

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**FOR THE THREE MONTHS ENDED
MARCH 31, 2019 and 2018**



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Oryx Petroleum Corporation Limited ("OPCL" or, the "Company") and its subsidiaries for the three months ended March 31, 2019 and 2018 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The date of this MD&A is May 7, 2019.

Unless otherwise noted, all amounts are in thousands of U.S. dollars.

Selected terms and abbreviations used in this MD&A are listed and described in the "Glossary and Abbreviations" section.

This MD&A contains non-IFRS measures. Please refer to the "Non-IFRS Measures" section for further information.

Readers should refer to the "Forward-Looking Information" advisory on page 21. Additional information relating to OPCL, including OPCL's Annual Information Form dated March 23, 2019, is on SEDAR at www.sedar.com.

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Company Overview

The Company is a public company incorporated in Canada under the Canada Business Corporations Act and is the holding company for the Oryx Petroleum group of companies (together, the "Group" or "Oryx Petroleum").

Oryx Petroleum is an upstream oil and gas entity with operating activities focused on the Middle East and West Africa. The Group holds interests in the following License Areas:

License Area	Location	Participating Interest	Working Interest	Role
Hawler	Iraq – Kurdistan Region	65%	65%	Operator
AGC Central	Senegal and Guinea Bissau	85%	80% ⁽¹⁾	Operator
Haute Mer B ⁽²⁾	Congo (Brazzaville)	30%	30%	Non-operator

Notes:

- (1) Assuming the AGC exercises back-in rights.
- (2) On April 23, 2018, the Group entered into an agreement providing for the transfer of the Group's 30% participating interest in the Haute Mer B license to a subsidiary of Total S.A. Refer to the "Operations Review – West Africa" section of this MD&A for further information on the status of this transaction.

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Operational Highlights

- Average gross (100%) oil production of 10,800 bbl/d (working interest 7,000 bbl/d) for Q1 2019 versus 3,800 bbl/d (working interest 2,500 bbl/d) for Q1 2018;
 - 185% increase in gross (100%) oil production in Q1 2019 versus Q1 2018; 1% increase in gross (100%) oil production in Q1 2019 versus Q4 2018;
 - Production in February was curtailed due to a four-day shut-down of the Kurdistan Region Export Pipeline for scheduled maintenance;
- Average gross (100%) oil production of 11,000 bbl/d in April 2019
- The Banan-6 appraisal well targeting the Cretaceous reservoir was spudded in March 2019. The well has recently been drilled to a measured depth of 1,840 metres and is expected to be completed as a producing well in the coming weeks;
- Final prospect ranking has been completed in the AGC Central License Area. Initial planning and preparations for an exploration drilling campaign are underway. A third party service provider needed to conduct an environmental and social impact assessment planned for 2019 has recently been selected and preparation of the assessment has commenced.

Financial Highlights and Outlook

Liquidity outlook

The Group expects cash on hand as of March 31, 2019, cash receipts from net revenues and export sales, and cash proceeds available under an interim credit facility provided by shareholders in late 2018 will allow it to fund its forecasted capital expenditures and operating and administrative costs through the end of 2019. Additional capital is likely required to be able to both meet contingent consideration obligations expected to become payable in 2019 and to fund drilling in the AGC Central License Area planned in 2020.

Financial performance

The following table contains financial performance highlights for the three months ended March 31, 2019 and March 31, 2018.

(\$ thousands unless otherwise stated)	Three months ended	
	March 31, 2019	March 31, 2018
Revenue	34,009	13,930
Cash generated by / (used in) operating activities	8,631	(2,584)
Operating Funds Flow ⁽¹⁾	9,180	1,429
Operating Funds Flow ⁽¹⁾ per basic and diluted share (\$/share)	0.02	0.00
Profit / (Loss) for the period	1,544	(4,275)
Earnings / (Loss) per basic and diluted share (\$/share)	0.00	(0.01)
Average sales price (\$/bbl)	48.35	56.31
Field production costs ⁽²⁾ (\$/bbl)	8.78	10.74
Operating expense (\$/bbl)	11.48	14.04
Field Netback ⁽¹⁾ (\$/bbl)	14.84	16.76
Oryx Petroleum Netback ⁽¹⁾ (\$/bbl)	17.49	19.70
Capital additions	2,313	6,164

Notes:

- (1) Operating Funds Flow, Field Netback, and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.
- (2) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum. See the "Operating expense" section of this MD&A.

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Revenue and cash receipts

Revenue of \$34.0 million was recorded for the three months ended March 31, 2019. Included in revenue is \$30.6 million (\$48.35/bbl) realised on the sale of 633,300 bbl (WI) of crude oil and \$3.4 million related to the recovery of costs carried on behalf of partners. Revenue for the first quarter of 2019 increased by \$20.1 million compared to the same period in 2018. The increase is due to a 184% increase in sales volumes which is attributable to increased production from the Banan and Zey Gawra fields, partially offset by a 14% decrease in realised sales price.

All sales during the three months ended March 31, 2019 were made via the Kurdistan Region Export Pipeline.

The Group has received payment in full for all crude oil delivered and sold through the Kurdistan Region Export Pipeline up to and including January 31, 2019. At the date of this MD&A, the Group's entitlement share of amounts receivable from the KRG for crude oil delivered to the pipeline during February 2019, March 2019 and April 2019 totals \$19.5 million.

Field production costs and netbacks

Field production costs during the first quarter of 2019 amounted to \$5.6 million (\$8.78/bbl) in comparison to \$2.4 million (\$10.74/bbl) during the first quarter of 2018, representing a 18% decrease on a per barrel basis. The per barrel decrease was primarily due to increases in sales volumes.

Field Netback of \$14.84/bbl for the three months ended March 31, 2019 has decreased from \$16.76/bbl for the first quarter of 2018. Field Netback per barrel decreased by 11% in comparison to the first quarter of 2018. The primary driver for worsened Field Netback per barrel from the first quarter of 2018 has been the decrease in the average sales price per barrel.

Operating Funds Flow

Operating Funds Flow for the first quarter of 2019 was \$9.2 million compared to \$1.4 million for the three months ended March 31, 2018. The increase is primarily due to increased oil sale volumes and the resulting higher Oryx Petroleum Netback which have contributed cash in excess of cash general and administrative expenditures.

Cash generated by operating activities during the quarter ended March 31, 2019 amounted to \$8.6 million reflecting Operating Funds Flow of \$9.2 million offset by a \$0.5 million increase in non-cash working capital which was primarily related to a decrease in trade and other payables.

Profit

Profit for the three months ended March 31, 2019 was \$1.5 million compared to a loss of \$4.3 million during the first quarter of 2018. The variance in profit/loss for three months ended March 31, 2019 in comparison to the same period in 2018 is primarily attributable to i) an increase in net revenue of \$11.2 million, and ii) an increase in other income of \$1.2 million primarily related to a decrease in the materials inventory provision. These positive factors have been partially offset by i) a \$4.1 million increase in operating expense that is primarily attributable to increased costs due to the expanded operations at the Zeg Gawra field and the commencement of operations at the Banan field during the second quarter of 2018, and ii) a \$2.5 million increase in the depletion charge during the first quarter of 2019 resulting from higher production during 2019 partially offset by a lower depletion charge per barrel.

Capital additions

During the first quarter of 2019, the Group recorded net capital additions of \$2.3 million. The Group invested \$1.1 million primarily on drilling activities in the Banan field and \$0.5 million on facilities in the Hawler License Area. Additional expenditures of \$0.4 million were incurred to prepare for drilling activities in the AGC Central License Area.

Financial position

The following table contains highlights of the Group's financial position as at the dates indicated below.

(\$ thousands)	March 31, 2019	December 31, 2018
Total cash and cash equivalents	14,069	14,410
Working Capital	(272)	(8,627)
Total assets	810,337	812,976
Borrowings	78,679	76,624
Total long-term liabilities	137,060	133,526

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The cash and cash equivalents balance of \$14.4 million as at December 31, 2018 decreased to \$14.1 million at March 31, 2019. This decrease is due to \$9.0 million in cash used in investing activities, partially offset by \$8.6 million in cash generated by operating activities.

Working capital decreased to negative \$0.3 million at March 31, 2019 from negative \$8.6 million at December 31, 2018. The decrease was due to a \$8.6 million decrease in trade and other payables and a \$1.2 million increase in other current assets, partially offset by a \$1.4 million decrease in trade and other receivables.

The total assets balance decreased to \$810.3 million at March 31, 2019 from \$813.0 million at December 31, 2018. This change is due to i) a \$2.9 million decrease in property, plant and equipment resulting from \$4.7 million in depletion recorded during the period, partially offset by \$1.9 million in capital additions, and ii) a \$1.4 million decrease in trade and other receivables. These negative factors have been partially offset by a \$1.2 million increase in other current assets.

The increase in total long-term liabilities is primarily due to the interest and accretion expense recorded on the Loan Facility during the three months ended March 31, 2019. The balance owed under the Loan Facility as at March 31, 2019 was \$79.1 million, including \$3.1 million in accrued interest which will be settled through the issuance of Common Shares.

The balance of principal and accrued interest potentially owed under the contingent consideration obligation to the vendor of the Hawler License Area as at March 31, 2019 was \$76.4 million.

2019 capital expenditure re-forecast

The Group's re-forecasted capital expenditures for 2019 are \$42 million, increased from the previously announced forecast of \$41 million. The increase reflects the addition of a well targeting the Banan Cretaceous reservoir. This increase was partially offset by the deferral of some drilling preparation costs in the AGC Central License Area. The following table summarises the Group's 2019 forecasted capital expenditure program against the previous forecast.

Location	License/Field/Activity	2019 Prior Forecast	2019 Re-forecast
		\$ millions	\$ millions
Kurdistan Region	Hawler		
	Demir Dagh	7	7
	Zey Gawra	3	3
	Banan	14	18
	Ain Al Safra	2	2
	Facilities	2	2
	Other ⁽²⁾	3	3
	Total Hawler	30	34
West Africa & Corporate	AGC Central – Drilling preparation	6	3
	AGC Central -- Other	5	5
	Capex Total	41	42

Note:

- (1) Totals in rows and columns may not add-up due to rounding
 (2) Other is comprised primarily of license maintenance costs

Kurdistan Region of Iraq -- Hawler License Area

Demir Dagh drilling – consists of forecast costs related to short radius sidetrack wells of the previously drilled Demir Dagh-5 and Demir Dagh-9 wells. Demir Dagh-5 is expected to be drilled in the second quarter of 2019 with Demir Dagh-9 to be drilled in the fourth quarter.

Zey Gawra drilling – consists of a sidetrack of the previously drilled Zab-1 well targeting the Tertiary reservoir planned in the second half of the year.

Banan drilling – consists of two wells targeting the Banan Cretaceous reservoir and two wells targeting the Tertiary reservoir. Changes versus the previous program include adding a second well targeting the Cretaceous reservoir and intending to complete both wells targeting the Tertiary reservoir as producers. The previous program assumed one well targeting the Tertiary reservoir would be used as a surveillance well.

Ain Al Safra drilling – consists of costs related to the testing of the Ain Al Safra-2 well targeting the Triassic reservoir. The Ain Al Safra-2 well was suspended in 2014 prior to testing due to security developments. The testing of the Ain Al Safra-2 well is expected to be completed in the first half of the year.

Facilities – comprised of minor infrastructure works at the Demir Dagh field and new drilling pads and infrastructure at the Banan field needed to accommodate drilling plans and additional production.

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[AGC Central License Area](#)

Activity consists of preparation costs for drilling including an environmental and social impact assessment, studies and license maintenance costs. Forecasted preparation costs in 2019 for drilling have been reduced as some costs have been deferred to 2020

Business Environment

During the first quarter of 2018, international flights into the Erbil International Airport resumed, having been suspended for some months following geopolitical tensions arising from an independence referendum held in the Kurdistan Region of Iraq during September 2017. While partial restoration of political stability through the conduct of regional and federal elections have followed and operating conditions are now such that the Group has been able to continue its activities in the Kurdistan Region of Iraq, the eventual impact of the underlying and unresolved political disputes on the Group's operations may be significant and remains uncertain.

Uncertainty related to global, social, political, and economic conditions and the resulting changes in global oil supply chains and infrastructure investment contribute to volatility in the price of crude oil. The related uncertainty regarding returns on investments in upstream oil and gas exploration and development has impacted the availability and cost of capital resources. Furthermore, future oil prices, which directly impact the Group's expected cash inflows, are difficult to forecast reliably. The Group's ability to fund its ongoing operations and its forecasted capital investments is consequently subject to significant uncertainty. See the "Liquidity and Capital Resources" section of this MD&A for further discussion.

The ongoing political instability in Iraq and other risk factors which are disclosed in OPCL's Annual Information Form could have an adverse effect on Oryx Petroleum's performance.

On March 14, 2016, the Group initiated crude oil deliveries to international markets through the Kurdistan Region Export Pipeline. Although management does not expect restrictions on its ability to access pipeline capacity, Oryx Petroleum is not aware of official allocations of export pipeline capacity and is uncertain of the extent to which its future production will continue to be sold through this export pipeline. Arrangements currently in place to sell oil produced from the Hawler License Area may not continue to be in effect. Furthermore, there remains an ongoing risk that any renewed worsening of the regional security situation could have a material adverse effect on the operating and financial performance of the Group.

The market on which oil produced from the Hawler License Area is sold affects the price realised and, consequently, Oryx Petroleum's cash flows. Complexities in local, regional, and international market access dynamics may impact the Group's realised oil sales prices and its future ability to sell its produced oil.

The Group's future revenues and cash flows from operating activities are dependent on the Group's ability to produce and deliver crude oil. Production rates are subject to fluctuation over time and are difficult to predict.

The timing and execution of the Group's capital expenditure program may also be affected by the availability of services from third party oil field contractors and the Group's ability to obtain, sustain or renew necessary government licenses and permits on a timely basis to conduct exploration and development activities.

With the exception of the items discussed above together with risks disclosed in the OPCL's Annual Information Form dated March 23, 2019, management has not identified trends or events that are expected to have a material adverse effect on the financial performance of Oryx Petroleum.

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Operations Review

Kurdistan Region of Iraq

The following table summarises production and sales data for the three months ended March 31, 2019, December 31, 2018, and March 31, 2018:

	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Gross (100%) Production (bbl)	975,000	965,900	341,700
Gross (100%) Production per day (bbl/d)	10,800	10,500	3,800
WI Production (bbl)	633,800	627,900	222,100
WI Production per day (bbl/d)	7,000	6,800	2,500
WI sales (bbl)	633,300	626,700	222,700
WI sales per day (bbl/d)	7,000	6,800	2,500

Production and sales

Gross (100%) oil production for the three months ended March 31, 2019 was 975,000 bbl representing an average rate of 10,800 bbl/d. The Group's Working Interest share of oil production during this period was 633,800 bbl representing an average rate of 7,000 bbl/d. During February 2019, production was curtailed due to a four-day shut-down of the Kurdistan Region Export Pipeline for scheduled maintenance.

The increase in production and sales volumes during the first quarter of 2019 is attributable to production from Banan and Zey Gawra field wells completed and brought on to production during the second, third, and fourth quarters of 2018.

The Group recognised revenue on the sale of 633,300 bbl (Working Interest) of crude oil during the three months ended March 31, 2019.

Crude oil sale prices

Commencing in March 2016, the Group began selling crude oil to the KRG's Ministry of Natural Resources via deliveries at the Hawler License Area into the Kurdistan Region Export Pipeline. The realised sales prices on export sales through this pipeline made after February 1, 2018 are referenced to monthly average Brent crude oil prices, discounted by approximately \$8/bbl for pipeline system tariffs and fees, and adjusted for differences in API gravity and sulphur from standard Brent specifications. For sales made prior to February 1, 2018, the realised sales prices on export sales through this pipeline were referenced to monthly average Brent crude oil prices, discounted by \$12/bbl for crude oil quality and transport, and adjusted for actual API gravity and sulphur content outside of agreed quality specification ranges.

The following table indicates average Brent crude oil prices and the Group's realised crude oil sales prices for each quarter ended on the dates indicated below:

	2019	2018				2017		
	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	Jun 30
Brent average price (\$/bbl)	62.39	68.81	75.16	74.39	66.82	61.26	51.72	50.28
Realised sales price (\$/bbl)	48.35	52.37	61.33	61.51	56.31	50.04	41.07	37.93

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Netbacks

The following table summarises the Field Netback and Oryx Petroleum Netback for the three months ended March 31, 2019 and 2018:

	Three months ended March 31, 2019		Three months ended March 31, 2018	
	(\$ thousands)	(\$/bbl)	(\$ thousands)	(\$/bbl)
Oil sales	30,618	48.35	12,541	56.31
Royalties	(14,966)	(23.63)	(6,130)	(27.53)
Field production costs ⁽¹⁾	(5,560)	(8.78)	(2,392)	(10.74)
Current taxes	(695)	(1.10)	(284)	(1.28)
Field Netback⁽²⁾	9,397	14.84	3,735	16.76
Recovery of Carried Costs	3,391	5.35	1,389	6.24
Partner share of production costs	(1,710)	(2.70)	(736)	(3.30)
Oryx Petroleum Netback⁽²⁾	11,078	17.49	4,388	19.70

Notes:

- (1) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum.
- (2) Field Netback and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.

Field Netback for the three months ended March 31, 2019 of \$9.4 million incorporates field production costs of \$5.6 million. On a per barrel basis, Field Netback has decreased to \$14.84/bbl for the three months ended March 31, 2019 from \$16.76/bbl for the three months ended March 31, 2018. This variance is attributable to a decrease in the realised sales prices, partially offset by a decrease in per barrel field production costs.

Hawler license operation, appraisal and early production

Zey Gawra field

Crude oil from the Zey Gawra field is being processed through temporary facilities at the Zey Gawra field and is being delivered by truck to the Group's offloading and storage facilities located at the Demir Dagh field, for injection into the Kurdistan Region Export Pipeline.

Banan field

Following security restrictions arising from militant activity during 2014, the Group's operation at the Banan field resumed during the second quarter of 2018. The Group then installed the temporary facilities required to produce and process oil from its Banan field. Temporary loading facilities were also constructed allowing crude oil produced from the Banan field to be delivered by truck to tanker terminal facilities located at the Demir Dagh field, for injection in the Kurdistan Region Export Pipeline.

The Banan-6 appraisal well targeting the Cretaceous reservoir was spudded in March 2019. The well has recently been drilled to a measured depth of 1,840 metres and is expected to be completed as a producing well in the coming weeks.

Demir Dagh

During 2019, activity at the Demir Dagh field has continued to include production, offloading, storage, and processing activities. All Hawler License Area crude oil continues to be delivered for sale into the Kurdistan Region Export Pipeline injection point which is located at the Demir Dagh field.

Ain Al Safra

The Group is preparing to complete a testing program on the Ain Al Safra-2 well which was suspended during August of 2014 prior to testing due to security developments.

West Africa

The Group has licensed approximately 2,000 km² of 3D seismic data acquired in December 2016 and January 2017 over the AGC Central License Area. The data has been processed and interpretation is positive. Final prospect ranking has been completed and an environmental and social impact assessment is planned for 2019 with preparation for drilling in 2020 to follow.

Other than the above, activities in West Africa during the three months ended March 31, 2019 were limited to license maintenance and data analysis.

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Divestment of Interest in the Haute Mer B License Area

On April 23, 2018, a subsidiary of Oryx Petroleum (the "Seller") entered into an agreement providing for the sale of a 30% participating interest in the Haute Mer B exploration license offshore Congo (Brazzaville) ("HMB License") to a subsidiary of Total S.A. (the "Buyer") (the "Sale Agreement"). Upon closing, the Seller's interest in the HMB License is expected to be transferred for cash consideration of \$8 million, payable at closing with the sale to be deemed effective from January 1, 2018. The Sale Agreement provides for the Buyer to reimburse the Seller for costs incurred by it in relation to the HMB License between January 1, 2018 and the date of the Sale Agreement and to carry the Seller's share of costs from the date of the Sale Agreement to the closing of the transaction. This is expected to result in a further payment to the Seller, at closing, of \$5.3 million.

The Group's position that all conditions to closing have been either satisfied or waived, notwithstanding, the Buyer has declined to close the transaction and has purported to terminate the Sale Agreement. The Seller has engaged external legal counsel, has initiated arbitration to settle the dispute, believes strongly in the merits of its position. Consequently, management estimates that the asset's recoverable amount continues to be equivalent to its carrying value. Management has assessed that it is improbable that the arbitration panel will rule against the Seller, or that the Group may otherwise be unsuccessful in realizing the contracted amounts. In the event that conditions to closing are determined not to have been met and the Sale Agreement is terminated, the Seller may be adjudged to have an obligation to fund the Seller's share of HMB License expenditures incurred by the Buyer following the date of the Sale Agreement. As at March 31, 2019, these unrecognised, contingent liabilities amount to approximately \$13.6 million including interest charges. The Group expects the arbitration process and resolution of the dispute to be concluded in the next 12 months.

Capital Additions

The following table summarises the capital additions incurred by activity during the three months ended March 31, 2019 and March 31, 2018:

(\$ thousands)	Three months ended	
	March 31, 2019	March 31, 2018
Middle East		
Drilling	1,099	5,289
Facilities	541	313
Studies, license, and support	221	81
Sub-Total Middle East	1,861	5,683
West Africa		
Exploration drilling	161	39
Facilities	2	26
Seismic	72	218
Studies, license, and support	200	198
Sub-Total West Africa	435	481
Corporate	17	-
Total capital additions	2,313	6,164

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The following table summarises the capital additions incurred by License Area during the three months ended March 31, 2019 compared to the same period in 2018:

(\$ thousands)	Three months ended	
	March 31, 2019	March 31, 2018
Middle East		
Hawler	1,861	5,683
Sub-Total Middle East	1,861	5,683
West Africa		
AGC Central	435	481
Sub-Total West Africa	435	481
Corporate	17	-
Total capital additions	2,313	6,164

Middle East

During the three months ended March 31, 2019, the Group invested \$1.9 million in the Hawler License Area. The Group invested \$1.1 million towards drilling the Banan-6 well and to prepare to drill the Banan-5 well, \$0.5 million on facilities, and \$0.2 million on license costs and studies.

West Africa

Capital additions of \$0.4 million for the three months ended March 31, 2019 were primarily comprised of costs related to preparation for drilling and directly attributable technical support costs in the AGC Central License Area.

Cost Pools

Cost Pools for each License Area, which are available for recovery through future oil sales from such License Area, as at March 31, 2019, are detailed in the table below:

License Area	Location	Gross Cost Pool (\$ million)	Group Participating Interest Cost Pool (\$ million)	Costs carried by Oryx Petroleum (\$ million)	Costs recovered through cost oil (\$ million)	Group share of recoverable costs available ⁽¹⁾⁽²⁾ (\$ million)
Hawler	Iraq – Kurdistan Region	850.1	536.9	188.4 ⁽³⁾	(99.9)	625.4
AGC Central	Senegal and Guinea Bissau	52.3	44.4	7.8	-	52.2
Haute Mer B⁽⁴⁾	Congo (Brazzaville)	22.8	-	-	-	-
		925.1	581.3	196.2	(99.9)	677.6

Notes:

- (1) Cost Pool balances are subject to audit by relevant government entities.
- (2) Oryx Petroleum share of costs available for future recovery through the sale of cost oil.
- (3) Carried costs include \$117.0 million in expenditures related to a commitment to carry \$300 million on behalf of a partner for the Hawler License Area development.
- (4) On April 23, 2018, a subsidiary of Oryx Petroleum entered into an agreement providing for the sale of the Group's 30% participating interest in the Haute Mer B license to a subsidiary of Total S.A. Refer to the "Operations Review – West Africa" section of this MD&A for further information on the status of the transaction.

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Property, plant and equipment and intangible assets

The capital additions described in the sections above, net of depletion, depreciation and amortisation ("DD&A") have resulted in the following movements in intangible asset and PP&E balances during the three months ended March 31, 2019:

(\$ thousands)	Exploration and Evaluation Assets	Other Intangible Assets	Total Intangible Assets
As at January 1, 2019	99,852	23	99,875
Capital additions	433	15	448
DD&A	-	(3)	(3)
As at March 31, 2019	100,285	35	100,320

(\$ thousands)	Oil & Gas assets	Furniture and fixtures	Total PP&E
As at January 1, 2019	651,376	203	651,579
Capital additions	1,863	2	1,865
DD&A	(4,711)	(19)	(4,730)
As at March 31, 2019	648,528	186	648,714

Financial Results

Revenue

The following table summarises Oryx Petroleum's revenue for the three months ended March 31, 2019 and 2018. All oil sold during each of the below periods was produced at the Hawler License Area.

(\$ thousands)	Three months ended March 31	
	2019	2018
Oil Sales	30,618	12,541
Recovery of Carried Costs	3,391	1,389
Revenue	34,009	13,930

The Group recognised revenue on the sale of 633,300 bbl (Working Interest) of oil during the three months ended March 31, 2019, compared to 222,700 bbl (Working Interest) during the same period in the previous year. Revenue of \$34.0 million during the first quarter of 2019 increased by \$20.1 million compared to the three months ended March 31, 2018. The increase in oil sales is due to a 184% increase in sales volumes which is attributable to increased production from the Banan and Zey Gawra fields, partially offset by a 14% decrease in realised sales price.

Sales volumes are determined by the timing of deliveries to customers and are not directly correlated with production volumes. As at March 31, 2019, the Group's Working Interest share of oil inventory amounted to 12,170 bbl.

The Group has received payment in full for all crude oil delivered and sold through the Kurdistan Region Export Pipeline up to and including January 31, 2019. At the date of the MD&A, the Group's entitlement share of amounts receivable from the KRG for crude oil delivered to the pipeline during February 2019, March 2019 and April 2019 totals \$19.5 million.

Royalties

The following table summarises royalty expense during the three months ended March 31, 2019 and March 31, 2018:

(\$ thousands)	Three months ended March 31	
	2019	2018
Royalties	14,966	6,130

All remittances to governments that are directly attributable to the sale of oil during the reporting period, including the government share of Profit Oil but excluding income taxes, are reported as royalties. Royalties increased by \$8.8 million during the three months ended March 31, 2019 compared to the same period in the previous year. The variances in royalties from period to period are attributable to the same factors as those applicable to revenues from oil sales as discussed above.

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Operating expense

(\$ thousands)	Three months ended March 31	
	2019	2018
Field production costs ⁽¹⁾	5,560	2,392
Partner's share of production costs carried by Oryx Petroleum	1,710	736
Operating expense	7,270	3,128
Sales ⁽²⁾ (bbl)	633,300	222,700
Field production costs⁽¹⁾ (\$/bbl)	8.78	10.74
Operating expense (\$/bbl)	11.48	14.04

Notes:

- (1) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum.
(2) Oryx Petroleum's Working Interest share.

Operating expense of \$7.3 million in the three months ended March 31, 2019 increased by \$4.1 million compared to the same period in the previous year. The increase in operating expenses is primarily attributable to increased facilities and trucking costs due to the expanded operations at the Zeg Gawra field and the commencement of production from the Banan field in the second quarter of 2018. Operating costs per barrel decreased during the three months ended March 31, 2019 compared to the three months ended March 31, 2018 due to a 184% increase in sales volumes.

The following table indicates the impact of the variances in operating expense between the fourth quarter of 2018 and the first quarter of 2019:

(\$ thousands)	(\$000)	(\$/bbl)
Operating expense – three months ended December 31, 2018	6,910	11.03
Contribution of the following to variance:		
Personnel and camp costs	198	0.31
Well maintenance	(55)	(0.09)
Facilities lease and maintenance, diesel and operation	172	0.28
Security	45	0.07
Increase in production	-	(0.12)
Operating expense – three months ended March 31, 2019	7,270	11.48

General and administration

(\$ thousands)	Three months ended March 31	
	2019	2018
Total General and Administration	2,103	2,712

General and administration expenses of \$2.1 million were incurred during the three months ended March 31, 2019 compared to \$2.7 million incurred during the three months ended March 31, 2018. The decrease is primarily attributable to actual 2018 performance-based compensation being lower than previously estimated.

Depletion, depreciation and amortisation

The following table summarises the component parts of depletion, depreciation and amortisation for the three months ended March 31, 2019 and 2018:

(\$ thousands)	Three months ended March 31	
	2019	2018
Intangible assets: Amortisation	3	3
PP&E assets: Depreciation	18	-
Depletion	4,708	2,230
Total DD&A	4,729	2,233

Depletion is calculated on a unit of production basis, which is the ratio of oil production volume during the period to the estimated quantities of proved plus probable oil reserves at the beginning of the period.

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The increased depletion charge for the three months ended March 31, 2019 is due to increased production partially offset by a lower depletion rate per barrel compared to the same period in 2018. The per barrel charge for depletion has decreased primarily as a result of reductions in estimated future developments costs.

Other income

The following table summarises the components of other income for the three months ended March 31, 2019 compared to the same period in 2018:

(\$ thousands)	Three months ended March 31	
	2019	2018
Reduction of provision against trade and other receivables	119	-
Reduction of materials inventory provision	1,191	82
Other	27	78
Other income	1,337	160

Other income for the three months ended March 31, 2019 relates primarily to a \$1.2 million reduction of the materials inventory provision, combined with a \$0.1 million reduction of the provision against trade and other receivables.

Finance expense

(\$ thousands)	Three months ended March 31	
	2019	2018
Interest expense on Loan Facility	1,968	1,969
Accretion of deferred financing costs on Loan Facility	86	196
Change in fair value of contingent consideration	657	685
Interest on contingent consideration	782	878
Accretion of decommissioning liability	117	96
Issue of warrants	277	-
Other	28	-
Finance expense	3,915	3,824

Finance expense for the three months ended March 31, 2019 primarily relates to accrued interest associated with the Loan Facility and to the change in fair value and accrued interest associated with the contingent consideration.

Finance expense for the three months ended March 31, 2019 includes a \$0.7 million expense relating to the change in the fair value of previously recognised contingent consideration compared to a \$0.7 million charge recorded during the three months ended March 31, 2018.

For the specific purpose of estimating the fair value of the contingent consideration obligation, management's estimate assumes that the Group will achieve a second declaration of commercial discovery in the Hawler License Area, that the contingent consideration will consequently become payable, and that the timing and amount of resulting cash outflows will be consistent with the terms outlined in 2018 Amendment (refer to the "Liquidity and Capital Resources" section of this MD&A for further information). The fair value of the liability was established using observable inputs other than quoted prices (IFRS 13 Level 2 hierarchy category) and was determined by calculating the present value of estimated future cash flows using the discount rate adjustment technique. The future cash flows have been estimated based on the terms outlined in the agreement with the counterparty and discounted using an observed market rate for similar obligations. As at March 31, 2019, management has assumed an interest rate of 5% per annum and a 10% discount rate (December 31, 2018 – 5% interest rate, 10% discount rate).

Income tax expense

The following table summarises the component parts of income tax expense for the three months ended March 31, 2019 and March 31, 2018.

(\$ thousands)	Three months ended March 31	
	2019	2018
Current income tax expense	737	385
Deferred tax (benefit) / expense	2	1
Total income tax expense	739	386

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The current income tax expense includes corporate income tax deemed to be collected by the KRG from its allocation of Profit Oil under the Hawler PSC.

Operating segments

The following table summarises the profit / (loss) from operations by operating segment for the three months ended March 31, 2019 and March 31, 2018.

(\$ thousands)	Three months ended March 31	
	2019	2018
Middle East	7,239	1,604
West Africa	(180)	10
Corporate	(781)	(1,727)
Profit / (loss) from operations	6,278	(113)
Finance income	-	29
Finance expense	(3,915)	(3,824)
Foreign exchange gain	(80)	19
Income tax expense	(739)	(386)
Profit / (loss) for the period	1,544	(4,275)

The segment result for the Middle East operating segment has increased from \$1.6 million to \$7.2 million during the three months ended March 31, 2019 compared to the same period in prior year. This increase is primarily due to \$11.2 million increase in net revenue from the Hawler License Area, partially offset by a \$4.1 million increase in operating expense and a \$2.5 million increase in depletion expense. Refer to the Revenue, Royalties, Operating Expense, and Depletion, Depreciation and Amortization sections above for further information on these variances.

Liquidity and Capital Resources

During the first quarter of 2019, the Group met its day to day working capital requirements and funded its capital and operating expenditures substantially through its share of oil sales revenues from the Hawler License Area.

Loan Facility

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 controlling shareholder AOG (the "**Lender**"). The \$100 million Loan Facility has been fully drawn and had an initial maturity of March 10, 2018 (the "**Maturity Date**").

On April 28, 2017, the Loan Facility was amended to extend the Maturity Date from March 10, 2018 to July 1, 2019 and to amend interest payment terms (the "**Loan Amendment**"). Under the terms of the Loan Amendment, interest, which up to and including May 11, 2017 accrued at an annual compound rate of 10.5%, and principal amounts owing to the Lender up to and including May 11, 2017 (the "**Loan Amount**"), are payable at the Maturity Date or earlier, at the option of the borrower. Interest accrued on the Loan Amount after May 11, 2017 was determined on each of November 11, 2017, May 11, 2018, November 11, 2018 (each, an "**Interest Calculation Dates**") and has been paid to the Lender by way of issuance of Common Shares with the number of Common Shares determined using an issue price per share equal to the volume weighted average trading price for the five trading days immediately preceding the Interest Calculation Dates.

On July 3, 2018, OPCL issued 22,188,975 Common Shares to a subsidiary of AOG in satisfaction of \$4.0 million of interest accrued under the Loan Facility between November 11, 2017 and May 10, 2018.

On November 12, 2018, OPCL issued 23,051,817 Common Shares to a subsidiary of AOG in satisfaction of \$4.0 million of interest accrued under the Loan Facility between May 11, 2018 and November 10, 2018.

On December 31, 2018, the Group agreed with the Lender to amend the Loan Facility to further extend the Maturity Date from July 1, 2019 to July 1, 2020 and to amend interest provisions (the "**2nd Loan Amendment**"). The Company agreed to issue warrants to acquire between 3,637,262 and 6,132,804 Common Shares to the Lender or one of its affiliates. On February 26, 2019, the Group issued warrants to an affiliate of the Lender to acquire 3,637,262 Common Shares in accordance with this agreement. On April 2, 2019, the Group issued additional warrants to an affiliate of the Lender to acquire 2,495,542 Common Shares in accordance with this agreement. The Loan Amount and interest rate remain unchanged from the terms agreed under the Loan Amendment. Interest accrued on the Loan Amount for the period beginning on November 12, 2018 and ending on July 1, 2019 is to be paid to the Lender by way of issuance of Common Shares as contemplated in the Loan Amendment. If cash payments to the Lender are then permitted under the terms of other corporate agreements, interest on the Loan Amount accruing after July 1, 2019 will be payable in cash on January 1, 2020 and July 1, 2020. If interest is not paid in cash, the interest due on January 1, 2020 will be capitalised ("**Capitalised Interest**") and added to the Loan Amount and

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interest on the Loan Amount and Capitalised Interest shall then accrue and be payable at the Maturity Date. The 2nd Loan Amendment was approved by the Toronto Stock Exchange on March 11, 2019.

The Group is continuously engaged with the Lender and management expects to reach agreement to further amend or settle the Loan Facility prior to the Maturity Date such that cash outflows align with then available cash inflows arising from operating and/or financing activities.

As at March 31, 2019, the carrying value of the balance owed under the Loan Facility was \$78.6 million, including \$3.1 million in accrued interest that will be paid through the issuance of Common Shares. The total principal plus accrued interest owed at March 31, 2019 was \$79.1 million.

Interim credit facility

On November 13, 2018, the Group entered into a committed and unsecured term loan agreement ("**Interim Credit Facility**") jointly with an affiliate of AOG and Zeg Oil and Gas Limited. The amount of the Interim Credit Facility was subsequently reduced to \$7.25 million and the availability period to draw funds under the facility was extended to June 24, 2019. Amounts drawn under the Interim Credit Facility ("**Principal**") shall bear interest at an annual rate of 10.5% calculated daily and compounding at the end of each calendar month ("**Interest**"). Principal and Interest are payable on the earlier of i) two business days after receipt by the Group of the proceeds from the sale of assets held for disposal, and ii) June 30, 2019 (the "**Interim Credit Facility Maturity Date**"). If drawn down, the Interim Credit Facility is repayable in cash or through the issuance of Common Shares at an issue price equal to the greater of i) \$0.1731 per Common Share, and ii) the market price of Common Shares on the Interim Credit Facility Maturity Date. As at the date of this MD&A no amounts have been drawn under the Interim Credit Facility.

Contingent consideration

During 2011, the Group acquired OP Hawler Kurdistan Limited under the terms of a sale and purchase agreement (the "**Purchase Agreement**"). The Group has agreed with the vendor of the Hawler License Area to amend terms of Purchase Agreement (the "**2018 Amendment**"), with the vendor's final execution pending.

The 2018 Amendment provides for an \$11.4 million non-refundable prepayment against the contingent obligation arising upon a possible second commercial discovery which the Group expects to make upon the vendor's final execution of the agreement. Subject to the declaration of a second commercial discovery within the Hawler License Area, the 2018 Agreement provides for fixed payments of principal plus interest scheduled as follows: \$20.0 million plus accrued interest in September 2019, \$25.0 million plus accrued interest in September 2020, and \$11.0 million plus accrued interest in September 2021. The estimated fair value of the contingent consideration as at March 31, 2019 was \$72.4 million (December 31, 2018 - \$71.0 million).

If the Group has not declared a second commercial discovery by September 30, 2019 the instalment payment schedule would no longer apply and the contingent consideration obligation, if subsequently triggered by a second commercial discovery, would revert to a single lump-sum payment obligation.

Although Oryx Petroleum has executed the 2018 Amendment, execution of the agreement by the vendor of the Hawler License Area has been delayed due to administrative reasons. The Group expects the 2018 Amendment to be executed in due course, followed by the \$11.4 million deferral payment.

Oryx Petroleum paid \$20.0 million plus interest during 2014 in satisfaction of the obligation arising upon the first commercial discovery and \$5 million plus interest during the third quarter of 2017 as a non-refundable prepayment against the contingent obligation arising upon a possible second commercial discovery.

During the three months ended March 31, 2019, contingent interest accrued at a rate of 5.0% per annum (2018 – 5.0%). For periods beginning on October 1, 2018, if the average price of Brent crude oil exceeds \$75/bbl during any year ending on September 30, the amended Purchase Agreement prescribes that the annually compounding interest rate increase to 10% per annum for interest calculated during such year.

The total balance of principal and accrued interest potentially owed under the contingent consideration obligation was \$76.4 million as at March 31, 2019.

Liquidity outlook

The Group expects cash on hand as of March 31, 2019, cash receipts from net revenues and export sales, and cash proceeds available under an interim credit facility provided by shareholders in late 2018 will allow it to fund its forecasted capital expenditures and operating and administrative costs through the end of 2019. Additional capital is likely required to be able to both meet contingent consideration obligations expected to become payable in 2019 and to fund drilling in the AGC Central License Area planned in 2020.

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See the "New Accounting Pronouncements, Policies, and Critical Estimates – Going Concern" section of this MD&A for discussion regarding uncertainties and risks associated with the Group's ability to continue as a going concern.

The following table summarises the components of Oryx Petroleum's consolidated cash flows for the three-month periods ended March 31, 2019 and 2018:

(\$ thousands)	Three months ended March 31	
	2019	2018
Operating Funds Flow ⁽¹⁾	9,180	1,429
Change in non-cash working capital	(549)	(4,013)
Net cash generated by / (used in) operating activities	8,631	(2,584)
Additions to E&E and PP&E	(1,698)	(5,553)
Additions to Assets held for disposal	-	(5,266)
Change in non-cash working capital	(7,274)	3,505
Net cash used in investing activities	(8,972)	(7,314)
Net cash used in financing activities	-	(731)
Total change in cash	(341)	(10,629)
Cash and cash equivalents at beginning of the period	14,410	38,572
Cash and cash equivalents at end of the period	14,069	27,943

Note:

(1) Operating Funds Flow is a non-IFRS measure. See the "Non-IFRS Measures" section of this MD&A.

During the three months ended March 31, 2019, the Group invested \$1.7 million in exploration, appraisal, and development activities in the Hawler and AGC Central License Areas. The Group invested \$0.6 million primarily on drilling activities in the Banan field, and \$0.5 million on facilities in the Hawler License Area and \$0.4 million in the AGC Central License Area relating to preparation for drilling and directly attributable technical support costs. Operating activities for the three months ended March 31, 2019 generated \$8.6 million in cash, reflecting Operating Funds Flow of \$9.2 million, partially offset by a \$0.5 million increase in non-cash working capital which was primarily related to a decrease in trade and other payables partially offset by a decrease in trade and other receivables.

Risks and uncertainties

The Group's ability to realise cash inflows from crude oil sales is subject to significant uncertainty related to the future performance and productivity of individual wells and production facilities, future crude oil prices, and customer credit risk. In particular, credit risk is impacted by the uncertainty associated with political tensions between the governments of Iraq and the Kurdistan Region of Iraq as discussed in the "Business Environment" section of this MD&A. The Group's ability to secure external financing, if and when required, is also subject to significant uncertainty and is dependent on the Group's performance and on market conditions. Furthermore, the execution of capital investment plans requires significant capital expenditures. Long lead times between initiation of commitments to capital projects and completion thereof are common in the industry. During these lead times, Oryx Petroleum expects to incur significant costs at a level which may be difficult to predict. The Group expects to finance its activities through the end of 2019 through current cash reserves, positive Operating Funds Flow and drawdowns on the Interim Credit Facility, if required. Additional capital is likely required to i) fund contingent consideration obligations expected to become payable during 2019 and ii) fund drilling in the AGC Central License Area planned in 2020. Prevailing market conditions, together with Oryx Petroleum's business performance, will impact the Group's ability to realise required Operating Funds Flows and to arrange further financing as needed. While the Group retains the flexibility to defer certain budgeted expenditures and to adjust the timing of its expenditures on the development of the Hawler License Area, slowing the rate of development expenditures related to the Hawler License Area would be likely to impede the Group's ability to achieve expected production and sales levels. Refer to the "Critical estimates" section of this MD&A for additional discussion regarding management's going concern assumption which contemplates that the Group will realise its assets and settle its liabilities and commitments in the normal course of business for the foreseeable future.

Economic Sensitivities

The following table shows the estimated effect that changes to realised sales prices, Gross (100%) oil sales volumes, and operating expenses would have had on the Group's profit for the three months ended March 31, 2019. These calculations are based on business conditions, production and sales volumes existing during the three months ended March 31, 2019. The 1,000 bbl/d increase assumes the increase is to Gross (100%) sale volumes and the Group's entitlement is calculated according to the provisions of the Hawler PSC and Joint Operating Agreement.

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	Change	Profit impact (\$000s)	Profit impact (\$ per basic share)
Change in average realised price	\$10.00/bbl	4,321	0.01
Change in Gross (100%) oil sales volumes	1,000 bbl/d	1,930	0.00
Change in operating expenses	\$1.00/bbl	633	0.00

The future cash flows relating to the contingent consideration balance (refer to the "Liquidity and Capital Resources" section of this MD&A) have been estimated based on the terms outlined in the agreement with the counterparty and discounted using an observed market rate for similar obligations. As at March 31, 2019, management has assumed a 5% interest rate and a 10% discount rate. The following table shows the estimated effect that a 5% change in the interest and discount rates would have had on the Group's profit for the three months ended March 31, 2019.

	Change	Profit impact (\$000s)	Profit impact (\$ per basic share)
Change in interest rate	5%	9,127	0.02
Change in discount rate	5%	3,439	0.01

The impact of the above changes may be compounded or offset by changes to other business conditions. In addition, the tables do not reflect any inter-relationships between the above factors. Changes in foreign exchange rates have not been considered in this analysis as they do not have a significant impact on the Group's operations.

Non-IFRS Measures

Field Netback

Field Netback is a non-IFRS measure that represents the Group's Working Interest share of oil sales net of the Group's Working Interest share of Royalties, the Group's Working Interest share of operating expense and the Group's Working Interest share of taxes.

Management believes that Field Netback is a useful supplemental measure to analyse operating performance and provides an indication of the results generated by the Group's principal business activities prior to the consideration of PSC and Joint Operating Agreement financing characteristics, and other income and expenses. Field Netback does not have a standard meaning under IFRS and may not be comparable to similar measures used by other companies. See the "Operations Review" section of this MD&A for a reconciliation of Field Netback.

Oryx Petroleum Netback

Oryx Petroleum Netback is a non-IFRS measure that represents Field Netback adjusted to reflect the impact of Carried Costs incurred and recovered through the sale of Cost Oil during the reporting period. Management believes that Oryx Petroleum Netback is a useful supplemental measure to analyse the net cash impact of the Group's principal business activities prior to the consideration of other income and expenses. Oryx Petroleum Netback does not have a standard meaning under IFRS and may not be comparable to similar measures used by other companies. See the "Operations Review" section of this MD&A for a reconciliation of Oryx Petroleum Netback.

Operating Funds Flow (previously referred to as "Operating Cash Flow")

Operating Funds Flow is a non-IFRS measure that represents cash generated from operating activities before changes in non-cash working capital. The term Operating Funds Flow should not be considered an alternative to or more meaningful than "net cash generated by / (used in) operating activities" as determined in accordance with IFRS.

Management considers Operating Funds Flow to be a key measure as it demonstrates the Group's ability to generate the cash necessary to fund future growth through capital investment. Operating Funds Flow does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. In previous disclosure, Operating Funds Flow was referred to as Operating Cash Flow.

The following table reconciles Operating Funds Flow to the IFRS measure of 'Net cash generated by / (used in) operating activities':

(\$ thousands)	Three months ended March 31	
	2019	2018
Net cash generated by / (used in) operating activities	8,631	(2,484)
Changes in non-cash working capital	549	4,013
Operating Funds Flow	9,180	1,429

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Outstanding Share Data

In January 2018, the directors of OPCL were awarded 360,372 Common Shares (\$0.1 million) for services provided in the third and fourth quarters of 2017.

On July 3, 2018, OPCL issued 22,188,975 Common Shares to a subsidiary of AOG in satisfaction of \$4.0 million of interest accrued under the Loan Facility between November 11, 2017 and May 10, 2018.

On September 4, 2018, the Group issued 4,054,887 Common Shares to employees under the LTIP. Upon vesting, OPCL LTIP share awards granted to the date of this MD&A will result in the issuance of up to an additional 19,670,514 Common Shares in 2019 and 2020.

On November 12, 2018, OPCL issued 23,051,817 Common Shares to a subsidiary of AOG in satisfaction of \$4.0 million of interest accrued under the Loan Facility.

On December 27, 2018, the Company issued 7,312,764 Common Shares to Zeg Oil and Gas for consideration of \$1.3 million.

At the date of this M&DA, a total of 515,031,222 Common Shares are issued and outstanding. The Company has not paid or declared any dividends during the three months ended March 31, 2019.

On November 13, 2018, the Group agreed with the Lender to amend the Loan Facility to further extend the Maturity Date from July 1, 2019 to July 1, 2020 and to amend interest payment terms. The Company issued warrants to acquire a total of 6,132,804 Common Shares to an affiliate of the Lender in connection with this agreement. 3,637,262 warrants were issued on February 26, 2019 and an additional 2,495,542 warrants were issued on April 2, 2019. The warrants have an exercise price of \$0.2094 per Common Share and expire on November 13, 2021.

If drawn down, the Interim Credit Facility is repayable in cash or through the issuance of Common Shares at an issue price equal to the greater of i) \$0.1731 per Common Share, and ii) the market price of Common Shares on the Interim Credit Facility Maturity Date.

At the date of this MD&A, other than the warrants and unvested LTIP shares described above, there are no securities convertible into or exercisable or exchangeable for voting shares.

There were no repurchases of OPCL's equity securities by the Company during the three months ended March 31, 2019.

Commitments and Contractual Obligations

The table below sets forth information relating to Oryx Petroleum's commitments and contractual obligations as at March 31, 2019.

(\$ thousands)	Within One Year	From 1 to 5 Years	More than 5 Years	Total
Operating leases ⁽¹⁾	179	21	-	200
Other obligations ⁽²⁾	2,523	38,428	14,503	55,454
Total	2,702	38,449	14,503	55,654

(1) Operating leases primarily relate to office rent.

(2) Consists principally of obligations related to PSC commitments and capital expenditure commitments. The main purpose of these commitments is to develop the Group's oil and gas assets.

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Summary of Quarterly Results

The following table sets forth a summary of Oryx Petroleum's results for the indicated quarterly periods.

(\$ thousands, unless otherwise stated)	2017			2018				2019
	Jun 30	Sept 30	Dec 31	Mar 31	Jun 30	Sept 30	Dec 31	Mar 31
Revenue, net of royalties	3,982	5,512	7,004	7,800	10,024	16,437	20,414	19,043
Operating expense	(4,032)	(3,364)	(3,840)	(3,128)	(3,632)	(5,571)	(6,910)	(7,270)
Depletion	(1,101)	(1,409)	(2,276)	(2,224)	(2,622)	(4,315)	(4,723)	(4,708)
G&A	(2,512)	(2,183)	(3,404)	(2,712)	(2,358)	(2,414)	(4,439)	(2,103)
Profit / (Loss)	(9,199)	(5,860)	(28,128)	(4,275)	(3,522)	(5,216)	56,765	1,544
Earnings / (Loss) per basic and diluted share (\$/share)	(0.03)	(0.01)	(0.06)	(0.01)	(0.01)	(0.01)	0.11	0.00
Operating Funds Flow ⁽²⁾	(2,102)	(645)	(333)	1,429	4,298	8,400	9,079	9,180
Gross Production (bbl)	260,200	330,900	347,800	341,700	402,600	661,900	965,900	975,000
WI Production (bbl)	169,100	215,100	226,100	222,100	261,700	430,200	627,900	633,800
Gross Sales (bbl)	259,600	332,000	346,100	342,600	403,000	662,900	964,100	974,300
WI Sales (bbl)	168,800	215,800	225,000	222,700	262,000	430,900	626,700	633,300
Field production costs ⁽¹⁾	(3,083)	(2,572)	(2,939)	(2,392)	(2,777)	(4,260)	(5,284)	(5,560)
Field Netback ⁽²⁾	44	1,757	2,563	3,735	5,096	8,649	10,751	9,397
Oryx Petroleum Netback ⁽²⁾	(196)	1,947	2,907	4,388	6,026	10,266	12,760	11,078
Brent price (\$/bbl)	50.28	51.72	61.26	66.82	74.39	75.16	68.81	62.93
Sales price (\$/bbl)	37.93	41.07	50.05	56.31	61.51	61.33	52.37	48.35
Royalties (\$/bbl)	(18.55)	(20.08)	(24.46)	(27.53)	(30.06)	(29.98)	(25.60)	(23.63)
Field production costs ⁽¹⁾ (\$/bbl)	(18.25)	(11.92)	(13.06)	(10.74)	(10.60)	(9.89)	(8.43)	(8.78)
Current taxes (\$/bbl)	(0.86)	(0.93)	(1.13)	(1.28)	(1.40)	(1.39)	(1.19)	(1.10)
Field Netback ⁽²⁾ (\$/bbl)	0.27	8.14	11.40	16.76	19.45	20.07	17.15	14.84
Oryx Petroleum Netback ⁽²⁾ (\$/bbl)	(1.15)	9.02	12.93	19.70	23.00	23.83	20.36	17.49
Capital additions	814	3,823	4,611	6,164	8,774	12,454	9,027	2,313

Notes:

- (1) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum. See the "Operating expense" section of this MD&A.
- (2) Operating Funds Flow, Field Netback and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.

Variations in revenue are attributable to changes in realised sales prices which have been broadly referenced to Brent crude oil prices and sales volumes which have fluctuated due to the variations in production from the Hawler License Area. There were no significant interruptions in production during the three months ended March 31, 2019, other than a four-day suspension of exports arising from a temporary shut-down of the Kurdistan Region Export Pipeline for scheduled maintenance during February 2019. Production and sale volumes began to increase starting in the second quarter of 2018 as a result of incremental production from the Hawler License Area's Zey Gawra and Banan fields, respectively.

Variations in Field Netback and Oryx Petroleum Netback reflect changes in revenue discussed above and the impact of changes in field production costs. Field production costs increased during 2017 and 2018 as wells from the Zey Gawra and Banan fields have been brought onto production. Capital additions are primarily associated with appraisal activity in the Hawler License Area for all quarterly periods presented. Capital additions during the three months ended September 30, 2018 include \$5.3 million related to the AGC Central License Area.

The increase in Operating Funds Flow over the periods presented is primarily attributable to increased production and crude oil prices. G&A expense and profit/loss are subject to variations in revisions to estimates made in prior periods, including estimates of performance-based compensation and expenses relating to the retirement benefit obligation.

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Profit/loss for the three-month periods ended December 31, 2017 and December 31, 2018 include a \$19.4 million impairment expense and a \$54.1 million impairment reversal, respectively, relating to the Hawler License Area. Each impairment expense/reversal recorded represents the difference between the estimated recoverable amount of the Hawler License Area cash generating unit and its carrying amount prior to the impairment expense/reversal.

Financial and Other Instruments and Off-Balance Sheet Arrangements

Oryx Petroleum operates internationally and has foreign exchange risk arising from various currency exposures, notably the Swiss Franc. In January 2019, the Group entered into eight foreign exchange contracts to purchase CHF 0.3 million and to sell US Dollars at various rates for each of the eight months from February to September 2019 in order to hedge its exposure to foreign exchange risk.

Other than the above, Oryx Petroleum was not party to any off-balance sheet arrangements during the three months ended March 31, 2019 that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of Oryx Petroleum. Further, on the date of this MD&A, Oryx Petroleum is not party to any such off-balance sheet arrangements.

Refer to the Financial Statements for further information on significant assumptions made in determining the fair value and classification of financial instruments recognised during the period.

Transactions with Related Parties

On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement with a subsidiary of its indirect controlling shareholder AOG. Interest and accretion expense of \$2.1 million relating to this transaction has been recorded for the three months ended March 31, 2019 (2018 - \$2.2 million). On July 3, 2018 OPCL issued 22,188,975 Common Shares to a subsidiary of AOG in satisfaction of \$4.0 million of interest accrued under the Loan Facility between November 11, 2017 and May 10, 2018. On November 12, 2018, OPCL issued 23,051,817 Common Shares to a subsidiary of AOG in satisfaction of \$4.0 million of interest accrued under the Loan Facility. Each of the Loan Amendment and 2nd Loan Amendment discussed in the "Liquidity and Capital Resources" section of this MD&A was a transaction involving related parties. Management believes the terms and conditions negotiated to be materially comparable to terms applicable to similar market transactions.

On December 27, 2018, the Company issued 7,312,764 Common Shares to Zeg Oil and Gas for consideration of \$1.3 million.

On November 13, 2018, the Group entered into an Interim Credit Facility jointly with an affiliate of AOG and Zeg Oil and Gas. The Interim Credit Facility provides the Group with access to \$7.25 million, to be drawn no later than June 24, 2019. Refer to the "Liquidity and Capital Resources" section of this MD&A.

On October 19, 2016, the Group entered into an office lease agreement with a subsidiary of its indirect controlling shareholder. Rental expense of \$45 thousand relating to this agreement was recorded for the three months ended March 31, 2019.

For the three months ended March 31, 2019, the Group incurred costs of \$0.4 million for goods and services provided by related parties, all of which are subsidiaries of AOG (2018: \$0.4 million). Costs related to trademark license fees, parent company guarantees, and management services have been incurred under agreements between the Group and AOG. Additional information relating to such agreements is available in OPCL's Annual Information Form dated March 23, 2019 available on SEDAR at www.sedar.com. Management exercised judgment, which was based on its industry specific knowledge and experience, to determine that i) the transactions described above did not contain any unusual commercial terms, and ii) the fees charged under the agreements were reasonable and not materially inconsistent with fees which would normally be associated with broadly comparable agreements.

In January 2019, the directors of OPCL were awarded \$0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2018. In July 2018, directors of OPCL were awarded \$0.3 million in cash as remuneration for services provided in the first and second quarters of 2018. In January 2018, directors of OPCL were awarded 360,372 Common Shares (\$0.1 million) and \$0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2017.

New Accounting Pronouncements, Policies, and Critical Estimates

New Pronouncements

Oryx Petroleum has adopted the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2019 as described in Note 2 of the Financial Statements. The adoption of these standards and interpretations has not had a material effect on OPCL.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical estimates

In the process of applying the Group's accounting policies management makes estimates, judgments and assumptions concerning the future. These accounting estimates, judgments and assumptions may differ from actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Such estimates, judgments and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. The critical estimates discussed in the Group's MD&A for the year ended December 31, 2018 remain applicable to the three month period ended March 31, 2019 and, with the exception of the estimates discussed below, there have been no material changes in estimates.

Going Concern

Financial statement disclosure

The Financial Statements have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. During the first quarter of 2019, the Group met its day to day working capital requirements and funded its capital and operating expenditures substantively through its share of oil sales revenues from the Hawler License Area.

The Group's ability to continue as a going concern in accordance with management's estimates and forecasts is primarily dependent on a) the Group's ability to produce and sell crude oil from the Hawler License Area in accordance with its 2019 work program and re-forecast, and b) positive contributions to net cash flow of at least \$25 million through a combination of measures described below. These uncertainties may cast significant doubt about the Group's ability to continue as a going concern.

The Directors expect that cash resources will be sufficient to fund the Group's capital and operating expenditures and to meet forecast obligations as they fall due in the 15 months following March 31, 2019.

In preparing forecasts supporting the going concern assumption, management has applied the following significant judgments and assumptions:

- i) Oil production volumes are based on current gross production rates adjusted to account for production increases expected to result from the execution of the Group's 2019 work program.
- ii) The timing and extent of forecast capital and operating expenditures is based on the Group's 2019 re-forecast and its 2020 preliminary forecast. The Group retains a high degree of control and flexibility over both the extent and timing of expenditure under its capital investment program.
- iii) Positive contributions to net cash flow of at least \$25 million through a combination of a) rescheduling of currently estimated future cash outflows, b) receipt of proceeds from the sale of assets held for disposal and, so far as may be necessary, c) additional financing.
- iv) The agreement to amend the terms of the contingent consideration will be executed.

Management continually monitors the Group's financing requirements and has plans to secure external funding, if required. Specifically, but not exclusively, management is engaged in discussions with existing principal shareholders regarding a potential financing requirement during the third quarter of 2019. Management further expects that sufficient time is available to clarify precise requirements for additional financing, if any, and to subsequently conclude the arrangements required to fund cash outflows.

Should the Group be unable to meet its obligations as they fall due and to fund its anticipated capital investments and operating expenditures, the preparation of the Financial Statements on a going concern basis may not be appropriate. The 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 judgments, estimates, and related uncertainties discussed above and have concluded that there is a reasonable expectation that the Group will have adequate resources to continue operations for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Financial Statements.

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Forward-looking information

The table below outlines the material differences between actual and previously forecasted "net cash receipts from sales of the Group's share of oil production from the Hawler License Area":

Forecast period (\$ millions)	Net cash receipts from oil sales		
	Forecast	Actual	Variance
October 1, 2016 – March 31, 2018 ⁽¹⁾	68	28	\$40
January 1, 2017 – June 30, 2018 ⁽¹⁾	67	32	\$35
April 1, 2017 – September 30, 2018 ⁽¹⁾	87	34	\$53
July 1, 2017 – December 31, 2018 ⁽¹⁾	71	48	\$23
October 1, 2017 – December 31, 2018	48	45	\$3
January 1, 2018 – March 31, 2019	61	59	\$2

Notes:

The difference between forecasted and actual net cash receipts from oil sales is primarily due to lower production volumes than forecast. The interpretation of technical data (including crude oil productivity rates) from appraisal drilling activities caused the Group to defer capital investment, and consequently, the associated forecasted production increases were also deferred. The deferment of capital investment also had a significant impact on expenditure profiles that reduced the requirements for the contribution of cash from the sale of the Group's share of oil production from the Hawler License Area during the above forecast periods.

Financial Controls

Disclosure Controls and Procedures

Disclosure Controls and Procedures ("DC&P") have been designed under the supervision of the Chief Executive Officer ("CEO") and the Head of Corporate Finance and Planning (acting as CFO), with the participation of other management, to provide reasonable assurance that information required to be disclosed is recorded, processed, summarised and reported within the time periods specified in applicable securities legislation, and include controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including the CEO and Head of Corporate Finance and Planning (acting as CFO), as appropriate to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting

Internal Controls over Financial Reporting ("ICFR") have been designed under the supervision of the CEO and the Head of Corporate Finance and Planning (acting as CFO), with the participation of other management, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements in accordance with IFRS. ICFR can only provide reasonable assurance and may not prevent or detect misstatements. Projections of an evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

There were no changes in Oryx Petroleum's ICFR during the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, Oryx Petroleum's ICFR.

Forward-Looking Information

Certain statements in this MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities legislation, including statements related to the nature, timing and effect of Oryx Petroleum's forecast capital expenditure for 2019, financing and capital activities, the additional liquidity required to fund future expenditures, expectations that cash on hand as of March 31, 2019, cash receipts from net revenues and export sales, and cash proceeds available under an interim credit facility provided by shareholders in late 2018, will allow the Group to fund its forecasted capital expenditures and operating and administrative costs through the end of 2019, expected closing of a transaction to transfer the Corporation's interests in the Haute Mer B License Area and the expected cash consideration to result therefrom, expectations with respect to completion of the Banan-6 well as a producer, plans to undertake an environmental and social impact assessment and prepare for drilling in the AGC Central License Area, business and acquisition strategy and goals, opportunities, drilling and well workover plans, development plans and schedules and chance of success, results of exploration activities, declarations of commercial discovery, contingent liabilities and government approvals, the ability to consistently access the export pipeline or other exterior facilities to sell oil production, sales channels for future sales, future drilling of new wells and the reservoirs to be targeted, costs and drilling times for new wells, ultimate recoverability of current and long-term assets, estimates of oil reserves and resources, future royalties and tax levels, access to and sources of 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, the issuance of shares as a result of the vesting of LTIP awards, in consideration of interest under the Loan Facility, and from exercise of outstanding warrants, estimates for the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, the expected timing for and nature of settlement of liabilities including the Loan Facility and the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011,

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

expected execution of an agreement to amend the terms of such contingent consideration with a payment to follow, accounting critical estimates, changes in any of the foregoing, and statements that contain words such as “may”, “will”, “would”, “could”, “should”, “anticipate”, “believe”, “assume”, “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. 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 MD&A, 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 and future crude oil prices, Oryx Petroleum’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, Oryx Petroleum’s future production levels, the applicability of technologies for the recovery and production of Oryx Petroleum’s oil reserves and resources, the amount, nature, timing and effects of capital expenditures, geological and engineering estimates in respect of Oryx Petroleum’s reserves and resources, the geography of the areas in which Oryx Petroleum is conducting exploration and development activities, operating and other costs, the extent of Oryx Petroleum’s liabilities, and business strategies and plans of management and Oryx Petroleum’s business partners. For more information about these assumptions and risks facing the Group, refer to the Group’s Annual Information Form dated March 23, 2019, available at www.sedar.com and the Group’s website at www.oryxpetroleum.com.

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 OPCL 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 OPCL 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 MD&A is expressly qualified by this cautionary statement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



Glossary and Abbreviations

The following abbreviations and definitions are used in this MD&A:

AGC

Agence de Gestion et de Cooperation, an inter-governmental agency established in 1993 to manage and administer petroleum and fishing activities in the maritime zone between Senegal and Guinea Bissau

AOG

The Addax and Oryx Group PLC

bbbl

Barrel(s) of oil

bbbl/d

Barrel(s) of oil per day

Carried Cost

Costs related to the Group's funding another party's share of costs, by agreement, in excess of the Group's Participating Interest. Carried Costs are typically recovered through Cost Oil

Common Shares

Common shares of the Company

Company

Oryx Petroleum Corporation Limited

Contractor

An oil company operating in a country under a PSC on behalf of the host government, for which it receives either a share of production or a fee

Cost Oil

The portion of oil sold used to reimburse the Contractor for exploration, development, and operating costs

Cost Pool

Costs incurred to explore and/or develop a License Area to be recovered as Cost Oil through future oil sales

Farm-in

To acquire an interest in a license from another party

G&A

General and administration

Gross

In respect of reserves, resources, future net revenue, production, sales, area, capital expenditures or operating expenses, the total reserves, resources, future net revenue, production, sales, area, capital expenditures or operating expenses, as applicable, attributable to either (i) 100% of the License Area or field; or (ii) the Group's working interest in the License Area or field, as indicated, prior to the deductions specified in the applicable PSC, REC or fiscal regime for each License Area.

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

KRG

Kurdistan Regional Government of Iraq

License Area

Area of specified size, which is licensed to a company by a government for the production of oil and gas

Loan Facility

A committed and unsecured term loan facility agreement that the Group entered into with a subsidiary of its indirect controlling shareholder AOG. Refer to Liquidity and Capital Resources section

Operator

A company that organises the exploration and productions programs in a License Area on behalf of all the interest holdings in the license

Participating Interest

The Group's current interest in an applicable License Area

PP&E

Property, plant and equipment

Profit Oil

Production remaining after contractual Royalties and Cost Oil, which is split between the government and the Contractors according to the prevailing contract terms in the PSC

Production Sharing Agreement (PSA) / Production Sharing Contract (PSC)

A contractual agreement between a Contractor and a host government, whereby the Contractor bears certain defined exploration costs, risks, and development and production costs in return for a stipulated share of the production resulting from this effort

Reserves

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable

Royalty

All remittances to governments who are party to the applicable PSCs/PSAs that are directly attributable to the sale of oil and natural gas products during the reporting period including the government share of Profit Oil described above, except for income taxes

Working Interest or WI

The Group's interest in an applicable License Area, assuming the exercise of back-in rights or options