

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

FOR THE THREE MONTHS ENDED
MARCH 31, 2016 and 2015



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

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Oryx Petroleum Corporation Limited ("OPCL" or, the "Company") and its subsidiaries for the three months ended March 31, 2016 and 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The date of this MD&A is May 11, 2016.

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

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

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

Readers should refer to the "Forward-Looking Information" advisory on page 20. Additional information relating to OPCL, including OPCL's Annual Information Form dated March 24, 2016, is on SEDAR at www.sedar.com.

Table of Contents

Company Overview	1	Outstanding Share Data	16
Operational Highlights and Outlook	2	Off-Balance Sheet Arrangements	16
Financial Highlights and Outlook	3	Commitments and Contractual Obligations	16
Business Environment	4	Summary of Quarterly Results	17
Operations Review	5	Financial and Other Instruments	18
Capital Expenditures	7	Transactions with Related Parties	18
Financial Results	10	New Accounting Pronouncements, Policies, and Critical Estimates	18
Liquidity and Capital Resources	13	Financial Controls	19
Economic Sensitivities	15	Forward-Looking Information	20
Non-IFRS Measures	15	Glossary and Abbreviations	22

Company Overview

The Company is a public company incorporated in Canada under the Canada Business Corporations Act on December 31, 2012, and is the holding company for the Oryx Petroleum group of companies (together, the "Group" or "Oryx Petroleum").

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

License Area	Location	Participating Interest	Working Interest ("WI")	Role
Hawler	Iraq – Kurdistan Region	65%	65%	Operator
Wasit	Iraq – Wasit province	75% ⁽¹⁾	48.5% ⁽²⁾⁽³⁾	Operator
AGC Shallow	Senegal and Guinea Bissau	85%	80% ⁽⁴⁾	Operator
AGC Central	Senegal and Guinea Bissau	85%	80% ⁽⁴⁾	Operator
OML 141	Nigeria	38.67%	38.67%	Technical partner
Haute Mer A	Congo (Brazzaville)	20%	20%	Non-operator
Haute Mer B	Congo (Brazzaville)	30%	30%	Non-operator

Notes:

- (1) The 75% Participating Interest includes an interest attributable to a non-controlling third party. The Participating Interest net of the non-controlling interest is 60.6%.
- (2) Assuming the WPG exercises back-in rights.
- (3) The 48.5% Working Interest is net of a third party non-controlling interest which owns 19.17% of an indirect OPCL subsidiary which indirectly holds an interest in the Wasit License Area.
- (4) Assuming the AGC exercises back-in rights.

Operational Highlights and Outlook

Operational highlights

- Commencement of light oil production from the Demir Dagh Jurassic reservoir and pipeline export sales on March 14, 2016 with all sales via export pipeline since such time
 - Average export sales price per barrel of oil ("bbl") reflects significantly higher due to reduced nominal discount to average Brent oil price for pipeline sales (\$12/bbl) versus previously trucked exports (\$26/bbl)
 - The Group expects that most future production will be exported via pipeline
- Gross (100%) oil production of 69,100 bbl (working interest 44,900 bbl) for the three months ended March 31, 2016
 - 800 bbl/d (working interest 500 bbl/d) average oil production for the three months ended March 31, 2016
 - Limited production and oil sales in January and February 2016 due primarily to Turkey-Iraq border closures and restrictions on export by both trucking and pipeline
- Average gross (100%) oil production of 3,387 bbl/d in April 2016 from six wells at the Demir Dagh field
 - Average realisations in April 2016 of \$30.15/bbl reflect a discount of \$11.33/bbl to April's monthly average Brent crude oil price
 - Realised discount lower than nominal discount of \$12/bbl due to average API gravity of 30.7 degrees from blend of Cretaceous and Jurassic crude oil exceeded API gravity specifications in agreement
- Negotiation of a contract with an affiliate of Zeg Oil and Gas Ltd. ("**Zeg Oil**") to complete the first phase of development of the Zey Gawra field is progressing
 - The contract is expected to be executed in the coming weeks with first Zey Gawra production expected to be achieved in the second half of 2016
- Ongoing cost reductions from the implementation of the re-organisation announced on March, 1, 2016
- The AGC granted an extension of the first exploration period in the AGC Shallow License Area to March 2018

2016 forecasted expenditure, liquidity, and outlook

- 2016 cash capital expenditure forecast of \$62 million announced on March 16, 2016 remains unchanged. Almost all expenditure in 2016 will be dedicated to the Hawler license area in the Kurdistan Region of Iraq with the initial development of the Zey Gawra field being the key focus
- The Group expects cash on hand as of March 31, 2016 and cash receipts from net revenues to fund its forecasted cash expenditures into the third quarter of 2017
- Assuming the successful completion of planned activities, the Group expects gross (100%) oil production from the Hawler license area to exceed 10,000 bbl/d by the end of 2016

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



Financial Highlights and Outlook

Financial performance

The following table contains financial performance highlights for the three months ended March 31, 2016 and March 31, 2015. The results are indicative of the early stage nature of the Group's operations particularly in the Hawler License Area and are not necessarily expected to provide an indication of future financial performance which will be dependent on a number of variable factors including: crude oil pricing volatility, and near term fluctuations in crude oil production and sales volumes together with management's alignment of costs with normalised production and sales volumes.

(\$ thousands unless otherwise stated)	Three months ended	
	March 31, 2016	March 31, 2015
Revenue	1,198	5,345
Cash used in operating activities	(7,828)	(8,188)
Operating Cash Flow ⁽¹⁾	(5,691)	(4,131)
Operating Cash Flow ⁽¹⁾ per basic and diluted share (\$/share)	(0.04)	(0.03)
Loss for the period	(19,429)	(8,664)
Loss per basic and diluted share (\$/share)	(0.13)	(0.07)
Average sales price (\$/bbl)	20.25	34.79
Field production costs ⁽²⁾ (\$/bbl)	50.11	30.16
Operating expense (\$/bbl)	65.53	39.45
Field Netback ⁽¹⁾ (\$/bbl)	(40.21)	(13.18)
Oryx Petroleum Netback ⁽¹⁾ (\$/bbl)	(53.40)	(15.72)
Capital expenditures	4,322	41,952

Notes:

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

Revenue and cash receipts

During the first quarter of 2016, the Group completed and recorded revenue in connection with inaugural sales from Hawler License Area crude oil delivered into the Kurdistan Regional Government's international export pipeline. Deliveries commenced in mid-March 2016 and have continued substantially uninterrupted to the date of this MD&A. The average sales price for oil sold into the international export pipeline during March 2016 was \$26.52/bbl. Pursuant to an agreement with the KRG's Ministry of Natural Resources, the sales price for oil sold through the international export pipeline is referenced to monthly average Brent crude oil prices, discounted \$12/bbl for crude oil quality and transport, and adjusted for actual API gravity and sulphur content outside of agreed quality specification ranges.

Revenue of \$1.2 million was recorded for the three months ended March 31, 2016. Included in revenue is \$1.1 million (\$20.25/bbl) realised on the sale of 53,300 bbl (Working Interest) of crude oil and \$0.1 million related to the recovery of costs carried on behalf of partners.

The transfer of the first payment from the Kurdistan Regional Government ("KRG") for sales via export pipeline in March 2016 has been initiated with receipt of payment expected in the coming days.

Loss for the period

Loss for the three months ended March 31, 2016 was \$19.4 million compared to \$8.7 million for the three month period ended March 31, 2015. The change in loss for the period is primarily attributable to i) an \$8.3 million materials inventory impairment charge recorded during the three months ended March 31, 2016, ii) a \$3.6 million increase in finance expense primarily related to interest on the Loan Facility as described in the "Liquidity and Capital Resources" section of this MD&A during the three months ended March 31, 2016 compared to 2015, iii) a \$1.8 million corporate restructuring charge during the three months ended March 31, 2016, and iv) decreased netbacks primarily due to decreases in oil sales prices and

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



volumes. These negative factors were partially offset by a \$3.8 million retirement benefit obligation curtailment gain recorded during the three months ended March 31, 2016.

Capital expenditures

During the three months ended March 31, 2016, the Group invested \$4.3 million in capital activities. Investments were primarily related to development activity on the Hawler License Area in the amount of \$4.7 million, primarily comprised of development costs related to a recompletion of the Demir-Dagh 3 well ("DD-3"). See the "Capital Expenditures" section of this MD&A for further information. Additional expenditures of \$0.3 million were incurred on the AGC Central License Area. The Group recorded a \$0.7 million credit to PP&E during the first quarter of 2016 relating to the Sindi Amedi License Area due to updated information received from the Operator which indicated a reduction in estimates of expenditures incurred in prior periods. The Group's interest in the Sindi Amedi License Area was relinquished during the fourth quarter of 2013.

Financial position

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

(\$ thousands)	March 31, 2016	December 31, 2015
Total cash and cash equivalents	71,639	54,226
Working Capital	41,881	29,422
Total assets	788,067	779,661
Total borrowings	92,101	97,120
Total long-term liabilities	177,717	184,900

The cash and cash equivalents balance of \$54.2 million as at December 31, 2015 increased to \$71.6 million at March 31, 2016. This increase was primarily due to \$33.1 million in net cash proceeds from the issuance of common shares. Refer to the "Liquidity and Capital Resources" section of this MD&A for additional information. The cash received was offset by \$7.9 million invested in exploration and development oil and gas assets and \$7.8 million used in operating activities.

Working capital increased to \$41.9 million at March 31, 2016 from \$29.4 million as at December 31, 2015. The increase was mainly due to a \$17.4 million net increase in cash and a \$6.3 million decrease in trade and other payables. These factors were partially offset by a \$9.0 million decrease in inventories, and a \$2.1 million decrease in trade and other receivables.

Total borrowings decreased to \$92.1 million at March 31, 2016 from \$97.1 million as at December 31, 2015. During the first quarter of 2016 the Group entered into an agreement with the Lender of the Loan Facility, described in the "Liquidity and Capital Resources" section of this MD&A, to extinguish \$8.2 million of principal and accrued interest in consideration for 20,581,247 common shares of the Company. The offsetting increase to borrowings during the three months ended March 31, 2016 relates to deferred financing and interest charges which are described in the Company's condensed consolidated interim financial statements for the three months ended March 31, 2016.

Financing and liquidity

The Group expects cash on hand at March 31, 2016 and cash receipts from net revenues to fund its forecasted cash expenditures into the third quarter of 2017. The Group retains the flexibility to adjust its expenditure plans in response to positive or negative changes in the operating environment. Refer to the "Liquidity and Capital Resources" and "Critical estimates" section of this MD&A for additional discussion regarding liquidity.

Business Environment

Uncertainty related to global, social, political, and economic conditions and the resulting changes in global oil supply chains and infrastructure investment have had a negative impact on world commodity markets. In particular, the price of crude oil declined substantially throughout 2015 and into the first quarter of 2016 with some recovery during March and April 2016. The above referenced developments and uncertainty impact the availability and cost of capital resources. Furthermore, future oil prices, which directly impact the Group's expected cash inflows, are difficult to forecast. The Group's ability to fund the forecasted capital investments discussed in the "Financial Highlights and Outlook" section of this MD&A is consequently subject to significant uncertainty. See the "Liquidity and Capital Resources" section of the MD&A for further discussion.

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

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



During 2014, throughout 2015 and into 2016, militants have periodically escalated armed conflict with government forces in various regions of Iraq. The Group has implemented precautionary measures to protect employees and operations from the impacts of the conflict. These precautionary measures have permitted the Group to continue appraisal and development activities at the Demir Dagh field after a brief interruption during the third quarter of 2014. Sales during 2015 were intermittently disrupted as demand in the local market was impacted by limited pipeline export capacity and fluctuating oil production from other sources of supply in the local market. The closure of the international land border crossing to Turkey, beginning in December 2015 and extending into the first quarter of 2016, restricted the Group's ability to sell oil produced from the Hawler Licence Area during the fourth quarter of 2015 and the first quarter of 2016. The Group was able to produce for a total of 43 days during the three months ended March 31, 2016. Complexities in local, regional, and international market access dynamics discussed above remain and may impact the Group's future ability to sell its produced oil. Appraisal activities at the Banan, Zey Gawra and Ain Al Safra discoveries during 2015 and 2016 have been limited due to capital allocation priorities and also to security risks. There is an ongoing risk that the regional security situation could have a material adverse effect on the operating and financial performance of the Group.

The Group's future revenues and cash flows from operating activities are dependent on the Group's ability to produce and deliver crude oil. A number of factors impact well production rates including i) natural declines, ii) fluid composition, and iii) well and production equipment performance. Consequently, production rates are subject to fluctuation over time and are difficult to predict. Commencing in April 2015, management observed unexpected negative variations in the productive performance of certain Demir Dagh Cretaceous wells. As a result of management's ongoing evaluation of the causes of the observed well performance, the Group has revised field development plans for the Demir Dagh field in the Hawler License Area. The Group's revised 2016 forecast capital plan now includes drilling and facilities activity at the Zey Gawra field and the Group expects to realise first production and oil sales revenues from this field during the fourth quarter of 2016. Positive and negative fluctuations in production rates will have a direct corresponding impact on the Group's future revenues and cash flows from operating activities.

On March 14, 2016, the Group initiated crude oil deliveries to international markets through the KRG's international export pipeline. Although management does not expect restrictions on its ability to access pipeline capacity, Oryx Petroleum is not aware of official allocations of export pipeline capacity and is uncertain of the extent to which its production will be sold through the export pipeline rather than to regional and local third party marketers. The market on which oil produced from the Hawler Licence Area is sold affects the price realised and, consequently, Oryx Petroleum's cash flows.

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

With the exception of the items discussed above, management has not identified trends or events that are expected to have a material adverse effect on the financial performance of Oryx Petroleum.

Operations Review

Kurdistan Region of Iraq

The following table summarises production and sales data for the three months ended March 31, 2016, December 31, 2015, and March 31, 2015:

	Three months ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Gross Production (bbl)	69,100	115,000	199,600
Gross Production per day (bbl/d)	800	1,200	2,200
Normalised Gross Production per day (bbl/d) ⁽¹⁾	1,600	1,500	4,000
WI Production (bbl)	44,900	75,000	129,800
WI Production per day (bbl/d)	500	800	1,400
Normalised WI Production per day (bbl/d) ⁽¹⁾	1,000	900	2,600
WI sales (bbl)	53,300	68,000	128,700
WI sales per day (bbl/d)	600	700	1,400

Notes:

- (1) Normalised production has been calculated by only including days of actual production. Per day figures have been calculated using 43, 79, and 50 days for the three month periods ended March 31, 2016, December 31, 2015, and March 31, 2015, respectively.

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



Production and sales

Gross (100%) oil production for the three months ended March 31, 2016 was 69,100 bbl representing an average rate of 800 bbl/d. The Group's Working Interest share of oil production during this period was 44,900 bbl representing an average rate of 500 bbl/d. Production was suspended for a total of 48 days during the three months ended March 31, 2016 due primarily to the closure of the international land border crossing to Turkey. The decrease in oil production from the Hawler License Area during the first quarter of 2016 compared to the three months ended December 31, 2015 was primarily due to lower number of days of production during the period.

The Group recognised revenue on the sale of 53,300 bbl (Working Interest) of crude oil during the three months ended March 31, 2016. Sales volumes are determined by the timing of deliveries to customers and are not necessarily correlated with production volumes during the same period.

Crude oil sale prices

Commencing in March 2016, the Group began selling crude oil to the KRG's Ministry of Natural Resources via deliveries at the Hawler License Area through the KRG's international export pipeline. The realised sales prices on export sales through this pipeline are referenced to monthly average Brent crude oil prices, discounted \$12/bbl for crude oil quality and transport, and adjusted for actual API gravity and sulphur content outside of agreed quality specification ranges.

During the three months ended March 31, 2015, the Group sold crude oil from the Hawler License Area to Local Third Party Marketers and, beginning in March 2015 and for the balance of 2015, to a Regional Third Party Marketer. Sales to Local Third Party Marketers were concluded at prices negotiated with the Local Third Party Marketers and confirmed by the KRG through ministerial orders. Sales to the Regional Third Party Marketer were concluded at prices negotiated with the Regional Third Party Marketer and the KRG's Ministry of Natural Resources. The realised sales prices on sales to the Regional Third Party Marketer were referenced to the average Brent crude oil prices during specified periods occurring during contractually defined lifting cycles, discounted \$26/bbl for crude oil quality and transport, and adjusted for actual API gravity and sulphur content outside of agreed quality specification ranges.

The following table indicates average Brent crude oil prices and the Group's realised crude oil sales prices for each period indicated:

	2016	2015			
	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31
Brent average price (\$/bbl)	34.54	43.42	50.20	62.05	54.22
Realised sales price (\$/bbl)	20.25	19.37	20.83	35.37	34.79

Netbacks

The following table summarises the Field Netback and Oryx Petroleum Netback for the three months ended March 31, 2016 and March 31, 2015:

	Three months ended March 31, 2016		Three months ended March 31, 2015	
	(\$ thousands)	(\$/bbl)	(\$ thousands)	(\$/bbl)
Oil sales	1,079	20.25	4,477	34.79
Royalties	(527)	(9.90)	(2,189)	(17.01)
Field production costs ⁽¹⁾	(2,671)	(50.11)	(3,882)	(30.16)
Current taxes	(24)	(0.45)	(102)	(0.79)
Field Netback⁽²⁾	(2,143)	(40.21)	(1,696)	(13.18)
Recovery of Carried Costs	119	2.23	868	6.74
Partner share of production costs	(822)	(15.42)	(1,195)	(9.29)
Oryx Petroleum Netback⁽²⁾	(2,846)	(53.40)	(2,023)	(15.72)

Notes:

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

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



Negative Field Netback for the three months ended March 31, 2016 of \$2.1 million (\$40.21/bbl) incorporates field production costs of \$2.6 million (\$50.11/bbl). The negative Field Netback per barrel has worsened from a negative Field Netback of \$1.7 million (\$13.18/bbl) for the three months ended March 31, 2015. This variance is primarily attributable to a decrease in realised sales price and volumes during the first quarter of 2016 in comparison with the first quarter of 2015. See the "Operating expense" section of this MD&A for further discussion regarding field production costs.

West Africa

Activities in West Africa in 2016 continue to be limited to license maintenance, data analysis, and preparation for future data acquisition and drilling activity.

Capital Expenditures

The following table summarises the capital expenditures incurred by activity during the three months ended March 31, 2016 and March 31, 2015:

(\$ thousands)	Three months ended	
	March 31, 2016	March 31, 2015
Middle East		
Drilling	2,603	12,932
Facilities	182	22,649
Seismic acquisition	155	443
Studies, and support	1,075	4,422
Sub-Total Middle East	4,015	40,446
West Africa		
Exploration drilling	24	623
Seismic acquisition	1	37
Studies, license, and support	263	784
Sub-Total West Africa	288	1,444
Corporate	19	62
Total capital expenditures	4,322	41,952

Notes:

- (1) The table above excludes license acquisition costs.

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



The following table summarises the capital expenditures incurred by License Area during the three months ended March 31, 2016 compared to the same period in 2015:

(\$ thousands)	Three months ended	
	March 31, 2016	March 31, 2015
Middle East		
Hawler	4,719	40,282
Wasit	-	164
Sindi Amedi	(704) ⁽¹⁾	-
Sub-Total Middle East	4,015	40,446
West Africa		
AGC Shallow	85	910
AGC Central	243	527
OML 141	-	186
Haute Mer A	-	422
Haute Mer B	(40) ⁽¹⁾	(601) ⁽¹⁾
Sub-Total West Africa	288	1,444
Corporate	19	62
Total capital expenditures	4,322	41,952

Notes:

- (1) Credits relate to updated information received from the Operator which indicated a reduction in estimates of expenditures incurred in prior periods.
- (2) The above table excludes license acquisition costs.

Middle East

During the three months ended March 31, 2016, the Group invested \$3.0 million in drilling expenditures in the Hawler License Area primarily related to re-completion activities on DD-3. The remainder of capital investments in the Middle East for the three months ended March 31, 2016 relate to the Hawler production facilities and 3D seismic program, studies, and support costs directly attributable to capital projects.

West Africa

Capital expenditures for West Africa for the three months ended March 31, 2016 relate primarily to the investment in site preparation and well planning activities for the AGC Shallow and AGC Central License Areas and related directly attributable support costs.

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



Cost Pools

Cost Pools for each License Area, which are available for recovery through future oil sales from such License Area, as at March 31, 2016, are detailed in the table below:

License Area	Location	Gross Cost Pool (\$ million)	Oryx Petroleum share of recoverable costs			
			Participating Interest Cost Pool (\$ million)	Carried Costs (\$ million)	Recovered through cost oil (\$ million)	Total Cost Pool available ⁽¹⁾ (\$ million)
Hawler	Iraq – Kurdistan Region	701.1	440.1	158.7 ⁽²⁾	(19.2)	579.6
Wasit	Iraq – Wasit province	11.1	8.4	2.7	-	11.1
OML 141	Nigeria	62.5	24.2	37.7	-	61.9
AGC Shallow	Senegal and Guinea Bissau	32.4	27.5	4.9	-	32.4
AGC Central	Senegal and Guinea Bissau	4.6	3.9	0.7	-	4.6
Haute Mer A	Congo (Brazzaville)	241.6	56.8	-	-	56.8
Haute Mer B	Congo (Brazzaville)	21.0	7.4	-	-	7.4
		1,074.3	568.3	204.7	(19.2)	753.8

Note:

- (1) Cost Pool balances are subject to audit by relevant government entities.
- (2) Carried costs include \$87.2 million in expenditures related to a commitment to carry \$300 million on behalf of a partner for the Hawler License Area development.

Property, plant and equipment and intangible assets

The capital expenditures described in the sections above, net of depletion, depreciation and amortisation (“DD&A”) and impairment loss, have resulted in the following movements in Intangible Asset and PP&E balances during the three months ended March 31, 2016:

(\$ thousands)	Exploration and Evaluation Assets	Other Intangible Assets	Total Intangible Assets
As at January 1, 2016	101,816	336	102,152
Capital additions	(488) ⁽¹⁾	18	(470)
Impairment recovery	704	-	704
DD&A	-	(73)	(73)
As at March 31, 2016	102,032	281	102,313

Note:

Credits relate to updated information received from the Operator which indicated a reduction in estimates of expenditures incurred in prior periods. 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 has been recorded during the first quarter of 2016 based on updated information received from the Operator.

(\$ thousands)	Oil & Gas Assets	Finance lease asset	Furniture and fixtures	Total PP&E
As at January 1, 2016	545,464	42,849	1,295	589,608
Capital additions	4,792	-	-	4,792
Impairment expense	-	-	(1,039)	(1,039)
DD&A	(391)	(31)	(151)	(573)
As at March 31, 2016	549,865	42,818	105	592,788

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



Financial Results

The Group's financial results are indicative of the early stage nature of the Group's operations particularly in the Hawler License Area and are not necessarily expected to provide an indication of future financial performance which will be dependent on a number of variable factors including realised crude oil prices, and near term fluctuations in crude oil production and sales volumes together with management's alignment of costs with normalised production and sales volumes.

Revenue

The following table summarises Oryx Petroleum's revenue for the three months ended March 31, 2016 and March 31, 2015. All oil sold during each of the below periods was produced at the Hawler License Area.

(\$ thousands)	Three months ended March 31	
	2016	2015
Oil Sales	1,079	4,477
Recovery of Carried Costs	119	868
Revenue	1,198	5,345

The Group recognised revenue on the sale of 53,300 bbl (Working Interest) of oil during the three months ended March 31, 2016, compared to revenue on the sale of 128,700 bbl (Working Interest) of oil during the same period in the previous year. Revenue of \$1.2 million during the first quarter of 2016 decreased by \$3.4 million compared to the three months ended March 31, 2015. The decrease is attributable to a 42% decrease in sales prices combined with a 59% decrease in sales volumes. See the "Production and sales" section of this MD&A for further discussion regarding decreases in oil production volumes.

Sales volumes are determined by the timing of deliveries to customers and are not directly correlated with production volumes in the same period. Sales exclude oil produced and held in oil inventory at the end of the reporting period. As at March 31, 2016, the Group's Working Interest share of oil inventory amounted to 7,000 bbl.

The transfer of the first payment from the KRG for sales via export pipeline in March 2016 has been initiated with receipt of payment expected in the coming days.

Royalties

The following table summarises royalty expense incurred during the three months ended March 31, 2016 and March 31, 2015:

(\$ thousands)	Three months ended March 31	
	2016	2015
Royalties	527	2,189

All remittances to governments that are directly attributable to the sale of oil during the reporting period, including the government share of Profit Oil but excluding income taxes, are reported as royalties. Royalties decreased by \$1.7 million during the three months ended March 31, 2016 compared to the same period in the previous year. The variances in royalties paid from period to period are attributable to the same factors as those applicable to revenues on oil sales as discussed above.

Operating expense

(\$ thousands)	Three months ended March 31	
	2016	2015
Field production costs ⁽¹⁾	2,671	3,882
Partner's share of production costs carried by Oryx Petroleum	882	1,195
Operating expense	3,493	5,077
Sales ⁽²⁾ (bbl)	53,300	128,700
Field production costs⁽¹⁾ (\$/bbl)	50.11	30.16
Operating expense (\$/bbl)	65.53	39.45

Notes:

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

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



Operating expense of \$3.5 million recorded in the three months ended March 31, 2016 decreased by \$1.6 million compared to the same period in the previous year, resulting in an increase in per barrel operating costs from \$39.45/bbl to \$65.53/bbl. The decrease in operating costs is primarily attributable to lower facilities operating costs and inventory movements during the period. These positive contributing factors have been partially offset by increased security costs due primarily to an increase in the number of wells producing in the three months ended March 31, 2016 compared to March 31, 2015. In addition, a greater proportion of camp and support costs have been allocated to operating costs as capital activities at the Hawler License Area have decreased during the three months ended March 31, 2016 compared to the same period in 2015.

Management's efforts to reduce costs have resulted in lower operating expenditures during the first quarter of 2016 compared to the same period in 2015. The positive impact of cost reduction efforts was offset by decreased oil sales volumes during the first quarter 2016. Given the fact that significant elements of operating expenditures do not vary directly with fluctuations in levels of production, operating costs on a per barrel basis increased during the three months ended March 31, 2016 in comparison to the three months ended March 31, 2015.

The following table indicates the impact of the variances in operating expense between the fourth quarter of 2015 and the first quarter of 2016:

(\$ thousands)	(\$000)	(\$/bbl)
Operating expense – three months ended December 31, 2015	4,356	64.06
Contribution of the following to variance:		
Personnel and camp costs	10	0.20
Well maintenance	(372)	(6.99)
Facilities lease and maintenance, diesel and operation	(659)	(12.37)
Security	158	2.97
Change in volume	-	17.66
Operating expense – three months ended March 31, 2016	3,493	65.53

Field production costs incurred during the three months ended March 31, 2016 remain elevated on a per barrel basis, as management continues to align operating procedures and the related expenditures with current and expected production volumes. The Group expects continued variability in per barrel operating costs prior to normalisation once production and oil sales volumes stabilise.

General and administration

(\$ thousands)	Three months ended March 31	
	2016	2015
Total General and Administration	2,590	2,322

General and administrative expenses increased by \$0.3 million to \$2.6 million during the three months ended March 31, 2016 compared to the same period in 2015. The increase is primarily due to a lower proportion of costs allocated to pre-license costs in the first quarter of 2016 compared to the same period in 2015.

Exploration expense

(\$ thousands)	Three months ended March 31	
	2016	2015
Exploration	157	-
Pre-license	-	532
Total exploration expense	157	532

There were no pre-license activities during the current period as the Group has focused on development activities in the Hawler License Area. Exploration costs relate to expenses incurred on the OML 141 and Wasit License Areas subsequent to the impairment of these License Areas during 2015.

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



Impairment of oil and gas assets

(\$ thousands)	Three months ended March 31	
	2016	2015
Impairment recovery of intangibles	(704)	-
Impairment expense of property, plant and equipment	1,039	-
Total impairment	(335)	-

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 has been recorded during the first quarter of 2016 based on a reduction in estimates of expenditures incurred in prior periods.

As at March 31, 2016, an impairment indicator was identified relating to the Group's fixtures and equipment due to a reduction in personnel. The Group consequently recorded an impairment provision of \$1.0 million.

Depletion, depreciation and amortisation

The following table summarises the component parts of depletion, depreciation and amortisation for three months ended March 31, 2016 and March 31, 2015:

(\$ thousands)	Three months ended March 31	
	2016	2015
Intangible assets: Amortisation	73	125
PP&E assets: Depreciation	151	220
Depletion	502	1,414
Total DD&A	726	1,759

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

Other expenses

The following table summarises the components of other expenses for the three months ended March 31, 2016 compared to the same period in 2015:

(\$ thousands)	Three months ended March 31	
	2016	2015
Impairment of materials inventory	8,279	-
Curtailment of retirement benefit obligation	(3,803)	-
Change in fair value of contingent consideration	1,333	1,508
Restructuring charge	1,757	-
Other expense	7,566	1,508
Finance expense, net	3,912	242
Foreign exchange losses	29	218
Total other and finance expense	11,507	1,968

The \$8.3 million materials inventory charge represents the adjustment of materials inventory's carrying value to management's estimate of net realisable value as at March 31, 2016. In addition, a \$1.3 million charge relating to the increase in the fair value of the previously recognised contingent consideration due to a change in the measurement date, and a \$1.8 million restructuring charge relating to personnel and rental costs to be incurred over the next twelve months have also been recorded. The other expense has been partially offset by a \$3.8 million gain on the curtailment of retirement benefit obligation related to decreased staff levels during 2016.

The contingent consideration referenced above relates to the agreement for the 2011 acquisition of OP Hawler Kurdistan Limited, which holds the Group's interest in the Hawler License Area. Under this agreement Oryx Petroleum is obliged to provide additional consideration upon each of the first two commercial discoveries. Oryx Petroleum paid \$20.0 million plus interest during 2014 in satisfaction of the obligation arising upon the first commercial discovery.

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



Finance expense primarily relates to accrued interest and accretion of deferred financing costs associated with the March 2015 Financing which is described in the "Liquidity and Capital Resources" section of this MD&A.

Income tax expense

The following table summarises the component parts of income tax expense for the three months ended March 31, 2016 and March 31, 2015.

(\$ thousands)	Three months ended March 31	
	2016	2015
Current income tax expense	325	387
Deferred tax expense / (benefit)	967	(225)
Total income tax expense	1,292	162

The current income tax expense includes amounts deemed to be paid to the KRG through its allocation of Profit Oil under the Hawler PSC.

Liquidity and Capital Resources

During the three months ended March 31, 2016, the Group met its day-to-day working capital requirements primarily through funding received through the issuance of common shares, cash receipts from oil sales, and with the receipt of \$100 million in financing via the Loan Facility described below.

On March 1, 2016, the Group entered into a definitive agreement whereby Zeg Oil has been issued 75,683,994 common shares of the Company for consideration of \$30 million (the "**Zeg Oil Strategic Investment**"). In addition, Oryx Petroleum intends to contract with an affiliate of Zeg Oil for the provision of \$40 million of drilling and other services related to the appraisal and early production of the Zey Gawra field in the Hawler License Area in the Kurdistan Region of Iraq (the "**Zey Gawra Contracts**"). It is intended that, subject to the acceptance of the Toronto Stock Exchange and approval of shareholders, if required, \$20 million of consideration for work performed under the Zey Gawra Contracts will be paid through the issuance of an additional 50,455,996 common shares of Oryx Petroleum. Zeg Oil is a privately held company based in the Kurdistan Region of Iraq that provides a broad range of engineering and construction services to the energy sector.

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

On March 15, 2016, Company issued 8,000,000 common shares to another third party for consideration of \$3.2 million.

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 \$100 million of 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 Group. The annual compound interest payable to the Lender is 10.5% per annum. Upon execution of the Loan Facility on March 11, 2015, the Group issued warrants to acquire one million common shares to an affiliate of the Lender. The exercise price of those issued warrants is \$3.29 per common share. The expiry date of those issued warrants is March 10, 2018. On May 11, 2015, the Group received \$50 million in cash pursuant to the Loan Facility and issued warrants to an affiliate of the Lender to acquire seven million common shares of the Company. The exercise price of those issued warrants is \$3.56 per common share. The expiry date of those issued warrants is May 11, 2018. On December 15, 2015, the Group received \$50 million in cash pursuant to the Loan Facility and issued warrants to an affiliate of the Lender to acquire four million common shares of the Company. The exercise price of those issued warrants is \$0.50 per common share. The expiry date of those issued warrants is December 15, 2018. The Lender may exercise the issued warrants at any time prior to the applicable expiry date. The arrangement described above is referred to as the "**March 2015 Financing**" in this MD&A.

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



The following table summarises the components of Oryx Petroleum's consolidated cash flows for the periods indicated:

(\$ thousands)	Three months ended March 31	
	2016	2015
Operating Cash Flow ⁽¹⁾	(5,691)	(4,131)
Change in non-cash assets and liabilities	(2,137)	(4,057)
Net cash used in operating activities	(7,828)	(8,188)
Net cash used in investing activities	(7,857)	(62,984)
Net cash generated by financing activities	33,098	-
Total change in cash	17,413	(71,172)
Cash and cash equivalents at beginning of the period	54,226	109,870
Cash and cash equivalents at end of the period	71,639	38,698

Note:

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

During the quarter ended March 31, 2016, the Group invested \$7.9 million in development activities primarily in the Hawler License Area. This amount includes \$1.8 million in cash outflows related to changes in non-cash working capital balances. See the "Capital Expenditures" section of this MD&A for further information on the capital expenditure program during the three months ended March 31, 2016. Operating activities during the quarter ended March 31, 2016 also consumed \$7.8 million in cash resources. Financing activities during the three months ended March 31, 2016 generated \$33.1 million of net cash proceeds received from the issuance of common shares.

Management expects that cash on hand and the Group's share of forecasted oil sales revenues will fund the Group's forecasted cash expenditures into the third quarter of 2017.

The Group's ability to realise cash inflows from crude oil sales is subject to significant uncertainty related to the future performance and productivity of individual wells and production facilities, future crude oil prices, and customer credit risk. The Group's ability to secure external financing, if required, is also subject to significant uncertainty and is dependent on the Group's performance and on market conditions. Furthermore, the execution of capital investment plans requires significant capital expenditures. Long lead times between initiation of commitments to capital projects and completion thereof are common in the industry. During these lead times, Oryx Petroleum will continue to incur significant costs at a level which may be difficult to predict. The Group plans to fulfill financing requirements through current and secured sources of cash reserves, Operating Cash Flow, and through externally sourced financing if required. Prevailing market conditions, together with Oryx Petroleum's business performance, will impact the Group's ability to realise required Operating Cash Flows and to arrange further financing as needed.

While the Group retains the flexibility to defer certain budgeted expenditures and to adjust the timing of its expenditures on the development of the Hawler License Area, slowing the rate of development expenditures related to the Hawler License Area would be likely to impede the Group's ability to achieve expected production and sales levels.

Refer to the "Critical estimates" section of this MD&A for additional discussion regarding management's Going Concern assumption which contemplates that the Group will realise its assets and settle its liabilities and commitments in the normal course of business for the foreseeable future.

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



Economic Sensitivities

The following table shows the estimated effect that changes to crude oil prices, Gross (100%) oil sale volumes, operating costs and interest rates would have had on the Group's loss for the three months ended March 31, 2016, had these changes occurred on January 1, 2016. These calculations are based on business conditions, production and sales volumes existing during the three months ended March 31, 2016. The 1,000 bbl/d increase assumes the increase is to Gross (100%) sale volumes and the Group's entitlement is calculated according to the provisions of the Hawler PSC and Joint Operating Agreement.

	Change	Loss impact (\$ '000s)	Loss impact (\$ per basic share)
Change in average realised price	\$10.00/bbl	319	-
Change in crude oil sales volumes	1,000 bbl/d	718	-
Change in operating expenses	\$1.00/bbl	53	-
Change in interest rate	1%	(39)	-

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

Non-IFRS Measures

Field Netback

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

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

Oryx Petroleum Netback

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

Operating Cash Flow

Operating Cash Flow is a non-IFRS measure that represents cash generated from operating activities before changes in non-cash working capital and changes in the retirement benefit obligation balance. The term Operating Cash 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 Cash 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 Cash Flow does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies.

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



The following table reconciles Operating Cash Flow to the IFRS measure of 'Cash flow from operating activities':

(\$ thousands)	Three months ended March 31	
	2016	2015
Net cash used in operating activities	(7,828)	(8,188)
Changes in non-cash assets and liabilities	2,137	4,057
Operating Cash Flow	(5,691)	(4,131)

Outstanding Share Data

As at March 31, 2016, a total of 226,393,724 common shares of OPCL were issued and outstanding.

On March 1, 2016, OPCL issued 75,683,994 common shares of the Company as part of the Zeg Oil Strategic Investment. In addition, on March 15, 2016, OPCL issued 8,000,000 common shares of Company for consideration of \$3.2 million. On March 18, 2016, the Group entered into a definitive agreement with the AOG 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. See the "Liquidity and Capital Resources" section of this MD&A for further information on the issuances of common shares during the three months ended March 31, 2016.

Subsequent to March 31, 2016, the Group issued 470,103 common shares to employees under the Group's Long Term Incentive Plan. Upon vesting, OPCL LTIP share awards granted to the date of the MD&A will result in the issuance of up to an additional 1,040,615 common shares in 2016 and 2017. The number of common shares outstanding as at the date of this MD&A is 226,863,827.

On March 11, 2015, in accordance with the March 2015 Financing, the Group issued warrants to an affiliate of the Lender to acquire one million common shares of OPCL. On May 11, 2015, pursuant to the Group's receipt of \$50 million under the terms of the March 2015 Financing, the Group issued warrants to an affiliate of the Lender to acquire a further seven million common shares of OPCL. On December 15, 2015, pursuant to the Group's receipt of an additional \$50 million under the terms of the March 2015 Financing, the Group issued warrants to an affiliate of the Lender to acquire a further four million common shares of OPCL. The Lender may exercise the issued warrants at any time prior to the applicable expiry date.

At the date of this MD&A, there are no other securities convertible into or exercisable or exchangeable for voting shares.

There were no repurchases of OPCL's equity securities by the Company during the three months ended March 31, 2016.

Off-Balance Sheet Arrangements

Oryx Petroleum was not party to any off-balance sheet arrangements during the three months ended March 31, 2016 that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of Oryx Petroleum. Further, on the date of this MD&A, Oryx Petroleum is not party to any such off-balance sheet arrangements.

Commitments and Contractual Obligations

The table below sets forth information relating to Oryx Petroleum's commitments and contractual obligations as at March 31, 2016.

(\$ thousands)	Within One Year	From 1 to 5 Years	More than 5 Years	Total
Operating leases ⁽¹⁾	1,412	300	-	1,712
Other long term obligations ⁽²⁾	4,052	57,496	19,395	80,943
Total	5,464	57,796	19,395	82,655

Notes:

(1) Operating leases primarily relate to buildings and equipment.

(2) Consists principally of obligations related to PSC commitments and capital expenditure commitments. The main purpose of these commitments is to develop oil and gas assets in Oryx Petroleum's various License Areas.

Other long term obligations of \$80.9 million have not changed significantly from December 31, 2015.

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



Summary of Quarterly Results

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

(\$ thousands, unless otherwise stated)	2014			2015				2016
	Jun 30	Sept 30	Dec 31	Mar 31	Jun 30	Sept 30	Dec 31	Mar 31
Revenue, net of royalties	1,378	10,430	7,808	5,345	9,362	2,496	889	671
Operating expense	(1,160)	(3,602)	(1,889)	(5,077)	(4,694)	(5,738)	(4,356)	(3,493)
Depletion	(209)	(1,653)	(1,276)	(1,414)	(2,438)	(2,059)	(1,124)	(502)
G&A	(3,897)	(4,693)	(766)	(2,322)	(4,827)	(3,171)	(3,127)	(2,590)
Loss	(8,672)	(1,556)	(1,862)	(8,664)	(5,579)	(317,836)	(91,537)	(19,429)
Loss per share (basic and diluted) (\$/share)	(0.09)	(0.01)	(0.02)	(0.07)	(0.05)	(2.56)	(0.75)	(0.13)
Operating cash flow	(3,074)	1,833	1,107	(4,131)	(2,235)	(6,300)	(5,594)	(5,691)
Gross Production (bbl)	39,000	237,000	257,000	199,600	348,900	258,800	115,000	69,100
WI Production (bbl)	25,000	154,000	168,000	129,800	226,800	168,200	75,000	44,900
Gross Sales (bbl)	30,800	234,000	188,000	198,100	341,100	261,100	104,700	82,000
WI Sales (bbl)	20,000	152,000	122,000	128,700	221,700	170,000	68,000	53,300
Field production costs ⁽¹⁾	(887)	(2,754)	(1,445)	(3,882)	(3,589)	(4,388)	(3,332)	(2,671)
Field Netback ⁽²⁾	(322)	1,513	1,752	(1,696)	243	(2,659)	(2,689)	(2,143)
Oryx Petroleum Netback ⁽²⁾	(372)	2,359	2,575	(2,023)	658	(3,323)	(3,497)	(2,846)
Brent price (\$/bbl)	109.84	102.09	76.03	54.22	62.05	50.20	43.32	34.54
Sales price (\$/bbl)	57.73	57.47	53.61	34.79	35.37	20.83	19.37	20.25
Royalties (\$/bbl)	(28.20)	(28.10)	(26.20)	(17.01)	(17.29)	(10.18)	(9.47)	(9.90)
Field production costs ⁽¹⁾ (\$/bbl)	(44.35)	(18.12)	(11.84)	(30.16)	(16.19)	(25.81)	(49.00)	(50.11)
Current taxes (\$/bbl)	(1.30)	(1.30)	(1.21)	(0.79)	(0.80)	(0.48)	(0.44)	(0.45)
Field Netback ⁽²⁾ (\$/bbl)	(16.10)	9.95	14.36	(13.18)	1.10	(15.64)	(39.54)	(40.21)
Oryx Petroleum Netback ⁽²⁾ (\$/bbl)	(18.60)	15.52	21.11	(15.72)	2.97	(19.55)	(51.43)	(53.40)
Capital expenditures ⁽³⁾	99,112	81,427	65,486	41,952	25,258	31,768	9,742	4,322

Notes:

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

Variations in revenue are attributable to changes in realised sales prices which have been broadly referenced to Brent crude oil prices and sales volumes which have fluctuated due to the variations in production from the Hawler License Area. During the fourth quarter of 2015 and the first quarter of 2016, production and sales were interrupted primarily due the closure of the land border crossing between the Kurdistan Region of Iraq and Turkey. During the second half of 2014 and the first quarter of 2015, sales volumes were also periodically interrupted as demand in the local market was impacted by limited pipeline export capacity and fluctuating oil production from other sources of supply in the local market. During the second quarter of 2015, oil production decreased due to lower fluid and oil production rates which were required when the presence of water was initially observed.

Variations in Field Netback and Oryx Petroleum Netback reflect changes in revenue discussed above and the impact of changes in field production costs. Field production costs have been subject to significant fluctuation as management continues the process of aligning operating procedures and the related expenditures with fluctuating actual and expected production volumes. During 2014, field production costs fluctuated initially following the commencement of production prior to gradually increasing in anticipation of increased production expected upon commissioning of the production facilities at Demir Dagh in September 2015. Following revised and lowered production forecasts beginning during the second quarter of 2015, field production costs incurred during the fourth quarter of 2015 and first quarter of 2016 reflect management's consequent efforts to reduce costs. The Group expects continued variability in per barrel operating costs prior to normalisation once production and oil sales volumes, together with associated operating procedures and related expenditures, stabilise.

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



Total capital expenditures have decreased in 2016 compared to 2015 and 2014 due to capital conservation measures and refocused investment priorities.

The loss of \$19.4 million for the three months ended March 31, 2016 is primarily due to the impairment of materials inventory of \$8.3 million recorded during the quarter combined with a negative Oryx Petroleum netback for the period. Refer to the "Financial Results" section for further information. These factors have been partially offset by a \$3.8 million gain on settlement relating to the retirement benefit obligation. The remaining variations in loss from period to period are primarily attributable to non-cash provisions due to revisions in the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011.

Financial and Other Instruments

Oryx Petroleum operates internationally and has foreign exchange risk arising from various currency exposures, notably the Swiss Franc. At the date of this MD&A, the Group does not have any contracts in place to hedge foreign exchange risks.

Transactions with Related Parties

On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement with a subsidiary of its indirect controlling shareholder AOG. Interest expense of \$2.6 million relating to this transaction have been recorded for the three months ended March 31, 2016 (2015 - nil). See the "Liquidity and Capital Resources" section of this MD&A for details regarding the March 2015 Financing. Management has estimated the terms and conditions to be materially comparable to terms applicable to similar market transactions.

On March 18, 2016, the Group extinguished \$8.2 million of principal and accrued interest under the \$100 million credit facility provided by AOG to Oryx Petroleum in March 2015, in consideration for 20,581,247 common shares of the Company. See the "Liquidity and Capital Resources" section of this MD&A for further information

For the three months ended March 31, 2016, the Group incurred costs of \$0.4 million for goods and services provided by related parties, all of which are subsidiaries of AOG (2015: \$0.4 million). Costs related to trademark license fees, parent company guarantees, and management services have been incurred under agreements between the Group and AOG. Additional information relating to such agreements is available in OPCL's Annual Information Form dated March 24, 2016 available on SEDAR at www.sedar.com. Management exercised judgement, which was based on its industry specific knowledge and experience, to determine that i) the transactions described above did not contain any unusual commercial terms, and ii) the fees charged under the agreements were reasonable and not materially inconsistent with fees which would normally be associated with broadly comparable agreements.

In January 2016, directors of OPCL were awarded 405,315 common shares (\$0.2 million) and \$0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2015. Of this amount, 155,659 common shares (\$0.1 million) were issued to directors in January 2016. The remaining shares are planned, subject to shareholder approval, to be issued to directors in June 2016. In July 2015, directors of OPCL were awarded and issued 51,975 common shares (\$0.1 million) and \$0.2 million in cash as remuneration for services provided in the first and second quarters of 2015. In January 2015, directors of OPCL were awarded and issued 30,175 common shares (\$0.2 million) and \$0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2014.

During the second quarter of 2013, the Group resolved to donate a total of \$1.5 million over a period of three years to the Addax & Oryx Foundation. The first payment of \$0.5 million was made in July 2013 and the second payment of \$0.5 million was made in September 2014. In July 2015, the Group resolved to reduce the third donation by 90% to \$50,000 and this payment was made in December 2015. The donations have been measured at fair value.

New Accounting Pronouncements, Policies, and Critical Estimates

New Pronouncements

Oryx Petroleum has adopted the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2016 as described in Note 2 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2016. The adoption of these standards and interpretations has not had a material effect on OPCL.

Critical estimates

In the process of applying the Group's accounting policies management makes estimates, judgments and assumptions concerning the future. These accounting estimates, judgments and assumptions may differ from actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Such estimates, judgments and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. The critical estimates

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



discussed in the Group's MD&A for the year ended December 31, 2015 remain applicable to the three month period ended March 31, 2016 and, with the exception of estimates discussed below, there have been no material changes in estimates.

Going Concern

The Group's ability to continue as a going concern is dependent on the Group's ability to realise 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 Group's ability to continue as a going concern. However, cash on hand and the Group's share of forecast oil sales revenues is expected to fund the Group's operations through to the end of September 2017.

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 \$53 million during the 18 months ending September 30, 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 in the first nine months of 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, realised prices, and management's ability to defer expenditures if required.

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 the financial statements on a going concern basis may not be appropriate. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Such adjustments may be material.

The directors have considered the judgments, estimates, and related uncertainties discussed above and have concluded that there is a reasonable expectation that the Group will be able to access adequate resources to continue operations for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the financial statements.

Financial Controls

Disclosure Controls and Procedures

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

Internal Controls over Financial Reporting

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

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

There were no changes in Oryx Petroleum's ICFR during the three months ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, Oryx Petroleum's ICFR.

Forward-Looking Information

Certain statements in this MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities legislation, including statements related to the nature, timing and effect of Oryx Petroleum's future expenditures and budget, forecast capital expenditure including details of the Group's capital expenditure budget for 2016, financing and capital activities, plans for managing available working capital, initiatives being implemented to reduce overhead and operating costs, expected savings from cost reduction efforts, expectations that cash on hand, proceeds and funding from the Zeg Oil Strategic Investment and net revenues in 2016 will be sufficient to fund forecasted 2016 cash capital expenditures, business and acquisition strategy and goals, opportunities, drilling plans, development plans and schedules and chance of success, the development of the Hawler License Area, future seismic activity, results of exploration activities, declarations of commercial discovery, contingent liabilities and government approvals, the ability to consistently access the export pipeline or other exterior facilities to sell oil production, sales channels for future sales, expectations that all future production will be exported through the Kurdistan Export Pipeline, expectations that future revenue from sales will be split in accordance with the production sharing contract applicable to the Hawler License Area, future drilling of new wells, costs and drilling times for new wells, ultimate recoverability of current and long-term assets, estimates of oil reserves and resources, expected well capacity and oil production rates, future royalties and tax levels, access to and sources of future financing and liquidity, future debt levels, availability of committed credit facilities, possible commerciality of our projects, expected operating capacity, expected operating costs, guidance regarding operating expenses on a per barrel basis, estimates on a per share basis, future foreign currency exchange rates, the issuance of shares as a result of the vesting of LTIP awards, exercise of outstanding warrants and the proposed Zey Gawra Contracts, estimates for the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011 and the expected timing for settlement of such liability, changes in any of the foregoing, and statements that contain words such as "may", "will", "would", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "budget", "outlook", "propose", "potentially", "project", "forecast" or the negative of such expressions and statements relating to matters that are not historical fact.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. In making certain statements in this MD&A, Oryx Petroleum has made assumptions with respect to the following: the general continuance of the current or, where applicable, assumed industry conditions, the continuation of assumed tax, royalties and regulatory regimes, forecasts of capital expenditures and the sources of financing thereof, timing and results of exploration activities, access to local and international markets for future crude oil production and future crude oil prices, Oryx Petroleum's ability to obtain and retain qualified staff, contractors and personnel and equipment in a timely and cost-efficient manner, the political situation and stability in jurisdictions in which Oryx Petroleum has licenses, the ability to renew its licenses on attractive terms, Oryx Petroleum's future production levels, the applicability of technologies for the recovery and production of Oryx Petroleum's oil reserves and resources, the amount, nature, timing and effects of capital expenditures, geological and engineering estimates in respect of Oryx Petroleum's reserves and resources, the geography of the areas in which Oryx Petroleum is conducting exploration and development activities, operating and other costs, the extent of Oryx Petroleum's liabilities, and business strategies and plans of management and Oryx Petroleum's business partners. For more information about these assumptions and risks facing the Group, refer to the Group's Annual Information Form dated March 24, 2016, available at www.sedar.com and the Group's website at www.oryxpetroleum.com.

Any forward-looking information concerning prospective exploration, results of operations, financial position, production, expectations of capital expenditures, cash flows and future cash flows or other information described above that is based upon assumptions about future results, economic conditions and courses of action are presented for the purpose of providing readers with a more complete perspective on Oryx Petroleum's present and planned future operations and such information may not be appropriate for other purposes and actual results may differ materially from those anticipated in such forward-looking information. In addition, included herein is information that may be considered financial outlook and/or future-oriented financial information. Its purpose is to indicate the potential results of Oryx Petroleum's intentions and may not be appropriate for other purposes.

Readers are strongly cautioned that the above list of factors affecting forward-looking information is not exhaustive. Although OPCL believes that the expectations conveyed by the forward-looking information are reasonable based on information available to it on the date such forward-looking information was made, no assurances can be given as to future results, levels of activity and achievements. Readers should not place undue importance or reliance on the forward-looking information and should not rely on the forward-looking information as of any date other than the date hereof. Further, statements including forward-looking information are made as at the date they are given and, except as required by applicable law, Oryx Petroleum does not intend, and does not assume any obligation, to update any forward-looking

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



information, whether as a result of new information or otherwise. If OPCL does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

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



Glossary and Abbreviations

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

AGC

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

AOG

The Addax and Oryx Group PLC

bbl

Barrel(s) of oil

bbl/d

Barrel(s) of oil per day

Carried Cost

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

Company

Oryx Petroleum Corporation Limited

Contractor

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

Cost Oil

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

Cost Pool

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

Farm-in

To acquire an interest in a license from another party

G&A

General and administrative

Gross

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

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

KRG

Kurdistan Regional Government of Iraq

Local Third Party Marketers

Companies that broker the purchase and sale of crude oil within the Kurdistan Region of Iraq

License Area

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

Operator

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

Participating Interest

The Group's current interest in an applicable License Area

PP&E

Property, plant and equipment

Profit Oil

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

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

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

Regional Third Party Marketers

Companies that take ownership of crude oil at the Hawler License Area crude oil loading facilities and broker the purchase and sale of crude oil outside of the Kurdistan Region of Iraq

Reserves

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

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

Royalty

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

Working Interest or WI

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

WPG

Wasit Provincial Government