CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

ORYX PETROLEUM

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In accordance with subsection 4.3(3) of National Instrument 51-102 – *Continuous Disclosure Obligations*, Oryx Petroleum Corporation Limited discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2020 and 2019.

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

		Three months ended March 31	
$000s	**Note**	**2020**	**2019**
Revenue		31,859	34,009
Royalties		(14,020)	(14,966)
Net revenue		**17,839**	**19,043**
Operating expense		(7,678)	(7,270)
Depreciation, depletion and amortisation	**5,6**	(7,601)	(4,729)
Impairment	**5,6**	(238,245)	-
General and administration		(2,738)	(2,103)
Other (expense) / income	**21**	(9,686)	1,337
Change in fair value of contingent consideration	**25**	1,873	(657)
(Loss) / Profit from operations		**(246,236)**	**5,621**
Finance expense	**22**	(2,626)	(3,258)
Foreign exchange gain / (loss)		13	(80)
(Loss) / Profit before income tax		**(248,849)**	**2,283**
Income tax expense	**20**	(741)	(739)
(Loss) / Profit for the period		**(249,590)**	**1,544**
Comprehensive (loss) / income for the period		**(249,590)**	**1,544**
(Loss) / Earnings per share (basic and diluted)	**17**	**(0.45)**	**0.00**

Consolidated Statements of Financial Position

$000s	Note	March 31 2020	December 31 2019
Non-current assets			
Intangible assets	5	102,004	101,807
Property, plant and equipment	6	370,224	611,552
Deferred tax assets		218	221
		472,446	**713,580**
Current assets			
Inventories	7	4,253	9,421
Trade and other receivables	8	40,870	34,461
Other current assets	9	1,485	1,880
Cash and cash equivalents	10	3,158	8,912
		49,766	**54,674**
Total assets		**522,212**	**768,254**
Current liabilities			
Trade and other payables	12	54,316	48,334
Borrowings	13	-	79,883
		54,316	**128,217**
Non-current liabilities			
Borrowings	13	75,631	-
Trade and other payables	12	54,489	56,031
Retirement benefit obligation		4,224	4,262
Decommissioning obligation	15	20,812	20,692
		155,156	**80,985**
Total liabilities		**209,472**	**209,202**
Equity			
Share capital	16	1,361,043	1,361,043
Reserves	18	21,872	18,594
Accumulated remeasurement of defined benefit obligation, net of income tax		(5,529)	(5,529)
Accumulated deficit		(1,064,646)	(815,056)
Total equity		**312,740**	**559,052**
Total equity and liabilities		**522,212**	**768,254**

The consolidated financial statements were approved by the Board of Directors and authorised for issue on June 22, 2020.

On behalf of the Board of Directors:

signed
Jean Claude Gandur
Director

signed
Peter Newman
Director

Consolidated Statements of Changes in Equity

$000s	Note	Share capital	Reserves	Accumulated deficit	Accumulated remeasurement of defined benefit obligation - gain/ (loss)	Total equity
Balance at January 1, 2019		**1,353,220**	**16,927**	**(755,857)**	**(4,753)**	**609,537**
Profit for the period		-	-	1,544	-	1,544
Share based payment expense	**18**	-	578	-	-	578
Issue of warrants	**18**	-	277	-	-	277
Balance at March 31, 2019		**1,353,220**	**17,782**	**(754,313)**	**(4,753)**	**611,936**
Loss for the period		-	-	(60,743)	-	(60,743)
Issue of shares for debt interest conversion	**16**	5,074	-	-	-	5,074
Issue of warrants	**18**	-	201	-	-	201
Private subscription	**16**	1,425	-	-	-	1,425
Share based payment expense	**18**	-	2,110	-	-	2,110
Shares and cash issued for LTIP	**16, 18**	1,324	(1,499)	-	-	(175)
Loss on defined benefit obligation, net of income tax		-	-	-	(776)	(776)
Balance at December 31, 2019		**1,361,043**	**18,594**	**(815,056)**	**(5,529)**	**559,052**
Loss for the period		-	-	(249,590)	-	(249,590)
Share based payment expense	**18**	-	874	-	-	874
Issue of warrants	**18**	-	2,404	-	-	2,404
Balance at March 31, 2020		**1,361,043**	**21,872**	**(1,064,646)**	**(5,529)**	**312,740**

Consolidated Statements of Cash Flows

		Three months ended March 31	
$000s	**Note**	**2019**	**2019**
Operating activities			
(Loss) / Profit		(249,590)	1,544
Items not involving cash	**19**	256,506	7,944
Change in retirement benefit obligation		(365)	(308)
Changes in non-cash working capital	**19**	254	(549)
Net cash generated by operating activities		**6,805**	**8,631**
Investing activities			
Acquisition of intangible assets		(179)	(406)
Acquisition of property, plant and equipment		(4,316)	(1,292)
Changes in non-cash working capital	**19**	(4,039)	(7,274)
Net cash used in investing activities		**(8,534)**	**(8,972)**
Financing activities			
Interest paid	**13**	(4,025)	-
Net cash used in financing activities		**(4,025)**	**-**
Net decrease in cash and cash equivalents		**(5,754)**	**(341)**
Cash and cash equivalents at beginning of the period		8,912	14,410
Cash and cash equivalents at end of the period		**3,158**	**14,069**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Oryx Petroleum Corporation Limited (the "Company" or "OPCL") is a public company incorporated in Canada under the Canada Business Corporations 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 T2P 3N9. 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 Clanta Trust (formerly Samsufi Trust), an irrevocable discretionary charitable trust created at the suggestion of Jean Claude Gandur. Mr. Gandur is not one of the beneficiaries of Clanta Trust.

Conditional upon closing of the transactions described in note 26, the Group's controlling shareholder is expected to be Zeg Oil and Gas Ltd ("ZOG").

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 unaudited condensed consolidated interim financial statements (the "Financial Statements") were authorised for issue by the Board of Directors on June 22, 2020.

2. Summary of significant accounting policies

a. Basis of preparation

The Company's Financial Statements for the three months ended March 31, 2020 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 consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies included in the annual consolidated financial statements for the year ended December 31, 2019 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 consolidated financial statements for the year ended December 31, 2019 and have been updated in these Financial Statements as required.

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. During the three months ended March 31, 2020, the Group met its day to day working capital requirements and funded its capital and operating expenditures through cash reserves and through partial receipt of its share of oil sales revenues from the Hawler license area.

For oil sales up until and including July 2019, the Group had been receiving payment approximately 3 months after the month during which oil was delivered. Accordingly, the payment in respect of oil sales invoiced for July 2019 was received in October 2019. However, there were then increasing delays in receiving payment for oil sales made from August 2019 onwards. Payment of August and September 2019 invoices were received in January and February 2020, respectively.

2. Summary of significant accounting policies (continued)

b. Going concern (continued)

Following communication from the office of the Prime Minister of the government of the Kurdistan Region of Iraq ("KRI") in late March 2020, the October 2019 oil sales invoice was settled in April 2020. The Prime Minister's communication also proposed that settlement of past due receivables in respect of oil sales made between November 2019 and February 2020, would be deferred for at least nine months, and would not attract interest. At the same time the government assured the Group that payment for oil sales for each month from March 2020 onwards would be settled in the following month. Subsequent to March 31, 2020, the Group has received settlement of the oil sales invoices for March, April and May 2020.

The Group's ability to continue as a going concern in accordance with management's estimates and forecasts is primarily dependent on the Group's ability to a) produce, sell and receive payment for crude oil from the Hawler license area in accordance with its reforecast 2020 work program and budget and b) interim working capital support from its prospective principal shareholder (note 26) of up to $15 million.

The Directors expect that cash resources will be sufficient to fund the Group's capital and operating expenditures and to meet forecast obligations as they fall due in the 15 months following March 31, 2020.

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

i) Oil production volumes are based on risked production rates consistent with the Group's reforecast 2020 work program and budget which:

   a. includes the restoration of production from the Banan field from August 2020;

   b. reflects the continuing suspension throughout the forecast period of almost all capital projects in the Hawler licence area;

   c. reflects recently implemented and further planned operating cost savings

ii) Brent crude oil monthly average pricing is forecast to be $35/bbl through the end of July 2020, rising to $40/bbl for the remainder of the 15-month forecast period.

iii) Settlement of Hawler oil sales invoices from March 2020 onward in the month following deliveries, as recently initiated by the government of the KRI.

iv) No outflow of cash or other assets in satisfaction of the claims outlined in note 11.

v) The conditional transaction, outlined in note 26, will close as envisaged, wholly eliminating the Group's Borrowings (note 13) along with its interest in, and obligations under, the AGC Central licence (note 5).

vi) No cash outflows, ultimately expected to arise from contingent consideration, will materialize prior to the second half of 2021 (note 25).

Management continually monitors the Group's financing requirements and plans to secure external funding, as required. Specifically, management is engaged with the prospective principal shareholder, which has indicated its intention to provide the Group with access to interim financing arrangements required to fund the Group's cash outflows for up to $15 million, such support to be available from Closing of the transactions outlined in note 26 and throughout the period ending no earlier than June 30, 2021.

Collectively, uncertainties related to the assumptions listed above may cast significant doubt about the Group's ability to continue as a going concern. 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.

2. Summary of significant accounting policies (continued)

b. Going concern (continued)

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. However, as the transactions outlined in note 26 have not yet closed, the directors have determined that the uncertainty related to the Group's ability to restructure or to reschedule cash outflows and/or to obtain required financing is material to the conclusion that the Group will be able to continue operations on a going concern basis.

c. New and amended standards adopted by the Group

Effective January 1, 2020, the Group adopted the following IFRS as issued or amended by the IASB:

Amendments to Standards	Effective for annual periods beginning on or after
Definition of a Business (Amendments to IFRS 3)	January 1, 2020

The above amended standards have not had a material impact on these 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
Classification of Liabilities as Current or Non-Current (Amendments to IFRS 1)	January 1, 2022

Management has reviewed the impact of the amended standard listed above and expects that the adoption of this amendment will not have a material impact on these 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, 2019 is applicable to these Financial Statements.

4. Joint arrangements

The Group has entered into Joint arrangements to facilitate the exploration, development and production of oil and gas. No new joint arrangements have been entered into during the three months ended March 31, 2020. As at March 31, 2020, 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%

(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")

5. Intangible assets

$000s	Exploration & Evaluation costs	Computer Software	Total
Cost			
At January 1, 2019	**99,852**	**2,211**	**102,063**
Additions	433	15	448
At March 31, 2019	**100,285**	**2,226**	**102,511**
Additions	1,498	(1)	1,497
At December 31, 2019	**101,783**	**2,225**	**104,008**
Additions	200	-	200
At March 31, 2020	**101,983**	**2,225**	**104,208**
Accumulated amortisation and impairment			
At January 1, 2019	**-**	**2,188**	**2,188**
Amortisation	-	3	3
At March 31, 2019	**-**	**2,191**	**2,191**
Amortisation	-	10	10
At December 31, 2019	**-**	**2,201**	**2,201**
Amortisation	-	3	3
At March 31, 2020	**-**	**2,204**	**2,204**
Net book value			
At March 31, 2020	101,983	21	102,004
At December 31, 2019	101,783	24	101,807

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

$000s	March 31 2020	December 31 2019
Middle East	48,527	48,524
West Africa	53,456	53,259
	101,983	**101,783**

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 CGU. Determination of what constitutes a CGU is subject to management judgments and the circumstances. 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.

Management has exercised significant judgment in determining that the Hawler – Ain al Safra sub-contract area and the AGC Central license constitute individual CGUs and that 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.

Regarding the AGC Central license, the planned drilling of an exploration well in 2020 has been deferred. In 2019, the Group requested that the First Renewal Period of its Production Sharing Contract (due to end on October 1, 2020) be extended as a result of ongoing negotiations between the governments of Senegal and Guinea Bissau in relation to the accord governing the jointly-administered area offshore Senegal and Guinea Bissau. The Group is currently in discussions with the AGC regarding an amendment to its Production Sharing Contract that would implement the requested extension and expects the amendment to be finalised in the coming months.

5. Intangible assets (continued)

Conditional upon closing of the transactions outlined in note 26, the Group's shares of OP AGC Central Limited, the wholly-owned subsidiary of the Company that holds the interest in the AGC Central license area will be transferred to an affiliate of AOG as consideration for the full settlement of Borrowings, including accrued interest outstanding at closing (note 13).

6. Property, plant and equipment

The Group's principal property, plant and equipment comprises its oil and gas assets in the Hawler license area in the Kurdistan Region of Iraq. No assets have been pledged as security.

$000s	Oil and gas Assets	Fixtures and Equipment	Total
Cost			
At January 1, 2019	**902,592**	**3,544**	**906,136**
Additions	1,863	2	1,865
At March 31, 2019	**904,455**	**3,546**	**908,001**
Additions	34,427	3	34,430
At December 31, 2019	**938,882**	**3,549**	**942,431**
Additions	4,491	17	4,508
At March 31, 2020	**943,373**	**3,566**	**946,939**
Accumulated depreciation, depletion and impairment			
At January 1, 2019	**251,216**	**3,341**	**254,557**
Depreciation	-	19	19
Depletion	4,711	-	4,711
At March 31, 2019	**255,927**	**3,360**	**259,287**
Impairment(1)	54,390	-	54,390
Depreciation	-	56	56
Depletion	17,146	-	17,146
At December 31, 2019	**327,463**	**3,416**	**330,879**
Impairment	238,245	-	238,245
Depreciation	-	18	18
Depletion	7,573	-	7,573
At March 31, 2020	**573,281**	**3,434**	**576,715**
Net book value			
At March 31, 2020	370,093	131	370,224
At December 31, 2019	611,419	133	611,552

(1) As at December 31, 2019, the Group recorded a $54.4 million impairment charge relating to the Hawler license area. The impairment charge represents the difference between the estimated recoverable amount of the Hawler license area CGU and its carrying amount prior to the impairment charge. The carrying value of the Hawler license area CGU at March 31, 2020 is $370.1 million (December 31, 2019: $611.4 million).

The carrying amounts for oil and gas assets are subject to impairment assessment and testing in accordance with IAS 36.

For the purpose of impairment assessments and testing, oil and 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 and gas assets, management has determined that the Hawler license area, excluding the Ain al Safra sub-contract area, constitutes the Group's single CGU which contains property, plant and equipment.

6. Property, plant and equipment (continued)

In conducting impairment assessments and tests, management considers internal and external sources of information regarding the manner in which assets are expected to be used, and indications of economic performance of the assets. Estimates include but are not limited to the determination of expected future cash flows from the asset being tested and the discount rate used to determine the value of the cash flows at the measurement date. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves and resources and/or adverse economic conditions can result in estimated carrying amounts exceeding the recoverable amounts of the Group's oil and gas assets. An impairment loss is recognised if and when the carrying amount exceeds the recoverable amount. An impairment reversal is recognised if and when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The very significant recent decline in spot and forward crude oil prices, occasioned principally by the destruction of oil demand due to measures introduced by governments globally to combat the COVID-19 pandemic, is a clear indicator that the Hawler license area CGU's recoverable amount may differ from its carrying amount. Accordingly, management conducted a further impairment test as at March 31, 2020.

In performing the impairment test as at March 31, 2020, management used significant assumptions and estimates derived from and consistent with those incorporated in the proved plus probable oil reserves development case contained in the independent evaluator's report referenced in the Group's Material Change Report dated February 19, 2020 ("2P Development Case"), adjusted to reflect management's current assumptions related to i) future crude oil sale prices and ii) the suspension of the Group's 2020 capital investment program.

For the purpose of estimating the recoverable value of the Hawler license CGU, management has assumed that net cash flow in the Hawler PSC will be zero during the remainder of 2020 and that capital investments and production profiles and associated revenues as presented in the 2P Development Case would be deferred by one year, now beginning on January 1, 2021. Expected cash inflows from oil sales are based on quoted Brent Crude forward contract prices for 2021 and 2022. Management's Brent Crude assumptions beyond 2022 are benchmarked against the forward contract prices and longer-term pricing forecasts prepared as at April 1, 2020 by external firms. Expected cash inflows assume that all sales of crude oil from the Hawler license area continue to be completed through the Kurdistan Oil Export Pipeline. In accordance with management's best estimate of the terms most likely to govern future sales of Hawler license area crude oil, realized prices are referenced to management's estimated future Brent Crude prices discounted by approximately $8/bbl for pipeline system tariffs and fees, and adjusted for differences in forecast API gravity and sulphur from standard Brent specifications.

Based on the above, expected cash inflows from oil sales are determined using the following estimated average nominal sales prices:

Year ending December 31,	External Forecast Brent Price ($/bbl)	Management Forecast Brent Price Used ($/bbl)	Management Forecast Realized Price Used ($/bbl)
2021	43.97	35.06	18.38
2022	52.55	39.55	23.32
2023	56.68	52.51	36.72
2024	59.10	54.95	39.15
2025	60.02	56.28	40.05
2026	61.19	61.19	44.74
2027	62.38	62.38	45.54
2028	63.61	63.61	46.38
Thereafter	2% escalation	2% escalation	2% escalation

Management has applied the fair value less costs of disposal methodology to establish the net present value of expected after-tax cash flows associated with proved plus probable oil reserves as at March 31, 2020 using a 15% nominal after-tax discount rate. The 15% discount rate is based on management's estimate of the cost of capital invested in upstream oil and gas assets in the Kurdistan Region of Iraq.

6. Property, plant and equipment (continued)

In measuring the recoverable amount of the Hawler license area CGU as defined in IFRS 13, management has relied on i) observable inputs other than quoted prices for identical assets, and ii) inputs that are not publicly observable and are the result of management's estimates and judgments arising from analysis of internally generated data. Management's estimate of fair value less costs of disposal is classified as level 3 in the fair value hierarchy.

Application of the fair value less costs of disposal methodology using the assumptions described above indicates an estimated recoverable amount of the Hawler license area CGU as at March 31, 2020 to be $370.1 million. Consequently, the Group has recorded a $238.2 million impairment as at March 31, 2020. The impairment represents the difference between the estimated recoverable amount of the Hawler license area CGU and its carrying amount which includes the carrying values of decommissioning obligations (note 15), for which settlement is included in the discounted expected after-tax cash-flows.

The net present value of expected after-tax cash-flows associated with the proved plus probable oil reserves development case described above has been subjected to sensitivities arising from changes in crude oil price forecasts and discount rates. The following table indicates the estimated recoverable amounts as at March 31, 2020 that result from applying various crude oil price forecasts and discount rates:

	Discount rate		
Estimated recoverable amount ($ millions) – based on	**12.5%**	**15%**	**17.5%**
Management Forecast prices less $10/bbl	224.7	179.6	143.2
Management Forecast prices, shown above	429.5	370.1	320.7
Management Forecast prices plus $10/bbl	558.2	496.6	444.2

The net present value of expected cash-flows associated with the proved plus probable oil reserves development case is also highly sensitive to the Group's independently evaluated estimation of proved plus probable oil reserves and to the production profile associated with the exploitation of these reserves. The estimated recoverable and carrying values of the Group's Hawler license area CGU are subject to significant adjustment should there be significant changes to estimates of proved plus probable oil reserves and their production profile.

7. Inventories

$000s	**March 31 2020**	**December 31 2019**
Oil inventory	101	217
Materials, net of provision	4,152	9,204
	4,253	**9,421**

The cost of oil inventory is expensed through production and depletion expenses in the period during which it is sold. As at March 31, 2020, the Group's working interest share of oil inventory was 10,540 bbls (December 31, 2019 – 11,333 bbls).

The Group has adjusted the carrying value of materials inventory to management's estimate of net realisable value (note 21). The provision at March 31, 2020 is $12.2 million (December 31, 2019: $7.0 million).

No inventories have been pledged as security during the period.

8. Trade and other receivables

$000s	**March 31 2020**	**December 31 2019**
Revenue receivables, net of provision	39,541	33,227
Other receivables	1,419	1,234
	40,870	**34,461**

8. Trade and other receivables (continued)

Trade and other receivables are denominated in US Dollars. Following communication from the office of the Prime Minister of the government of the Kurdistan Region of Iraq in late March 2020, $10.0 million of the March 31, 2020 receivable balance was settled during April 2020. The Prime Minister's communication also proposed that settlement of past due receivables in respect of oil sales made between November 2019 and February 2020, would be deferred for at least nine months, and would not attract interest.

Accordingly, the revenue receivables balance at March 31, 2020 is presented net of a provision of $7.6 million (December 31, 2019 – $3.2 million) to reflect discounting and credit risk and is a reasonable approximation of the fair value.

9. Other current assets

$000s	March 31 2020	December 31 2019
Deposits	622	1,149
Prepaid charges and other current assets	863	731
	1,485	**1,880**

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, a subsidiary of Oryx Petroleum (the "Seller") entered into an agreement providing for the sale of a 30% participating interest in the Haute Mer B exploration license offshore Congo (Brazzaville) ("HMB License") to the HMB License's operator (the "Buyer") (the "Sale Agreement"). The Sale Agreement provided for the Seller's interest in the HMB License to be transferred for cash consideration of $13.3 million.

During the second quarter of 2019, the Buyer and other members of the HMB License contractor group relinquished their rights to explore and produce crude oil from the license area.

Contrary to the Seller's position that all conditions to closing were either satisfied or waived, the Buyer declined to close the transaction and purported to terminate the Sale Agreement. The matter was referred to arbitration. On January 31, 2020, the arbitration tribunal released its decision rejecting the Seller's position that all conditions to closing had been either satisfied or waived and that the Buyer was required to close the transaction and acquire the Seller's interest. The tribunal also awarded $15.7 million to the Buyer including $15.1 million in respect of the Seller's share of HMB License expenditures incurred by the Buyer following the date of the Sale Agreement.

As at December 31, 2019, the Group adjusted the carrying value of the assets held for disposal to Nil and recorded a provision for the costs awarded to the Seller (note 12). The Group does not expect outflows of cash or other assets in excess of the Seller's assets, which are reflected in these financial statements at nominal carrying values.

12. Trade and other payables

$000s	March 31 2020	December 31 2019
Trade accounts payable	10,962	6,148
Amounts payable to related parties	627	21
Other payables and accrued liabilities (1)	42,727	42,165
Current portion	**54,316**	**48,334**
Non-current contingent consideration (note 25)	54,489	56,031
Total trade and other payables	**108,805**	**104,365**

(1) Includes $15.7 million provision for HMB License arbitration award (note 11).

12. Trade and other payables (continued)

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

As at March 31, 2020, the Group has recognised a liability of $54.5 million (December 31, 2019 - $56.0 million) representing the estimated fair value of contingent consideration liabilities associated with the acquisition of OP Hawler Kurdistan Limited. The liability is presented at fair value estimated using the expected present value technique where future cash flows have been discounted at a rate of 10% (note 25).

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 Loan Facility has been fully drawn and had an initial maturity of March 10, 2018 (the "Maturity Date").

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 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 was determined on each of November 11, 2017, May 11, 2018, November 11, 2018, (each, an "Interest Calculation Date") and has been settled by way of issuance of common shares (note 16). The numbers of common shares were 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 Dates.

On December 31, 2018, the Group agreed with the Lender to amend the Loan Facility to further extend the Maturity Date from July 1, 2019 to July 1, 2020 and to amend interest provisions (the "2nd Loan Amendment"). The Company issued warrants to acquire 6,132,804 common shares to an affiliate of the Lender (note 16b) in consideration of the 2nd Loan Amendment. The Loan Amount and interest rate remained unchanged from the terms agreed under the Loan Amendment. Interest accrued on the Loan Amount for the period beginning on November 12, 2018 and ending on July 1, 2019 was settled by way of issuance of common shares as contemplated in the Loan Amendment. If cash payments to the Lender are then permitted under the terms of other corporate agreements, interest on the Loan Amount accruing after July 1, 2019 is payable in cash on January 1, 2020 and July 1, 2020. The 2nd Loan Amendment was approved by the Toronto Stock Exchange on March 11, 2019.

On August 19, 2019, the Group extinguished $5.1 million of accrued interest under the Loan Facility, for the period beginning on November 12, 2018 and ending on July 1, 2019 in consideration for 23,901,430 common shares of the Company.

On March 11, 2020, the Group agreed with the Lender to further amend the Loan Facility to extend the Maturity Date from July 1, 2020 to July 1, 2021 (the "3rd Loan Amendment"). On March 20, 2020, the Company issued warrants to acquire 33,149,000 common shares to an affiliate of the Lender in consideration of the 3rd Loan Amendment. The Loan Amount, interest rate and settlement terms remain unchanged from the terms agreed under the 2nd Loan Amendment.

Borrowings are presented net of warrant issue and other transaction costs. The carrying value of the loan at March 31, 2020, which has been measured at amortised cost using the effective interest rate method, and its components are summarised in the table below:

At December 31, 2018 (classified as a non-current liability)	**76,624**
Interest expense	7,983
Accretion of deferred financing costs	350
Extinguishment through issuance of common shares (note 16)	(5,074)
At December 31, 2019 (classified as a current liability))	**79,883**
Interest expense	1,985
Deferred financing costs (note 16b)	(2,404)
Accretion of deferred financing costs	191
Payment of accrued interest	(4,024)
At March 31, 2020 (classified as a non-current liability))	**75,631**

13. Borrowings (continued)

Conditional upon closing of the transactions outlined in note 26, the Borrowings will be settled in full, including accrued interest, through the transfer of the Group's shares of OP AGC Central Limited, the wholly-owned subsidiary of the Company that holds the interest in the AGC Central license area (note 5).

14. Interim credit facility

On March 11, 2020, the Group entered into a $5 million committed and unsecured short-term credit facility ("2020 Interim Credit Facility") with an affiliate of AOG. Amounts drawn under the 2020 Interim Credit Facility ("Principal"), if any, will bear interest at an annual rate of 10.5% calculated daily and compounding at the end of each calendar month ("Interest"). Principal and Interest are payable no later than September 30, 2020. A commitment fee equivalent to 1% per annum of the undrawn amount is payable under the 2020 Interim Credit Facility.

In connection with the transactions described in note 26, the 2020 Interim Credit Facility has been terminated. As at both March 31, 2020 and June 22, 2020 no amounts have been drawn under the 2020 Interim Credit Facility.

On November 13, 2018, the Group entered into a committed and unsecured term loan agreement ("2018 Interim Credit Facility") jointly with an affiliate of AOG and ZOG. On September 30, 2019, the 2018 Interim Credit Facility expired in accordance with its terms. No amounts were borrowed by the Group under the facility. The Group incurred a commitment fee equivalent to 1% of the undrawn amount under the 2018 Interim Credit Facility.

15. Decommissioning obligation

Generally, 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, 2020, 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 may 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 rate used in the calculation to determine the carrying value of the decommissioning obligation was updated on June 30, 2019 to 0.2% (December 31, 2018 – 1.4%). The assumed discount rate was also reviewed as at June 30, 2019 and was updated to 2.5% (December 31, 2018 - 4.3%). Decommissioning obligations are anticipated to be incurred in 2038.

The estimated net present value of the decommissioning obligation at March 31, 2020 is $20.8 million (December 31, 2019 - $20.7 million) based on the Group's working interest undiscounted liability of $33.1 million (December 31, 2019 - $33.1 million).

$000s	**March 31 2020**	**December 31 2019**
Decommissioning obligation, beginning of the year	**20,692**	**16,674**
Property acquisition and development activity	2	1,631
Change in discount rate	-	5,525
Change in inflation rate	-	(3,603)
	20,694	**20,227**
Accretion expense	118	465
Decommissioning obligation, end of the year	**20,812**	**20,692**

16. Share capital

a. Issued common shares

	Number of shares	Share capital
		$000s
At January 1, 2019 and March 31, 2019	**515,031,222**	**1,353,220**
Issue of shares to an affiliate of Lender (note 13)	23,901,430	5,074
Issue of shares for private placement	6,711,444	1,425
Issue of shares for LTIP	6,837,566	1,324
At December 31, 2019 and March 31, 2020	**552,481,662**	**1,361,043**

The Company has unlimited authorised share capital at March 31, 2020.

<u>2019 share capital transactions</u>

On August 19, 2019, the Group extinguished $5.1 million of accrued interest under the Loan Facility described in note 13, in consideration for 23,901,430 common shares of the Company.

On September 3, 2019, the Company issued 6,837,566 common shares to employees under the Group's LTIP.

On September 16, 2019, the Company issued 6,711,444 common shares of the Company to ZOG for cash consideration of $1.4 million.

b. Warrants

On March 20, 2020, in accordance with the 3nd Loan Amendment described in note 13, the Group issued warrants to an affiliate of the Lender to acquire 33,149,000 common shares of the Company. The exercise price of the issued warrants is $0.1633 per common share. The warrants expire on March 10, 2023 and were outstanding and exercisable as at March 31, 2020.

On February 26, 2019, in accordance with the 2nd Loan Amendment described in note 13, the Group issued warrants to an affiliate of the Lender to acquire 3,637,262 common shares of the Company. The exercise price of the issued warrants is $0.2094 per common share. The warrants expire on November 13, 2021 and were outstanding and exercisable as at March 31, 2020.

On April 2, 2019, in accordance with the 2nd Loan Amendment described in note 13, the Group issued warrants to an affiliate of the Lender to acquire 2,495,542 common shares of the Company. The exercise price of the issued warrants is $0.2094 per common share. The warrants expire on November 13, 2021 and were outstanding and exercisable as at March 31, 2020.

As at March 31, 2020 the total number of warrants outstanding and exercisable was 39,281,804.

17. Basic and diluted (loss) / earnings per share

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

	Three months ended March 31	
	2020	**2019**
(Loss) / Profit for the period attributable to equity holders ($000s)	(249,590)	1,544
Weighted average number of common shares for basic and diluted loss per share (1)	552,481,662	515,031,222
$		
Basic and diluted (loss) /earnings per share	**(0.45)**	**0.00**

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

18. Reserves

$000s	Other Reserves	Share based payments	Total reserves
At January 1, 2019	**2,643**	**14,284**	**16,927**
Share based payment transactions	-	578	578
Issue of warrants (note 16b)	-	277	277
At March 31, 2019	**2,643**	**15,139**	**17,782**
Share based payment transactions		2,110	2,110
Issue of shares and cash for LTIP		(1,499)	(1,499)
Issue of warrants (note 16b)	-	201	201
At December 31, 2019	**2,643**	**15,951**	**18,594**
Share based payment transactions	-	874	874
Issue of warrants (note 16b)	-	2,404	2,404
At March 31, 2020	**2,643**	**19,229**	**21,872**

19. Supplemental cash flow information

Items not involving cash

	Three months ended March 31	
$000s	**2020**	**2019**
Depreciation, depletion and amortization	7,601	4,730
Share based payment expense	614	408
Impairment	238,245	-
Unrealised foreign exchange gains	(24)	(80)
Non-cash income tax expense	3	2
Finance expense	2,626	3,230
General and administration	332	286
Change in fair value of contingent consideration	(1,873)	657
Other expense / (income)	8,982	(1,289)
Items not involving cash	**256,506**	**7,944**

Changes in non-cash working capital

	Three months ended March 31	
$000s	**2020**	**2019**
Inventories	559	797
Trade and other receivables	(10,776)	1,563
Other current assets	395	(1,177)
Trade and other payables	6,037	(9,006)
Changes in non-cash working capital	**(3,785)**	**(7,823)**
Changes in operating non-cash working capital	254	(549)
Changes in investing non-cash working capital	(4,039)	(7,274)
Changes in non-cash working capital	**(3,785)**	**(7,823)**

Other cash flow Information

	Three months ended March 31	
$000s	**2020**	**2019**
Cash income taxes paid	96	36

20. Income tax expense

	Three months ended March 31	
$000s	**2020**	**2019**
Current income tax expense	**738**	**737**
Deferred tax on LTIP shares	3	2
Income tax expense	**741**	**739**

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, 2020, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of $0.7 million (2019 - $0.7 million) were deemed to be collected by the government through its allocation of Profit Oil under the Hawler PSC.

21. Other (expense) / income

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

		Three months ended March 31	
$000s	**Note**	**2020**	**2019**
(Increase) / Reduction of provision against trade and other receivables	**8**	(4,367)	119
(Increase) / Reduction in materials inventory provision	**7**	(4,603)	1,191
Restructuring charges[(1)]		(772)	-
Other income		56	27
Other expense		**(9,686)**	**1,337**

(1) During the three months ended March 31, 2020, the Group effected a corporate re-organisation as part of its efforts to reduce costs and recorded a restructuring charge.

22. Finance expense

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

		Three months ended March 31	
$000s	**Note**	**2020**	**2019**
Interest expense on borrowings	**13**	1,985	1,968
Accretion of deferred financing costs	**13**	191	86
Interest accrued on contingent consideration	**25**	331	782
Accretion of decommissioning obligation	**15**	118	117
Issue of warrants	**16**	-	277
Other		1	28
Finance expense		**2,626**	**3,258**

23. 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, 2020 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	31,859	-	-	31,859
Royalty	(14,020)	-	-	(14,020)
Net revenue	**17,839**	**-**	**-**	**17,839**
Operating expense	(7,678)	-	-	(7,678)
Depreciation, depletion and amortisation	(7,578)	-	(23)	(7,601)
Impairment	(238,245)	-	-	(238,245)
General and administration	(1,538)	(198)	(1,002)	(2,738)
Other expense	(8,967)	(486)	(233)	(9,686)
Change in fair value of contingent consideration	1,873	-	-	1,873
Segment result	**(244,294)**	**(684)**	**(1,258)**	**(246,236)**
Finance expense				(2,626)
Foreign exchange gain				13
Loss before income tax				**(248,849)**
Income tax expense				(741)
Loss for the year				**(249,590)**
Capital additions	4,494	197	17	4,708
Segment assets as at March 31, 2020	466,468	54,049	1,695	522,212
Segment liabilities as at March 31, 2020	184,025	17,488	7,959	209,472

For the three months ended March 31, 2019 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	34,009	-	-	34,009
Royalty	(14,966)	-	-	(14,966)
Net revenue	**19,043**	**-**	**-**	**19,043**
Operating expense	(7,270)	-	-	(7,270)
Depreciation, depletion and amortisation	(4,708)	-	(21)	(4,729)
General and administration	(1,163)	(180)	(760)	(2,103)
Other expense	1,337	-	-	1,337
Change in value of contingent consideration	(657)	-	-	(657)
Segment result	**6,482**	**(180)**	**(760)**	**5,621**
Finance expense				(3,258)
Foreign exchange loss				(80)
Loss before income tax				**(2,283)**
Income tax expense				(739)
Loss for the period				**(1,544)**
Capital additions	1,860	436	17	2,313
Segment assets as at March 31, 2019	739,058	69,662	1,617	810,337
Segment liabilities as at March 31, 2019	192,573	1,575	4,253	198,401

23. Segment information (continued)

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

$000s	March 31 2020	December 31 2019
Iraq (Kurdistan Region)	418,818	659,842
Senegal and Guinea Bissau	53,475	53,278
Other	353	360
	472,446	**713,580**

24. Commitments

(a) Contractual obligations

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

$000s	March 31 2020	December 31 2019
No later than one year	17,419	17,419
One to five years	28,428	23,428
Greater than five years	14,503	14,503
	60,350	**55,350**

The commitments noted above reflect the Group's contracted exploration and development activities as at March 31, 2020. Expenditure commitments may be subject to change and may be reduced by selective relinquishments of acreage and/or licenses, negotiated modifications to expenditure commitment timelines, 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.

Included in the balances at March 31, 2020 are spending commitments, relating to the AGC license area, of $15.3 million required to be met within the next year, and $15.0 million required to be met in one to five years. Conditional upon closing of the transactions outlined in note 26, the Group's interest in the AGC Central license area will be transferred to AOG, and the Group will no longer be required to meet these commitments. If the transactions outlined in note 26 do not close, the Group expects to be able to defer the $15.3 million commitment required to be met within the next year.

(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, 2020 was $0.1 million (2019 - $0.1 million).

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

$000s	March 31 2020	December 31 2019
No later than one year	174	298
One to five years	-	5
	174	**303**

25. Contingent liabilities and consideration

In the normal course of operations, the Company may be subject to litigation and claims. In management's estimation, other than as has been recognised or disclosed within these Financial Statements, no such litigation or claim, individually or in aggregate, is expected to 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 under the terms of a sale and purchase agreement (the "Purchase Agreement").

The Purchase Agreement establishes that additional consideration in the remaining amount of $66 million plus interest at LIBOR plus 0.25% per annum becomes payable if the commercial potential of a Hawler license area discovery beyond the initially declared Demir-Dagh commercial discovery, is declared to be commercial. While the Purchase Agreement has been amended by subsequent agreement ("Amending Agreements"), these agreements each had expiry provisions which have been triggered. Consequently, the terms of the original Purchase Agreement prevail.

For the specific purpose of estimating the fair value of the contingent consideration obligation in accordance with IFRS, management has applied the expected present value technique. Management has accordingly set out possible future cash outflow scenarios and has aggregated the probability-weighted present value of each cash outflow forecast scenario, discounted at a rate of 10% per annum. The liability is presented at management's estimate of fair value, which as at March 31, 2020 amounted to $54.5 million (December 31, 2019 - $56.0 million) (note 12).

Management has based cash outflow forecast scenarios on possible future circumstances that may cause the contingent consideration to become payable, or not, in its entirety at future dates or on a scheduled basis. The scenarios range from Nil cash outflow in the event that the conditions causing the contingent consideration to become payable do not materialize, to maximum undiscounted principal and interest in the amount of $104.24 million scheduled over time through 2026. The balance of unpaid principal and accrued interest potentially owed under the contingent consideration obligation to the vendor of the Hawler license area as at March 31, 2020 was $76.0 million.

During the three months ended March 31, 2020, contingent interest accrued at a revised rate of 2.04% per annum (year ended December 31, 2019 – 2.71%).

Management expects that, should a cash outflow related to the contingent consideration liability arise, it is more likely than not that this cash outflow would occur after June 30, 2021. Consequently, the liability has been classified as a non-current liability.

The fair value of the liability was established using a combination of observable inputs other than quoted prices and unobservable inputs derived from management's internal analysis and judgment. As such it is now classified as level 3 in the fair value hierarchy (December 31, 2019 – level 3).

26. Subsequent events

The Company has been informed that its two largest shareholders have executed an agreement whereby ZOG, which currently owns approximately 22% of the issued and outstanding common shares of the Company, has agreed to acquire the outstanding common shares and warrants held by AOG Upstream BV (and its affiliates), increasing its ownership of the Company to approximately 89%. The transaction, which will result in a change of control of the Company, is subject to customary closing conditions and prior settlement of the Borrowings as described below.

The Group and an affiliate of AOG have agreed that the Borrowings (note 13), amounting to $79.8 million (including accrued interest) at June 22, 2020, is proposed to be settled in full through the transfer by the Group to an affiliate of AOG of the shares of OP AGC Central Limited, the wholly-owned subsidiary of the Company that holds the interest in the AGC Central license area. The transactions are subject to customary closing conditions, including acceptance of the Toronto Stock Exchange and receipt of a favourable fairness opinion. Upon closing, a gain of $26 million is expected to be recognised in the Group's consolidated financial statements.

26. Subsequent events (continued)

In connection with the proposed change of control, the 2020 Interim Credit Facility (note 14) has been terminated. The Group has not drawn any amounts under the 2020 Interim Credit Facility.

The various conditions for the transactions are anticipated to be fulfilled such that the transactions will close early in the third quarter of 2020.