

Oryx Petroleum Q3 2020 Financial and Operational Results



Average gross (100%) oil production re-established at 11,700 bbl/d in the third quarter versus 4,000 bbl/d for the second quarter of 2020; success at and continued focus on minimizing costs

Calgary, Alberta, November 13, 2020

Oryx Petroleum Corporation Limited (“Oryx Petroleum” or the “Corporation”) today announces its financial and operational results for the three and nine months ended September 30, 2020. All dollar amounts set forth in this news release are in United States dollars, except where otherwise indicated.

Financial Highlights:

- Total revenues of \$22.0 million on participating interest sales of 698,900 barrels of oil (“bbl”) and an average realised sales price of \$26.35/bbl for Q3 2020
 - 38% decrease in revenues versus Q3 2019, attributable to a 43% decrease in realised sales price
 - The Corporation has received payment in accordance with Production Sharing Contract entitlements for all deliveries into the Kurdistan Oil Export Pipeline through October 2019 and for the months of March through September of 2020
 - Payments for the months of November 2019, December 2019, January 2020, and February 2020 remain outstanding with the Contractor share totalling \$39 million. The Corporation is actively pursuing the outstanding payments but timing of full settlement is undefined. The Corporation continues to expect future monthly sales invoices to be settled in the month following delivery
- Operating expenses of \$7.1 million (\$10.11/bbl) and an Oryx Petroleum Netback¹ of \$7.87/bbl for Q3 2020
- Profit of \$30.1 million (\$0.05 per common share) in Q3 2020 versus profit of \$18.3 million in Q3 2019 (\$0.03 per common share)
 - The increase in profit in Q3 2020 compared to Q3 2019 is primarily attributable to a \$26.9 million gain recorded on the settlement of the loan facility with AOG International Holdings Limited partially offset by a \$7 million decrease in net revenues and a reduction of \$7.5 million in the non-cash gain resulting from the decrease in the fair value of the contingent consideration obligation
- Net cash generated by operating activities was \$3.6 million in Q3 2020 versus \$9.7 million in Q3 2019, comprised of Operating Funds Flow² of \$3.7 million less a \$0.1 million increase in non-cash working capital
- Net cash used in investing activities during Q3 2020 was \$3.3 million including payments related to facilities costs and drilling preparations in the Hawler license area
- \$11.0 million of cash and cash equivalents as of September 30, 2020

¹ Oryx Petroleum Netback is a non-IFRS measure. See the table below for a definition of and other information related to the term.

² Operating Funds Flow is a non-IFRS measure. See the table below for a definition of and other information related to the term.



Operations Update:

- Average gross (100%) oil production of 11,700 bbl/d (participating interest 7,600 bbl/d) in Q3 2020
- Average gross (100%) oil production of 13,300 bbl/d (participating interest 8,700 bbl/d) for October 2020
- Operations at the Banan field in the Hawler license area restarted in July 2020 following improvement in oil price
- In October 2020, an acid stimulation treatment was performed on the Demir Dagh-3 horizontal well completed in the Cretaceous reservoir. The well is currently being operated intermittently to determine the maximum sustained rate at which it can be produced without promoting excessive production of associated gas. The well may be recompleted in the future in order to obtain more effective isolation of the oil producing completion from the associated gas cap
- Renovation of a previously constructed well pad in the Zey Gawra field has been completed in preparation for the spudding of a new well targeting the Tertiary reservoir before year end
- The worldwide outbreak of the COVID-19 virus, including within Iraq, has not caused any significant disruption of production operations. The Corporation is continuing to take precautions to protect its employees and contractors but does not expect that the ongoing virus outbreak will restrict operations

Liquidity Outlook:

- The Corporation expects cash on hand as of September 30, 2020, cash receipts from net revenues from export sales exclusively through the Kurdistan Oil Export Pipeline, and proceeds from the short-term credit facility provided by Zeg Oil and Gas Limited ("ZOG") will allow it to fund its committed capital expenditure and forecasted operating and administrative costs through the end of 2021 and to reduce obligations currently due to suppliers
- In the prevailing oil price environment, contingent consideration obligations are anticipated not to become payable before 2022



CEO's Comment

Commenting today, Oryx Petroleum's Chief Executive Officer, Vance Querio, stated:

"During the third quarter OP Hawler Kurdistan Limited continued to operate safely, without any recordable incidents, notwithstanding restrictions imposed due to the COVID-19 outbreak. We are very fortunate that although we have had several employees test positive for COVID-19 during the quarter, none have suffered from serious symptoms and our operations have been unaffected by the occasional absence of a quarantined employee.

In addition to conducting our routine production operations, we have been busy during this past quarter planning our fourth quarter rig activity and resurrecting and renewing our portfolio of service contracts so that we will be able to work unimpeded in the new year. We have restored the normal rotation of most of our drilling, HSE and security consultants and are planning to move a rig into the Banan field in the coming days to replace a leased jet pump in the Banan-4 well with a more cost effective progressive cavity pump that we have purchased.

Following the pump replacement workover in the Banan field, we look forward to getting a rig back in the Zey Gawra field to drill our first well into the Tertiary reservoir there before continuing with additional development and appraisal activities.

Despite the current challenging oil price environment, which we expect will prevail for the duration of 2021, we intend to conduct a capital program in 2021 in order to increase our production capacity and further reduce our operating costs."



Selected Financial Results

Financial results are prepared in accordance with International Financial Reporting Standards (“IFRS”) and the reporting currency is US dollars. References in this news release to the “Group” refer to Oryx Petroleum and its subsidiaries. The following table summarises selected financial highlights for Oryx Petroleum for the periods indicated.

	Three Months Ended September 30		Nine Months Ended September 30		Year Ended December 31
	2020	2019	2020	2019	2019
<i>(\$ in millions unless otherwise indicated)</i>					
Revenue	22.0	35.7	58.1	109.6	150.5
Participating Interest Oil Production (bbl)	702,000	697,200	1,783,000	2,000,100	2,780,800
Average Participating Interest Oil Production per day (bbl/d)	7,600	7,600	6,500	7,300	7,600
Participating Interest Oil Sales (bbl)	698,900	698,600	1,783,200	2,003,300	2,781,000
Average Realised Sales Price (\$/bbl)	26.35	46.05	28.55	49.26	48.72
Operating Expense	7.1	7.2	18.3	21.4	28.9
Field Production Costs (\$/bbl) ⁽¹⁾	6.57	7.85	7.38	8.16	7.96
Field Netback (\$/bbl) ⁽²⁾	6.30	14.65	6.56	15.90	15.95
Operating Expenses (\$/bbl)	10.11	10.27	10.25	10.67	10.41
Oryx Petroleum Netback (\$/bbl) ⁽³⁾	7.87	17.33	7.72	18.85	18.90
Profit (Loss)	30.1	18.3	(223.3)	22.1	(59.2)
Basic and Diluted Earnings (Loss) per Share (\$/sh)	0.05	0.03	(0.40)	0.04	(0.11)
Operating Funds Flow ⁽⁴⁾	3.7	9.8	7.9	30.8	26.9
Net Cash Generated by Operating Activities	3.6	9.7	13.5	29.7	28.1
Net Cash used in Investing Activities	(3.3)	(7.5)	(12.4)	(25.1)	(35.1)
Capital Expenditure ⁽⁵⁾	15.7	11.9	25.5	24.9	38.2
Cash and Cash Equivalents	11.0	20.4	11.0	20.4	8.9
Total Assets	491.0	826.5	491.0	826.5	768.3
Total Liabilities	149.2	186.2	149.2	186.2	209.2
Total Equity	341.8	640.3	341.8	640.3	559.1

(1) Field production costs represent Oryx Petroleum’s participating interest share of gross production costs and exclude the partner share of production costs carried by Oryx Petroleum.

(2) Field Netback is a non-IFRS measure that represents the Group’s participating interest share of oil sales net of the Group’s participating interest share of royalties, the Group’s participating interest share of operating expenses and the Group’s participating 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 production sharing contract 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.



- (3) *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.*
- (4) *Operating Funds Flow is a non-IFRS measure that represents cash generated from operating activities before changes in non-cash assets and liabilities. The term Operating Funds Flow should not be considered an alternative to or more meaningful than "cash flow from 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 flow necessary to fund future growth through capital investment. Operating Funds Flow does not have any standardised meaning prescribed by IFRS and may not be comparable to similar measures used by other companies.*
- (5) *Capital expenditure includes non-cash increases.*

- In March 2015, Oryx Petroleum entered into a committed and unsecured term loan facility agreement with AOG International Holdings Limited. On July 23, 2020, the Corporation settled the loan in full through the transfer of the Group's 100% shareholding in OP AGC Central Limited to AOG International Holdings Limited. The loan balance (including accrued and unpaid interest) at the time of settlement amounted to \$80.5 million
- On August 26, 2020, Oryx Petroleum entered an interest-free \$10 million credit facility agreement with ZOG. There is no commitment fee and any amounts drawn under this facility are due at the earlier of (i) the third business day after the Corporation has received payments from the Ministry of Natural Resources of the KRG representing 50% of the total amount owing for oil sales during the period from November 2019 to February 2020, or (ii) July 31, 2022. A total of \$5 million has been drawn under this facility
- The Corporation is obligated to make further payments to the vendor of the Hawler license area contingent upon declaration of a second commercial discovery in the Hawler license area
 - Contingent upon declaration of a second commercial discovery in the Hawler license area, a lump-sum payment of \$66.0 million plus accrued interest is payable. The estimated fair value of the contingent consideration as at September 30, 2020 was \$49.6 million. The estimated fair value of the contingent consideration was revised downwards by \$6.8 million versus Q2 2020 utilising the methodology adopted in Q3 2019 that incorporates weighted probabilities of potential outcomes, including an outcome where there is no second declaration of commercial discovery. As at September 30, 2020, the total balance of principal and accrued interest potentially owed under the contingent consideration obligation was \$76.3 million
- As at the date of this release there are outstanding (i) 578,197,218 common shares, (ii) 16,716,008 unvested Long Term Incentive Plan awards which are expected to result in the issuance of additional common shares upon vesting, and (iii) 39,281,804 common share purchase warrants

Q4 2020 Capital Expenditure Forecast

Oryx Petroleum re-forecasted capital expenditures for 2020 are \$21 million, decreased from the previously announced forecast of \$22 million. The decrease reflects the deferral of certain infrastructure works into 2021.

The previously announced stimulation of the Demir Dagh-3 well was completed in October 2020. Planned expenditures for the balance of 2020 consist of planned installation of a pump at the Banan-4 well, the drilling of a new well targeting the Zey Gawra Tertiary reservoir, and construction of a drilling pad in the eastern fault block of the Banan field.



Amendments to Articles of Incorporation

A special meeting of the shareholders of the Corporation will be held virtually on Friday, November 27, 2020 to consider amendments to the Corporation's articles of incorporation to: (i) change the name of the Corporation, (ii) permit the appointment of additional directors between annual meetings provided that the total number of directors so appointed does not exceed one third of the number of directors elected at the previous annual meeting of shareholders, and (iii) allow for meetings of shareholders to be held at certain places outside of Canada.

Further information regarding the proposed amendments is set out in the Notice of Special Meeting of Shareholders and Management Proxy Circular, each dated October 21, 2020, which are available at www.oryxpetroleum.com or under Oryx Petroleum's profile at www.sedar.com. Shareholders are encouraged to return their proxy or voting instruction form as soon as possible. Given COVID-19 related delays in mail delivery, particularly from locations outside Canada, shareholders are further encouraged to vote by telephone or the Internet as provided for on the proxy or voting instruction form.

If shares are held on a shareholder's behalf by a broker, bank or other agent, the shareholder should consider contacting such broker, bank or other agent for information regarding how to vote their shares.

Regulatory Filings

This announcement coincides with the filing with the Canadian securities regulatory authorities of Oryx Petroleum's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2020 and the related management's discussion and analysis thereon. Copies of these documents filed by Oryx Petroleum may be obtained via www.sedar.com and the Corporation's website, www.oryxpetroleum.com.

ABOUT ORYX PETROLEUM CORPORATION LIMITED

Oryx Petroleum is an international oil exploration, development and production company. The Corporation's shares are listed on the Toronto Stock Exchange under the symbol "OXC". Oryx Petroleum has a 65% participating interest in and operates the Hawler license area in the Kurdistan Region of Iraq, which has yielded oil discoveries in four areas, three of which are contributing to production while appraisal and development activity continues. Further information about Oryx Petroleum is available at www.oryxpetroleum.com or under Oryx Petroleum's profile at www.sedar.com.

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Reader Advisory Regarding Forward-Looking Information

Certain statements in this news release constitute “forward-looking information”, including statements related to forecast work program and capital expenditure, drilling and well workover plans, development plans and schedules and chance of success, future drilling of wells and the reservoirs to be targeted, future facilities work, ultimate recoverability of current and long-term assets, possible commerciality of our projects, future expenditures and sources of financing for such expenditures, expectations that cash on hand as of September 30, 2020, cash receipts from net revenues from export sales exclusively through the Kurdistan Oil Export Pipeline, and proceeds from the short-term credit facility provided by ZOG will allow the Corporation to fund its committed capital expenditure and forecasted operating and administrative costs through the end of 2021 and to reduce obligations currently due to suppliers, the issuance of shares as a result of the vesting of Long Term Incentive Plan awards and the exercise of warrants, future requirements for additional funding, the expected timing for receipt of payment for outstanding oil sales invoices for the months of November 2019, December 2019, January 2020, and February 2020 and future oil sales invoices, expectations that the COVID-19 virus outbreak will not restrict operations, plans to continue focus on minimizing costs, estimates for the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, the expected timing for settlement of liabilities including the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, and statements that contain words such as “may”, “will”, “could”, “should”, “anticipate”, “believe”, “intend”, “expect”, “plan”, “estimate”, “potentially”, “project”, or the negative of such expressions and statements relating to matters that are not historical fact, constitute forward-looking information within the meaning of applicable Canadian securities legislation.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. For more information about these assumptions and risks facing the Corporation, refer to the Corporation’s annual information form dated March 23, 2020 available at www.sedar.com and the Corporation’s website at www.oryxpetroleum.com. Further, statements including forward-looking information in this news release 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, future events or otherwise. If the Corporation does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

Reader Advisory Regarding Certain Figures

Unless provided otherwise, all production and capacity figures and volumes cited in this news release are gross (100%) values, indicating that figures (i) have not been adjusted for deductions specified in the production sharing contract applicable to the Hawler license area, and (ii) are attributed to the license area as a whole and do not represent Oryx Petroleum’s participating interest in such production, capacity or volumes.