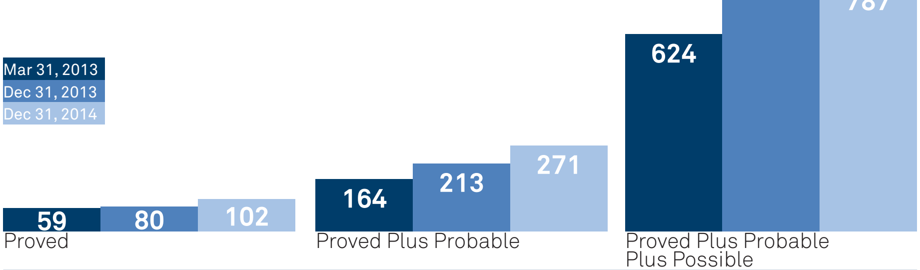
2014 ANNUAL REPORT

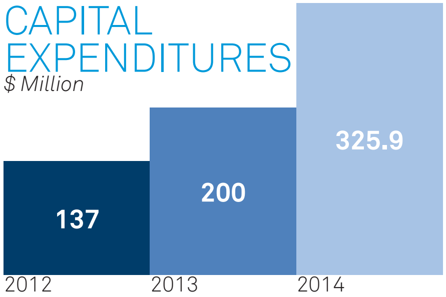
ORYX PETROLEUM

AT A GLANCE

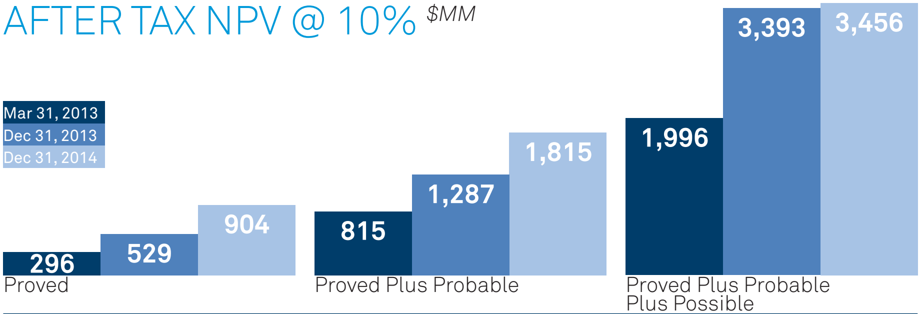
RESERVES *MMbbl*



CAPITAL EXPENDITURES
$ Million



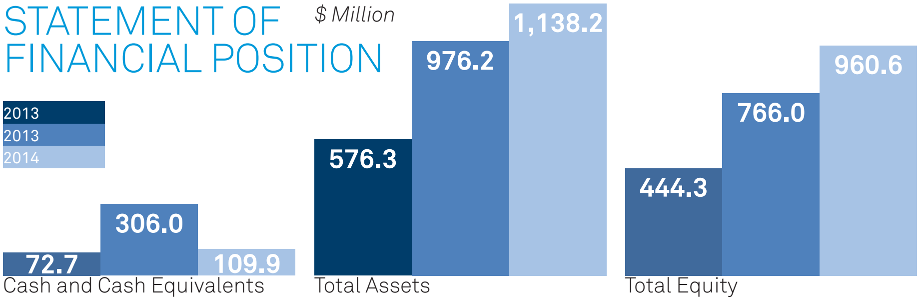
AFTER TAX NPV @ 10% *$MM*



STATEMENT OF LOSS

$ Million	2012	2013	2014
Revenue	-	-	19.6
Working Interest Sales (bbl)	-	-	295,000
Net Loss	58.5	185.8	19.0
Net Loss per share ($/sh)	2.10	2.04	0.17

STATEMENT OF FINANCIAL POSITION *$ Million*



CONTENTS

This Annual Report contains forward-looking information. By its nature, forward-looking information requires us to make assumptions and is subject to risks and uncertainties. Please refer to the Forward-Looking Information advisory on page 61 for a discussion of such risks and uncertainties and the material factors and assumptions that apply to the information set forth in this Annual Report.

A MESSAGE FROM OUR CHAIRMAN

"Like the world's oil markets, 2014 was a year of contrast for Oryx Petroleum. During the first half of the year, the Company made a discovery in Banan, executed a busy drilling schedule throughout the Hawler license area, began first production from Demir Dagh and enjoyed a generally supportive macro environment. During the second half of the year, operations were negatively impacted by the dramatic decline in international crude oil prices, security developments in Northern Iraq and related disruptions to local crude markets.

Notwithstanding the challenges of the second half of the year, I am proud of our Company`s achievements in 2014. In the Kurdistan Region, we commenced oil production at Demir Dagh just over a year after discovery and continue to build the field`s productive capacity; we are on track to commission our early production facilities before mid-2015; and we made a discovery at Banan, which contributed to a significant increase in our proved plus probable oil reserves. In West Africa, the Elephant discovery in the Haute Mer A license area, offshore Congo (Brazzaville), was successfully tested and we added an exciting new license area in the AGC, offshore Senegal and Guinea Bissau.

Our key focus remains our operations in the Kurdistan Region. Despite multiple challenges, the Kurdistan Region has greatly advanced the development of its energy sector. Export infrastructure has been built and oil exports via pipeline increased from zero in 2013 to over 400,000 bbl/d at year end 2014. Further upgrades to export infrastructure are in progress, which we expect to improve export and local market access for all producers in the Kurdistan Region and to put the Kurdistan Region in a better fiscal position to regularly pay all producers exporting oil.

We remain optimistic and focused on our objective of building a leading independent exploration, development and production company.

Similarly, our commitment to social responsibility remains strong. Oryx Petroleum continues to provide much needed health services and infrastructure to villages in our areas of operation. We also continue to support the Kurdistan Region to help the many refugees driven from their homes by the tragic events in Syria and Northern Iraq.

I would like to thank management and the Board of Directors for all their efforts in 2014, as well as all our shareholders and partners. We appreciate your trust and confidence, which are essential to our success. We will remain alert and agile, in order to prosper in the current environment. Our people have successfully navigated challenging times before and I am confident that we will do so again."

Jean Claude Gandur
Chairman

VISION AND VALUES

Our vision is simple but ambitious; to become one of the world's leading independent exploration, development and production oil companies.

Our corporate values can be distilled into the following three elements:

AMBITIOUS

- quick to seize new opportunities
- inquisitive, curious and responsive
- self-motivated, tenacious and intuitive

AGILE

- open-minded, flexible and innovative
- dedicated to working with local cultures for shared success
- versatile and resourceful in exploring fresh solutions

RESPONSIBLE

- honest, fair, open and tolerant
- a culture that encourages personal success
- committed to maintaining the highest standards of civility, decency, dignity and justice

A MESSAGE FROM OUR CEO

"2014 was a year characterised by a high level of activity in an increasingly complex operating environment.

In the Hawler license area in the Kurdistan Region of Iraq we aggressively progressed appraisal and development of our Demir Dagh discovery. Notwithstanding a security interruption in the late summer, we drilled nine appraisal and development wells during the year. Consequently, we achieved first production at Demir Dagh in June 2014 and increased our proved plus probable reserves by 27% since year end. We have now increased our proved plus probable reserves by a total of 65% since an independent reserves evaluation was completed in March 2013 in preparation for our initial public offering. We ended 2014 with gross wellhead production capacity of over 15,000 bbl/d and we expect to increase both gross wellhead production capacity and processing capacity to 35,000 - 45,000 bbl/d by the end of 2015.

Security disruptions and related changes to local crude oil markets prevented us from achieving a smooth uninterrupted increase in production and sales but we exited the year producing almost 10,000 bbl/d. And we are optimistic on the prospects for improved market local and export access. The Kurdistan Region continues to make tremendous progress in building its export infrastructure and increasing export sales while pragmatism is producing substantive progress in talks between authorities in the Kurdistan Region and Baghdad.

Also in the Hawler license area, we made a significant oil discovery at Banan and reserves estimates at Zey Gawra were increased due to the high quality of oil. We now have three large discoveries with combined gross proved plus probable reserves of oil well in excess of 400 million barrels (271 million barrels of which are attributable to Oryx Petroleum´s working interest). These fields will be one large development which will be the foundation of our company for years to come.

In West Africa, we successfully tested the Elephant discovery in the Haute Mer A license area offshore Congo (Brazzaville) and final government approvals for the license in Haute Mer B were received.

We also acquired a second interest in the AGC offshore Senegal and Guinea Bissau. This new acreage is very exciting as we seek to exploit a play type analogous to a successful discovery by another operator offshore Senegal in 2014.

Our plans for 2015 reflect the uncertainty the oil industry faces overall and the specific uncertainties we face in the Kurdistan Region. Our focus will be on developing our discoveries in the Kurdistan Region with an emphasis on increasing production and cash flow with West Africa exploration plans to follow in 2016 and beyond.

As always I would like to thank our management and staff, who in combination with the support of our Board of Directors, business partners and shareholders have made our progress in 2014 possible. We look forward to a productive 2015."

Michael Ebsary
CEO

MILESTONES 2014

FEBRUARY

Hawler
Declaration of Commercial Discovery for Demir Dagh-2

MARCH

Hawler
Banan Discovery

Haute Mer A
Successful testing of Elephant-1 discovery

JUNE

Hawler
Commissioning of Production Facilities, First Sales and Production at Demir Dagh

JULY

Corporate
CAD $224 million Common Share Offering

AUGUST

Hawler
Suspension of Operations at Demir Dagh, Ain Al Safra and Banan due to Regional Security Developments

SEPTEMBER

Hawler
Resumption of Operations at Demir Dagh

SEPTEMBER

Hawler
Demir Dagh Production Facilities expanded to 20,000 bbl/d

OCTOBER

AGC
Acquisition of Interest in AGC Central License Area

JANUARY 2015

Hawler
Gross (100%) Production and Sales reached a daily peak of 10,000 bbl/d

OUR OPERATIONS

We have built a diverse portfolio of petroleum license areas, strategically focused in Africa and the Middle East.
Our business strategy has been designed to capitalise on our strengths and achieve our vision to become one of the world's leading independent exploration, development and production oil companies.

Oryx Petroleum is an international oil exploration and production company focused in Africa and the Middle East, founded in 2010 by The Addax & Oryx Group (AOG) and key members of the former senior management team of Addax Petroleum. Oryx Petroleum has interests in seven license areas within its strategic focus areas of Africa and the Middle East, namely in the Kurdistan Region and the Wasit governorate (province) of Iraq, Nigeria, the AGC administrative area offshore Senegal and Guinea Bissau, and Congo (Brazzaville). Oryx Petroleum is the operator or technical partner in five of the seven license areas.

As at December 31, 2014, Oryx Petroleum had gross (working interest) proved plus probable oil reserves of 271 MMbbl, best estimate gross (working interest) contingent oil resources of 188 MMbbl and best estimate unrisked gross (working interest) prospective oil resources of 929 MMbbl (risked: 153 MMbbl). As at December 31, 2014, the after-tax net present value of (i) the future net revenue for the Corporation's gross (working interest) proved plus probable oil reserves is $1.8 billion and (ii) the unrisked net contingent cash flow for the Corporation´s best estimate gross (working interest) contingent oil resources is $424 million, in each case using forecast prices and costs and a 10% discount rate. The Corporation's oil reserves and resources and associated net present values as at December 31, 2014 are based on evaluations made by Netherland and Sewell & Associates, Inc. (NSAI), an independent oil and gas consulting firm providing reserve and resource reports to the worldwide petroleum industry. See Reserves & Resources Advisory on page 28.

Reserves and Resources (Working Interest)			
Location	**License**	**Proved plus Probable**	
Oil Reserves[1]		(MMbbl)	($ Million)[4]
Iraq Kurdistan Region	Hawler	271	1,815
		Gross Oil	
Contingent Oil Resources[2]		(MMbbl)	($ Million)[4]
Iraq Kurdistan Region	Hawler	182	424
Congo (Brazzaville)[5]	Haute Mer A	6	-
Total Contingent Oil Resources		**188**	**424**
		Gross Oil	
		Unrisked	Risked[6]
Prospective Oil Resources[3]		(MMbbl)	
Iraq Kurdistan Region	Hawler	111	16
Wasit Province	Wasit	404	78
Nigeria	OML141	67	10
AGC	AGC Shallow	153	14
Congo (Brazzaville)	Haute Mer A	34	5
	Haute Mer B	160	31
Total Prospective Resources[7]		**929**	**153**

Notes:
1. The oil reserves data is based upon evaluations by NSAI, with an effective date at December 31, 2014. Volumes are based on commercially recoverable volumes within the life of the production sharing contract.
2. The contingent oil resources data is based upon evaluations by NSAI, and the classification of such resources as "contingent oil resources" by NSAI, with an effective date at December 31, 2014. The figures shown are NSAI's "best estimate", using deterministic methods. Once all contingencies have been successfully addressed, the probability that the quantities of contingent oil resources actually recovered will equal or exceed the estimated amounts is 50% for the best estimate. Contingent oil resources estimates are volumetric estimates prior to economic calculations.
3. The prospective oil resources data is based upon evaluations by NSAI, and the classification of such resources as "prospective oil resources" by NSAI, with an effective date at December 31, 2014. The figures shown are NSAI's "best estimate", using a combination of deterministic and probabilistic methods and are dependent on a petroleum discovery being made. If discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisked estimated amount is 50% for the best estimate. Prospective oil resources estimates are volumetric estimates prior to economic calculations.
4. After-tax net present value of future net revenue of oil reserves or future net contingent cashflow from contingent oil resources using forecast prices and costs assumed by NSAI and a 10% discount rate. Gross proved plus probable oil reserve estimates used to calculate future net revenue are estimated based on economically recoverable volumes within the development/production period specified in the Hawler production sharing contract. Gross contingent resources estimates used to calculate future net revenue are estimated based on economically recoverable volumes within the development/exploitation period specified in the production sharing contract, risk exploration contract or fiscal regime applicable to each license area. The estimated values disclosed do not represent fair market value.
5. An economic evaluation has not been performed by NSAI on the contingent oil resources in the Haute Mer A license area because the field development plan is still under consideration.
6. These are partially risked prospective resources that have been risked for chance of discovery, but have not been risked for chance of development. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development.
7. Individual numbers provided may not add to total due to rounding.

IRAQ

Kurdistan Region

License: Hawler
Area: 788km^2
W.I.: 65%
Operator: Oryx Petroleum

Wasit Province

License: Wasit
Area: 3,500km^2
W.I.: 40%
Operator: Oryx Petroleum

SENEGAL / GUINEA BISSAU

License: AGC Shallow
Area: 1,700km^2
W.I.: 80%
Operator: Oryx Petroleum

License: AGC Central
Area: 3,148km^2
W.I.: 80%
Operator: Oryx Petroleum

NIGERIA

License: OML141
Area: 1,295km^2
W.I.: 38.67%
Technical Partner: Oryx Petroleum

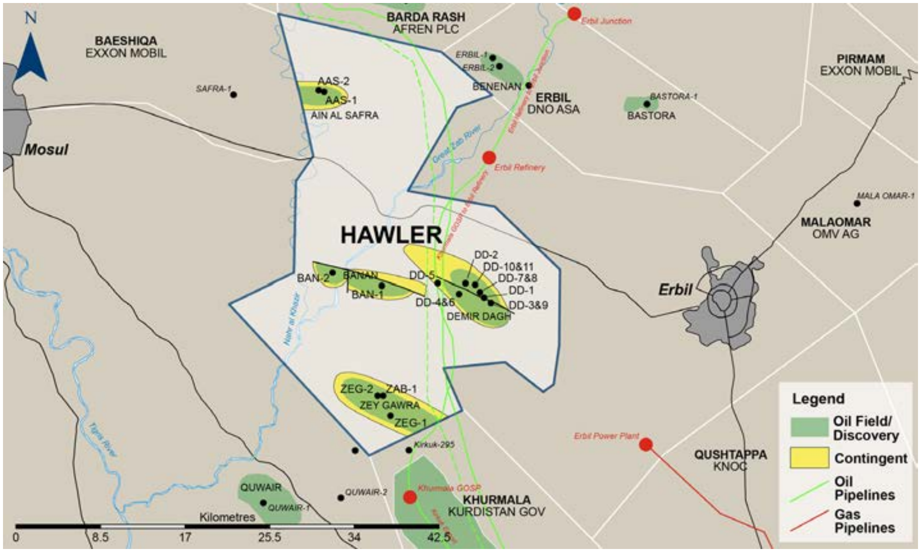
CONGO (BRAZZAVILLE)

License: Haute Mer A
Area: 366km^2
W.I.: 20%
Operator: CNOOC Ltd

License: Haute Mer B
Area: 402km^2
W.I.: 30%
Operator: TOTAL

W.I. = Working Interest, Oryx Petroleum's interest in a license area assuming the exercise of all back-in rights and options

KURDISTAN REGION OF IRAQ: HAWLER



Oryx Petroleum has a 65% participating and working interest in the Hawler license area with discoveries on all four identified structures of the Hawler license area: Demir Dagh, Banan, Ain Al Safra and Zey Gawra. First production was achieved in the second quarter of 2014.

Oryx Petroleum acquired its 65% working and participating interest in the Hawler license area in August 2011. The Korean National Oil Corporation has a 15% participating interest and the Kurdistan Regional Government (KRG) has a 20% participating interest. Oryx Petroleum is the operator of the Hawler license area.

The Hawler license area is characterised by large thrust-bound anticlines. These structures produce both the potential for large trapped hydrocarbon volumes as well as fracturing within the reservoir to aid well productivity.

We identified four structures based on previous wells drilled and 2D seismic data acquired by the previous operator: Demir Dagh, Zey Gawra, Ain Al Safra and Banan. Drilling commenced in mid-2012 and we have now made discoveries on all four identified structures. A declaration of commercial discovery was submitted to the KRG on February 25, 2014 in respect of the Demir Dagh discovery and we are in final stages of agreeing details of a field development plan for the entire license area with the KRG.

DEMIR DAGH, ZEY GAWRA AND BANAN DISCOVERIES: ONE LARGE PHASED DEVELOPMENT

DEMIR DAGH DISCOVERY

The Demir Dagh discovery was announced in February 2013 after the conclusion of a successful test program on the Demir Dagh-2 well that flowed medium oil from the Cretaceous reservoir and light oil from Jurassic reservoirs. Subsequent to the discovery the Demir Dagh-2 well has been re-completed and nine appraisal/development wells have been drilled: the Demir Dagh-3 appraisal well was drilled to further appraise all reservoirs while the Demir Dagh-4 through Demir Dagh-11 appraisal wells have been drilled to appraise only the Cretaceous reservoir. Five wells have been completed as producers with estimated gross (100%) wellhead production capacity of over 25,000 bbl/d. First production commenced in June 2014 and reached a daily peak of gross (100%) production of 10,000 bbl/d in early 2015. 223 km^2 of 3D seismic was also acquired over the Demir Dagh structure in the second half 2014.

The discovery is estimated to contain 207 MMbbl of gross (100%) proved plus probable oil reserves, as well as 161 MMbbl of best estimate gross (100%) contingent oil resources and 27 MMbbl of best estimate unrisked gross (100%) prospective oil resources (risked: 3 MMbbl).

Approximately 65% of the estimated reserves at Demir Dagh consist of medium

A world class asset: Four discoveries with first production achieved in 2014

oil in the Shiranish, Kometan and Qamchuqa formations in the Cretaceous. All wells drilled through the Cretaceous have indicated matrix porosity. The oil in this reservoir is also very low in gas and hydrogen sulphide content and has good viscosity making it easy to process. The remaining 35% of the estimated reserves at Demir Dagh consist of light oil from the Mus and Adaiyah formations in the Lower Jurassic, with reservoir and liquid properties more similar to other discoveries in the Kurdistan Region of Iraq. The estimated contingent oil resources at Demir Dagh are comprised of approximately 58% of medium oil in the Shiranish, Kometan and Qamchuqa formations in the Cretaceous, with 37% consisting of light oil from the Naokelekan and Sargelu and Butmah formations in the Jurassic and 5% consisting of heavy oil in the Pila Spi formation in the Tertiary.

The estimated prospective oil resources at Demir Dagh consist entirely of light oil in the Kurra Chine formation in the Triassic.

In 2015, at Demir Dagh we plan to drill five additional development wells including at least three short sidetrack wells from existing well-bores where we had technical complications during testing. We also intend to process the 3D seismic data acquired over Demir Dagh in 2014.

ZEY GAWRA DISCOVERY

We announced the Zey Gawra discovery in December 2013 after completion of a successful testing program of the Zey Gawra-1 exploration well that flowed light oil from the Shiranish, Kometan and Qamchuqa formations in the Cretaceous. The structure is estimated to contain 112 MMbbl of best estimate gross (100%) proved plus probable oil reserves and 32 MMbbl of best estimate unrisked gross (100%) prospective oil resources (risked: 8 MMbbl). The estimated reserves at Zey Gawra consist entirely of light oil in the Shiranish, Kometan and Qamchuqa formations in the Upper Cretaceous. The estimated prospective oil resources at Zey Gawra consist of heavy oil in the Pila Spi formation in the Tertiary, light oil in the Alan, Mus and Adaiyah formations in the Middle Jurassic, and light oil in the Butmah formation in the Lower Jurassic and the Kurra Chine formation in the Triassic.

Appraisal drilling and development activities at Zey Gawra are expected to commence in 2016.

BANAN DISCOVERY

We announced the Banan discovery in early March 2014 after a successful testing program that saw medium oil flowed from Cretaceous formations and light oil from Jurassic formations. We spudded the Banan-2 appraisal well in June 2014 but had to suspend drilling in August 2014 due to regional security developments. Operations remain suspended on the portion of the Banan structure west of the Zab river. 3D seismic data was acquired over the portion of the Banan structure east of the Zab river in the second half of 2014.

Based on the test results of the Banan-1 discovery well and observations and data obtained during the drilling of both Banan-1 & 2 the structure is estimated to contain 98 MMbbl of gross (100%) proved and probable reserves and 75 MMbbl of best estimate

KURDISTAN REGION OF IRAQ: HAWLER

gross (100%) contingent oil resources and 52 MMbbl of best estimate unrisked gross (100%) prospective oil resources (risked: 7 MMbbl). The estimated reserves at Banan are comprised entirely of medium oil in the Shiranish, Kometan and Qamchuqa formations in the Upper Cretaceous. The estimated contingent oil resources at Banan consist of heavy oil in the Pila Spi formation in the Tertiary, medium oil in the Shiranish, Kometan and Qamchuqa formations in the Cretaceous and light oil in the Butmah formation of the Jurassic. The estimated prospective oil resources at Banan consist of heavy oil in the Pila Spi formation in the Tertiary and light oil in the Kurra Chine formation in the Triassic.

Appraisal drilling and development activities at Banan are expected to resume in 2016.

FACILITIES

The processing facilities for crude oil produced at Demir Dagh, Zey Gawra and Banan will be based primarily at Demir Dagh with satellite facilities at Zey Gawra and Banan tied into the central facilities at Demir Dagh. Most storage, truck loading facilities and the pipeline entry point for exports will be based at Demir Dagh as well.

2014 was a busy year in terms of facilities construction. In June we commenced first production and sales from the Demir Dagh field. The first phase of the Demir Dagh production facilities were comprised of a processing facility with gross (100%) nameplate capacity of 5,000 bbl/d, a truck loading station (“TLS”) with 10,000 bbl/d of capacity, storage tanks with 10,000 bbl/d of capacity and related flowlines. In September the initial processing facility was replaced with a facility with gross (100%) nameplate processing capacity of 20,000 bbl/d and the TLS capacity and storage capacity were upgraded to 20,000 bbl/d and 15,000 bbl/d respectively. TLS and storage capacity were further upgraded to 40,000 bbl/d and 25,000 bbl/d in early 2015.

Work has progressed on the installation of an Early Production Facility (“EPF”) that is expected to be commissioned in the first half of 2015. The EPF will have gross (100%) nameplate processing capacity of 40,000 bbl/d. Further EPF design works are underway with the aim of conducting future upgrades to increase the EPF capacity with minor modifications. We also have the ability to retain the current (20,000 bbl/d) temporary processing facility to provide additional capacity should it be required.

As we increase productive capacity access to export markets will become increasingly important. Exports through the Kurdistan Region-Turkey pipeline exceeded 400,000 bbl/d in late 2014 and the pipeline is currently being upgraded through the installation of a new 36” section to an expected capacity of approximately 700,000 bbl/d. In early 2015 we installed our tie-in point to the new 36” line, and laid the 1.2km of 16” pipeline needed to connect the Hawler processing facilities to the Kurdistan Region-Turkey export line. We expect to be capable of transporting crude oil through this pipeline and continuing sales via truck in the first half of 2015.

AIN AL SAFRA DISCOVERY

We announced the Ain Al Safra discovery in October 2013 after completing a testing program at the Ain Al Safra-1 exploration well that flowed oil from the Jurassic. We spudded the Ain Al Safra-2 appraisal well in March 2014 to further evaluate the Jurassic formations and to explore the potential in the Triassic that the first exploration well was not able to assess. We suspended drilling at the Ain Al Safra-2 appraisal well in August 2014 due to regional security developments just as the well had reached its targeted total measured depth of just over 3,700 metres.

The structure is estimated to contain 43 MMbbl of best estimate gross (100%) contingent oil resources and 60 MMbbl of best estimate unrisked gross (100%) prospective oil resources (risked: 8 MMbbl). The estimated contingent oil resources at Ain Al Safra consist entirely of heavy oil (18°API) in the Alan, Mus and Adaiyah formations in the Middle Jurassic. The estimated prospective oil resources at Ain Al Safra consist of heavy oil in the Butmah formation in the Lower Jurassic and light oil in the Kurra Chine formation in the Triassic.

Appraisal activity is expected to resume at Ain Al Safra in 2016.

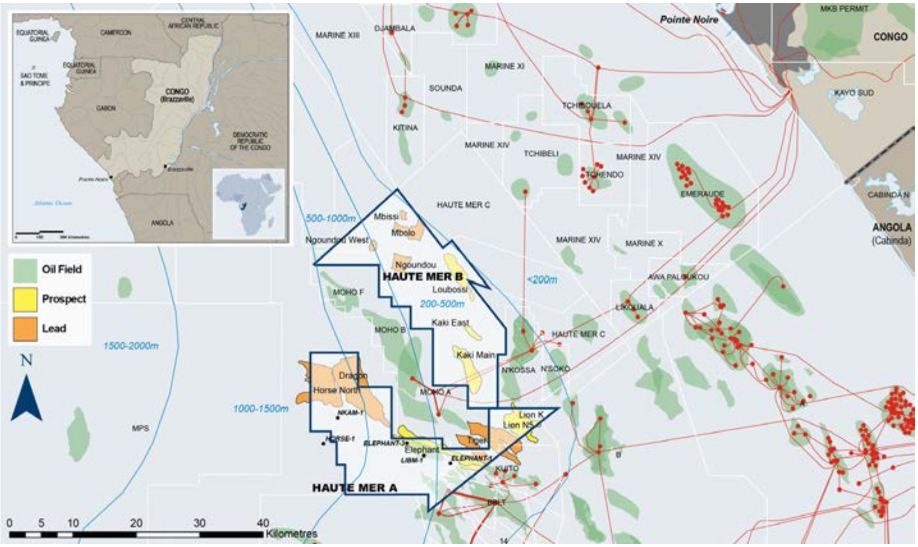
2015 PLANS

Oryx Petroleum’s forecasted capital expenditures for the Hawler license area are $125 million for 2015. The 2015 capital expenditures program includes:

- Completion of drilling and testing of three wells spudded in 2014, and the drilling of five development wells at Demir Dagh, at least three of which will be sidetrack wells;
- Facilities expenditures related to a 40,000 bbl/d Early Production Facility and the tie-in to the Kurdistan Region-Turkey international export pipeline; and
- Processing of 223 km^2 of 3D seismic data acquired over the Demir Dagh structure and a portion of the Banan structure in 2014.

We expect our capital expenditure program to enable us to achieve gross (100%) production and sales from the Hawler license area of 35,000 to 45,000 bbl/d by the end of 2015.

CONGO (BRAZZAVILLE): HAUTE MER A&B



Oryx Petroleum has a 20% participating and working interest in offshore license area Haute Mer A and a 30% participating and working interest in offshore license area Haute Mer B. Adjacent license areas have yielded a number of discoveries including N'Kossa (1984), Moho-Bilondo (1995) and Moho Nord (2007).

HAUTE MER A

In September 2009, CNOOC was awarded an 85% participating and working interest in, and operatorship of, the Haute Mer A license area. In November 2012, Oryx Petroleum acquired a 20% participating and working interest in the license area from CNOOC Ltd. CPC Corporation, a Taiwanese company also aquired a 20% working and participating interest from CNOOC Ltd. SNPC holds the remaining 15% participating and working interest. CNOOC is the operator of the Haute Mer A license area.

The Haute Mer A license area is located 80 kilometres offshore Congo (Brazzaville) and covers an area of 366 km^2 with water depths ranging from 350 metres to 1,200 metres.

Two exploration wells were drilled in 2013 targeting the Elephant and Horse prospects with the testing of Elephant exploration well in early 2014 confirming a small discovery.

As at December 31, 2014 the Elephant discovery was estimated to contain best estimate gross (100%) contingent oil resources of 31 MMbbl. The identified prospects and leads on the license area are estimated to contain best estimate unrisked gross (100%) prospective oil resources of 168 MMbbl (risked: 23 MMbbl).

ELEPHANT DISCOVERY

Based on the data from the Elephant-1 well, 30 metres of gross interval (20.3 metres net) of crude oil and 102 metres of gross interval (58.8 metres net) of natural gas were encountered in the N5 interval and 16 metres of gross interval (9.2 metres net) of crude oil were encountered in the N3 interval. During the testing of the Elephant-1 well the oil bearing intervals in the N3 flowed 24° API oil and the N5 flowed 18° API oil. Pressure build up analysis confirmed the excellent porosity and permeability of the respective sand channel complexes. However, more resource is needed to justify a commercial development.

During 2014, various post drill analyses were conducted and the prospects on the license area were re-mapped.

2015 PLANS

Our planned capital expenditures for the Haute Mer A license area are $2 million for 2015 with additional drilling and appraisal activity expected in 2016.

Exploration for oil adjacent to large producing fields

HAUTE MER B

In April 2012, Oryx Petroleum was awarded a 30% participating and working interest in the Haute Mer B license area. Final approval of the production sharing contract by the National Assembly and President of Congo (Brazzaville) was received during the second quarter of 2014. Participating interests in the license area are: Total (34.62%), Oryx Petroleum (30%), Chevron (20.38%) and SNPC (15%). Total is the operator of the Haute Mer B license area.

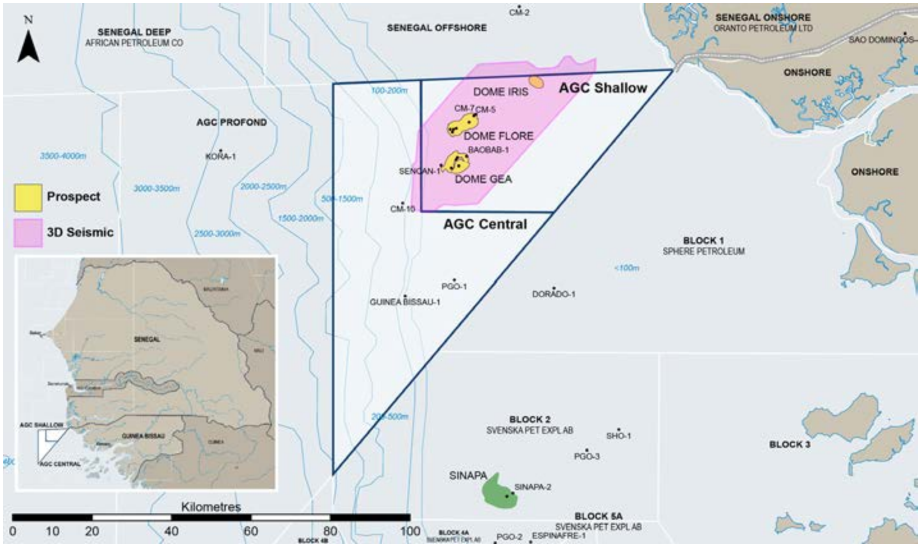
The Haute Mer B license area is located 58 kilometres offshore Congo (Brazzaville) and covers an area of 402 km^2 with water depths ranging from 150 metres to 1,075 metres. A large amount of 2D and 3D seismic data has been acquired during successive acquisition campaigns covering the Haute Mer B license area, but no wells have yet been drilled in the license area.

The principal targets in the Haute Mer B license area are Cretaceous carbonate reservoirs similar to those producing light oil in neighbouring fields, with additional targets in shallower Tertiary deposits. Three prospects in the Cretaceous (Loubossi, Kaki Main and Kaki East), four leads in the Cretaceous and four leads in the Tertiary have been identified in the Haute Mer B license area. The identified prospects and leads collectively are estimated to have total best estimate unrisked gross (100%) prospective oil resources of 535 MMbbl (risked: 102 MMbbl). The three prospects in the Cretaceous are estimated to have total best estimate unrisked gross (100%) prospective oil resources of 310 MMbbl (risked: 63 MMbbl). Oil quality is expected to be light in the Cretaceous and heavy in the Tertiary.

2015 PLANS

Our planned capital expenditures for the Haute Mer B license area are $4 million for 2015 with exploration drilling expected in 2016.

SENEGAL / GUINEA BISSAU: AGC SHALLOW & CENTRAL



Oryx Petroleum's interest in the AGC region offshore Senegal and Guinea Bissau include 85% participating interests (80% working interests if the L´ Enterprise AGC exercises the AGC Back-In Right) in each of the AGC Shallow and AGC Central license areas.

In November 2011, Oryx Petroleum was awarded its 85% participating interest in the AGC Shallow license area, and in October 2014 Oryx Petroleum was awarded its 85% participating interest in the AGC Shallow license area. In each license area, the L´Enterpise Agence de Gestion et de Coopération entre le Senegal et la Guinea-Bissau (AGC) holds a 15% carried interest and an option to acquire an additional 5% non-carried interest upon the issuance of an exploitation permit.

AGC SHALLOW

The AGC Shallow license area is 1,700 km^2 in size with water depths up to 100 metres.

Exploration activities in the region were commenced by Total in 1958. Seismic data and geophysical reconnaissance surveys revealed the presence of several prominent shallow salt domes. The first exploration drilling in the areas adjacent to the north of the AGC commenced in 1966 with four wells drilled on salt domes. The first drilling in what is now the AGC began in 1967 with three exploration wells on Dome Flore. These wells all encountered heavy oil and partially delineated the shallow water salt diapir. An additional well found light oil in the Albian sands (Lower Cretaceous).

After the initial shallow discoveries of heavy (Tertiary) and light (Cretaceous) oil on Dome Flore and Dome Géa, the license area was held for the last three decades by a series of smaller independent exploration companies whose activities were largely confined to acquiring 3D seismic data. Only two other wells have been drilled in the last 30 years with development of heavy oil being the primary focus. In 1996 an independent exploration company drilled a shallow well that had heavy oil shows. The previous operator of the license area acquired 385 km^2 of 3D seismic data in 2003.

In 2012 we acquired 840 km^2 of 3D seismic data over an area including three structures identified by previous operators and reprocessed and studied such data in 2013 and 2014. Based on this data we have identified two play types in three structures for potential light oil exploration: seismic amplitude prospects in the Maastrichtian and salt diapir related structural traps in the Albian.

The light oil prospects identified in the AGC Shallow are estimated to contain a total of 192 MMbbl of best estimate unrisked gross (100%) prospective oil resources (risked: 18 MMbbl).

Significant light oil potential with hydrocarbon system established by discovered heavy oil

2015 PLANS

Our planned capital expenditures for the AGC Shallow license area are $5 million for 2015 with exploration drilling expected in 2016.

AGC CENTRAL

The AGC Central license area is 3,148 km^2 in size and is in water depths of 15 to 2,000 metres. The PSC includes three exploration periods of three, two and two years. The commitment during the initial three year exploration phase is the acquisition of 750 km^2 of 3D seismic data.

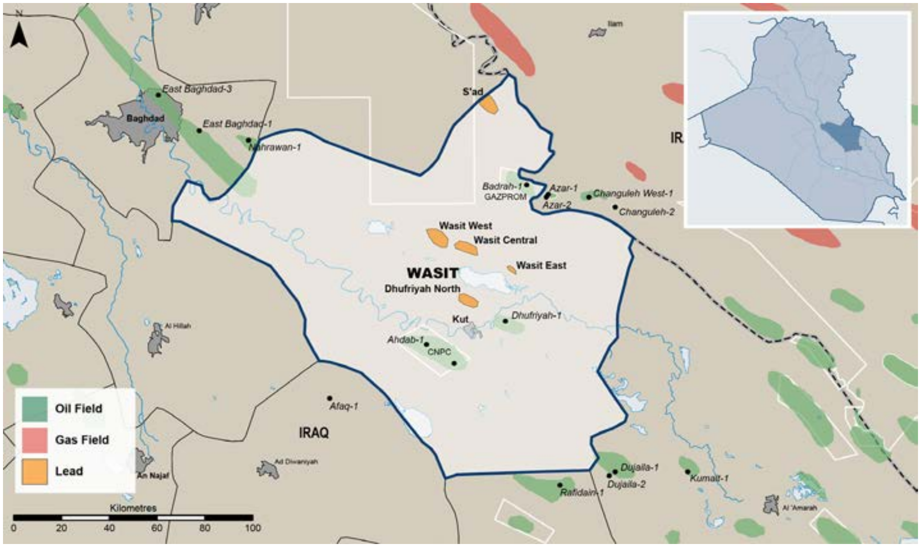
Based on available technical data Oryx Petroleum has identified a carbonate edge play type with potential Cretaceous clastic/carbonate structures. A similar play type has recently yielded discoveries offshore Senegal.

2015 PLANS

Our planned capital expenditures for the AGC Central license area are $1 million for 2015 with exploration activities not expected to commence before 2016.

IRAQ: WASIT PROVINCE

Unique early stage oil opportunity in under-explored and under-developed province



A 50% participating interest (40% working interest assuming the back-in rights are exercised) in the Wasit license area with rights for oil exploration operated by Oryx Petroleum.

Oryx Petroleum has a 50% participating interest in contracts with the government of the Wasit Province of Iraq (the "WPG Contracts"), namely an Asphalt Exploration Contract, a Seismic Option Agreement and a Risk Exploration Contract ("REC"). Oryx Petroleum is the contract operator with regard to the WPG Contracts. Assuming that the Wasit Provincial Government exercises certain back-in rights, Oryx Petroleum will have a 40% working interest in the WPG Contracts.

The Seismic Option Agreement grants non-exclusive rights to acquire 2D seismic data over any part of the Wasit province up to a total of 7,000km. The initial term of the Seismic Option Agreement expires in 2016, with an option to extend for an additional five years.

The Wasit REC grants the right to conduct all exploration, gas marketing, development, production and decommissioning operations relating to petroleum in nominated Contract Areas which can total up to 3,500km^2. At present, no Contract Areas have been nominated by Oryx Petroleum. Existing producing regions within the Wasit province are excluded from the Wasit REC.

The Asphalt Exploration Contract provides KPA exclusive rights to mine heavy oil, asphalts tar and bitumen (less than 25°API) throughout the Wasit province.

The geological profile of the Wasit province consists of a proven active petroleum system (Jurassic and Early Cretaceous source rocks) charging many large discoveries in the province (Ahdab, Dufriyah and Badrah fields) and in the surrounding area, including accumulations such as the super-giant East Baghdad field. Geologically, the Wasit province spans the Arabian Shelf, the Mesopotamian Foredeep, and the Zagros Fold Belt, providing an attractive diversity of charge and trap mechanisms and potential reservoirs.

The Wasit province is under-explored, however all five exploration and appraisal wells drilled in the province to date have been successful: two wells on the Badrah field, two wells on the Ahdab field and one well on the Dufriyah field.

The Iraq National Oil Company acquired and interpreted 2D seismic data in the 1990s, from which it identified a number of leads in the province. Oryx Petroleum reviewed a small selection of these seismic data lines. Fifteen leads were identified in the Wasit province, from which Oryx Petroleum aims to develop a sub-set of five leads into prospects. The five leads are estimated to have best estimate unrisked gross (100%) prospective oil resources of 1,010 MMbbl (risked: 194 MMbbl).

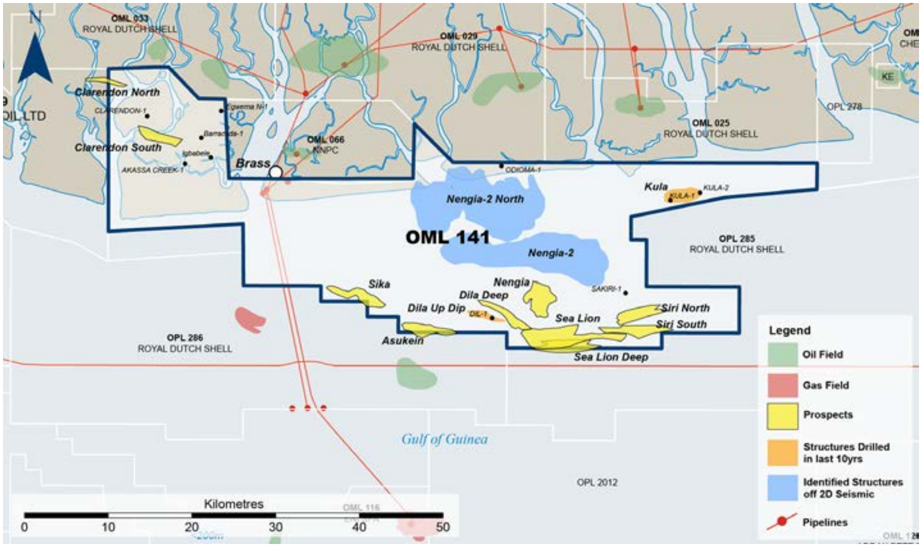
Due to the overall political environment in Iraq we were unable to conduct planned acquisition of seismic data in Wasit in 2014.

2015 PLANS

We have no activity planned in Wasit in 2015.

NIGERIA: OML 141

Large under-explored license area within the prolific Niger Delta



A 38.67% participating and working interest in OML 141, a shallow water offshore exploration area operated by an indigenous company, with Oryx Petroleum as the technical partner.

In September 2011, Oryx Petroleum acquired a 38.67% participating and working interest in the OML 141 license area through a farm-in transaction. OML 141 is a shallow water offshore exploration area operated by an indigenous company, Emerald Energy Resources Limited, with Oryx Petroleum acting as the technical partner.

The OML 141 license area is located partly in the swamp and partly offshore in the central part of the Niger Delta. The modern-day environment consists of coastal mangrove swamp, brackish water within the transition zone, and delta platform to pro-delta slope environments in the offshore marine.

There has been limited exploration activity in the license area in recent years with only three wells drilled since the 1960s and much of the license area does not have 3D seismic data coverage.

The Dila-1 exploration well was drilled in 2013. Based on logging information 8 feet net pay of natural gas and 14 feet net pay of oil were encountered in one of the targeted sands. We determined that the oil discovered was not in sufficient quantities to be commercially developed on a stand-alone basis and deemed the well unsuccessful.

Since the drilling of the Dila-1 well we have re-mapped the prospects in the portions of the license area covered by 3D seismic data. Ten of the identified prospects are estimated to contain best estimate unrisked gross (100%) prospective oil resources of 173 MMbbl (risked: 25 MMbbl). We have also identified a number of stratigraphic plays in the portion of the license area covered only by 2D seismic data over which we would like to acquire 3D seismic data.

2015 PLANS

We have limited activity planned for OML141 in 2015.

CORPORATE SOCIAL RESPONSIBILITY

With support of the UNHCR, Oryx Petroleum distributes 460 fire extinguishers to the Syrian refugees at Gawilan camp

Mobile Clinic service to treat Internally Displaced Persons in Erbil


Installation of power generators at Kawirgosik Syrian refugee camp

OUR PRINCIPLES

We believe that acting in a responsible manner and working closely together with our host communities not only helps us meet our social commitments but also allows us to meet and exceed our business goals.

Oryx Petroleum values the principles of accountability, honesty and integrity in all aspects of our business.

We are committed to achieving the highest principles of corporate citizenship by safeguarding the environment, protecting the health and safety of our workforce and the communities in which we operate, creating and delivering on opportunities to enhance benefits to society, and respecting all human rights.

Fulfilling our social responsibilities is integral to creating value for our shareholders, employees, partners, host governments and host communities.

In conducting our business, we are guided by the following principles:

- We carry out our business based on the highest principles of business integrity. Our Code of Conduct expresses this commitment, and must be adhered to by everyone who works for, or on behalf of, Oryx Petroleum;
- Our Code of Conduct is embedded into all contracts and we expect everyone to adhere to its principles;
- We are committed to operating our business in a manner consistent with the laws of the jurisdictions in which we operate;
- We conduct our business fairly, openly and honestly and condemn corruption in all its forms. Our Anti-Bribery and Anti-Corruption Policy are considered as a guide for everyone who works for, or on behalf of, Oryx Petroleum;
- We support and adhere to the principles of the Universal Declaration of Human Rights;
- We expect our suppliers and contractors to abide by our Code of Conduct and Anti-Bribery and Anti-Corruption Policy;
- We do not allow employment of under aged children in our workforce in any of our operations around the globe;
- We provide equal employment opportunities to all workers, regardless of race, colour, sex, age, sexual orientation, creed, national origin or disability; and
- We do not tolerate any form of workplace harassment, including sexual harassment of an employee, contractor or employment candidate.

Social responsibility is at the forefront of Oryx Petroleum's thinking and our everyday business practices and is a pillar to our corporate philosophy of being "Ambitious, Agile and Responsible".

In partnership with Kurdish Youth Organisation, a local NGO, Oryx Petroleum provides Kawirgosik Syrian refugee camp with 1420 waste baskets

LOCAL COMMUNITIES

We believe in proactively engaging the local communities, host governments and civil society to secure a social license to operate.

We believe that early, proactive stakeholder consultation is beneficial to both the company and the community and makes for high-impact, sustainable outcomes.

We work in partnership with the local communities, host government and civil societies to develop long lasting positive impacts on social development, particularly in the areas of education and health.

We carry out assessments of social, economic and environmental potential positive and negative impacts of operations on the communities before establishing any major investment, new projects and potential acquisitions. Once these impacts are identified, we identify mitigation measures for negative impacts and look for methods for enhancing the socio-economic opportunities that flow from positive impacts.

We aim to manage social, environmental and security risks to avoid or minimise risks to stakeholders and to Oryx Petroleum's operations.

We recognise and respect local cultures and develop effective strategies and policies to support the rights of the local communities.

We respect and support human rights in all areas that we conduct operations.

We aim to mitigate any negative safety, health and environmental effect on the host communities as a consequence of our operations.

2014 ACTIVITIES

Our commitment to social responsibility is backed up with tangible actions. Corporate Social Responsibility activities in 2014 were initiated on many fronts:

SOCIAL INVESTMENT

Our team of medical professionals conducted 41 visits to communities in the Hawler license area providing care and treatment to over 3,000 patients most of whom are women and children.

Oryx Petroleum continued with its scholarship program for eight disadvantaged local children in Erbil which will allow these children the chance to benefit from a higher level of education.

We built village infrastructure, upgraded schools, sponsored community events; and we offered other assistance to help the communities improve their standard of living and livelihood.

We proactively recruited local people throughout the year from communities within the Hawler license area and provided employment opportunities to these citizens.

We have been identifying and using local service providers and suppliers, giving them an opportunity to build their capabilities and business in different areas.

Oryx Petroleum also paid $1.4 million in 2014 in compensation to local landowners for land access rights.

CORPORATE SOCIAL RESPONSIBILITY

DISASTER RELIEF EFFORTS

As an integral part of its Corporate Social Responsibility commitment, Oryx Petroleum responded to the region's most recent humanitarian crisis by expanding its mobile clinic service to provide additional medical care to the Internally Displaced Persons (IDPs) who fled their homes due to the security developments in 2014. Vulnerable communities included the Christian and Kakayee minorities.

While the oil and gas industry was challenged during recent months, we took the lead in responding to the relief assistance requests made by the local communities. The company provided drinking water to the populations, preventing yet another IDP crisis in the region.

In addition to helping the IDPs, Oryx Petroleum provided a tremendous amount of support to the Syrian refugees in the three camps located within the Hawler license area. Oryx Petroleum provided funding of over $750,000 for life improvement projects for the refugees. Some of the projects included the construction of playgrounds, and supplying power generators, mini refrigerators, air coolers, fire extinguishers, first aid kits, waste skips, and other life necessities.

KURDISTAN CHILDREN'S HOSPITAL

The largest project we are involved in is the Kurdistan Children's Hospital in Erbil. The Kurdistan Children's Hospital, located on the outskirts of Erbil, in the Kurdistan Region, is a new paediatric healthcare facility that will have no peer in Iraq. The facility will service a large number of children and mothers that are currently unable to access suitable medical treatment or surgery inside Iraq. The Hospital complex will include a 120-bed main hospital building, two support buildings, a warehouse, an oxygen plant, a generator facility and a residential area for medical staff.

In 2013, Oryx Petroleum provided a $40 million commitment to fund the construction of the Hospital. In addition, Oryx Petroleum has built the necessary organisational structure to administer and govern the UK registered charitable organisation overseeing the hospital. In 2014, construction activities progressed to the point where the hospital intends to admit its first patients in the first half of 2015.

In partnership with Kurdistan Save the Children, Oryx Petroleum distributes hygiene packs to the Internally Displaced Persons in Erbil

Kurdistan Children's Hospital, Erbil

WE ARE COMMITTED TO STRONG CORPORATE GOVERNANCE

Our Board is comprised of eight directors, six of whom are independent. Our independent directors bring a wealth of experience in operations, finance, law and accounting. There is clear separation of the roles of the Chairman and the Chief Executive Officer to ensure an appropriate balance of responsibility and accountability. The Board has also established detailed charters to enable it to function independently of management and to facilitate open and candid discussion among the independent directors. The Board holds in-camera independent director meetings through the Corporate Governance Committee at every scheduled Board meeting and otherwise as deemed necessary and upon the request of independent directors.

CHAIRMAN

The Chairman, Jean Claude Gandur, is responsible for the effective running of the Board, ensuring that the Board plays a full and constructive part in the development and determination of our strategy, and acts as guardian and facilitator of the Board's decision-making process.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, Michael Ebsary, is responsible for managing Oryx Petroleum's business, proposing and developing the company's strategy and overall commercial objectives in consultation with the Board and, as leader of the executive team, implementing the decisions of the Board and its Committees. In addition, the Chief Executive Officer is responsible for maintaining regular dialogue with shareholders as part of Oryx Petroleum's overall investor relations program.

LEAD INDEPENDENT DIRECTOR

The Lead Independent Director is Richard Alexander.

Mr Alexander is an independent director and, in his role as Lead Independent Director, he is providing independent leadership to the Board as required.

BOARD OF DIRECTORS

Richard Alexander

Richard Alexander has a breadth of experience in the energy sector. From May 2006 to June 2011, he held various positions at AltaGas Ltd., including the position of President. Mr Alexander was also the Vice President, Finance and Chief Financial Officer of Niko Resources Ltd. from September 2003 to April 2006 and the Vice President, Investor Relations and Communications of Husky Energy Inc. from July 2000 to August 2003.

Mr Alexander is currently a director of Global Water Resources Corp., Marquee Energy Ltd. and Parallel Energy Trust, and the President & CEO of Parallel Energy Trust.

Mr Alexander is a citizen of Canada and received a B.B.M. from Ryerson Polytechnical Institute in Toronto, Canada.

David Codd

David Codd is a retired solicitor and has over 32 years' experience in the international oil industry. He was Chief Legal Officer of Addax Petroleum from February 2005 until his retirement in 2011. After qualifying with a major U.K. law firm, Mr Codd worked from 1980 to 1984 for Burmah Oil Company Ltd. In 1984 he joined Britoil PLC as Senior Legal Adviser. Following two years with ConocoPhillips Company in the U.K., in 1990 he was appointed General Counsel to Texaco's integrated operations in the U.K. From 1999 to 2001, Mr Codd was Managing Director of Texaco in the U.K., being Texaco's senior corporate representative in the U.K. with business responsibility for Texaco's regional upstream business development. Following Texaco's merger with Chevron, Mr Codd was Chairman of a start-up company engaged in project development work in the Middle East until he joined Addax Petroleum in February 2005.

Mr Codd is a citizen of the United Kingdom and has an MA (Jurisprudence) and a BCL, both from Oxford University.

Michel Contie

Michel Contie has a wide-range of experience in the oil and gas sector. Mr Contie has acted as a non-executive director at John Wood Group PLC since February 2010. Prior to this, Mr Contie started a consultancy practice, Mentorca (SARL), where he was a director from January 2010 to November 2011. Through Mentorca (SARL), Mr Contie negotiated contracts with John Wood Group PLC and Expro International Group Holdings Ltd. From May 2006 to December 2009, Mr Contie acted as the Vice President, Europe for Total.

Mr Contie is a citizen of France and obtained an engineering degree in fluid mechanics from the University of Toulouse, France and also holds a degree as a petroleum engineer from École Nationale Supérieure du Pétrole in Paris, France.

**including Jean Claude Gandur and Michael Ebsary*

Oryx Petroleum's Board of Directors* is comprised of accomplished individuals with a diversity of skills and experience relevant to our operations.

Evan Hazell

Evan Hazell is an engineer and has experience in both the financial and energy sectors. From 1998 to 2011 Mr Hazell acted as a managing director at several financial institutions including HSBC Global Investment Bank and RBC Capital Markets. Mr Hazell was granted the designation of P.Eng from the Association of Professional Engineers and Geoscientists of Alberta in 1983.

Mr Hazell is a Canadian citizen and received a B.A. (Sc) from Queen's University in Kingston, Canada, a M. Eng from the University of Calgary, Canada and an M.B.A. from the University of Michigan in Ann Arbour, U.S.

Gerald Macey

Gerald Macey has over 40 years of oil and gas industry experience. In particular, from 2002 to April 2004, he served as Executive Vice President and President, International New Ventures Exploration Division, of EnCana Corporation, and from 1999 to 2002, he served as Executive Vice President, Exploration, of PanCanadian Petroleum Corporation. He is also a director and Chairman of PanOrient Energy Corp. and a director of Gran Tierra Energy Inc. He was previously a director of Addax Petroleum.

Mr Macey is a Canadian citizen and holds a Bachelor of Science degree in geotechnical science from the University of Montreal (Loyola College) and a Master of Science degree in geology from Carleton University in Ottawa.

Peter Newman

Peter Newman was a partner at Deloitte LLP in London where he led the firm's oil and gas sector practice globally from 2002 until his retirement in 2009. Prior to that, Mr Newman joined the oil and gas group at Arthur Andersen LLP in London in 1984, became a partner in 1989 and led the firm's oil sector practice across Europe, the Middle East, India and Africa. Mr Newman also worked with Mobil Corporation from 1980 to 1984 as an auditor in several countries across Europe, Africa and the Far East. Mr Newman is non-executive director of AOG and Chairman of its audit committee.

Mr Newman is a citizen of the United Kingdom, and studied geography at the University of Oxford before qualifying as a Chartered Accountant in England.

ORGANISATION

Jean Claude Gandur
Chairman

Jean Claude Gandur founded The Addax and Oryx Group in 1987 with three associates from the energy industry, and focused on Africa. With an instinctive ability to recognise new opportunities, he rapidly diversified the group's activities from oil trading, to downstream storage and distribution, before launching into upstream exploration and production in 1994, and a pioneering bioenergy project in 2008. Following the sale of Addax Petroleum in 2009, he initiated the creation of Oryx Petroleum.

He has a degree in law and political science from the University of Lausanne, Switzerland.

Michael Ebsary
Chief Executive Officer

Michael Ebsary helped found Oryx Petroleum in September 2010, when he was appointed Chief Executive Officer.

Prior to this he had worked as Chief Financial Officer of Addax Petroleum for eleven years after having held various positions in project finance and treasury with Elf and Occidental Petroleum, both in France and the United Kingdom. He began his working life in multinational banking institutions in Canada and the UK.

He is a graduate of Queen's University in Canada.

Henry Legarre
Chief Operating Officer

Henry Legarre helped found Oryx Petroleum in September 2010, when he was appointed Chief Operating Officer.

Prior to joining Oryx Petroleum, he was with Addax Petroleum for four years, where he was Managing Director, Middle East Business Unit, and Acting General Manager for the TaqTaq Operating Company in the Kurdistan Region of Iraq. He had previously worked with Chevron for 20 years, in various positions, including projects in the United States, West Africa, Latin America and the Middle East.

A member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers, he is published in geochemistry, petrophysics, reservoir modelling and simulation and has served on the steering committee of a number of Joint Industrial Projects.

He has a degree in geological sciences from the University in San Diego, California.

Our senior management team is shrewd, resourceful and focused. They are supported by teams of technical, financial and legal experts, whose expertise in all aspects of the upstream energy industry give Oryx Petroleum the unique blend of capabilities it needs to operate effectively, efficiently and profitably in all license areas.

Craig Kelly
Chief Financial Officer

Craig Kelly helped found Oryx Petroleum in September 2010, when he was appointed Chief Financial Officer.

Before joining Oryx Petroleum, he was Head of Corporate Finance for Addax Petroleum for four years. Prior to this he had been a director in the Energy Group of RBC Capital Markets where he developed an expertise in advisory work for clients involved in mergers, acquisitions and financing in the energy industry.

A graduate of Queen's University in Canada, he is a member of the Alberta Institute of Chartered Accountants and earned his Chartered Accountant designation while with Ernst & Young in Hong Kong, Toronto and Vancouver, Canada.

Paul Shillington
Chief Legal Officer
and Corporate Secretary

Paul Shillington joined Oryx Petroleum as Chief Legal Officer and Corporate Secretary in May 2011.

Prior to this, he had spent the previous six years as an independent legal consultant, based in Paris, France and Perth, Australia, serving clients in the energy industry. His clients included ExxonMobil and Addax Petroleum. From 1999 to 2004 he was Asia Pacific legal counsel for Technip, after having commenced his legal career as a commercial and litigation lawyer in Australia with Freehill Hollingdale & Page and Phillips Fox.

He is a graduate of the University of Western Australia.

RESERVES & RESOURCES ADVISORY

Oryx Petroleum's reserves and resource estimates have been prepared and evaluated in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook as at December 31, 2014.

Proved oil reserves are those reserves which are most certain to be recovered. There is at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved (1P) oil reserves. Probable oil reserves are those additional reserves that are less certain to be recovered than proved oil reserves. There is at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable (2P) oil reserves. Possible oil reserves are those additional reserves that are less certain to be recovered than probable oil reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible (3P) oil reserves.

Contingent oil resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is no certainty that it will be commercially viable to produce any portion of the contingent oil resources.

Prospective oil resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective oil resources have both a chance of discovery and a chance of development. There is no certainty that any portion of the prospective resources will be discovered. The risked prospective oil resources reported in this document are partially risked resources that have been risked for chance of discovery, but have not been risked for chance of development. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.

Use of the word "gross" to qualify a reference to reserves, resources, production, capacity or sales means, in respect of such reserves, resources, production, capacity or sales, the total reserves, resources, production, capacity or sales prior to the deductions specified in the production sharing contract, risked exploration contract or fiscal regime applicable to each license area. Reference to 100% indicates that the applicable reserves, resources, production or sales are volumes attributed to the license area, field, discovery or prospect as a whole and do not represent Oryx Petroleum's working interest in such reserves, resources, production or sales.

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

FOR THE YEAR ENDED DECEMBER 31, 2014

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The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Oryx Petroleum Corporation Limited ("OPCL" or, the "Company") and its subsidiaries for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The date of this MD&A is March 18, 2015.

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

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

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

Readers should refer to the "Forward-Looking Information" advisory on page 61. Additional information relating to OPCL, including OPCL's Annual Information Form dated March 12, 2014, is on SEDAR at www.sedar.com. The Company will file an Annual Information Form for the year ended December 31, 2014 on or before March 31, 2015.

TABLE OF CONTENTS

COMPANY OVERVIEW

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

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

License Area	Location	Participating Interest	Working Interest	Role
Hawler	Iraq – Kurdistan Region	65%	65%	Operator
Wasit	Iraq – Wasit province	75%[(1)]	40%[(2)(3)]	Operator
AGC Shallow	Senegal and Guinea Bissau	85%	80%[(4)]	Operator
AGC Central	Senegal and Guinea Bissau	85%	80%[(4)]	Operator
OML 141	Nigeria	38.67%	38.67%	Technical partner
Haute Mer A	Congo (Brazzaville)	20%	20%	Non-operator
Haute Mer B	Congo (Brazzaville)	30%	30%	Non-operator

Notes:

(1) *The 75% Participating Interest includes an interest attributable to a non-controlling third party. The Participating Interest net of the non-controlling interest is 50%.*

(2) *Assuming the WPG exercises back-in rights.*

(3) *The 40% Working Interest is net of a third party non-controlling interest which owns 33.33% of an indirect OPCL subsidiary which indirectly holds an interest in the Wasit License Area.*

(4) *Assuming the AGC exercises back-in rights.*

OPERATIONAL HIGHLIGHTS AND UPDATE

2014 OPERATIONS HIGHLIGHTS:

- Declaration of commercial discovery for Demir Dagh
- First production achieved in the second quarter
- Gross (100%) oil production from Demir Dagh of 533,000 bbl (working interest 346,000 bbl)

  - 3,900 bbl/d average (working interest 2,500 bbl/d) for the actual days of production
- Gross (Working Interest) proved plus probable reserves increased by 27%
- Nine appraisal and development wells drilled at Demir Dagh with three wells capable of production at year end representing Gross (100%) wellhead production capacity exceeding 15,000 bbl/d
- Oil discovery at Banan and drilling of appraisal wells at each of Banan and Ain Al Safra
- Capacity of production facilities increased to 20,000 bbl/d with associated increases to storage and truck loading station capacity
- Successful testing of Elephant discovery in Haute Mer A License Area offshore Congo (Brazzaville)
- Award of interest in the AGC Central License Area offshore Senegal and Guinea Bissau

2015 OPERATIONS UPDATE:

- Gross (100%) oil production averaged 3,100 bbl/d and 1,100 bbl/d, respectively, for the months of January 2015 and February 2015
- Commenced oil liftings on March 16, 2015 with regional marketer
- Five wells at Demir Dagh are now tied into the Hawler production facilities, and collectively represent Gross (100%) wellhead production capacity of over 25,000 bbl/d
- Tie-in to the expanded Kurdistan Region of Iraq (KRI) to Turkey export pipeline expected to be completed in the second quarter
- Commissioning of Early Production Facility with Gross (100%) nameplate capacity of 40,000 bbl/d expected to be completed in the second quarter
- The drilling of five development wells at Demir Dagh is planned for the second half of the year
- Target production guidance of 35,000 to 45,000 bbl/d by year-end remains unchanged

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE

The following table contains financial performance highlights for the three and twelve month periods ended December 31, 2014 compared to the same periods in 2013. As first production and sales commenced during the second quarter of 2014 there are no comparative operating measures for the three months and year ended December 31, 2013.

($ thousands unless otherwise stated)	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Revenue	7,808	-	19,616	-
Cash used in operating activities	(17,928)	(1,882)	(28,530)	(8,732)
Operating Cash Flow(1)	1,106	(8,318)	(3,220)	(20,386)
Operating Cash Flow(1) per basic and diluted share ($/share)	0.01	(0.08)	(0.03)	(0.22)
Net loss	(1,862)	(35,210)	(19,010)	(185,823)
Net loss per basic and diluted share ($/share)	(0.02)	(0.35)	(0.17)	(2.04)
Average sales price ($/bbl)	53.61	-	55.69	-
Field production costs(3) ($/bbl)	11.84	-	17.24	-
Field Netback(1) ($/bbl)	14.36	-	9.96	-
Oryx Petroleum Netback(1) ($/bbl)	21.11	-	15.46	-
Capital expenditures(2)	65,487	74,801	325,906	200,234

Notes:

(1) Operating Cash Flow, Field Netback, and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.

(2) Excludes license acquisition costs. Refer to the "Capital Expenditures" section below.

(3) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum. See the "Operating expense" section of this MD&A.

REVENUE

Oryx Petroleum recorded gross revenue of $19.6 million for the year ending December 31, 2014. Included in gross revenue is $16.4 million ($55.69/bbl) realised on the sale of 295,000 bbl of oil (Oryx Petroleum Working Interest Share) and $3.2 million related to the recovery of costs carried on behalf of partners.

During the fourth quarter of 2014, Oryx Petroleum recorded gross revenue of $7.8 million. The Group realised revenue of $6.5 million ($53.61/bbl) on the sale of 122,000 bbl of oil (Oryx Petroleum Working Interest share) into the Kurdistan Region of Iraq's local market. Also included in gross revenue for the three months ended December 31, 2014 is $1.3 million related to the recovery of costs carried on behalf of partners.

NET LOSS

Net loss for the year ended December 31, 2014 was $19.0 million which is $166.8 million less than the net loss for the year ended December 31, 2013. The decrease in net loss is primarily attributable to a $82.3 million decrease in impairment expense, a $26.7 million decrease in G&A expenses and a $55.8 million decrease in other expenses.

Net loss for the three months ended December 31, 2014 of $1.9 million decreased by $33.3 million compared to the three months ended December 31, 2013. The change is primarily attributable to a $17.8 million decrease in impairment expense, a $5.2 million decrease in other expenses mainly relating to a revision in the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, and a $4.6 million increase in net revenue partially offset by increased operating and depletion expense. The remaining decrease in net loss compared to the three months ended December 31, 2013 relates to a $2.3 million decrease in interest expense, a $2.0 million decrease in the non-cash pension provision, and an increase in support costs being directly attributable to capital projects.

CAPITAL EXPENDITURES

During the year ended December 31, 2014, the Group invested $325.9 million in capital expenditures. These expenditures were primarily related to exploration and development activity on the Hawler License Area in the amount of $289.9 million, which included $153.4 million in drilling costs,

$88.1 million in facilities costs and $16.2 million in seismic expenditures. Additional expenditures of $16.6 million and $7.4 million, respectively, were made on the Haute Mer A and Haute Mer B License Areas in Congo (Brazzaville) and $6.4 million in expenditures were made on the AGC Shallow License Area. The remaining expenditures relate to the OML 141, AGC Central and Wasit License Areas, as well as capital expenditures for the corporate office.

FINANCIAL POSITION

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

($ thousands)	December 31, 2014	December 31, 2013
Working Capital	50,138	191,686
Cash Surplus / (Net Debt)[(1)]	109,870	306,034
Total assets	1,138,216	976,212
Total long-term liabilities	80,646	71,109

Notes:

(1) Cash Surplus / (Net Debt) is a non-IFRS measure. See the "Non-IFRS Measures" section of this MD&A.

Working capital decreased from $191.7 million as at December 31, 2013 to $50.1 million as at December 31, 2014. The decrease was mainly due to the decrease in cash of $196.2 million which has been partially offset by the increases in trade and other receivables of $2.3 million and inventory of $9.7 million, as well as a decrease in trade and other payables of $43.6 million and changes in other non-cash working capital balances.

A Cash Surplus of $306.0 million as at December 31, 2013 decreased to $109.9 million at December 31, 2014. This decrease was primarily due to $325.9 million in ongoing exploration and development activities explained in the "Capital Expenditures" section below. This expenditure was partly funded by net proceeds of $206.7 million received from the issuance of common shares during July 2014 (see "Common share offering" section below). During 2014, Oryx Petroleum also made $20.0 million (plus interest) in payments relating to the contingent consideration on the OP Hawler Kurdistan Limited acquisition, and a $50.0 million payment to the KRG due upon the declaration of the first commercial discovery in the Hawler License Area.

COMMON SHARE OFFERING

On July 18, 2014, pursuant to a prospectus supplement to the short form base shelf prospectus dated January 27, 2014, the Company issued 19,910,000 common shares of the Company at a price of CAD$11.25 per Common Share (the "July 2014 Common Share Offering") for aggregate gross proceeds of CAD$224.0 million ($209.7 million). Costs associated with the issuance of these shares amounted to $3.1 million.

MARCH 2015 FINANCING

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 majority shareholder The Addax and Oryx Group PLC (the "Lender").

The three year Loan Facility provides the Group with access to committed funding up to $100 million with a maturity date of March 10, 2018 (the "Maturity Date"). Interest and principal amounts owing to the Lender are payable at the Maturity Date or earlier, at the option of the Group. The annual compound interest payable to the Lender under the terms of the loan facility is 10.5% per annum.

Under the terms of the Loan Facility, should the Loan Facility be fully drawn, the Lender will receive warrants giving it the option to purchase up to twelve million ordinary common shares of the Company at a price equivalent to 110% of the ten day historical volume weighted average price (VWAP) at the time of the issue of the warrants. On March 11, 2015, in accordance with the Loan Facility, the Group issued warrants to acquire one million common shares to the Lender. The exercise price of the issued warrants was CAD $4.39 per common share. The expiry date of the issued warrants is March 10, 2018. The Company is obligated to issue up to an additional eleven million warrants, if and when the Loan Facility is drawn down. The Lender may exercise the issued warrants immediately and at any time prior to the expiry date. As at the date of this MD&A, the Group had not drawn any funds under the Loan Facility. The arrangement described above is hereafter referred to as the "March 2015 Financing".

OUTLOOK

HAWLER LICENSE AREA (KURDISTAN REGION OF IRAQ)

Oryx Petroleum's planned activity in the Hawler License Area is subject to the continuation of safe and secure operating conditions. Activities at the Banan, Zey Gawra and Ain Al Safra fields during 2014 were limited as a precaution due to security risks and resumption of activities is subject to further improvements in the local security environment.

Production and sales

Gross (100%) oil production from Demir Dagh averaged 3,100 bbl/d and 1,100 bbl/d, respectively, for the months of January 2015 and February 2015. Production reached a daily high of 9,800 bbl/d in January 2015.

Oryx Petroleum sold to local third party marketers from late December 2014 to mid-February 2015 with periodic interruptions due to local market dynamics. As with previous local sales arrangements, the contracts were short-term in duration and stipulated that payments be received in advance. Realisations under these local sales agreements averaged $39.96/bbl on 61,100 barrels of Gross (Working Interest) liftings in January 2015 and $31.88/bbl on 17,000 barrels of Gross (Working Interest) liftings in February 2015.

On March 16, 2015 Oryx Petroleum commenced oil liftings with a third party regional marketer. Payments are to be made by the regional marketer directly to Oryx Petroleum with realised sales prices referenced to a Dated Brent crude oil price with adjustments reflecting transport costs and crude quality.

Five wells, the Demir Dagh-2 ("DD-2"), Demir Dagh-3 ("DD-3"), Demir Dagh-4 ("DD-4"), Demir Dagh-7 ("DD-7") and Demir Dagh-10 ("DD-10") wells, are completed and tied into the Hawler production facilities, and collectively represent Gross (100%) wellhead production capacity of over 25,000 bbl/d.

The Group anticipates achieving Gross (100%) Hawler License Area production and sale volumes of 35,000 to 45,000 bbl/d by the end of 2015.

Appraisal and development drilling

Oryx Petroleum has released all rigs previously under contract in the Hawler License Area and plans to resume drilling in mid-2015.

Plans include the drilling of five development wells before the end of 2015 including at least three sidetrack wells (Demir Dagh-6 ("DD-6"), Demir Dagh-8 ("DD-8") and Demir Dagh-11 ("DD-11")) which are considerably less costly to drill than new development wells.

Hawler facilities and processing capacity

The Hawler truck loading station ("TLS") and associated infrastructure has the capacity to support liftings of 20,000 bbl/d and will be able to support up to 40,000 bbl/d in the coming weeks. An increase in total storage capacity from 15,000 barrels to 25,000 bbl is also expected in the coming weeks.

Construction and commissioning of an Early Production Facility ("EPF") with Gross (100%) nameplate processing capacity of 40,000 bbl/d continues and is expected to be completed in the second quarter of 2015. Further design works are underway with the aim of conducting future upgrades to increase the EPF´s capacity with minor modifications. Oryx Petroleum also has the ability to retain the existing 20,000 bbl/d TPF if needed.

Export infrastructure

The installation of a 1.2 kilometre 16" connecting line from the Hawler production facilities to the KRI-Turkey pipeline is in advanced stages. A tie-in point to the 36" line under construction by the KAR Group alongside the existing 24" inch line has recently been completed. The 36" line will be the main export line bringing the total capacity of the KRI-Turkey pipelines to an estimated 700,000 bbl/d. The new line is expected to be operational in the second quarter of 2015. Oryx Petroleum also expects to be capable of metering and exporting crude oil from the Hawler License Area when it becomes operational.

Seismic

Processing and interpretation of 3D seismic data acquired in late 2014 that cover the Demir Dagh field and the portion of the Banan field east of the Zab River continues. Analysis of the 3D seismic data is expected to improve the efficiency and effectiveness of future development drilling.

WEST AFRICA

Congo (Brazzavile)

Partners in the Haute Mer A License Area continue to analyse data in preparation for further exploration drilling expected in 2016. The government of Congo (Brazzaville) has approved the request of the partners to enter the second exploration phase of the Production Sharing Contract and the related relinquishment of 25% of the License Area.

Partners in the Haute Mer B License Area continue to analyse 3D seismic data acquired in 2014 and other data in preparation for exploration drilling. Exploration drilling is expected to commence in 2016.

AGC

Oryx Petroleum is engaged in discussion with the authorities in AGC regarding a potential extension of the current exploration period under the PSC governing the AGC Shallow License Area. The Group has commenced a process seeking partners in the AGC Shallow License Area which it anticipates concluding in 2015. The first exploration well to be drilled by the Group in the License Area is most likely to target the Dome Iris structure.

On October 16, 2014 Oryx Petroleum announced that it signed a new PSC entitling it to an 85% working interest in the AGC Central License Area. Oryx Petroleum plans to acquire 3D seismic data covering a portion of the License Area in 2016.

CORPORATE

There are no planned asset or business acquisitions or disposals that would have a material effect on the financial condition, financial performance and cash flows of Oryx Petroleum.

2015 FORECASTED CAPITAL EXPENDITURES

The Group's total forecasted expenditures for 2015 amount to $140 million which represents a 60% decrease from the original budgeted capital expenditure program of $353 million.

The main components of forecasted expenditures are focused on activities on the Hawler License Area in the Kurdistan Region of Iraq as follows:

- $48 million for the completion of the Demir-Dagh EPF and the tie-in to the KRI-Turkey export pipeline;
- $54 million for development drilling, including 5 development wells at Demir-Dagh in the second half of 2015 (at least three of which are expected to be side-track wells);
- $4 million for the processing of 3D seismic data acquired in 2014; and
- $19 million for directly allocable technical resource and administrative costs, PSC compliance costs and local office costs.

LIQUIDITY AND FUNDING

As at December 31, 2014, Oryx Petroleum had approximately $110 million of cash on hand. The Group's 2015 capital expenditure forecast has been developed on the basis that current cash together with a $100 million credit facility from AOG (discussed below) will fund its forecasted 2015 capital expenditures and other general and administrative expenses.

AOG has committed to provide $100 million of funding to Oryx Petroleum in the form of an unsecured credit facility in order to ensure Oryx Petroleum has financial flexibility in undertaking its work program for 2015.

A summary of key terms of the credit facility is set out below:

	Summary of Key Terms
Size:	$100 mm Total Commitment drawable in two $50 million tranches
Tenor:	36 months
Repayment:	Full drawn amount plus accrued interest paid at Maturity (36 Months)
Coupon:	10.5% per annum (interest accrues until Repayment)
Security:	Unsecured
Number of Warrants:	Up to 12.0 million if full commitment drawn
Warrant Exercise Price:	10% premium to 10-day historical volume weighted average price (VWAP) of Oryx Petroleum shares traded on Toronto Stock Exchange at time of issue
Warrant Duration:	36 months from issue

At the date of this MD&A Oryx Petroleum has approximately 122.7 million common shares outstanding on a fully diluted basis. The pro-forma ownership of AOG and its affiliates in Oryx Petroleum would be expected to increase to 77% from 75% on a fully diluted basis if Oryx Petroleum draws down the full $100 million and if AOG exercises the full 12 million warrants that it is entitled to under the terms of the facility.

Definitive agreements have been executed by Oryx Petroleum and AOG, and the requisite approvals have been received from their respective boards and the relevant security regulatory authorities in Canada. The transaction closed on March 11, 2015.

SUMMARY OF RESERVES AND RESOURCES

The following is a summary of the Company's proved plus probable oil reserves, contingent and prospective oil resources, the present value of future net revenue related to such oil reserves, and the present value of future net contingent cash flow related to contingent oil resources located in the Hawler License Area. The information is derived from a report dated February 16, 2015, prepared with an effective date as at December 31, 2014 by Netherland, Sewell & Associates, Inc. ("NSAI"), an independent oil and gas consulting firm. Comparatives are provided to information evaluated by NSAI with an effective date as at December 31, 2013. The reserves and resources information set out in this MD&A should be read in conjunction with the advisories in the "Forward-Looking Information" and "Reserves and Resources Advisory" sections below.

OIL RESERVES(1)

		Proved plus Probable Gross (Working Interest) Oil			
		December 31, 2014		December 31, 2013	
		Reserves	Future Net Revenue(2)	Reserves	Future Net Revenue(2)
License Area	Location	(MMbbl)	($ million)	(MMbbl)	($ million)
Hawler	Iraq – Kurdistan Region	271	1,815	213	1,287
Total oil reserves		**271**	**1,815**	**213**	**1,287**

Notes:

(1) *The oil reserves data is based on evaluations by NSAI, with effective dates as at December 31, 2014 and December 31, 2013 as indicated. Volumes are based on commercially recoverable volumes within the life of the production sharing contract.*

(2) *After-tax net present value of related future net revenue using forecast prices and costs assumed by NSAI and a 10% discount rate. Gross proved plus probable oil reserve estimates used to calculate future net revenue are estimated based on economically recoverable volumes within the development/production period specified in the production sharing contract applicable to the License Area. The estimated values disclosed do not represent fair market value.*

The Group's Gross (Working Interest) proved plus probable oil reserves increased by 27% during 2014 from 213 million barrels ("MMbbl") as at December 31, 2013 to 271 MMbbl as at December 31, 2014. The increase is attributable to the first reserves assigned to the Banan field (64 MMbbl) and to a 59% increase in reserves at the Zey Gawra field, partially offset by a 20% decrease in reserves at the Demir Dagh field.

The after-tax net present value utilising a 10% discount rate of the future net revenues attributable to the Group's Gross (Working Interest) proved plus probable oil reserves increased to $1,815 million from $1,287 million resulting in a 41% increase versus December 31, 2013. The increase is primarily attributable to an increase in reserve volumes partially offset by decreasing expected future oil prices.

CONTINGENT OIL RESOURCES(1)

		Best Estimate Gross (Working Interest) Oil			
		December 31, 2014		December 31, 2013	
		Contingent Resources	Future Net Contingent Cash Flow(2)	Contingent Resources	Future Net Contingent Cash Flow(2)
License Area	Location	(MMbbl)	($ million)	(MMbbl)	($ million)
Hawler	Iraq – Kurdistan Region	182	424	217	697
Haute Mer A(3)	Congo (Brazzaville)	6	-	6	-
Total oil resources		**188**	**424**	**223**	**697**

Notes:

(1) *The contingent oil resource data is based on evaluations by NSAI, and the classification of such resources as "contingent oil resources" by NSAI, with effective dates as at December 31, 2014 and December 31, 2013 as indicated. The figures shown are NSAI's best estimate using deterministic methods. Once all contingencies*

have been successfully addressed, the probability that the quantities of contingent oil resources actually recovered will equal or exceed the estimated amounts is 50% for the best estimate. Contingent oil resources estimates are volumetric estimates prior to economic calculations.

(2) *After-tax net present value of related future net contingent cash flow using forecast prices and costs assumed by NSAI and a 10% discount rate. Gross contingent oil resource estimates used to calculate future net contingent cash flow are estimated based on economically recoverable volumes within the development/production period specified in the production sharing contract, risk exploration contract or fiscal regime applicable to each License Area. The estimated values disclosed do not represent fair market value.*

(3) *An economic evaluation has not been performed by NSAI on the contingent oil resources in Haute Mer A because the field development plan is still under consideration.*

Gross (Working Interest) best estimate contingent oil resources decreased by 16% to 188 MMbbl compared to the prior year. This decrease is attributable to a 41% decrease at the Demir Dagh field partially offset by a 98% increase in Gross (Working Interest) best estimate contingent resources at the Ain Al Safra field and a 90% increase at the Banan field.

The after-tax net present value utilising a 10% discount rate of the future net contingent cash flow attributable to the Group's Gross (Working Interest) best estimate contingent oil resources located in the Hawler License Area decreased by 39% versus December 31, 2013. The decrease is primarily due to lower volumes related to Demir Dagh partially offset by increased volumes attributed to Ain Al Safra and Banan.

PROSPECTIVE OIL RESOURCES[1]

		Best Estimate Gross (Working Interest) Oil			
		December 31, 2014		December 31, 2013	
License Area	Location	Unrisked (MMbbl)	Risked[2] (MMbbl)	Unrisked (MMbbl)	Risked[2] (MMbbl)
Hawler	Iraq – Kurdistan Region	111	16	238	50
Wasit	Iraq – Wasit Province	404	78	404	78
Haute Mer A	Congo (Brazzaville)	34	5	31	4
Haute Mer B	Congo (Brazzaville)	160	31	160	31
OML 141	Nigeria	67	10	67	10
AGC Shallow	Senegal and Guinea Bissau	153	14	267	38
Total oil resources[3]		**929**	**153**	**1,167**	**209**

Notes:

(1) *The prospective oil resource data is based on evaluations by NSAI, and the classification of such resources as "prospective oil resources" by NSAI, with effective dates as at December 31, 2014 and December 31, 2013, as indicated. The figures shown are NSAI's best estimate using a combination of deterministic and probabilistic methods and are dependent on a petroleum discovery being made. If discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the risked estimates is 50% for the best estimate. Prospective oil resources estimates are volumetric estimates prior to economic calculations.*

(2) *These are partially risked prospective resources that have been risked for chance of discovery, but have not been risked for chance of development. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development.*

(3) *Individual numbers provided may not add to total due to rounding.*

Unrisked best estimate prospective oil resources of 929 MMbbl at December 31, 2014 decreased from 1,167 MMbbl at December 31, 2013. This decrease reflects category changes and adjustments within the Hawler License Area, as well as adjustments in the AGC Shallow and Haute Mer A License Areas.

FINDING & DEVELOPMENT AND FINDING, DEVELOPMENT & ACQUISITION COSTS

The Finding & Development ("F&D") and Finding, Development and Acquisition ("FD&A") costs have been calculated based on exploration and development costs divided by Gross (Working Interest) reserve additions over the equivalent period as indicated below. No amount of future capital has been included in the calculation. See the "Non-IFRS Measures" section of this MD&A.

Proved plus probable

($000s, except volumes and $/bbl amounts)	Hawler License Area			Total Group		
	2014	2013	2012	2014	2013	2012
Total capital expenditure	289,885	128,986	34,694	324,152	198,065	89,431
Acquisitions	-	17,571	40,000	23,590	48,247	46,695
Reserve additions and revisions (Mbbl)	58.42	213.27	N/A	58.42	213.27	N/A
Average cost per bbl						
F&D	4.96	0.60	N/A	5.55	0.93	N/A
FD&A	4.96	0.69	N/A	5.95	1.15	N/A
Three-year weighted average cost per bbl						
F&D	1.67	N/A	N/A	2.25	N/A	N/A
FD&A	1.88	N/A	N/A	2.69	N/A	N/A

BUSINESS ENVIRONMENT

All of the crude oil produced from the Hawler License Area during 2014 was sold to local marketers in the Kurdistan Region of Iraq. Oryx Petroleum is uncertain if any of the oil produced by the Group will be sold on the international market. The market on which oil produced is sold could affect the price realized and consequently, Oryx Petroleum's cash flows. In addition, Oryx Petroleum is not aware of any official allocation of export pipeline capacity in the region and commercial terms for international pipeline sales of its Hawler License Area production, if any, have not been established.

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

During June 2014, militants escalated the conflict with government forces in various regions of Iraq. The Group has implemented precautionary measures to protect employees and operations from the impacts of the conflict. As a result of the conflict, the local market for crude oil was disrupted and production from the Hawler License Area was temporarily halted in July and August 2014. Appraisal and development activities at the Demir Dagh field fully resumed during the third quarter of 2014. Sales have since been intermittently disrupted from time to time due to complex and evolving regional market dynamics for crude oil. Activities at the Banan, Zey Gawra and Ain Al Safra fields during 2014 were limited as a precaution due to security risks. There is an ongoing risk that the regional security situation could have a material adverse effect on the operating and financial performance of the Group.

Continuing global social, political and economic uncertainty and changes in global supply and infrastructure are having an impact on world markets, and we are unable to determine the impact, if any, these events may have on oil prices and demand.

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

With the exception of the items discussed above, there are no trends or events that have been identified that would have a material adverse effect on the financial performance of Oryx Petroleum.

OPERATIONS REVIEW

KURDISTAN REGION OF IRAQ

As first production and sales commenced during the second quarter of 2014 there are no comparative operating measures for the three months and year ended December 31, 2013:

	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Gross Production (bbl)	257,000	-	533,000	-
Gross Production per day (bbl/d)	2,800	-	2,700[1]	-
Normalised Gross Production per day (bbl/d)	4,100[2]		3,900[2]	
Working Interest Production (bbl)	168,000	-	346,000	-
WI Production per day (bbl/d)	1,800	-	1,800[1]	-
Normalised WI Production per day (bbl/d)	2,700[2]		2,500[2]	
WI sales (bbl)	122,000	-	295,000	-
WI sales per day (bbl/d)	1,300	-	1,500[1]	-

Notes:

(1) *Production at the Hawler License Area began on June 19, 2014. Per day figures have been calculated on the basis of 196 days.*

(2) *Normalised production has been calculated by including only days of actual production. Per day figures have been calculated using 62 and 135 days for the three month period and year ended December 31, 2014, respectively.*

Production and Sales

Gross production from the Hawler License Area during the year ended December 31, 2014 was 533,000 bbl. Average Gross daily production over the year was 2,700 bbl/d. The Group's Working Interest share of production during 2014 was 346,000 bbl representing an average daily rate of 1,800 bbl/d.

Gross production for the three months ended December 31, 2014 was 257,000 bbl. Average daily production over the three month period was 2,800 bbl. The Group's Working Interest share of production during this period was 168,000 bbl representing an average daily rate of 1,800 bbl/d.

Average daily production was impacted by interruptions in July and August 2014 due to precautions taken by the Group in response to the security situation and to local market dynamics in the region. During the fourth quarter of 2014, production was also periodically interrupted due to complex and evolving regional market dynamics for crude oil. Production was suspended for a total of 61 days during the period subsequent to first production in June 2014 including 30 days during the three months ended December 31, 2014. Gross production per day of actual production was 3,900 bbl/d for the period subsequent to first production and 4,100 bbl/d for the three months ended December 31, 2014. The Group's Working Interest share of normalised production per day was 2,500 bbl/d for the year ended December 31, 2014 and 2,700 bbl/d for the three months ended December 31, 2014.

The Group realised revenue on the sale of 122,000 bbl (Working Interest) and 295,000 bbl (Working Interest) during the three months and year ended December 31, 2014, respectively. Sales volumes are determined by the timing of deliveries to customers and are not directly correlated with production volumes. The Group's share of production during the year ended December 31, 2014 was 346,000 bbl.

Sales exclude oil produced and held in oil inventory at the end of the reporting period. As at December 31, 2014, the Group's working interest share of oil inventory amounted to 51,000 bbl.

Netbacks

	Three months ended December 31, 2014		Year ended December 31, 2014	
	($ thousands)	($/bbl)	($ thousands)	($/bbl)
Oil sales	6,541	53.61	16,429	55.69
Royalties	(3,196)	(26.20)	(8,031)	(27.22)
Field production costs(1)	(1,445)	(11.84)	(5,086)	(17.24)
Current taxes	(148)	(1.21)	(373)	(1.26)
Field Netback(2)	**1,752**	**14.36**	**2,939**	**9.96**
Recovery of Carried Costs	1,267	10.39	3,187	10.80
Partner share of production costs	(444)	(3.64)	(1,565)	(5.31)
Oryx Petroleum Netback(2)	**2,575**	**21.11**	**4,561**	**15.46**

Notes:

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

(2) *Field Netback and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.*

Field Netbacks for the year ended December 31, 2014 of $2.9 million ($9.96/bbl) incorporate field production costs of $5.1 million ($17.24/bbl). Field production costs incurred during the initial phase of commercial production include start-up costs of $0.8 million primarily related to the period immediately preceding first production.

Field Netbacks for the three month period ended December 31, 2014 of $1.8 million ($14.36/bbl) incorporate field production costs of $1.4 million ($11.84/bbl).

Field production costs incurred during 2014 incorporate the impact of fluctuations in costs as the Group implements the operational practices required to sustain anticipated ramp-up of production and sales volumes. The impact of fluctuations in operating costs has been compounded during 2014 by fluctuations in production and sales volumes. The Group expects continued variability in per barrel operating costs in the short term prior to normalisation as production and sales volumes stabilise during 2015.

Oryx Petroleum Netbacks for the year ended December 31, 2014 were $15.46/bbl. For the three months ended December 31, 2014, Oryx Petroleum Netbacks were $21.11/bbl. Oryx Petroleum Netbacks reflect the impact of a partner's working interest share of production costs which are being carried by Oryx Petroleum. Oryx Petroleum Netbacks also include the impact of recoveries of current and historical Carried Costs through the sale of Cost Oil.

Hawler production capacity

Gross production during the month of December 2014 reached a maximum rate of approximately 8,500 bbl/d and averaged 3,900 bbl/d. Daily production and sales rates vary due to complex and evolving regional market dynamics for crude oil. Production was sourced from the DD-2 well exclusively until late October 2014 when the DD-4 well was tied into the processing facilities. The DD-7 well was tied into the production facilities in December 2014. The DD-3 and DD-10 wells have been tied-into the production facilities during the first quarter of 2015. The five wells now tied into the Hawler production facilities represent Gross (100%) wellhead production capacity exceeding 25,000 bbl/d.

Hawler processing facilities

In late September 2014, the Group commissioned the second phase of its initial production facilities. These current facilities, leased from a local provider, have Gross (100%) nameplate processing capacity of approximately 20,000 bbl/d and replaced the initial production facilities that had processing capacity of 5,000 bbl/d. Based on the known characteristics of the oil produced at the Demir Dagh field, the Group believes it can operate the existing facilities at rates exceeding nameplate capacity.

Construction and commissioning of an EPF with Gross (100%) nameplate processing capacity of 40,000 bbl/d continues and is expected to be completed in the second quarter of 2015. Further design works are underway with the aim of conducting future upgrades to increase the EPF´s capacity with minor modifications. Oryx Petroleum also has the ability to retain the existing 20,000 bbl/d TPF if needed.

The Hawler truck loading station ("TLS") and associated infrastructure has the capacity to support liftings of 20,000 bbl/d and will be able to support up to 40,000 bbl/d in the coming weeks. An increase in total storage capacity from 15,000 bbl to 25,000 bbl is also expected in the second quarter of 2015.

The Group's full field development plan for the Hawler License Area envisions the construction of a PPF with initial Gross (100%) oil production capacity of 100,000 bbl/d. An initial front end engineering design

("FEED") is largely complete. Plans to proceed with construction of the facilities are subject to local and export market dynamics for crude oil produced in the Kurdistan Region of Iraq, wellhead production capacity and the Group's ability to source appropriate financing. Commissioning of the facility is expected approximately twenty-four months after construction begins.

Export infrastructure

The installation of a 1.2 kilometre 16" connecting line from the Hawler production facilities to the KRI-Turkey pipeline is in advanced stages. A tie-in point to the 36" line under construction by the KAR Group alongside the existing 24" inch line has recently been completed. The 36" line will be the main export line bringing the total capacity of the KRI-Turkey pipelines to an estimated 700,000 bbl/d. The new line is expected to be operational in the second quarter of 2015. Oryx Petroleum also expects to be capable of metering and exporting crude oil from the Hawler License Area when it becomes operational.

Appraisal and development drilling

The DD-10 well was spudded in late October 2014 and reached a total measured depth of 2,000 metres in mid November. Observations during the drilling of the DD-10 well, including significant losses of drilling fluids, suggest the presence of a connected fracture network and logging data showed a high density of fracturing and the presence of hydrocarbons. A drill stem test was performed in a 76 metre interval in the Shiranish formation of the Cretaceous reservoir. The drill stem test successfully flowed oil at an average rate of 3,400 bbl/d over a period of seven hours using a one inch choke size under natural flow conditions. The crude oil tested was measured on site between 21° and 22° API gravity. Quantities of associated natural gas encountered were approximately 180 scf/bbl and hydrogen sulfide at 0.02% in the natural gas phase. No water production or pressure decline was observed during the test. Following the drill stem test, the well was completed as a producer with the aid of an electrical submersible pump. During the completion test conducted, the well successfully flowed oil at a sustained rate of 6,500 bbl/d for a period of two hours.

The DD-11 well was spudded in late November 2014 and reached a total measured depth of 2,300 metres in mid-January 2015. Observations during the drilling of the DD-11 well and data collected were largely consistent with expectations. A drill stem test was performed in a 13 metre interval in the Shiranish formation of the Cretaceous reservoir. During the test the well flowed fluids to the surface indicating a highly productive fracture system but the fluid was primarily water with slugs of oil. Oryx Petroleum believes the presence of water was due to a flaw in the cementing of the well which enabled water to enter the testing interval from the reservoir below. Oryx Petroleum intends to drill a short sidetrack for the DD-11 well with the expectation that the well will be a future producer.

The Demir Dagh-9 ("DD-9") well was spudded in early November 2014 and reached a total measured depth of 2,100 metres in early December 2014. The DD-9 well was drilled from the DD-3 well drillpad in the eastern portion of the Demir Dagh structure and its primary objective was to obtain additional Cretaceous reservoir data with building productive capacity a secondary objective. Logging data and observations during drilling confirmed the presence of hydrocarbons and porosity similar to that observed at other Demir Dagh wells. Drill stem tests were performed in two intervals but sustained flow rates of oil were not achieved as the tests were unable to connect to the fracture network.

The drilling of the DD-7 and DD-8 development wells were completed in October 2014. Both wells were drilled from the same crestal location near the main east-west fault on the Demir Dagh structure but in different directions. Each well reached a total measured depth of approximately 1,900 metres. Technical data collected and observations during drilling of both wells, including significant losses of drilling fluids, suggested the presence of hydrocarbons and a highly permeable and connected fracture network.

The completion test conducted in the Shiranish and Kometan formations in the Upper Cretaceous at the DD-7 well successfully flowed oil. The test demonstrated high productivity comparable to that observed at the DD-2 well.

A drill stem test conducted in the Shiranish and Kometan formations in the Upper Cretaceous reservoir at the DD-8 well was not able to flow crude oil on a sustained basis from the well. Oryx Petroleum attributes the unsuccessful test to a mechanical failure in properly isolating the interval tested. The lack of isolation resulted in natural gas entering the interval during testing. In 2015 the Group plans to drill a short sidetrack well at DD-8 and re-test the Cretaceous formations.

The DD-6 well in the Hawler License Area was spudded in May 2014, and reached a target depth of 2,029 metres in June 2014, and was successfully tested in July 2014. The testing program comprised of two DSTs in the Cretaceous reservoir. The first DST, conducted in the Kometan formation, flowed oil over a total of 86 hours using a series of different choke sizes. The test flowed naturally at a sustained rate of 500 bbl/d of oil for a 10 hour period on a 32/64" choke. The oil gravity was measured on site at 19 - 21° API. Gas to Oil Ratio ("GOR") measurements ranged from 250 to 300 scf/stb and hydrogen sulphide was measured at 0.08%. No water production or pressure declines were observed during the test. The fracture network encountered was not adequate to facilitate high well productivity and flow rates. The second DST was conducted over a 25 metre interval in the Shiranish formation. The well was flowed over a total of 46 hours using a series of different choke sizes. During the test, oil flowed at rates exceeding 3,000 bbl/d indicating a good fracture network and high well productivity. However, natural gas was encountered at the top of the perforation interval indicating presence of a small natural gas cap. The top of the perforation was the highest perforation point in all Demir Dagh Cretaceous reservoir tests to date. In order to achieve a sustained oil flow with no free gas, only smaller choke sizes were used during the main test period, thus constraining the flow rates that could be achieved. As such, during the main test period using a 16/64" choke a sustained flow rate of approximately 700 bbl/d of oil over a 6 hour period was achieved with only associated gas. The oil gravity was measured on site at 23° API. The GOR measurements ranged from 65 to 3,500 scf/stb and hydrogen sulphide was measured at 0%. No water production or pressure declines were observed during the test.

The Demir Dagh-5 ("DD-5") well reached target depth of 1,938 metres in April 2014. The testing of DD-5 was conducted during the second quarter of 2014. Based on core and logging analysis and observations during drilling, including losses, oil on shakers, and oil shows on cuttings, a testing program of two DSTs was designed. However, due to an inability to re-connect to the permeable fracture network indicated by logging data and losses, only small quantities of oil flowed to surface during testing. It was not possible to accurately measure crude quantities or the presence of natural gas or hydrogen sulfide.

The first well in the Demir Dagh appraisal program in the Hawler License Area, DD-3 was spudded in November 2013 and reached total depth of 2,875 metres as at December 31, 2013. DD-3 reached a target depth of 4,400 metres in the Kurra Chine formation in the Triassic in March 2014. Based on core and logging analysis and observations during drilling, including losses, oil on shakers, and oil shows on cuttings, a multi zone testing was designed. The testing program was comprised of four cased-hole drill stem tests targeting the Cretaceous and Lower Jurassic reservoirs. Oryx Petroleum successfully flowed oil in all DSTs. DD-3 was completed as a producer from the Cretaceous reservoir during the second quarter of 2014.

During the first quarter of 2014, oil was successfully flowed in two cased-hole drill stem tests on the Banan-1 ("BAN-1") exploration well, one in each of the Cretaceous reservoir (Shiranish and top Kometan formations) and the Lower Jurassic reservoir (Butmah formation). The BAN-1 well was drilled down-dip of the crest of the Banan structure. The Group believes significant up-dip potential exists in all formations and has targeted this potential with the Banan-2 ("BAN-2") well. BAN-2 is being drilled in a more crestal position over the Banan structure and is targeting oil potential in Cretaceous, Jurassic and Triassic formations. The well reached a measured depth of approximately 2,700 metres in the Jurassic in late July 2014 before being temporarily suspended due to deterioration in the security environment.

Testing of the Ain Al Safra-1 ("AAS-1") well in the second half of 2014 resulted in an oil discovery in the Lower Jurassic. The KS Discoverer-1 rig spudded the Ain Al Safra-2 ("AAS-2") appraisal well in March 2014. The AAS-2 well's objective is to further appraise the Lower Jurassic interval and the full extent of the discovered oil column and to drill to the Triassic reservoir to understand any upside potential that the AAS-1 well was unable to reach. AAS-2 reached a total measured depth of just over 3,700 metres in the Triassic in July 2014 before being temporarily suspended in August 2014. Based on logging data and observations during drilling a testing program targeting Jurassic and Triassic reservoirs has been designed. However, on the basis of operational priorities the AAS-2 testing program has been deferred.

Seismic activities

Acquisition of approximately 223 square kilometres of 3D seismic data over the Demir Dagh structure and the Banan structure east of the Zab River commenced in June 2014 and was completed in the third quarter of 2014. Processing and interpretation of 3D seismic data acquired in 2014 is ongoing. Analysis of the 3D seismic data is expected to improve the efficiency and effectiveness of future development drilling.

HAUTE MER A

On March 4, 2014, Oryx Petroleum announced that the testing of the Elephant-1 ("E-1") exploration well targeting the Elephant prospect in the Haute Mer A License Area confirmed the previously announced discovery. However, additional oil resource is needed to support a commercial development.

Partners in the Haute Mer A License Area continue to analyse data in preparation for further exploration drilling expected in 2016. The government of Congo (Brazzaville) has approved the request of the partners to enter the second exploration phase of the Production Sharing Contract and the related relinquishment of 25% of the License Area.

HAUTE MER B

During the second quarter of 2014 the contractor group received final approval of the PSC by the National Assembly and President of Congo (Brazzaville). Oryx Petroleum has a 30% Participating and Working Interest in the Haute Mer B License Area.

Partners in the Haute Mer B License Area continue to analyse 3D seismic data acquired in 2014 and other data in preparation for exploration drilling. Exploration drilling is expected to commence in 2016.

AGC SHALLOW

Oryx Petroleum has completed the processing and analysing of previously acquired 3D seismic data. Oryx Petroleum is engaged in discussion with the authorities in AGC regarding a potential extension of the current exploration period under the PSC governing the AGC Shallow License Area. The Group has commenced a process seeking partners in the AGC Shallow License Area which it anticipates concluding in 2015. The first exploration well to be drilled by the Group in the License Area is most likely to target the Dome Iris structure.

AGC CENTRAL

The Group announced on October 16, 2014 that it had signed a new PSC covering the AGC Central License Area in the joint development offshore area between Senegal and Guinea Bissau. The PSC has been approved by decree from the Haute Autorité, the Presidencies of Senegal and Guinea Bissau, who are responsible for administering oil exploration activities in the AGC. The license covers 3,150 square kilometres in water depths ranging from 100 metres to 1,500 metres. Oryx Petroleum holds an 85% participating interest and serves as Operator with L'Entreprise AGC holding the remaining

15%. L'Entreprise AGC, whose share of costs will be carried by Oryx Petroleum through exploration, have a back-in right for an additional 5% paying interest in the license upon declaration of commerciality. A signature bonus was paid in conjunction with the signing of the PSC. The PSC includes three exploration periods of three, two and two years. The commitment in the initial three year exploration phase is the acquisition of 750 square kilometres of 3D seismic data. Based on available technical data Oryx Petroleum has identified a carbonate edge play type with potential Cretaceous clastic/carbonate structures.

CAPITAL EXPENDITURES

The following table summarises the capital expenditures incurred by activity during the three months and year ended December 31, 2014 and December 31, 2013:

($ thousands)	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Middle East				
Exploration drilling	3,709	23,889	61,240	85,919
Appraisal and development drilling	25,255	24,268	92,184	30,501
Facilities	22,817	-	88,140	-
Seismic acquisition	3,182	-	16,425	9,618
Studies and administrative	5,557	4,220	32,878	11,072
Sub-Total Middle East	**60,520**	**52,387**	**290,867**	**137,110**
West Africa				
Exploration drilling	(63)[1]	18,795	16,089	49,564
Seismic acquisition	300	112	4,277	834
Studies and administrative	4,594	3,225	12,918	10,556
Property, plant & equipment	-	-	-	83
Sub-Total West Africa	**4,831**	**22,132**	**33,284**	**61,037**
Corporate	**136**	**282**	**1,755**	**2,087**
Total capital expenditures	**65,487**	**74,801**	**325,906**	**200,234**

Note: The above table excludes license acquisition costs.

(1) *Based on updated information from the operator of the Haute Mer A License Area, the Group has recorded a $0.6 million recovery of drilling expenditures during the fourth quarter of 2014 which has been partially offset by other exploration drilling expenditures.*

The following table summarises the capital expenditures incurred by License Area during the three and twelve months ended December 31, 2014 compared to the same periods in 2013:

($ thousands)	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Middle East				
Hawler	60,372	51,906	289,885	128,985
Wasit	148	481	982	4,119
Sindi Amedi	-	-	-	4,006
Sub-Total Middle East	**60,520**	**52,387**	**290,867**	**137,110**
West Africa				
AGC Shallow	1,534	801	6,433	2,830
AGC Central	174	-	174	-
OML 141	520	403	2,664	16,744
Haute Mer A	453	20,928	16,636	41,463
Haute Mer B	2,151	-	7,378	-
Sub-Total West Africa	**4,831**	**22,132**	**33,284**	**61,037**
Corporate	**136**	**282**	**1,755**	**2,087**
Total capital expenditures	**65,487**	**74,801**	**325,906**	**200,234**

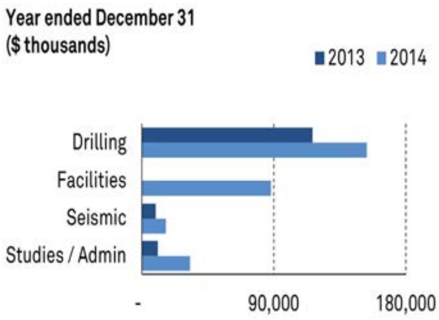
MIDDLE EAST

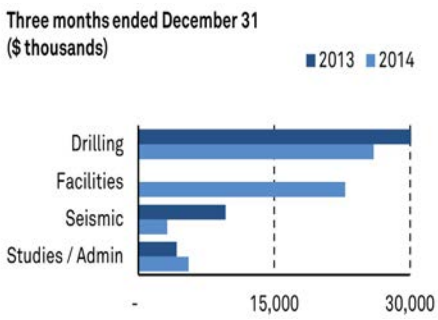
Hawler drilling costs for the three months ended December 31, 2014 amounted to $29.0 million. Expenditures for the quarter are primarily related to drilling the DD-9, DD-10, and DD-11 wells. In addition to costs related to wells drilled in the fourth quarter, Hawler drilling costs for the year ended December 31, 2014 of $153.4 relate to drilling the DD-3 - DD-8, AAS-2, BAN-1, and BAN-2 wells.

The Group invested $22.8 million in infrastructure related to the Hawler License Area EPF during the three months ended December 31, 2014. For the year ended December 31, 2014, infrastructure costs related to the EPF amounted to $88.1 million. The Group invested a total of $3.2 million in seismic processing for the three months ended December 31, 2014. Of the $16.4 million in seismic costs incurred during the year ended December 31, 2014, $16.2 million relate to the 3D seismic program in the Hawler License Area with the remainder relating to the Wasit License Area.

The Group incurred a total of $5.6 million and $32.9 million in studies and administrative costs directly attributable to capital projects in the Middle East during the three months ended and year ended December 31, 2014, respectively.

In the Sindi Amedi License Area, no capital expenditures were incurred during 2014 as the License Area was relinquished to the Kurdistan Regional Government during 2013.





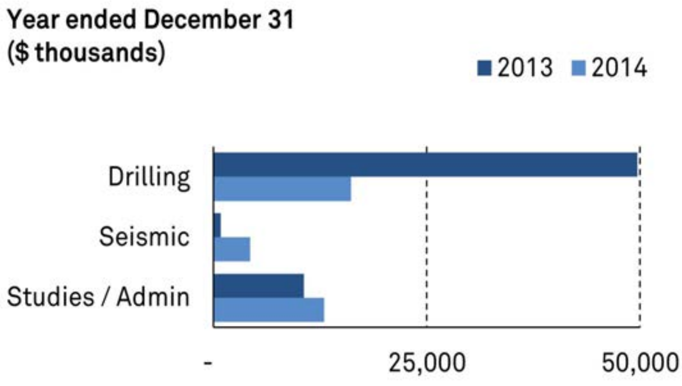
WEST AFRICA

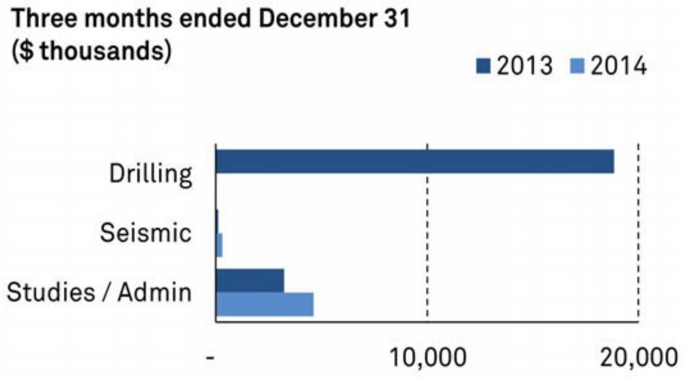
Exploration costs for the year ended December 31, 2014 in the amount of $16.1 million mainly relate to the successful testing of the offshore E-1 discovery well in the Haute Mer A License Area ($12.8 million). The remaining $3.3 million in drilling expenditures for year ended December 31, 2014 relate to site preparation and long lead items for the AGC Shallow License Area.

The Group recorded a net recovery of $0.1 million relating to exploration drilling during the fourth quarter of 2014. Exploration drilling costs of $0.5 million are offset by a recovery of previously incurred impairment expense relating to the Horse well on the Haute Mer A License Area of $0.6 million due to updated information received from the operator.

The Group incurred seismic acquisition costs of $4.3 million during the year ended December 31, 2014 which were primarily related to the Haute Mer B License Area. Seismic costs of $0.3 million incurred during the fourth quarter were primarily related to the AGC Shallow License Area.

The Group incurred a total of $4.6 million and $12.9 million in studies and administrative costs directly attributable to capital projects in West Africa during the three and twelve months ended December 31, 2014, respectively.





COST POOLS

Cost Pools available for recovery through future oil sales as at December 31, 2014 are detailed in the table below:

			Oryx Petroleum share of recoverable costs		
License Area	Location	Gross Cost Pool	Participating Interest Cost Pool	Carried Costs	Total Cost Pool available[1]
		($ million)	($ million)	($ million)	($ million)
Hawler	Iraq – Kurdistan Region	560.4	342.8	127.2[2]	470.0
Wasit	Iraq – Wasit province	10.7	8.0	2.7	10.7
OML 141	Nigeria	62.2	24.1	37.7	61.8
AGC Shallow	Senegal and Guinea Bissau	29.8	25.3	4.5	29.8
AGC Central	Senegal and Guinea Bissau	2.2	1.8	0.3	2.1
Haute Mer A	Congo (Brazzaville)	238.9	56.2	-	56.2
Haute Mer B	Congo (Brazzaville)	19.3	6.8	-	6.8
		923.5	**465.0**	**172.4**	**637.4**

Note:

(1) *Cost Pool balances are subject to audit by relevant Government entities.*

(2) *Carried costs include $59.0 million in costs carried in respect of a total commitment to carry $300 million on behalf of a partner for the Hawler License Area development.*

CORPORATE

Oryx Petroleum incurred $1.8 million in corporate costs for the year ended December 31, 2014 to acquire computer software and furniture and fixtures.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The capital expenditures described in the sections above, net of DD&A and impairment expense, have resulted in the following movements in Intangible Asset and PP&E balances during the year ended December 31, 2014:

($ thousands)	Exploration and Evaluation Assets	Other Intangible Assets	Total Intangible Assets
As at January 1, 2014	**199,900**	**820**	**200,720**
Capital additions	20,960	189	21,149
License acquisition costs	14,531	-	14,531
DD&A	-	(118)	(118)
Impairment expense	(416)	-	(416)
As at March 31, 2014	**234,975**	**891**	**235,866**
Capital additions	32,571	98	32,669
License acquisition costs	7,079	-	7,079
DD&A	-	(138)	(138)
Impairment expense	(765)	-	(765)
As at June 30, 2014	**273,860**	**851**	**274,711**
Capital additions	24,451	-	24,451
DD&A	-	(141)	(141)
Impairment expense	-	-	-
As at September 30, 2014	**298,311**	**710**	**299,021**
Capital additions	8,462	121	8,583
License acquisition costs	2,000	-	2,000
Transfer to PP&E	(55,941)(1)	-	(55,941)
DD&A	-	(134)	(134)
Impairment recovery	578	-	578
As at December 31, 2014	**253,410**	**697**	**254,107**

($ thousands)	Oil & Gas Assets	Facilities under construction (1)	Property, Plant and Equipment	Total PP&E
As at January 1, 2014	**440,651**	**1,116**	**2,057**	**443,824**
Capital additions	54,335	4,346	51	58,732
DD&A	-	-	(357)	(357)
Impairment expense	-	-	-	-
As at March 31, 2014	**494,986**	**5,462**	**1,751**	**502,199**
Capital additions	56,558	9,651	213	66,422
DD&A	(261)	-	(155)	(416)
Impairment expense	-	-	-	-
As at June 30, 2014	**551,283**	**15,113**	**1,809**	**568,205**

($ thousands)	Oil & Gas Assets	Facilities under construction (1)	Property, Plant and Equipment	Total PP&E
Capital additions	50,761	5,148	1,068	56,977
DD&A	(1,602)	-	(157)	(1,759)
Impairment expense	-	-	-	-
As at September 30, 2014	**600,442**	**20,261**	**2,720**	**623,423**
Capital additions	45,768	11,109	25	56,902
Transfer from intangible assets	55,941 (1)	-	-	55,941
DD&A	(1,835)	-	(211)	(2,046)
Impairment expense	-	-	-	-
As at December 31, 2014	**700,316**	**31,370**	**2,535**	**734,221**

Note:

(1) *During the third quarter of 2013, the Kurdistan Regional Government gave its consent to lease an Early Production Facility for the Demir Dagh area of the Hawler license. The related facilities are under construction. Refer to note 27 of the audited consolidated financial statements for further information on the commitments related to the Early Production Facility finance lease contract.*

(2) *Following receipt of an evaluation report dated February 16, 2015 (the "NSAI Report") prepared by Netherland, Sewell & Associates, Inc. ("NSAI"), independent qualified reserves evaluator, evaluating Oryx Petroleum's crude oil reserves and resources as at December 31, 2014, confirming the discovery of reserves at Banan within the Hawler License Area, $55.9 million of costs associated with the Banan discovery were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E at December 31, 2014.*

FINANCIAL RESULTS

REVENUE

The following table summarises Oryx Petroleum's revenue for the three months and year ended December 31, 2014. Oil sold during the period was produced at the Hawler License Area.

	Three months ended		Year ended	
($ thousands)	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Oil Sales	6,541	-	16,429	-
Recovery of Carried Costs	1,267	-	3,187	-
Revenue	**7,808**	**-**	**19,616**	**-**

The Group realised revenue on the sale of 122,000 bbl (Working Interest) and 295,000 bbl (Working Interest) of oil during the three months and year ended December 31, 2014 respectively. Revenue of $7.8 million during the fourth quarter of 2014 decreased by $2.6 million compared to the three months ended September 30, 2014. The decrease in sales is attributable to a decrease in sales volume and selling price.

Sales volumes are determined by the timing of deliveries to customers and are not directly correlated with production volumes. Sales exclude oil produced and held in oil inventory at the end of the reporting period. The Group's share of production during the fourth quarter of 2014 was 168,000 bbl compared to 154,000 bbl during the three months ended September 30, 2014.

Under oil sale contracts in effect during 2014, the Group received payment for oil sales in advance of delivery. The portion of payments related to oil not yet delivered to purchasers at December 31, 2014, which amounts to $1.0 million, has been presented as deferred revenue on the Group's Statement of Financial Position as at December 31, 2014. The oil not delivered to purchasers at December 31, 2014 was sold during January 2015.

ROYALTIES

The following table summarises royalties paid during the three months and year ended December 31, 2014:

($ thousands)	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Royalties	**3,196**	**-**	**8,031**	**-**

All remittances to governments who are party to the applicable PSC that are directly attributable to the sale of oil during the reporting period including the government share of Profit Oil, excluding income taxes, are reported as royalties. Royalties decreased by $1.1 million during the three months ended December 31, 2014 compared to the previous quarter. This decrease was driven by a decrease in revenue recorded due to the lower sales volumes and prices.

OPERATING EXPENSE

($ thousands)	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Field production costs(1)	1,445	-	5,086	-
Partner's share of production costs carried by Oryx Petroleum	444	-	1,565	-
Operating expense	**1,889**	**-**	**6,651**	**-**
Sales(2) (bbl)	122,000	-	295,000	-
Field production costs ($/bbl)	**11.84**	**-**	**17.24**	**-**

Notes:

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

(2) *Oryx Petroleum's Working Interest share.*

Operating expense for the year ended December 31, 2014 includes start-up costs of $1.0 million (includes $0.2 million in partner's share of costs carried by Oryx Petroleum) primarily related to the period immediately preceding first production in June 2014. Operating expense for the three and twelve months ended December 31, 2014 also incorporate the impact of fluctuations in operating costs as the Group implements the operational practices required to sustain anticipated ramp-up of production and sales volumes. The impact of fluctuations in operating costs has been compounded during 2014 by fluctuations in production and sales volumes. The Group expects continued variability in per barrel operating costs in the short term prior to normalisation as production and sales volumes stabilise during 2015.

Operating expense of $1.9 million recorded in the three months ended December 31, 2014 decreased by $1.7 million compared to the previous quarter.

GENERAL AND ADMINISTRATIVE EXPENSE

The following table summarises the component parts of general and administrative expense for the three months and year ended December 31, 2014:

($ thousands)	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
General & administrative costs	766	5,962	13,398	26,481
Share gift	-	-	-	13,650
Total General & administrative expense	**766**	**5,962**	**13,398**	**40,131**

General and administrative expense decreased by $5.2 million during the three months ended December 31, 2014 compared to 2013. The decrease is primarily attributable to a $1.9 million non-cash provision for the Group's defined benefit pension obligation as at December 31, 2014, a decrease in consulting and professional fees in 2014 compared to 2013, and an increased percentage of technical resources and support costs being directly attributable to capital projects.

General and administrative expense decreased by $26.7 million to $13.4 million during the year ended December 31, 2014 compared to the same period in 2013. The decrease is primarily due to $13.7 million in stock based compensation recorded in the second quarter of 2013 which related to a share grant to employees and management of the Group in conjunction with OPCL's initial public offering. The decrease is also due to an increased proportion of the Group's technical resources, along with the associated support costs, directly assigned to capital projects as described in the "Capital Expenditures" section.

EXPLORATION EXPENSE

	Three months ended		Year ended	
($ thousands)	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Pre-license costs	701	1,430	4,470	6,383
Impairment (recovery) / expense of oil and gas assets	(578)	17,255	603	82,948
Total exploration expense	**123**	**18,685**	**5,073**	**89,331**

Pre-license costs for the year ended December 31, 2014 decreased by $1.9 million compared to the costs recorded in 2013. This decrease is due to a reduction in pre-license activities during the current year as expenditure has been focused on development activities in the Hawler License Area.

Impairment of oil and gas assets for the year ended December 31, 2014 includes an additional impairment charge relating to the Horse-1 well in the Haute Mer A License Area offshore Congo (Brazzaville). An impairment charge of $17.3 million which was originally recorded on this well in the fourth quarter of 2013 was reduced by $0.6 million during the fourth quarter of 2014 based on updated information from the operator.

Impairment charges recorded during 2013 related to the OML 141 and Sindi Amedi License Areas.

DEPLETION, DEPRECIATION AND AMORTISATION EXPENSE

The following table summarises the component parts of depletion, depreciation and amortisation expense for three months and year ended December 31, 2014 compared to 2013.

	Year ended		Year ended	
($ thousands)	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Intangible assets: Amortisation	134	112	531	437
PP&E assets: Depreciation	281	87	880	291
Depletion	1,276	-	3,139	-
Total DD&A	**1,691**	**199**	**4,550**	**728**

The Group initiated depletion of its Hawler Oil and Gas assets upon commencement of production on a unit of production basis, which is the ratio of oil production volume during the period to the estimated quantities of proved plus probable reserves at the beginning of the period.

OTHER EXPENSE

The following table summarises the components of other expenses for the three months and year ended December 31, 2014 compared to 2013:

($ thousands)	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Other expense	2,593	7,808	1,077	56,887
Financial (income) / expense	(68)	1,851	268	60
Total other expense	**2,525**	**9,659**	**1,345**	**56,947**

Other expense of $1.1 million during the year ended December 31, 2014 includes an increase in fair value, due to revised estimates regarding timing of anticipated cash outflows, of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011. In accordance with the terms of the agreement for the acquisition of OP Hawler Kurdistan Limited, which holds the interest in the Hawler License Area, Oryx Petroleum is obliged to provide additional consideration upon each of the first two commercial discoveries. The fair value adjustment referred to above has been offset by a $2.8 million provision adjusting other current assets to recoverable amounts during the fourth quarter of 2014.

Other expense of $56.9 million recorded during the year ended December 31, 2013 related to an increase in the fair value of the contingent consideration described above. The aggregate fair value of the contingent consideration, based on the estimated probability of success, had previously been evaluated by the Group at $66.9 million at March 31, 2013 and $27.7 million at December 31, 2012. The increase of $39.3 million was recognised in Oryx Petroleum's Statement of Financial Position at December 31, 2013. Oryx Petroleum paid $20.0 million plus interest during 2014 in satisfaction of the obligation arising upon the first commercial discovery.

In addition, the net assets and liabilities acquired with OP Hawler Kurdistan Limited included a $50 million contingent liability to the Kurdistan Regional Government in relation to the first commercial discovery. This amount was paid in February 2014 in full settlement of the liability due.

INCOME TAX EXPENSE

The following table summarises the component parts of income tax expense for the three months and year ended December 31, 2014, as compared to the same periods in 2013.

($ thousands)	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Current income tax (benefit) / expense	(132)	299	1,327	1,361
Deferred tax (benefit) / expense	277	207	(707)	(42)
Total income tax expense	**145**	**506**	**620**	**1,319**

The current income tax expense includes amounts remitted to the KRG through its allocation of Profit Oil under the Hawler PSC for the year ended December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

During 2014, the Group met its day-to-day working capital requirements through funding received through the issuance of Common Shares. In July 2014, the Company issued 19,910,000 Common Shares at a price of CAD$11.25 per Common Share for net proceeds of $206.7 million. Commencing the second quarter of 2014, the Group began to generate cash inflows through its share of oil sales from the Hawler License Area. These cash inflows are also used to meet the Group's working capital requirements.

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 majority shareholder The Addax and Oryx Group PLC (the "Lender").

The three year Loan Facility provides the Group with access to committed funding up to $100 million with a maturity date of March 10, 2018. Interest and principal amounts owing to the Lender are payable at the Maturity Date or earlier, at the option of the Group. The annual compound interest payable to the Lender under the terms of the loan facility is 10.5% per annum.

Under the terms of the Loan Facility, should the Loan Facility be fully drawn, the Lender will receive warrants giving it the option to purchase up to twelve million ordinary common shares of the Company at a price equivalent to 110% of the ten day historical volume weighted average price (VWAP) at the time of the issue of the warrants. On March 11, 2015, in accordance with the Loan Facility, the Group issued warrants to acquire one million common shares to the Lender. The exercise price of the issued warrants was CAD $4.39 per common share. The expiry date of the issued warrants is March 10, 2018. The Company is obligated to issue up to an additional eleven million warrants, if and when the Loan Facility is drawn down. The Lender may exercise the issued warrants immediately and at any time prior to the expiry date. As at the date of this MD&A, the Group had not drawn any funds under the Loan Facility.

With the March 2015 Financing, Oryx Petroleum has access to sufficient cash and cash equivalents to fund the balance of its 2015 forecasted capital expenditure program. The Group's 2015 forecast has been planned on the basis that the forecasted cash and cash equivalents at the end of 2014, together with the proceeds of the March 2015 Financing will fund its planned development expenditures at the Demir Dagh field as well as its other appraisal and exploration activities. The Group also retains the flexibility to defer certain budgeted exploration and appraisal expenditures, most of which are planned for the second half of 2015. The Group is also able to adjust the timing of its expenditures on the development of the Demir Dagh field. Slowing the rate of development expenditures related to the Demir Dagh field would be likely to impede the Group's ability to achieve expected production and sales levels.

Oryx Petroleum's business requires significant capital expenditures with respect to the Group's exploration, appraisal, development and maintenance of its oil and gas assets. Long lead times between discovery and production of oil and gas are common in the industry. During these lead times, Oryx Petroleum will continue to incur significant costs at a level which may be difficult to predict. Furthermore, the Group may not continue to realise revenue from the sale of oil or gas production. Oryx Petroleum intends to fund planned capital expenditures from its cash reserves including proceeds from the July 2014 Common Share Offering, from the March 2015 Financing, and from cash inflows generated from the sale of oil from the Hawler License Area in the short to medium term. The Group plans to fulfil longer term financing requirements through Operating Cash Flow, and if necessary through further equity or debt financing. Prevailing market conditions, together with Oryx Petroleum's business performance will impact the Group's ability to arrange such financing. Oryx Petroleum has a considerable degree of control over both the extent and timing of expenditures under its future capital expenditure program.

Oryx Petroleum entered into an uncommitted bond facility agreement in 2013 whereby up to a maximum of $15 million may be used by Oryx Petroleum for bank guarantees. This agreement was extended for an additional twelve months in February 2014 and will expire on March 26, 2015. As at December 31, 2014, no guarantees were issued under this agreement.

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

($ thousands)	Three months ended		Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Operating Cash Flow[1]	1,106	(8,318)	(3,220)	(20,386)
Change in retirement benefit obligation	(5,384)	-	(3,667)	-
Change in non-cash Working Capital	(13,650)	6,436	(21,643)	11,654
Net cash used in operating activities	(17,928)	(1,882)	(28,530)	(8,732)
Net cash used in investing activities	(62,197)	(69,517)	(374,296)	(234,080)
Net cash generated by financing activities	-	-	206,662	476,121
Total increase/(decrease) in cash	**(80,125)**	**(71,399)**	**(196,164)**	**233,309**
Cash and cash equivalents at beginning of the period	189,995	377,433	306,034	72,725
Cash a cash equivalents at end of the period	**109,870**	**306,034**	**109,870**	**306,034**

Note:

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

During the year ended December 31, 2014, the Group invested $374.4 million in exploration and development activities primarily in the Hawler License Area. The cash outflow for the year includes $70.0 million in payments relating to the Hawler License Area's contingent consideration and payment due upon the declaration of the first commercial discovery, a $14.5 million payment on farm-in commitments related to the OML 141 License Area, $7.0 million in a signature bonus relating to the Haute Mer B License Area and a $2.0 million signature bonus relating to the AGC Central License Area.

See the "Capital Expenditures" section for further information on the capital expenditure program during the period.

ECONOMIC SENSITIVITIES

The following table shows the estimated after-tax effect that changes to crude oil prices, Gross (100%) crude oil production, operating costs and interest rates would have had on the Group's net loss for the year ended December 31, 2014, had these changes occurred on January 1, 2014[1]. These calculations are based on business conditions, production and sales volumes existing during the year ended December 31, 2014. The 1,000 bbl/d increase assumes the increase is to Gross (100%) field production and the Group's entitlement is calculated according to the provisions of the PSA and JOA.

	Change	Net loss impact ($ '000s)	Net loss impact ($ per basic share)
Increase in average realised price	$10.00/bbl	1,307	0.01
Increase in crude oil sales volumes[1]	1,000 bbl/d	3,150	-
Increase in operating expenses	$1.00/bbl	295	-
Increase in interest rate	1%	1,451	0.01

(1) *Production at the Hawler License Area began on June 19, 2014. The Impact of the increase in crude oil sales volumes has consequently been calculated on the basis of 196 days.*

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

USE OF PROCEEDS

THE JULY 2014 COMMON SHARE OFFERING

On July 11, 2014, the Company announced the filing of a final prospectus supplement to the final short form base shelf prospectus dated January 27, 2014, with the securities regulatory authorities in each of the provinces of Canada, other than Quebec (the "July 2014 Prospectus"). The July 2014 Prospectus relates to the issuance of 19,910,000 Common Shares of the Company at a price of CAD$11.25 per Common Share for aggregate gross proceeds of CAD$224.0 million ($209.7 million). The July 2014 Common Share Offering closed on July 18, 2014.

The following tables compare the planned use of proceeds per the July 2014 Common Share Offering to actual expenditures between July 1, 2014 and December 31, 2014.

($ million)	Estimated[(1)]	Estimated net proceeds[(1)]	Actual net proceeds	Approximate cash at May 31, 2014[(1)]	Actual cash at June 30, 2014	Pro forma Funds available for use
Available to fund capital expenditure program	261	(208)	207	(89)	55.2	226
Contingent payments and license acquisition fees	17				-	17
General corporate purposes	19				-	19
Total	**297**	**(208)**	**207**	**(89)**	**55**	**262**

Note:

(1) *See the "Use of Proceeds" section of July 2014 Prospectus.*

The above funds available for use have been employed as follows:

($ million)	Pro forma Funds available for use as at July 1, 2014	Actual use of proceeds	Remaining proceeds available for use	Cash flow from operating activities	Cash balance as at December 31, 2014
Available to fund capital expenditure program	226	(127)	99		
Contingent payments and license acquisition fees	17	(17)	-		
General corporate purposes	19	(8)	11		
Total	**262**	**(151)**	**110**	**-**	**110**

NON-IFRS MEASURES

FIELD NETBACK

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

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

ORYX PETROLEUM NETBACK

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

CASH SURPLUS / (NET DEBT)

The Group defines "Cash Surplus / (Net Debt)" as long-term debt and short-term borrowings less cash and cash equivalents. Oryx Petroleum uses net debt as a key indicator of its leverage and to monitor the strength of its balance sheet. Net debt is directly tied to operating cash flow and capital investment. Net debt is not recognised under IFRS. Readers are cautioned that this measure should not be construed as an alternative to net income or cash flow from operating activities determined in accordance with IFRS or as an indication of the Group's performance. Oryx Petroleum's method of calculating this measure may differ from other companies and accordingly, it may not be comparable to similar measures used by other companies.

The following table summarises the components of Oryx Petroleum's consolidated "Cash Surplus / (Net Debt)":

($ thousands)	As at December 31, 2014	As at December 31, 2013
Total Borrowings	-	-
Less: Cash and cash equivalents	109,870	306,034
Cash Surplus / (Net Debt)	**109,870**	**306,034**

OPERATING CASH FLOW

Operating Cash Flow is a non-IFRS measure that represents cash generated from operating activities before changes in non-cash working capital and changes in the retirement benefit obligation balance. The term Operating Cash Flow should not be considered an alternative to or more meaningful than "cash flow from operating activities" as determined in accordance with IFRS.

Management considers Operating Cash Flow to be a key measure as it demonstrates the Group's ability to generate the cash flow necessary to fund future growth through capital investment. Operating Cash Flow does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies.

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

	Three months ended		Year ended	
($ thousands)	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Net cash flow used in operating activities	(17,928)	(1,882)	(28,530)	(8,732)
Changes in non-cash working capital	13,650	(6,436)	21,643	(11,654)
Change in retirement benefit obligation	5,384	-	3,667	-
Operating Cash Flow	**1,106**	**(8,318)**	**(3,220)**	**(20,386)**

FINDING & DEVELOPMENT AND FINDING, DEVELOPMENT AND ACQUISITION COSTS

F&D and FD&A costs are non-IFRS measures that demonstrate the costs associated with the Group's adjustments to proved, and proved plus probable reserves over time. Management believes that F&D and FD&A costs are useful measures in assessing the Group's exploration efficiency. F&D and FD&A costs have been calculated based on exploration and development costs divided by Gross (Working Interest) reserve additions over the equivalent period. No amount of future capital has been included in the calculation. F&D and FD&A costs do not have a standard meaning under IFRS and may not be comparable to similar measures used by other companies. See the "Finding & Development Costs ("F&D") and Finding, Development and Acquisition Costs ("FD&A")" section for a reconciliation of F&D and FD&A costs.

OUTSTANDING SHARE DATA

As at December 31, 2014, 120,767,916 common shares of OPCL were issued and outstanding.

The number of common shares outstanding as at the date of this MD&A is 120,825,608.

Upon vesting, OPCL LTIP awards granted to the date of the MD&A will result in the issuance of up to an additional 897,423 common shares over 2015 and 2016.

On March 11, 2015, in accordance with the March 2015 Financing the Group issued warrants to acquire one million common shares.

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

There were no repurchases of OPCL's equity securities by the Company during the year ended December 31, 2014.

OFF-BALANCE SHEET ARRANGEMENTS

In October 2014, the Group entered into a forward exchange contract to hedge foreign currency transactions in the ordinary course of business. Under the contract, the Group purchased CHF 2.4 million per month (total CHF 7.2 million) at a rate of USD 1.00/CHF 0.95347 during the fourth quarter of 2014. The contracts expired in December 2014.

In December 2014, the Group entered into two foreign exchange contracts to hedge the foreign exchange risk throughout 2015. (i) The Group entered into a contract to sell $1.5 million and to receive Swiss Francs at a rate of USD 1.00 / CHF 0.9645 for each of the twelve months during 2015. (ii) The Group entered into a forward exchange contract to sell $1.5 million and to receive Swiss Francs for each of the twelve months during 2015 in the event that the exchange rate on monthly execution dates is outside the following range: USD 1.00 / CHF 0.9400 and USD 1.00 / CHF 0.9850.

Other than the above, Oryx Petroleum was not party to any off-balance sheet arrangements during the year ended December 31, 2014 that have, or is reasonably likely to have, a current or future effect on the financial performance or financial condition of Oryx Petroleum. Further, on the date of this MD&A, Oryx Petroleum is not party to any such off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

The table below sets forth information relating to Oryx Petroleum's contractual obligations and commitments as at December 31, 2014.

($ thousands)	Within One Year	From 1 to 5 Years	More than 5 Years	Total
Operating leases[1]	2,385	3,910	-	**6,295**
Other long term obligations[2]	37,111	84,138	21,370	**142,619**
Total	**39,496**	**88,048**	**21,370**	**148,914**

Notes:

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

(2) *Consists principally of obligations related to PSC commitments and capital expenditure commitments including commitments under a financing lease for the construction of an EPF at Demir Dagh in the Hawler License Area. The main purpose of these commitments is to develop oil and gas assets in Oryx Petroleum's various License Areas.*

Contractual obligations of $142.6 million have decreased by $35.3 million compared to the balance at December 31, 2013. This variance is mainly attributable to decreases in contractual obligations relating to the Hawler License Area together with the revised phasing of exploration activities in West Africa which is consistent with planned work programs.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a summary of Oryx Petroleum's results for the quarterly periods indicated which have been prepared in accordance with IFRS as issued by the IASB.

($ thousands except per share amounts)	2013				2014			
	Mar 31	Jun 30	Sept 30	Dec 31	Mar 31	Jun 30	Sept 30	Dec 31
Revenue	-	-	-	-	-	(1,378)	(10,430)	(7,808)
Net Revenue	-	-	-	-	-	(814)	(6,159)	(4,612)
Oil and Gas [1]	1,672	21,934	47,040	18,685	2,099	3,045	6,170	3,358
Corporate and Other[2]	45,237	16,062	17,855	16,019	4,709	6,225	1,397	2,971
Net loss before income tax	**46,909**	**37,996**	**64,895**	**34,704**	**6,808**	**8,456**	**1,408**	**1,717**
Income Tax Expense	67	494	252	506	111	216	148	145
Net loss	**46,976**	**38,490**	**65,147**	**35,210**	**6,919**	**8,672**	**1,556**	**1,862**
Per share (basic and diluted)	*0.64*	*0.44*	*0.66*	*0.35*	*0.07*	*0.09*	*0.01*	*0.02*
Net Loss attributable to owners	**46,815**	**38,457**	**65,109**	**35,183**	**6,904**	**8,660**	**1,556**	**945**
Per share (basic and diluted)	*0.64*	*0.43*	*0.65*	*0.35*	*0.07*	*0.09*	*0.01*	*0.01*
Remeasurement of defined benefit obligation	-	-	-	1,424	373	375	365	2,462
Total comprehensive loss	**46,976**	**38,490**	**65,147**	**36,634**	**7,292**	**9,047**	**1,921**	**4,323**
Per share (basic and diluted)	*0.64*	*0.43*	*0.65*	*0.37*	*0.07*	*0.09*	*0.02*	*0.05*
Total comprehensive loss attributable to owners	**46,815**	**38,457**	**65,109**	**36,607**	**7,277**	**9,035**	**1,921**	**3,407**
Per share (basic and diluted)	*0.64*	*0.43*	*0.65*	*0.37*	*0.07*	*0.09*	*0.02*	*0.04*
Capital expenditures[3]	41,400	48,946	35,087	74,801	79,881	99,112	81,427	65,487
Long-term debt	-	-	-	-	-	-	-	-
Change in Equity attributable to owners	(198,172)	(218,826)	60,805	25,889	4,939	6,816	(208,949)	1,679
Change in Equity attributable to NCI	161	33	38	8,377	15	11	(6)	924

Notes:

(1) *Oil and gas expense includes operating expense, depletion expense, pre-license costs, and impairment of oil and gas assets.*

(2) *Corporate and other expense includes general and administrative expense, depreciation and amortisation expense, other expense, finance income and expense, and foreign exchange gains and losses.*

(3) *Excludes license acquisition costs.*

SELECTED ANNUAL INFORMATION

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

	Year ended December 31		
($ thousands except per share amounts)	2014	2013	2012
Revenue	(19,616)	-	-
Net Loss attributable to owners	**18,065**	**185,564**	**58,359**
Per share (basic and diluted)	*0.17*	*2.04*	*2.10*
Total assets	1,138,216	976,212	576,265
Long-term debt	-	-	-
Cash dividends declared	-	-	-

FINANCIAL AND OTHER INSTRUMENTS

In December 2014, the Group entered into two foreign exchange contracts to hedge the foreign exchange risk throughout 2015. The Group entered into a contract to sell $1.5 million and to receive Swiss Francs at a rate of USD 1.00 / CHF 0.9645 for each of the twelve months during 2015. The Group signed a second forward exchange contract to sell $1.5 million and to receive Swiss Francs for each of the twelve months during 2015 in the event that the exchange rate on monthly execution dates is outside the range following range: USD 1.00 / CHF 0.9400 and USD 1.00 / CHF 0.9850. The future impact on the statement of comprehensive loss cannot be estimated as the resulting impact of this contract is dependent on the foreign exchange rate on the date of each settlement.

Oryx Petroleum operates internationally and has foreign exchange risk arising from various currency exposures, notably the Swiss Franc. In October 2014, the Group entered into a forward exchange contract to hedge foreign currency transactions in the ordinary course of business. Under the contract, the Group purchased CHF 2.4 million per month (total CHF 7.2 million) at a rate of USD 1.00/CHF 0.95347 during the fourth quarter of 2014. The contract expired in December 2014. The Group recognised a gain of $48,000 during the three months ended December 31, 2014.

In July 2014, the Group entered into a forward exchange contract to hedge the foreign currency risk related to proceeds of the July 2014 Common Share Offering. Oryx Petroleum entered into a forward exchange contract to sell Canadian dollars and purchase US dollars. A foreign exchange gain of $0.4 million was recorded when the transaction was settled during July 2014.

TRANSACTIONS WITH RELATED PARTIES

On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement with a subsidiary of its indirect majority shareholder The Addax and Oryx Group PLC.

The three year Loan Facility provides the Group with access to committed funding up to $100 million with a maturity date of March 10, 2018. Interest and principal amounts owing to the Lender are payable at the Maturity Date or earlier, at the option of the Group. The annual compound interest payable to the Lender under the terms of the loan facility is 10.5% per annum.

Under the terms of the Loan Facility, should the Loan Facility be fully drawn, the Lender will receive warrants giving it the option to purchase up to twelve million ordinary common shares of the Company at a price equivalent to 110% of the ten day historical volume weighted average price (VWAP) at the time of the issue of the warrants. On March 11, 2015, in accordance with the Loan Facility, the Group issued warrants to acquire one million common shares to the Lender. The exercise price of the issued warrants was CAD $4.39 per common share. The expiry date of the issued warrants is March 10, 2018. The Company is obligated to issue up to an additional eleven million warrants, if and when the Loan Facility is drawn down. The Lender may exercise the issued warrants immediately and at any time prior to the expiry date. As at the date of this MD&A, the Group had not drawn any funds under the terms of the Loan Facility.

For the year ended December 31, 2014 the Group incurred costs of $1.9 million for goods and services provided by related parties, all of which are subsidiaries of AOG (2013: $4.2 million). Costs related to trademark license fees, parent company guarantees, management service fees, and furniture and fixtures purchases have been incurred under agreements between the Group and AOG. Additional information relating to such agreements is available in OPCL's Annual Information Form dated March 12, 2014 available on SEDAR at www.sedar.com. The Company will file an Annual Information Form for the year ended December 31, 2014 on or before March 31, 2015.

In January 2015 directors of OPCL were awarded 30,175 Common Shares ($0.2 million) and $0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2014. In July 2014 the directors of OPCL were awarded 12,191 Common Shares ($0.2 million) and $0.2 million in cash as remuneration for services provided in the first and second quarters of 2014. In January 2014 the directors of OPCL were awarded 12,466 Common Shares

($0.1 million) and $0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2013. During the third quarter of 2013, the directors were awarded, in aggregate, 12,882 common shares ($0.1 million) and $0.1 million in cash as remuneration for services provided in the first and second quarters of 2013.

In January 2013, AOG subscribed for shares to the value of $234.8 million. In May 2013, AOG subscribed for shares through the initial public offering of the Company to the value of $20.0 million. In addition, certain directors of OPCL subscribed in the initial public offering in the aggregate amount of $2.0 million.

In the July 2014 Common Share Offering, AOG subscribed for additional shares to the value of $150.0 million and certain directors of OPCL subscribed for shares to the value of $0.7 million. Together with the aggregate subscriptions prior to 2013 in the amount of $465.2 million, AOG has contributed to Oryx Petroleum total funding of $870.0 million.

During the second quarter of 2013, the Group resolved to donate a total of $1.5 million over a period of 3 years to the Addax & Oryx Foundation. The first payment of $0.5 million was made in July 2013 and the second payment of $0.5 million was made in September 2014.

NEW ACCOUNTING PRONOUNCEMENTS, POLICIES, AND CRITICAL ESTIMATES

NEW PRONOUNCEMENTS

Oryx Petroleum has adopted the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2014 as described in Note 2 of the audited consolidated financial statements for the year ended December 31, 2014. The adoption of these standards and interpretations has not had a material effect on OPCL. During 2013, Oryx Petroleum initially and retroactively applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments. The impact on the equity balance as at January 1, 2013 was $3.6 million, which represents an increase in the accumulated deficit of $1.1 million as at December 31, 2012 and an increase in the remeasurement loss of the defined benefit obligation of $2.5 million for the year ended December 31, 2012.

POLICIES

During 2014, Oryx Petroleum adopted the following policies related to the Group's first crude oil sales from the Hawler License Area:

Revenue

The Group incurs operating and capital costs for the exploration and development of various License Areas. Agreements governing the exploration and development activities establish terms for the Group to recover these costs from the value of the sales of oil and natural gas products (Cost Recovery Oil) and to share in the value of the remaining oil and natural gas products (Profit Oil). The Group's revenue includes the value of gross sales representing the sum of Cost Recovery Oil and Profit Oil.

All remittances to governments who are party to the applicable Production Sharing Contract ("PSC") that are directly attributable to the sale of oil and natural gas products during the reporting period including the government share of Profit Oil described above, except for income taxes, are reported as royalties.

Under the terms of certain PSCs, the governments' share of Profit Oil includes an amount in respect of income taxes payable by the Group under the laws of the respective jurisdiction. As this amount is classified as income tax in accordance with IAS 12, OPCL recognises the amount as a deduction to royalties with a corresponding income tax expense when the oil and natural gas products are sold.

Revenue associated with the sale of the Group's working interest share of oil and natural gas products are recognised when the following conditions are satisfied:

- the risks and rewards of ownership have been transferred to the buyer;
- the fair value of revenue can be reliably measured.

Oil and natural gas products produced and sold by the Group below or above its working interest share in the related resource properties result in under-liftings or over-liftings respectively. Under-liftings are presented as inventory at cost and over-liftings are recorded as deferred revenue at market value.

ESTIMATES

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

Carrying value of intangible exploration and evaluation assets

The outcome of ongoing exploration is inherently uncertain. The recoverability of the carrying values of intangible exploration and evaluation assets is consequently subject to resolution of the uncertainties associated with exploration activities. Management makes the judgments necessary to implement the Group's policy with respect to exploration and evaluation assets and considers these assets for impairment at least annually with reference to the indicators set out in IFRS 6.

Assets are aggregated into CGUs for the purpose of calculating impairment. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures and the way in which management monitors the operations.

Joint arrangements

The Group has entered into joint arrangements to facilitate the development and production of oil and gas. The joint arrangements are governed by PSCs and by joint operating agreements. Management has exercised judgment in concluding that joint arrangements are subject to joint control. Specifically, judgment has been used in determining that decisions concerning the relevant activities of each arrangement require the unanimous consent of at least two specified parties. The Group has classified and accounted for each of its interests in joint arrangements as joint operations.

Acquisition of subsidiaries

Due to the inherently uncertain nature of the oil and gas industry, the assumptions underlying the fair values of identifiable assets and liabilities of OP Hawler Kurdistan Limited and KPA Western Desert Energy Limited, which were acquired on August 10, 2011 and December 21, 2011 respectively, and the probability of exploration success that could result in paying contingent consideration, and quantification thereof, are judgmental in nature. Further details on the measurement of the contingent consideration are disclosed in note 28.

Fair value

An assessment of fair value of assets and liabilities is required in accounting for derivative instruments and other items – principally available-for-sale financial assets and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market based transactions may not exist.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, as disclosed in note 13. The assumptions used in determining the net cost (income) for pensions include the discount rate. Changes in these assumptions impact the carrying amount of pension obligations and the charge to the statement of comprehensive loss.

Decommissioning obligation

The decommissioning obligation is calculated using the current estimated costs to decommission a particular asset. Liabilities for decommissioning are adjusted every reporting period for changes in estimates. Estimating the decommissioning obligation requires significant judgment as restoration technologies and costs are constantly changing, as are regulatory, political, environmental and safety considerations. Inherent in the calculation of the obligation are numerous assumptions including the ultimate settlement amounts, future third-party pricing, inflation factors, risk free discount rates, credit risk, timing of settlement and changes in the legal, regulatory and environmental and political environments. Future revisions to these assumptions may result in material changes to the decommissioning obligation.

In light of the significant estimates and judgments involved, adjustments to the estimated amounts and timing of future decommissioning cash flows are a regular occurrence.

FINANCIAL CONTROLS

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

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

An evaluation of the design and operation of Oryx Petroleum's DC&P was carried out during 2014 under the supervision of, and with the participation of management including its certifying officers. Based on that evaluation, the certifying officers concluded that the design and operation of the DC&P were effective as at December 31, 2014.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

An evaluation of the design and operation of Oryx Petroleum's ICFR was carried out during 2014 under the supervision of, and with the participation of management, including its certifying officers. Based on that evaluation, the certifying officers concluded that the design and operation of the ICFR were effective as at December 31, 2014.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities legislation, including statements related to the nature, timing and effect of Oryx Petroleum's future capital expenditures and budget, financing and capital activities, plans for managing available working capital, business and acquisition strategy and goals, opportunities, drilling plans, development plans and schedules and chance of success, future seismic activity, results of exploration activities, declarations of commercial discovery, contingent liabilities and government approvals, plans to complete production facilities and to tie production facilities into the export pipeline, the ability to access the export pipeline or other exterior facilities to sell oil production, future drilling of new wells, ultimate recoverability of current and long-term assets, expected well capacity and target oil production rates, expectations that the market for local sales of crude oil in the KRI will normalise, expectations that the occurrence of sales interruptions will decrease, future royalties and tax levels, access to future financing and liquidity, future debt levels, availability of committed credit facilities, possible commerciality of our projects, expected operating capacity, expected operating costs, estimates on a per share basis, future foreign currency exchange rates, future expenditures, changes in any of the foregoing and statements that contain words such as "may", "will", "would", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "budget", "outlook", "propose", "potentially", "project", "forecast" or the negative of such expressions and statements relating to matters that are not historical fact.

In addition, information and statements in this MD&A relating to future net revenue, future net contingent cash flow, reserves and resources are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. See "Reserves and Resources Advisory" below.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. In making certain statements in this MD&A, Oryx Petroleum has made assumptions with respect to the following: the general continuance of the current or, where applicable, assumed industry conditions, the continuation of assumed tax, royalties and regulatory regimes, forecasts of capital expenditures and the sources of financing thereof, timing and results of exploration activities, access to local and international markets for future crude oil production and future crude oil prices, Oryx Petroleum's ability to obtain and retain qualified staff, contractors and personnel and equipment in a timely and cost-efficient manner, the political situation and stability in jurisdictions in which Oryx Petroleum has licenses, the ability to renew its licenses on attractive terms, Oryx Petroleum's future production levels, the applicability of technologies for the recovery and production of Oryx Petroleum's oil reserves and resources, the amount, nature, timing and effects of capital expenditures, geological and engineering estimates in respect of Oryx Petroleum's reserves and resources, the geography of the areas in which Oryx Petroleum is conducting exploration and development activities, operating and other costs, the extent of Oryx Petroleum's liabilities, and business strategies and plans of management and Oryx Petroleum's business partners. For more information about these assumptions and risks facing the Group, refer to the Group's Annual Information Form dated March 12, 2014, available at www.sedar.com and the Group's website at www.oryxpetroleum.com. The Company will file an Annual Information Form for the year ended December 31, 2014 on or before March 31, 2015.

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

Readers are strongly cautioned that the above list of factors affecting forward-looking information is not exhaustive. Although OPCL believes that the expectations conveyed by the forward-looking information are reasonable based on information available to it on the date such forward-looking information was made, no assurances can be given as to future results, levels of activity and achievements. Readers should not place undue importance or reliance on the forward-looking information and should not rely on the forward-looking information as of any date other than the date hereof. Further, statements including forward-looking information are made as at the date they are given and, except as required by applicable law, Oryx Petroleum does not intend, and does not assume any obligation, to update any forward-looking information, whether as a result of new information or otherwise. If OPCL does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

RESERVES AND RESOURCES ADVISORY

Oryx Petroleum's reserves and resource estimates have been prepared and evaluated in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook.

Proved oil reserves are those reserves which are most certain to be recovered. There is at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved oil reserves. Probable oil reserves are those additional reserves that are less certain to be recovered than proved oil reserves. There is at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable oil reserves.

Contingent oil resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. Contingent oil resources entail additional commercial risk than reserves and adjustments for commercial risks have not been incorporated in the summaries of contingent oil set forth in this MD&A. There is no certainty that it will be commercially viable to produce any portion of the contingent oil resources. Moreover, the volumes of contingent oil resources reported herein are sensitive to economic assumptions, including capital and operating costs and commodity pricing.

Prospective oil resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective oil resources have both a chance of discovery and a chance of development. Prospective oil resources entail more commercial and exploration risks than those relating to oil reserves and contingent resources. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.

GLOSSARY AND ABBREVIATIONS

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

AGC

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

AOG

The Addax and Oryx Group P.L.C.

bbl

Barrel(s) of oil

bbl/d

Barrel(s) of oil per day

Carried Cost

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

Company

Oryx Petroleum Corporation Limited

Contractor

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

Cost Oil

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

Cost Pool

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

Farm-in

To acquire an interest in a license from another party

G&A

General and administrative

Gross

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

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

KRG

Kurdistan Regional Government

License Area

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

Operator

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

Participating Interest

The Group's current interest in an applicable License Area

PP&E

Property, plant and equipment

Profit Oil

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

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

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

Reserves

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

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

Royalty

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

Working Interest

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

WPG

Wasit Provincial Government

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CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

Table of Contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Oryx Petroleum Corporation Limited

We have audited the accompanying consolidated financial statements of Oryx Petroleum Corporation Limited, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Oryx Petroleum Corporation Limited as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Signed by Deloitte SA

Will Eversden	Heepke Knot
Partner	Manager

Geneva, Switzerland March 18, 2015

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

$000s	Note	Year ended December 31 2014	2013
Revenue		19,616	-
Royalties		(8,031)	-
Net revenue		**11,585**	**-**
Operating expense		(6,651)	-
Depreciation, depletion and amortisation expense	**6, 7**	(4,550)	(728)
Impairment of oil and gas assets	**6**	(603)	(82,948)
Pre-license costs		(4,470)	(6,383)
General and administrative expense		(13,398)	(40,131)
Other expense	**28**	(1,077)	(56,887)
Loss from operations		**(19,164)**	**(187,077)**
Finance income		318	2,202
Finance expense		(586)	(2,262)
Foreign exchange gains		1,042	2,633
Loss before income tax		**(18,390)**	**(184,504)**
Income tax expense	**21**	(620)	(1,319)
Net loss for the year		**(19,010)**	**(185,823)**
Other comprehensive loss (net of income tax)			
(Items that will not be subsequently reclassified to profit and loss)			
Loss on defined benefit obligation	**13**	(3,575)	(1,424)
Total comprehensive loss for the year		**(22,585)**	**(187,247)**
Net loss for the year attributable to:			
Owners of the Company		(18,065)	(185,564)
Non-controlling interest		(945)	(259)
		(19,010)	**(185,823)**
Total comprehensive loss for the year attributable to:			
Owners of the Company		(21,640)	(186,988)
Non-controlling interest		(945)	(259)
		(22,585)	**(187,247)**
Loss per share (basic and diluted)	**17**	**(0.17)**	**(2.04)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

$000s	Note	December 31 2014	December 31 2013
Non-current assets			
Intangible assets	6	254,107	200,720
Property, plant and equipment	7	734,221	443,824
Deferred tax assets	22	2,783	911
		991,111	**645,455**
Current assets			
Inventories	8	22,146	12,465
Trade and other receivables	9	3,402	1,106
Other current assets	10	11,687	11,152
Cash and cash equivalents	11	109,870	306,034
		147,105	**330,757**
Total assets		**1,138,216**	**976,212**
Current liabilities			
Trade and other payables	12	95,016	138,608
Deferred revenue		957	-
Current income tax liabilities		994	463
		96,967	**139,071**
Non-current liabilities			
Trade and other payables	12	64,718	66,271
Retirement benefit obligation	13	6,867	3,492
Decommissioning obligation	14	9,061	1,346
		80,646	**71,109**
Total liabilities		**177,613**	**210,180**
Equity			
Share capital	15	1,226,248	1,009,684
Other reserves	18	5,763	5,186
Remeasurement of defined benefit obligation, net of income tax		(7,541)	(3,966)
Accumulated deficit		(279,635)	(261,585)
Equity attributable to owners of the company		**944,835**	**749,319**
Non-controlling interests		15,768	16,713
Total equity		**960,603**	**766,032**
Total equity and liabilities		**1,138,216**	**976,212**

The consolidated financial statements were approved by the Board of Directors and authorised for issue on March 18, 2015. On behalf of the Board of Directors:

(signed)____________________
Jean Claude Gandur
Director

(signed)____________________
Peter Newman
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

$000s	Note	Attributable to equity holders of the Company						Non-controlling interests	Total equity
		Share capital[2]	Share premium	Other reserves	Accumulated deficit	Remeasurement of defined benefit obligation / loss	Total		
Balance at January 1, 2013		**499,311**	**771**	**5,846**	**(84,371)**	**(2,542)**	**419,015**	**25,322**	**444,337**
Net loss for the year		-	-	-	(185,564)	-	(185,564)	(259)	(185,823)
Shares issued prior to initial public offering	**15**	260,606	4,531	-	-	-	265,137	-	265,137
Shares issued through initial public offering	**15**	247,344	-	-	-	-	247,344	-	247,344
Issuance costs	**15**	(11,536)	(5,302)	-	-	-	(16,838)	-	(16,838)
Warrants exercised	**15**	10,515	-	-	-	-	10,515	-	10,515
Share based payment expense	**18**	-	-	25,047	-	-	25,047	-	25,047
Shares issued for long-term incentive plan (“LTIP”)	**16, 18**	3,270	-	(25,533)	-	-	(22,263)	-	(22,263)
Shares issued for Directors’ compensation	**16, 18**	174		(174)	-	-	-	-	-
Increase in participating interest in subsidiary[1]		-	-	-	8,350	-	8,350	(8,350)	-
Remeasurement of defined benefit obligation	**13**	-	-	-	-	(1,424)	(1,424)	-	(1,424)
Balance at December 31, 2013		**1,009,684**	**-**	**5,186**	**(261,585)**	**(3,966)**	**749,319**	**16,713**	**766,032**
Net loss for the year		-	-	-	(18,065)	-	(18,065)	(945)	(19,010)
Shares issued through public offering	**15**	209,725	-	-	-	-	209,725	-	209,725
Issuance costs	**15**	(3,063)	-	-	-	-	(3,063)	-	(3,063)
Share based payment expense	**16**	-	-	10,180	-	-	10,180	-	10,180
Shares issued for LTIP	**16, 18**	9,603	-	(9,603)	-	-	-	-	-
Shares issued for Directors’ compensation	**15**	299	-	-	-	-	299	-	299
Loss on defined benefit obligation, net of income tax	**13**	-	-	-	-	(3,575)	(3,575)	-	(3,575)
Disposal of subsidiaries[3]					15		15	-	15
Balance at December 31, 2014		**1,226,248**	**-**	**5,763**	**(279,635)**	**(7,541)**	**944,835**	**15,768**	**960,603**

(1) *During the fourth quarter of 2013, Oryx Petroleum Middle East Ltd increased its participating interest in KPA Western Desert Energy Ltd from 50% to 66.67% (note 23).*
(2) *All outstanding shares of Oryx Petroleum Holdings PLC were acquired by Oryx Petroleum Corporation Limited immediately prior to the closing date of the initial public offering in exchange for new shares in Oryx Petroleum Corporation Limited. All share capital balances prior to May 15, 2013 relate to shares held by Oryx Petroleum Holdings PLC (note 15).*
(3) *During the second quarter of 2014, the Group disposed of its shares in the following subsidiaries: AmiraKPO Middle East Limited, Sandhill Petroleum Operations Limited, Desert Hill Petroleum Operations Limited, Damsel Petroleum Operations Limited, Black Hills Petroleum Operations Limited, and Raval Petroleum Operations Limited. The Group disposed of its investment in AmiraKPO Middle East Limited for Nil proceeds and recorded allowances for doubtful accounts related to the transaction for a total of $15,000 in charges to the Statement of Loss which are included in Other expenses.*

CONSOLIDATED STATEMENT OF CASH FLOWS

$000s	Note	Year ended December 31 2014	2013
Net loss		(19,010)	(185,823)
Items not involving cash	19	15,790	165,437
		(3,220)	(20,386)
Change in retirement benefit obligation		(3,667)	-
Changes in non-cash working capital	19	(21,643)	11,654
Net cash flow used in operating activities		**(28,530)**	**(8,732)**
Cash flows used in investing activities			
Acquisition of intangible assets		(110,462)	(36,820)
Acquisition of property, plant and equipment		(231,443)	(211,663)
Changes in non-cash working capital	19	(32,391)	14,404
Net cash used in investing activities		**(374,296)**	**(234,079)**
Cash flows from / (used in) financing activities			
Proceeds from issuance of ordinary shares		209,725	492,959
Share issuance costs		(3,063)	(16,838)
Net cash generated from financing activities		**206,662**	**476,121**
Net (decrease) / increase in cash and cash equivalents		**(196,164)**	**233,309**
Cash and cash equivalents at beginning of the year	11	306,034	72,725
Cash and cash equivalents at end of the year		**109,870**	**306,034**

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 Corporation Act on December 31, 2012, and is the holding company for the Oryx Petroleum group of companies (together the "Group" or "Oryx Petroleum"). The address of the registered office of OPCL is 3400 First Canadian Centre 350, 7th Avenue Southwest, Calgary, Alberta, Canada T2J 2M2. The Group's indirect majority shareholder is The Addax and Oryx Group PLC ("AOG") (incorporated in Malta). The majority of AOG's outstanding shares are owned by Samsufi Trust, an irrevocable discretionary charitable trust created at the suggestion of Jean Claude Gandur. Mr. Gandur is not one of the beneficiaries of the Samsufi Trust. The Group's principal activities are to acquire and develop exploration and production assets in order to produce hydrocarbons and to increase oil and gas reserves.

On May 5, 2013, the Company announced the filing of a supplemented PREP prospectus with the securities regulatory authorities in each of the provinces of Canada, other than Quebec, in connection with its initial public offering of 16,700,000 common shares, at a price of CAD$15.00 per common share (the "IPO") for total gross proceeds of CAD$250.5 million ($249.4 million). The IPO closed on May 15, 2013.

Immediately prior to closing the IPO, a corporate restructuring occurred whereby OPCL became the parent of Oryx Petroleum Holdings PLC ("OPHP") (formerly Oryx Petroleum Company PLC and Oryx Petroleum Company Limited). Although the comparative consolidated financial information, prior to the IPO, has been released in the name of the parent, OPCL, it represents an in-substance continuation of OPHP. The following accounting treatment has been applied to account for the restructuring:

- the consolidated assets and liabilities of OPHP were recognised and measured at the pre-restructuring carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances recognised in the consolidated interim statement of financial position reflect the consolidated retained earnings and other equity balances of OPHP, as at May 9, immediately prior to the restructuring, and the results of operations for the period from January 1, 2013 to May 9, 2013, the date of the restructuring, are those of OPHP as the Company was not active prior to the restructuring. Subsequent to the restructuring, the equity structure reflects the applicable movements in equity of OPCL.

The consolidated financial statements were authorised for issue by the Board of Directors on March 18, 2015.

2. Summary of significant accounting policies

a. Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated 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 consolidated financial statements are disclosed in note 4: Critical accounting estimates and judgments.

2. Summary of significant accounting policies (continued)

b. New and amended standards adopted by the Group

During 2014, the Group adopted the following IFRS standards as issued or amended by the IASB:

Amendments to Standard	Effective for annual periods beginning on or after
IAS 32 – Financial Instruments: Presentation (Offsetting)	January 1, 2014
IAS 36 – Impairment of Assets (Disclosures re non-financial assets)	January 1, 2014
IAS 39 – Novation of derivatives	January 1, 2014
IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statements (Investment entities)	January 1, 2014
IFRIC 21 – Levies	January 1, 2014
IAS 19 – Defined benefit plans (Employee contributions)	July 1, 2014
Annual improvement cycles; 2010 – 2012	July 1, 2014
Annual improvement cycles; 2011 – 2013	July 1, 2014

The above standards have not had a material impact on the Group's consolidated financial statements, other than to enhance certain disclosures.

At the date of authorisation of these financial statements, the following standards applicable to the Group were issued but not yet effective:

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 9, IFRS 7, IAS 39 – Financial Instruments: classification and measurement	January 1, 2018
Additions to IFRS 9 for financial liability accounting	January 1, 2018
IFRS 14 – Regulatory deferral accounts	January 1, 2016
IFRS 15 – Revenue from contracts with customers	January 1, 2017
Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations	January 1, 2016
Amendments to IAS 16 & IAS 38 – Clarification of acceptable methods of depreciation and amortisation	January 1, 2016
Amendments to IAS 27 – Equity method in separate financial statements	January 1, 2016
Amendments to IFRS 10 & IAS 28 – Sale or contributions of assets between an investor and its associate or joint venture	January 1, 2016
Annual improvement cycles; 2012 – 2014	July 1, 2016
Amendments to IFRS 10, IFRS 12 & IFRS 28 – Application of the consolidation exemption	January 1, 2016
Amendments to IAS 1 – Disclosure initiative	January 1, 2016
Amendments to IAS 19 – Defined benefit plans: Employee contributions	January 1, 2016

Amendments to IFRS 10 & IAS 28 are not expected to have a material impact on the Group's consolidated financial statements.

Management is evaluating the impact of the other new or amended standards listed above to determine if their adoption in future periods will have a material impact on the financial statements of the Group.

c. ***Going concern***

The Group meets its day to day working capital requirements, and funds its capital expenditure projects through funding received from public offerings (note 15), its share of oil sales from the Hawler License Area and from debt financing (note 29).

The Group has a considerable degree of control and flexibility over both the extent and timing of expenditure under its future capital investment program.

The directors have a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing these consolidated financial statements.

2. Summary of significant accounting policies (continued)

c. ***Going concern (continued)***

Note 3 of the consolidated financial statements set out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

d. ***Consolidation***

i. **Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has obtained control. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Group also assesses existence of control where it does not have more than one half of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and due to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

ii. **Changes in ownership interests in subsidiaries without loss of control**

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of any consideration paid or received is recorded directly in equity.

iii. **Disposal of subsidiaries**

When the Group ceases to control a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may result in amounts previously recognised in other comprehensive income being reclassified to profit or loss.

iv. **Interest in joint operations**

A joint operation is a joint arrangement whereby the Group has rights to assets, and obligations for the liabilities relating to the arrangement. Interests in joint operations are accounted for by recognising the Group's share of the assets, liabilities, revenues, and expenses.

2. Summary of significant accounting policies (continued)

e. ***Foreign currency translation***

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US Dollars (USD), which is the functional and presentation currency of the Company and the Group.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where these items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale, are included in other comprehensive income.

iii. Group companies

All Group entities (none of which has the currency of a hyper-inflationary economy) have a functional currency of US dollars which is consistent with the presentation currency of these financial statements.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

f. ***Revenue***

The Group incurs operating and capital costs for the exploration and development of various license areas. Agreements governing the exploration and development activities establish terms for the Group to recover these costs from the value of the sales of oil and natural gas products (Cost Recovery Oil) and to share in the value of the remaining oil and natural gas products (Profit Oil). The Group's revenue includes the value of gross sales representing the sum of Cost Recovery Oil and Profit Oil.

All remittances to governments who are party to the applicable Production Sharing Contract ("PSC") that are directly attributable to the sale of oil and natural gas products during the reporting period including the government share of Profit Oil described above, except for income taxes, are reported as royalties.

Under the terms of certain PSCs, the governments' share of Profit Oil includes an amount in respect of income taxes payable by the Group under the laws of the respective jurisdiction. As this amount is classified as income tax in accordance with IAS 12, OPCL recognises the amount as a deduction to royalties with a corresponding income tax expense when the oil and natural gas products are sold.

Revenue associated with the sale of the Group's working interest share of oil and natural gas products are recognised when the following conditions are satisfied:

- the risks and rewards of ownership have been transferred to the buyer;
- the fair value of revenue can be reliably measured.

Oil and natural gas products produced and sold by the Group below or above its working interest share in the related resource properties result in under-liftings or over-liftings respectively. Under-liftings are presented as inventory at cost and over-liftings are recorded as deferred revenue at market value.

g. ***Exploration and evaluation ("E&E") assets and property, plant and equipment ("PP&E")***

i. **Cost**

Oil and gas properties and other property, plant and equipment are recorded at cost including expenditures which are directly attributable to the purchase or development of an asset.

ii. **Exploration and evaluation costs**

Exploration and evaluation costs incurred following the acquisition of a license are initially capitalised as intangible E&E assets. Payments to acquire the legal rights to explore, costs of technical work, seismic acquisition, education and training fund, production sharing contract costs, exploratory and appraisal drilling, general technical support and directly attributable administrative costs are capitalised as E&E assets.

E&E costs are not amortised prior to the conclusion of appraisal activities.

E&E assets related to each exploration license/prospect are carried forward until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including quarterly impairment reviews for indicators of impairment. If commercial reserves are discovered, the carrying value, less any impairment loss, of the relevant E&E assets is reclassified to property, plant and equipment. If commercial reserves are determined not to exist or if the asset is otherwise deemed to be impaired, the related capitalised costs are charged to expense.

Costs incurred prior to having obtained the legal rights to explore an area are expensed in the period in which they are incurred.

iii. **Development costs**

Expenditures on the construction, installation and completion of infrastructure facilities and drilling of development wells are capitalised as oil and gas properties. Costs incurred to operate and maintain wells and equipment to lift oil and gas to the surface are expensed.

PP&E assets are stated at historical cost, less any accumulated depreciation and any provision for impairment. Cost includes expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Where such subsequent expenditure is to replace previously capitalised equipment, the remaining carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to expense as incurred.

iv. **Other property, plant and equipment**

Property, plant and equipment (PP&E) assets are stated at historical cost, less any accumulated depreciation and any provision for impairment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

v. **Depreciation, depletion, and amortisation ("DD&A")**

Cost that are capitalised as oil & gas PP&E are depleted from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proved plus probable reserves at the end of the period plus the production during the period. The cost base used in the unit of production calculation comprises the net book value of capitalised costs plus the estimated future field development costs. The impact of changes in reserves estimates are accounted for prospectively.

Depreciation on other assets is calculated using the straight-line method over the estimated useful lives, between 3-5 years, of the respective assets.

Residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets that are not yet in use have been classified as assets under construction and are not depreciated.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive loss.

vi. **Intangible assets other than oil and gas assets**

Intangible assets, other than oil and gas assets, that have finite useful lives, are measured at cost and amortised over their expected useful economic lives on a straight line basis.

2. Summary of significant accounting policies (continued)

h. ***Impairment of non-financial assets***

Assets that have an indefinite useful life, intangible assets, or assets under construction and not available for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to DD&A are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable value. Such indicators include but are not limited to:

- the period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted or planned;
- exploration for and evaluation of resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and a decision has been taken to discontinue such activities in the specific area;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale;
- extended decreases in prices or margins for oil & gas commodities or products;
- a significant downwards revision in estimated volumes of reserves or resources or an upward revision in future development costs.

For the purpose of impairment testing, assets are aggregated in cash-generating units ("CGU"). An impairment loss is recognised if the asset's carrying amount exceeds its recoverable amount. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Previously recorded impairment provisions related to non-financial assets other than goodwill are reviewed and subject to reversal at each reporting date.

i. **Financial assets**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. These assets are initially measured at fair value with subsequent changes in fair value recognised through profit or loss. Transaction costs are expensed. Derivatives are also categorised as 'held for trading' unless they are designated as hedges.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These assets are initially measured at fair value with subsequent changes in fair value recognised in other comprehensive income, net of tax and are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

When securities classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive loss as part of 'Other income'. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive loss as part of 'Other income' when the Group's right to receive payments is established.

j. ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

k. ***Impairment of financial assets***

i. Assets carried at amortised cost

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment loss is recorded if one or more events have resulted in the estimated future cash flows of the financial asset or group of financial assets to be less than the carrying amount.

Evidence of impairment includes the following: a) the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments; b) there is a probability that the debtor will enter bankruptcy or other financial reorganisation; c) observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive loss.

ii. Assets classified as available-for-sale

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised on equity instruments in the statement of comprehensive loss are not reversed through the statement of comprehensive loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive loss.

l. ***Inventories***

i. **Materials inventory**

Inventories relating to materials acquired for use in the exploration and development of oil and gas activities are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. The cost of material inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

ii. Oil Inventory

Crude oil inventory is valued at the lower of cost or net realisable value. Cost is determined using average production and depletion costs on a first-in, first-out basis.

2. Summary of significant accounting policies (continued)

m. ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivables.

n. **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

o. ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

p. ***Taxation***

The tax expense for the period represents tax currently payable and deferred tax. Tax is recognised in the statement of comprehensive loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is the tax recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognised for all taxable temporary differences and deferred income tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred income tax is not recorded if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor loss.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint arrangements except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the year when the deferred tax liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive loss except when it relates to items charged or credited directly to equity in which case the deferred tax is also recognised directly in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

q. ***Employee benefits***

i. Pension obligations

The Group operates two defined benefit pension plans. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group's Swiss pension plans are accounted for as defined benefit schemes in accordance with the requirements of IFRS. The pension assets within these Swiss plans consist entirely of investments held by the insurance company that fully reinsures the Group's pension liabilities.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The retirement benefit obligation recognised in the statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contributions to the plans.

ii. Share-based compensation

The Group issues equity-settled share-based payments to employees under a Long Term Incentive Plan (LTIP). Such payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of any service and non-market performance vesting conditions.

The fair value of equity-settled share-based payments determined at the grant date is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

r. **Trade and other payables**

Liabilities for trade and other amounts payable are stated initially at their fair value and subsequently at amortised cost using the effective interest method.

s. **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date and are discounted to present value where the effect is material.

Provisions for decommissioning costs represent management's best estimate of the Group's liability for restoring the sites of drilled wells to their original status, discounted where the effect is material. A decommissioning asset is also established, since the future cost of decommissioning is regarded as part of the total investment to gain access to future economic benefits. The amount recognised is reassessed each reporting period in accordance with local conditions and requirements. Changes in the estimated timing or cost of decommissioning are dealt with prospectively. The unwinding of any discount on the decommissioning provision is included as a finance cost.

t. **Interest income**

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

u. **Leases**

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive loss on a straight-line basis over the period of the lease.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management objective is to decrease volatility in earnings, financial position and cash flow while securing effective and competitive financing. In order to address the impact of these risks, the Group has developed various risk management policies and strategies.

a. Market risk

i. Foreign exchange risk

The Group operates internationally and has foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's reporting currency is the US Dollar. Certain elements of general and administrative expenses are transacted in other currencies. The majority of balances are held in US Dollars with transfers to Swiss Francs and other local currencies as required to meet local needs. The Group's objective is to minimise exposure to foreign exchange risks.

In July 2014, the Group entered into a foreign exchange contract to hedge the foreign exchange risk related to the proceeds of the July 2014 Common Share Offering. The Group entered into a contract to sell CAD $60 million and to purchase $56.3 million. A foreign exchange gain of $0.4 million was recorded upon the settlement of the contract.

In October 2014, the Group entered into an agreement to purchase CHF 2.5 million per month for the subsequent three months at a rate of USD 1.00 / CHF 0.95347. The Group has recorded a foreign exchange gain of $0.02 million relating to these transactions.

In December 2014, the Group entered into two foreign exchange contracts to hedge the foreign exchange risk throughout 2015. (i) The Group entered into a contract to sell $1.5 million and to receive Swiss Francs at a rate of USD 1.00 / CHF 0.9645 for each of the twelve months during 2015. (ii) The Group entered into a forward exchange contract to sell $1.5 million and to receive Swiss Francs for each of the twelve months during 2015 in the event that the exchange rate on monthly execution dates is outside the following range: USD 1.00 / CHF 0.9400 and USD 1.00 / CHF 0.9850.

The Group estimates that the impact of applying a 10% change in the US Dollar/Swiss Franc exchange rate to transactions denominated in Swiss Francs to net loss for the year ended December 31, 2014 would have been $3.6 million.

ii. Commodity price risk

The market prices for crude oil and natural gas are subject to significant fluctuations resulting from a variety of factors affecting global supply and demand. An increase or decrease of $10/bbl applied to the Group's oil sales recognised during 2014 would have resulted in a decrease or increase of $2.4 million to net loss for the year.

iii. Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates with the exception of interest income from bank deposits, with variable interest rates which are exposed to cash flow interest rate risk as market rates change. The interest expense on the contingent consideration (note 28) is also exposed to interest rate risk as market rates change. The objective of the Group's interest rate risk management is to balance the returns received on interest bearing assets with an acceptable level of access to those assets.

The Group estimates that the impact of applying a 0.5% change to interest rates associated with the Group's interest bearing financial instruments to net loss for the year ended December 31, 2014 would have been $0.7 million.

b. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to oil and gas property license partners and customers, including outstanding receivables and committed transactions. For cash and cash equivalents, the Group invests in products that are rated investment grade and above. The credit risk on liquid funds is assessed as limited because the counterparties are banks with good credit-ratings assigned by international credit-rating agencies.

Management does not believe that there is significant exposure to credit risk on receivables from related parties.

Where a Group company undertakes its activities under joint arrangements, its joint operations partners are obligated to make cash contributions to fund the joint operations and have historically done so. The balance of joint operations receivables (note 9) arises from timing differences between cash calls and the expenditure incurred on behalf of joint operations partners. While there is no "due date" for these receivables, based on historical experience of funding through regular cash calls with a limited group of joint operations partners, management does not believe that there is significant exposure to credit risk on these receivables.

c. **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to secure sufficient funding on a timely basis to meet capital and operating expenditure obligations. Management uses budgets and cash flow models, which are regularly updated, to monitor liquidity risk. The Group manages liquidity risk through its corporate treasury function using various sources of financing and investing excess liquidity.

The table below details the remaining contractual maturity for non-derivative financial liabilities of the Group. The amounts disclosed in the table are the contractual undiscounted cash flows.

$'000s	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2014				
Trade and other payables	95,016	64,718	-	-
At December 31, 2013				
Trade and other payables	138,608	66,271	-	-

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of issued capital and reserves less accumulated deficits. As at December 31, 2014, the Group has no debt. Subsequent to December 31, 2014, the Group obtained unsecured debt financing from a subsidiary of its indirect majority shareholder (note 29).

4. Critical accounting estimates and judgments

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

a. **Carrying value of intangible exploration and evaluation assets**

The outcome of ongoing exploration is inherently uncertain. The recoverability of the carrying values of intangible exploration and evaluation assets is consequently subject to resolution of the uncertainties associated with exploration activities. Management makes the judgments necessary to implement the Group's policy with respect to exploration and evaluation assets and considers these assets for impairment at least annually with reference to the indicators set out in IFRS 6.

Assets are aggregated into CGUs for the purpose of calculating impairment. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures and the way in which management monitors the operations.

4. Critical accounting estimates and judgments (continued)

b. **Joint arrangements**

The Group has entered into joint arrangements to facilitate the development and production of oil and gas. The joint arrangements are governed by PSCs and by joint operating agreements. Management has exercised judgment in concluding that joint arrangements are subject to joint control. Specifically, judgment has been used in determining that decisions concerning the relevant activities of each arrangement require the unanimous consent of at least two specified parties. The Group has classified and accounted for each of its interests in joint arrangements as joint operations.

c. **Acquisition of subsidiaries**

Due to the inherently uncertain nature of the oil and gas industry, the assumptions underlying the fair values of identifiable assets and liabilities of OP Hawler Kurdistan Limited and KPA Western Desert Energy Limited, which were acquired on August 10, 2011 and December 21, 2011 respectively, and the probability of exploration success that could result in paying contingent consideration, and quantification thereof, are judgmental in nature. Further details on the measurement of the contingent consideration are disclosed in note 28.

d. **Fair value**

An assessment of fair value of assets and liabilities is required in accounting for derivative instruments and other items – principally available-for-sale financial assets and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market based transactions may not exist.

e. **Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, as disclosed in note 13. The assumptions used in determining the net cost (income) for pensions include the discount rate. Changes in these assumptions impact the carrying amount of pension obligations and the charge to the statement of comprehensive loss.

f. **Decommissioning obligation**

The decommissioning obligation is calculated using the current estimated costs to decommission a particular asset. Liabilities for decommissioning are adjusted every reporting period for changes in estimates. Estimating the decommissioning obligation requires significant judgment as restoration technologies and costs are constantly changing, as are regulatory, political, environmental and safety considerations. Inherent in the calculation of the obligation are numerous assumptions including the ultimate settlement amounts, future third-party pricing, inflation factors, risk free discount rates, credit risk, timing of settlement and changes in the legal, regulatory and environmental and political environments. Future revisions to these assumptions may result in material changes to the decommissioning obligation.

In light of the significant estimates and judgments involved, adjustments to the estimated amounts and timing of future decommissioning cash flows are a regular occurrence.

5. Joint arrangements

The Group has entered into Joint arrangements to facilitate the development and production of oil and gas.

As at December 31, 2014, the Company was involved in the following joint arrangements:

License Area	Classification	Location	Participating interest[1]
Hawler	Joint operation	Iraq – Kurdistan Region	65%
Wasit	Joint operation	Iraq – Wasit province	75%[2]
AGC Shallow	Joint operation	Senegal and Guinea Bissau	85%
AGC Central	Joint operation	Senegal and Guinea Bissau	85%
OML 141	Joint operation	Nigeria	38.67%

Haute Mer A	Joint operation	Congo (Brazzaville)	20%
Haute Mer B	Joint operation	Congo (Brazzaville)	30%

(1) *Participating interest is the Group's current interest in the applicable license area. Participating interest differs from working interest which reflects the impact of unexercised back-in rights or options.*

(2) *This amount includes an interest attributable to a non-controlling third party. The Group's participating interest net of the non-controlling interest is 50%.*

6. Intangible assets

$000s	Note	Exploration & Evaluation costs	Computer Software	Total
Cost				
At January 1, 2013		507,319	1,287	508,606
Additions		211,266	397	211,663
Transfers and reclassifications(1)(2)	7	(406,720)	-	(406,720)
At December 31, 2013		311,865	1,684	313,549
Additions		110,054	408	110,462
Transfers and reclassifications(7)		(55,941)	-	(55,941)
At December 31, 2014		365,978	2,092	368,070
Accumulated amortisation and impairment				
At January 1, 2013		29,017	427	29,444
Amortisation		-	437	437
Impairment charge(3)(4)(5) (6)		82,948	-	82,948
At December 31, 2013		111,965	864	112,829
Amortisation		-	531	531
Impairment charge(6)		603	-	603
At December 31, 2014		112,568	1,395	113,963
Net book value				
At December 31, 2014		253,410	697	254,107
At December 31, 2013		199,900	820	200,720

(1) *In March 2013, a portion of the Hawler license area E&E costs in Kurdistan was transferred from intangible assets to property, plant and equipment (PP&E) following a reserve report, effective March 31, 2013, from Netherland, Sewell & Associates, Inc. (NSAI) confirming the discovery of reserves at Demir Dagh within the license area. As a result, $371.6 million of costs associated with the license area were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E in the first quarter of 2013, and a further $1.6 million in costs were transferred in the second quarter of 2013.*

(2) *Following a further reserve report from NSAI, effective December 31, 2013, confirming the discovery of reserves at Zey Gawra within the Hawler license area, $33.5 million of costs associated with Zey Gawra were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E.*

(3) *Mateen-1 was drilled by the operator of the Sindi Amedi block, with technical support provided by Oryx Petroleum. The understanding of the structure did not support a working petroleum system on Mateen. The impairment charge of $29.0 million recorded in 2012 was reviewed and adjusted downwards by $1.2 million in the second quarter of 2013, based on new information received from the operator. The Mateen-1 well has been written down to Nil value.*

6. Intangible assets (continued)

(4) *Drilling on the Dila prospect, one of several identified prospects in the OML 141 license area offshore Nigeria was completed in the second quarter of 2013. Oil was encountered during the drilling, but the estimated quantities of oil were not sufficient to be considered commercial. The Group considered the well unsuccessful and an impairment charge of $21.7 million was recorded during the second quarter of 2013, resulting in a write down of the well to Nil value.*

(5) *On April 25, 2013, in conjunction with the operator, Oryx Petroleum relinquished 34% of the Sindi Amedi license area to the Kurdistan Regional Government in exchange for the replacement of an exploration well commitment with the acquisition of 180km of seismic data in the retained license area. Following acquisition of this seismic data, during the third quarter of 2013, the Company decided to relinquish its remaining interest in the Sindi Amedi license area upon expiry of the initial exploration period on October 2, 2013. An impairment charge of $45.2 million was recorded during the third quarter of 2013. The Sindi Amedi license area has been written down to Nil value.*

(6) *In conjunction with the operator, drilling on the Horse prospect (formerly Ma) in the western portion of the Haute Mer A license area offshore Congo (Brazzaville) was completed in the fourth quarter of 2013. Although the H-1 well encountered both Tertiary and Cretaceous reservoirs with good porosity, the reservoirs were water bearing. The Company considers the well unsuccessful. An impairment charge of $17.3 million was recorded during the fourth quarter of 2013. An additional impairment charge of $0.6 million was recorded in 2014 based on updated information received from the operator. The H-1 well has been written down to Nil value.*

(7) *In December 2014, following a reserve report, effective December 31, 2014, from Netherland, Sewell & Associates, Inc. (NSAI) confirming the discovery of reserves at Banan within the Hawler license area, a portion of the E&E costs in Kurdistan was transferred from intangible assets to property, plant and equipment (PP&E)As a result, $55.9 million of costs associated with the license area were transferred from intangible E&E assets to Oil and Gas assets classified as PP&E at December 31, 2014.*

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

$000s	December 31 2014	December 31 2013
Middle East	93,181	95,930
West Africa	160,229	103,970
	253,410	**199,900**

The amounts for intangible assets represent costs incurred on active exploration projects. These amounts remain capitalised, provided there are no indications of impairment, until the process to determine whether reserves are established is complete. At that stage the relevant costs are either transferred to PP&E or written-off to the statement of comprehensive loss as an impairment of oil and gas assets. Management has exercised judgment in determining that the interruption of appraisal activities in certain areas of the Hawler License Area due to the security developments in the region are expected to be temporary and consequently do not constitute an indicator of impairment.

7. Property, plant and equipment

$000s	Note	Oil & Gas Assets	Facilities under Construction(1)	Fixtures and Equipment	Total
Cost					
At January 1, 2013		**-**	**-**	**671**	**671**
Additions		33,931	1,116	1,773	36,820
Transfers and reclassifications	6	406,720	-	-	406,720
At December 31, 2013		**440,651**	**1,116**	**2,444**	**444,211**
Additions		207,422	30,254	1,358	239,034
Transfers and reclassifications	6	55,941	-	-	55,941
At December 31, 2014		**704,014**	**31,370**	**3,802**	**739,186**
Accumulated depreciation, depletion and impairment					
At January 1, 2013		**-**	**-**	**96**	**96**
Depreciation		-	-	291	291
At December 31, 2013		**-**	**-**	**387**	**387**

Depreciation	-	-	880	880
Depletion	3,697	-	-	3,697
At December 31, 2014	**3,697**	**-**	**1,267**	**4,964**
Net book value				
At December 31, 2014	700,316	31,370	2,535	734,221
At December 31, 2013	440,651	1,116	2,057	443,824

(1) *During the third quarter of 2013, the Kurdistan Regional Government gave its consent to lease an Early Production Facility for the Demir Dagh area of the Hawler license. The related facilities are under construction. Refer to note 27 for further information on the commitments related to the Early Production Facility finance lease contract.*

No assets have been pledged as security.

8. Inventories

$000s	**December 31 2014**	**December 31 2013**
Oil inventory	1,851	-
Materials	20,295	12,465
	22,146	**12,465**

The cost of oil inventory is expensed through production and depletion expenses in the period during which it is sold. As at December 31, 2014 the Group's working interest share of oil inventory was 50,878 bbls (December 31, 2013 - Nil).

No inventories have been pledged as security or expensed during the year.

9. Trade and other receivables

$000s	**December 31 2014**	**December 31 2013**
Receivables from joint operations partners	2,719	717
Receivables from related parties	-	116
Other receivables	683	273
	3,402	**1,106**

9. Trade and other receivables (continued)

Trade and other receivables are denominated in the following currencies:

$000s	December 31 2014	December 31 2013
US dollar	3,179	739
Swiss Franc	197	306
Canadian dollar	19	-
UK Pound	6	-
Euro	1	28
Central African Franc	-	33
	3,402	**1,106**

The carrying amounts of trade and other receivables presented above are reasonable approximations of their fair values and are not past due or impaired.

Joint operations receivables arise from timing differences between cash calls and the expenditures incurred on behalf of joint operations partners. Cash calls are normally due within 15 days.

10. Other current assets

$000s	December 31 2014	December 31 2013
Deposits	6,237	5,500
Prepaid charges	5,450	5,652
	11,687	**11,152**

The carrying amounts of other current assets are reasonable approximations of their fair value.

The deposits balance above is denominated in US dollars.

11. Cash and cash equivalents

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

Cash and cash equivalents are denominated in the following currencies:

$000s	December 31 2014	December 31 2013
US dollar	108,642	304,848
Swiss Franc	122	736
Euro	147	242
Central African Franc	62	49
Canadian dollar	837	28
Nigerian Naira	46	116
Iraqi Dinar	14	15
	109,870	**306,034**

12. Trade and other payables

$000s	December 31 2014	December 31 2013
Trade accounts payable	17,705	14,033
Amounts payable to joint operations partners	7,941	12,213
Amounts payable to related parties	158	1,120
Contingent costs	64,718	136,807
Other payables and accrued liabilities	69,212	40,706
	159,734	**204,879**
Less: Non-current portion of contingent costs	(64,718)	(66,271)
Current portion	**95,016**	**138,608**

12. Trade and other payables (continued)

Trade and other payables are denominated in the following currencies:

$000s	December 31 2014	December 31 2013
US dollar	151,345	192,811
Swiss Franc	6,950	9,734
Euro	140	1,790
UK Pound	1,004	349
Central African Franc	43	26
Canadian dollar	82	166
Nigerian Naira	23	3
Iraqi Dinar	147	-
	159,734	**204,879**

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

As at December 31, 2014, the Group has recognised a contingent liability of $64.7 million (2013: $86.8 million) related to the contingent consideration on the acquisition of OP Hawler Kurdistan Limited. The portion of the contingent liability estimated to be paid beyond one year of the respective statement of financial position dates is classified as a long-term liability. The contingent cost liability is presented at fair value estimated by discounting future cash outflows at a rate of 10% (note 28). The Group's contingent liabilities as at December 31, 2013 also included a $50 million contingent payment due to the Kurdistan Regional Government in relation to the declaration of a first commercial discovery on the Hawler license area.

13. Retirement benefit obligation

The Group operates a defined benefit pension plan for all employees of the Group. The plan is funded by the payment of contributions to separately administered pension funds.

The disclosures set out below are based on calculations carried out as at December 31, 2014 by a qualified independent actuary and have been prepared in accordance with IAS 19 – Employee Benefits.

The principal actuarial assumptions used at the reporting date were:

	December 31 2014	December 31 2013
Discount rate	1.20%	2.20%
Expected return on plan assets	1.20%	2.20%
Expected rate of salary increases	2.00 – 2.50%	2.00 – 2.50%
Future pension increases	0.00%	0.00%
Inflation	1.00%	1.00%

The following table reconciles the funded status of defined benefit plans to the amounts recognised in the consolidated statement of financial position:

$000s	December 31 2014	December 31 2013
Fair value of plan assets	22,421	20,605
Present value of defined benefit obligation	(29,289)	(24,097)
Defined benefit obligation	**(6,867)**	**(3,492)**

The change in the defined benefit obligation is as follows:

$000s	2014	2013
Defined benefit obligation, beginning of year	(24,097)	(18,001)
Current service cost	(3,355)	(2,607)
Interest cost	(557)	(397)
Remeasurement losses	(4,519)	(957)
Translation difference	3,046	(701)
Other	193	(1,434)
Defined benefit obligation, end of year	**(29,289)**	**(24,097)**

The change in the fair value of plan assets is as follows:

$000s	2014	2013
Fair value of plan assets, beginning of year	20,605	15,553
Interest income	484	353
Return on plan assets	(195)	(468)
Employer contributions	3,920	2,929
Benefits deposited	20	1,611
Translation difference	(2,413)	627
Fair value of plan assets, end of year	**22,421**	**20,605**

The fair value of the plan assets are comprised of investments held by the insurance company that fully reinsures the Group's pension liabilities.

13. Retirement benefit obligation (continued)

The amounts recognised in net loss comprise the following:

$000s	Year ended December 31 2014	Year ended December 31 2013
Current service cost	3,355	2,607
Past service cost	(413)	-
Net interest expense	73	45
Other	12	9
Defined benefit cost recognised in the net loss for the year	**3,028**	**2,661**

Defined benefit costs of $3.0 million (2013: $2.7 million) have been included in general and administrative expenses in the statement of comprehensive loss.

The amounts recognised in other comprehensive loss comprise the following:

$000s	Year ended December 31 2014	Year ended December 31 2013
Actuarial loss	4,519	956
Return on plan assets excluding interest income	195	468
Defined benefit cost recognised in other comprehensive loss	**4,714**	**1,424**
Deferred tax	(1,139)	-
Defined benefit cost recognised in other comprehensive loss, net of income tax	**3,575**	**1,424**

The following table summarises the impact on the present value of the defined benefit obligation of certain changes in the actuarial assumptions used:

$000s	December 31 2014	December 31 2013
Decrease in discount rate of 0.25%	30,823	25,444
Increase in discount rate of 0.25%	27,868	23,271
Decrease in salary increases of 0.25%	28,910	24,047
Increase in salary increases of 0.25%	29,706	24,581
Increase in life expectancy of one year	29,587	24,144
Decrease in life expectancy of one year	28,999	24,499

The Group expects to make contributions of $3.2 million to the defined benefit plan during the next financial year. The actual contributions for 2014 amounted to $3.9 million (2013: $2.9 million).

14. Decommissioning obligation

The Group has an obligation to decommission oil and gas assets upon cessation of operations. The estimated net present value of the decommissioning obligation at December 31, 2014 is $9.1 million (December 31, 2013 - $1.3 million) based on the Group's working interest undiscounted liability of $57.5 million (December 31, 2013 - $22.9 million). The decommissioning obligation has been discounted using an estimated credit-adjusted risk free discount rate.

$000s	December 31 2014	December 31 2013
Decommissioning obligation, beginning of the period	**1,346**	-
Property acquisition and development activity	4,167	1,346
Change in discount rate	2,045	-
Change in inflation rate	1,380	-
	8,938	**1,346**
Accretion expense	123	-
Decommissioning obligation, end of the period	**9,061**	**1,346**

15. Share capital and share premium

$000s	Number of shares	Share capital	Share premium
At January 1, 2013	499,311	499,311	771
Issue of shares	260,606	260,606	4,531
At May 15, 2013	**759,917**	**759,917**	**5,302**
OPCL share capital upon incorporation	1	-	-
Issue of shares through IPO	99,593,726	246,323	(5,302)
Issue of shares for LTIP and share grant	248,310	3,270	-
Issue of shares for directors' compensation	12,881	174	-
At December 31, 2013	**99,854,918**	**1,009,684**	**-**
Issue of shares through public offering	19,910,000	206,662	-
Issue of shares for LTIP	978,341	9,603	
Issue of shares for directors' compensation	24,657	299	-
At December 31, 2014	**120,767,916**	**1,226,248**	**-**

The Company has unlimited authorised share capital outstanding as at December 31, 2014.

2014 share capital transactions

On July 18, 2014, pursuant to a prospectus supplement to the short form base shelf prospectus dated January 27, 2014 the Company issued 19,910,000 Common Shares of the Company at a price of CAD$11.25 per Common Share for aggregate gross proceeds of CAD$224.0 million ($209.7 million). Costs associated with the issuance of these shares amounted to $3.1 million.

During the year ended December 31, 2014, the Group issued 978,341 shares to employees and executive officers under the Group's LTIP. An additional 24,657 shares were granted to Directors of the Company as remuneration.

2013 share capital transactions

Prior to the Company's IPO, OPHP had authorised two classes of ordinary shares which carried no right to fixed income. The holders of ordinary 'A' shares were entitled to appoint all the directors of the Company. Otherwise, both classes of shares ranked pari passu. Prior to the IPO, AOG International Holdings Ltd held 699,900 ordinary 'A' shares and its parent, AOG, which was the ultimate parent company of the Company, held 100 ordinary 'B' shares. Additionally, 42,540 ordinary 'B' shares were held by directors of AOG, persons connected to AOG, Group management and employees of the Group via the LTIP and investments in the Company.

Immediately prior to the closing of the initial public offering, the Group, AOG and its affiliates, as well as other shareholders of the Company, engaged in certain transactions whereby the Company acquired all of the issued and outstanding shares of OPHP in exchange for 81,762,377 common shares of the Company. These shares acquired include 10,920 shares of OPHP issued prior to closing to the employees and executive officers of OPHP, as well as 6,457 shares of OPHP issued to employees and executive officers of OPHP under previously issued awards pursuant to the OPHP LTIP.

On May 5, 2013, the Company announced the filing of a supplemented PREP prospectus with the securities regulatory authorities in each of the provinces of Canada, other than Quebec, in connection with its initial public offering of 16,700,000 common shares, at a price of CAD$15.00 per common share for total gross proceeds of CAD$250.5 million ($249.4 million). The IPO closed on May 15, 2013.

Holders of 21,155 ordinary 'B' shares of OPHP had the right to purchase an additional half share at par value for every share held (warrants). Warrant holders could exercise the right to purchase shares at any time once completing three years' service, or on the occurrence of an exit event, such as an offering of the Company's shares to the public. Accordingly, prior to closing of the IPO, the warrants, which represented an entitlement to acquire 10,515 shares of OPHP, were cancelled in exchange for 1,131,349 warrants issued by the Company that entitled the holder to acquire, for each warrant held, one common share of the Company at $9.29 per share for a period of 10 business days following the closing. All warrants were exercised on or before June 13, 2013 resulting in an issuance of 1,131,349 common shares for net proceeds to the Company of $10,515,000.

The following table summarises the effects of the transactions described above.

OPHP shares acquired by the Company immediately prior to the IPO	81,762,377
Initial public offering	16,700,000
First stage investors options exercised	1,131,349
Issue of shares through IPO	**99,593,726**

Subsequent to the IPO, during 2013, the Group issued 239,703 shares to employees and executive offers under the Group's LTIP and 8,607 shares to employees and executive officers as a share grant. In addition, 12,881 shares were issued to Directors of the Company as remuneration.

16. Share based payments

The long term incentive plan (LTIP) was introduced in 2010 to provide a long-term incentive scheme which motivates all employees and provides a longer-term perspective to the total remuneration package. Annual awards under the LTIP comprised common shares, originally of Oryx Petroleum Company PLC and now of the Company. These shares vest in three equal tranches with one-third vesting immediately on date of grant, one-third on the subsequent August 1 and the balance vesting on August 1 the year after.

During the year ended December 31, 2014, the Company issued 396,160 shares relating to the 2012 LTIP, 285,586 shares relating to the 2013 LTIP, and 296,595 shares relating to the 2014 LTIP. During the year ended December 31, 2013, the Company issued 2,628 shares relating to the 2011 LTIP, 3,705 shares relating to the 2012 LTIP, and 232,387 shares relating to the 2013 LTIP. Immediately prior to the initial public offering in 2013, the Group also issued 6,457 OPHP shares to employees and executive officers under previously issued awards pursuant to the OPHP long term incentive plan.

The amount of share based payments in respect of officers and employees charged to the statement of comprehensive income for the year ended December 31, 2014 was $10.1 million (2013: $24.9 million). Prior to the initial public offering, the fair value of the shares granted under the long term incentive plan was determined by management in the absence of readily available market value and was calculated based on asset values of the Group. The fair value of the OPHP shares granted in 2012 was $1.25 thousand per OPHP share. For the 2013 and 2014 LTIP plans, the shares have been granted at a range between $6.38 and $13.81 per share (CAD $7.32 and CAD $14.20 per share). The fair value of shares granted under the LTIP subsequent to the IPO has been determined based on the volume weighted average price of the Company's publically traded shares for the five days prior to the grant date.

17. Basic and diluted loss per share

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

$000s	Year ended December 31 2014	Year ended December 31 2013
Net loss for the period attributable to equity holders	(18,065)	(185,564)
Weighted average number of ordinary shares for basic and diluted loss per share[1]	109,399,289	90,797,365
$		
Basic and diluted loss per share	**(0.17)**	**(2.04)**

(1) The unvested LTIP shares are excluded as they are anti-dilutive. The weighted average number of shares of OPHP for the year ended December 31, 2013 are presented as if they were shares of the Company (refer to note 15).

18. Other reserves

$000s	Share based payments
At January 1, 2013	**5,846**
Share based payment transactions[1]	25,047
Issue of shares for LTIP	(25,533)
Issue of shares for directors' compensation	(174)
At December 31, 2013	**5,186**
Share based payment transactions	10,180
Issue of shares for LTIP	(9,603)
At December 31, 2014	**5,763**

(1) Share based payments for the year ended December 31, 2013 include a share grant to employees and management of $13.7 million immediately prior to the Company's initial public offering.

19. Supplemental cash flow information

Items not involving cash $000s	Year ended December 31 2014	Year ended December 31 2013
Depreciation, depletion and amortisation	4,550	728
Share based payment expense	10,180	25,047
Impairment of oil and gas assets	603	82,948
Retirement benefit obligation	2,962	(1,964)
Unrealised foreign exchange gains	(653)	(4)
Non-cash income tax benefit	(707)	(449)
Interest, G&A and accretion expense	875	2,244
Other (income) /expense	(2,020)	56,887
Items not involving cash	**15,790**	**165,437**

Changes in non-cash working capital

$000s	Year ended December 31 2014	Year ended December 31 2013
Inventories	(9,122)	(6,864)
Trade and other receivables	(2,293)	5,755
Other current assets	(535)	882
Trade and other payables	(43,572)	26,285
Current income tax liabilities	531	-
Deferred revenue	957	-
Changes in non-cash working capital	**54,035**	**26,058**
Changes in operating non-cash working capital	(21,643)	11,654
Changes in investing non-cash working capital	(32,391)	14,404
Changes in non-cash working capital	**54,035**	**26,058**

Other cash flow Information

$000s	Year ended December 31 2014	Year ended December 31 2013
Cash interest paid	623	2,175
Cash interest received	315	-
Cash income taxes paid	348	1,768

20. Staff costs

$000s	Year ended December 31 2014	Year ended December 31 2013
Wages and salaries	28,926	22,407
Social security costs	3,094	2,959
Employee share awards		
LTIP Plan	10,112	11,202
Share gift	-	13,650
Pension costs	2,962	2,603
Other costs	738	455
	45,832	**53,276**

A portion of the Group's staff costs and associated overheads are charged to the joint operations, expensed as pre-license expenditures or allocated to capital expenditures where they are directly attributable to capital projects.

The average number of employees of the Group (including Executive Directors) for the years ended December 31, 2014 and December 31, 2013 were:

	Year ended December 31 2014	Year ended December 31 2013
West Africa	3	4
Middle East	75	14
Corporate	66	53
	144	**71**

21. Income tax expense

$000s	Year ended December 31 2014	Year ended December 31 2013
Current income tax expense	**(1,327)**	**(1,361)**
Deferred tax on LTIP shares	(25)	(91)
Deferred tax on defined benefit obligation	732	132
Total deferred tax	**707**	**41**
Income tax expense	**(620)**	**(1,319)**

The Group is subject to income taxes in certain jurisdictions where it owns 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 year ended December 31, 2014, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of $0.4 million (2013 - Nil) were remitted to the government through its allocation of profit oil under the Hawler PSC.

Income taxes vary from the amount that would be computed by applying statutory tax rates to income before taxes as follows:

$000s	Year ended December 31 2014	Year ended December 31 2013
Loss before income tax	(18,390)	(184,504)
Combined Canadian federal and provincial income tax recovery at the statutory rate / Maltese rate(1)	4,598	50,817
Effect of income exempt from taxation	549	4,761
Effect of current year non-recognition of deferred tax assets	(6,184)	(11,111)
Effect of tax rates of subsidiaries operating in other jurisdictions	1,106	(117)
Effect of non-deductible expenses	(739)	(45,669)
Other items	50	-
Income tax expense	**(620)**	**(1,319)**

(1) *The tax expense for the year ended December 31, 2014 was calculated using the combined Canadian federal and provincial tax rates, being 25%. The tax expense for the nine months ended December 31, 2013 was calculated using the combined Canadian federal and provincial tax rates, being 25%. The tax expense for the three months ended March 31, 2013 was calculated using the Maltese tax rate, being 35%.*

Deferred tax assets relating to the unvested portions of the Group's Swiss subsidiary's defined benefit obligations have been recognised. Deferred tax assets related to the benefit of other tax deductions and losses have not been recognised as it is not sufficiently probable that these assets will be realised.

Cumulative unused tax losses unrecognised in deferred tax assets amount to $77.6 million at December 31, 2014 (December 31, 2013: $50.1 million).

22. Deferred tax

The movement in deferred tax assets during the year is as follows:

$000s	Total
At December 31, 2013	**911**
Benefit recognised in the statement of loss	707
Benefit recognised in the statement of comprehensive loss	1,139
Adjustments to prior year provisions	26
At December 31, 2014	**2,783**

All deferred tax assets are expected to be recovered after twelve months.

23. Subsidiaries

Details of the Company's subsidiaries at December 31, 2014 and December 31, 2013 are as follows:

Name of subsidiary	Country of incorporation	Principal place of business	Principal activity	Proportion of interest / voting rights
Oryx Petroleum Holdings Plc[1]	Malta	Malta	Intermediate holding company	100%
Oryx Petroleum Limited	BVI	BVI	Intermediate holding company	100%
Oryx Petroleum Services SA	Switzerland	Switzerland	Administrative / technical services	100%
Oryx Petroleum Middle East Limited	BVI	BVI	Intermediate holding company	100%
Oryx Petroleum Africa Limited	BVI	BVI	Intermediate holding company	100%
OP OML 141 Nigeria Limited	Nigeria	Nigeria	Oil and gas exploration	100%
OP AGC Shallow Limited	BVI	Senegal / Guinea Bissau	Oil and gas exploration	100%
OP AGC Central Limited[2]	BVI	Senegal / Guinea Bissau	Oil and gas exploration	100%
OP Sindi Amedi Kurdistan Limited	BVI	Iraq – Kurdistan region	Oil and gas exploration	100%
OP Hawler Kurdistan Limited[3]	BVI	Iraq – Kurdistan region	Oil and gas exploration	100%
Oryx Petroleum Congo SA	Congo	Congo	Oil and gas exploration	100%
OP Iraq Limited	BVI	BVI	Oil and gas exploration	100%
KPA Western Desert Energy Limited[4]	Cyprus	Cyprus	Intermediate holding company	66.67%
AmiraKPO Limited[4]	Cyprus	Iraq – Wasit province	Oil and gas exploration/ Mining of bitumen	66.67%
AmiraKPO Exploration Limited[4][5]	Cyprus	Cyprus	Oil and gas exploration	66.67%
AmiraKPO Petroleum Company Limited[4][5]	Cyprus	Cyprus	Oil and gas exploration	66.67%

23. Subsidiaries (continued)

(1) *Held directly by Oryx Petroleum Corporation Limited. All others are held through subsidiary undertakings.*
(2) *OP AGC Central Limited was formerly known as OP (TBA) Ltd and OP Taoudeni Mauritania Ltd.*
(3) *OP Hawler Kurdistan Ltd was formerly known as Norbest Ltd.*
(4) *In the fourth quarter of 2013, Oryx Petroleum Middle East Ltd increased its participating interest in KPA Western Desert Energy Limited, and its subsidiary undertakings, from 50% to 66.67%. 50 million additional shares of KPA Western Desert Energy Limited were purchased for $0.001 per share.*
(5) *These companies are in the process of liquidation at December 31, 2014.*

The following financial information, presented before the application of elimination of inter-Group transactions on consolidation, relates to subsidiaries that have material non-controlling interests.

$000s	KPA Western Desert Energy Limited	AmiraKPO Limited	AmiraKPO Exploration Limited[1]
As at December 31, 2014			
Current assets	8,607	134	1
Non-current assets	16,217	43,330	-
Current liabilities	37	4,709	-
Non-current liabilities	-	-	-
Equity	24,787	38,755	1
Equity attributable to NCI	8,234	12,875	(5,341)
Year ended December 31, 2014			
Revenue	-	-	-
Net (loss) / profit	(93)	(2,750)	2
Total comprehensive (loss) / income	(93)	(2,750)	2

[1] *This company is in the process of liquidation at December 31, 2014*

24. Related party transactions

The Group's indirect majority shareholder is AOG. The majority of AOG's outstanding shares are owned by Samsufi Trust, an irrevocable discretionary charitable trust created at the suggestion of Jean Claude Gandur, a director and the Chairman of the Company. Mr. Gandur is not one of the beneficiaries of The Samsufi Trust.

The following transactions were carried out with related parties, which are all subsidiaries of AOG.

(a) *Loan agreement*

Subsequent to December 31, 2014, the Group entered into a committed non-revolving term credit facility agreement with a subsidiary of The Addax and Oryx Group PLC (note 29).

(b) *Purchases of goods and services*

$000s	Year ended December 31 2014	Year ended December 31 2013
AOG International Holdings Limited	1	32
AOG Advisory Services SA	57	1,692
The Addax and Oryx Group PLC	1,772	2,178
Addax Energy SA	2	20
Addax Nigeria Limited	6	160
AOG Advisory Services Limited	-	105
Oryx Supply & Storage SA	30	-
Addax Immobilier SA	-	4
	1,868	**4,191**

Purchases of goods and services have been acquired on normal commercial terms and conditions. In addition $0.5 million (2013: $0.5 million) has been donated to the Addax and Oryx Foundation, a Swiss-registered charity.

(c) *Payables to related parties*

$000s	December 31 2014	December 31 2013
AOG Advisory Services SA	26	1,105
The Addax and Oryx Group PLC	126	14
Oryx Supply & Storage SA	5	-
AOG International Holdings Limited	-	1
	157	**1,120**

The amounts outstanding are unsecured. No guarantees have been given. Amounts owing to related parties relate to purchases of goods and services which were acquired on normal commercial terms and will be settled in cash.

(c) *Receivables from related parties*

$000s	December 31 2014	December 31 2013
AOG Advisory Services Limited	-	39
	-	**39**

The amounts outstanding were acquired by related parties on normal commercial terms and have been settled in cash. The receivables were unsecured and did not bear interest. No provisions were held against receivables from related parties.

24. Related party transactions (continued)

(d) *AOG guarantee*

Certain contingent payments (note 28) are supported by a guarantee provided by AOG.

(e) *Key management compensation*

The remuneration of the directors and senior officers, the key management personnel of the Group, in aggregate is set out below.

$000s	Year ended December 31 2014	Year ended December 31 2013
Wages, salaries and other short term benefits	6,243	6,640
Post-employment benefits	386	438
Share based compensation	5,259	10,125
	11,888	**17,203**

25. Financial instruments by category

Financial assets

$000s	December 31 2014	December 31 2013
Trade and other receivables	3,402	6,606
Cash and cash equivalents	109,870	306,034
	113,272	**312,640**

Financial liabilities

$000s	December 31 2014	December 31 2013
Amortised cost		
Trade and other payables (current)	95,016	138,608
Trade and other payables (non-current)	64,718	66,271
	159,734	**204,879**

Non-current liabilities have been discounted using a rate of 10% in order to reflect their fair value. The fair value of all other financial assets and liabilities approximates their carrying amounts.

26. Segment information

The Group has a single class of business which is to acquire, explore, develop and produce oil from oil and gas assets. The Group operates in two geographical areas. Segmented information related to the two operating segments and corporate activities is as follows:

For the year ended December 31, 2014

$000s	Middle East	West Africa	Corporate	Total
Revenue	19,616	-	-	19,616
Royalty	(8,031)	-	-	(8,031)
Net revenue	**11,585**	**-**	**-**	**11,585**
Operating expense	(6,651)	-	-	(6,651)
Depreciation, depletion and amortisation	(3,139)	(38)	(1,373)	(4,550)
Impairment of oil and gas assets	-	(603)	-	(603)
Pre-license costs	(1,449)	(3,021)	-	(4,470)
General and administrative expense	(51)	(331)	(13,016)	(13,398)
Other expense	(1,077)	-	-	(1,077)
Segment result	**(782)**	**(3,993)**	**(14,389)**	**(19,164)**
Finance income				318
Finance expense				(586)
Foreign exchange gains				1,042
Loss before income tax				**(18,390)**
Income tax expense				(620)
Net loss for the year				**(19,010)**
Capital additions	290,866	56,876	1,754	349,496
Segment assets as at December 31, 2014	896,203	225,799	16,214	1,138,216
Segment liabilities as at December 31, 2014	(151,513)	(8,389)	(17,711)	(177,613)

26. Segment information (continued)

For the year ended December 31, 2013

$000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Depreciation, depletion and amortisation	-	(29)	(699)	(728)
Impairment of oil and gas assets	(43,992)	(38,956)	-	(82,948)
Pre-license costs	(960)	(5,423)	-	(6,383)
General and administrative expense	(501)	(239)	(39,391)	(40,131)
Other expense	(56,887)	-	-	(56,887)
Segment result	**(102,340)**	**(44,647)**	**(40,090)**	**(187,077)**
Finance income				2,202
Finance expense				(2,262)
Foreign exchange gains				2,633
Loss before income tax				**(184,504)**
Income tax expense				(1,319)
Net loss for the year				**(185,823)**

Capital additions	154,686	91,709	2,087	248,482
Segment assets as at December 31, 2013	645,708	242,905	87,599	976,212
Segment liabilities as at December 31, 2013	(188,624)	(6,290)	(15,266)	(210,180)

27. Commitments

(a) Contractual obligations

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

$000s	December 31 2014	December 31 2013
No later than one year	37,111	141,110
One to five years	84,138	36,821
Greater than five years	21,370	-
	142,619	**177,931**

During the third quarter of 2013, the Group signed a finance lease agreement for the construction of an Early Production Facility relating to the Demir Dagh development in the Hawler license area. The remaining commitment related to this finance lease agreement is included above and amounts to $21.2 million.

The commitments noted above reflect the Group's execution of current budgeted and contracted exploration and development activities. Expenditure commitments may be subject to change and may be reduced by selective relinquishments of acreage and/or licenses or by curtailing the execution of activity under existing supplier contracts. Determining expenditure commitments requires the use of estimates and judgments primarily related to expectations that budgeted activities will be executed.

(b) Operating lease commitments – Group company as lessee

The Group leases buildings and equipment under non-cancellable operating lease agreements with varying terms and renewal rights. The corresponding lease expenditure charged to the statement of comprehensive loss during the year ended December 31, 2014 was $2.4 million (2013: $1.2 million).

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

$000s	December 31 2014	December 31 2013
No later than one year	2,385	677
One to five years	3,910	139
	6,295	**816**

(c) Bond facilities

The Group entered into an uncommitted bond facility agreement with BNP Paribas on March 26, 2013 whereby up to a maximum of $15 million may be used by Oryx Petroleum Holdings PLC for bank guarantees. In February 2014, OPCL extended the uncommitted bond facility agreement through to March 26, 2015. No guarantees have been issued under this agreement.

28. Contingent liabilities

During 2011, the Group acquired interests in various exploration licenses. The acquisition terms included additional consideration and liabilities which are contingent upon the outcome of future drilling activities and, in some cases, the quantities of reserves discovered. At December 31, 2014 these contingencies, including a $64.7 million (December 31 2013: $86.8 million) liability which has been recorded and is discussed in note 12, amounted to a maximum of $176.2 million (December 31, 2013: $193.5 million).

During the year ending December 31, 2014 the Group recorded gains of $1.5 million to the statement of loss relating to decreases in the fair value of the contingent consideration described above. The decrease in fair value is due to revised estimates regarding timing of anticipated cash outflows. During the year ended December 31, 2013, the Group recorded charges of $56.9 million in relation to increases in fair value of the contingent consideration.

29. Events after the statement of financial position date

Loan Facility

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 majority shareholder The Addax and Oryx Group PLC (the "Lender").

The three year Loan Facility provides the Group with access to committed funding up to $100 million with a maturity date of March 10, 2018 (the "Maturity Date"). Interest and principal amounts owing to the Lender are payable at the Maturity Date or earlier, at the option of the Group. The annual compound interest payable to the Lender under the terms of the loan facility is 10.5% per annum.

Under the terms of the Loan Facility, should the Loan Facility be fully drawn, the Lender will receive warrants giving it the option to purchase up to twelve million ordinary common shares of the Company at a price equivalent to 110% of the ten day historical volume weighted average price (VWAP) at the time of the issue of the warrants. On March 11, 2015, in accordance with the Loan Facility, the Group issued warrants to acquire one million ordinary common shares to the Lender. The exercise price of the issued warrants was CAD $4.39 per common share. The expiry date of the issued warrants is March 10, 2018. The Lender may exercise the issued warrants immediately and at any time prior to the expiry date. As at the date of these financial statements, the Group had not drawn any funds under the terms of the Loan Facility.

2014 Reserves and Resources

During February 2015 the Group updated its reserves and resource volumes based upon an independent report issued by Netherland Sewell & Associates Inc. (NSAI) effective December 31, 2014. Total gross (working interest) proved and probable oil 2P reserves in the Hawler license area in Kurdistan increased to 271 MMbbl from 213 MMbbl included in the NSAI report effective December 31, 2013. The increase in reserves during 2014 relates primarily to first reserves assigned to the Banan field and an increase in reserves in the Zey Gawra field, partially offset by a decrease in reserves at the Demir Dagh field. A decrease of 35 MMbbl of best estimate gross (working interest) contingent resources was also included in the report effective December 31, 2014 citing a total of 182 MMbbl in the Hawler license area (NSAI report effective December 31, 2013 – 217 MMbbl) and 6 MMbbl in the Haute Mer A license area (NSAI report effective December 31, 2013 - 6 MMbbl). This decrease is attributable mainly to the Demir Dagh field, partially offset by an increase in the Ain Al Safra and Banan fields. Finally, the December 31, 2014 report updated the Group's best estimate unrisked gross (working interest) prospective oil resources to 929 MMbbl (risked: 153 MMbbl).

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