

# UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED  
June 30, 2017 AND 2016



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**ORYX PETROLEUM CORPORATION LIMITED**  
Unaudited Condensed Consolidated Interim Financial Statements  
For the three and six months ended June 30, 2017 and 2016

**Statements of Loss and Comprehensive Loss**

\$000s	Note	Three months ended June 30		Six months ended June 30	
		2017	2016	2017	2016
Revenue		7,112	7,053	15,016	8,251
Royalties		(3,130)	(3,104)	(6,608)	(3,631)
<b>Net revenue</b>		<b>3,982</b>	<b>3,949</b>	<b>8,408</b>	<b>4,620</b>
Operating expense		(4,032)	(3,230)	(8,281)	(6,723)
Depreciation, depletion and amortization	5, 6	(1,116)	(1,878)	(2,271)	(2,604)
Impairment recovery / (expense)	5, 6	-	(2,200)	1,132	(2,535)
Pre-license and exploration		(273)	(196)	(400)	(353)
General and administration		(2,512)	(2,058)	(5,096)	(4,648)
Other (expense) / income	20	(1,298)	(1,675)	9,390	(9,240)
<b>(Loss) / profit from operations</b>		<b>(5,249)</b>	<b>(7,288)</b>	<b>2,882</b>	<b>(21,483)</b>
Finance income		18	11	42	11
Finance expense	21	(4,019)	(4,027)	(7,816)	(7,939)
Foreign exchange gain		172	77	150	48
<b>Loss before income tax</b>		<b>(9,078)</b>	<b>(11,227)</b>	<b>(4,742)</b>	<b>(29,363)</b>
Income tax expense	19	(121)	(127)	(320)	(1,419)
<b>Loss for the period</b>		<b>(9,199)</b>	<b>(11,354)</b>	<b>(5,062)</b>	<b>(30,782)</b>
<b>Comprehensive loss for the period</b>		<b>(9,199)</b>	<b>(11,354)</b>	<b>(5,062)</b>	<b>(30,782)</b>
<b>Loss for the period attributable to:</b>					
Owners of the Company		(9,195)	(11,346)	(5,060)	(30,768)
Non-controlling interest		(4)	(8)	(2)	(14)
		<b>(9,199)</b>	<b>(11,354)</b>	<b>(5,062)</b>	<b>(30,782)</b>
<b>Comprehensive loss for the period attributable to:</b>					
Owners of the Company		(9,195)	(11,346)	(5,060)	(30,768)
Non-controlling interest		(4)	(8)	(2)	(14)
		<b>(9,199)</b>	<b>(11,354)</b>	<b>(5,062)</b>	<b>(30,782)</b>
<b>Loss per share (basic and diluted)</b>	<b>16</b>	<b>(0.03)</b>	<b>(0.05)</b>	<b>(0.02)</b>	<b>(0.16)</b>

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## Statements of Financial Position

\$000s	Note	June 30 2017	December 31 2016
<b>Non-current assets</b>			
Intangible assets	5	89,523	89,931
Property, plant and equipment	6	608,010	613,850
Deferred tax assets		2,006	1,864
		<b>699,539</b>	<b>705,645</b>
<b>Current assets</b>			
Inventories	7	12,517	13,356
Trade and other receivables	8	3,658	5,395
Other current assets	9	1,725	1,317
Cash and cash equivalents	10	57,374	40,732
		<b>75,274</b>	<b>60,800</b>
<b>Total assets</b>		<b>774,813</b>	<b>766,445</b>
<b>Current liabilities</b>			
Trade and other payables	11	36,799	56,590
Finance lease obligation	12	-	6,359
		<b>36,799</b>	<b>62,949</b>
<b>Non-current liabilities</b>			
Borrowings	13	75,480	93,103
Trade and other payables	11	61,752	53,358
Finance lease obligation	12	-	9,302
Retirement benefit obligation		2,879	2,515
Decommissioning obligation	14	14,378	16,664
		<b>154,489</b>	<b>174,942</b>
<b>Total liabilities</b>		<b>191,288</b>	<b>237,891</b>
<b>Equity</b>			
Share capital	15	1,338,501	1,279,655
Reserves	17	15,588	14,401
Accumulated remeasurement of defined benefit obligation, net of income tax		(5,586)	(5,586)
Accumulated deficit		(765,637)	(760,577)
<b>Equity attributable to owners of the Company</b>		<b>582,866</b>	<b>527,893</b>
Non-controlling interest		659	661
<b>Total equity</b>		<b>583,525</b>	<b>528,554</b>
<b>Total equity and liabilities</b>		<b>774,813</b>	<b>766,445</b>

The condensed consolidated interim financial statements were approved by the Board of Directors and authorised for issue on August 2, 2017. On behalf of the Board of Directors:

*(signed)* \_\_\_\_\_  
Jean Claude Gandur  
Director

*(signed)* \_\_\_\_\_  
Peter Newman  
Director

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## Statements of Changes in Equity

**Attributable to equity holders of the Company**

\$000s	Note	Share capital	Reserves	Accumulated deficit	Accumulated remeasurement of defined benefit obligation - gain/ (loss)	Total	Non- controlling interest	Total equity
<b>Balance at January 1, 2016</b>		<b>1,227,398</b>	<b>12,786</b>	<b>(694,870)</b>	<b>(6,864)</b>	<b>538,450</b>	<b>679</b>	<b>539,129</b>
Loss for the period		-	-	(30,768)	-	(30,768)	(14)	(30,782)
Share based payment expense	17	-	1,081	-	-	1,081	-	1,081
Shares issued by private subscription	15	33,170	-	-	-	33,170	-	33,170
Shares issued for debt conversion	15	8,158	-	-	-	8,158	-	8,158
Transaction costs	15	(534)	-	-	-	(534)	-	(534)
Shares issued for long-term incentive plan ("LTIP")	15, 17	262	(262)	-	-	-	-	-
Shares issued for Directors' compensation	15, 17	54	54	-	-	108	-	108
<b>Balance at June 30, 2016</b>		<b>1,268,508</b>	<b>13,659</b>	<b>(725,638)</b>	<b>(6,864)</b>	<b>549,665</b>	<b>665</b>	<b>550,330</b>
Loss for the period		-	-	(34,939)	-	(34,939)	(4)	(34,943)
Share based payment expense	17	-	2,652	-	-	2,652	-	2,652
Shares issued for debt conversion	15	9,130	-	-	-	9,130	-	9,130
Shares issued for LTIP	15, 17	1,815	(1,815)	-	-	-	-	-
Shares issued for Directors' compensation	15, 17	202	(95)	-	-	107	-	107
Gain on defined benefit obligation, net of income tax		-	-	-	1,278	1,278	-	1,278
<b>Balance at December 31, 2016</b>		<b>1,279,655</b>	<b>14,401</b>	<b>(760,577)</b>	<b>(5,586)</b>	<b>527,893</b>	<b>661</b>	<b>528,554</b>
Loss for the period		-	-	(5,060)	-	(5,060)	(2)	(5,062)
Share based payment expense	17	-	1,236	-	-	1,236	-	1,236
Private subscription	15	54,100	-	-	-	54,100	-	54,100
Transaction costs	15	(103)	-	-	-	(103)	-	(103)
Shares issued to settle trade accounts payable	15	4,750	-	-	-	4,750	-	4,750
Shares issued for Directors' compensation	15, 17	99	(49)	-	-	50	-	50
<b>Balance at June 30, 2017</b>		<b>1,338,501</b>	<b>15,588</b>	<b>(765,637)</b>	<b>(5,586)</b>	<b>582,866</b>	<b>659</b>	<b>583,525</b>

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## Statements of Cash Flows

\$000s	Note	Three months ended June 30		Six months ended June 30	
		2017	2016	2017	2016
<b>Operating activities</b>					
Loss		(9,199)	(11,354)	(5,062)	(30,782)
Items not involving cash	18	7,098	10,132	611	23,869
		(2,101)	(1,222)	(4,451)	(6,913)
Changes in non-cash assets and liabilities	18	940	301	5,481	(1,837)
<b>Net cash generated by / (used in) operating activities</b>		<b>(1,161)</b>	<b>(921)</b>	<b>1,030</b>	<b>(8,750)</b>
<b>Investing activities</b>					
Acquisition of intangible assets		(371)	(1,003)	(1,459)	(813)
Acquisition of property, plant and equipment		(3,141)	(3,910)	(11,323)	(10,111)
Changes in non-cash working capital	18	(7,413)	(8,987)	(1,503)	(10,832)
<b>Net cash used in investing activities</b>		<b>(10,925)</b>	<b>(13,900)</b>	<b>(14,285)</b>	<b>(21,756)</b>
<b>Financing activities</b>					
Proceeds from issuance of common shares		30,000	-	30,000	33,170
Transaction costs		(103)	-	(103)	(534)
Changes in non-cash working capital	18	-	(462)	-	-
<b>Net cash generated from / (used in) financing activities</b>		<b>29,897</b>	<b>(462)</b>	<b>29,897</b>	<b>32,636</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>17,811</b>	<b>(15,283)</b>	<b>16,642</b>	<b>2,130</b>
Cash and cash equivalents at beginning of the period	10	39,563	71,639	40,732	54,226
<b>Cash and cash equivalents at end of the period</b>		<b>57,374</b>	<b>56,356</b>	<b>57,374</b>	<b>56,356</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. General information**

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

The Company’s unaudited condensed consolidated interim financial statements (the “Financial Statements”) were authorised for issue by the Board of Directors on August 2, 2017.

### **2. Summary of significant accounting policies**

#### **a. Basis of preparation**

The Company’s Financial Statements for the three and six months ended June 30, 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim financial reporting”. The Financial Statements should be read in conjunction with Oryx Petroleum’s annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS). Accounting policies included in the annual financial statements for the year ended December 31, 2016 are applicable to these Financial Statements.

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in the annual financial statements for the year ended December 31, 2016.

The Financial Statements are presented in the US Dollar currency (USD), which is both the presentational and functional currency of the Company.

#### **b. Going concern**

These Financial Statements have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. 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), its share of oil sales revenues from the Hawler License Area, and from Borrowings (note 13).

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.

## 2. Summary of significant accounting policies (continued)

### b. Going concern (continued)

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 these 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 these Financial Statements.

### c. New and amended standards adopted by the Group

Effective January 1, 2017, the Group adopted the following IFRS standards as issued or amended by the IASB:

<b>Amendments to Standards</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 7 – Statement of cash flows	January 1, 2017
Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses	January 1, 2017

The above standards have not had a material impact on the Group's Financial Statements.

### d. New and amended standards issued but not yet effective

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

<b>New and Amended Standards</b>	<b>Effective for annual periods beginning on or after</b>
IFRS 16 – Leases	January 1, 2019
IFRS 9, IFRS 7, IAS 39 – Financial Instruments: classification and measurement	January 1, 2018
Additions to IFRS 9 for financial liability accounting	January 1, 2018
IFRS 15 – Revenue from contracts with customers	January 1, 2018
Amendments IFRS 2 - Classification and measurement of share based payment transactions	January 1, 2018
Annual improvements - 2014 – 2016 cycle	January 1, 2018



Management has reviewed the impact of the new and amended standards listed above, and has concluded that the adoption of these standards and amendments are not expected to have a material impact on the Group's Financial Statements.

### 3. Financial risk management

The financial risk management disclosure contained in Oryx Petroleum's annual financial statements for the year ended December 31, 2016 is applicable to these Financial Statements. The risks arising from financial instruments acquired by the Group during the three and six months ended June 30, 2017 are discussed below:

#### a. Foreign exchange risk

In January 2017, to reduce exposure to foreign exchange risk, the Group entered into five foreign exchange contracts. The Group committed to sell \$0.3 million and to receive Swiss Francs during each of the five months from February to June 2017.

The group has recorded a foreign exchange gain of \$10,000 (realised) and a foreign exchange gain of \$2,000 (unrealised) during the three months ended June 30, 2017, and a foreign exchange gain of \$12,000 (realized) during the six months ended June 30, 2017, relating to these agreements.

### 4. Joint arrangements

The Group has entered into Joint arrangements to facilitate the development and production of oil and gas. No new joint arrangements have been entered into during the six months ended June 30, 2017. As at June 30, 2017, the Company was involved in the following joint arrangements:

License Area	Classification	Location	Participating interest <sup>(1)</sup>
Hawler	Joint operation	Iraq – Kurdistan Region	65%
AGC Shallow	Joint operation	Senegal and Guinea Bissau	85%
AGC Central	Joint operation	Senegal and Guinea Bissau	85%
Haute Mer A	Joint operation	Congo (Brazzaville)	20%
Haute Mer B	Joint operation	Congo (Brazzaville)	30%

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

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## 5. Intangible assets

\$000s	Exploration & Evaluation costs	Computer Software	Total
<b>Cost</b>			
<b>At January 1, 2016</b>	<b>369,311</b>	<b>2,162</b>	<b>371,473</b>
Additions	3,316	19	3,335
<b>At June 30, 2016</b>	<b>372,627</b>	<b>2,181</b>	<b>374,808</b>
Additions <sup>(1)</sup>	2,448	(1)	2,447
<b>At December 31, 2016</b>	<b>375,075</b>	<b>2,180</b>	<b>377,255</b>
Additions <sup>(1)(3)(4)</sup>	(1,487)	5	(1,482)
<b>At June 30, 2017</b>	<b>373,588</b>	<b>2,185</b>	<b>375,773</b>
<b>Accumulated amortisation and impairment</b>			
<b>At January 1, 2016</b>	<b>267,495</b>	<b>1,826</b>	<b>269,321</b>
Amortisation	-	144	144
Impairment charge <sup>(2)(3)</sup>	1,496	-	1,496
<b>At June 30, 2016</b>	<b>268,991</b>	<b>1,970</b>	<b>270,961</b>
Amortisation	-	108	108
Impairment charge <sup>(4)</sup>	16,255	-	16,255
<b>At December 31, 2016</b>	<b>285,246</b>	<b>2,078</b>	<b>287,324</b>
Amortisation	-	58	58
Impairment recovery <sup>(3)(4)</sup>	(1,132)	-	(1,132)
<b>At June 30, 2017</b>	<b>284,114</b>	<b>2,136</b>	<b>286,250</b>
<b>Net book value</b>			
At June 30, 2017	89,474	49	89,523
At December 31, 2016	89,829	102	89,931
At June 30, 2016	103,636	211	103,847

(1) Credits to additions relate to reductions in estimates of expenditures incurred in prior periods.

(2) During 2013, the Group fully impaired capitalised expenditures related to its interest in the Sindi Amedi license area. An impairment recovery of \$0.7 million was recorded during the first quarter of 2016 based on updated information received from the operator. As at June 30, 2017, the carrying value of the Sindi Amedi CGU was Nil (December 31, 2016 – Nil).

(3) At September 30, 2015, management determined that the limited exploration and evaluation activities now planned for the OML 141 license area constituted an indicator of impairment. Management concluded that given the fact that cash flows attributable to the asset in its current condition could not be established, the recoverable amount of this asset calculated using the value-in-use methodology was Nil. The Group consequently recorded an impairment provision of \$55.6 million. During 2016 the Group recorded an addition and equivalent impairment expense of \$2.2 million relating to the OML 141 license area due to revisions in costs previously estimated. During the first quarter of 2017, the Group recorded a credit to additions and equivalent impairment recovery of \$1.2 million due to revisions in costs previously estimated. As at June 30, 2017, the carrying value of the OML 141 CGU was Nil (December 31, 2016 – Nil).

(4) At December 31, 2016, management determined that the limited exploration and evaluation activities planned for the Haute Mer B license area during the foreseeable future constituted an indicator of impairment. Management concluded that given the fact that cash flows attributable to the assets in their current condition could not be established, the recoverable amount of this asset calculated using the value-in-use methodology was Nil. The Group consequently recorded an impairment charge of \$16.3 million related to the Haute Mer B license area. During the first quarter of 2017, the Group recorded an addition and equivalent impairment expense of \$0.1 million relating to the Congo Haute Mer B license area due to revisions in costs previously estimated. As at June 30, 2017, the carrying value of the Congo Haute Mer B CGU was Nil (December 31, 2016: Nil).

## 5. Intangible assets (continued)

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

<b>\$000s</b>	<b>June 30 2017</b>	<b>December 31 2016</b>
Middle East	48,502	50,288
West Africa	40,972	39,541
	<b>89,474</b>	<b>89,829</b>

The carrying amounts for E&E assets represent costs incurred on exploration projects. For the purpose of impairment assessments and testing, E&E assets are aggregated in cash-generating units ("CGU"). Determination of what constitutes a CGU is subject to management judgments and the circumstances. For the purposes of impairment assessments and testing, management has determined that each license area constitutes a CGU. The carrying amounts remain capitalised, provided there are no indications of impairment, until the process to determine whether commercial reserves are established is complete. At that stage the relevant costs are either transferred to PP&E or written-off to the statement of profit and loss as an impairment of oil and gas assets.

Management has exercised significant judgment in determining that for the Hawler – Ain al Safra, Senegal – AGC Shallow, and Senegal – AGC Central CGUs, there are no substantive indicators suggesting that the carrying amounts of exploration and evaluation assets exceed their recoverable amounts. Most significantly, assessments regarding the presence of impairment indicators include complex judgments and estimates relating to i) management's current and future capital allocation priorities, and ii) the Group's ability to finance its commitments within the time limitations imposed by the agreements governing the Group's activities in each of the related license areas / CGUs.

## 6. Property, plant and equipment

The Group's principal property, plant and equipment comprises its Oil & Gas assets in the Hawler license area in Iraq. No assets have been pledged as security.

The carrying amounts for Oil & Gas assets are subject to impairment assessment and testing in accordance with IAS 36.

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.

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**6. Property, plant and equipment (continued)**

\$000s	Oil & Gas Assets	Finance Lease Asset	Fixtures and Equipment	Total
<b>Cost</b>				
<b>At January 1, 2016</b>	<b>798,256</b>	<b>42,921</b>	<b>3,326</b>	<b>844,503</b>
Additions	13,535	4,695	-	18,230
<b>At June 30, 2016</b>	<b>811,791</b>	<b>47,616</b>	<b>3,326</b>	<b>862,733</b>
Additions	12,288	1	-	12,289
<b>At December 31, 2016</b>	<b>824,079</b>	<b>47,617</b>	<b>3,326</b>	<b>875,022</b>
Additions <sup>(1)</sup>	(3,615)	-	-	(3,615)
Transfers and reclassifications <sup>(2)</sup>	47,617	(47,617)	-	-
<b>At June 30, 2017</b>	<b>868,081</b>	<b>-</b>	<b>3,326</b>	<b>871,407</b>
<b>Accumulated depreciation, depletion and impairment</b>				
<b>At January 1, 2016</b>	<b>252,792</b>	<b>72</b>	<b>2,031</b>	<b>254,895</b>
Impairment expense <sup>(3)</sup>	-	-	1,039	1,039
Depreciation	-	-	213	213
Depletion	2,003	156	-	2,159
<b>At June 30, 2016</b>	<b>254,795</b>	<b>228</b>	<b>3,283</b>	<b>258,306</b>
Depreciation	-	-	37	37
Depletion	2,597	232	-	2,829
<b>At December 31, 2016</b>	<b>257,392</b>	<b>460</b>	<b>3,320</b>	<b>261,172</b>
Depreciation	-	-	4	4
Depletion	2,221	-	-	2,221
Transfers and reclassifications <sup>(2)</sup>	460	(460)	-	-
<b>At June 30, 2017</b>	<b>260,073</b>	<b>-</b>	<b>3,324</b>	<b>263,397</b>
<b>Net book value</b>				
At June 30, 2017	608,008	-	2	608,010
At December 31, 2016	566,687	47,157	6	613,850
At June 30, 2016	556,996	47,388	43	604,427

(1) Credits to additions relate to reductions in estimates of expenditures incurred in prior periods.

(2) During 2013, the Group entered into an agreement to construct, lease, and purchase a production facility for the Hawler license area. The related facilities were commissioned in September 2015. During the first quarter of 2017, the Group settled the finance lease obligation (refer to note 12 for further information) and assumed ownership of the asset. The facilities previously classified as Finance Lease Assets were concurrently reclassified to Oil & Gas Assets.

(3) As at March 31, 2016 an impairment indicator was identified relating to certain of the Group's office fixtures and equipment. The Group consequently recorded an impairment provision of \$1.0 million. The carrying value of these assets as at June 30, 2017 is Nil (December 31, 2016 – Nil).

**7. Inventories**

\$000s	June 30 2017	December 31 2016
Oil inventory	277	257
Materials	12,240	13,099
	<b>12,517</b>	<b>13,356</b>

The cost of oil inventory is expensed through production and depletion expenses in the period during which it is sold. As at June 30, 2017 the Group's working interest share of oil inventory was 11,700 bbls (December 31, 2016 – 9,900 bbls).

## 7. Inventories (continued)

During the year ended December 31, 2016, the Group recorded a \$9.1 million impairment charge to adjust the carrying value of materials inventory to management's estimate of net realisable value (Note 20). As at June 30, 2017, the Group updated the impairment and recorded an impairment charge of \$0.2 million (Note 20). The provision at June 30, 2017 is \$8.6 million (December 31, 2016: \$8.5 million).

No inventories have been pledged as security during the period.

## 8. Trade and other receivables

\$000s	June 30 2017	December 31 2016
Revenue receivables	2,908	5,041
Other receivables	750	354
	<b>3,658</b>	<b>5,395</b>

The carrying amounts of trade and other receivables presented above are reasonable approximations of their fair values.

## 9. Other current assets

\$000s	June 30 2017	December 31 2016
Deposits	276	278
Prepaid charges and other current assets	1,449	1,039
	<b>1,725</b>	<b>1,317</b>

## 10. Cash and cash equivalents

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

## 11. Trade and other payables

\$000s	June 30 2017	December 31 2016
Trade accounts payable	1,984	8,472
Amounts payable to joint operations partners	3,200	2,393
Contingent costs (note 24)	-	14,744
Other payables and accrued liabilities	31,615	30,981
<b>Current portion</b>	<b>36,799</b>	<b>56,590</b>
Non-current portion of contingent costs (note 24)	61,752	53,358
<b>Non-current portion</b>	<b>61,752</b>	<b>53,358</b>
<b>Total trade and other payables</b>	<b>98,551</b>	<b>109,948</b>

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

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### 11. Trade and other payables (continued)

As at June 30, 2017, the Group has recognised a liability of \$61.8 million (December 31, 2016 - \$68.1 million) representing the estimated fair value of contingent liabilities associated with the acquisition of OP Hawler Kurdistan Limited. The portion of the liability estimated to be paid beyond one year of the respective statement of financial position dates is classified as a long-term liability. The contingent cost liability is presented at fair value estimated by discounting estimated future cash outflows at a rate of 10% (note 24).

### 12. Finance lease obligation

During 2013, the Group entered into an agreement to construct, lease, and purchase production facilities for the Hawler license area (the "Lease Agreement"). The production facilities were commissioned in September 2015. The Lease Agreement contained provisions for the Group to purchase the facilities prior to September 30, 2018. In calculating the minimum lease payments under the lease, management initially assumed that the assets would be purchased two years following commissioning of the asset, in September 2017. During the second quarter of 2016, the Group updated its purchase date estimate from September 2017 to September 2018. This resulted in an increase to the finance lease obligation of \$4.7 million. The lease arrangement had an effective interest rate of 11.6%.

In March 2017, the Group entered into a negotiated agreement to settle the remaining obligations under the Lease Agreement for \$7.4 million and assumed ownership of the production facilities. A gain of \$7.6 million has been recorded on the statement of profit and loss relating to this settlement (note 20).

\$000s	Note	Minimum lease payments		Present value of minimum lease payments	
		June 30 2017	December 31 2016	June 30 2017	December 31 2016
No later than one year		-	7,293	-	6,359
One to five years		-	10,545	-	9,302
			17,838		15,661
Less: future finance charges		-	(2,177)	-	-
<b>Present value of minimum lease payments</b>		-	<b>15,661</b>	-	<b>15,661</b>

### 13. Borrowings

On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement (the "Loan Facility") with a subsidiary of its indirect controlling shareholder The Addax and Oryx Group PLC (the "Lender").

The three year Loan Facility provided the Group with access to \$100 million of committed funding with a maturity date of March 10, 2018 (the "Maturity Date"). On May 11, 2015, the Group drew the first \$50 million tranche, and on December 15, 2015, the Group drew the second \$50 million tranche 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 of the Company (note 15).

On October 24, 2016, OPCL issued 23,032,871 common shares of the Company to the Lender as consideration to extinguish a further \$9.1 million of principal and accrued interest under the Loan Facility (note 15).

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### 13. Borrowings (continued)

On April 28, 2017, the Loan Facility was amended to extend the Maturity Date from March 10, 2018 to July 1, 2019 and to amend interest payment terms (the "Loan Amendment"). Under the terms of the Loan Amendment, interest, 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 Amount") are payable at the Maturity Date or earlier, at the option of the borrower. Interest accrued on the Loan Amount after May 11, 2017 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.

On June 20, 2017, OPCL issued 131,933,226 common shares of the Company 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 (note 15).

Borrowings are presented as a non-current liability, net of warrant issue and other transaction costs. The carrying value of the loan at June 30, 2017, which has been measured at amortised cost using the effective interest rate method, approximates its fair value and its components are summarised in the table below:

<b>At December 31, 2015</b>	<b>97,120</b>
Interest expense	10,140
Accretion of deferred financing costs	3,131
Extinguishment	(17,288)
<b>At December 31, 2016</b>	<b>93,103</b>
Interest expense	4,770
Accretion of deferred financing costs	1,707
Extinguishment	(24,100)
<b>At June 30, 2017</b>	<b>75,480</b>

### 14. Decommissioning obligation

The Group has obligations to decommission its oil and gas assets upon cessation of operations.

In calculating the value of the Group's future decommissioning obligation at June 30, 2017, management has made significant assumptions and estimates based on an assessment of the current economic environment and factors specific to the assets to be decommissioned. These estimates are reviewed annually and when circumstances suggest that such revisions are required. Actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain. The assumed inflation rates used in the calculation to determine the carrying value of the decommissioning obligation were updated on June 30, 2017 to rates ranging from 1.4% to 4.5% (December 31, 2016 – 1.0% to 3.3%). The discount rates used at June 30, 2017 range from 4.1% to 7.2% (December 31, 2016 – 2.8% to 5.2%). Decommissioning costs are anticipated to be incurred in 2038.

The estimated net present value of the decommissioning obligation at June 30, 2017 is \$14.4 million (December 31, 2016 - \$16.7 million) based on the Group's working interest undiscounted liability of \$34.5 million (December 31, 2016 - \$30.8 million).

## 14. Decommissioning obligation (continued)

\$000s	Six months ended June 30 2017	Year ended December 31 2016
<b>Decommissioning obligation, beginning of the period</b>	<b>16,664</b>	<b>8,561</b>
Property acquisition and development activity	420	846
Change in discount rate	(4,491)	10,447
Change in inflation rate	1,635	(3,576)
	<b>14,228</b>	<b>16,278</b>
Accretion expense	150	386
<b>Decommissioning obligation, end of the period</b>	<b>14,378</b>	<b>16,664</b>

## 15. Share capital

### a. Issued common shares

\$000s	Number of shares	Share capital
<b>At January 1, 2016</b>	<b>121,759,034</b>	<b>1,227,398</b>
Issue of shares for private placement	83,683,994	33,170
Issue of shares to Lender (Note 13)	20,581,247	8,158
Transaction costs	-	(534)
Issue of shares for LTIP	702,079	262
Issue of shares for directors' compensation	155,659	54
<b>At June 30, 2016</b>	<b>226,882,013</b>	<b>1,268,508</b>
Issue of shares to Lender (Note 13)	23,032,871	9,130
Issue of shares for LTIP	3,025,641	1,815
Issue of shares for directors' compensation	421,056	202
<b>At December 31, 2016</b>	<b>253,361,581</b>	<b>1,279,655</b>
Issue of shares for private placement	161,850,057	54,100
Transaction costs	-	(103)
Issue of shares to settle trade accounts payable	15,500,000	4,750
Issue of shares for directors' compensation	248,755	99
<b>At June 30, 2017</b>	<b>430,960,393</b>	<b>1,338,501</b>

The Company has unlimited authorised share capital outstanding as June 30, 2017.

#### 2017 share capital transactions

On March 15, 2017, OPCL issued 15,500,000 common shares of the Company to settle a current trade accounts payable of \$4.8 million.

During the three months ended March 31, 2017, the Group issued 248,755 shares to Directors of the Company as remuneration.

On June 20, 2017, OPCL issued 131,933,226 common shares of the Company 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 described in note 13. On June 20, 2017, the Company also issued 29,916,831 common shares of the Company to Zeg Oil and Gas Ltd ("Zeg Oil and Gas") for consideration of \$10.0 million.

#### 2016 share capital transactions

On March 1, 2016, OPCL issued 75,683,994 common shares of the Company to Zeg Oil and Gas for consideration of \$30 million.

On March 15, 2016, OPCL issued 8,000,000 common shares of the Company for consideration of \$3.2 million.



## 15. Share capital (continued)

On March 18, 2016, the Group extinguished \$8.2 million of principal and accrued interest under the Loan Facility described in note 13, in consideration for 20,581,247 common shares of the Company.

On October 14, 2016, OPCL issued 23,032,871 common shares of the Company to the Lender as consideration to extinguish a further \$9.1 million of principal and accrued interest under the Loan Facility (note 13).

During the year ended December 31, 2016, the Group issued 3,727,720 shares to employees under the Group's LTIP. An additional 576,715 shares were issued to Directors of the Company as remuneration.

### b. Warrants

On March 11, 2015, in accordance with the Loan Facility described in note 13, the Group issued warrants to acquire one million common shares of the Company to an affiliate of the Lender. The exercise price of the warrants is USD \$3.29 per common share. The expiry date of the issued warrants is March 10, 2018.

On May 11, 2015, also in accordance with the Loan Facility described in note 13, the Group issued warrants to acquire seven million common shares of the Company to an affiliate of the Lender. The exercise price of the warrants is USD \$3.56 per common share. The expiry date of the issued warrants is May 11, 2018.

On December 15, 2015, also in accordance with the Loan Facility described in note 13, the Group issued warrants to acquire four million common shares of the Company to an affiliate of the Lender. The exercise price of the warrants is USD \$0.50 per common share. The expiry date of the issued warrants is December 15, 2018.

The following table summarises warrants 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
<b>Total outstanding and exercisable</b>	<b>12,000,000</b>		

## 16. Basic and diluted loss per share

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

\$000s	Three Months ended June 30		Six Months ended June 30	
	2017	2016	2017	2016
Loss for the period attributable to equity holders	(9,195)	(11,346)	(5,060)	(30,768)
Weighted average number of shares for basic and diluted loss per share <sup>(1)</sup>	288,674,629	226,815,412	272,684,151	189,638,269
<b>\$</b>				
<b>Basic and diluted loss per share</b>	<b>(0.03)</b>	<b>(0.05)</b>	<b>(0.02)</b>	<b>(0.16)</b>

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

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## 17. Reserves

\$000s	Other Reserves	Share based payments	Total reserves
<b>At January 1, 2016</b>	<b>2,700</b>	<b>10,086</b>	<b>12,786</b>
Share based payment transactions	-	1,082	1,082
Issue of shares for LTIP	-	(262)	(262)
Share based directors compensation	-	107	107
Issue of shares for directors' compensation	-	(54)	(54)
<b>At June 30, 2016</b>	<b>2,700</b>	<b>10,959</b>	<b>13,659</b>
Share based payment transactions	-	2,651	2,651
Issue of shares for LTIP	-	(1,815)	(1,815)
Share based directors compensation	-	99	99
Issue of shares for directors' compensation	-	(193)	(193)
<b>At December 31, 2016</b>	<b>2,700</b>	<b>11,701</b>	<b>14,401</b>
Share based payment transactions	-	1,237	1,237
Share based directors compensation	-	49	49
Issue of shares for directors' compensation	-	(99)	(99)
<b>At June 30, 2017</b>	<b>2,700</b>	<b>12,888</b>	<b>15,588</b>

## 18. Supplemental cash flow information

### Items not involving cash

\$000s	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Depreciation, depletion and amortisation	1,116	1,878	2,271	2,605
Share based payment expense	436	237	788	530
Impairment (recovery) / expense	-	2,200	(1,132)	2,535
Unrealised foreign exchange losses / (gains)	124	(70)	142	(56)
Non-cash income tax (benefit) / expense	(75)	(122)	(142)	845
Finance expense	4,019	4,027	7,816	7,939
General and administrative expense	186	232	170	136
Other (income) / expense	1,292	1,750	(9,302)	9,335
<b>Items not involving cash</b>	<b>7,098</b>	<b>10,132</b>	<b>611</b>	<b>23,869</b>

## 18. Supplemental cash flow information

### Changes in non-cash working capital

\$000s	Three Months ended June 30		Six Months ended June 30	
	2017	2016	2017	2016
Inventories	643	806	851	1,490
Trade and other receivables	(1,375)	(2,073)	1,737	43
Other current assets	(404)	(362)	(285)	6
Trade and other payables	(5,336)	(7,309)	1,932	(11,939)
Current income tax liabilities	-	(210)	-	(510)
Changes in non-cash working capital	(6,472)	(9,148)	4,235	(10,910)
Retirement benefit obligation	(1)	-	(257)	(1,759)
<b>Changes in non-cash assets and liabilities</b>	<b>(6,473)</b>	<b>(9,148)</b>	<b>3,978</b>	<b>(12,669)</b>
Changes in operating non-cash assets and liabilities	940	301	5,481	(1,837)
Changes in investing non-cash assets and liabilities	(7,413)	(8,987)	(1,503)	(10,832)
Changes in financing non-cash assets and liabilities	-	(462)	-	-
<b>Changes in non-cash assets and liabilities</b>	<b>(6,473)</b>	<b>(9,148)</b>	<b>3,978</b>	<b>(12,669)</b>

### Other cash flow information

\$000s	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Cash interest received	18	11	42	11
Cash interest paid	-	519	464	959
Cash income taxes paid	146	331	243	917

## 19. Income tax expense

\$000s	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
<b>Current income tax expense</b>	<b>(197)</b>	<b>(248)</b>	<b>(462)</b>	<b>(573)</b>
Deferred tax on LTIP shares	(1)	(3)	(10)	(2)
Deferred tax on defined benefit obligation	77	124	152	(844)
<b>Total deferred tax</b>	<b>76</b>	<b>121</b>	<b>142</b>	<b>(846)</b>
<b>Income tax expense</b>	<b>(121)</b>	<b>(127)</b>	<b>(320)</b>	<b>(1,419)</b>

The Group is subject to income taxes in certain jurisdictions where it owns licenses or has taxable operations. Current income tax expense relates to tax on profits from oil sales in the Kurdistan Region of Iraq and on taxable profits from operations of the Group's Swiss and Maltese subsidiaries. For the six months ended June 30, 2017, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of \$0.3 million (2016 - \$0.2 million) were deemed to be collected by the government through its allocation of profit oil under the Hawler PSC.

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## 20. Other (expense) / income

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

\$000s	Note	Three months ended June 30		Six months ended June 30	
		2017	2016	2017	2016
Settlement of finance lease liability	12	-	-	7,605	-
Impairment of materials inventory	7	(163)	-	(163)	(8,279)
Curtailment of retirement benefit obligation		-	-	-	3,803
Change in fair value of contingent consideration	24	(1,278)	(1,306)	1,761	(2,638)
Restructuring charge <sup>(1)</sup>		63	(435)	63	(2,192)
Other income		80	66	124	66
<b>Other (expense) / income</b>		<b>(1,298)</b>	<b>(1,675)</b>	<b>9,390</b>	<b>(9,240)</b>

(1) During 2016, the Group completed a corporate re-organisation as part of its efforts to reduce costs and recorded a restructuring charge. The assumptions used in this calculation were updated at April 30, 2017 and this has resulted in an additional charge of \$0.1 million for the three months ended June 30, 2017.

## 21. Finance expense

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

\$000s	Note	Three months ended June 30		Six months ended June 30	
		2017	2016	2017	2016
Interest expense on Borrowings	13	(2,429)	(2,512)	(4,770)	(5,106)
Accretion of deferred financing costs	13	(1,161)	(625)	(1,707)	(1,170)
Interest expense on Finance lease obligation	12	-	(532)	(443)	(960)
Interest on Contingent costs	11	(352)	(284)	(745)	(536)
Accretion of Decommissioning obligation	14	(77)	(74)	(151)	(167)
<b>Finance expense</b>		<b>(4,019)</b>	<b>(4,027)</b>	<b>(7,816)</b>	<b>(7,939)</b>

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### 22. Segment information

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

<b>For the six months ended</b>				
<b>June 30, 2017</b>				
<b>\$000s</b>	<b>Middle East</b>	<b>West Africa</b>	<b>Corporate</b>	<b>Total</b>
Revenue	15,016	-	-	15,016
Royalty	(6,608)	-	-	(6,608)
<b>Net revenue</b>	<b>8,408</b>	<b>-</b>	<b>-</b>	<b>8,408</b>
Operating expense	(8,281)	-	-	(8,281)
Depreciation, depletion and amortisation	(2,210)	-	(61)	(2,271)
Impairment recovery	-	1,132	-	1,132
Pre-license and exploration	-	(400)	-	(400)
General and administration	(2,013)	(318)	(2,765)	(5,096)
Other income	9,152	-	238	9,390
<b>Segment result</b>	<b>5,056</b>	<b>414</b>	<b>(2,588)</b>	<b>2,882</b>
Finance income				42
Finance expense				(7,816)
Foreign exchange gain				150
<b>Loss before income tax</b>				<b>(4,742)</b>
Income tax expense				(320)
<b>Loss for the period</b>				<b>(5,062)</b>
Capital additions <sup>(1)</sup>	(5,400)	298	5	(5,097)
Segment assets as at June 30, 2017	701,483	64,254	9,076	774,813
Segment liabilities as at June 30, 2017	185,335	2,231	3,722	191,288

(1) Credits to additions relate to reductions in estimates of expenditures incurred in prior periods and the impact of the updated discount and inflation rates used to calculate the decommissioning obligation.

  

<b>For the six months ended June 30, 2016</b>				
<b>\$000s</b>	<b>Middle East</b>	<b>West Africa</b>	<b>Corporate</b>	<b>Total</b>
Revenue	8,251	-	-	8,251
Royalty	(3,631)	-	-	(3,631)
<b>Net revenue</b>	<b>4,620</b>	<b>-</b>	<b>-</b>	<b>4,620</b>
Operating expense	(6,723)	-	-	(6,723)
Depreciation, depletion and amortization	(2,249)	(38)	(317)	(2,604)
Impairment	704	(2,200)	(1,039)	(2,535)
Pre-license and exploration	(4)	(349)	-	(353)
General and administration	(327)	(398)	(3,923)	(4,648)
Other (expense) / income	(10,136)	(721)	1,617	(9,240)
<b>Segment result</b>	<b>(14,115)</b>	<b>(3,706)</b>	<b>(3,662)</b>	<b>(21,483)</b>
Finance income				11
Finance expense				(7,939)
Foreign exchange loss				48
<b>Loss before income tax</b>				<b>(29,363)</b>
Income tax expense				(1,419)
<b>Loss for the period</b>				<b>(30,782)</b>
Capital additions	18,274	3,268	19	21,561
Segment assets as at June 30, 2016	686,829	80,586	9,900	777,315
Segment liabilities as at June 30, 2016	217,865	2,188	6,932	226,985

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**22. Segment information (continued)**

<b>For the three months ended June 30, 2017</b>				
<b>\$000s</b>	<b>Middle East</b>	<b>West Africa</b>	<b>Corporate</b>	<b>Total</b>
Revenue	7,112	-	-	7,112
Royalty	(3,130)	-	-	(3,130)
<b>Net revenue</b>	<b>3,982</b>	<b>-</b>	<b>-</b>	<b>3,982</b>
Operating expense	(4,032)	-	-	(4,032)
Depreciation, depletion and amortisation	(1,102)	-	(14)	(1,116)
Pre-license and exploration	-	(273)	-	(273)
General and administration	(1,012)	(159)	(1,341)	(2,512)
Other (expense) / income	(1,429)	-	131	(1,298)
<b>Segment result</b>	<b>(3,593)</b>	<b>(432)</b>	<b>(1,224)</b>	<b>(5,249)</b>
Finance income				18
Finance expense				(4,019)
Foreign exchange gain				172
<b>Loss before income tax</b>				<b>(9,078)</b>
Income tax expense				(121)
<b>Loss for the period</b>				<b>(9,199)</b>
Capital additions	410	398	5	813

<b>For the three months ended June 30, 2016</b>				
<b>\$000s</b>	<b>Middle East</b>	<b>West Africa</b>	<b>Corporate</b>	<b>Total</b>
Revenue	7,053	-	-	7,053
Royalty	(3,104)	-	-	(3,104)
<b>Net revenue</b>	<b>3,949</b>	<b>-</b>	<b>-</b>	<b>3,949</b>
Operating expense	(3,230)	-	-	(3,230)
Depreciation, depletion and amortization	(1,747)	(33)	(98)	(1,878)
Impairment	-	(2,200)	-	(2,200)
Pre-license and exploration	-	(196)	-	(196)
General and administration	(276)	(243)	(1,539)	(2,058)
Other expense	(1,246)	-	(429)	(1,675)
<b>Segment result</b>	<b>(2,550)</b>	<b>(2,672)</b>	<b>(2,066)</b>	<b>(7,288)</b>
Finance income				11
Finance expense				(4,027)
Foreign exchange gain				77
<b>Loss before income tax</b>				<b>(11,227)</b>
Income tax expense				(127)
<b>Loss for the period</b>				<b>(11,354)</b>
Capital additions	14,259	2,980	-	17,239

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

<b>\$000s</b>	<b>June 30 2017</b>	<b>December 31 2016</b>
Iraq	656,486	664,131
Senegal and Guinea Bissau	41,011	39,785
Other	2,042	1,729
	<b>699,539</b>	<b>705,645</b>

## 23. Commitments

### (a) Contractual obligations

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

<b>\$000s</b>	<b>June 30 2017</b>	<b>December 31 2016</b>
No later than one year	12,123	3,018
One to five years	47,014	57,395
Greater than five years	17,724	17,784
	<b>76,861</b>	<b>78,197</b>

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

### (b) Operating lease commitments – Group company as lessee

The Group leases buildings and equipment under non-cancellable operating lease agreements with varying terms and renewal rights. The corresponding lease expenditure charged to the statement of profit and loss during the three and six months ended June 30, 2017 was \$0.1 million and \$0.1 million respectively (2016 - \$0.1 million and \$1.0 million).

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

<b>\$000s</b>	<b>June 30 2017</b>	<b>December 31 2016</b>
No later than one year	122	496
One to five years	56	65
	<b>178</b>	<b>561</b>

## 24. Contingent liabilities

In the normal course of operations, the Company may be subject to litigation and claims. In management's estimation, no such litigation or claim, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position or results of operations of the Company.

During 2011, the Group acquired OP Hawler Kurdistan Limited. The acquisition terms included additional consideration which is contingent upon the outcome of exploration activities. 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 (note 11). 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 with the terms outlined in agreements with the vendor.