CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

ORYX PETROLEUM

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

		Three months ended June 30		Six months ended June 30	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
Revenue		4,232	39,873	36,091	73,882
Royalties		(1,862)	(17,546)	(15,882)	(32,512)
Net revenue		**2,370**	**22,327**	**20,209**	**41,370**
Operating expense		(3,532)	(6,938)	(11,210)	(14,208)
Depreciation, depletion and amortisation	**5, 6**	(1,658)	(5,012)	(9,259)	(9,741)
Impairment reversal / (expense)	**5, 6**	1,076	-	(237,169)	-
General and administration		(2,185)	(3,361)	(4,923)	(5,464)
Other income / (expense)	**21**	4,616	105	(5,070)	1,442
Change in fair value of contingent consideration		(1,621)	(683)	252	(1,340)
(Loss) / Profit from operations		**(934)**	**6,438**	**(247,170)**	**12,059**
Finance expense	**22**	(2,862)	(3,210)	(5,488)	(6,468)
Foreign exchange gains / (losses)		20	(34)	33	(114)
(Loss) / Profit before income tax		**(3,776)**	**3,194**	**(252,625)**	**5,477**
Income tax expense	**20**	(78)	(881)	(819)	(1,620)
(Loss) / Profit for the period		**(3,854)**	**2,313**	**(253,444)**	**3,857**
Comprehensive (loss) / income for the period		**(3,854)**	**2,313**	**(253,444)**	**3,857**
(Loss) / Earnings per share (basic and diluted)	**17**	**(0.01)**	**0.00**	**(0.46)**	**0.01**

Consolidated Statements of Financial Position

$000s	Note	June 30 2020	December 31 2019
Non-current assets			
Intangible assets	**5**	48,167	101,807
Property, plant and equipment	**6**	373,835	611,552
Deferred tax assets		219	221
		422,221	**713,580**
Current assets			
Inventories	**7**	8,934	9,421
Trade and other receivables	**8**	32,057	34,461
Other current assets	**9**	1,310	1,880
Cash and cash equivalents	**10**	5,629	8,912
Asset held for disposal	**11**	53,611	-
		101,541	**54,674**
Total assets		**523,762**	**768,254**
Current liabilities			
Trade and other payables	**12**	50,848	48,334
Borrowings	**13**	78,162	79,883
		129,010	**128,217**
Non-current liabilities			
Trade and other payables	**12**	56,310	56,031
Retirement benefit obligation		3,090	4,262
Decommissioning obligation	**15**	25,593	20,692
		84,993	**80,985**
Total liabilities		**214,003**	**209,202**
Equity			
Share capital	**16**	1,361,043	1,361,043
Reserves	**18**	22,745	18,594
Accumulated remeasurement of defined benefit obligation, net of income tax		(5,529)	(5,529)
Accumulated deficit		(1,068,500)	(815,056)
Total equity		**309,759**	**559,052**
Total equity and liabilities		**523,762**	**768,254**

The consolidated financial statements were approved by the Board of Directors and authorised for issue on September 2, 2020.

On behalf of the Board of Directors:

signed
Sami Zouari
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		-	-	3,857	-	3,857
Share based payment expense	**18**	-	1,157	-	-	1,157
Issue of warrants	**18**	-	478	-	-	478
Balance at June 30, 2019		**1,353,220**	**18,562**	**(752,000)**	**(4,753)**	**615,029**
Loss for the period		-	-	(63,056)	-	(63,056)
Issue of shares for debt interest conversion	**16**	5,074	-	-	-	5,074
Private subscription	**16**	1,425	-	-	-	1,425
Share based payment expense	**18**	-	1,531	-	-	1,531
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		-	-	(253,444)	-	(253,444)
Share based payment expense	**18**	-	1,747	-	-	1,747
Issue of warrants	**18**	-	2,404	-	-	2,404
Balance at June 30, 2020		**1,361,043**	**21,745**	**(1,068,500)**	**(5,529)**	**309,759**

Consolidated Statements of Cash Flows

		Three months ended June 30		Six months ended June 30	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
Operating activities					
(Loss) / Profit		(3,854)	2,313	(253,444)	3,857
Items not involving cash	**19**	1,624	9,648	258,130	17,592
Change in retirement benefit obligation		(109)	(109)	(474)	(417)
Changes in non-cash working capital	**19**	5,418	(496)	5,672	(1,045)
Net cash generated by operating activities		**3,079**	**11,356**	**9,884**	**19,987**
Investing activities					
Acquisition of intangible assets	**5**	1,478	(229)	1,299	(635)
Acquisition of property, plant and equipment		(615)	(8,302)	(4,931)	(9,594)
Changes in non-cash working capital	**19**	(1,471)	(117)	(5,510)	(7,391)
Net cash used in investing activities		**(608)**	**(8,648)**	**(9,142)**	**(17,620)**
Financing activities					
Interest paid	**13**	-	-	(4,025)	-
Net cash used in financing activities		-	-	**(4,025)**	-
Net increase / (decrease) in cash and cash equivalents		**2,471**	**2,708**	**(3,283)**	**2,367**
Cash and cash equivalents at beginning of the period	**10**	3,158	14,069	8,912	14,410
Cash and cash equivalents at end of the period		**5,629**	**16,777**	**5,629**	**16,777**

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. As at June 30, 2020, the Group's indirect controlling shareholder was 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. Following the closing of the transactions described in note 26, the Group's controlling shareholder is Zeg Oil and Gas Limited ("ZOG") (incorporated in the British Virgin Islands) and its ultimate controlling parent is SBK Investment Holdings Limited (incorporated in the British Virgin Islands). The Group's ultimate controlling party is Baz Karim.

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 worldwide outbreak of the COVID-19 virus, including within Iraq, has not caused any significant disruption of production operations. The Group is taking precautions to protect its employees and contractors but does not at this time expect that the virus outbreak will restrict operations. The very significant decline in spot and forward crude oil prices during March 2020, occasioned principally by the decreasing oil demand due to measures introduced by governments globally to combat the COVID-19 pandemic, resulted in an impairment of the Hawler oil and gas asset at March 31, 2020 (note 6).

The unaudited condensed consolidated interim financial statements (the "Financial Statements") were authorised for issue by the Board of Directors on September 2, 2020.

2. Summary of significant accounting policies

a. Basis of preparation

The Company's Financial Statements for the three and six months ended June 30, 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 and six months ended June 30, 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.

2. Summary of significant accounting policies (continued)

b. Going concern (continued)

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.

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, which is consistent with receipt of payments for oil sales for the months of March 2020 through July 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 produce, sell and receive payment for crude oil from the Hawler license area in accordance with its production forecast.

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 June 30, 2020.

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

i) Hawler license area oil sales are based on Brent crude oil prices averaging $47.16 per barrel during the 15-month period ending September 30, 2021.

ii) Continued settlement of Hawler oil sales invoices in the month following deliveries, as initiated by the government of the KRI from March 2020.

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

iv) No cash outflows arising from the contingent consideration liability (note 25) prior to September 30, 2021.

The Hawler drilling and facilities work program for the next 15 months will be tailored to the funding available for capital expenditure, with commitments and activity being largely contingent upon continued satisfactory levels of revenue.

Additional funding may be required if payments relating to the contingent consideration liability (note 25) arise during the forecast period.

Collectively, the assumptions listed above represent material uncertainties and may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. 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.

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 standard has not had a material impact on these Financial Statements.

2. Summary of significant accounting policies (continued)

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
Annual Improvements to IFRS Standards 2018 – 2020	January 1, 2022

Management has reviewed the impact of the amended standards listed above and expects that the adoption of these amendments 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 six months ended June 30, 2020. As at June 30, 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")

On July 23, 2020, the Group's shares of OP AGC Central Limited, the former wholly-owned subsidiary of the Company that holds the interest in the AGC Central license area, were transferred to an affiliate of AOG as consideration for the full settlement of Borrowings (note 13), including accrued interest outstanding. Subsequent to this transfer, the Group is no longer a party to the AGC Central joint arrangement. Refer to note 26 for further information.

5. Intangible assets

$000s	Exploration & Evaluation costs	Computer Software	Total
Cost			
At January 1, 2019	**99,852**	**2,211**	**102,063**
Additions	794	14	808
At June 30, 2019	**100,646**	**2,225**	**102,871**
Additions	1,137	-	1,137
At December 31, 2019	**101,783**	**2,225**	**104,008**
Additions[(1)]	43	-	43
Transfer to Asset held for disposal (note 11)	(53,676)	-	(53,676)
At June 30, 2020	**48,150**	**2,225**	**50,375**
Accumulated amortisation and impairment			
At January 1, 2019	**-**	**2,188**	**2,188**
Amortisation	-	6	6
At June 30, 2019	**-**	**2,194**	**2,194**
Amortisation	-	7	7
At December 31, 2019	**-**	**2,201**	**2,201**
Amortisation	-	7	7
At June 30, 2020	**-**	**2,208**	**2,208**
Net book value			
At June 30, 2020	48,150	17	48,167
At December 31, 2019	101,783	24	101,807

(1) During the six months ended June 30, 2020, the Group recorded a credit to additions and an equivalent impairment reversal of $1.1 million due to revisions in accruals for costs that had been estimated in prior periods relating to a previously divested E&E asset. The additions amount in the table above has been presented net of the associated impairment reversal during the period.

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

$000s	June 30 2020	December 31 2019
Middle East	48,150	48,524
West Africa	-	53,259
	48,150	**101,783**

On July 23, 2020, the Group's shares of OP AGC Central Limited, the former wholly-owned subsidiary of the Company that holds the interest in the AGC Central license area was transferred to an affiliate of AOG as consideration for the full settlement of Borrowings (note 13), including accrued interest outstanding. The net assets of OP AGC Central Limited, including the $53.7 million E&E asset balance, have been reclassified to Assets held for disposal (note 11) at June 30, 2020. Refer to note 26 for further information.

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 processes 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.

5. Intangible assets (continued)

Management has exercised significant judgment in determining that the Hawler – Ain al Safra sub-contract area constitutes an individual CGU 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 involve complex judgments and estimates relating to i) management's current and future capital allocation priorities, and ii) the Group's ability to finance its commitments within the time limitations imposed by the agreements governing the Group's activities in each of the related license areas / CGUs.

6. Property, plant and equipment

The Group's principal property, plant and equipment comprises its oil 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	12,141	3	12,144
At June 30, 2019	**914,733**	**3,547**	**918,280**
Additions	24,149	2	24,151
At December 31, 2019	**938,882**	**3,549**	**942,431**
Additions	9,733	1	9,734
At June 30, 2020	**948,615**	**3,550**	**952,165**
Accumulated depreciation, depletion and impairment			
At January 1, 2019	**251,216**	**3,341**	**254,557**
Depreciation	-	37	37
Depletion	9,685	-	9,685
At June 30, 2019	**260,901**	**3,378**	**264,279**
Impairment(1)	54,390	-	54,390
Depreciation	-	38	38
Depletion	12,172	-	12,172
At December 31, 2019	**327,463**	**3,416**	**330,879**
Impairment (1)	238,245	-	238,245
Depreciation	-	38	38
Depletion	9,168	-	9,168
At June 30, 2020	**574,876**	**3,454**	**578,330**
Net book value			
At June 30, 2020	373,739	96	373,835
At December 31, 2019	611,419	133	611,552

(1) As at December 31, 2019 and March 31, 2020 respectively, the Group recorded successive impairment charges of $54.4 million and $238.2 million relating to the Hawler license area. The impairment charges represented 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 June 30, 2020 is $373.7 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.

Management has determined that as at June 30, 2020, there were no new substantive indicators suggesting that the carrying amount of Hawler license area Oil & Gas assets exceeds its recoverable amount nor were there indicators suggesting that the previously recognised impairment losses no longer exist or may have decreased.

Please refer to note 26 for further information on amendments to the terms of the Hawler license area production sharing contract ("PSC") made subsequent to June 30, 2020.

Impairment test at March 31, 2020

Notwithstanding the impairment test completed as at December 31, 2019, the very significant decline in spot and forward crude oil prices during March 2020, occasioned principally by the decreasing oil demand due to measures introduced by governments globally to combat the COVID-19 pandemic, was a clear indicator that the Hawler license area CGU's recoverable amount may have differed 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 then-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 assumed that net cash flow in the Hawler PSC would be zero during the remainder of 2020 and that capital investments, production profiles and associated revenues as presented in the 2P Development Case would be deferred by one year, beginning on January 1, 2021. Expected cash inflows from oil sales were based on quoted Brent Crude forward contract prices for 2021 and 2022. Management's Brent Crude assumptions beyond 2022 were benchmarked against the forward contract prices and longer-term pricing forecasts prepared as at April 1, 2020 by external firms. Expected cash inflows assumed that all sales of crude oil from the Hawler license area continued 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 were 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.

6. Property, plant and equipment (continued)

Based on the above, expected cash inflows from oil sales were 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 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.

In measuring the recoverable amount of the Hawler license area CGU as defined in IFRS 13, management 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 indicated an estimated recoverable amount of the Hawler license area CGU as at March 31, 2020 to be $370.1 million. Consequently, the Group recorded a $238.2 million impairment as at March 31, 2020. The impairment represented, at March 31, 2020, the difference between the estimated recoverable amount of the Hawler license area CGU and its carrying amount which includes the carrying value 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 was 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 resulted 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	June 30 2020	December 31 2019
Oil inventory	129	217
Materials, net of provision	8,805	9,204
	8,934	**9,421**

The cost of oil inventory is expensed through production expenses in the period during which it is sold. As at June 30, 2020, the Group's working interest share of oil inventory was 8,030 bbl (December 31, 2019 – 11,330 bbl).

The Group has adjusted the carrying value of materials inventory to management's estimate of net realisable value (note 21). The provision at June 30, 2020 is $6.5 million (December 31, 2019: $7.0 million).

No inventories have been pledged as security during the period.

8. Trade and other receivables

$000s	June 30 2020	December 31 2019
Revenue receivables, net of provision	30,694	33,227
Other receivables	1,363	1,234
	32,057	**34,461**

Trade and other receivables are denominated in US Dollars. The Group received communication from the office of the Prime Minister of the government of the Kurdistan Region of Iraq in late March 2020 which 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 June 30, 2020 is presented net of a provision of $8.0 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	June 30 2020	December 31 2019
Deposits	618	1,149
Prepaid charges and other current assets	692	731
	1,310	**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

OP AGC Central Limited

On July 23, 2020, the Group's shares of OP AGC Central Limited, the former wholly-owned subsidiary of the Company that holds the interest in the AGC Central license area was transferred to an affiliate of AOG as consideration for the full settlement of Borrowings (note 13), including accrued interest outstanding. The net assets of OP AGC Central Limited, totalling $53.6 million, have been reclassified to Assets held for disposal at June 30, 2020. Refer to note 26 for further information.

11. Assets held for disposal (continued)

Haute Mer B Exploration License

On April 23, 2018, OP Congo SA (formerly Oryx Petroleum Congo SA) (the "Seller"), a wholly-owned subsidiary of Oryx Petroleum, 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 these 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.

Subsequent to June 30, 2020, OP Congo SA has initiated liquidation proceedings in Congo (Brazzaville). Refer to note 26 for further information.

12. Trade and other payables

$000s	June 30 2020	December 31 2019
Trade accounts payable	15,830	6,148
Amounts payable to related parties	501	21
Other payables and accrued liabilities (1)	34,517	42,165
Current portion	**50,848**	**48,334**
Non-current contingent consideration (note 25)	56,310	56,031
Total trade and other payables	**107,158**	**104,365**

(1) Includes $15.7 million provision for HMB License arbitration award (note 11 and note 26).

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 June 30, 2020, the Group has recognised a liability of $56.3 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 was fully drawn and had an initial maturity of March 10, 2018 (the "Maturity Date").

13. Borrowings (continued)

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") were 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 and November 11, 2018 (each, an "Interest Calculation Date") and was 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. 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. Provided cash payments to the Lender were permitted under the terms of other corporate agreements, interest on the Loan Amount accruing after July 1, 2019 were 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 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 were 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 June 30, 2020, which was 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	3,971
Deferred financing costs (note 16b)	(2,404)
Accretion of deferred financing costs	737
Payment of accrued interest	(4,025)
At June 30, 2020 (classified as a current liability))	**78,162**

On July 23, 2020, the Borrowings were settled in full, including accrued interest, through the transfer of the Group's shares of OP AGC Central Limited, the former wholly-owned subsidiary of the Company that holds the interest in the AGC Central license area (notes 5 and 26). The Borrowings amounted to $80.5 million (including accrued interest) at the date of settlement.

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") were subject to interest at an annual rate of 10.5% calculated daily and compounding at the end of each calendar month ("Interest"). Principal and Interest were payable no later than September 30, 2020. The Group incurred a commitment fee equivalent to 1% of the undrawn amount under the 2020 Interim Credit Facility.

In connection with the change of control transactions described in note 26, the 2020 Interim Credit Facility was terminated at June 22, 2020. The Group did not draw any amounts under the 2020 Interim Credit Facility.

14. Interim credit facility (continued)

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 June 30, 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, 2020 to 1.2% (December 31, 2019 – 0.2%). The assumed discount rate was also reviewed as at June 30, 2020 and was updated to 2.4% (December 31, 2019 – 2.5%). Decommissioning obligations are anticipated to be incurred in 2038.

The estimated net present value of the decommissioning obligation at June 30, 2020 is $25.6 million (December 31, 2019 - $20.7 million) based on the Group's working interest undiscounted liability of $39.8 million (December 31, 2019 - $33.1 million).

$000s	June 30 2020	December 31 2019
Decommissioning obligation, beginning of the period	**20,692**	**16,674**
Property acquisition and development activity	20	1,631
Change in discount rate	455	5,525
Change in inflation rate	4,190	(3,603)
	25,357	**20,227**
Accretion expense	236	465
Decommissioning obligation, end of the period	**25,593**	**20,692**

16. Share capital

a. Issued common shares

	Number of shares	Share capital
		$000s
At January 1, 2019 and June 30, 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 June 30, 2020	**552,481,662**	**1,361,043**

The Company has unlimited authorised share capital at June 30, 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.

16. Share capital (continued)

b. Warrants

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 June 30, 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 June 30, 2020.

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 June 30, 2020.

As at June 30, 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 June 30		**Six months ended June 30**	
$000s	**2020**	**2019**	**2020**	**2019**
(Loss) / profit for the period attributable to equity holders	(3,854)	2,313	(253,444)	3,857
Weighted average number of common shares for basic earnings / loss per share(1)	552,481,662	515,031,222	552,481,662	515,031,222
Weighted average dilutive impact of unexercised warrants outstanding	-(2)	6,105,480	-(2)	-(2)
Weighted average number of common shares for diluted earnings / loss per share	552,481,662	521,136,702	552,481,662	515,031,222
$				
Basic and Diluted (loss) / earnings / per share	**(0.01)**	**0.00**	**(0.46)**	**0.01**

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

(2) Outstanding warrants are excluded from diluted shares for the three and six months ended June 30, 2020 and the six months ended June 30, 2019 as they are anti-dilutive for the period.

18. Reserves

$000s	Other Reserves	Share based payments	Total reserves
At January 1, 2019	**2,643**	**14,284**	**16,927**
Share based payment transactions	-	1,157	1,157
Issue of warrants (note 16b)	-	478	478
At June 30, 2019	**2,643**	**15,919**	**18,562**
Share based payment transactions		1,531	1,531
Issue of shares and cash for LTIP		(1,499)	(1,499)
At December 31, 2019	**2,643**	**15,951**	**18,594**
Share based payment transactions	-	1,747	1,747
Issue of warrants (note 16b)	-	2,404	2,404
At June 30, 2020	**2,643**	**20,102**	**22,745**

19. Supplemental cash flow information

Items not involving cash	**Three months ended June 30**		**Six months ended June 30**	
$000s	**2020**	**2019**	**2020**	**2019**
Depreciation, depletion and amortisation	1,658	5,011	9,259	9,741
Share based payment expense	605	395	1,219	803
Impairment expense / (reversal)	(1,076)	-	237,169	-
Unrealised foreign exchange losses	(2)	145	(26)	65
Non-cash income tax expense	(1)	4	2	6
Finance expense	2,850	3,190	5,476	6,420
General and administrative	333	278	665	564
Change in fair value of contingent consideration	1,621	683	(252)	1,340
Other expense / (income)	(4,364)	(58)	4,818	(1,347)
Items not involving cash	**1,624**	**9,648**	**258,130**	**17,592**

Changes in non-cash working capital	**Three months ended June 30**		**Six months ended June 30**	
$000s	**2020**	**2019**	**2020**	**2019**
Inventories	(648)	1,228	(89)	2,025
Trade and other receivables	8,353	(3,810)	(2,423)	(2,247)
Other current assets	144	(273)	539	(1,450)
Trade and other payables	(3,902)	2,242	2,135	(6,764)
Change in non-cash working capital	**3,947**	**(613)**	**162**	**(8,436)**
Changes in operating non-cash working capital	5,418	(496)	5,672	(1,045)
Changes in investing non-cash working capital	(1,471)	(117)	(5,510)	(7,391)
Change in non-cash working capital	**3,947**	**(613)**	**162**	**(8,436)**

Other cash flow information	**Three months ended June 30**		**Six months ended June 30**	
$000s	**2020**	**2019**	**2020**	**2019**
Cash income taxes paid	-	50	96	86

20. Income tax expense

	Three months ended June 30		Six months ended June 30	
$000s	**2020**	**2019**	**2020**	**2019**
Current income tax expense	79	877	816	1,614
Deferred tax on LTIP shares	(1)	4	3	6
Income tax expense	**78**	**881**	**819**	**1,620**

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 six months ended June 30, 2020, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of $0.7 million (2019 - $1.5 million) were deemed to be collected by the government through its allocation of Profit Oil under the Hawler PSC.

21. Other income / (expense)

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

		Three months ended June 30		Six months ended June 30	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
(Increase) / reduction of materials inventory provision	**7**	3,534	448	(1,069)	1,639
Increase of provision against trade and other receivables	**8**	(460)	(284)	(4,827)	(165)
Restructuring (charges) / reversal[(1)]		214		(558)	
Curtailment of retirement benefit obligation		1,335		1,335	
Other (expense) / income		(7)	(59)	49	(32)
Other income / (expense)		**4,616**	**105**	**(5,070)**	**1,442**

(1) During the six months ended June 30, 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 June 30		Six months ended June 30	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
Interest expense on borrowings	**13**	1,986	1,991	3,971	3,959
Accretion of deferred financing costs	**13**	546	87	737	173
Interest accrued on contingent consideration	**25**	200	791	531	1,573
Accretion of decommissioning obligation	**15**	118	121	236	238
Issue of warrants	**16b**	-	201	-	478
Other		12	19	13	47
Finance expense		**2,862**	**3,210**	**5,488**	**6,468**

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. During the period the Group operated in two geographical areas. Segmented information related to the two operating segments and corporate activities is as follows:

For the six months ended June 30, 2020 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	36,091	-	-	36,091
Royalty	(15,882)	-	-	(15,882)
Net revenue	**20,209**	**-**	**-**	**20,209**
Operating expense	(11,210)	-	-	(11,210)
Depreciation, depletion and amortisation	(9,215)	-	(44)	(9,259)
Impairment	(238,245)	1,076	-	(237,169)
General and administration	(2,456)	(361)	(2,106)	(4,923)
Other (expense) / income	(5,833)	(553)	1,316	(5,070)
Change in fair value of contingent consideration	252	-	-	252
Segment result	**(246,498)**	**162**	**(834)**	**(247,170)**
Finance expense				(5,488)
Foreign exchange gain				33
Loss before income tax				**(252,625)**
Income tax expense				(819)
Loss for the period				**(253,444)**
Capital additions	9,379	397	1	9,777
Segment assets as at June 30, 2020	465,406	53,629	4,727	523,762
Segment liabilities as at June 30, 2020	192,890	15,723	5,390	214,003

For the six months ended June 30, 2019 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	73,882	-	-	73,882
Royalty	(32,512)	-	-	(32,512)
Net revenue	**41,370**	**-**	**-**	**41,370**
Operating expense	(14,208)	-	-	(14,208)
Depreciation, depletion and amortisation	(9,697)	-	(44)	(9,741)
General and administration	(2,252)	(369)	(2,843)	(5,464)
Other income	1,442	-	-	1,442
Segment result	**16,655**	**(369)**	**(2,887)**	**13,399**
Finance expense				(7,808)
Foreign exchange gain				(114)
Profit before income tax				**5,477**
Income tax expense				(1,620)
Profit for the period				**3,857**
Capital additions	12,258	676	18	12,952
Segment assets as at June 30, 2019	753,299	66,751	1,555	821,605
Segment liabilities as at June 30, 2019	200,312	1,679	4,585	206,576

23. Segment information (continued)

For the three months ended June 30, 2020 $000s	Middle East	West Africa	Corporate	Total
Revenue	4,232	-	-	4,232
Royalty	(1,862)	-	-	(1,862)
Net revenue	**2,370**	**-**	**-**	**2,370**
Operating expense	(3,532)	-	-	(3,532)
Depreciation, depletion and amortisation	(1,637)	-	(21)	(1,658)
Impairment reversal	-	1,076	-	1,076
General and administration	(918)	(163)	(1,104)	(2,185)
Other (expense) / income	3,134	(67)	1,549	4,616
Change in fair value of contingent consideration	(1,621)	-	-	(1,621)
Segment result	**(2,204)**	**846**	**424**	**(934)**
Finance expense				(2,862)
Foreign exchange gain				20
Loss before income tax				**(3,776)**
Income tax expense				(78)
Loss for the period				**(3,854)**
Capital additions	4,885	200	(16)	5,069

For the three months ended June 30, 2019 $000s	Middle East	West Africa	Corporate	Total
Revenue	39,873	-	-	39,873
Royalty	(17,546)	-	-	(17,546)
Net revenue	**22,327**	**-**	**-**	**22,327**
Operating expense	(6,938)	-	-	(6,938)
Depreciation, depletion and amortisation	(4,989)	-	(23)	(5,012)
General and administration	(1,089)	(189)	(2,083)	(3,361)
Other income	105	-	-	105
Segment result	**9,416**	**(189)**	**(2,106)**	**7,121**
Finance expense				(3,893)
Foreign exchange gain				(34)
Profit before income tax				**3,194**
Income tax expense				(881)
Profit for the period				**2,313**
Capital additions	10,397	241	1	10,639

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

$000s	June 30 2020	December 31 2019
Iraq (Kurdistan Region)	421,906	659,842
Senegal and Guinea Bissau (note 26)	-	53,278
Other	315	360
	422,221	**713,580**

24. Commitments

(a) Contractual obligations

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

$000s	**June 30 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 June 30, 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 June 30, 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. Upon closing of the transactions in July 2020 outlined in note 26, the Group's interest in the AGC Central license area was transferred to AOG, and the Group is no longer required to meet these commitments.

(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 six months ended June 30, 2020 was $0.2 million (2019 - $0.2 million).

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

$000s	**June 30 2020**	**December 31 2019**
No later than one year	193	298
One to five years	-	5
	193	**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 an additional Hawler discovery is declared to be commercial, beyond the initially declared Demir-Dagh commercial discovery. 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.

25. Contingent liabilities and consideration (continued)

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 June 30, 2020 amounted to $56.3 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 $103.3 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 June 30, 2020 was $76.2 million.

During the six months ended June 30, 2020, contingent interest accrued at a revised rate of 1.77% 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 classified as level 3 in the fair value hierarchy.

26. Subsequent events

ZOG Credit Facility.

On August 26, 2020, the Group entered into an interest free $10 million credit facility agreement with ZOG (the "ZOG Credit Facility"). There is no commitment fee and any amounts drawn under this facility are due at the earlier of (a) the third business day after the Company has received payments from the Ministry of Natural Resources of the Kurdistan Region of Iraq ("MNR") representing 50% of the total amount owing for oil sales during the period from November 2019 to February 2020, or (b) July 31, 2022. A total of $5 million has been drawn under the ZOG Credit Facility.

Shareholder and Borrowings Restructuring

On July 23, 2020, the Group and an affiliate of AOG have settled in full the Borrowings balance (note 13) through the transfer, by the Group to an affiliate of AOG, of the shares of OP AGC Central Limited, the former wholly-owned subsidiary of the Corporation that holds the interest in the AGC Central license area (the "Loan Settlement"). The loan balance (including accrued and unpaid interest) at the time of settlement amounted to $80.5 million. Upon closing, a gain of $26 million was recognised.

The Group's two largest shareholders informed the Group of the closing of a transaction between them whereby ZOG acquired the outstanding common shares and warrants held by AOG Upstream BV (and certain related parties) on July 23, 2020, increasing its ownership stake in the Group to approximately 89%. The transaction was conditional upon and subsequent to the closing of the Loan Settlement and has resulted in a change in control of the Corporation.

Production Sharing Contract Amendments

As part of securing consent for the change in control of the Group's interest in the Hawler license area from the MNR, the Group has agreed to amend certain terms of the PSC governing the Hawler license area effective at July 1, 2020. Specifically, the Group has agreed to a 22% reduction in the cost pool related to its interest, and to finance all costs attributed to the 35% interest it does not own for the duration of the development period and without a cap on such financing facility. Previously, the Group was financing only the costs attributable to a 20% interest in the license, to a maximum of $300 million. The MNR has agreed to waive any rights it has to perform an audit of costs incurred prior to January 1, 2021.

26. Subsequent events (continued)

Management anticipates that the changes to the PSC will be considered an indicator of possible impairment at September 30, 2020 and a further impairment test will be completed as at that date. If these PSC changes had been included in the March 31, 2020 impairment test (note 6), an additional impairment of $11.3 million would have been recorded. Management believes that the increase in oil prices that has occurred since March 31, 2020 will more than offset the decrease in forecast cash flows associated with the amendments to the PSC.

If the amendments to the PSC had occurred prior to June 30, 2020, the following changes would have been made to the balances below:

Decommissioning obligation

$000s	Note	Current balance at June 30, 2020	Revised balance at June 30, 2020
Decommissioning obligation	**15**	25,593	39,347

Commitments – Contractual obligations

$000s	Note	Current balance at June 30, 2020	Revised balance at June 30, 2020
No later than one year	**24**	17,419	17,790
One to five years	**24**	28,428	29,915
Greater than five years	**24**	14,503	22,312
		60,350	**70,017**

Liquidation of OP Congo SA

Subsequent to June 30, 2020, OP Congo SA, a wholly-owned subsidiary of the Company, initiated liquidation proceedings in Congo (Brazzaville). From the commencement of liquidation proceedings, the Group no longer has control of this entity and has therefore deconsolidated the associated net liabilities, which will result in a $15.7 million reduction in the consolidated Trade and other payables balance during the three months ended September 30, 2020.