

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2016 AND 2015



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ORYX PETROLEUM CORPORATION LIMITED
Unaudited Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2016 and 2015

Statements of Loss and Comprehensive Loss

\$000s	Note	Three months ended June 30		Six months ended June 30	
		2016	2015	2016	2015
Revenue		7,053	9,362	8,251	14,707
Royalties		(3,104)	(3,833)	(3,631)	(6,022)
Net revenue		3,949	5,529	4,620	8,685
Operating expense		(3,230)	(4,694)	(6,723)	(9,771)
Depreciation, depletion and amortization	5, 6	(1,878)	(2,774)	(2,604)	(4,533)
Impairment	5, 6	(2,200)	-	(2,535)	-
Pre-license and exploration		(196)	(476)	(353)	(1,008)
General and administration		(2,058)	(4,827)	(4,648)	(7,149)
Other (expense) / income	20	(1,675)	2,493	(9,240)	985
Loss from operations		(7,288)	(4,749)	(21,483)	(12,791)
Finance income		11	5	11	12
Finance expense		(4,027)	(1,112)	(7,939)	(1,361)
Foreign exchange gain		77	496	48	278
Loss before income tax		(11,227)	(5,360)	(29,363)	(13,862)
Income tax expense	19	(127)	(219)	(1,419)	(381)
Loss for the period		(11,354)	(5,579)	(30,782)	(14,243)
Other comprehensive loss, net of income tax (Items that will not be subsequently reclassified to profit and loss)					
Loss on defined benefit obligation		-	(875)	-	(1,743)
Comprehensive loss for the period		(11,354)	(6,454)	(30,782)	(15,986)
Loss for the period attributable to:					
Owners of the Company		(11,346)	(5,578)	(30,768)	(14,247)
Non-controlling interest		(8)	(1)	(14)	4
		(11,354)	(5,579)	(30,782)	(14,243)
Comprehensive loss for the period attributable to:					
Owners of the Company		(11,346)	(6,453)	(30,768)	(15,990)
Non-controlling interest		(8)	(1)	(14)	4
		(11,354)	(6,454)	(30,782)	(15,986)
Loss per share (basic and diluted)	16	(0.05)	(0.05)	(0.16)	(0.12)

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Statements of Financial Position

\$000s	Note	June 30 2016	December 31 2015
Non-current assets			
Intangible assets	5	103,847	102,152
Property, plant and equipment	6	604,427	589,608
Deferred tax assets		2,002	2,847
		710,276	694,607
Current assets			
Inventories	7	14,619	24,477
Trade and other receivables	8	4,411	4,454
Other current assets	9	2,100	1,897
Cash and cash equivalents	10	56,356	54,226
		77,486	85,054
Total assets		787,762	779,661
Current liabilities			
Trade and other payables	11	53,887	49,202
Finance lease obligation	12	6,173	5,800
Income tax liabilities		120	630
		60,180	55,632
Non-current liabilities			
Borrowings	13	95,238	97,120
Trade and other payables	11	52,294	61,548
Finance lease obligation	12	11,332	9,977
Retirement benefit obligation		2,696	7,694
Decommissioning obligation	14	15,692	8,561
		177,252	184,900
Total liabilities		237,432	240,532
Equity			
Share capital	15	1,268,508	1,227,398
Reserves	17	13,659	12,786
Accumulated remeasurement of defined benefit obligation, net of income tax		(6,864)	(6,864)
Accumulated deficit		(725,638)	(694,870)
Equity attributable to owners of the Company		549,665	538,450
Non-controlling interest		665	679
Total equity		550,330	539,129
Total equity and liabilities		787,762	779,661

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on August 3, 2016. On behalf of the Board of Directors:

(signed) _____
 Jean Claude Gandur
 Director

(signed) _____
 Peter Newman
 Director

ORYX PETROLEUM CORPORATION LIMITED

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Statements of Changes in Equity
Attributable to equity holders of the Company

\$000s	Note	Attributable to equity holders of the Company				Total	Non-controlling interest	Total equity
		Share capital	Reserves	Accumulated deficit	Accumulated remeasurement of defined benefit obligation - gain/ (loss)			
Balance at January 1, 2015		1,226,248	5,763	(279,635)	(7,541)	944,835	15,768	960,603
Loss for the period		-	-	(14,247)	-	(14,247)	4	(14,243)
Share based payment expense	17	-	3,418	-	-	3,418	-	3,418
Shares issued for long-term incentive plan ("LTIP")	15, 17	201	(201)	-	-	-	-	-
Shares issued for Directors' compensation	15, 17	150	-	-	-	150	-	150
Increase in ownership of KPA Western Desert Energy Limited ⁽¹⁾		-	2,700	-	-	2,700	(6,708)	(4,008)
Loss on defined benefit obligation, net of income tax		-	-	-	(1,743)	(1,743)	-	(1,743)
Balance at June 30, 2015		1,226,599	11,680	(293,882)	(9,284)	935,113	9,064	944,177
Loss for the period		-	-	(400,988)	-	(400,988)	(8,385)	(409,373)
Share based payment expense	17	-	1,241	-	-	1,241	-	1,241
Shares issued for LTIP	15, 17	649	(649)	-	-	-	-	-
Shares issued for Directors' compensation	15, 17	150	(10)	-	-	140	-	140
Warrants issued	17	-	524	-	-	524	-	524
Gain on defined benefit obligation, net of income tax		-	-	-	2,420	2,420	-	2,420
Balance at December 31, 2015		1,227,398	12,786	(694,870)	(6,864)	538,450	679	539,129
Loss for the period		-	-	(30,768)	-	(30,768)	(14)	(30,782)
Share based payment expense	17	-	1,081	-	-	1,081	-	1,081
Shares issued by private subscription	15	33,170	-	-	-	33,170	-	33,170
Shares issued for debt conversion	15	8,158	-	-	-	8,158	-	8,158
Transaction costs	15	(534)	-	-	-	(534)	-	(534)
Shares issued for LTIP	15, 17	262	(262)	-	-	-	-	-
Shares issued for Directors' compensation	15, 17	54	54	-	-	108	-	108
Balance at June 30, 2016		1,268,508	13,659	(725,638)	(6,864)	549,665	665	550,330

(1) During 2015, the Group increased its equity ownership interest in KPA Western Desert Energy Limited ("KPAWDE") from 66.67% to 80.8%.

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Statements of Cash Flows

\$000s	Note	Three months ended June 30		Six months ended June 30	
		2016	2015	2016	2015
Operating activities					
Loss		(11,354)	(5,579)	(30,782)	(14,243)
Items not involving cash	18	10,132	3,344	23,869	7,881
		(1,222)	(2,235)	(6,913)	(6,362)
Changes in non-cash assets and liabilities	18	301	(1,921)	(1,837)	(5,980)
Net cash used in operating activities		(921)	(4,156)	(8,750)	(12,342)
Investing activities					
Acquisition of intangible assets		(1,003)	(3,114)	(813)	(4,627)
Acquisition of property, plant and equipment		(3,910)	(24,969)	(10,111)	(64,521)
Changes in non-cash working capital	18	(8,987)	811	(10,832)	(21,110)
Net cash used in investing activities		(13,900)	(27,272)	(21,756)	(90,258)
Financing activities					
Proceeds from issuance of common shares		-	-	33,170	-
Related party financing		-	50,000	-	50,000
Transaction costs		-	(617)	(534)	(617)
Changes in non-cash working capital	18	(462)	-	-	-
Net cash generated from / (used in) financing activities		(462)	49,383	32,636	49,383
Net (decrease) / increase in cash and cash equivalents		(15,283)	17,955	2,130	(53,217)
Cash and cash equivalents at beginning of the period	10	71,639	38,698	54,226	109,870
Cash and cash equivalents at end of the period		56,356	56,653	56,356	56,653

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

The Company’s unaudited condensed consolidated interim financial statements (the “Financial Statements”) were authorized for issue by the Board of Directors on August 3 2016.

2. Summary of significant accounting policies

a. Basis of preparation

The Financial Statements of the Company for the three and six months ended June 30, 2016 have been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim financial reporting”. The Financial Statements should be read in conjunction with Oryx Petroleum’s annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS). Accounting policies included in the annual financial statements for the year ended December 31, 2015 are applicable to these Financial Statements.

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

The preparation of financial statements in conformity with IFRS requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in the annual financial statements for the year ended December 31, 2015.

The Financial Statements are presented in the US Dollar currency (USD), which is both the presentational and functional currency of the Company.

b. Going concern

These Financial Statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Group meets its day to day working capital requirements, and funds its capital and operating expenditures through funding received from the proceeds of share issuances (note 15), its share of oil sales revenues from the Hawler License Area, and from borrowings (note 13).

The Group’s ability to continue as a going concern is dependent on the Group’s ability to realize forecasted revenues, control the timing and extent of projected expenditures, and secure future financing, if and when required. These uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. However, cash on hand and the Group’s share of forecast oil sales revenues are expected to sustain the Group’s operations and meet license commitments through to the end of 2017.

2. Summary of significant accounting policies (continued)

b. Going concern (continued)

Management has applied significant judgment in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sales volumes and pricing, and the timing and extent of capital, operating, and general and administrative expenditures. Oil sales volume assumptions are based on historical production volumes adjusted to consider the impact of production increases expected to result from planned appraisal and development drilling. Crude oil price assumptions are based on Brent forward contract prices adjusted for transportation costs and quality differentials. Management's forecast assumes net cash receipts from sales of its share of oil production from the Hawler License Area of approximately \$67 million during the 18 months ending December 31, 2017.

The timing and extent of capital, operating and general and administrative expenditures is based on the Group's revised activity forecast for 2016 and on management's estimate of expenditures, assuming absence of additional external financing, expected to be incurred during 2017. The Group has a degree of control and flexibility over both the extent and timing of expenditure under its future capital investment program. Nevertheless, management expects that the Group may require additional financing during 2017 to fund its anticipated capital, operating, and general and administrative expenditures. The timing and magnitude of the requirement for any additional financing is uncertain and dependent on actual oil production and sale volumes, realized prices, and management's ability to defer expenditures if required. The contribution from the production and sale of crude oil from the Hawler license area's Zey Gawra field is particularly significant to the Group's ability to generate forecasted revenues during 2017.

Management continually monitors the Group's financing requirements and plans to pursue specific funding sources when the timing and extent of future funding requirements are conclusively established. Management intends to pursue financing arrangements, at appropriate costs, with existing shareholders and/or third parties as required. Potential funding sources under consideration include issuance of common shares to public or private / strategic investors, asset sales, various forms of debt, business combinations, and various combinations thereof.

Should the Group be unable to meet its obligations as they fall due and to fund its anticipated capital investments and operating and general and administrative expenditures, the preparation of these 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 be able to access adequate resources to continue operations for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing these Financial Statements.

c. New and amended standards adopted by the Group

Effective January 1, 2016, the Group adopted the following IFRS standards as issued or amended by the IASB:

Amendments to Standards	Effective for annual periods beginning on or after
Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations	January 1, 2016
Amendments to IAS 16 & IAS 38 – Clarification of acceptable methods of depreciation and amortization	January 1, 2016
Amendments to IAS 27 – Equity method in separate financial statements	January 1, 2016
Annual improvement cycles; 2012 – 2014	January 1, 2016
Amendments to IFRS 10, IFRS 12 & IAS 28 – Application of the consolidation exemption	January 1, 2016
Amendments to IAS 1 – Disclosure initiative	January 1, 2016

The above standards have not had a material impact on the Group's Financial Statements.

2. Summary of significant accounting policies (continued)

c. New and amended standards issued but not yet effective (continued)

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

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 16 – Leases	January 1, 2019
IFRS 9, IFRS 7, IAS 39 – Financial Instruments: classification and measurement	January 1, 2018
Additions to IFRS 9 for financial liability accounting	January 1, 2018
IFRS 15 – Revenue from contracts with customers	January 1, 2018
Amendments IFRS 2 - Classification and measurement of share based payment transactions	January 1, 2018
Amendments to IAS 7 – Statement of cash flows	January 1, 2017
Amendments to IAS 12 – Recognition of deferred tax assets for unrealized losses	January 1, 2017

Management is evaluating the impact of IFRS 15 to determine if its adoption in future periods will have a material impact on the Group's Financial Statements.

Management has reviewed the impact of the new and amended standards listed above, other than IFRS 15, and has concluded that the adoption of these standards and amendments are not expected to have a material impact on the Group's Financial Statements.

3. Financial risk management

The financial risk management disclosure contained in Oryx Petroleum's annual financial statements for the year ended December 31, 2015 is applicable to these Financial Statements. The risks arising from financial instruments acquired by the Group during the six months ended June 30, 2016 are discussed below:

a. Foreign exchange risk

In June 2016, the Group entered into two foreign exchange contracts to hedge its exposure to foreign exchange risk for the subsequent six months. The Group entered into a contract to sell \$0.7 million and to receive Swiss Francs at a rate of USD 1.00 / CHF 0.9815 for each of the six months from June to November 2016. The Group entered into a second forward exchange contract to sell CHF 9.8 million and to receive USD at a rate of USD 1.00 / CHF 0.9786 in December 2016. The Group has recorded foreign exchange gains of \$17,000 (realized) and of \$100,000 (unrealized) during the three months ended June 30, 2016 relating to these agreements.

4. Joint arrangements

The Group has entered into Joint arrangements to facilitate the development and production of oil and gas. As at June 30, 2016 and December 31, 2015, the Company was involved in the following joint arrangements:

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

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

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

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5. Intangible assets

\$000s	Exploration & Evaluation costs	Computer Software	Total
Cost			
At January 1, 2015	365,978	2,092	368,070
Additions	4,848	70	4,918
At June 30, 2015	370,826	2,162	372,988
Additions ⁽¹⁾	(1,515)	-	(1,515)
At December 31, 2015	369,311	2,162	371,473
Additions	3,316	19	3,355
At June 30, 2016	372,627	2,181	374,808
Accumulated amortization and impairment			
At January 1, 2015	112,568	1,395	113,963
Amortization	-	249	249
At June 30, 2015	112,568	1,644	114,212
Amortization	-	182	182
Impairment charge ⁽²⁾⁽³⁾	154,927	-	154,927
At December 31, 2015	267,495	1,826	269,321
Amortization	-	144	144
Impairment charge ⁽²⁾⁽⁴⁾	1,496	-	1,496
At June 30, 2016	268,991	1,970	270,961
Net book value			
At June 30, 2016	103,636	211	103,847
At December 31, 2015	101,816	336	102,152
At June 30, 2015	258,258	518	258,776

(1) The credits to additions relate to expenditures incurred at values below those previously estimated.

(2) At September 30, 2015, management determined that the limited exploration and evaluation activities now planned for the Wasit and OML 141 license areas during the foreseeable future constituted an indicator of impairment. Management concluded that given the fact that cash flows attributable to the assets in their current condition could not be established, the recoverable amount of these assets calculated using the value-in-use methodology for each of the Wasit and OML 141 CGUs was Nil. The Group consequently recorded impairment provisions of \$43.8 million related to the Wasit license area and of \$55.6 million for the OML 141 license area. During the second quarter of 2016 the Group recorded an additional impairment expense of \$2.2 million relating to the OML 141 license area due to revisions in costs previously estimated. As at June 30, 2016, the carrying value of the Wasit and OML 141 CGUs was Nil (December 31, 2015 – Nil).

(3) At December 31, 2015, management determined that the limited exploration and evaluation activities now planned for the Haute Mer A license area during the foreseeable future constituted an indicator of impairment. Management concluded that given the fact that cash flows attributable to the assets in their current condition could not be established, the recoverable amount of this asset calculated using the value-in-use methodology was Nil. The Group consequently recorded an impairment provision of \$55.6 million related to the Haute Mer A license area. As at June 30, 2016, the carrying value of the Congo Haute Mer A CGU was Nil (December 31, 2015 – Nil).

(4) During 2013, the Group fully impaired capitalised expenditures related to its interest in the Sindi Amedi license area. An impairment recovery of \$0.7 million was recorded during the first quarter of 2016 based on updated information received from the operator. As at June 30, 2016, the carrying value of the Sindi Amedi CGU was Nil (December 31, 2015 – Nil).

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

\$000s	June 30 2016	December 31 2015
Middle East	50,372	49,541
West Africa	53,264	52,275
	103,847	101,816

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5. Intangible assets (continued)

The carrying amounts for E&E assets represent costs incurred on exploration projects. For the purpose of impairment assessments and testing, E&E assets are aggregated in cash-generating units ("CGU"). Determination of what constitutes a CGU is subject to management judgments and the circumstances. For the purposes of impairment assessments and testing, management has determined that each license area constitutes a CGU. The carrying amounts remain capitalized, provided there are no indications of impairment, until the process to determine whether commercial reserves are established is complete. At that stage the relevant costs are either transferred to PP&E or written-off to the statement of loss as an impairment of oil and gas assets.

Management has exercised significant judgment in determining that for the Hawler – Ain al Safra, Senegal – AGC Shallow, Senegal – AGC Central, and Congo – Haute Mer B CGUs, there are no substantive indicators suggesting that the carrying amounts of exploration and evaluation assets exceed their recoverable amounts. Most significantly, assessments regarding the presence of impairment indicators include complex judgments and estimates relating to i) management's current and future capital allocation priorities, and ii) the Group's ability to finance its commitments within the time limitations imposed by the agreements governing the Group's activities in each of the above license areas / CGUs.

6. Property, plant and equipment

\$000s	Oil & Gas Assets	Finance Lease Asset	Facilities Under Construction	Fixtures and Equipment	Total
Cost					
At January 1, 2015	704,014	-	31,370	3,802	739,186
Additions	61,983	-	309	-	62,292
At June 30, 2015	765,997	-	31,679	3,802	801,478
Additions ⁽¹⁾	27,636	16,717	(852)	(476)	43,025
Transfers and reclassifications ⁽²⁾	4,623	26,204	(30,827)	-	-
At December 31, 2015	798,256	42,921	-	3,326	844,503
Additions	13,535	4,695	-	-	18,230
At June 30, 2016	811,791	47,616	-	3,326	862,733
Accumulated depreciation, depletion and impairment					
At January 1, 2015	3,698	-	-	1,267	4,965
Depreciation	-	-	-	432	432
Depletion	3,915	-	-	-	3,915
At June 30, 2015	7,613	-	-	1,699	9,312
Impairment expense	242,543 ⁽⁴⁾	-	-	-	242,543
Depreciation	-	-	-	332	332
Depletion	2,636	72	-	-	2,708
At December 31, 2015	252,792	72	-	2,031	254,895
Impairment expense ⁽³⁾	-	-	-	1,039	1,039
Depreciation	-	-	-	213	213
Depletion	2,003	156	-	-	2,159
At June 30, 2016	254,795	228	-	3,283	258,306
Net book value					
At June 30, 2016	556,996	47,388	-	43	604,427
At December 31, 2015	545,464	42,849	-	1,295	589,608
At June 30, 2015	758,384	-	31,679	2,103	792,166

(1) The credits to additions relate to expenditures incurred at values below those previously estimated.

6. Property, plant and equipment (continued)

- (2) During 2013, the Group leased a production facility for the Hawler license area. The related facilities were commissioned in September 2015. Refer to note 12 for further information on the finance lease obligation. Prior to commissioning, costs associated with the production facility were classified as Facilities under Construction. Upon commissioning, the costs were transferred to Finance lease asset and Oil & Gas assets.
- (3) As at March 31, 2016 an impairment indicator was identified relating to certain of the Group's office fixtures and equipment. The Group consequently recorded an impairment provision of \$1.0 million. The carrying value of these assets as at June 30, 2016 is Nil.
- (4) During 2015, the Group recorded a \$242.5 million impairment provision relating to the Hawler License Area. The impairment provision represents the difference between the recoverable amount of the Hawler license area CGU and its carrying amount prior to impairment. The carrying value of the Hawler License Area classified as Oil & Gas Assets as at June 30, 2016 is \$254.8 million (December 31, 2015: \$252.8 million).

No assets have been pledged as security.

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

Management has determined that as at June 30, 2016, there were no new substantive indicators suggesting that the carrying amount of Hawler license area Oil and Gas assets exceeds their recoverable amount nor were there indicators suggesting that the previously recognised impairment losses no longer exist or may have decreased.

7. Inventories

\$000s	June 30 2016	December 31 2015
Oil inventory	154	146
Materials	14,465	24,331
	14,619	24,477

The cost of oil inventory is expensed through production and depletion expenses in the period during which it is sold. As at June 30, 2016 the Group's working interest share of oil inventory was 6,000 bbls (December 31, 2015 – 15,300 bbls).

As at March 31, 2016, the Group recorded an \$8.3 million impairment charge to adjust the carrying value of materials inventory to management's estimate of net realizable value (Note 20). As at June 30, 2016 the provision was updated to \$7.7 million.

No inventories have been pledged as security during the period.

8. Trade and other receivables

\$000s	June 30 2016	December 31 2015
Receivables from joint operations partners	-	2,829
Revenue receivables	3,115	824
Other receivables	1,296	801
	4,411	4,454

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

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

9. Other current assets

\$000s	June 30 2016	December 31 2015
Deposits	307	302
Prepaid charges and other current assets	1,793	1,595
	2,100	1,897

10. Cash and cash equivalents

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

11. Trade and other payables

\$000s	June 30 2016	December 31 2015
Trade accounts payable	10,017	10,847
Amounts payable to joint operations partners	2,098	235
Amounts payable to related parties	837	150
Contingent costs	14,012	-
Other payables and accrued liabilities	26,923	37,970
Current portion	53,887	49,202
Non-current portion of contingent costs	50,711	61,548
Long term creditors	1,583	-
Non-current portion	52,294	61,548
Total trade and other payables	106,181	110,750

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

As at June 30, 2016, the Group has recognized a liability of \$64.7 million (December 31, 2015 - \$61.5 million) related to the contingent consideration on the acquisition of OP Hawler Kurdistan Limited. The portion of the liability estimated to be paid beyond one year of the respective statement of financial position dates is classified as a long-term liability. The contingent cost liability is presented at fair value estimated by discounting future cash outflows at a rate of 10% (note 22).

12. Finance lease obligation

The Group has entered into a leasing arrangement for the production facilities in the Hawler licence area. The production facilities were commissioned in September 2015. The lease contains options for the Company to settle all obligations under the lease at any point prior to September 30, 2018. In calculating the minimum lease payments under the lease, management has assumed that the assets will be purchased three years following commissioning of the asset, in September 2018. During the second quarter of 2016, the Group updated its purchase date estimate from September 2017 to September 2018. This resulted in an increase to the finance lease obligation of \$4.7million. The lease arrangement has an effective interest rate of 11.6%.

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12. Finance lease obligation (continued)

\$000s	Note	Minimum lease payments		Present value of minimum lease payments	
		June 30 2016	December 31 2015	June 30 2016	December 31 2015
No later than one year		6,733	7,293	6,173	5,800
One to five years		13,911	10,665	11,332	9,977
		20,644	17,958	17,505	15,777
Less: future finance charges		(3,139)	(2,181)	-	-
Present value of minimum lease payments		17,505	15,777	17,505	15,777

13. Borrowings

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

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

On March 11, 2015, the Company issued to an affiliate of the Lender warrants to acquire one million of its common shares. The cost of the warrants has been included as a transaction cost in securing the financing and the value of the financial instrument is presented within equity (note 15b).

On May 11, 2015, the Group drew the first \$50 million tranche under the Loan Facility. Concurrent with the drawdown, the Company issued warrants to an affiliate of the Lender to acquire seven million of its common shares. The cost of the warrants has been included as a deferred financing cost and the value of the financial instrument is presented within equity (note 15b).

On December 15, 2015, the Group drew the second \$50 million tranche under the Loan Facility. Concurrent with the drawdown, the Company issued warrants to an affiliate of the Lender to acquire four million of its common shares. The cost of the warrants has been included as a deferred financing cost and the value of the financial instrument is presented within equity (note 15b).

The loan proceeds have been recorded as a non-current liability, net of warrant issue and other transaction costs. The carrying value of the loan at June 30, 2016, which has been measured at amortized cost using the effective interest rate method, approximates its fair value and its components are summarized in the table below:

\$000s	Borrowings
Principal	100,000
Deferred financing costs:	
Transaction costs	(1,375)
Warrants issued	(6,441)
Net Proceeds	92,184
Interest expense	3,625
Accretion of deferred financing costs	1,311
At December 31, 2015	97,120
Interest expense	5,106
Accretion of deferred financing costs	1,170
Extinguishment ⁽¹⁾	(8,158)
At June 30, 2016	95,238

(1) On March 18, 2016, the Group entered into an agreement with the Lender to extinguish \$8.2 million of principal and accrued interest under the Loan Facility, in consideration for 20,581,247 common shares of the Company (note 13).

14. Decommissioning obligation

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

In calculating the value of the Group's future decommissioning obligation at June 30, 2016, management has made significant assumptions and estimates based on an assessment of the current economic environment and factors specific to the assets to be decommissioned. These estimates are reviewed annually and when circumstances suggest that such revisions are required. Actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain. The assumed inflation rates used in the calculation to determine the carrying value of the decommissioning obligation were updated on June 30, 2016 to rates ranging from 1.0% - 3.3% (December 31, 2015 - 3.3% - 3.4%). The discount rates used at June 30, 2016 range from 2.8% to 5.2% (December 31, 2015 - 8%). Decommissioning costs are anticipated to be incurred between 2038 and 2041.

The estimated net present value of the decommissioning obligation at June 30, 2016 is \$15.7 million (December 31, 2015 - \$8.6 million) based on the Group's working interest undiscounted liability of \$30.0 million (December 31, 2015 - \$50.2 million). The reduction in the undiscounted liability is due to the decrease in the assumed inflation rate.

\$000s	June 30 2016	December 31 2015
Decommissioning obligation, beginning of the period	8,561	9,061
Property acquisition and development activity	93	4,108
Change in inflation rate	(3,576)	(3,772)
Change in discount rate	10,447	-
Change in cost estimates	-	(1,101)
	15,525	8,296
Accretion expense	167	265
Decommissioning obligation, end of the period	15,692	8,561

15. Share capital

a. Issued common shares

\$000s	Number of shares	Share capital
At January 1, 2015	120,767,916	1,226,248
Issue of shares for LTIP	58,015	201
Issue of shares for directors' compensation	30,175	150
At June 30, 2015	120,856,106	1,226,599
Issue of shares for LTIP	850,953	649
Issue of shares for directors' compensation	51,975	150
At December 31, 2015	121,759,034	1,227,398
Issue of shares for private placement	83,683,994	33,170
Issue of shares to Lender (Note 13)	20,581,247	8,158
Transaction costs	-	(534)
Issue of shares for LTIP	702,079	262
Issue of shares for directors' compensation	155,659	54
At June 30, 2016	226,882,013	1,268,508

The Company has unlimited authorized share capital as at June 30, 2016.

15. Share capital (continued)

2016 share capital transactions

On March 1, 2016, OPCL issued 75,683,994 common shares of the Company to Zeg Oil and Gas Ltd. ("Zeg Oil") for consideration of \$30 million.

On March 15, 2016, OPCL issued 8,000,000 common shares of the Company for consideration of \$3.2 million.

On March 18, 2016, the Group extinguished \$8.2 million of principal and accrued interest under the Loan Facility described in note 13, in consideration for 20,581,247 common shares of the Company.

During the six months ended June 30, 2016, the Group issued 702,079 shares to employees under the Group's LTIP. An additional 155,659 shares were issued to Directors of the Company as remuneration.

2015 share capital transactions

During the year ended December 31, 2015, the Group issued 908,968 shares to employees under the Group's LTIP. An additional 82,150 shares were issued to Directors of the Company as remuneration.

b. Warrants

On March 11, 2015, in accordance with the Loan Facility described in note 13, the Group issued warrants to an affiliate of the Lender to acquire one million common shares of the Company. The exercise price of the issued warrants is USD \$3.29 per common share. The expiry date of the issued warrants is March 10, 2018.

On May 11, 2015, also in accordance with the Loan Facility described in note 13, the Group issued warrants to an affiliate of the Lender to acquire seven million common shares of the Company. The exercise price of the issued warrants is USD \$3.56 per common share. The expiry date of the issued warrants is May 11, 2018.

On December 15, 2015, also in accordance with the Loan Facility described in note 13, the Group issued warrants to an affiliate of the Lender to acquire four million common shares of the Company. The exercise price of the issued warrants is USD \$0.50 per common share. The expiry date of the issued warrants is December 15, 2018.

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

The following input assumptions were used to establish the fair value of warrants when issued:

Date of issue	March 11, 2015	May 11, 2015	December 15, 2015
Risk-free interest rate	0.46%	0.67%	0.62%
Expected life (years)	3	3	3
Expected volatility	39.58%	40.48%	60.94%
Dividend rate	-	-	-

The following table summarises warrants outstanding and exercisable at June 30, 2016:

	Warrants	Exercise price USD\$	Expiry date
Issued March 11, 2015	1,000,000	3.29	March 10, 2018
Issued May 11, 2015	7,000,000	3.56	May 11, 2018
Issued December 15, 2015	4,000,000	0.50	December 15, 2018
Total outstanding and exercisable	12,000,000		

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16. Basic and diluted loss per share

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

\$000s	Three Months ended June 30		Six Months ended June 30	
	2016	2015	2016	2015
Loss for the period attributable to equity holders	(11,346)	(5,578)	(30,768)	(14,247)
Weighted average number of shares for basic and diluted loss per share ⁽¹⁾	226,815,412	120,844,858	189,638,269	120,826,585
\$				
Basic and diluted loss per share	(0.05)	(0.05)	(0.16)	(0.12)

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

17. Reserves

\$000s	Other Reserves	Share based payments	Total reserves
At January 1, 2015	-	5,763	5,763
Share based payment transactions	-	3,418	3,418
Issue of shares for LTIP	-	(201)	(201)
Share based directors compensation	-	150	150
Issue of shares for directors' compensation	-	(150)	(150)
Increase in ownership of KPAWDE ⁽¹⁾	2,700	-	2,700
At June 30, 2015	2,700	8,980	11,680
Share based payment transactions	-	1,241	1,241
Issue of shares for LTIP	-	(649)	(649)
Share based directors compensation	-	140	140
Issue of shares for directors' compensation	-	(150)	(150)
Warrants issued (note 14b)	-	524	524
At December 31, 2015	2,700	10,086	12,786
Share based payment transactions	-	1,082	1,082
Issue of shares for LTIP	-	(262)	(262)
Share based directors compensation	-	107	107
Issue of shares for directors' compensation	-	(54)	(54)
At June 30, 2016	2,700	10,959	13,659

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

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18. Supplemental cash flow information

Items not involving cash

\$000s	Three Months ended June 30		Six Months ended June 30	
	2016	2015	2016	2015
Depreciation, depletion and amortization	1,878	2,774	2,605	4,533
Share based payment expense	237	642	530	1,315
Impairment expense	2,200	-	2,535	-
Unrealized foreign exchange (gains) / losses	(70)	(300)	(56)	198
Non-cash income tax (benefit) / expense	(122)	(183)	845	(411)
Finance expense	4,027	1,113	7,939	1,361
General and administrative expense	232	1,791	136	1,870
Other expense / (income)	1,750	(2,493)	9,335	(985)
Items not involving cash	10,132	3,344	23,869	7,881

Changes in non-cash working capital

\$000s	Three Months ended June 30		Six Months ended June 30	
	2016	2015	2016	2015
Inventories	806	(545)	1,490	(1,395)
Trade and other receivables	(2,073)	(1,965)	43	(3,585)
Other current assets	(362)	1,090	6	1,486
Trade and other payables	(7,309)	1,424	(11,939)	(22,373)
Current income tax liabilities	(210)	(151)	(510)	(4)
Deferred revenue	-	-	-	(957)
Changes in non-cash working capital	(9,148)	(147)	(10,910)	(26,828)
Retirement benefit obligation	-	(963)	(1,759)	(262)
Changes in non-cash assets and liabilities	(9,148)	(1,110)	(12,669)	(27,090)

Changes in operating non-cash assets and liabilities	301	(1,921)	(1,837)	(5,980)
Changes in investing non-cash assets and liabilities	(8,987)	811	(10,832)	(21,110)
Changes in financing non-cash assets and liabilities	(462)	-	-	-
Changes in non-cash assets and liabilities	(9,148)	(1,110)	(12,669)	(27,090)

Other cash flow Information

\$000s	Three Months ended June 30		Six Months ended June 30	
	2016	2015	2016	2015
Cash interest received	11	12	11	5
Cash interest paid	519	-	959	-
Cash income taxes paid	331	311	917	484

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19. Income tax expense

\$000s	Three Months ended June 30		Six Months ended June 30	
	2016	2015	2016	2015
Current income tax expense	(248)	(404)	(573)	(791)
Deferred tax on LTIP shares	(3)	(8)	(2)	(4)
Deferred tax on defined benefit obligation	124	193	(844)	414
Total deferred tax	121	185	(846)	410
Income tax expense	(127)	(219)	(1,419)	(381)

The Group is subject to income taxes in certain jurisdictions where it owns licenses or has taxable operations. Current income tax expense relates to tax on profits from oil sales in the Kurdistan Region of Iraq and on taxable profits from operations of the Group's Swiss and Maltese subsidiaries. For the six months ended June 30, 2016, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of \$0.2 million (2015 - \$0.3 million) were deemed to be paid to the government through its allocation of profit oil under the Hawler PSC.

20. Other (expense) / income

The components of other (expense) / income for the periods indicated are as follows:

\$000s	Note	Three Months ended June 30		Six Months ended June 30	
		2016	2015	2016	2015
Impairment of materials inventory	7	-	-	(8,279)	-
Curtailement of retirement benefit obligation		-	-	3,803	-
Change in fair value of contingent consideration	23	(1,306)	2,493	(2,638)	985
Restructuring charge ⁽¹⁾		(435)	-	(2,192)	-
Other income		66	-	66	-
Other (expense) / income		(1,675)	2,493	(9,240)	985

(1) During the three months March 31, 2016, the Group effected a corporate re-organisation as part of its efforts to reduce costs and recorded a restructuring charge. The assumptions used in this calculation were updated at June 30, 2016 and this has resulted in an additional charge of \$0.4 million for three months ended June 30, 2016.

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21. Segment information

The Group has a single class of business which is to acquire, explore, develop and produce oil from oil and gas assets. The Group operates in two geographical areas. Segmented information related to the two operating segments and corporate activities is as follows:

For the six months ended June 30, 2016				
\$000s	Middle East	West Africa	Corporate	Total
Revenue	8,251	-	-	8,251
Royalty	(3,631)	-	-	(3,631)
Net revenue	4,620	-	-	4,620
Operating expense	(6,723)	-	-	(6,723)
Depreciation, depletion and amortization	(2,249)	(38)	(317)	(2,604)
Impairment	704	(2,200)	(1,039)	(2,535)
Pre-license and exploration	(4)	(349)	-	(353)
General and administration	(327)	(398)	(3,923)	(4,648)
Other (expense) / income	(10,136)	(721)	1,617	(9,240)
Segment result	(14,115)	(3,706)	(3,662)	(21,483)
Finance income				11
Finance expense				(7,939)
Foreign exchange loss				48
Loss before income tax				(29,363)
Income tax expense				(1,419)
Loss for the period				(30,782)
Capital additions	18,274	3,268	19	21,561
Segment assets as at June 30, 2016	686,829	80,586	9,900	777,315
Segment liabilities as at June 30, 2016	217,865	2,188	6,932	226,985
For the six months ended June 30, 2015				
\$000s	Middle East	West Africa	Corporate	Total
Revenue	14,707	-	-	14,707
Royalty	(6,022)	-	-	(6,022)
Net revenue	8,685	-	-	8,685
Operating expense	(9,771)	-	-	(9,771)
Depreciation, depletion and amortization	(3,849)	(20)	(664)	(4,533)
Pre-license and explorations	(289)	(719)	-	(1,008)
General and administrative	(288)	(275)	(6,586)	(7,149)
Other income	985	-	-	985
Segment result	(4,527)	(1,014)	(7,250)	(12,791)
Finance income				12
Finance expense				(1,361)
Foreign exchange gains				278
Loss before income tax				(13,862)
Income tax expense				(381)
Loss for the period				(14,243)
Capital additions	62,766	4,370	74	67,210
Segment assets as at June 30, 2015	962,539	170,356	15,152	1,148,047
Segment liabilities as at June 30, 2015	174,505	4,806	17,818	197,129

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21. Segment information (continued)

For the three months ended June 30, 2016				
\$000s	Middle East	West Africa	Corporate	Total
Revenue	7,053	-	-	7,053
Royalty	(3,104)	-	-	(3,104)
Net revenue	3,949	-	-	3,949
Operating expense	(3,230)	-	-	(3,230)
Depreciation, depletion and amortization	(1,747)	(33)	(98)	(1,878)
Impairment	-	(2,200)	-	(2,200)
Pre-license and exploration	-	(196)	-	(196)
General and administration	(276)	(243)	(1,539)	(2,058)
Other expense	(1,246)	-	(429)	(1,675)
Segment result	(2,550)	(2,672)	(2,066)	(7,288)
Finance income				11
Finance expense				(4,027)
Foreign exchange gain				77
Loss before income tax				(11,227)
Income tax expense				(127)
Loss for the period				(11,354)
Capital additions	14,259	2,980	-	17,239

For the three months ended June 30, 2015				
\$000s	Middle East	West Africa	Corporate	Total
Revenue	9,362	-	-	9,362
Royalty	(3,833)	-	-	(3,833)
Net revenue	5,529	-	-	5,529
Operating expense	(4,694)	-	-	(4,694)
Depreciation, depletion and amortization	(2,435)	(10)	(329)	(2,774)
Pre-license and exploration	(156)	(320)	-	(476)
General and administrative	(288)	(73)	(4,466)	(4,827)
Other income	2,493	-	-	2,493
Segment result	449	(403)	(4,795)	(4,749)
Finance income				5
Finance expense				(1,112)
Foreign exchange gains				496
Loss before income tax				(5,360)
Income tax expense				(219)
Loss for the period				(5,579)
Capital additions	22,319	2,928	11	25,258

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

\$000s	June 30 2016	December 31 2015
Iraq	654,756	637,938
Congo (Brazzaville)	16,102	15,696
Senegal and Guinea Bissau	37,312	36,535
Other	2,106	4,438
	710,247	694,607

22. Commitments

(a) Contractual obligations

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

\$000s	June 30 2016	December 31 2015
No later than one year	4,052	12,430
One to five years	57,700	49,118
Greater than five years	19,395	19,864
	81,147	81,412

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

(b) Operating lease commitments – Group company as lessee

The Group leases buildings and equipment under non-cancellable operating lease agreements with varying terms and renewal rights. The corresponding lease expenditure charged to the statement of loss during the three and six months ended June 30, 2016 was \$0.1 million and \$1.0 million respectively (2015 - \$1.4 million and \$3.4 million).

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

\$000s	June 30 2016	December 31 2015
No later than one year	1,384	1,326
One to five years	75	1,323
	1,459	2,649

23. Contingent liabilities

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

During 2011, the Group acquired interests in various exploration licenses. The acquisition terms included additional consideration and liabilities which are contingent upon the outcome of future drilling activities and, in some cases, the quantities of reserves discovered. At June 30, 2016 these contingencies, including a \$64.7 million (December 31, 2015 - \$61.5 million) liability which has been recorded and is discussed in note 11, amounted to a maximum of \$185 million (December 31, 2015 - \$185 million). During the three and six months ended June 30, 2016 the Group recorded an expense of \$1.3 million and \$2.6 million, respectively, reflecting an increase in the fair value of the contingent consideration described above.