

Oryx Petroleum Announces Corporate Update



Calgary, Alberta, February 1, 2019

Oryx Petroleum Corporation Limited (“Oryx Petroleum” or the “Corporation”) today announces recent corporate activity, including further details regarding an agreement to amend the Loan Agreement dated March 13, 2015 with AOG International Holdings Limited (“AOG” and the “AOG Credit Facility”), which agreement to amend was originally announced on November 13, 2018. Affiliates of AOG and insiders of the Corporation, AOG Upstream BV and Samsufi Trust, own 332,270,343 and 3,765,784 common shares of the Corporation, respectively, together representing 65.2% of all shares outstanding on the date of this news release. All dollar amounts set forth in this news release are in United States dollars.

Loan Amendment

The agreement dated November 13, 2018 to amend the AOG Credit Facility (the “Loan Amendment”) provided for an extension of the maturity date from July 1, 2019 to July 1, 2020. Interest under the AOG Credit Facility will continue to accrue at a fixed annual rate of 10.5% during the extension period. Shareholders previously approved the issuance of common shares of the Corporation in lieu of accrued interest under the AOG Credit Facility until June 30, 2019. The Loan Amendment contemplates that, after June 30, 2019, interest shall compound every six months and be payable in cash, if permissible under other corporate agreements. If not permissible, accrued interest will be added to the principal balance outstanding and will itself accrue interest between compounding and maturity. Incremental interest of \$8,204,356 will be payable to AOG as a result of the one-year extension to the AOG Credit Facility, assuming no cash interest is paid in relation to the extension period prior to maturity of the AOG Credit Facility.

As consideration for entering the Loan Amendment, Oryx Petroleum has agreed to issue between approximately 3.6 and 6.1 million warrants to AOG, each warrant entitling AOG or a nominee to purchase a common share of the Corporation at a price of \$0.2094 per share, representing a 20% premium to the market price of Oryx Petroleum shares (i.e., CAD 0.2292) at November 13, 2018, the date of the Loan Amendment. The exercise price also represents a 33% premium to the market price of Oryx Petroleum shares (i.e., CAD 0.2100) on the date of this news release. The exact number of warrants issuable will be determined such that the value of the warrants, incremental interest payable pursuant to the Loan Amendment, and total interest and fees under the interim credit facility entered on November 13, 2018 (as amended on December 4, 2018, the “Interim Credit Facility”) with AOG and Zeg Oil and Gas Limited (“Zeg Oil”), another insider of the Corporation, do not exceed 10% of the market capitalization of Oryx Petroleum on the date of the Loan Amendment (i.e., \$8,842,221.60). Practically, this formula limits the total number of warrants issuable to AOG to a maximum of 6,132,804. The warrants are exercisable up to November 13, 2021 and, if exercised in full, the resulting shares issued will represent between 0.70% and 1.18% of all shares outstanding on the date of this news release. The transaction will not have any effect on the control of Oryx Petroleum. Using the Black-Scholes model, the warrants are calculated to have a value of between \$363,726 and \$610,214, respectively. If the warrants are exercised in full by AOG



Upstream BV, its aggregate ownership would increase to 338,403,147 common shares. Together with 3,765,784 common shares owned by Samsufi Trust, an affiliate of AOG Upstream BV, such shares would represent 65.7% of all shares of the Corporation outstanding (post-transaction). The maximum value of the incremental interest payable and the warrants issuable pursuant to the Loan Amendment, \$8,814,570, represents 10.8% of the market capitalization of the Corporation on the date of this news release.

The amending agreement dated November 13, 2018 was restated and superseded by agreement dated December 31, 2018. The superseding agreement incorporated certain technical amendments related to the timing of the issuance of warrants to AOG, and minor amendments necessitated as a result of amendments to the Interim Credit Facility on December 4, 2018.

Pursuant to section 501(c) of the TSX Company Manual, shareholder approval is required for the Loan Amendment (as superseded December 31, 2018) as (i) the Corporation is a non-exempt issuer, (ii) the AOG Credit Facility was not approved by shareholders in 2015, and (iii) the value of the forecast consideration to AOG under the original AOG Credit Facility (i.e., \$38,157,750.87) together with the incremental consideration to AOG under the Loan Amendment (i.e., maximum \$8,814,570) exceeds 10% of the market capitalization of the Corporation on the date of the Loan Amendment (i.e., \$8,842,221.60) and on the date of this news release (i.e., \$8,125,802.10).

Oryx Petroleum has relied on the exemption available in section 604(d) of the TSX Company Manual to provide TSX with written evidence that holders of more than 50% of the voting securities of Oryx Petroleum are familiar with the terms of the Loan Amendment and are in favour of it, in lieu of a formal meeting of shareholders. As AOG is a related party to the Corporation, the proposed transaction is not an arm's length transaction and the TSX requires that securities held by AOG or its affiliates be excluded from approving the transaction. Accordingly, 332,270,343 common shares of the Corporation held by AOG Upstream BV and 3,765,784 common shares held by Samsufi Trust, together representing 65.2% of all shares outstanding on the date of this news release, are not eligible to vote in favour of the transaction. Zeg Oil has formally provided its approval of the proposed transaction. Zeg Oil holds 112,913,589 common shares of the Corporation, representing 21.9% of all issued and outstanding shares on the date of this news release and 63.1% of all issued and outstanding shares not owned by AOG Upstream BV and its affiliates. The approval relates only to the Loan Amendment, including the issuance of warrants to AOG thereunder.

It is anticipated that the TSX will conditionally approve the Loan Amendment (as superseded December 31, 2018) five business days after the issuance of this news release.

Interim Credit Facility

On November 13, 2018, Oryx Petroleum also announced an agreement with AOG and Zeg Oil whereby AOG and Zeg Oil made available to Oryx Petroleum an interim credit facility of \$7.5 million. 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 March 25, 2019.

Any balance drawn under the Interim Credit Facility will be payable upon the earlier of receipt of proceeds from the sale of Oryx Petroleum's interest in the Haute Mer B license and March 31, 2019. The balance is repayable in cash or through the issuance of common shares of the Corporation.

All substantive conditions to drawing under the facility have either been satisfied or waived. The TSX has approved the Interim Credit Facility; provided, however, any issuance of shares under the Interim Credit Facility will be subject to further review and approval of the TSX.

As of the date of this news release, no funds have been drawn under the Interim Credit Facility.

Sale of Haute Mer B Interest

On April 23, 2018, a subsidiary of Oryx Petroleum entered into an agreement providing for the transfer of Oryx Petroleum's 30% participating interest in the Haute Mer B license to a subsidiary of Total S.A. The agreement provides for Oryx Petroleum to receive cash consideration of \$8.0 million plus \$5.3 million reimbursement of costs incurred by Oryx Petroleum in 2018 in relation to the interest. Notwithstanding Oryx Petroleum's position that all conditions to closing have been either satisfied or waived, the counter-party refuses to close the transaction and has purported to terminate the agreement. Oryx Petroleum has initiated arbitration to settle the dispute and believes strongly in the merits of its position. Notwithstanding, the arbitration panel may decide against Oryx Petroleum or Oryx Petroleum may otherwise be unsuccessful in realizing the contracted amounts.

Contingent Consideration

During 2011, Oryx Petroleum acquired OP Hawler Kurdistan Limited under the terms of a sale and purchase agreement (the "Purchase Agreement") which included supplemental cash consideration to the vendor upon declaration of a second commercial discovery in the Hawler License Area. In the fourth quarter of 2018, Oryx Petroleum agreed with the vendor of the Hawler License Area to amend the terms of the Purchase Agreement (the "2018 Amendment").

The 2018 Amendment provides for an \$11.4 million deferral payment which Oryx Petroleum expects to make upon execution of the 2018 Amendment. Contingent upon declaration of a second commercial discovery in the Hawler License Area, the 2018 Agreement also 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 September 30, 2018 was \$74.2 million (including the \$11.4 million pending payment). The total undiscounted balance of principal and accrued interest potentially owed under the contingent consideration obligation was \$86.3 million as at September 30, 2018 (including the \$11.4 million pending payment).



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 Corporation expects the 2018 Amendment to be executed in due course, followed by the \$11.4 million deferral payment.

ABOUT ORYX PETROLEUM CORPORATION LIMITED

Oryx Petroleum is an international oil exploration, development and production company focused in Africa and the Middle East. The Corporation's shares are listed on the Toronto Stock Exchange under the symbol "OXC". The Oryx Petroleum group of companies was founded in 2010 by The Addax and Oryx Group P.L.C. Oryx Petroleum has interests in three license areas, one of which has yielded an oil discovery. The Corporation is the operator in two of the three license areas. One license area is located in the Kurdistan Region of Iraq and two license areas are located in West Africa in the AGC administrative area offshore Senegal and Guinea Bissau, and Congo (Brazzaville). 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 *pro forma* ownership figures, anticipated TSX conditional approval for the Loan Amendment and expectations regarding execution of the 2018 Amendment and related \$11.4 million payment. 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, 2018 available at www.sedar.com and the Corporation's website at www.oryxpetroleum.com.

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.