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

FOR THE THREE AND SIX MONTHS ENDED

June 30, 2017 and 2016

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

ORYX PETROLEUM

*The following Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the consolidated financial statements of Oryx Petroleum Corporation Limited ("**OPCL**" or, the "**Company**") and its subsidiaries for the three and six months ended June 30, 2017 and 2016 (the "**Financial Statements**"), 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 August 2, 2017.

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 22. Additional information relating to OPCL, including OPCL's Annual Information Form dated March 23, 2017, is on SEDAR at www.sedar.com.

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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
AGC Central	Senegal and Guinea Bissau	85%	80%[(1)]	Operator
AGC Shallow	Senegal and Guinea Bissau	85%	80%[(1)]	Operator
Haute Mer A	Congo (Brazzaville)	20%	20%	Non-operator
Haute Mer B	Congo (Brazzaville)	30%	30%	Non-operator

Notes:
(1) Assuming the AGC exercises back-in rights.

Operational Highlights

- Average gross (100%) oil production of 2,900 bbl/d in the second quarter of 2017;
  - Production impacted by a planned shut-in of the Zey Gawra-1 sidetrack well ("**Zeg-1ST well**") for eight days in May in connection with the drilling of the ZAB-1 sidetrack well ("**ZAB-1ST well**").
  - Average gross (100%) oil production of 2,900 bbl/d in July 2017.
- Drilling and completion of the ZAB-1ST well;
  - The ZAB-1ST well was drilled to a measured depth of 2,069 metres and completed in the Cretaceous reservoir in the Zey Gawra field of the Hawler License Area.
  - The well was successfully completed and allowed to flow through a small choke while cleaning up with bottom hole and surface pressures being monitored. During the clean-up flow period that spanned approximately a week production of the 35 degree API oil was restricted to approximately 350 barrels per day with gas-oil ratio varying from 950 to 1,150 standard cubic feet per barrel and with the water cut varying from 0 to 3%. Initial results indicate that the well has a higher productivity than the Zeg-1ST well prior to acid stimulation. The well is currently shut-in for a final pressure build up measurement and an acid stimulation treatment will be performed within the next few days.
  - Data collected during drilling of the ZAB-1ST well included measurements of pressure at a series of points in the Zey Gawra Cretaceous reservoir providing a basis for estimating the depths of the gas-oil contact and the free water level in the reservoir. This information together with well performance data to be acquired over the coming weeks will provide an improved basis for estimating the maximum efficient rate of withdrawal and ultimate recovery from the Zey Gawra Cretaceous reservoir and consequently, determining future development plans and estimating oil reserves.
  - The Tertiary reservoir was also evaluated during the drilling of the ZAB-1ST well. The presence of an oil column was confirmed based on logging and pressure data collected. However, the Group does not believe the oil column is of sufficient size to warrant drilling targeting the Tertiary reservoir at Zey Gawra in the near term.
- Workovers of the Demir Dagh-8 and Demir Dagh-7 wells in the Cretaceous reservoir;
  - The rig used to drill the ZAB-1ST well has now moved to the Demir Dagh field to recomplete the Demir Dagh-8 and Demir Dagh-7 wells targeting the Cretaceous reservoir. These operations are expected to be completed during the third quarter of 2017.
- Preparations for the drilling of additional wells at the Zey Gawra field targeting the Cretaceous reservoir are ongoing with drilling now expected to commence during the fourth quarter of 2017 subject to performance of the existing two producing wells over the coming weeks;
- Fast-track processing of 1,921 km^2 of 3D seismic data covering the AGC Central license area is complete, with full processing and interpretation ongoing;
  - Preliminary interpretation of the data is positive with exploration drilling expected to commence in late 2018 or early 2019.

Financial Highlights and Outlook

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 controlling shareholder AOG (the "**Lender**").

On April 28, 2017, the Loan Facility was amended to extend the Maturity Date from March 10, 2018 to July 1, 2019 and to amend interest payment terms (the "**Loan Amendment**").

Interest accrued after May 11, 2017 is to be paid out in Common Shares approximately every six months, rather than in cash upon maturity.

The Loan Amendment was accepted by the Toronto Stock Exchange and, on June 7, 2017, was approved by disinterested shareholders.

As at June 30, 2017, the balance owed under the Loan Agreement was $77.1 million including $1.1 million in accrued interest which the parties have agreed to settle through the issuance of Common Shares.

Contingent consideration

During the second quarter of 2017, the Group reached an agreement with the vendor of OP Hawler Kurdistan Limited to restructure contingent consideration related to a potential second declaration of commercial discovery.

Under the terms of the agreement, the Group has executed an unconditional payment of $5.0 million plus accrued interest on August 1, 2017. Contingent upon declaration of a second commercial discovery in the Hawler License Area prior to September 30, 2018, the agreement provides for fixed schedule payments of principal plus interest scheduled as follows: $10.0 million plus accrued interest in September 2018, $20.0 million plus accrued interest in September 2019, $25.0 million plus accrued interest in September 2020, and $11.0 million plus accrued interest in September 2021.

As at June 30, 2017 the total balance of partially contingent principal and accrued interest owed under the agreement was $76.2 million including the non-contingent payment of $5 million plus accrued interest due August 1, 2017.

Equity subscription

The equity subscriptions by AOG and Zeg Oil and Gas Ltd ("**Zeg Oil & Gas**") for a total of 161,850,057 Common Shares for aggregate consideration of $54.1 million (the "**Shareholder Subscriptions**") closed on June 21, 2017.

AOG subscribed for 131,933,226 common shares at $0.33426 per common share (the "**AOG Subscription**"), resulting in an aggregate subscription price of $44.1 million, $20 million of which was paid at closing in cash and the balance of which was paid through the extinguishment of $24.1 million of principal and accrued interest owing under the Loan Facility.

Zeg Oil and Gas subscribed for 29,916,831 Common Shares at $0.33426 per common share (the "**Zeg Oil and Gas Subscription**"), resulting in an aggregate subscription price of $10 million paid at closing in cash.

Liquidity outlook

Management expects that the cash resources on hand as at June 30, 2017 and future cash receipts from sales of its share of oil production from the Hawler License Area will be sufficient to fund the Group's capital and operating expenditures and to meet obligations as they fall due through the end of 2018. Capital expenditures to achieve further production growth beyond the first half of 2018 will likely require access to additional funding.

Financial performance

The following table contains financial performance highlights for the three and six months ended June 30, 2017 and June 30, 2016.

	Three months ended		Six months ended	
($ thousands unless otherwise stated)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue	7,112	7,053	15,016	8,251
Cash (used in) / generated by operating activities	(1,161)	(921)	1,030	(8,750)
Operating Cash Flow[1]	(2,101)	(1,222)	(4,451)	(6,913)
Operating Cash Flow[1] per basic and diluted share ($/share)	(0.01)	(0.01)	(0.02)	(0.04)
Loss for the period	(9,199)	(11,354)	(5,062)	(30,782)
Loss per basic and diluted share ($/share)	(0.03)	(0.05)	(0.02)	(0.16)
Average sales price ($/bbl)	37.93	34.15	39.94	31.05
Field production costs[2] ($/bbl)	18.25	13.28	18.71	21.49
Operating expense ($/bbl)	23.89	17.37	24.46	28.11
Field Netback[1] ($/bbl)	0.27	3.39	0.80	(6.33)
Oryx Petroleum Netback[1] ($/bbl)	(1.15)	3.09	(0.53)	(9.50)
Capital expenditures	814[4]	17,243	(5,097)[3]	21,565

Notes:

(1) Operating Cash Flow, Field Netback, and Oryx Petroleum Netback are non-IFRS measures. See the “Non-IFRS Measures” section of this MD&A.
(2) Field production costs represent Oryx Petroleum’s Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum. See the “Operating expense” section of this MD&A.
(3) Includes non-cash credits of $7.3 million relating to revisions in previously estimated costs recorded in the Hawler and OML 141 License Areas.
(4) Includes a $2.4 million non-cash credit relating to revision to assumptions used to calculate decommissioning obligations.

Revenue and cash receipts

All sales during the six months ended June 30, 2017 were made via the KRG’s international export pipeline. The average sales price for oil sold during the three and six months ended June 30, 2017 was $37.93/bbl and $39.94/bbl, respectively. Pursuant to an agreement with the KRG’s Ministry of Natural Resources, the sales price for oil sold through the international export pipeline is referenced to monthly average Brent crude oil prices, discounted $12/bbl for crude oil quality and transport, and adjusted for actual API gravity and sulphur content outside of agreed quality specification ranges.

The Group has received payment in full for all crude oil delivered and sold through the KRG’s international export pipeline up to and including the end of the May 2017.

Revenue of $15.0 million was recorded for the six months ended June 30, 2017. Included in revenue is $13.5 million ($39.94/bbl) realised on the sale of 338,500 bbl (WI) of crude oil and $1.5 million related to the recovery of costs carried on behalf of partners.

Loss

Loss for the three months ended June 30, 2017 was $9.2 million compared to $11.4 million during the second quarter of 2016. The decrease in loss for the period is primarily attributable to i) an impairment expense of $2.2 million relating to a revision of an estimate of previously recorded costs in the OML 141 License area recorded during the three months ended June 30, 2016, and ii) a $0.8 million decrease in depreciation, depletion and amortization expense recorded during the three months ended June 30, 2017 primarily related to the decrease in depletion expense per barrel during 2017. These positive factors were partially offset by a $0.8 million increase in operating expense for the three months ended June 30, 2017 compared to the same period in 2016. The increase in operating expense during 2017 is primarily related to costs associated with production from the Zey Gawra field in the Hawler License Area which commenced in December 2016.

Net loss of $5.1 million for the six months ended June 30, 2017 decreased by $25.7 million compared to the six months ended June 30, 2016. The change in loss for the period is primarily attributable to i) a $7.6 million gain recorded on the settlement of the finance lease obligation during the first quarter of 2017, ii) an $8.3 million materials inventory impairment charge and a $2.2 million restructuring charge recorded during the six months ended June 30, 2016, iii) a $3.8 million increase in net revenue during the six months ended June 30, 2017, and iv) a $1.1 million impairment recovery recorded during the six months ended June 30, 2017 primarily related to revisions in costs previously estimated on the OML 141 License Area compared to a $2.5 million impairment expense recorded during the same period in 2016. These positive factors were partially offset by a $1.6 million increase in operating expense for the six months ended June 30, 2017 compared to the same period in 2016. The increase in operating expense during 2017 is primarily related to costs associated with production from the Zey Gawra field in the Hawler License Area from December 2016 onward.

Capital expenditures

During the three months ended June 30, 2017, the Group recorded capital additions in the amount of $0.8 million. The Group invested $3.3 million related to appraisal activities on the Zey Gawra field in the Hawler License Area. An additional $0.4 million in capital expenditures were incurred relating to seismic and directly attributable support activities in the AGC Central License Area. These capital investments were partially offset by a $2.8 million non-cash credit primarily relating to the revision of the discount and inflation rates used to calculate the Hawler License Area decommissioning obligation.

During the six months ended June 30, 2017, the Group recorded a net reversal to capital additions in the amount of $5.1 million. The Group invested $3.4 million related to appraisal activities on the Zey Gawra field in the Hawler License Area, and $1.0 million related to sponsoring the acquisition of 3D seismic data in the AGC Central License Area. These capital investments were offset primarily by $7.3 million in non-cash revisions to previous estimates of costs recorded related to the Hawler and OML 141 License Areas and $2.4 million in non-cash credits relating to the revision of the discount and inflation rates used to calculate the Hawler License Area decommissioning obligation.

Financial position

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

($ thousands)	June 30, 2017	December 31, 2016
Total cash and cash equivalents	57,374	40,732
Working Capital	38,475	(2,149)
Total assets	774,813	766,445
Borrowings	75,480	93,103
Total long-term liabilities	154,489	174,942

The cash and cash equivalents balance of $40.7 million as at December 31, 2016 increased to $57.4 million at June 30, 2017. This increase is due to the receipt of $30.0 million in funds received upon the issuance of Common Shares and $1.0 million cash contribution from operating activities partially offset by $14.3 million used in investing activities.

Working capital increased to positive $38.5 million at June 30, 2017 from a negative working capital balance of $2.1 million as at December 31, 2016. The increase was mainly due to a $16.6 million increase in cash and cash equivalents, a $19.8 million decrease in trade and other payables and the elimination of the $6.4 million finance lease obligation balance upon the settlement of this liability. These positive factors were partially offset by a $1.8 million reduction in the trade and other receivables balance.

Capital expenditure forecast

The Group's re-forecasted cash capital expenditures for the second half of 2017 are $16 million, reduced from the previous forecast of $29 million. The revised work program reflects the decision to reschedule further drilling at Zey Gawra to the fourth quarter of 2017 and the addition of the Demir Dagh-7 workover to the program.

Location	License/Field/Activity	2H 2017 Forecast $ millions
Kurdistan Region	Hawler	
	Zey Gawra-Drilling	8
	Demir Dagh-Drilling	3
	Other	3
	Total Hawler	**14**
West Africa	AGC Central	1
	Other	1
	Capex Total	**16**

Business Environment

Uncertainty related to global, social, political, and economic conditions and the resulting changes in global oil supply chains and infrastructure investment have contributed to sustained reductions to the price of crude oil. The related uncertainty regarding returns on investments in upstream oil and gas exploration and development has impacted the availability and cost of capital resources. Furthermore, future oil prices, which directly impact the Group's expected cash inflows, are difficult to forecast. The Group's ability to fund the forecasted capital investments is consequently subject to significant uncertainty. See the "Liquidity and Capital Resources" section of this MD&A for further discussion.

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

Since 2014, militants have been engaged in armed conflict with government forces in various regions of Iraq. The Group has implemented precautionary measures to protect employees and operations from the impacts of the conflict. Together with the recent successes of government forces, these precautionary measures have permitted the Group to continue appraisal and development activities at the Demir Dagh and Zey Gawra fields.

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

realised and, consequently, Oryx Petroleum's cash flows. Complexities in local, regional, and international market access dynamics may impact the Group's realised oil sales prices and its future ability to sell its produced oil.

Appraisal activities at the Banan and Ain Al Safra discoveries have been limited due to capital allocation priorities and also to security risks. There is an ongoing risk that the regional security situation could have a material adverse effect on the operating and financial performance of the Group.

The Group's future revenues and cash flows from operating activities are dependent on the Group's ability to produce and deliver crude oil. Production rates are subject to fluctuation over time and are difficult to predict.

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

With the exception of the items discussed above together with risks disclosed in the Group's Annual Information Form dated March 23, 2017, management has not identified trends or events that are expected to have a material adverse effect on the financial performance of Oryx Petroleum.

Operations Review

Kurdistan Region of Iraq

The following table summarises production and sales data for the three months ended June 30, 2017, March 31, 2017, and June 30, 2016, and for the six months ended June 30, 2017 and June 30, 2016:

	Three months ended			Six months ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Gross Production (bbl)	260,200	263,300	284,700	523,500	353,900
Gross Production per day (bbl/d)	2,900	2,900	3,100	2,900	1,900
WI Production (bbl)	169,100	171,200	185,100	340,300	230,000
WI Production per day (bbl/d)	1,900	1,900	2,000	1,900	1,300
WI sales (bbl)	168,800	169,800	186,000	338,500	239,200
WI sales per day (bbl/d)	1,900	1,900	2,000	1,900	1,300

Production and sales

Gross (100%) oil production for the three months ended June 30, 2017 was 260,200 bbl representing an average rate of 2,900 bbl/d. The Group's Working Interest share of oil production during this period was 169,100 bbl representing an average rate of 1,900 bbl/d.

Gross (100%) oil production for the six months ended June 30, 2017 was 523,500 bbl representing an average rate of 2,900 bbl/d. The Group's Working Interest share of oil production during this period was 340,300 bbl representing an average rate of 1,900 bbl/d.

The Group recognised revenue on the sale of 168,800 bbl (Working Interest) and 338,500 bbl (Working Interest) of crude oil during the three and six months ended June 30, 2017, respectively.

Crude oil sale prices

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

The following table indicates average Brent crude oil prices and the Group's realised crude oil sales prices for each quarter ended on the dates indicated below:

	2017		2016				2015	
	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30
Brent average price ($/bbl)	50.28	54.13	49.96	45.85	45.89	34.54	43.42	50.20
Realised sales price ($/bbl)	37.93	41.92	38.75	35.19	34.15	20.25	19.37	20.83

Netbacks

The following table summarises the Field Netback and Oryx Petroleum Netback for the three months ended June 30, 2017 and June 30, 2016:

	Three months ended June 30, 2017		Three months ended June 30, 2016	
	($ thousands)	($/bbl)	($ thousands)	($/bbl)
Oil sales	6,403	37.93	6,350	34.15
Royalties	(3,130)	(18.55)	(3,104)	(16.70)
Field production costs(1)	(3,083)	(18.25)	(2,470)	(13.28)
Current taxes	(146)	(0.86)	(145)	(0.78)
Field Netback(2)	**44**	**0.27**	**631**	**3.39**
Recovery of Carried Costs	709	4.20	703	3.78
Partner share of production costs	(949)	(5.62)	(760)	(4.09)
Oryx Petroleum Netback(2)	**(196)**	**(1.15)**	**574**	**3.09**

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 Netback for the three months ended June 30, 2017 of $44,000 ($0.27/bbl) incorporates field production costs of $3.1 million ($18.25/bbl). On a per barrel basis, Field Netback has decreased to $0.27/bbl for the three months ended June 30, 2017 from $3.39/bbl for the three months ended June 30, 2016. This variance is primarily attributable to an increase in field production costs during the six months ended June 30, 2017 compared to the same period in 2017. The increase in production costs is primarily related to costs associated with production from the Zey Gawra field in the Hawler License Area which commenced in December 2016.

The following table summarises the Field Netback and Oryx Petroleum Netback for the six months ended June 30, 2017 and June 30, 2016:

	Six months ended June 30, 2017		Six months ended June 30, 2016	
	($ thousands)	($/bbl)	($ thousands)	($/bbl)
Oil sales	13,519	39.94	7,428	31.05
Royalties	(6,608)	(19.52)	(3,631)	(15.18)
Field production costs(1)	(6,332)	(18.71)	(5,141)	(21.49)
Current taxes	(307)	(0.91)	(169)	(0.71)
Field Netback(2)	**272**	**0.80**	**(1,513)**	**(6.33)**
Recovery of Carried Costs	1,497	4.42	823	3.44
Partner share of production costs	(1,950)	(5.76)	(1,582)	(6.61)
Oryx Petroleum Netback(2)	**(181)**	**(0.53)**	**(2,272)**	**(9.50)**

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 Netback for the six months ended June 30, 2017 of $0.3 million ($0.80/bbl) incorporates field production costs of $6.3 million ($18.71/bbl). On a per barrel basis, Field Netback has improved to $0.80/bbl for the six months ended June 30, 2017 from a negative Field Netback of $6.33/bbl for the six months ended June 30, 2016. This variance is primarily attributable to an increase in barrels produced and sold during the six months ended June 30, 2017 compared to the same period in 2016, partially offset by an increase in Field production costs during 2017.

Zey Gawra field appraisal and early production

During the second quarter of 2017, the ZAB-1ST well was drilled to a measured depth of 2,069 metres and completed in the Cretaceous reservoir in the Zey Gawra field of the Hawler License Area

The well was successfully completed and allowed to flow through a small choke while cleaning up with bottom hole and surface pressures being monitored. During the clean-up flow period that spanned approximately a week production of the 35 degree API oil was restricted to approximately 350 barrels per day with gas-oil ratio varying from 950 to 1,150 standard cubic feet per barrel and with the water cut varying from 0 to 3%. Initial results indicate that the well has a higher productivity than the Zeg-1ST well prior to acid stimulation. The well is currently shut-in for a final pressure build up measurement and an acid stimulation treatment will be performed within the next few days.

Data collected during drilling of the ZAB-1ST well included measurements of pressure at a series of points in the Zey Gawra Cretaceous reservoir providing a basis for estimating the depths of the gas-oil contact and the free water level in the reservoir. This information together with well performance data to be acquired over the coming weeks will provide an improved basis for estimating the maximum efficient rate of withdrawal and ultimate recovery from the Zey Gawra Cretaceous reservoir and, consequently, determining future development plans and estimating oil reserves.

The Tertiary reservoir was also evaluated during the drilling of the ZAB-1ST well. The presence of an oil column was confirmed based on logging and pressure data collected. However, the Corporation does not believe the oil column is of sufficient size to warrant drilling targeting the Tertiary reservoir at Zey Gawra in the near term

West Africa

The Group has licensed approximately 2,000 km^2 of 3D seismic data, acquired in December 2016 and January 2017 from the AGC Central License Area. The data is currently being processed and interpreted. Preliminary interpretation of the data is positive with exploration drilling expected to commence in late 2018 or early 2019.

Other than the above, activities in West Africa in the first quarter of 2017 were limited to license maintenance, data analysis, and preparation for future data acquisition and drilling activity.

Capital Expenditures

The following table summarises the capital expenditures incurred by activity during the three and six months ended June 30, 2017 and June 30, 2016:

	Three months ended		Six months ended	
($ thousands)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Middle East				
Drilling	188(2)	7,343(7)	(1,886)(1)	9,946(7)
Facilities	243	5,292(8)	(389)(3)	5,474(8)
Seismic acquisition	-	91	-	246
Studies, license, and support	(21)	1,537	(3,127)(4)	2,612
Sub-Total Middle East	**410**	**14,263**	**(5,402)**	**18,278**
West Africa				
Exploration drilling	27	2,215(9)	(1,879)(5)	2,239(9)
Seismic acquisition	103	-	1,018	-
Studies, license, and support	269	765	1,161(6)	1,029
Sub-Total West Africa	**399**	**2,980**	**300**	**3,268**
Corporate	**5**	**-**	**5**	**19**
Total capital expenditures	**814**	**17,243**	**(5,097)**	**21,565**

Notes:

(1) Included in the drilling capital expenditures for the Middle East for the six months ended June 30, 2017 is a non-cash credit of $2.9 million related to revisions to estimates of costs incurred in prior periods and a non-cash credit of $2.4 million primarily related to the change in discount and inflation rates used to calculate the decommissioning obligation.

(2) Included in the drilling capital expenditures for the Middle East for the three months ended June 30, 2017 is a non-cash credit of $2.8 million primarily related to the change in discount and inflation rates used to calculate the decommissioning obligation.

(3) Facilities capital expenditures in the Middle East for the six months ended June 30, 2017 includes a $0.4 million credit related to revisions to estimates of costs incurred in prior periods.

(4) Included in studies, license and support costs for the Middle East for the six months ended June 30, 2017 is a non-cash credit of $3.2 million related

to revisions to estimates of costs incurred in prior periods.

(5) West African exploration drilling costs for the six months ended June 30, 2017 includes a non-cash credit of $1.9 million due to revisions to estimates of costs incurred in prior periods.

(6) Included in West African studies, license and support costs for the six months ended June 30, 2017 is a non-cash addition of $0.7 million.

(7) Included in the drilling capital expenditures for the Middle East for the three and six months ended June 30, 2016 is a $6.9 million non-cash addition relating to the change in discount and inflation rates used to calculate the decommissioning obligation.

(8) Included in the facilities capital expenditures for the Middle East for the three and six months ended June 30, 2016 is a $4.7 million non-cash addition relating to the change in the purchase date assumption used to calculate the finance lease asset.

*(9) During 2015, the Group fully impaired capitalized expenditures relating to its interest in the OML 141 License Area. During the second quarter of 2016, the Group recorded a $2.2 million non-cash addition to exploration and evaluation assets ("**E&E assets**") relating to revisions to previous cost estimates. As the OML 141 License Area had been previously impaired a concurrent impairment charge of $2.2 million was also recorded during the second quarter of 2016.*

The following table summarises the capital expenditures incurred by License Area during the three and six months ended June 30, 2017 compared to the same periods in 2016:

	Three months ended		Six months ended	
($ thousands)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Middle East				
Hawler	410[2]	14,263[4]	(5,042)[1]	18,982[4]
Sindi Amedi	-	-	-	(704)[5]
Sub-Total Middle East	**410**	**14,263**	(5,402)	**18,278**
West Africa				
AGC Shallow	63	111	155	196
AGC Central	336	185	1,276	428
OML 141	-	2,200[6]	(1,233)[3]	2,200[6]
Haute Mer B	-	484	101	444
Sub-Total West Africa	**399**	**2,980**	**300**	**3,268**
Corporate	**5**	**-**	**5**	**19**
Total capital expenditures	**814**	**17,243**	**(5,097)**	**21,565**

Notes:

(1) Included in Hawler License Area capital expenditure for the six months ended June 30, 2017 are non-cash credits totalling $6.0 million related to revisions to estimates of costs incurred in prior periods and a non-cash credit of $2.4 million primarily related to the change in discount and inflation rates used to calculate the decommissioning obligation.

(2) Included in Hawler License Area capital expenditure for the three months ended June 30, 2017 is a non-cash credit of $2.8 million primarily related to the change in discount and inflation rates used to calculate the decommissioning obligation.

(3) Capital expenditures recorded in the OML 141 License Area for the six months ended June 30, 2017 include a non-cash credit of $1.9 million related to revisions to estimates of costs recorded in prior periods and a $0.7 million non-cash addition.

(4) Included in Hawler License Area capital expenditure for the three and six months ended June 30, 2016 is a $6.9 million non-cash addition relating to the change in discount and inflation rates used to calculate the decommissioning obligation and a $4.7 million non-cash addition relating to the change in the purchase date assumption used to calculate the finance lease asset.

(5) Non-cash credits relate to updated information received from the Operator which indicated a reduction in estimates of expenditures incurred in prior periods.

(6) During 2015, the Group fully impaired capitalized expenditures relating to its interest in the OML 141 License Area. During the second quarter of 2016, the Group recorded a $2.2 million non-cash addition to E&E assets relating to revisions to previous cost estimates. As the OML 141 License Area had been previously impaired a concurrent impairment charge of $2.2 million was also recorded during the second quarter of 2016.

Middle East

During the three months ended June 30, 2017, the Group recorded capital additions in the amount of $0.8 million. The Group invested $3.0 million related to appraisal drilling activities on the Zey Gawra field and $0.3 million relating to facilities in the Hawler License Area. These capital investments were partially offset by a $2.8 million non-cash credit primarily relating to the revision of the discount and inflation rates used to calculate the Hawler License Area decommissioning obligation.

During the six months ended June 30, 2017, the Group recorded a net reversal to capital additions in the amount of $5.1 million. The Group invested $3.4 million related to appraisal activities on the Zey Gawra field in the Hawler License Area. These capital investments were offset primarily by $7.3 million in revisions to previous estimates of costs recorded related to the Hawler and OML 141 License Areas and $2.4 million in non-cash credits relating to the revision of the discount and inflation rates used to calculate the Hawler License Area decommissioning obligation.

West Africa

Capital expenditures for West Africa for three and six months ended June 30, 2017 are primarily comprised of $0.1 million and $1.0 million, respectively, in seismic acquisition costs in the AGC Central License Area. Remaining capital expenditures relate to investments in planning for drilling activities in the AGC Shallow and AGC Central License Areas and directly attributable technical support costs.

Cost Pools

Cost Pools for each License Area, which are available for recovery through future oil sales from such License Area, as at June 30, 2017, are detailed in the table below:

License Area	Location	Gross Cost Pool	Oryx Petroleum Participating Interest Cost Pool	Costs carried by Oryx Petroleum	Costs recovered through cost oil	Oryx Petroleum share of recoverable costs available[(1)(2)]
		($ million)	($ million)	($ million)	($ million)	($ million)
Hawler	Iraq – Kurdistan Region	760.6	478.9	170.5[(3)]	(34.6)	614.7
AGC Central	Senegal and Guinea Bissau	7.8	6.6	1.2	-	7.8
AGC Shallow	Senegal and Guinea Bissau	33.4	28.4	5.0	-	33.4
Haute Mer A	Congo (Brazzaville)	245.3	57.7	-	-	57.7
Haute Mer B	Congo (Brazzaville)	22.8	8.0	-	-	8.0
		1,069.9	**579.6**	**176.7**	**(34.6)**	**721.6**

Notes:

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

(2) Oryx Petroleum share of costs available for future recovery through the sale of cost oil or deduction for tax purposes.

(3) Carried costs include $99.1 million in expenditures related to a commitment to carry $300 million on behalf of a partner for the Hawler License Area development.

Property, plant and equipment and intangible assets

The capital expenditures described in the sections above, net of depletion, depreciation and amortisation ("**DD&A**") and impairment net recovery, have resulted in the following movements in Intangible Asset and PP&E balances during the three months ended March 31, 2017 and June 30, 2017:

($ thousands)	Exploration and Evaluation Assets	Other Intangible Assets	Total Intangible Assets
As at January 1, 2017	**89,829**	**102**	**89,931**
Capital additions	(1,722)[(1)]	-	(1,722)
Impairment recovery	1,132[(1)(2)]	-	1,132
DD&A	-	(39)	(39)
As at March 31, 2017	**89,239**	**63**	**89,302**
Capital additions	235	5	240
DD&A	-	(19)	(19)
As at June 30, 2017	**89,474**	**49**	**89,523**

Notes:

(1) Included in capital additions is a $1.9 million non-cash credit relating to revisions in cost estimates recorded in prior periods related to the OML 141 License Area. During 2015, the Group fully impaired capitalised expenditures related to its interest in the OML 141 License Area. An impairment recovery of $1.2 million has been recorded during the first quarter of 2017.

(2) During 2016, the Group fully impaired capitalised expenditures related to its interest in the Congo Haute Mer B License Area. An impairment charge of $0.1 million has been recorded during the first quarter of 2017 based on updated estimates of costs previously recorded.

($ thousands)	Oil & Gas assets	Finance lease asset	Furniture and fixtures	Total PP&E
As at January 1, 2017	**566,687**	**47,157**	**6**	**613,850**
Capital additions	(4,189)[(1)]	-	-	(4,189)
Transfers	47,157[(2)]	(47,157)[(2)]	-	-
DD&A	(1,119)	-	(6)	(1,125)
As at March 31, 2017	**608,536**	**-**	**-**	**608,536**
Capital additions	574[(3)]	-	-	574
DD&A	(1,102)	-	2	(1,100)
As at June 30, 2017	**608,008**	**-**	**2**	**608,010**

Notes:

(1) Included in Hawler License Area capital expenditure for the three months ended March 31, 2017 are non-cash credits totalling $8.3 million relating to revisions in costs previously estimated.

(2) The Group entered into a leasing arrangement for production facilities in the Hawler License Area in September 2015. During the first quarter of 2017, an agreement to settle the finance lease was concluded and the production facilities previously classified as Finance lease assets were reclassified to Oil & Gas assets.

(3) Included in Hawler License Area capital expenditure for the three months ended June 30, 2017 is a non-cash credit of $2.8 million primarily related to the change in discount and inflation rates used to calculate the decommissioning obligation.

Financial Results

Revenue

The following table summarises Oryx Petroleum's revenue for the three and six months ended June 30, 2017 and June 30, 2016. All oil sold during each of the below periods was produced at the Hawler License Area.

($ thousands)	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Oil Sales	6,403	6,350	13,519	7,428
Recovery of Carried Costs	709	703	1,497	823
Revenue	**7,112**	**7,053**	**15,016**	**8,251**

The Group recognised revenue on the sale of 168,800 bbl (Working Interest) of oil during the three months ended June 30, 2017, compared to revenue on the sale of 186,000 bbl (Working Interest) of oil during the same period in the previous year. Oil sales of $6.4 million during the second quarter of 2017 increased by $0.1 million compared to the three months ended June 30, 2016. The increase in oil sales is attributable to an 11% increase in realised sales price partially offset by a 9% decrease in sales volumes.

The Group recognised revenue on the sale of 338,500 bbl (Working Interest) of oil during the six months ended June 30, 2017, compared to revenue on the sale of 239,200 bbl (Working Interest) of oil during the same period in the previous year. Oil sales of $13.5 million during the six months ended June 30, 2017 increased by $6.1 million compared to the six months ended June 30, 2016. The increase in oil sales is attributable to a 29% increase in realised sales volumes combined with a 42% increase in sales volumes.

Production and sales were suspended for a total of 48 days during the first quarter of 2016 due primarily to the closure of the international land border crossing to Turkey.

Sales volumes are determined by the timing of deliveries to customers and are not directly correlated with production volumes in the same period. Sales exclude oil produced and held in oil inventory at the end of the reporting period. As at June 30, 2017, the Group's Working Interest share of oil inventory amounted to 11,700 bbl.

The Group has received full payment in accordance with PSC entitlements for all oil deliveries into the KRG's export pipeline through the end of May 2017.

Royalties

The following table summarises royalty expense during the three and six months ended June 30, 2017 and June 30, 2016:

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Royalties	**3,130**	**3,104**	**6,608**	**3,631**

All remittances to governments that are directly attributable to the sale of oil during the reporting period, including the government share of Profit Oil but excluding income taxes, are reported as royalties. Royalties increased by $26,000 during the three months ended June 30, 2017, and increased by $3.0 million during the six months ended June 30, 2017, compared to the same periods in the previous year. The variances in royalties from period to period are attributable to the same factors as those applicable to revenues on oil sales as discussed above.

Operating expense

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Field production costs(1)	3,083	2,470	6,332	5,141
Partner's share of production costs carried by Oryx Petroleum	949	760	1,949	1,582
Operating expense	**4,032**	**3,230**	**8,281**	**6,723**
Sales(2) (bbl)	168,800	186,000	338,500	239,200
Field production costs(1) ($/bbl)	**18.25**	**13.28**	**18.71**	**21.49**
Operating expense ($/bbl)	**23.89**	**17.37**	**24.46**	**28.11**

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 of $4.0 million in the three months ended June 30, 2017 increased by $0.8 million compared to the same period in the previous year. The increase in operating expense is primarily attributable to the costs associated with the operation of the Zey Gawra field that commenced production in December 2016, partially offset by lower operating costs at the Demir Dagh field resulting from the implementation of a cost reduction program during 2016.

The variance between operating expenses for the six month periods ended June 30, 2016 and 2017 is due to the same factors as those applicable to the three month period as discussed above.

General and administration

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Total General and Administration	**2,512**	**2,058**	**5,096**	**4,648**

General and administrative expenses incurred during the three and six months ended June 30, 2017 include $0.8 million and $1.8 million, respectively, in support costs which were allocated to capital expenditures in prior periods. The increase in support costs allocated to general and administrative expenditures has been mitigated by structural cost containment measures undertaken by the Group during 2016.

Exploration expense

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Total exploration expense	**273**	**196**	**400**	**353**

Exploration costs relate to expenses incurred on the OML 141, Congo Haute Mer A and Congo Haute Mer B License Areas subsequent to the impairment of these License Areas during 2015 and 2016.

Impairment of oil and gas assets

($ thousands)	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Impairment (recovery) / expense of intangibles	-	2,200	(1,132)	1,496
Impairment expense of property, plant and equipment	-	-	-	1,039
Total impairment (recovery) / expense	**-**	**2,200**	**(1,132)**	**2,535**

During 2015, the Group fully impaired capitalised expenditures relating to its interest in the OML 141 License Area. An impairment recovery of $1.2 million has been recorded during the first quarter of 2017 based on revised estimates of previously impaired costs. Also during the first quarter of 2017, a $0.1 million impairment expense was recorded relating to the Congo Haute Mer B License Area which was fully impaired during the fourth quarter of 2016. The impairment expense recorded on intangible assets during the six months ended June 30, 2016 relates to revised estimates of previously impaired costs.

In course of drilling the ZAB-1 Sidetrack well in the Hawler License Area's Zey Gawra field which was spud in June 2017, the Group obtained data which, together with future reservoir performance data are likely to provide an improved basis for estimating oil reserves from the Zey Gawra field. However, the initial observations are not yet conclusive and management expects that additional data is required to determine the validity of measurements obtained and the extent of potential adjustments to the estimated recoverable amounts of proved plus probable reserves, if any. Management has considered whether the data observed to date constitutes an indication of impairment. Management has determined that the available technical information is not sufficient to conclusively establish the existence of an indication of material impairment. Consequently, management has determined that there are no new substantive indicators suggesting that the carrying amount of Hawler license area Oil and Gas assets exceeds their recoverable amount nor are there indicators suggesting that the previously recognised impairment losses no longer exist or may have decreased. Management applied significant judgment in reaching the above conclusions regarding the existence of impairment indicators.

Depletion, depreciation and amortisation

The following table summarises the component parts of depletion, depreciation and amortisation for the three and six months ended June 30, 2017 and June 30, 2016:

($ thousands)	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Intangible assets: Amortisation	19	71	58	144
PP&E assets: Depreciation	(4)	61	4	212
Depletion	1,101	1,746	2,209	2,248
Total DD&A	**1,116**	**1,878**	**2,271**	**2,604**

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

Other income / expense

The following table summarises the components of other income / expense for the three and six months ended June 30, 2017 compared to the same periods in 2016:

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Settlement of finance lease liability	-	-	(7,605)	-
Impairment of materials inventory	163	-	163	8,279
Curtailment of retirement benefit obligation	-	-	-	(3,803)
Change in fair value of contingent consideration	1,278	1,306	(1,761)	2,638
Restructuring charge	(63)	435	(63)	2,192
Other income	(80)	(66)	(124)	(66)
Other (income) / expense	**1,298**	**1,675**	**(9,390)**	**9,240**

Other expense for the three months ended June 30, 2017 relate primarily to a $1.3 million charge relating to the increase in the fair value of previously recognized contingent consideration.

The $9.4 million other income for the six months ended June 30, 2017 is comprised of a $7.6 million gain related to the settlement of the finance lease obligation and a $1.8 million gain related to the decrease in the estimated fair value of previously recognised contingent consideration.

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

During the second quarter of 2017, the Group reached an agreement with the vendor of the OP Hawler Kurdistan Limited to restructure the contingent consideration related to a potential second declaration of commercial discovery. The Group has recorded the contingent liability at management's estimate of fair value which, as at June 30, 2017, amounts to $61.8 million. For the specific purpose of estimating the fair value of the contingent liability, management's estimate assumes that the Group will achieve a second declaration of commercial discovery in the Hawler License Area, that the contingent consideration will consequently become payable, and that the timing and amount of resulting cash outflows will be consistent the terms contained in the agreement with the vendor.

Finance expense

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Interest expense on Loan Facility	2,429	2,512	4,770	5,106
Accretion of deferred financing costs on Loan Facility	1,161	625	1,707	1,170
Interest expense on finance lease obligation	-	532	443	960
Interest on contingent costs	352	284	745	536
Accretion of decommissioning liability	77	74	151	167
Finance expense	**4,019**	**4,027**	**7,816**	**7,939**

Finance expense primarily relates to accrued interest and accretion of deferred financing costs associated with the Loan Facility.

Income tax expense

The following table summarises the component parts of income tax expense for the three and six months ended June 30, 2017 and June 30, 2016.

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Current income tax expense	197	248	462	573
Deferred tax (benefit) / expense	(76)	(121)	(142)	846
Total income tax expense	**121**	**127**	**320**	**1,419**

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

Liquidity and Capital Resources

During the six months ended June 30, 2017, the Group met its day-to-day working capital requirements primarily through funding received through the cash receipts from oil sales, the issuance of Common Shares, and the $100 million in financing via the Loan Facility.

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 controlling shareholder AOG (the "**Lender**"). The Group has drawn the full $100 million in funding available under the Loan Facility.

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

On October 24, 2016, OPCL issued 23,032,871 Common Shares to the Lender as consideration to extinguish a further $9.1 million of principal and accrued interest under the Loan Facility.

On April 28, 2017, the Loan Facility was amended to extend the Maturity Date from March 10, 2018 to July 1, 2019 and to amend interest payment terms (the "**Loan Amendment**"). Under the terms of the Loan Amendment, interest, which up to and including May 11, 2017 accrued at an annual compound rate of 10.5%, and principal amounts owing to the Lender up to and including May 11, 2017 (the "**Loan Amoun**t") are payable at the Maturity Date or earlier, at the option of the borrower. Interest accrued on the Loan Amount after May 11, 2017 is to be determined on each of November 11, 2017, May 11, 2018, November 11, 2018, and July 1, 2019 (each, an "**Interest Calculation Date**") and paid to the Lender by way of issuance of Common Shares with the number of Common Shares issuable to be determined using the issue price per share equal to the volume weighted average trading price for the five trading days immediately preceding the Interest Calculation Date. The Loan Amendment was accepted by the Toronto Stock Exchange and on June 7, 2017 was approved by disinterested shareholders.

On June 20, 2017, OPCL issued 131,933,226 Common Shares to a subsidiary of AOG for consideration of $44.1 million. $24.1 million of the proceeds from the issue and sale of Common Shares has been applied to extinguish principal and accrued interest under the Loan Facility.

As at June 30, 2017 the balance owed under the Loan Agreement was $77.1 million including $1.1 million in accrued interest which the parties have agreed to settle through the issuance of Common Shares.

Contingent consideration

During the second quarter of 2017, the Group reached an agreement with the vendor of the OP Hawler Kurdistan Limited to restructure contingent consideration related to a potential second declaration of commercial discovery.

Under the terms of the agreement, the Group has undertaken to execute an unconditional payment of $5.0 million plus accrued interest on August 1, 2017. Contingent upon declaration of a second commercial discovery in the Hawler License Area prior to September 30, 2018, the agreement provides for fixed schedule payments of principal plus interest scheduled as follows: $10.0 million plus accrued interest in September 2018, $20.0 million plus accrued interest in September 2019, $25.0 million plus accrued interest in September 2020, and $11.0 million plus accrued interest in September 2021.

Liquidity outlook

Management expects that the cash resources on hand as at June 30, 2017 and future cash receipts from sales of its share of oil production from the Hawler License Area will be sufficient to fund the Group's capital and operating expenditures and to meet obligations as they fall due through the end of 2018. Capital expenditures to achieve further production growth beyond the first half of 2018 will likely require access to additional funding.

See the "New Accounting Pronouncements, Policies, and Critical Estimates – Going Concern" section of this MD&A for discussion regarding uncertainties and risks associated with the Group's ability to continue as a going concern. Cash flow information

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

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Operating Cash Flow[1]	(2,101)	(1,222)	(4,451)	(6,913)
Change in non-cash assets and liabilities relating to operating activities	940	301	5,481	(1,837)
Net cash generated by / (used in) operating activities	**(1,161)**	**(921)**	**1,030**	**(8,750)**
Additions to E&E and PP&E	(3,512)	(4,913)	(12,782)	(10,924)
Change in non-cash working capital	(7,413)	(8,987)	(1,503)	(10,832)
Net cash used in investing activities	**(10,925)**	**(13,900)**	**(14,285)**	**(21,756)**
Net cash generated by / (used in) financing activities	**29,897**	**(462)**	**29,897**	**32,636**
Total change in cash	**17,811**	**(15,283)**	**16,642**	**2,130**
Cash and cash equivalents at beginning of the period	39,563	71,639	40,732	54,226
Cash and cash equivalents at end of the period	**57,374**	**56,356**	**57,374**	**56,356**

Note:

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

During the three months ended June 30, 2017, the Group invested $3.5 million in cash in exploration, appraisal, and development primarily in the Hawler and AGC Central License Areas. This amount is primarily composed of $3.0 million related to appraisal activities on the Zey Gawra field in the Hawler License Area, $0.3 million relating to production facilities in the Hawler License Area, and $0.4 million in seismic acquisition and directly attributable costs in the AGC Central License Area. The Group also used cash to decrease non-cash working capital by a $7.4 million primarily related to decrease in trade and other payables. Operating activities during the quarter ended June 30, 2017 also consumed $1.2 million in cash resources reflecting a negative operating cash flow of $2.1 million offset by a $1.0 million reduction in non-cash working capital which was primarily related to the receipt of the revenue receivable balance outstanding at March 31, 2017 during the second quarter of 2017.

Risks and uncertainties

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

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

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

Economic Sensitivities

The following table shows the estimated effect that changes to crude oil prices, Gross (100%) oil sale volumes, operating costs and interest rates would have had on the Group's profit for the six months ended June 30, 2017, had these changes occurred on January 1, 2017. These calculations are based on business conditions, production and sales volumes existing during the six months ended June 30, 2017. The 1,000 bbl/d increase assumes the increase is to Gross (100%) sale volumes and the Group's entitlement is calculated according to the provisions of the Hawler PSC and Joint Operating Agreement.

	Change	Loss impact ($000s)	Loss impact ($ per basic share)
Change in average realised price	$10.00/bbl	2,309	0.01
Change in crude oil sales volumes	1,000 bbl/d	3,206	0.01
Change in operating expenses	$1.00/bbl	338	-
Change in interest rate	1%	372	-

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

Non-IFRS Measures

Field Netback

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

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

Oryx Petroleum Netback

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

Operating Cash Flow

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

	Three months ended June 30		Six months ended June 30	
($ thousands)	2017	2016	2017	2016
Net cash generated by / (used in) operating activities	(1,161)	(921)	1,030	(8,750)
Changes in non-cash assets and liabilities	(940)	(301)	(5,481)	1,837
Operating Cash Flow	**(2,101)**	**(1,222)**	**(4,451)**	**(6,913)**

Outstanding Share Data

On March 15, 2017 the Company issued 15.5 million Common Shares to settle a $4.8 million trade payable.

On June 20, 2017, OPCL issued 131,933,226 Common Shares to a subsidiary of AOG for consideration of $44.1 million. $24.1 million of the proceeds from the issue and sale of Common Shares has been applied to extinguish principal and accrued interest under the Loan Facility. On June 20, 2017, the Company also issued 29,916,831 Common Shares to Zeg Oil and Gas for consideration of $10.0 million.

In July 2017, the directors of OPCL were awarded 163,073 Common Shares ($0.1 million) for services provided in the first and second quarters of 2017.

At the date of this M&DA, a total of 431,185,639 Common Shares were issued and outstanding.

There are 2,411,035 unvested LTIP shares outstanding as at the date of this MD&A. A total of 2,803,317 LTIP shares vested on August 1, 2017, but will not be issued until September 2017.

The following table summarises warrants which were issued in conjunction with the Loan Facility and are outstanding and exercisable at June 30, 2017:

	Warrants	Exercise price USD$	Expiry date
Issued March 11, 2015	1,000,000	3.29	March 10, 2018
Issued May 11, 2015	7,000,000	3.56	May 11, 2018
Issued December 15, 2015	4,000,000	0.50	December 15, 2018
Total outstanding and exercisable	**12,000,000**		

At the date of this MD&A, other than the warrants and unvested LTIP shares described above, there are no securities convertible into or exercisable or exchangeable for voting shares.

There were no repurchases of OPCL's equity securities by the Company during the three or six months ended June 30, 2017.

Commitments and Contractual Obligations

The table below sets forth information relating to Oryx Petroleum's commitments and contractual obligations as at June 30, 2017.

($ thousands)	Within One Year	From 1 to 5 Years	More than 5 Years	Total
Operating leases(1)	122	56	-	**178**
Other obligations(2)(3)	12,123	47,014	17,724	**76,861**
Total	**12,245**	**47,070**	**17,724**	**77,039**

Notes:

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

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

(3) Other obligation of $76.9 million have not changed significantly from December 31, 2016.

Summary of Quarterly Results

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

($ thousands, unless otherwise stated)	2015		2016				2017	
	Sept 30	Dec 31	Mar 31	Jun 30	Sept 30	Dec 31	Mar 31	Jun 30
Revenue, net of royalties	2,496	889	671	3,949	3,766	4,386	4,426	3,982
Operating expense	(5,738)	(4,356)	(3,493)	(3,230)	(2,839)	(3,066)	(4,249)	(4,032)
Depletion	(2,059)	(1,124)	(502)	(1,746)	(1,616)	(1,204)	(1,108)	(1,101)
G&A	(3,171)	(3,127)	(2,590)	(2,058)	(2,150)	(2,628)	(2,584)	(2,512)
Profit / (Loss)	(317,836)	(91,537)	(19,429)	(11,354)	(8,738)	(26,205)	4,137	(9,199)
Earnings / (Loss) per share (basic and diluted) ($/share)	(2.56)	(0.75)	(0.13)	(0.05)	(0.04)	(0.10)	0.02	(0.03)
Operating cash flow	(6,300)	(5,594)	(5,691)	(1,222)	(645)	(1,673)	(2,350)	(2,101)
Gross Production (bbl)	258,800	115,000	69,100	284,700	264,500	286,000	263,300	260,200
WI Production (bbl)	168,200	75,000	44,900	185,100	172,000	186,000	171,200	169,100
Gross Sales (bbl)	261,100	104,700	82,000	286,100	264,800	279,900	261,100	259,600
WI Sales (bbl)	170,000	68,000	53,300	186,000	172,100	182,000	169,800	168,800
Field production costs(1)	(4,388)	(3,332)	(2,671)	(2,470)	(2,171)	(2,345)	(3,249)	(3,083)
Field Netback(2)	(2,659)	(2,689)	(2,143)	631	788	1,099	228	44
Oryx Petroleum Netback(2)	(3,323)	(3,497)	(2,846)	574	790	1,160	16	(196)
Brent price ($/bbl)	50.20	43.32	34.54	45.89	45.85	49.96	54.13	50.28
Sales price ($/bbl)	20.83	19.37	20.25	34.15	35.19	38.75	41.92	37.93
Royalties ($/bbl)	(10.18)	(9.47)	(9.90)	(16.70)	(17.20)	(18.93)	(20.48)	(18.55)
Field production costs(1) ($/bbl)	(25.81)	(49.00)	(50.11)	(13.28)	(12.61)	(12.88)	(19.13)	(18.25)
Current taxes ($/bbl)	(0.48)	(0.44)	(0.45)	(0.78)	(0.80)	(0.88)	(0.95)	(0.86)
Field Netback(2) ($/bbl)	(15.64)	(39.54)	(40.21)	3.39	4.58	6.04	1.35	0.27
Oryx Petroleum Netback(2) ($/bbl)	(19.55)	(51.43)	(53.40)	3.09	4.59	6.37	0.10	(1.15)
Capital expenditures(3)	31,768	9,742	4,322	17,243	4,227	10,513	(5,911)	814

Notes:

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

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

(3) Excludes license acquisition costs.

Variations in revenue are attributable to changes in realised sales prices which have been broadly referenced to Brent crude oil prices and sales volumes which have fluctuated due to the variations in production from the Hawler License Area. There were no significant interruptions in production during the three months ended June 30, 2017. During the fourth quarter of 2015 and the first quarter of 2016, production and sales were interrupted primarily due to the closure of the land border crossing between the Kurdistan Region of Iraq and Turkey. During the second quarter of 2015, oil production rates decreased due to the incursion of water from the Demir Dagh reservoir.

Variations in Field Netback and Oryx Petroleum Netback reflect changes in revenue discussed above and the impact of changes in field production costs. Field production costs were initially subject to significant fluctuation as management aligned operating procedures and the related expenditures with fluctuating actual and expected production volumes. Following revised and lowered production forecasts during the second quarter of 2015, field production costs incurred during the fourth quarter of 2015, the year ended December 31, 2016, and the first half of 2017 reflect management's consequent efforts to reduce costs.

Total capital expenditures for the three months ended March 31, 2017 include $7.3 million in non-cash credits relating to revised estimates of previously recorded costs.

Loss for the three months ended June 30, 2017 was $9.2 million compared to $11.4 million during the second quarter of 2016. The decrease in loss for the period is primarily attributable to i) an impairment expense of $2.2 million relating to a revision of an estimate of previously recorded costs in the OML 141 License Area recorded during the three months ended June 30, 2016, and ii) a $0.8 million increase in depreciation, depletion and amortization expense recorded during the three months ended June 30, 2017 primarily related to the decrease in depletion expense per barrel during 2017. These positive factors were partially offset by a $0.8 million increase in operating expense for the three months ended June 30, 2017 compared to the same period in 2016.

Net loss of $5.1 million for the six months ended June 30, 2017 decreased by $25.7 million compared to the six months ended June 30, 2016. The change in loss for the period is primarily attributable to i) a $7.6 million gain recorded on the settlement of the finance lease obligation during the first quarter of 2017, ii) an $8.3 million materials inventory impairment charge and a $2.2 million restructuring charge recorded during the six months ended June 30, 2016, iii) a $3.8 million increase in net revenue during the six months ended June 30, 2017, and iv) a $1.1 million impairment recovery recorded during the six months ended June 30, 2017 primarily related to revisions in costs previously estimated on the OML 141 License Area compared to a $2.5 million impairment expense recorded during 2016. These positive factors were partially offset by a $1.6 million increase in operating expense for the six months ended June 30, 2017 compared to the same period in 2016.

Operating expense of $4.0 million in the three months ended June 30, 2017 increased by $0.8 million compared to the same period in the previous year. The increase in operating costs is primarily attributable to the costs associated with the operation of the Zey Gawra field that commenced production in December 2016, partially offset by lower operating costs at the Demir Dagh field resulting from the implementation of a cost reduction program during 2016. The increase in operating costs relates to facilities operations and maintenance costs which are partially offset by lower diesel and health, safety and environment costs.

Financial and Other Instruments and Off Balance Sheet Arrangements

Oryx Petroleum operates internationally and has foreign exchange risk arising from various currency exposures, notably the Swiss Franc. In January 2017, the Group entered into five foreign exchange contracts. The Group entered into these contracts to sell $0.3 million and to receive Swiss Francs at various rates for each of the five months from February to June 2017 in order to hedge its exposure to foreign exchange risk for each of the subsequent five months. The group has recorded a foreign exchange gain (unrealised) of $2,000 during the three months ended June 30, 2017, and a foreign exchange gain (realised) of $12,000 during the six months ended June 30, 2017, relating to these agreements.

Other than the above, Oryx Petroleum was not party to any off-balance sheet arrangements during the six months ended June 30, 2017 that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of Oryx Petroleum. Further, on the date of this MD&A, Oryx Petroleum is not party to any such off-balance sheet arrangements.

Refer to the Financial Statements for further information on significant assumptions made in determining the fair value and classification of financial instruments recognised during the period.

Transactions with Related Parties

On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement with a subsidiary of its indirect controlling shareholder AOG. Interest expense of $2.3 million relating to this transaction have been recorded for the three months ended March 31, 2017 (2016 - $2.6 million). On June 20, 2017, OPCL issued 131,933,226 Common Shares to a subsidiary of AOG for consideration of $44.1 million. $24.1 million of the proceeds from the issue and sale of Common Shares has been applied to extinguish principal and accrued interest under the Loan Facility. On June 20, 2017, the Company also issued 29,916,831 Common Shares to Zeg Oil and Gas for consideration of $10.0 million. Management has estimated the terms and conditions to be materially comparable to terms applicable to similar market transactions.

On October 19, 2016, the Group entered into an office lease agreement with a subsidiary of its indirect controlling shareholder. Rental expense of $50 thousand and $80 thousand relating to this agreement was recorded for the three and six months ended June 30, 2017, respectively. An operating lease commitment of $0.1 million has been included in commitments as at June 30, 2017.

For the three and six months ended June 30, 2017, the Group incurred costs of $0.4 million and $0.8 million, respectively, for goods and services provided by related parties, all of which are subsidiaries of AOG (2016: $0.6 million and $1.0 million). Costs related to trademark license fees, parent company guarantees, and management services have been incurred under agreements between the Group and AOG. Additional information relating to such agreements is available in OPCL's Annual Information Form dated March 23, 2017 available on SEDAR at www.sedar.com. Management exercised judgement, which was based on its industry specific knowledge and experience, to determine that i) the transactions described above did not

contain any unusual commercial terms, and ii) the fees charged under the agreements were reasonable and not materially inconsistent with fees which would normally be associated with broadly comparable agreements.

In July 2017, the directors of OPCL were awarded 163,073 Common Shares ($0.1 million) and $0.1 million in cash remuneration for services provided in the first and second quarters of 2017. In January 2017, directors of OPCL were awarded 248,755 Common Shares ($0.1 million) and $0.1 million in cash as remuneration for services provided in the third and fourth quarters of 2016. In July 2016, directors of OPCL were awarded 171,399 Common Shares ($0.1 million) and $0.2 million in cash as remuneration for services provided in the first and second quarters of 2016. In January 2016, directors of OPCL were awarded 405,316 Common Shares ($0.2 million) and $0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2015. Of this amount, 155,659 Common Shares ($0.1 million) were issued to directors in January 2016. The balance of 249,657 Common Shares ($0.1 million) was issued to directors of OPCL in July 2016.

The Loan Amendment as discussed in the Financial Highlights section of this MD&A are transactions involving related parties.

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, 2017 as described in Note 2 of the Financial Statements. The adoption of these standards and interpretations has not had a material effect on OPCL.

Critical estimates

In the process of applying the Group's accounting policies management makes estimates, judgments and assumptions concerning the future. These accounting estimates, judgments and assumptions may differ from actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Such estimates, judgments and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. The critical estimates discussed in the Group's MD&A for the year ended December 31, 2016 remain applicable to the three and six month periods ended June 30, 2017 and, with the exception of the estimates discussed below, there have been no material changes in estimates.

Going Concern

The Financial Statements have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Group has met its day to day working capital requirements, and has funded its capital and operating expenditures through funding received from the proceeds of share issuances (note 15 of the Financial Statements), its share of oil sales revenues from the Hawler License Area, and from Borrowings (note 13 of the Financial Statements).

Management expects that the cash resources on hand as at June 30, 2017 and future cash receipts from sales of its share of oil production from the Hawler License Area will be sufficient to fund the Group's capital and operating expenditures and to meet obligations as they fall due in the 15 months following June 30, 2017.

The Group's ability to continue as a going concern in accordance with management's estimates and forecasts is primarily dependent on realisation of forecasted revenues and secondarily on management of the timing and extent of projected expenditures. The estimates related to the realization of forecasted revenues are subject to material uncertainties.

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

i) Oil sales volume assumptions are based on historical production volumes adjusted to recognise the impact of production increases expected to result from planned drilling activities. Crude oil price assumptions are based on Brent forward contract prices adjusted for transportation costs and quality differentials. Management's forecast assumes net cash receipts from sales of its share of oil production from the Hawler License Area of $54 million during the 15 months ending September 30, 2018. The contribution from the anticipated production and sale of crude oil from the Hawler License Area's Zey Gawra field is particularly significant to the Group's ability to generate revenues during the forecast period.

ii) The timing and extent of forecast capital and operating expenditures is based on the Group's 2017 reforecast budget, and on management's estimate of expenditures expected to be incurred beyond 2017. The Group has a significant degree of control and flexibility over both the extent and timing of expenditure under its future capital investment program.

Should the Group be unable to meet its obligations as they fall due and to fund its anticipated capital investments and operating expenditures, the preparation of the Financial Statements on a going concern basis may not be appropriate and additional measures may be required to remediate the situation. The Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Such adjustments may be material.

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

Property, plant and equipment

In course of drilling the ZAB-1 Sidetrack well in the Hawler License Area's Zey Gawra field which was spud in June 2017, the Group obtained data which, together with future reservoir performance data are likely to provide an improved basis for estimating oil reserves from the Zey Gawra field. However, the initial observations are not yet conclusive and management expects that additional data is required to determine the validity of measurements obtained and the extent of potential adjustments to the estimated recoverable amounts of proved plus probable reserves, if any. Management has considered whether the data observed to date constitutes an indication of impairment. Management has determined that the available technical information is not sufficient to conclusively establish the existence of an indication of material impairment. Consequently, management has determined that there are no new substantive indicators suggesting that the carrying amount of Hawler License Area Oil and Gas assets exceeds their recoverable amount nor are there indicators suggesting that the previously recognised impairment losses no longer exist or may have decreased. Management applied significant judgment in reaching the above conclusions regarding the existence of impairment indicators.

Financial Controls

Disclosure Controls and Procedures

Disclosure Controls and Procedures have been designed under the supervision of the Chief Executive Officer ("**CEO**") and the Head of Corporate Finance and Planning (acting as 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 Head of Corporate Finance and Planning (acting as CFO), as appropriate to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting

Internal Controls over Financial Reporting ("**ICFR**") have been designed under the supervision of the CEO and the Head of Corporate Finance and Planning (acting as 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.

There were no changes in Oryx Petroleum's ICFR during the three months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, Oryx Petroleum's ICFR.

Forward-Looking Information

Certain statements in this MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities legislation, including statements related to the nature, timing and effect of Oryx Petroleum's future expenditures and budget, forecast capital expenditure for 2017, financing and capital activities, the additional liquidity required to fund future expenditures, expectations that cash on hand, expected proceeds from the anticipated shareholder subscription and cash receipts from net revenues and exports sales exclusively through the pipeline will allow the Corporation to fund forecasted cash expenditures needed to sustain the Group's operations and meet license commitments through the end of 2018, business and acquisition strategy and goals, opportunities, drilling plans, development plans and schedules and chance of success, results of exploration activities, declarations of commercial discovery, contingent liabilities and government approvals, the ability to consistently access the export pipeline or other exterior facilities to sell oil production, sales channels for future sales, expectations that future revenue from sales will be split in accordance with the production

sharing contract applicable to the Hawler License Area, future drilling of new wells and the reservoirs to be targeted, costs and drilling times for new wells, ultimate recoverability of current and long-term assets, estimates of oil reserves and resources, future royalties and tax levels, access to and sources of future financing and liquidity, future debt levels, availability of committed credit facilities, possible commerciality of our projects, expected operating capacity, expected operating costs, guidance regarding operating expenses on a per barrel basis, plans to process and interpret 3D seismic data from the AGC Central License Area, estimates on a per share basis, future foreign currency exchange rates, the issuance of shares and pro forma ownership figures as a result of the vesting of LTIP awards and exercise of outstanding warrants, estimates for the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, the expected timing for settlement of liabilities including the credit facility with AOG and the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, changes in any of the foregoing, and statements that contain words such as "may", "will", "would", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "budget", "outlook", "propose", "potentially", "project", "forecast" or the negative of such expressions and statements relating to matters that are not historical fact.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. In making certain statements in this MD&A, Oryx Petroleum has made assumptions with respect to the following: the general continuance of the current or, where applicable, assumed industry conditions, the continuation of assumed tax, royalties and regulatory regimes, forecasts of capital expenditures and the sources of financing thereof, timing and results of exploration activities, access to local and international markets for future crude oil production and future crude oil prices, Oryx Petroleum's ability to obtain and retain qualified staff, contractors and personnel and equipment in a timely and cost-efficient manner, the political situation and stability in jurisdictions in which Oryx Petroleum has licenses, the ability to renew its licenses on attractive terms, Oryx Petroleum's future production levels, the applicability of technologies for the recovery and production of Oryx Petroleum's oil reserves and resources, the amount, nature, timing and effects of capital expenditures, geological and engineering estimates in respect of Oryx Petroleum's reserves and resources, the geography of the areas in which Oryx Petroleum is conducting exploration and development activities, operating and other costs, the extent of Oryx Petroleum's liabilities, and business strategies and plans of management and Oryx Petroleum's business partners. For more information about these assumptions and risks facing the Group, refer to the Group's Annual Information Form dated March 23, 2017, available at www.sedar.com and the Group's website at www.oryxpetroleum.com.

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

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

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 PLC

bbl
Barrel(s) of oil

bbl/d
Barrel(s) of oil per day

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

Common Shares
Common shares of the Company

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

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

KRG
Kurdistan Regional Government of Iraq

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