CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 and nine months ended September 30, 2020 and 2019.

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

		Three months ended September 30		Nine months ended September 30	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
Revenue		21,984	35,735	58,075	109,617
Royalties		(9,001)	(15,725)	(24,883)	(48,237)
Net revenue		**12,983**	**20,010**	**33,192**	**61,380**
Operating expense		(7,061)	(7,173)	(18,271)	(21,381)
Depreciation, depletion and amortisation	**5, 6**	(4,687)	(5,151)	(13,946)	(14,892)
Impairment expense	**5, 6**	-	-	(237,169)	-
General and administration		(3,368)	(2,801)	(8,291)	(8,266)
Gain on settlement of borrowings	**13**	26,892	-	26,892	-
Other income / (expense)	**21**	1,656	398	(3,414)	1,840
Change in fair value of contingent consideration		6,764	14,272	7,016	12,932
Profit / (Loss) from operations		**33,179**	**19,555**	**(213,991)**	**31,613**
Finance expense	**22**	(2,527)	(502)	(8,015)	(6,969)
Foreign exchange (losses) / gains		(27)	24	6	(90)
Profit / (Loss) before income tax		**30,625**	**19,077**	**(222,000)**	**24,554**
Income tax expense	**20**	(486)	(799)	(1,305)	(2,419)
Profit / (Loss) for the period		**30,139**	**18,278**	**(223,305)**	**22,135**
Comprehensive income / (loss) for the period		**30,139**	**18,278**	**(223,305)**	**22,135**
Earnings / (Loss) per share (basic and diluted)	**17**	**0.05**	**0.03**	**(0.40)**	**0.04**

Consolidated Statements of Financial Position

$000s	Note	September 30 2020	December 31 2019
Non-current assets			
Intangible assets	5	48,896	101,807
Property, plant and equipment	6	384,146	611,552
Deferred tax assets		217	221
		433,259	**713,580**
Current assets			
Inventories	7	8,173	9,421
Trade and other receivables	8	37,149	34,461
Other current assets	9	1,496	1,880
Cash and cash equivalents	10	10,958	8,912
		57,776	**54,674**
Total assets		**491,035**	**768,254**
Current liabilities			
Trade and other payables	12	52,365	48,334
Borrowings	13	-	79,883
		52,365	**128,217**
Non-current liabilities			
Trade and other payables	12	49,613	56,031
Interim credit facility	14	5,000	-
Retirement benefit obligation		2,832	4,262
Decommissioning obligation	15	39,427	20,692
		96,872	**80,985**
Total liabilities		**149,237**	**209,202**
Equity			
Share capital	16	1,362,633	1,361,043
Reserves	18	23,055	18,594
Accumulated remeasurement of defined benefit obligation, net of income tax		(5,529)	(5,529)
Accumulated deficit		(1,038,361)	(815,056)
Total equity		**341,798**	**559,052**
Total equity and liabilities		**491,035**	**768,254**

The consolidated financial statements were approved by the Board of Directors and authorised for issue on November 13, 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		-	-	22,135	-	22,135
Share based payment expense	**18**	-	1,815	-	-	1,815
Shares and cash issued for LTIP	**16, 18**	1,323	(1,499)	-	-	(176)
Issue of warrants	**18**	-	478	-	-	478
Private subscriptions	**16**	1,425	-	-	-	1,425
Issue of shares for debt interest conversion	**16**	5,074	-	-	-	5,074
Balance at September 30, 2019		**1,361,043**	**17,721**	**(733,722)**	**(4,753)**	**640,289**
Loss for the period		-	-	(81,334)	-	(81,334)
Share based payment expense	**18**	-	873	-	-	873
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		-	-	(223,305)	-	(223,305)
Shares issued for LTIP	**16, 18**	1,590	(1,590)	-	-	-
Share based payment expense	**18**	-	3,647	-	-	3,647
Issue of warrants	**18**	-	2,404	-	-	2,404
Balance at September 30, 2020		**1,362,6333**	**23,055**	**(1,038,361)**	**(5,529)**	**341,798**

Consolidated Statements of Cash Flows

		Three months ended September 30		Nine months ended September 30	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
Operating activities					
(Loss) / Profit		30,139	18,278	(223,305)	22,135
Items not involving cash	**19**	(26,300)	(8,363)	231,821	9,229
Retirement benefit obligation payments		(138)	(134)	(612)	(551)
Cash flows relating to non-cash working capital	**19**	(79)	(69)	5,596	(1,114)
Net cash generated by operating activities		**3,622**	**9,712**	**13,500**	**29,699**
Investing activities					
Acquisition of intangible assets		-	(648)	(740)	(1,311)
Acquisition of property, plant and equipment		(3,293)	(6,826)	(11,689)	(23,783)
Net cash used in investing activities		**(3,293)**	**(7,474)**	**(12,429)**	**(25,094)**
Financing activities					
Proceeds from issuance of common shares	**16**	-	1,426	-	1,426
Interest paid	**13**	-	-	(4,025)	-
Drawdown on ZOG Credit Facility	**14**	5,000		5,000	
			-		-
Net cash generated by financing activities		5,000	**1,426**	**975**	**1,426**
Net increase in cash and cash equivalents		**5,329**	**3,664**	**2,046**	**6,031**
Cash and cash equivalents at beginning of the period	**10**	5,629	16,777	8,912	14,410
Cash and cash equivalents at end of the period		**10,958**	**20,441**	**10,958**	**20,441**

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 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 has taken precautions to protect its employees and contractors and 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 November 13, 2020.

2. Summary of significant accounting policies

a. Basis of preparation

The Company's Financial Statements for the three and nine months ended September 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 nine months ended September 30, 2020, the Group met its day to day working capital requirements and funded its capital and operating expenditures through cash reserves, partial receipt of its share of oil sales revenues from the Hawler license area and a partial drawdown of the ZOG Credit Facility (note 14).

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 month following, and this undertaking has been met in respect of receipt of payments for oil sales for each month from March 2020 through September 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 September 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 $39.73 per barrel during the 15-month period ending December 31, 2021.

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

iii) Certain amounts arising under the Hawler license area production sharing contract ("PSC") will be set-off against overdue crude oil receivables.

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

v) No cash outflows arising from the contingent consideration liability (note 25) prior to December 31, 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.

2. Summary of significant accounting policies (continued)

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.

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 nine months ended September 30, 2020. As at September 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%

(1) Participating interest is the Group's current interest in the applicable license area.

5. Intangible assets

$000s	Exploration & Evaluation costs	Computer Software	Total
Cost			
At January 1, 2019	**99,852**	**2,211**	**102,063**
Additions	1,225	15	1,140
At September 30, 2019	**101,077**	**2,226**	**103,303**
Additions	706	(1)	705
At December 31, 2019	**101,783**	**2,225**	**104,008**
Additions[(1)]	775	-	775
Disposal of subsidiary (note 13)	(53,676)	-	(53,676)
At September 30, 2020	**48,882**	**2,225**	**51,107**
Accumulated amortisation and impairment			
At January 1, 2019	**-**	**2,188**	**2,188**
Amortisation	-	10	10
At September 30, 2019	**-**	**2,198**	**2,199**
Amortisation	-	3	3
At December 31, 2019	**-**	**2,201**	**2,201**
Amortisation	-	10	10
At September 30, 2020	**-**	**2,211**	**2,211**
Net book value			
At September 30, 2020	48,882	14	48,896
At December 31, 2019	101,783	24	101,807

(1) During the nine months ended September 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	September 30 2020	December 31 2019
Middle East	48,882	48,524
West Africa	-	53,259
	48,882	**101,783**

On July 23, 2020, the Group's 100% shareholding in OP AGC Central Limited, the company that holds the interest in the AGC Central license area, was transferred to an affiliate of The Addax and Oryx Group PLC as consideration for the full settlement of Borrowings, including accrued interest outstanding. Refer to note 13 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 cash generating units ("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 Oil & Gas Assets within PP&E or written-off to the statement of profit and loss.

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 amount of this Exploration & Evaluation asset exceeds its recoverable amount. 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 the related license area/CGU.

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	23,605	5	23,610
At September 30, 2019	**926,197**	**3,549**	**929,746**
Additions	12,685	-	12,685
At December 31, 2019	**938,882**	**3,549**	**942,431**
Additions(1)	24,747	1	24,748
At September 30, 2020	**963,329**	**3,550**	**967,179**
Accumulated depreciation, depletion and impairment			
At January 1, 2019	**251,216**	**3,341**	**254,557**
Depreciation	-	56	56
Depletion	14,803	-	14,803
At September 30, 2019	**266,019**	**3,397**	**269,416**
Impairment(2)	54,390	-	54,390
Depreciation	-	19	19
Depletion	7,054	-	7,054
At December 31, 2019	**327,463**	**3,416**	**330,879**
Impairment (2)	238,245	-	238,245
Depreciation	-	56	56
Depletion	13,853	-	13,853
At September 30, 2020	**579,561**	**3,454**	**583,033**
Net book value			
At September 30, 2020	384,068(3)	78	384,146
At December 31, 2019	611,419	133	611,552

(1) Additions for the nine months ended September 30, 2020 include $17.4 million in non-cash additions relating to the change in the cost estimates relating to the amended PSC terms (see "Impairment Test September 30, 2020" below) used to calculate the decommissioning obligation and the change in the discount and inflation rates used to calculate the decommissioning obligation (note 15).

(2) 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.

(3) Includes a decommissioning asset of $35.1 million (December 31, 2019 - $17.6 million).

For the purpose of impairment assessments and testing in accordance with IAS 36, 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 carrying amounts exceeding the estimated 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 positive change in the estimated recoverable amount, to a level in excess of the carrying amount, since the last impairment loss was recognised.

Impairment test at September 30, 2020

In securing consent for the change in control of the Group's interest in the Hawler license area from the Ministry of Natural Resources of the Kurdistan Region of Iraq ("MNR"), the Group agreed to amend certain terms of the PSC governing the Hawler license area effective from July 1, 2020 ("2020 PSC Amendments"). Specifically, the Group 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 third party 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.

Management concluded that the 2020 PSC Amendments are a possible indicator of impairment at September 30, 2020 as these changes impact the CGU's future cash flows and therefore its recoverable amount. Consequently, an impairment test was conducted at September 30, 2020.

In performing the impairment test as at September 30, 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 assumptions related to i) future crude oil sale prices, ii) the delayed implementation of the Group's 2020 capital investment program, and iii) changes to the future cash flows as a result of the 2020 PSC Amendments.

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 through 2023. Management's Brent Crude assumptions beyond 2023 were benchmarked against the forward contract prices and longer-term pricing forecasts prepared as at October 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 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	48.25	40.10	22.38
2022	53.35	42.52	26.29
2023	56.88	44.21	28.43
2024	58.81	49.51	33.71
2025	60.57	56.37	40.14
2026	61.75	61.75	45.30
2027	62.96	62.96	46.12
2028	64.19	64.19	46.96
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 September 30, 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 September 30, 2020 to be $349 million. There was no material difference between the estimated recoverable amount of the Hawler license area CGU and its carrying amount net of $35.1 million of decommissioning obligations (see note 15), for which settlement is included in the discounted expected after-tax cash-flow. Consequently, the Group did not record either a further impairment, nor an impairment reversal, as at September 30, 2020.

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 September 30, 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	185	139	102
Management Forecast prices, shown above	409	349	299
Management Forecast prices plus $10/bbl	540	478	426

The net present value of expected cash-flows associated with the 2P 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.

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 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 using significant assumptions and estimates derived from and consistent with those incorporated in the proved plus probable oil reserves development case contained in the 2P

6. Property, plant and equipment (continued)

Development Case, adjusted to reflect management's assumptions at March 31, 2020 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.

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 then carrying amount net of $19.6 million of decommissioning obligations for which settlement was included in the discounted expected after-tax cash-flows.

7. Inventories

$000s	September 30 2020	December 31 2019
Oil inventory	151	217
Materials, net of provision	8,022	9,204
	8,173	**9,421**

The cost of oil inventory is expensed through production expenses in the period during which it is sold. As at September 30, 2020, the Group's working interest share of oil inventory was 11,080 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 September 30, 2020 is $7.3 million (December 31, 2019: $7.0 million).

No inventories have been pledged as security during the period.

8. Trade and other receivables

$000s	September 30 2020	December 31 2019
Revenue receivables, net of provision	37,149	33,227
Other receivables	1,387	1,234
	37,149	**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 September 30, 2020 is presented net of a provision of $6.1 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	September 30 2020	December 31 2019
Deposits	628	1,149
Prepaid charges and other current assets	868	731
	1,496	**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, 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.

11. Assets held for disposal (continued)

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.

OP Congo SA, a wholly-owned subsidiary of the Company, initiated liquidation proceedings in Congo (Brazzaville) during the nine months ended September 30, 2020. The Group expects that it will no longer have control over this entity upon the appointment of a liquidator, which is expected to occur during the fourth quarter of 2020. At this time, the Group will deconsolidate the associated net liabilities, which will result in a $15.7 million reduction in the consolidated Trade and other payables balance.

12. Trade and other payables

$000s	September 30 2020	December 31 2019
Trade accounts payable	16,396	6,148
Amounts payable to related parties	-	21
Other payables and accrued liabilities[(1)]	35,969	42,165
Current portion	**52,365**	**48,334**
Non-current contingent consideration (note 25)	49,613	56,031
Total trade and other payables	**101,978**	**104,365**

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

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 September 30, 2020, the Group has recognised a liability of $49.6 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

Prior to July 23, 2020, the Group's indirect controlling shareholder was The Addax and Oryx Group PLC ("AOG") (incorporated in Malta). On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement (the "Loan Facility") with a subsidiary of AOG (the "Lender"). The Loan Facility was fully drawn and had an initial maturity of March 10, 2018 (the "Maturity Date").

The Loan Facility was subsequently amended in April 2017, December 2018 and March 2020, ultimately extending the Maturity Date to July 1, 2021, in consideration for amended interest settlement terms and the successive issuances of warrants to subscribe for an aggregate of 39,281,804 common shares in the Company.

On July 23, 2020, the Borrowings were settled in full, including accrued interest, through the transfer of the Group's 100% shareholding in OP AGC Central Limited, the company that holds the interest in the AGC Central license area (note 5). The Borrowings amounted to $80.5 million (including accrued interest) at the date of settlement.

13. Borrowings (continued)

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 resulted in a change in control of the Corporation.

Borrowings were presented net of warrant issue and other transaction costs. The carrying value of the loan 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	4,471
Deferred financing costs (note 16b)	(2,404)
Accretion of deferred financing costs	2,578
Payment of accrued interest	(4,025)
Settlement (non-cash)	(80,503)
At September 30, 2020	**-**

14. Interim credit facility

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 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 as at September 30, 2020.

2020 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 13, the 2020 Interim Credit Facility was terminated at June 22, 2020. The Group did not draw any amounts under the 2020 Interim Credit Facility.

2018 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 September 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.

In connection with the 2020 PSC Amendments described in note 6, the Group's share of estimated future cash flows associated with the decommissioning obligation increased during the three months ended September 30, 2020.

The estimated net present value of the decommissioning obligation at September 30, 2020 is $39.3 million (December 31, 2019 - $20.7 million) based on the Group's undiscounted liability of $60.5 million (December 31, 2019 - $33.1 million).

$000s	**September 30 2020**	**December 31 2019**
Decommissioning obligation, beginning of the period	**20,692**	**16,674**
Change in future cash flow estimates due to 2020 PSC Amendments (note 6)	13,692	-
Change in inflation rate	4,190	(3,603)
Change in discount rate	455	5,525
Property acquisition and development activity	45	1,631
	39,074	**20,227**
Accretion expense	353	465
Decommissioning obligation, end of the period	**39,427**	**20,692**

16. Share capital

a. Issued common shares

	Number of shares	**Share capital**
		$000s
At January 1, 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 September 30, 2019 and December 31, 2019	**552,481,662**	**1,361,043**
Issue of shares for LTIP	25,715,556	1,590
At September 30, 2020	**578,197,218**	**1,362,633**

The Company has unlimited authorised share capital at September 30, 2020.

2020 share capital transactions

On July 23, 2020 and July 31, 2020, respectively, the Company issued 10,248,050 common shares and 15,467,506 common shares to employees under the Group's LTIP.

16. Share capital (continued)

a. Issued common shares (continued)

2019 share capital transactions

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

In 2019 and then in March 2020, respectively, in accordance with successive amendments to the Loan Facility (note 13), the Group issued warrants to an affiliate of the Lender to acquire firstly 6,132,804 and then 33,149,000 common shares of the Company. The exercise prices of the two tranches of warrants are, respectively, $0.2094 and $0.1633 per common share. The warrants expire on November 13, 2021 and March 10, 2023, respectively, and comprise a total of 39,281,804 warrants outstanding and exercisable as at September 30, 2020.

In connection with the change of control transactions described in note 13, the outstanding warrants were all transferred to ZOG on July 23, 2020.

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

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

	Three months ended September 30		Nine months ended September 30	
$000s	**2020**	**2019**	**2020**	**2019**
Profit / (Loss) for the period attributable to equity holders	30,139	18,278	(223,305)	22,135
Weighted average number of common shares for diluted earnings / loss per share	570,702,845	529,377,798	558,599,724	515,865,966
Basic and Diluted earnings / (loss) per share - $	**0.05**	**0.03**	**(0.40)**	**0.04**

(1) Unvested LTIP shares are excluded as they are anti-dilutive.
(2) Outstanding warrants are excluded from diluted shares for the three and nine months ended September 30, 2020 and September 30, 2019 as they are anti-dilutive for the periods.

18. Reserves

$000s	**Share based payments**	**Other Reserves**	**Total reserves**
At January 1, 2019	**14,284**	**2,643**	**16,927**
Share based payment transactions	1,815	-	1,815
Issue of warrants (note 16b)	478	-	478
Issue of shares and cash for LTIP	(1,499)		(1,499)
At September 30, 2019	**15,078**	**2,643**	**17,721**
Share based payment transactions	873		873
At December 31, 2019	**15,951**	**2,643**	**18,594**
Share based payment transactions	3,647	-	3,647
Issue of warrants (note 16b)	2,404	-	2,404
Issue of shares for LTIP	(1,590)		(1,590)
At September 30, 2020	**20,412**	**2,643**	**23,055**

19. Supplemental cash flow information

Items not involving cash		**Three months ended September 30**		**Nine months ended September 30**	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
Gain on settlement of borrowings	**13**	(26,892)	-	(26,892)	-
Depreciation, depletion and amortisation		4,698	5,151	13,946	14,892
Share based payment expense		1,311	429	2,530	1,232
Impairment expense		-	-	237,169	-
Unrealised foreign exchange losses / (gains)		21	(56)	(5)	9
Income tax expense		2	5	4	11
Finance expense		2,585	482	8,061	6,894
General and administrative		351	292	1,016	856
Decrease in fair value of contingent consideration		(6,825)	(14,271)	(7,077)	(12,923)
Other (income) /expense		(2,506)	(395)	2,103	(1,742)
Items not involving cash		**(26,300)**	**(8,363)**	**231,821**	**9,229**

Cash flows relating to non-cash working capital	**Three months ended September 30**		**Nine months ended September 30**	
$000s	**2020**	**2019**	**2020**	**2019**
Inventories	(88)	(116)	(917)	1,909
Trade and other receivables	3,140	5,548	(5,563)	3,301
Other current assets	(186)	481	353	(969)
Trade and other payables	1,595	(2,776)	4,478	(9,540)
Cash flows relating to non-cash working capital	**(1,819)**	**3,137**	**(1,649)**	**(5,299)**

The cash flows relating to non-cash working capital relate to the following activities:

	Three months ended September 30		**Nine months ended September 30**	
$000s	**2020**	**2019**	**2020**	**2019**
Operations	(79)	(69)	5,596	(1,114)
PP&E	(1,740)	3,451	(5,263)	(3,912)
Intangible assets	-	(245)	(1,982)	(273)
Cash flows relating to non-cash working capital	**(1,819)**	**3,137**	**(1,649)**	**(5,299)**

Other cash flow information	**Three months ended September 30**		**Nine months ended September 30**	
$000s	**2020**	**2019**	**2020**	**2019**
Cash income taxes paid	-	53	96	139

20. Income tax expense

	Three months ended September 30		**Nine months ended September 30**	
$000s	**2020**	**2019**	**2020**	**2019**
Current income tax expense	483	794	1,301	2,408
Deferred tax on LTIP shares	3	5	4	11
Income tax expense	**486**	**799**	**1,305**	**2,419**

20. Income tax expense (continued)

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 nine months ended September 30, 2020, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of $1.2 million (2019 - $2.2 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 September 30		Nine months ended September 30	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
(Increase) / reduction of materials inventory provision	**7**	(782)	214	(1,851)	1,853
(Increase) / reduction of provision against trade and other receivables	**8**	1,952	198	(2,875)	33
Restructuring charges(1)		-	-	(558)	-
Curtailment of retirement benefit obligation		487	-	1,821	-
Other		(1)	(14)	49	(46)
Other income / (expense)		**1,656**	**398**	**(3,414)**	**1,840**

(1) During the nine months ended September 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 September 30		Nine months ended September 30	
$000s	**Note**	**2020**	**2019**	**2020**	**2019**
Interest on borrowings	**13**	500	2,012	4,471	5,972
Accretion of deferred financing costs	**13**	1,841	88	2,578	261
Interest (expense) / reversal on contingent consideration	**25**	68	(1,728)	599	(155)
Accretion of decommissioning obligation	**15**	117	110	353	348
Issue of warrants	**16b**	-	-	-	478
Other		1	20	14	65
Finance expense		**2,527**	**502**	**8,015**	**6,969**

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 operated in two geographical areas until July 23, 2020. During the third quarter of 2020, the group ceased all its activities in West Africa (notes 5 and 13). Segmented information related to the two operating segments and corporate activities is as follows:

For the nine months ended September 30, 2020 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	58,075	-	-	58,075
Royalty	(15,882)	-	-	(15,882)
Net revenue	**33,1929**	**-**	**-**	**33,1929**
Operating expense	(18,271)	-	-	(18,271)
Depreciation, depletion and amortisation	(13,879)	-	(67)	(13,946)
Impairment	(238,245)	1,076	-	(237,169)
General and administration	(3,344)	(361)	(4,586)	(8,291)
Gain on settlement of borrowings	-	-	26,892	26,892
Other income / (expense)	(4,664)	(553)	1,803	(3,414)
Change in fair value of contingent consideration	7,016	-	-	7,016
Segment result	**(238,195)**	**162**	**24,042**	**(213,991)**
Finance expense				(8,015)
Foreign exchange gain				6
Loss before income tax				**(222,000)**
Income tax expense				(1,305)
Loss for the period				**(223,305)**
Capital additions	25,125	397	1	25,523
Segment assets as at September 30, 2020	489,979	-	1,156	491,035
Segment liabilities as at September 30, 2020	129,164	15,725	4,348	149,237

23. Segment information (continued)

For the nine months ended September 30, 2019

$000s	Middle East	West Africa	Corporate	Total
Revenue	109,617	-	-	109,617
Royalty	(48,237)	-	-	(48,237)
Net revenue	**61,380**	**-**	**-**	**61,380**
Operating expense	(21,381)	-	-	(21,381)
Depreciation, depletion and amortisation	(14,826)	-	(66)	(14,892)
General and administration	(3,359)	(460)	(4,447)	(8,266)
Other income	1,840	-	-	1,840
Change in fair value of contingent consideration	12,932	-	-	12,932
Segment result	**36,586**	**(460)**	**(4,513)**	**31,613**
Finance expense				(6,969)
Foreign exchange loss				(90)
Profit before income tax				**24,554**
Income tax expense				(2,419)
Profit for the period				**22,135**
Capital additions	23,726	1,104	19	24,849
Segment assets as at September 30, 2019	760,006	66,952	2,551	829,509
Segment liabilities as at September 30, 2019	182,734	1,397	5,090	189,220

For the three months ended September 30, 2020

$000s	Middle East	West Africa	Corporate	Total
Revenue	21,984	-	-	21,984
Royalty	(9,001)	-	-	(9,001)
Net revenue	**12,983**	**-**	**-**	**12,983**
Operating expense	(7,061)	-	-	(7,061)
Depreciation, depletion and amortisation	(4,664)	-	(23)	(4,687)
General and administration	(888)	-	(2,480)	(3,368)
Gain on settlement of borrowings	-	-	26,892	26,892
Other income	1,169	-	487	1,656
Change in fair value of contingent consideration	6,764	-	-	6,764
Segment result	**8,303**	**-**	**24,876**	**33,179**
Finance expense				(2,572)
Foreign exchange loss				(27)
Profit before income tax				**30,625**
Income tax expense				(486)
Profit for the period				**30,139**
Capital additions	15,746	-	-	15,746

23. Segment information (continued)

For the three months ended September 30, 2019 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	35,735	-	-	35,735
Royalty	(15,725)	-	-	(15,725)
Net revenue	**20,010**	**-**	**-**	**20,010**
Operating expense	(7,173)	-	-	(7,173)
Depreciation, depletion and amortisation	(5,129)	-	(22)	(5,151)
General and administration	(1,287)	(265)	(1,249)	(2,801)
Other income	398	-	-	398
Change in fair value of contingent consideration	14,272	-	-	14,272
Segment result	**21,091**	**(265)**	**(1,271)**	**19,555**
Finance expense				(2,527)
Foreign exchange gain				24
Profit before income tax				**19,077**
Income tax expense				(799)
Profit for the period				**18,278**
Capital additions	11,467	429	1	11,897

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

$000s	**September 30 2020**	**December 31 2019**
Iraq (Kurdistan Region)	432,969	659,842
Senegal and Guinea Bissau (note 13)	-	53,278
Other	290	360
	433,259	**713,580**

24. Commitments

(a) Contractual obligations

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

$000s	**September 30 2020**	**December 31 2019**
No later than one year	2,479	17,419
One to five years	14,915	23,428
Greater than five years	22,312	14,503
	39,706	**55,350**

The commitments noted above reflect the Group's contracted exploration and development activities as at September 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.

24. Commitments (continued)

(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 nine months ended September 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	**September 30 2020**	**December 31 2019**
No later than one year	74	298
One to five years	-	5
	74	**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 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 September 30, 2020 amounted to $49.6 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 $97.1 million scheduled over time through 2026. The balance of principal and accrued interest potentially owed under the contingent consideration obligation to the vendor of the Hawler license area as at September 30, 2020 was $76.3 million.

During the nine months ended September 30, 2020, contingent interest accrued at a revised rate of 1.46% 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 September 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.