UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

ORYX PETROLEUM

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In accordance with National Instrument 51-102 as published by the Canadian Securities Administrators, Oryx Petroleum Corporation Limited discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements as at and for the period ended March 31, 2018.

Statements of Profit / (Loss) and Comprehensive Income / (Loss)

		Three months ended March 31	
$000s	**Note**	**2018**	**2017**
Revenue		13,930	7,904
Royalties		(6,130)	(3,478)
Net revenue		**7,800**	**4,426**
Operating expense		(3,128)	(4,249)
Depreciation, depletion and amortisation	**5, 6**	(2,233)	(1,155)
Impairment reversal / (expense)	**5, 6**	-	1,132
Pre-license and exploration		61	(127)
General and administration		(2,712)	(2,584)
Other income	**20**	99	7,649
Profit / (Loss) from operations		**(113)**	**5,092**
Finance income		29	24
Finance expense	**21**	(3,824)	(758)
Foreign exchange (gain) / loss		19	(22)
Profit / (Loss) before income tax		**(3,889)**	**4,336**
Income tax expense	**19**	(386)	(199)
Profit / (Loss) for the period		**(4,275)**	**4,137**
Comprehensive profit / (loss) for the period		**(4,275)**	**4,137**
Profit / (Loss) for the period attributable to:			
Owners of the Company		(4,275)	4,135
Non-controlling interest		-	2
		(4,275)	**4,137**
Comprehensive profit / (loss) for the period attributable to:			
Owners of the Company		(4,275)	4,135
Non-controlling interest		-	2
		(4,275)	**4,137**
Earnings / (Loss) per share (basic and diluted)	**16**	**(0.01)**	**0.02**

Statements of Financial Position

$000s	Note	March 31 2018	December 31 2017
Non-current assets			
Intangible assets	**5**	92,684	92,207
Property, plant and equipment	**6**	586,081	582,622
Deferred tax assets		253	254
		679,018	**675,083**
Current assets			
Inventories	**7**	12,529	13,444
Trade and other receivables	**8**	9,652	8,757
Other current assets	**9**	950	942
Cash and cash equivalents	**10**	27,943	38,572
Assets held for disposal	**11**	13,266	8,000
		64,340	**69,715**
Total assets		**743,358**	**744,798**
Current liabilities			
Trade and other payables	**12**	42,203	42,582
		42,203	**42,582**
Non-current liabilities			
Borrowings	**13**	78,018	75,854
Trade and other payables	**12**	55,550	54,242
Retirement benefit obligation		2,549	3,148
Decommissioning obligation	**14**	15,152	14,593
		151,269	**147,837**
Total liabilities		**193,472**	**190,419**
Equity			
Share capital	**15**	1,343,235	1,343,186
Reserves	**17**	16,256	15,879
Accumulated remeasurement of defined benefit obligation, net of income tax		(5,720)	(5,720)
Accumulated deficit		(803,885)	(799,610)
Equity attributable to owners of the Company		**549,886**	**553,735**
Non-controlling interest		-	644
Total equity		**549,886**	**554,379**
Total equity and liabilities		**743,358**	**744,798**

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on May 8, 2018.

On behalf of the Board of Directors:

(signed)
Jean Claude Gandur
Director

(signed)
Peter Newman
Director

Statements of Changes in Equity

		Attributable to equity holders of the Company						
$000s	**Note**	**Share capital**	**Reserves**	**Accumulated deficit**	**Accumulated remeasurement of defined benefit obligation - gain/ (loss)**	**Total**	**Non-controlling interest**	**Total equity**
Balance at January 1, 2017		**1,279,655**	**14,401**	**(760,577)**	**(5,586)**	**527,893**	**661**	**528,554**
Profit for the period		-	-	4,135	-	4,135	2	4,137
Share based payment expense	**17**	-	619	-	-	619	-	619
Shares issued to settle trade accounts payable	**15**	4,750	-	-	-	4,750	-	4,750
Shares issued for Directors' compensation	**15, 17**	99	(75)	-	-	24	-	24
Balance at March 31, 2017		**1,284,504**	**14,945**	**(756,442)**	**(5,586)**	**537,421**	**663**	**538,084**
Loss for the period		-	-	(43,168)	-	(43,168)	(19)	(43,187)
Share based payment expense	**17**	-	1,520	-	-	1,520	-	1,520
Private subscription	**15**	54,100	-	-	-	54,100	-	54,100
Transaction costs	**15**	(103)	-	-	-	(103)	-	(103)
Issue of shares for debt interest conversion	**15**	4,024	-	-	-	4,024	-	4,024
Shares issued for long-term incentive plan ("LTIP")	**15, 17**	611	(611)	-	-	-	-	-
Shares issued for Directors' compensation	**15, 17**	50	25	-	-	75	-	75
Loss on defined benefit obligation, net of income tax		-	-	-	(134)	(134)	-	(134)
Balance at December 31, 2017		**1,343,186**	**15,879**	**(799,610)**	**(5,720)**	**553,735**	**664**	**554,379**
Loss for the period		-	-	(4,275)	-	(4,275)	-	(4,275)
Share based payment expense	**17**	-	484	-	-	484	-	484
Increase in ownership of KPAWDE(1)	**17**	-	(57)	-	-	(57)	(644)	(701)
Shares issued for Directors' compensation	**15, 17**	49	(50)	-	-	(1)	-	(1)
Balance at March 31, 2018		**1,343,235**	**16,256**	**(803,885)**	**(5,720)**	**549,886**	**-**	**549,886**

(1) During the first quarter of 2018, the Group acquired the minority ownership interest in KPA Western Desert Energy Limited ("KPAWDE"), thereby increasing its percentage ownership from 80.8% to 100%.

Statements of Cash Flows

		Three months ended March 31	
$000s	**Note**	**2018**	**2017**
Operating activities			
Profit/(Loss)		(4,275)	4,137
Items not involving cash	**18**	6,303	(6,487)
		2,028	(2,350)
Changes in non-cash assets and liabilities	**18**	(4,612)	4,541
Net cash generated by / (used in) operating activities		**(2,584)**	**2,191**
Investing activities			
Acquisition of intangible assets		(394)	(1,088)
Acquisition of property, plant and equipment		(5,199)	(8,182)
Additions to Assets held for disposal	**11**	(5,266)	-
Increase in ownership of KPAWDE	**17**	(731)	-
Changes in non-cash working capital	**18**	3,505	5,910
Net cash used in investing activities		**(8,045)**	**(3,360)**
Net decrease in cash and cash equivalents		**(10,629)**	**(1,169)**
Cash and cash equivalents at beginning of the period		38,572	40,732
Cash and cash equivalents at end of the period		**27,943**	**39,563**

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 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 consolidated financial statements (the "Financial Statements") were authorised for issue by the Board of Directors on May 8, 2018.

2. Summary of significant accounting policies

a. Basis of preparation

The Company's Financial Statements for the three months ended March 31, 2018 have been prepared in accordance with 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, 2017, 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, 2017 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, 2017.

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 realisation of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Group has met its day to day working capital requirements, and funded its capital and operating expenditures through funding received from the proceeds of share issuances (note 15) and its share of oil sales revenues from the Hawler License Area.

Management expects that the cash resources on hand as at March 31, 2018, proceeds from the sale of assets held for disposal (note 11), and future cash receipts from sales of its share of oil production from the Hawler license area will be sufficient to fund the Group's capital and operating expenditures and to meet obligations as they fall due in the 15 months following March 31, 2018.

The Group's ability to continue as a going concern in accordance with management's estimates and forecasts is primarily dependent on realisation of forecasted revenues during the 15 months ending on June 30, 2019 and beyond, and on the Group's ability to restructure cash outflows related to Borrowings (notes 13) which are due during the second half of 2019. These estimates are subject to uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

2. Summary of significant accounting policies (continued)

b. Going concern (continued)

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

i) Oil sales volume assumptions are based on historical production volumes adjusted to recognise the impact of production increases expected to result from planned drilling activities. 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 $72.7 million during the 15 months ending June 30, 2019.

ii) The timing and extent of forecast capital and operating expenditures is based on the Group's 2018 reforecast budget adjusted to exclude discretionary activities and related expenditures, and on management's estimate of expenditures expected to be incurred beyond 2018. The Group retains a high degree of control and flexibility over both the extent and timing of expenditure under its future capital investment program.

iii) Management has developed specific plans to address longer term corporate funding requirements which are under discussion and consideration by parties including the Lender (note 13). Consequent on these discussions, management has assumed that Borrowings maturing in July 2019 will be rescheduled or restructured, such that no related cash outflows occur during 2019.

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 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 have 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, 2018, the Group adopted the following IFRS as issued or amended by the IASB:

Amendments to Standards	Effective for annual periods beginning on or after
IFRS 9 – Financial Instruments: classification and measurement	January 1, 2018
IFRS 15 – Revenue from contracts with customers	January 1, 2018
Amendments to IFRS 2 - Classification and measurement of share based payment transactions	January 1, 2018
Annual improvements - 2014 – 2016 cycle	January 1, 2018

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

d. New and amended standards issued but not yet effective

At the date of authorisation 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

Management has reviewed the impact of the new and amended standards listed above, and expects that the adoption of these standards and amendments will not 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, 2017 is applicable to these Financial Statements. There were no financial instruments acquired by the Group during the three months ended March 31, 2018.

4. Joint arrangements

The Group has entered into Joint arrangements to facilitate the development and production of oil and gas. No new joint arrangements have been entered into during the three months ended March 31, 2018. As at March 31, 2018, the Company was involved in the following joint arrangements:

License Area	Classification	Location	Participating interest[(1)]
Hawler	Joint operation	Iraq – Kurdistan Region	65%
AGC[(2)] Central	Joint operation	Senegal and Guinea Bissau	85%
Haute Mer A	Joint operation	Congo (Brazzaville)	20%
Haute Mer B[(3)]	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) Agence de Gestion et de Coopération entre le Sénégal et la Guinée – Bissau ("AGC")

(3) On April 23, 2018, the Group entered into a farmout agreement providing for the transfer of the Group's 30% participating interest in the Haute Mer B license to the operator of the license. The transaction is expected to close during the second quarter of 2018 (note 11).

5. Intangible assets

$000s	Exploration & Evaluation costs	Computer Software	Total
Cost			
At January 1, 2017	**375,075**	**2,180**	**377,255**
Additions[(1)(2)(3)]	(1,722)	-	(1,722)
At March 31, 2017	**373,353**	**2,180**	**375,533**
Additions	2,662	6	2,668
Transfer to Assets held for disposal[(3)] (note 11)	(15,998)	-	(15,998)
At December 31, 2017	**360,017**	**2,186**	**362,203**
Additions	480	-	480
At March 31, 2018	**360,497**	**2,186**	**362,683**
Accumulated amortisation and impairment			
At January 1, 2017	**285,246**	**2,078**	**287,324**
Amortisation	-	39	39
Impairment reversal [(2)(3)]	(1,132)	-	(1,132)
At March 31, 2017	**284,114**	**2,117**	**286,231**
Amortisation	-	42	42
Impairment reversal[(2)(3)]	(8,279)	-	(8,279)
Transfer to Assets held for disposal[(3)] (note 11)	(7,998)	-	(7,998)
At December 31, 2017	**267,837**	**2,159**	**269,996**
Amortisation	-	3	3
At March 31, 2018	**267,837**	**2,162**	**269,999**
Net book value			
At March 31, 2018	92,660	24	92,684
At December 31, 2017	92,180	27	92,207

5. Intangible assets (continued)

(1) Credits to additions relate to reductions in estimates of expenditures incurred in prior periods.

(2) At September 30, 2015, management determined that the limited exploration and evaluation activities now planned for the OML 141 license area constituted an indicator of impairment. Management concluded that given the fact that cash flows attributable to the asset in its 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. During the first quarter of 2017, the Group recorded a credit to additions and equivalent impairment reversal of $1.5 million due to revisions in costs previously estimated. As at March 31, 2018, the carrying value of the OML 141 CGU was Nil (December 31, 2017 – Nil).

(3) At December 31, 2016, management determined that the limited exploration and evaluation activities planned for the Haute Mer B 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 charge of $16.3 million related to the Haute Mer B license area. During the first quarter of 2017, the Group recorded an addition and equivalent impairment expense of $0.1 million relating to the Congo Haute Mer B license area due to revisions in costs previously estimated. Subsequent to December 31, 2017, the Group entered into an agreement to dispose of its interest in the Haute Mer B License Area. Management concluded that the agreement constituted an indication that the net realisable value of the Group's interest in the Haute Mer B License Area as at December 31, 2017 was greater than Nil as previously estimated and consequently recorded an $8.0 million net impairment reversal. As at March 31, 2018, the carrying value of the Congo Haute Mer B license, classified as an asset held for disposal, was $13.3 million (December 31, 2017: $8.0 million).

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

$000s	**March 31 2018**	**December 31 2017**
Middle East	48,424	48,425
West Africa	44,236	43,755
	92,660	**92,180**

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 capitalised, 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 profit and loss as an impairment of oil and gas assets.

During the fourth quarter of 2017, the Group executed an amendment to the AGC Central PSC ("AGC Central Amendment"). Under the terms of the AGC Central Amendment, recoverable costs incurred under the AGC Shallow PSC are recoverable from potential sales of oil produced and sold from the AGC Central license area. Consequently, the Group has transferred all costs previously associated with the AGC Shallow CGU to the AGC Central GCU. As a result of the transfer, the carrying value of the AGC Shallow license was reduced to Nil. The Group concurrently relinquished its interest in the AGC Shallow License Area.

Management has exercised significant judgment in determining that for the Hawler – Ain al Safra, and AGC Central 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 related license areas / CGUs.

6. Property, plant and equipment

The Group's principal property, plant and equipment comprises its Oil & Gas assets in the Hawler license area in the Kurdish region of Iraq. 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 constitute the group's single CGU which contains property, plant and equipment.

Management has determined that as at March 31, 2018, there were no new substantive indicators suggesting that the carrying amount of Hawler license area Oil and Gas assets exceeds its recoverable amount nor were there indicators suggesting that the previously recognised impairment losses no longer exist or may have decreased.

$000s	**Oil & Gas Assets**	**Finance Lease Asset**	**Fixtures and Equipment**	**Total**
Cost				
At January 1, 2017	**824,079**	**47,617**	**3,326**	**875,022**
Additions[(1)]	(4,189)	-	-	(4,189)
Transfers and reclassifications[(2)]	47,617	(47,617)	-	-
At March 31, 2017	**867,507**	**-**	**3,326**	**870,833**
Additions	6,581	-	-	6,581
At December 31, 2017	**874,088**	**-**	**3,326**	**877,414**
Additions	5,683	-	-	5,683
At March 31, 2018	**879,771**	**-**	**3,326**	**883,097**
Accumulated depreciation, depletion and impairment				
At January 1, 2017	**257,392**	**460**	**3,320**	**261,172**
Depreciation	-	-	6	6
Depletion	1,119	-	-	1,119
Transfers and reclassifications[(2)]	460	(460)	-	-
At March 31, 2017	**258,971**	**-**	**3,326**	**262,297**
Impairment expense[(3)]	27,726	-	-	27,726
Depreciation	-	-	(3)	(3)
Depletion	4,772	-	-	4,772
At December 31, 2017	**291,469**	**-**	**3,323**	**294,792**
Depletion	2,224	-	-	2,224
At March 31, 2018	**293,693**	**-**	**3,323**	**297,016**
Net book value				
At March 31, 2018	586,078	-	3	586,081
At December 31, 2017	582,619	-	3	582,622

(1) Credits to additions relate to reductions in estimates of expenditures incurred in prior periods.

(2) During 2013, the Group entered into an agreement to construct, lease, and purchase a production facility for the Hawler license area. The related facilities were commissioned in September 2015. During the first quarter of 2017, the Group settled the finance lease obligation and assumed ownership of the asset. The facilities previously classified as Finance Lease Assets were concurrently reclassified to Oil & Gas Assets.

(3) As at December 31, 2017, the Group recorded a $27.7 million impairment charge relating to the Hawler License Area. The impairment charge 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 CGU at March 31, 2018 is $586.1 million (December 31, 2017: $582.6 million)

7. Inventories

$000s	March 31 2018	December 31 2017
Oil inventory	263	323
Materials	12,266	13,121
	12,529	**13,444**

The cost of oil inventory is expensed through production and depletion expenses in the period during which it is sold. As at March 31, 2018 the Group's working interest share of oil inventory was 11,500 bbls (December 31, 2017 – 12,100 bbls).

The Group has adjusted the carrying value of materials inventory to management's estimate of net realisable value. The provision at March 31, 2018 is $7.6 million (December 31, 2017: $7.7 million).

No inventories have been pledged as security during the period

8. Trade and other receivables

$000s	March 31 2018	December 31 2017
Revenue receivables	8,996	8,085
Other receivables	656	672
	9,652	**8,757**

The carrying amounts of trade and other receivables presented above are reasonable approximations of their fair values.

9. Other current assets

$000s	March 31 2018	December 31 2017
Deposits	352	265
Prepaid charges and other current assets	598	677
	950	**942**

10. Cash and cash equivalents

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

11. Assets held for disposal

On April 23, 2018, the Group entered into a farmout agreement providing for the transfer of the Group's 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 "Farmout Agreement"). Subject to closing, the Group's interest in the HMB License will be transferred for cash consideration of $8 million, payable at closing. The transfer will be deemed to be made with effect from January 1, 2018. As a result, the Buyer has agreed to reimburse the Group for costs incurred by it in relation to HMB License between January 1, 2018 and the date of the Farmout Agreement and to carry the Group's share of costs from the date of the Farmout Agreement to the closing of the transaction. This is expected to result in a further payment to the Group, at closing, of approximately $5.3 million. Subject to completion of customary due diligence and closing conditions, the transaction is expected to close during the second quarter of 2018. The license interest is presented as an asset held for disposal as at March 31, 2018.

12. Trade and other payables

$000s	March 31 2018	December 31 2017
Trade accounts payable	4,233	2,782
Amounts payable to joint operations partners	3,177	2,934
Amounts payable to related parties	437	4
Contingent costs (note 24)	10,800	10,545
Other payables and accrued liabilities	23,556	26,317
Current portion	**42,203**	**42,582**
Non-current portion of contingent costs (note 24)	55,550	54,242
Total trade and other payables	**97,753**	**96,824**

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.

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 $100 million Loan Facility has been fully drawn and had an initial maturity of March 10, 2018 (the "Maturity Date"). On March 18, 2016, the Group extinguished $8.2 million of the principal and accrued interest under the Loan Facility, in consideration for 20,581,247 common shares of the Company. On October 24, 2016, OPCL issued 23,032,871 common shares of the Company to the Lender as consideration to extinguish a further $9.1 million of principal and accrued interest under the Loan Facility.

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 is determined on each of November 11, 2017, May 11, 2018, November 11, 2018, and July 1, 2019 (each, an "Interest Calculation Date") and paid to the Lender by way of issuance of common shares with the number of common shares issuable to be determined using the issue price per share equal to the volume weighted average trading price for the five trading days immediately preceding the Interest Calculation Date.

On June 20, 2017, OPCL issued 131,933,226 common shares of the Company to a subsidiary of AOG for consideration of $44.1 million. $24.1 million of the proceeds from the issue and sale of common shares has been applied to extinguish principal and accrued interest under the Loan Facility (note 15).

On December 8, 2017, OPCL issued 24,481,049 common shares of the Company to a subsidiary of AOG for consideration of $4.0 million, which has been applied to extinguish accrued interest under the Loan Facility (note 15).

Borrowings are presented as a non-current liability, net of warrant issue and other transaction costs. The carrying value of the loan at March 31, 2018, which has been measured at amortised cost using the effective interest rate method, approximates its fair value and its components are summarised in the table below:

At December 31, 2016	**93,103**
Interest expense	8,794
Accretion of deferred financing costs	2,081
Extinguishment	(28,124)
At December 31, 2017	**75,854**
Interest expense	1,968
Accretion of deferred financing costs	196
At March 31, 2018	**78,018**

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 March 31, 2018, 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, 2017 to rates ranging from 1.4% to 4.5% (December 31, 2017 – 1.4% to 4.5%). The discount rates used at March 31, 2018 range from 4.1% to 7.2% (December 31, 2017 – 4.1% to 7.2%). Decommissioning obligations are anticipated to be incurred in 2038.

The estimated net present value of the decommissioning obligation at March 31, 2018 is $15.2 million (December 31, 2017 - $14.6 million) based on the Group's working interest undiscounted liability of $35.2 million (December 31, 2017 - $34.3 million).

$000s	**Three months ended March 31 2018**	**Year ended December 31 2017**
Decommissioning obligation, beginning of the period	**14,593**	**16,664**
Property acquisition and development activity	463	443
Change in discount rate	-	(4,491)
Change in inflation rate	-	1,635
	15,056	**14,251**
Accretion expense	96	342
Decommissioning obligation, end of the period	**15,152**	**14,593**

15. Share capital

a. Issued common shares

$000s	**Number of shares**	**Share capital**
At January 1, 2017	**253,361,581**	**1,279,655**
Issue of shares to settle trade accounts payable	15,500,000	4,750
Issue of shares for directors' compensation	248,755	99
At March 31, 2017	**269,110,336**	**1,284,504**
Issue of shares for private placement	161,850,057	54,100
Transaction costs	-	(103)
Issue of shares to Lender (Note 13)	24,481,049	4,024
Issue of shares for LTIP	2,457,892	611
Issue of shares for directors' compensation	163,073	50
At December 31, 2017	**458,062,407**	**1,343,186**
Issue of shares for directors' compensation	360,372	49
At March 31, 2018	**458,422,779**	**1,343,235**

The Company has unlimited authorised share capital outstanding as March 31, 2018.

2018 share capital transactions

During the three months ended March 31, 2018, the Group issued 360,372 shares to Directors of the Company as remuneration.

15. Share capital (continued)

2017 share capital transactions

On March 15, 2017, OPCL issued 15,500,000 common shares of the Company to settle a current trade accounts payable of $4.8 million.

On June 20, 2017, OPCL issued 131,933,226 common shares of the Company to a subsidiary of AOG for consideration of $44.1 million. $24.1 million of the proceeds from the issue and sale of common shares has been applied to extinguish principal and accrued interest under the Loan Facility described in note 13. On June 20, 2017, the Company also issued 29,916,831 common shares of the Company to Zeg Oil and Gas Ltd ("Zeg Oil and Gas") for consideration of $10.0 million.

On December 8, 2017, the Group extinguished $4.0 million of accrued interest under the Loan Facility described in note 13, in consideration for 24,481,049 common shares of the Company.

During the year ended December 31, 2017, the Group issued 2,457,892 shares to employees under the Group's LTIP. An additional 411,828 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 acquire one million common shares of the Company to an affiliate of the Lender. The exercise price of the warrants is USD $3.29 per common share. The warrants expired on March 10, 2018.

On May 11, 2015, also in accordance with the Loan Facility described in note 13, the Group issued warrants to acquire seven million common shares of the Company to an affiliate of the Lender. The exercise price of the 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 acquire four million common shares of the Company to an affiliate of the Lender. The exercise price of the warrants is USD $0.50 per common share. The expiry date of the issued warrants is December 15, 2018.

The following table summarises warrants outstanding and exercisable at March 31, 2018:

	Warrants	Exercise price USD$	Expiry date
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	**11,000,000**		

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:

	Three Months ended March 31	
$000s	**2018**	**2017**
Net profit / (loss) for the period attributable to equity holders	(4,275)	4,135
Weighted average number of ordinary shares for basic and diluted earnings / (loss) per share(1)	458,350,705	256,516,002
$		
Basic and diluted earnings / (loss) per share	**(0.01)**	**0.02**

(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, 2017	**2,700**	**11,701**	**14,401**
Share based payment transactions	-	619	619
Share based directors compensation	-	24	24
Issue of shares for directors' compensation	-	(99)	(99)
At March 31, 2017	**2,700**	**12,245**	**14,945**
Share based payment transactions	-	1,520	1,520
Issue of shares for LTIP	-	(611)	(611)
Share based directors compensation	-	75	75
Issue of shares for directors' compensation	-	(50)	(50)
At December 31, 2017	**2,700**	**13,179**	**15,879**
Share based payment transactions	-	484	484
Issue of shares for directors' compensation	-	(50)	(50)
Increase in ownership of KPAWDE(1)	(57)	-	(57)
At March 31, 2018	**2,643**	**13,613**	**16,256**

(1) During the first quarter of 2018, the Group acquired the minority ownership interest in KPA Western Desert Energy Limited ("KPAWDE"), thereby increasing its percentage ownership from 80.8% to 100%.

18. Supplemental cash flow information

	Three months ended March 31	
$000s	**2018**	**2017**
Depreciation, depletion and amortisation	2,233	1,155
Share based payment expense	317	352
Impairment (reversal) / expense	-	(1,132)
Unrealised foreign exchange (gains) / losses	(25)	18
Non-cash income tax (benefit) / expense	1	(67)
Finance expense	3,139	3,797
General and administrative expense	29	(17)
Other (income) / expense	609	(10,593)
Items not involving cash	**6,303**	**(6,487)**

Changes in non-cash working capital

	Three months ended March 31	
$000s	**2018**	**2017**
Inventories	991	208
Trade and other receivables	(895)	3,112
Other current assets	(8)	119
Trade and other payables	(597)	7,268
Changes in non-cash working capital	(509)	10,707
Retirement benefit obligation	(599)	(256)
Changes in non-cash assets and liabilities	**(1,108)**	**10,451**
Changes in operating non-cash assets and liabilities	(4,612)	4,541
Changes in investing non-cash assets and liabilities	3,504	5,910
Changes in non-cash assets and liabilities	**(1,108)**	**10,451**

18. Supplemental cash flow information (continued)

Other cash flow Information

	Three months ended March 31	
$000s	**2018**	**2017**
Cash interest received	-	24
Cash interest paid	-	464
Cash income taxes paid	87	97

19. Income tax expense

	Three Months ended March 31	
$000s	**2018**	**2017**
Current income tax expense	**385**	**265**
Deferred tax on LTIP shares	1	9
Deferred tax on defined benefit obligation	-	(75)
Total deferred tax	**1**	**(66)**
Income tax expense	**386**	**199**

The Group is subject to income taxes in certain jurisdictions where it holds interests in exploration and development 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 three months ended March 31, 2018, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of $0.3 million (2017 - $0.2 million) were deemed to be collected by the government through its allocation of profit oil under the Hawler PSC.

20. Other income / (expense)

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

		Three Months ended March 31	
$000s	**Note**	**2018**	**2017**
Settlement of finance lease liability		-	7,605
Reversal / (impairment) of materials inventory	**7**	82	-
Other income		17	44
Other income		**99**	**7,649**

21. Finance expense

The components of finance expense for the periods indicated are as follows:

		Three Months ended March 31	
$000s	**Note**	**2018**	**2017**
Interest expense on Borrowings	**13**	1,969	2,341
Accretion of deferred financing costs	**13**	196	546
Change in fair value of contingent consideration	**24**	685	(3,039)
Interest expense on Finance lease obligation		-	443
Interest on Contingent costs	**12**	878	393
Accretion of Decommissioning obligation	**14**	96	74
Finance expense		**3,824**	**758**

22. 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 three months ended March 31, 2018 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	13,930	-	-	13,930
Royalty	(6,130)	-	-	(6,130)
Net revenue	**7,800**	**-**	**-**	**7,800**
Operating expense	(3,128)	-	-	(3,128)
Depreciation, depletion and amortisation	(2,230)	-	(3)	(2,233)
Pre-license and exploration	-	61	-	61
General and administration	(937)	(51)	(1,724)	(2,712)
Other expense	99	-	-	99
Segment result	**1,604**	**10**	**(1,727)**	**(113)**
Finance income				29
Finance expense				(3,824)
Foreign exchange gain				19
Loss before income tax				**(3,889)**
Income tax expense				(386)
Loss for the period				**(4,275)**
Capital additions	5,683	480	-	6,163
Segment assets as at March 31, 2018	666,075	75,889	1,394	743,358
Segment liabilities as at March 31, 2018	187,741	1,052	4,679	193,472

For the three months ended March 31, 2017 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	7,904	-	-	7,904
Royalty	(3,478)	-	-	(3,478)
Net revenue	**4,426**	**-**	**-**	**4,426**
Operating expense	(4,249)	-	-	(4,249)
Depreciation, depletion and amortisation	(1,108)	-	(47)	(1,155)
Impairment reversal	-	1,132	-	1,132
Pre-license and exploration	-	(127)	-	(127)
General and administration	(1,001)	(159)	(1,424)	(2,584)
Other income / (expense)	7,542	-	107	7,649
Segment result	**(1,995)**	**846**	**(1,364)**	**5,092**
Finance income				24
Finance expense				(758)
Foreign exchange loss				(22)
Profit before income tax				**4,336**
Income tax expense				(199)
Profit for the period				**4,137**
Capital additions[1]	(5,810)	(100)	-	(5,910)
Segment assets as at March 31, 2017	692,270	57,976	5,786	756,032
Segment liabilities as at March 31, 2017	211,519	1,993	4,436	217,948

(1) Credits to additions relate to reductions in estimates of expenditures incurred in prior periods

22. Segment information (continued)

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

$000s	March 31 2018	December 31 2017
Iraq	634,498	631,042
Senegal and Guinea Bissau	44,255	43,773
Other	265	268
	679,018	**675,083**

23. Commitments

(a) Contractual obligations

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

$000s	March 31 2018	December 31 2017
No later than one year	6,874	6,143
One to five years	38,936	38,546
Greater than five years	16,100	16,100
	61,910	**60,789**

The commitments noted above reflect the Group's execution of currently expected 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 profit and loss during the three months ended March 31, 2018 was $0.1 million (2017 - $0.1 million).

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

$000s	March 31 2018	December 31 2017
No later than one year	174	243
One to five years	36	46
	210	**289**

24. 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 OP Hawler Kurdistan Limited. The acquisition terms included additional consideration which is contingent upon the outcome of exploration activities. The Group has recorded the contingent liability at management's estimate of fair value, which as at March 31, 2018, amounts to $66.3 million (December 31, 2017 - $64.8 million) as discussed in note 12. For the specific purpose of estimating the fair value of the contingent liability, 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 agreements with the vendor.