

# Oryx Petroleum Corporation Limited Announces Third Quarter 2013 Financial and Operational Results and 2014 Capital Budget



Calgary, Alberta, November 7, 2013

Oryx Petroleum Corporation Limited (“Oryx Petroleum” or the “Corporation”) today announced its financial and operational results for the quarter ended September 30, 2013.

## CEO’s Comment

Commenting today, Oryx Petroleum’s Chief Executive Officer, Michael Ebsary, stated:

“The third quarter was another positive one for Oryx Petroleum. In the Kurdistan Region of Iraq we have progressed our appraisal of the Demir Dagh discovery and believe we are a matter of months away from a declaration of commerciality and first production. We added to our asset base with two more discoveries at Ain Al Safra and Elephant, are testing the ZEG-1 exploration well, and have spudded two further exploration wells at Banan and Horse. Looking ahead, with what we believe is a substantially improved outlook for exports in the Kurdistan Region of Iraq, we are prioritizing our appraisal and development efforts in the Hawler license area while continuing to drill exciting exploration wells in other areas of our portfolio. We look forward to growing our reserve base through both appraisal and exploration and achieving first production in 2014.”

## Selected Financial Highlights

Financial results are prepared in accordance with International Financial Reporting Standards (“IFRS”) and the reporting currency is US dollars. The following table summarizes the selected financial highlights for Oryx Petroleum for the three and nine months ended September 30, 2013, the three and nine months ended September 30, 2012 and the year ended December 31, 2012:

(\$ in millions)	3 Months Ended September 30		9 Months Ended September 30		Year Ended December 31
	2013	2012	2013	2012	2012
Net Comprehensive Loss	65.1	7.1	150.6	46.2	58.5
Net Loss per share (\$/sh)	0.65	0.27	1.72	2.40	1.56
Cash flow generated by / (used in) operations	2.6	(5.0)	(6.9)	(10.4)	(23.8)
Cash flow used in investing activities	(62.5)	(19.6)	(164.6)	(42.1)	(92.9)
Capital Expenditures	(69.2)	(13.7)	(172.6)	(55.9)	(137.4)
Cash and Cash Equivalents	377.4	136.5	377.4	136.5	72.7
Total Assets	989.3	545.2	989.3	545.2	577.8
Total Equity	802.9	455.4	802.9	455.4	446.9



- Net loss for the quarter increased from \$7.1 million in 2012 to \$65.1 million in 2013 due to a higher impairment charge, an upward revision to the fair value of contingent payments related to the acquisition of the Hawler license area and an increase in general and administrative expenses. The \$65.1 million loss in Q3 2013 includes a \$45.2 million impairment charge related to the relinquishment of the Sindi Amedi license area while the loss in Q3 2012 included a \$2.1 million impairment reversal for the Mateen exploration well in the Sindi Amedi license area. The fair values of the contingent payments were re-evaluated to reflect the increased chance of commercial discovery following the drilling results from the Ain Al Safra well, and to move forward the due date of a portion of the contingent payments. The fair value of the contingent payments increased by \$14.3 million, \$9.8 million of which was recognized as expense in Q3 2013. General and administrative costs increased by \$1.8 million to \$8.7 million due to an increase in the average employee headcount from 46 to 75.

Weighted average shares outstanding for purposes of net loss per share calculations is 99.7 million. As of September 30, 2013 total shares outstanding were approximately 99.8 million and 100.7 million on basic and fully diluted bases, respectively.

- Net Cash generated by operating activities was \$2.6 million for the third quarter of 2013 compared to cash used in operating activities of \$5.0 million during the comparative period in 2012. The difference reflects an increase in trade and other payables due primarily to the \$14.3 million adjustment to contingent payments net of which \$4.5 million was capitalized. The increase in trade and other payables was partially offset by an increase in cash general and administrative expenditures.
- Cash flow used in investing activities increased from \$19.6 million to \$62.5 million reflecting increased operational activity, notably the drilling of the ZEG-1, AAS-1 and BAN-1 exploration wells in the Hawler license area, and the drilling of the E-1 exploration well in the Haute Mer A license area. For the nine months ended September 30, 2013, cash flow used in investing activities totaled \$164.6 million and is expected to total approximately \$300.0 million as of December 31, 2013. The differences between cash flow used in investing activities and capital expenditures are due primarily to non-cash adjustments to the fair value of contingent payments.
- Cash and cash equivalents decreased to \$377.4 million from \$437.5 million at June 30, 2013 reflecting cash general administrative expenditures and capital expenditures offset by financial income and an increase in working capital. Oryx Petroleum has no borrowings as of September 30, 2013.

## Selected Operational Highlights

Operational highlights in Q3 2013 include:

### *Kurdistan Region of Iraq*

- Demir Dagh Appraisal – The Corporation has significantly progressed its appraisal plan for the Demir Dagh discovery. Oryx Petroleum has a 65% participating and working interest in the Hawler license area. Key highlights include the following:
  - Early Production Facility (“EPF”) and related infrastructure – The design of the previously announced EPF leased from Expro is complete with the main separation trains under refurbishment and fabrication of storage tanks in progress. The facility is designed to have multiple trains with the ability to process light, heavy, sweet and sour crude types. The acquisition of land needed for the EPF is complete and civil works to prepare the site are well underway. Equipment has been ordered and is being mobilized to site for both for the planned truck loading facility and the tie-in to the Khurmala-Faysh Khabur pipeline.
  - Appraisal Drilling – With the completion of the AAS-1 exploration well initial testing, the Sakson Hilong 10 rig has moved to Demir Dagh and will spud the DD-3 well approximately 3 km to the South-East of DD-2. DD-3 is expected to spud in the second half of November with a targeted total depth of 4,135 metres. The well is intended to appraise the Cretaceous, Jurassic and Triassic age reservoirs that were discovered with DD-2. In particular, DD-3 will appraise formations in the Jurassic and Triassic where inconclusive results of DD-2 allowed for the booking of only prospective or contingent resources. The Corporation expects DD-3 to reach total depth and re-test in Q1 2014.

Another appraisal well (DD-4) is expected to be spudded in late Q4 2013 after the testing of the ZEG-1 exploration well and re-completion of the DD-2 well. DD-4 is expected to be drilled to a total depth of 2,130 metres, approximately 1 km to the South-West and across a major fault of DD-2 in order to appraise the flank of the Cretaceous reservoir and be completed as a producing well. The appraisal drilling program, which includes a third well in early 2014, should further establish the field structure, the extent of hydrocarbon fill and potentially result in an upgrade of the reserves and resources booked in Demir Dagh.
  - Seismic Acquisition – Acquisition of 3D seismic over the Demir Dagh structure is planned for 2014, which will provide additional information to further refine the full



field development plan. A tender process for the seismic acquisition is in progress and acquisition of data is anticipated to begin in mid-2014.

- First Production – The Corporation expects the appraisal program to be largely completed by mid-2014 with first production targeted for Q2 2014 from the DD-2 well and the DD-4 appraisal well with gross (100%) production totaling approximately 7,000 to 9,000 bbl/d. It is expected that following the drilling of DD-3, an additional appraisal well and two development wells the EPF will reach gross (100%) production capacity of 25,000 in Q4 2014 and the full gross (100%) production design capacity of 40,000 bbl/d in 2015. The Corporation plans to transport production by truck or through export pipelines.
- Demir Dagh Development – Upon a successful appraisal program, the Corporation plans to build a Permanent Production Facility (“PPF”) with initial capacity of approximately 100,000 bbl/d. The Corporation plans to continuously drill development wells to increase production capacity in preparation for the commissioning of the PPF in 2016. Should the Demir Dagh appraisal program result in conversion of possible reserves and/or contingent resources to proved plus probable reserves, the Corporation expects to expand the capacity of the PPF in a modular fashion.
- Ain Al Safra (AAS-1) Discovery – As reported on October 24, 2013, initial testing of the AAS-1 well resulted in an oil discovery in the lower Jurassic. Although testing was impaired by the rise of heavy mud in the tubing during the flow periods, the Corporation has decided to proceed with an appraisal well based on the test, interpretation of logging data and observations throughout drilling. The Corporation is also considering re-testing the AAS-1 well prior to drilling an appraisal well. Drilling is planned in 2014 that will appraise and test the discovery in the lower Jurassic which should allow the Corporation to further understand the full extent of the discovered oil column. The appraisal well is also intended to drill to the Triassic to understand any upside potential that the AAS-1 well was unable to reach.
- Zey Gawra (ZEG-1) Exploration Well – An exploration well targeting the Zey Gawra prospect was spudded in mid-April 2013 in the Hawler license area. The ZEG-1 well is targeting light oil potential in the lower Jurassic and Triassic, and heavier oil potential in the Tertiary and Cretaceous. Netherland, Sewell & Associates, Inc. (“NSAI”) estimates as of March 31, 2013 that the Zey Gawra prospect contains 23 MMbbl of unrisks gross (100%) prospective resources (risks: 9 MMbbl). The ZEG-1 well reached a total depth of 4,398 metres in August. A testing program was designed based on logging of potential hydrocarbon bearing zones and observations during drilling. The program, using the Romfor 22 rig and encompassing the testing of four zones with one additional



test contingent on the results of the fourth test, is in progress and is expected to be completed in Q4 2013.

Banan Exploration well (BAN-1) and 2D seismic – The KS Discoverer 1 rig spudded the BAN-1 well, the Corporation's fourth exploration well in the Hawler license area, targeting the Banan prospect on September 14, 2013. The BAN-1 well is targeting light oil potential in the lower Jurassic and Triassic, and heavier oil potential in the Cretaceous and upper Jurassic. NSAI estimates as of March 31, 2013 that the Banan prospect contains 196 MMbbl of unrisks gross (100%) prospective resources (risks: 102 MMbbl). NSAI's estimate excludes a significant portion of the Banan prospect that was outside the Hawler license area boundaries prior to the December 2012 boundary extension. The well has reached a depth of approximately 2,600 metres in the upper Jurassic and is expected to reach a total depth of 4,153 metres and test in Q1 2014. Logging data, core analysis and observations during drilling in the Cretaceous confirms the presence of hydrocarbons and similar matrix porosity as observed at Demir Dagh but little can be concluded until a testing program is conducted. The Corporation's analysis and observations to date, although not definitive, indicate that there is a low likelihood that the Banan structure is connected to the Demir Dagh structure.

The Corporation recently completed the acquisition of approximately 210 kilometres of 2D seismic covering the extended portion of the Hawler license area that the Corporation believes will enable it to better understand and map the Banan structure.

#### *Congo (Brazzaville)*

- Elephant (E-1) Discovery – On September 4, 2013, Oryx Petroleum announced that the exploration well targeting the Elephant (formerly Xiang) prospect in the Haute Mer A license area discovered natural gas and crude oil. The discovery, although subject to testing, overall appears to be consistent with expectations. NSAI estimates as of March 31, 2013 that the Elephant prospect contains 86 MMbbl of unrisks gross (100%) prospective resources (risks: 39 MMbbl). Oryx Petroleum has a 20% participating and working interest in the Haute Mer A license area. Upon completion of drilling and potential testing of the H-1 well, the E-1 well will be tested and then likely appraised.
- Horse (H-1) Exploration Well – An exploration well targeting the Horse (formerly Ma) prospect in the Haute Mer A license area was spudded in September 2013 by the Jasper Explorer. H-1 will be drilled to a total depth of 5,462 metres which is expected to be reached in Q4 2013. Primary targets are the Tertiary N3 formation, a turbiditic play, and the deeper Cretaceous formation, an Albian age carbonate play. NSAI estimates as of March 31, 2013 that the Horse prospect contains 70 MMbbl of unrisks gross (100%) prospective resources (risks: 7 MMbbl).



- HMB Approval – As previously disclosed, The National Assembly of Congo (Brazzaville) (the “National Assembly”) announced on July 25, 2013 that it had approved the award of the Haute Mer B permit. The Production Sharing Contract in respect of the Haute Mer B permit has since been finalized and initialed by all members of the contractor group who are now awaiting approval of the Production Sharing Contract by the National Assembly.

#### AGC

- Oryx Petroleum is in the final stages of processing and analyzing the seismic data collected in late 2012 covering the AGC Shallow license area. The Corporation expects to begin a tendering process shortly for a planned exploration well in 2014.

#### Wasit Province of Iraq

- Efforts to secure approvals and prepare for planned seismic acquisition continued in Q3 2013.

#### Nigeria

- The Corporation and its partners continue to analyze existing 3D seismic data and the results of the DIL-1 well and plan to acquire additional 3D seismic in 2014 in order to determine the course of future activity in the OML 141 license area.

### 2014 Capital Budget

Oryx Petroleum has recently completed its annual budget process. The following table summarizes the Corporation’s 2014 budgeted capital expenditure program:

		Drilling	Facilities	Seismic & Studies	Other	Total
(\$ in millions)						
<b>Iraq</b>						
<b>Kurdistan Region</b>	Hawler	217.0	81.0	45.6	23.0	<b>366.6</b>
<b>Wasit Province</b>	Wasit	-	-	18.7	8.3	<b>27.0</b>
<b>Nigeria</b>	OML 141	-	-	14.6	4.6	<b>19.1</b>
<b>AGC</b>	AGC Shallow	40.0	-	0.3	4.6	<b>44.9</b>
<b>Congo(Brazzaville)</b>	Haute Mer A	27.3	-	1.4	3.1	<b>31.8</b>
	Haute Mer B	34.8	-	0.8	3.5	<b>39.1</b>
<b>Corporate</b>		-	-	-	1.3	<b>1.3</b>
<b>Total</b>		<b>319.1</b>	<b>81.0</b>	<b>81.4</b>	<b>48.3</b>	<b>529.8</b>



Budgeted capital expenditures for 2014 include the anticipated drilling of 14 wells (three exploration, six appraisal and five development), three seismic acquisition campaigns and the construction of production facilities. The Hawler license area is the key area of focus, representing almost 70% of total budgeted capital expenditures. Key activities expected in each license area are as follows:

- *Hawler* – the Corporation plans to have three rigs drilling continuously during 2014. These rigs will complete the drilling of the BAN-1 exploration well currently in progress, drill five appraisal wells (three at Demir Dagh, one at Ain Al Safra and one at either Zey Gawra or Banan), and drill five development wells at Demir Dagh. A 3D seismic campaign covering the Demir Dagh structure is also planned. Budgeted facilities capital expenditures include approximately \$18 million for the EPF and approximately \$58 million for the PPF.
- *Wasit Province* – a 2D seismic campaign is planned for the Wasit Province of Iraq.
- *OML 141* – a 3D seismic campaign is planned for OML141.
- *AGC Shallow* – an exploration well is planned for AGC Shallow.
- *Haute Mer A* – a testing program and the drilling of an appraisal well for the Elephant discovery are planned for Haute Mer A.
- *Haute Mer B* – an exploration well is planned for Haute Mer B.

Oryx Petroleum believes current cash and cash equivalents are sufficient to fund the Corporation's capital expenditure program and general and administrative costs to mid-2014 but anticipates it will need to source additional capital to fund its operations through the end of 2014 and into 2015. Oryx Petroleum is in discussions with various financial institutions as well as its principal shareholder, the Addax & Oryx Group Limited, with regards to its capital requirements, and will seek to raise capital in the first half of 2014. Should appropriate additional financing not be available or should anticipated cash flows from production in Kurdistan not materialize or vary from expectations, the Corporation has the flexibility to adjust its 2014 capital budget accordingly.



## **Regulatory Filings**

This announcement coincides with the filing with the Canadian securities regulatory authorities of Oryx Petroleum's unaudited financial statements for the three and nine month periods ending September 30, 2013 and the related management's discussion and analysis thereon. Copies of these documents as well as the supplemented PREP prospectus dated May 8, 2013 filed by Oryx Petroleum may be obtained via [www.sedar.com](http://www.sedar.com), and the Corporation's website, [www.oryxpetroleum.com](http://www.oryxpetroleum.com). Readers should note that the Corporation is no longer offering securities for sale under the prospectus and no part of this press release, including but not limited to the reference to the prospectus, constitutes an offering of securities in any jurisdiction.

## **ABOUT ORYX PETROLEUM CORPORATION LIMITED**

Oryx Petroleum is an international oil exploration company focused in Africa and the Middle East. The Corporation's shares are listed on the Toronto Stock Exchange under the symbol "OXC". The Oryx Petroleum group of companies was founded in 2010 by The Addax and Oryx Group Limited and key members of the former senior management team of Addax Petroleum Corporation. Oryx Petroleum has interests in six license areas prospective for oil and is the operator or technical partner in four of the six license areas. Two license areas are located in the Kurdistan Region and the Wasit governorate (province) of Iraq and four license areas are located in West Africa in Nigeria, the AGC administrative area offshore Senegal and Guinea Bissau, and Congo (Brazzaville).

### **For additional information, please contact:**

**Craig Kelly**

Chief Financial Officer

Tel.: +41 (0) 58 702 93 23

[craig.kelly@oryxpetroleum.com](mailto:craig.kelly@oryxpetroleum.com)

**Scott Lewis**

Head of Corporate Finance

Tel.: +41 (0) 58 702 93 52

[scott.lewis@oryxpetroleum.com](mailto:scott.lewis@oryxpetroleum.com)

### ***Reader Advisory Regarding Forward-Looking Information***

Certain statements in this news release constitute "forward-looking information", including statements related to the nature, timing and effect of the Corporation's future capital expenditures and budget, financing and capital activities, business and acquisition strategy and goals, opportunities, reserves and resources estimates and potential, drilling plans, development plans and schedules and chance of success, future seismic activity, results of exploration activities, declarations of commercial discovery, contingent liabilities and government approvals, the ability to gain access to exterior



facilities or build necessary facilities to sell future oil production, if any, future drilling of new wells, ultimate recoverability of current and long-term assets, future royalties and tax levels, access to future financing and liquidity, future debt levels, availability of committed credit facilities, possible commerciality of our projects, expected operating capacity, expected operating costs, estimates on a per share basis, future foreign currency exchange rates, future expenditures, changes in any of the foregoing and statements that contain words such as “may”, “will”, “would”, “could”, “should”, “anticipate”, “believe”, “intend”, “expect”, “plan”, “estimate”, “budget”, “outlook”, “propose”, “potentially”, “project”, “forecast” or the negative of such expressions and statements relating to matters that are not historical fact, constitute forward-looking information within the meaning of applicable Canadian securities legislation.

In addition, information and statements in this news release relating to reserves and resources are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. See “Reserves and Resources Advisory” below.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. In making certain statements in this news release, Oryx Petroleum has made assumptions with respect to the following: the general continuance of the current or, where applicable, assumed industry conditions, the continuation of assumed tax, royalties and regulatory regimes, forecasts of capital expenditures and the sources of financing thereof, timing and results of exploration activities, access to local and international markets for future crude oil production, if any and future crude oil prices, the Corporation’s ability to obtain and retain qualified staff, contractors and personnel and equipment in a timely and cost-efficient manner, the political situation and stability in jurisdictions in which Oryx Petroleum has licenses, the ability to renew its licenses on attractive terms, the Corporation’s future production levels, the applicability of technologies for the recovery and production of the Corporation’s oil reserves and resources, the amount, nature, timing and effects of capital expenditures, geological and engineering estimates in respect of the Corporation’s reserves and resources, the geography of the areas in which the Corporation is conducting exploration and development activities, operating and other costs, the extent of the Corporation’s liabilities, and business strategies and plans of management and Oryx Petroleum’s business partners.

Forward-looking information is subject to known and unknown risks and uncertainties which may cause actual results or events to differ materially from those anticipated in the forward-looking information and statements if the assumptions underlying them prove incorrect, or if one or more of the uncertainties or risks described below materializes. The risks and uncertainties affecting the Corporation include, but are not limited to, imprecision of reserves and resources estimates; ultimate recovery of reserves, ability to commercially develop its oil reserves and/or its prospective and contingent oil resources; commodity prices; general economic, market and business conditions;

Page 9 of 11



industry capacity; competitive action by other companies; refining and market margins; the ability to produce and transport crude oil and natural gas to markets; weather and climate conditions; results of exploration and development drilling and other related activities; fluctuation in interest rates and foreign currency exchange rates; ability of suppliers to meet commitments; actions by governmental authorities, including increases in taxes; decisions or approvals of administrative tribunals, renewal or granting of licenses; changes in environmental and other regulations; international political events; renegotiations of contracts; reliance on key managers and personnel; dry wells may lead to a downgrading of the Corporation's licenses or contracts or require further funds to continue exploration work; future foreign currency exchange rates; risks related to the actions and financial circumstances of our agents and contractors, counterparties and joint venture partners; political uncertainty, including actions by terrorists, insurgent or other groups, or other armed conflict, including conflict between states; and expected rates of return. More specifically, future production may be affected by exploration success, start-up timing and success, facility reliability, reservoir performance and natural decline rates, water handling and drilling progress, restrictions on ability to access necessary infrastructure, equipment and services, including but not limited to, those sourced from third party providers. Capital expenditures may be affected by cost pressures associated with new capital projects, including labour and material supply, project management, drilling rig rates and availability and seismic costs. Risk factors are discussed in greater detail in filings made by the Corporation with Canadian securities commissions.

Any forward-looking information concerning prospective exploration, results of operations, financial position, production, expectations of capital expenditures, cash flows and future cash flows or other information described above that is based upon assumptions about future results, economic conditions and courses of action are presented for the purpose of providing readers with a more complete perspective on Oryx Petroleum's present and planned future operations and such information may not be appropriate for other purposes and actual results may differ materially from those anticipated in such forward-looking information. In addition, included herein is information that may be considered financial outlook and/or future-oriented financial information. Its purpose is to indicate the potential results of Oryx Petroleum's intentions and may not be appropriate for other purposes.

Readers are strongly cautioned that the above list of factors affecting forward-looking information is not exhaustive. Although the Corporation believes that the expectations conveyed by the forward-looking information are reasonable based on information available to it on the date such forward-looking information was made, no assurances can be given as to future results, levels of activity and achievements. Readers should not place undue importance or reliance on the forward-looking information and should not rely on the forward-looking information as of any date other than the date hereof. Further, statements including forward-looking information are made as at the date they are given and, except as required by applicable law, Oryx Petroleum does not intend, and does not assume any obligation, to update any forward-looking information, whether as a result of new



information or otherwise. If the Corporation does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

### ***Reserves and Resource Advisory***

Oryx Petroleum's reserves and resource estimates have been prepared and audited in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation Handbook.

Prospective oil resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective oil resources have both a chance of discovery and a chance of development. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.