Petroleum"). The address of the registered office of OPCL 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 PLC ("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.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 5, 2015.

2. Summary of significant accounting policies

a. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2015 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 Oryx Petroleum's annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS). Accounting policies included in the annual financial statements for the year ended December 31, 2014 are applicable to these interim statements.

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 condensed consolidated interim financial statements are disclosed in the annual financial statements for the year ended December 31, 2014.

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

b. Going concern

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Group meets its day to day working capital requirements, and funds its capital and operating expenditures through funding received from public offerings (note 13), its share of oil sale revenues from the Hawler License Area, and from borrowings (note 11).

The Company's ability to continue as a going concern is dependent upon its ability to realize forecasted revenues and to control the timing and extent of projected expenditures.

Management has applied significant judgment in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sale volumes and pricing, and the timing and extent of capital, operating, and general and administrative expenditures.

2. Summary of significant accounting policies (continued)

Oil sales volume assumptions are based on actual production volumes adjusted over time to consider the impact of production increases expected to result from planned development drilling and well production optimization. Crude oil price assumptions are based on independent third party forecasts of crude oil prices adjusted for transportation costs and quality differentials. The timing and extent of capital, operating and general administrative expenditures is based on the Group's revised forecasts and on management's best estimate of expenditures expected to be incurred beyond periods covered by approved forecasts.

The Group has a substantial degree of control and flexibility over both the extent and timing of expenditure under its future capital investment program. Nevertheless, management's assessment of the Group's ability to realize forecasted revenues and to control expenditures in accordance with its currently estimated projections is subject to significant uncertainty. In the event that actual realized revenues and the timing and extent of necessary expenditures fluctuate significantly from management's estimates, the Group may require access to additional financing to fund its operating and general and administrative expenditures, its capital investments in the Hawler license area, and to meet its obligations as they fall due. Furthermore, the Group's ability to fund investments in its exploration and evaluation assets is likely to require the sourcing of additional funding.

Management's forecast supporting the going concern assumption has been tested by applying crude oil price assumptions based on ICE Brent forward contract prices. The resulting forecast indicates a requirement for funding in addition to currently secured external financing and projected cash inflows from crude oil sales during the fourth quarter of 2016. The timing and magnitude of the potential requirement for additional financing is uncertain and dependent primarily on actual oil production and sale volumes, and realized prices. Management is monitoring the Group's funding requirements and plans to pursue specific funding sources if and when additional funds are required and available at appropriate cost.

Should the Group be unable to secure the financing required to fund its operating and general and administrative expenditures, its capital investments in the Hawler license area, and to meet its obligations as they fall due, the preparation of these unaudited condensed consolidated interim financial statements on a going concern basis may not be appropriate. Should the Group be unable to secure financing for its planned investments in its exploration and evaluation assets within the time limitations applicable to each of the Group's license areas, the Group's ability to retain its rights under agreements governing the applicable exploration activities may be compromised and the carrying value of the Group's E&E assets may require material adjustment.

The condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Such adjustments may be material.

The directors have considered the judgements, estimates, and related uncertainties discussed above and have concluded that there is a reasonable expectation that, if necessary, the Group will be able to access adequate resources to continue operations for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing these unaudited condensed consolidated interim financial statements.

2. Summary of significant accounting policies (continued)

c. New and amended standards applicable to the Group

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

New and Amended Standards	**Effective for annual periods beginning on or after**
IFRS 9, IFRS 7, IAS 39 – Financial Instruments: classification and measurement	January 1, 2018
Additions to IFRS 9 for financial liability accounting	January 1, 2018
IFRS 15 – Revenue from contracts with customers	January 1, 2018
Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations	January 1, 2016
Amendments to IAS 16 & IAS 38 – Clarification of acceptable methods of depreciation and amortization	January 1, 2016
Amendments to IAS 27 – Equity method in separate financial statements	January 1, 2016
Amendments to IFRS 10 & IAS 28 – Sale or contributions of assets between an investor and its associate or joint venture	January 1, 2016
Annual improvement cycles; 2012 – 2014	July 1, 2016
Amendments to IFRS 10, IFRS 12 & IAS 28 – Application of the consolidation exemption	January 1, 2016
Amendments to IAS 1 – Disclosure initiative	January 1, 2016
Amendments to IAS 19 – Defined benefit plans: Employee contributions	January 1, 2016

Amendments to IFRS 10 & IAS 28 are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

Management is evaluating the impact of the other new or amended standards listed above to determine if their adoption in future periods will have a material impact on the financial statements of the Group.

3. Joint arrangements

The Group has entered into Joint arrangements to facilitate the development and production of oil and gas.

As at June 30, 2015, the Company was involved in the following joint arrangements:

License Area	**Classification**	**Location**	**Participating interest(1)**
Hawler	Joint operation	Iraq – Kurdistan Region	65%
Wasit	Joint operation	Iraq – Wasit province	75%(2)
AGC Shallow	Joint operation	Senegal and Guinea Bissau	85%
AGC Central	Joint operation	Senegal and Guinea Bissau	85%
OML 141	Joint operation	Nigeria	38.67%
Haute Mer A	Joint operation	Congo (Brazzaville)	20%
Haute Mer B	Joint operation	Congo (Brazzaville)	30%

(1) Participating interest is the Group's current interest in the applicable license area. Participating interest differs from working interest which reflects the impact of unexercised back-in rights or options.

(2) This amount includes an interest attributable to a non-controlling third party. The Group's participating interest net of the non-controlling interest is 60.62%.

4. Intangible assets

$000s	Note	Exploration & Evaluation costs	Computer Software	Total
Cost				
At January 1, 2014		**311,865**	**1,684**	**313,549**
Additions		75,141	287	75,428
At June 30, 2014		**387,006**	**1,971**	**388,977**
Additions		34,913	121	35,034
Transfers and reclassifications[(1)]	**5**	(55,941)	**-**	(55,941)
At December 31, 2014		**365,978**	**2,092**	**368,070**
Additions		4,848	70	4,918
At June 30, 2015		**370,826**	**2,162**	**373,988**
Accumulated amortization and impairment				
At January 1, 2014		**111,965**	**864**	**112,829**
Amortization		-	256	256
Impairment charge[(2)]		1,181	-	1,181
At June 30, 2014		**113,146**	**1,120**	**114,266**
Amortization		-	275	275
Impairment charge[(2)]		(578)	-	(578)
At December 31, 2014		**112,568**	**1,395**	**113,963**
Amortization		-	249	249
At June 30, 2015		**112,568**	**1,644**	**114,212**
Net book value				
At June 30, 2015		258,258	518	258,776
At December 31, 2014		253,410	697	254,107
At June 30, 2014		273,860	851	274,711

(1) In December 2014, following a reserve report, effective December 31, 2014, from Netherland, Sewell & Associates, Inc. (NSAI) confirming the discovery of reserves at Banan within the Hawler license area, a portion of the E&E costs in Kurdistan was transferred from intangible assets to property, plant and equipment (PP&E). As a result, $55.9 million of costs associated with the license area were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E at December 31, 2014.

(2) 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 $1.2 million was recorded in the first half of 2014 and adjusted by $0.6 million in the second half of 2014 based on updated information received from the operator. The H-1 well has been written down to Nil value.

The carrying amounts of intangible exploration and evaluation (“E&E”) assets relate to:

$000s	June 30 2015	June 30 2014	December 31 2014
Middle East	93,660	125,953	93,181
West Africa	164,598	147,907	160,229
	258,258	**273,860**	**253,410**

4. Intangible assets (continued)

The carrying amounts for E&E assets represent costs incurred on exploration projects. For the purpose of impairment assessments and testing, E&E assets are aggregated in cash-generating units ("CGU"). Determination of what constitutes a CGU is subject to management judgements and the circumstances. For the purposes of impairment assessments and testing, management has determined that each license area constitutes a CGU. The carrying amounts remain capitalized, provided there are no indications of impairment, until the process to determine whether commercial 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 loss as an impairment of oil and gas assets. Management has exercised significant judgement in determining that there are no substantive indicators suggesting that the carrying amounts of intangible exploration and evaluation assets exceed their recoverable amounts. Most significantly, assessments include complex judgments and estimates relating to capital allocation and project financing beyond periods covered by approved budgets and formal funding arrangements.

The Group's ability to continue its exploration and evaluation activities is likely to be dependent on its ability to raise additional financing within the time limitations applicable to each of the Group's license areas.

5. Property, plant and equipment

$000s	Note	Oil & Gas Assets	Facilities under Construction(1)	Fixtures and Equipment	Total
Cost					
At January 1, 2014		**440,651**	**1,116**	**2,444**	**444,211**
Additions		110,893	13,997	264	125,154
At June 30, 2014		**551,544**	**15,113**	**2,708**	**569,365**
Additions		96,529	16,257	1,094	113,880
Transfers and reclassifications	4	55,941	-	-	55,941
At December 31, 2014		**704,014**	**31,370**	**3,802**	**739,186**
Additions		61,983	309	-	62,292
At June 30, 2015		**765,997**	**31,679**	**3,802**	**801,478**
Accumulated depreciation, depletion and impairment					
At January 1, 2014		**-**	**-**	**387**	**387**
Depreciation		-	-	512	512
Depletion		261	-	-	261
At June 30, 2014		**261**	**-**	**899**	**1,160**
Depreciation		-	-	368	368
Depletion		3,437	-	-	3,437
At December 31, 2014		**3,698**	**-**	**1,267**	**4,965**
Depreciation		-	-	432	432
Depletion		3,915	-	-	3,915
At June 30, 2015		**7,613**	**-**	**1,699**	**9,312**
Net book value					
At June 30, 2015		758,384	31,679	2,103	792,166
At December 31, 2014		700,316	31,370	2,535	734,221
At June 30, 2014		551,283	15,113	1,809	568,205

(1) During the third quarter of 2013, the Kurdistan Regional Government gave its consent for the Group to lease a production facility for the Hawler license area. The related facilities are under construction. Refer to note 18 for further information on the commitments related to the finance lease contract.

No assets have been pledged as security.

5. Property, plant and equipment (continued)

The carrying amounts for Oil & Gas assets are subject to impairment assessment and testing in accordance with IAS 36. For the purpose of impairment assessments and testing, Oil & Gas assets are aggregated in CGUs. Determination of what constitutes a CGU is subject to management judgements and the circumstances. For the purposes of impairment assessments and testing of Oil & Gas assets, management has determined that the Oil & Gas assets in the Hawler license area constitute the group's single CGU which contains property, plant and equipment.

In conducting impairment tests, management considers internal and external sources of information regarding the manner in which assets are being used or are expected to be used and indications of economic performance of the assets. Estimates include but are not limited to the determination of future after-tax cash flows expected to be derived from the asset being tested and the discount rate used to determine the value of the cash flows at the measurement date. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves and resources and/or adverse current economics can result in estimated carrying amounts exceeding the recoverable amounts of the Group's Oil & Gas assets. An impairment loss is recognized if and when the carrying amount exceeds the recoverable amount.

Following the identification of indicators of possible impairment primarily related to various developments in the current economic environment primarily reflected in the reduction in the market price of crude oil and the availability of production data during the second quarter of 2015, management conducted an impairment test on the Hawler license area CGU at June 30, 2015. Management exercised significant judgement in conducting an impairment test on the Hawler license area CGU at June 30, 2015 and in concluding that the asset's recoverable amount exceeds its carrying amount.

In performing the impairment test at June 30, 2015, management used assumptions and estimates initially derived from and consistent with the those incorporated in the proved and probable reserves development case contained in the Company's National Instrument 51-101 compliant Statement of Reserves Data and Other Oil and Gas Information as at December 31, 2014, adjusted to reflect current crude oil price forecasts, internally revised production profiles, and detailed budgets and forecasts. The cash-flows associated with the proved and probable reserves development case described above were subjected to sensitivities arising from changes in price forecasts, production profiles, and discount rates. The recoverable amount of the Company's Oil & Gas assets, as determined using a range and combination of estimates for near and longer term oil prices, production profiles, and discount rates, exceeded their carrying amount.

6. Inventories

$000s	June 30 2015	December 31 2014
Oil inventory	1,616	1,851
Materials	21,988	20,295
	23,604	**22,146**

The cost of oil inventory is expensed through production and depletion expense in the period during which it is sold. As at June 30, 2015 the Group's working interest share of oil inventory was 56,890 bbls (December 31, 2014 – 50,878 bbls).

No inventories have been pledged as security or expensed during the period.

7. Trade and other receivables

$000s	June 30 2015	December 31 2014
Receivables from joint operations partners	3,923	2,719
Trade and other receivables	3,334	683
	7,257	**3,402**

7. Trade and other receivables (continued)

The carrying amounts of trade and other receivables presented above are reasonable approximations of their fair values and are not past due or impaired.

Joint operations receivables arise from timing differences between cash calls and the expenditures incurred on behalf of joint operations partners.

8. Other current assets

$000s	June 30 2015	December 31 2014
Deposits	1,583	6,237
Prepaid charges and other current assets	4,258	5,450
	5,841	**11,687**

The carrying amounts of other current assets are reasonable approximations of their fair value.

9. Cash and cash equivalents

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 are reasonable approximations of the fair value.

10. Trade and other payables

$000s	June 30 2015	December 31 2014
Trade accounts payable	14,208	17,705
Amounts payable to joint operations partners	3,992	7,941
Amounts payable to related parties	5	158
Contingent costs	63,998	64,718
Other payables and accrued liabilities	54,279	69,212
	136,482	**159,734**
Less: Non-current portion of contingent costs	(63,998)	(64,718)
Current portion	**72,484**	**95,016**

The carrying amounts of trade accounts payables, amounts payable to joint operations partners, amounts payable to related parties, and other payables and accrued liabilities, as presented above are reasonable approximations of their fair values.

As at June 30, 2015, the Group has recognized a $64.0 million (December 31, 2014: $64.7 million) liability related to contingent consideration on the acquisition of OP Hawler Kurdistan Limited. The contingent liability is estimated to be paid beyond one year of the respective statement of financial position dates and is classified as a long-term liability. The contingent cost liability is presented at fair value estimated by discounting future cash outflows at a rate of 10% (note 20).

11. Borrowings

On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement (the "Loan Facility") with a subsidiary of its indirect majority shareholder The Addax and Oryx Group PLC (the "Lender").

The three year Loan Facility provides the Group with access to committed funding up to $100 million with a maturity date of March 10, 2018 (the "Maturity Date"). Interest and principal amounts owing to the Lender are payable at the Maturity Date or earlier, at the option of the Group. An annual compound rate of interest of 10.5% is payable to the Lender under the terms of the loan facility.

11. Borrowings (continued)

On March 11, 2015, the Company issued to an affiliate of the Lender warrants to acquire one million of its common shares. The cost of the warrants has been included as a transaction cost in securing the financing and the value of the financial instrument has been recorded within equity at fair value at the date of issuance (note 13b).

On May 11, 2015, the Group drew the first $50 million tranche under the Loan Facility. Concurrent with the drawdown, the Company issued warrants to an affiliate of the Lender to acquire seven million of its common shares. The cost of the warrants has been included as a deferred financing cost and the value of the financial instrument has been recorded within equity at fair value at the date of issuance (note 13b).

The loan proceeds have been recorded as a non-current liability, net of warrant issue and other transaction costs. The carrying value of the loan at June 30, 2015, which has been measured at amortized cost using the effective rate method, approximates its fair value and its components are summarized in the table below:

$000s	**Borrowings**
Cash received	50,000
Deferred financing costs:	
Transaction costs	(1,375)
Warrants issued	(5,984)
Net Proceeds	**42,641**
Interest expense	734
Accretion of deferred financing costs	268
At June 30, 2015	**43,643**

12. Decommissioning obligation

The Group has obligations to decommission its oil and gas assets upon cessation of operations.

In calculating the value of the Group's future decommissioning obligation at June 30, 2015, management has made significant assumptions and estimated based on an assessment of the current economic environment and factors specific to the assets to be decommissioned. These estimates are reviewed annually and when circumstances suggest that such revisions are required. Actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain. The inflation rates used in the calculation to determine the carrying value of the decommissioning obligation have been updated at June 30, 2015 to rates ranging from 3.3% - 3.4% (December 31, 2014: 3.7% - 5.8%). The discount rate used at June 30, 2015 is 8% (December 31, 2014: 8%). Decommissioning costs are anticipated to be incurred between 2038 and 2041.

The estimated net present value of the decommissioning obligation at June 30, 2015 is $5.4 million (December 31, 2014 $9.1 million) based on the Group's working interest undiscounted liability of $32.9 million (December 31, 2014 $57.5 million).

$000s	**June 30 2015**	**December 31 2014**
Decommissioning obligation, beginning of the period	**9,061**	**1,346**
Property acquisition and development activity	-	4,167
Change in discount rate	-	2,045
Change in inflation rate	(3,772)	1,380
	5,289	**8,938**
Accretion expense	95	123
Decommissioning obligation, end of the period	**5,384**	**9,061**

13. Share capital

a. Issued common shares

$000s	Number of shares	Share capital
At January 1, 2014	**99,854,918**	**1,009,684**
Issue of shares for LTIP and share grant	29,783	386
Issue of shares for directors' compensation	12,466	150
At June 30, 2014	**99,897,167**	**1,010,220**
Issue of shares through public offering	19,910,000	206,662
Issue of shares for LTIP	948,558	9,217
Issue of shares for directors' compensation	12,191	149
At December 31, 2014	**120,767,916**	**1,226,248**
Issue of shares for LTIP	58,015	201
Issue of shares for directors' compensation	30,175	150
At June 30, 2015	**120,856,106**	**1,226,599**

The Company has unlimited authorized share capital outstanding as at June 30, 2015.

2015 share capital transactions

During the six months ended June 30, 2015, the Group issued 58,015 shares to employees under the Group's LTIP. An additional 30,175 shares were issued to Directors of the Company as remuneration.

2014 share capital transactions

On July 18, 2014, pursuant to a prospectus supplement to the short form base shelf prospectus dated January 27, 2014 the Company issued 19,910,000 Common Shares of the Company at a price of CAD$11.25 per Common Share for aggregate gross proceeds of CAD$224.0 million ($209.7 million). Costs associated with the issuance of these shares amounted to $3.1 million.

During the year ended December 31, 2014, the Group issued 978,341 shares to employees and executive officers under the Group's LTIP. An additional 24,657 shares were granted to Directors of the Company as remuneration.

b. Warrants

On March 11, 2015, in accordance with the Loan Facility described in note 11, the Group issued warrants to an affiliate of the Lender to acquire one million common shares of the Company. The exercise price of the issued warrants is CAD$4.39 per common share. The expiry date of the issued warrants is March 10, 2018.

On May 11, 2015, also in accordance with the Loan Facility described in note 11, the Group issued warrants to an affiliate of the Lender to acquire seven million common shares of the Company. The exercise price of the issued warrants is CAD$4.75 per common share. The expiry date of the issued warrants is May 11, 2018.

The Company uses the Black-Scholes option pricing model to calculate the fair value of warrants. Option pricing models require the input of subjective assumptions regarding the volatility, dividend yield and expected term. Changes in the input assumptions may materially affect the estimated fair value.

The following input assumptions were used to establish the fair value of warrants issued during the six months ended June 30, 2015:

	March 11, 2015	May 11, 2015
Risk-free interest rate	0.46%	0.67%
Expected life (years)	3	3
Expected volatility	39.58%	39.58%
Dividend rate	-	-

13. Share capital (continued)

The following table summarises warrants outstanding and exercisable at the dates indicated:

	Six months ended June 30, 2015		
	Warrants	**Exercise price CAD$**	**Expiry date**
Outstanding, beginning of the period	-	-	
Issued	1,000,000	4.39	March 10, 2018
Issued	7,000,000	4.75	May 11, 2018
Outstanding, end of the period	**8,000,000**		

14. Basic and diluted loss per share

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

	Three Months ended June 30		**Six Months ended June 30**	
$000s	**2015**	**2014**	**2015**	**2014**
Net loss for the period attributable to equity holders	(5,578)	(8,659)	(14,247)	(15,564)
Weighted average number of ordinary shares for basic and diluted loss per share[1]	120,844,858	99,983,151	120,826,585	99,886,518
$				
Basic and diluted loss per share	**(0.05)**	**(0.09)**	**(0.12)**	**(0.16)**

(1) The unvested LTIP shares and warrants are excluded as they are anti-dilutive.

15. Reserves

$000s	**Other Reserves**	**Share based payments**	**Total reserves**
At January 1, 2014	**-**	**5,186**	**5,186**
Share based payment transactions	-	4,395	4,395
Issue of shares for LTIP	-	(386)	(386)
Share based directors compensation		150	150
Issue of shares for directors' compensation	-	(150)	(150)
At June 30, 2014	**-**	**9,195**	**9,195**
Share based payment transactions	-	5,785	5,785
Issue of shares for LTIP	-	(9,217)	(9,217)
Share based directors compensation		150	150
Issue of shares for directors' compensation	-	(150)	(150)
At December 31, 2014	**-**	**5,763**	**5,763**
Share based payment transactions	-	3,418	3,418
Issue of shares for LTIP	-	(201)	(201)
Share based directors compensation		150	150
Issue of shares for directors' compensation	-	(150)	(150)
Issue of warrants (note 13b)	-	6,741	6,741
Increase in ownership of KPAWDE[1]	2,700	-	2,700
At June 30, 2015	**2,700**	**15,721**	**18,421**

(1) During the second quarter of 2015, the Group acquired an increased ownership interest in KPA Western Desert Energy Limited ("KPAWDE") and increased its percentage ownership from 66.67% to 80.8%.

16. Supplemental cash flow information

Items not involving cash

		Three Months ended June 30		Six Months ended June 30	
$000s	**Note**	**2015**	**2014**	**2015**	**2014**
Depreciation, depletion and amortization		2,774	502	4,533	977
Share based payment expense		642	2,136	1,315	4,388
Impairment of oil and gas assets		-	765	-	1,181
Retirement benefit obligation		-	700	-	1,398
Unrealized foreign exchange (gains) / losses		(300)	-	198	82
Non-cash income tax expense		(183)	(249)	(411)	(546)
General and administrative and finance expense		2,904	188	3,231	396
Other (income) /expenses	**20**	(2,493)	1,556	(985)	1,556
Items not involving cash		**3,344**	**5,598**	**7,881**	**9,432**

Changes in non-cash working capital and other

	Three Months ended June 30		Six Months ended June 30	
$000s	**2015**	**2014**	**2015**	**2014**
Inventories	(545)	(2,225)	(1,395)	2,436
Trade and other receivables	(1,965)	(7,748)	(3,585)	(9,198)
Other current assets	1,090	(960)	1,486	(781)
Trade and other payables	1,424	19,268	(22,373)	(43,363)
Current income tax liabilities	(151)	217	(4)	629
Deferred revenue	-	526	(957)	526
Changes in non-cash working capital	(147)	9,078	(26,828)	(49,751)
Retirement benefit obligation	(963)	1,059	(262)	1,059
Changes in non-cash working capital and other	**(1,110)**	**10,137**	**(27,090)**	**(48,692)**
Changes in operating non-cash working capital and other	(1,921)	2,236	(5,980)	(14,408)
Changes in investing non-cash working capital	811	7,901	(21,110)	(34,284)
Changes in non-cash working capital and other	**(1,110)**	**10,137**	**(27,090)**	**(48,692)**

Other cash flow Information

	Three Months ended June 30		Six Months ended June 30	
$000s	**2015**	**2014**	**2015**	**2014**
Cash interest received	12	51	5	163
Cash interest paid	-	-	-	-
Cash income taxes paid	311	97	484	97

17. Income tax expense

	Three Months ended June 30		Six Months ended June 30	
$000s	**2015**	**2014**	**2015**	**2014**
Current income tax expense	(404)	(465)	(791)	(873)
Deferred tax on LTIP shares	(8)	85	(4)	219
Deferred tax on defined benefit obligation	193	164	414	327
Total deferred tax	**185**	**249**	**410**	**546**
Income tax expense	**(219)**	**(216)**	**(381)**	**(327)**

The Group is subject to income taxes in certain jurisdictions where it owns licenses or has taxable operations. Current income tax expense relates to tax on profits from oil sales in the Kurdistan Region of Iraq and on taxable profits from operations of the Group's Swiss and Maltese subsidiaries. For the six months ended June 30, 2015, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of $0.3 million (2014 - $26 thousand) were remitted to the government through its allocation of profit oil under the Hawler PSC.

18. 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:

For the six months ended June 30, 2015 **$000s**	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	14,707	-	-	14,707
Royalty	(6,022)	-	-	(6,022)
Net revenue	**8,685**	**-**	**-**	**8,685**
Operating expense	(9,771)	-	-	(9,771)
Depreciation, depletion and amortization	(3,849)	(20)	(664)	(4,533)
Pre-license costs	(289)	(719)	-	(1,008)
General and administrative expense	(288)	(275)	(6,586)	(7,149)
Other income	985	-	-	985
Segment result	**(4,527)**	**(1,014)**	**(7,250)**	**(12,791)**
Finance income				12
Finance expense				(1,361)
Foreign exchange gains				278
Loss before income tax				**(13,862)**
Income tax expense				(381)
Net loss for the period				**(14,243)**
Capital additions	62,766	4,370	74	67,210
Segment assets as at June 30, 2015	962,539	170,356	15,152	1,148,047
Segment liabilities as at June 30, 2015	(174,505)	(4,806)	(17,818)	(197,129)

18. Segment information (continued)

For the six months ended June 30, 2014

$000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	1,378	-	-	1,378
Royalty	(564)	-	-	(564)
Net revenue	**814**	**-**	**-**	**814**
Operating expense	(1,160)	-	-	(1,160)
Depreciation, depletion and amortization	(209)	(18)	(750)	(977)
Impairment of oil and gas assets	-	(1,181)	-	(1,181)
Pre-license costs	(721)	(2,082)	-	(2,803)
General and administrative expense	(50)	(239)	(7,650)	(7,939)
Other expense	(1,560)	-	-	(1,560)
Segment result	**(2,886)**	**(3,520)**	**(8,400)**	**(14,806)**
Finance income				163
Finance expense				(371)
Foreign exchange losses				(250)
Loss before income tax				**(15,264)**
Income tax expense				(327)
Net loss for the period				**(15,591)**
Capital additions	154,913	45,118	551	200,582
Segment assets as at June 30, 2014	749,672	165,928	16,458	932,058
Segment liabilities as at June 30, 2014	(144,971)	(19,049)	(13,787)	(177,807)

For the three months ended June 30, 2015

$000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	9,362	-	-	9,362
Royalty	(3,833)	-	-	(3,833)
Net revenue	**5,529**	**-**	**-**	**5,529**
Operating expense	(4,694)	-	-	(4,694)
Depreciation, depletion and amortization	(2,435)	(10)	(329)	(2,774)
Pre-license costs	(156)	(320)	-	(476)
General and administrative expense	(288)	(73)	(4,466)	(4,827)
Other income	2,493	-	-	2,493
Segment result	**449**	**(403)**	**(4,795)**	**(4,749)**
Finance income				5
Finance expense				(1,112)
Foreign exchange gains				496
Loss before income tax				**(5,360)**
Income tax expense				(219)
Net loss for the period				**(5,579)**
Capital additions	22,319	2,928	11	25,258

18. Segment information (continued)

For the three months ended June 30, 2014 **$000s**	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	1,378	-	-	1,378
Royalty	(564)	-	-	(564)
Net revenue	**814**	**-**	**-**	**814**
Operating expense	(1,160)	-	-	(1,160)
Depreciation, depletion and amortization	(209)	(9)	(284)	(502)
Impairment of oil and gas assets	-	(765)	-	(765)
Pre-license costs	(353)	(767)	-	(1,120)
General and administrative expense	(14)	(132)	(3,751)	(3,897)
Other expense	(1,560)	-	-	(1,560)
Segment result	**(2,482)**	**(1,673)**	**(4,035)**	**(8,190)**
Finance income				41
Finance expense				(180)
Foreign exchange losses				(127)
Loss before income tax				**(8,456)**
Income tax expense				(216)
Net loss for the period				**(8,672)**
Capital additions	86,911	18,948	311	106,170

Non-current assets, aggregated by country, are as follows:

$000s	**June 30 2015**	**June 30 2014**	**December 31 2014**
Iraq	883,722	692,349	824,866
Nigeria	60,088	58,551	59,574
Senegal and Guinea Bissau	34,889	26,666	31,957
Congo (Brazzaville)	69,727	62,824	68,824
Other	6,266	4,003	5,890
	1,054,692	**844,393**	**991,111**

19. Commitments

(a) Contractual obligations

The Group has entered into agreements which contain provisions for the following spending commitments:

$000s	**June 30 2015**	**December 31 2014**
No later than one year	28,942	37,111
One to five years	68,872	84,138
Greater than five years	21,522	21,370
	119,336	**142,619**

During the third quarter of 2013, the Group signed a finance lease agreement for the construction of a production facility relating to the Hawler license area. The commitment related to this finance lease agreement is included above and amounts to $16.4 million at June 30, 2015.

19. Commitments (continued)

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 may 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 significant estimates and judgements primarily related to expectations that budgeted activities will be executed.

(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 loss during the three and six months ended June 30, 2015 was $1.4 million and $3.4 million respectively (2014: $1.6 million and $1.9 million).

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

$000s	**June 30 2015**	**December 31 2014**
No later than one year	1,936	2,385
One to five years	3,371	3,910
	5,306	**6,295**

20. Contingent liabilities

In the normal course of operations, the Company may be subject to litigation and claims. In management estimation, other than as disclosed below, no such litigation or claim, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position or results of operations of the Company.

During 2011, the Group acquired interests in various exploration licenses. The acquisition terms included additional consideration and liabilities which are contingent upon the outcome of future drilling activities and, in some cases, the quantities of reserves discovered. At June 30, 2015 these contingencies, including a $64.0 million (December 31, 2014: $64.7 million) liability which has been recorded and is discussed in note 10, amounted to a maximum of $176.2 million (December 31, 2014: $176.2 million). During the three and six months ended June 30, 2015 the Group recorded income of $1.0 million and $2.5 million respectively relating to a decrease in the fair value of the contingent consideration described above.