UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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In accordance with subsection 4.3(3) of National Instrument 51-102 – *Continuous Disclosure Obligations*, Oryx Petroleum Corporation Limited advises that its auditors have not reviewed the unaudited condensed consolidated interim financial statements as at and for the three and nine months ended September 30, 2019 and 2018.

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

		Three months ended September 30		Nine months ended September 30	
$000s	**Note**	**2019**	**2018**	**2019**	**2018**
Revenue		35,735	29,355	109,617	61,186
Royalties		(15,725)	(12,918)	(48,237)	(26,925)
Net revenue		**20,010**	**16,437**	**61,380**	**34,261**
Operating expense		(7,173)	(5,571)	(21,381)	(12,331)
Depreciation, depletion and amortisation	**5, 6**	(5,151)	(4,315)	(14,892)	(9,193)
General and administration		(2,801)	(2,414)	(8,266)	(7,484)
Other income / (expense)	**21**	398	(194)	1,840	(689)
Profit from operations		**5,283**	**3,943**	**18,681**	**4,564**
Finance income / (expense)	**22**	13,770	(8,547)	5,962	(16,219)
Foreign exchange gain / (loss)		24	23	(90)	23
Profit / (Loss) before income tax		**19,077**	**(4,581)**	**24,554**	**(11,632)**
Income tax expense	**20**	(799)	(635)	(2,419)	(1,380)
Profit / (Loss) for the period		**18,278**	**(5,216)**	**22,135**	**(13,012)**
Comprehensive income / (Loss) for the period		**18,278**	**(5,216)**	**22,135**	**(13,012)**
Earnings / (Loss) per share (basic and diluted)	**17**	**0.03**	**(0.01)**	**0.04**	**(0.03)**

Statements of Financial Position

$000s	Note	September 30 2019	December 31 2018
Non-current assets			
Intangible assets	**5**	101,105	99,875
Property, plant and equipment	**6**	660,330	651,579
Deferred tax assets		225	236
		761,660	**751,690**
Current assets			
Inventories	**7**	9,222	9,391
Trade and other receivables	**8**	19,751	23,019
Other current assets	**9**	2,169	1,200
Cash and cash equivalents	**10**	20,441	14,410
Assets held for disposal	**11**	13,266	13,266
		64,849	**61,286**
Total assets		**826,509**	**812,976**
Current liabilities			
Trade and other payables	**12**	27,010	69,913
Borrowings	**13**	77,782	-
		104,792	**69,913**
Non-current liabilities			
Borrowings	**13**	-	76,624
Trade and other payables	**12**	57,905	37,521
Retirement benefit obligation		3,016	2,707
Decommissioning obligation	**15**	20,507	16,674
		81,428	**133,526**
Total liabilities		**186,220**	**203,439**
Equity			
Share capital	**16**	1,361,043	1,353,220
Reserves	**18**	17,721	16,927
Accumulated remeasurement of defined benefit obligation, net of income tax		(4,753)	(4,753)
Accumulated deficit		(733,722)	(755,857)
Total equity		**640,289**	**609,537**
Total equity and liabilities		**829,509**	**812,976**

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors and authorised for issue on November 5, 2019.

On behalf of the Board of Directors:

Signed	*Signed*
Jean Claude Gandur	Peter Newman
Director	Director

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**
Balance at January 1, 2018		**1,343,186**	**15,879**	**(799,610)**	**(5,720)**	**553,735**	**644**	**554,379**
Loss for the period		-	-	(13,012)	-	(13,012)	-	(13,012)
Issue of shares for debt interest conversion	**13, 16**	3,959	-	-	-	3,959	-	3,959
Share based payment expense	**18**	-	1,406	-	-	1,406	-	1,406
Shares and cash issued for LTIP[1]	**16, 18**	725	(830)	-	-	(105)	-	(105)
Increase in ownership of KPAWDE[2]	**18**	-	(57)	-	-	(57)	(644)	(701)
Shares issued for Directors' compensation	**16, 18**	49	(50)	-	-	(1)	-	(1)
Balance at September 30, 2018		**1,347,919**	**16,348**	**(812,622)**	**(5,720)**	**545,925**	**-**	**545,925**
Profit for the period		-	-	56,765	-	56,765	-	56,765
Issue of shares for debt interest conversion	**13,16**	4,024	-	-	-	4,024	-	4,024
Private subscription	**16**	1,277	-	-	-	1,277	-	1,277
Share based payment expense	**18**	-	579	-	-	579	-	579
Shares and cash issued for LTIP[1]	**16, 16**	-	-	-	-	-	-	-
Gain on defined benefit obligation, net of income tax		-	-	-	967	967	-	967
Balance at December 31, 2018		**1,353,220**	**16,927**	**(755,857)**	**(4,753)**	**609,537**	**-**	**609,537**
Profit for the period		-	-	22,135	-	22,135	-	22,135
Share based payment expense	**18**	-	1,815	-	-	1,815	-	1,815
Shares and cash issued for LTIP[1]	**16, 18**	1,323	(1,499)	-	-	(176)	-	(176)
Issue of warrants	**16, 18**	-	478	-	-	478	-	478
Private subscription	**16**	1,425	-	-	-	1,425	-	1,425
Issue of shares for debt interest conversion	**13, 16**	5,074	-	-	-	5,074	-	5,074
Balance at September 30, 2019		**1,361,043**	**17,721**	**(733,722)**	**(4,753)**	**640,289**	**-**	**640,289**

(1) "LTIP" – Is the Company's Long-Term Incentive Plan.

(2) During the first quarter of 2018, the Group acquired the minority ownership interest in KPA Western Desert Energy Limited ("KPAWDE"), thereby increasing its percentage ownership from 80.8% to 100%.

Statements of Cash Flows

		Three months ended September 30		Nine months ended September 30	
$000s	**Note**	**2019**	**2018**	**2019**	**2018**
Operating activities					
Profit / (Loss)		18,278	(5,216)	22,135	(13,012)
Items not involving cash	**19**	(8,363)	13,413	9,229	27,326
Change in retirement benefit obligation		(134)	203	(551)	(186)
Changes in non-cash working capital	**19**	(69)	(3,481)	(1,114)	(13,382)
Net cash generated by operating activities		**9,712**	**4,919**	**29,699**	**746**
Investing activities					
Acquisition of intangible assets		(403)	(5,254)	(1,038)	(6,194)
Acquisition of property, plant and equipment		(10,277)	(6,228)	(19,871)	(19,156)
Additions to assets held for disposal	**11**	-	-	-	(5,266)
Changes in non-cash working capital	**19**	3,206	2,285	(4,185)	9,077
Net cash used in investing activities		**(7,474)**	**(9,197)**	**(25,094)**	**(21,539)**
Financing activities					
Proceeds from issuance of ordinary shares	16	1,426		1,426	
Increase in ownership of KPAWDE	**18**	-	-	-	(731)
Net cash generated by / (used in) financing activities		**1,426**	**-**	**1,426**	**(731)**
Net increase / (decrease) in cash and cash equivalents		**3,664**	**(4,278)**	**6,031**	**(21,524)**
Cash and cash equivalents at beginning of the period	**10**	16,777	21,326	14,410	38,572
Cash and cash equivalents at end of the period		**20,441**	**17,048**	**20,441**	**17,048**

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 Corporations Act and is the holding company for the Oryx Petroleum group of companies (together the "Group" or "Oryx Petroleum"). The address of the registered office of OPCL is 3400 First Canadian Centre 350, 7th Avenue Southwest, Calgary, Alberta, Canada 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 unaudited condensed consolidated interim financial statements (the "Financial Statements") were authorised for issue by the Board of Directors on November 5, 2019.

2. Summary of significant accounting policies

a. Basis of preparation

The Company's Financial Statements for the three and nine months ended September 30, 2019 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim financial reporting". The Financial Statements should be read in conjunction with Oryx Petroleum's annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies included in the annual consolidated financial statements for the year ended December 31, 2018 are applicable to these Financial Statements.

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

The preparation of financial statements in conformity with IFRS requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in the annual consolidated financial statements for the year ended December 31, 2018 and have been updated in these Financial Statements as required.

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

b. Going concern

These Financial Statements have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. During the nine months ended September 30, 2019, the Group met its day to day working capital requirements and funded its capital and operating expenditures through its share of oil sales revenues from the Hawler license area.

The Group's ability to continue as a going concern in accordance with management's estimates and forecasts is primarily dependent on the Group's ability to a) produce and sell and receive payment for crude oil from the Hawler license area in accordance with its 2019 and 2020 work program and budget adjusted to exclude discretionary investments and b) restructure cash outflows related to Borrowings currently scheduled for July 2020 (see note v below and note 13).

The Directors expect that cash resources will be sufficient to fund the Group's capital and operating expenditures and to meet forecast obligations as they fall due in the 15 months following September 30, 2019.

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

2. Summary of significant accounting policies (continued)

b. Going concern (continued)

i) Oil production volumes are based on current production rates adjusted to account for production increases expected to result from the execution of the Group's 2019 and 2020 work program, partially offset by production declines from existing wells.

ii) The timing and extent of forecast capital and operating expenditures is based on the Group's 2019 reforecast work plan and 2020 work program and budget adjusted to exclude discretionary investments. The Group retains a high degree of control and flexibility over both the extent and timing of expenditure under its capital investment program.

iii) Cash outflows arising from contingent consideration will not materialize prior to 2021 (note 25).

iv) Borrowings maturing in July 2020 will be restructured, such that cash outflows, if any, align with available cash inflows arising from operating and/or financing activities (note 13).

Uncertainties related to iv) may cast significant doubt about the Group's ability to continue as a going concern.

Management continually monitors the Group's financing requirements and plans to secure external funding, if required. Specifically, management is engaged with principal shareholders and the Lender (note 13), to consider the financing arrangements required to provide for the financing of the Group's cash outflows as they materialise. Management expects that sufficient time is available to clarify precise requirements for modification to existing financing arrangements or to secure additional financing, if any, and to subsequently conclude the arrangements required.

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

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. However, so long as definitive financing agreements have not been concluded where required, the directors have determined that the uncertainty related to the Group's ability to restructure or to reschedule cash outflows and/or to obtain required financing is material to the conclusion that the Group will be able to continue operations on a going concern basis.

c. New and amended standards adopted by the Group

Effective January 1, 2019, the Group adopted the following IFRS as issued or amended by the IASB:

Amendments to Standards	**Effective for annual periods beginning on or after**
IFRS 16 – Leases	January 1, 2019
Annual improvements – 2015 – 2017 Cycle	January 1, 2019
Amendments to IAS 19: Plan amendment, curtailment or settlement	January 1, 2019
IFRIC 23 – Uncertainty over income tax treatments	January 1, 2019

The above amended 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, there were no new standards applicable to the Group that were issued but not yet effective.

3. Financial risk management

The financial risk management disclosure contained in Oryx Petroleum's annual financial statements for the year ended December 31, 2018 is applicable to these Financial Statements.

The Group operates internationally and has foreign exchange risk arising from various currency exposures, notably the Swiss Franc. In January 2019, the Group entered into eight foreign exchange contracts to purchase CHF 0.3 million and to sell US Dollars at various rates for each of the eight months from February to September 2019 in order to hedge its exposure to foreign exchange risk.

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 nine months ended September 30, 2019. As at September 30, 2019, the Company was involved in the following joint arrangements:

License Area	Classification	Location	Participating interest(1)
Hawler	Joint operation	Iraq – Kurdistan Region	65%
AGC(2) Central	Joint operation	Senegal and Guinea Bissau	85%

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

(2) Agence de Gestion et de Coopération entre le Sénégal et la Guinée – Bissau ("AGC")

5. Intangible assets

$000s	Exploration & Evaluation costs	Computer Software	Total
Cost			
At January 1, 2018	**92,180**	**2,186**	**94,366**
Additions	6,326	4	6,330
At September 30, 2018	**98,506**	**2,190**	**100,696**
Additions	1,346	21	1,367
At December 31, 2018	**99,852**	**2,211**	**102,063**
Additions	1,225	15	1,240
At September 30, 2019	**101,077**	**2,226**	**103,303**
Accumulated amortisation and impairment			
At January 1, 2018	**-**	**2,159**	**2,159**
Amortisation	-	27	27
At September 30, 2018	**-**	**2,186**	**2,186**
Amortisation	-	2	2
At December 31, 2018	**-**	**2,188**	**2,188**
Amortisation	-	10	10
At September 30, 2019	**-**	**2,198**	**2,198**
Net book value			
At September 30, 2019	101,077	28	101,105
At December 31, 2018	99,852	23	99,875

5. Intangible assets (continued)

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

$000s	September 30 2019	December 31 2018
Middle East	48,520	48,397
West Africa	52,557	51,455
	101,077	**99,852**

For the purpose of impairment assessments and testing, Intangible assets are aggregated in cash generating units ("CGUs"). Management has exercised significant judgment in determining that for the Middle East – Ain al Safra, and West Africa – 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 the Kurdistan Region of 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.

For the purpose of impairment assessments and testing, Oil & Gas assets are aggregated in CGUs. Determination of what constitutes a CGU is subject to management judgments and the circumstances. For the purposes of impairment assessments and testing of Oil & Gas assets, management has determined that the Oil & Gas assets in the Hawler license area outside of the Ain al Safra field constitute the group's single CGU which contains property, plant and equipment.

Management has determined that as at September 30, 2019, there were no new substantive indicators suggesting that the carrying amount of Hawler license area Oil & Gas assets exceeds its recoverable amount nor were there indicators suggesting that the previously recognised impairment losses no longer exist or may have decreased.

6. Property, plant and equipment (continued)

$000s	Oil & Gas Assets	Fixtures and Equipment	Total
Cost			
At January 1, 2018	**874,088**	**3,326**	**877,414**
Additions	20,825	236	21,061
At September 30, 2018	**894,913**	**3,562**	**898,475**
Additions	7,679	(18)	7,661
At December 31, 2018	**902,592**	**3,544**	**906,136**
Additions	23,605	5	23,610
At September 30, 2019	**926,197**	**3,549**	**929,746**
Accumulated depreciation, depletion and impairment			
At January 1, 2018	**291,469**	**3,323**	**294,792**
Depreciation	-	2	2
Depletion	9,152	-	9,152
At September 30, 2018	**300,621**	**3,325**	**303,946**
Impairment reversal(1)	(54,109)	-	(54,109)
Depreciation	-	16	16
Depletion	4,704	-	4,704
At December 31, 2018	**251,216**	**3,341**	**254,557**
Depreciation	-	56	56
Depletion	14,803	-	14,803
At September 30, 2019	**266,019**	**3,397**	**269,416**
Net book value			
At September 30, 2019	660,178	152	660,330
At December 31, 2018	651,376	203	651,579

(1) As at December 31, 2018, the Group recorded a $54.1 million impairment reversal relating to the Hawler license area. The impairment reversal represents the difference between the estimated recoverable amount of the Hawler license area CGU and its carrying amount prior to the impairment reversal. The carrying value of the Hawler license area CGU at September 30, 2019 is $660.2 million (December 31, 2018: $651.4 million).

7. Inventories

$000s	September 30 2019	December 31 2018
Oil inventory	161	221
Materials	9,061	9,170
	9,222	**9,391**

The cost of oil inventory is expensed through production and depletion expenses in the period during which it is sold. As at September 30, 2019 the Group's working interest share of oil inventory was 8,470 bbls (December 31, 2018 – 11,720 bbls).

The Group has adjusted the carrying value of materials inventory to management's estimate of net realisable value which was based on estimates of current condition and intended use. The provision at September 30, 2019 is $6.4 million (December 31, 2018: $8.3 million).

No inventories have been pledged as security during the period.

8. Trade and other receivables

$000s	September 30 2019	December 31 2018
Revenue receivables	18,364	21,776
Other receivables	1,387	1,243
	19,751	**23,019**

The carrying amounts of trade and other receivables presented above are reasonable approximations of their fair values. Included in the revenue receivable balance at September 30, 2019 is a provision of $1.7 million (December 31, 2018 – $1.8 million) which was calculated based on the probabilities of possible default (note 21).

9. Other current assets

$000s	September 30 2019	December 31 2018
Deposits and advances	1,182	580
Prepaid charges and other current assets	987	620
	2,169	**1,200**

10. Cash and cash equivalents

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

11. Assets held for disposal

On April 23, 2018, a subsidiary of Oryx Petroleum (the “Seller”) entered into an agreement providing for the sale of a 30% participating interest in the Haute Mer B exploration license offshore Congo (Brazzaville) (“HMB License”) to a subsidiary of Total S.A. (the “Buyer”) (the “Sale Agreement”). The Sales Agreement provides for the Seller’s interest in the HMB License to be transferred for cash consideration of $13.3 million.

The Group’s position that all conditions to closing have been either satisfied or waived notwithstanding, the Buyer has declined to close the transaction and has purported to terminate the Sale Agreement. The Seller has engaged external legal counsel, has initiated arbitration to settle the dispute, and believes strongly in the merits of its position. Consequently, management estimates that the recoverable amount of the asset that has been held for disposal with an effective date of January 1, 2018 continues to be equivalent to its carrying value. Management has assessed that it is improbable that the arbitration panel will rule against the Seller, or that the Group may otherwise be unsuccessful in realizing the contracted amounts. In the event that conditions to closing are determined not to have been met and the Sale Agreement is terminated, the Seller may be adjudged to have an obligation to fund the Seller’s share of HMB License expenditures incurred by the Buyer following the date of the Sale Agreement. As at September 30, 2019, these unrecognised, contingent liabilities amount to approximately $14.0 million including interest charges. The Group expects the arbitration process and resolution of the dispute to be concluded in the next six months.

During the second quarter of 2019, the Buyer and other members of the HMB License contractor group relinquished their rights to explore and produce crude oil from the license area. Such relinquishment is not expected to impact the Buyer’s financial liability under the Sale Agreement as the Buyer’s obligation to close pre-existed relinquishment.

12. Trade and other payables

$000s	September 30 2019	December 31 2018
Trade accounts payable	3,472	6,946
Amounts payable to joint operations partners	3,045	3,301
Amounts payable to related parties	67	82
Contingent consideration (note 25)	-	33,472
Other payables and accrued liabilities	20,426	26,112
Current portion	**27,010**	**69,913**
Non-current - contingent consideration (note 25)	57,905	37,521
Total trade and other payables	**84,915**	**107,434**

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

As at September 30, 2019, the Group has recognised a liability of $57.9 million (December 31, 2018 - $71.0 million) representing the estimated fair value of contingent consideration for the acquisition of OP Hawler Kurdistan Limited. The portion of the liability estimated to be paid beyond one year of the respective dates of the statements of financial position is classified as a non-current liability. The contingent consideration liability is presented at fair value estimated using the expected present value technique where future cash flows have been discounted at a rate of 10% per annum (notes 22 and 25).

13. Borrowings

On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement (the “Loan Facility”) with a subsidiary of its indirect controlling shareholder The Addax and Oryx Group PLC (the “Lender”). The $100 million Loan Facility has been fully drawn and had an initial maturity of March 10, 2018 (the “Maturity Date”).

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”).

On December 31, 2018, the Group agreed with the Lender to amend the Loan Facility to further extend the Maturity Date from July 1, 2019 to July 1, 2020 and to amend interest provisions (the “2nd Loan Amendment”). The Company issued warrants to acquire 6,132,804 common shares to an affiliate of the Lender (note 16b) in consideration of the 2nd Loan Amendment. The principal and interest rate remain unchanged from the terms agreed under the Loan Amendment. On August 19, 2019, the Group extinguished $5.1 million of accrued interest under the Loan Facility, for the period beginning on November 12, 2018 and ending on July 1, 2019 in consideration for 23,901,430 common shares of the Company. Interest accruing after July 1, 2019 is payable in cash on January 1, 2020 and July 1, 2020.

The Group is engaged with the Lender and management expects to reach agreement to further amend the Loan Facility prior to the amended Maturity Date of July 1, 2020 such that cash outflows, if any, align with then available cash inflows arising from operating and/or financing activities.

13. Borrowings (continued)

Borrowings are presented as a current liability at September 30, 2019, net of warrant issue and other transaction costs. The carrying value of the loan at September 30, 2019, 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:

At December 31, 2017	**75,854**
Interest expense	7,983
Accretion of deferred financing costs	770
Extinguishment through issuance of common shares (note 16)	(7,983)
At December 31, 2018	**76,624**
Interest expense	5,972
Accretion of deferred financing costs	261
Extinguishment through issuance of common shares (note 16)	(5,075)
At September 30, 2019	**77,782**

14. Interim credit facility

On November 13, 2018, the Group entered into a committed and unsecured term loan agreement ("Interim Credit Facility") jointly with affiliates of AOG and of Zeg Oil and Gas Limited. The amount of the Interim Credit Facility was subsequently reduced to $7.25 million and the availability period to draw funds under the facility was extended to September 23, 2019. On September 30, 2019, the Interim Credit Facility expired in accordance with its terms. No amounts were borrowed by the Group under the facility. The Group incurred a commitment fee equivalent to 1% of the undrawn amount under the Interim Credit Facility, which was calculated daily and compounded at the end of each calendar month.

15. 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 September 30, 2019, management has made significant assumptions and estimates based on an assessment of the current economic environment and factors specific to the assets to be decommissioned. These estimates are reviewed annually and when circumstances suggest that such revisions are required. Actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning may depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain. The assumed inflation rate used in the calculation to determine the carrying value of the decommissioning obligation was updated on June 30, 2019 to 0.2% (December 31, 2018 – 1.4%). The assumed discount rate was also reviewed as at June 30, 2019 and was updated to 2.5% (December 31, 2018 - 4.3%). Decommissioning obligations are anticipated to be incurred in 2038.

The estimated net present value of the decommissioning obligation at September 30, 2019 is $20.5 million (December 31, 2018 - $16.7 million) based on the Group's working interest undiscounted liability of $33.0 million (December 31, 2018 - $39.0 million).

$000s	**Nine months ended September 30 2019**	**Year ended December 31 2018**
Decommissioning obligation, beginning of the period	**16,674**	**14,593**
Property acquisition and development activity	1,563	2,278
Change in discount rate	5,525	(618)
Change in inflation rate	(3,603)	-
	20,159	**16,253**
Accretion expense	348	421
Decommissioning obligation, end of the period	**20,507**	**16,674**

16. Share capital

a. Issued common shares

$000s	Number of shares	Share capital
At January 1, 2018	**458,062,407**	**1,343,186**
Issue of shares to an affiliate of Lender (note 13)	22,188,975	3,959
Issue of shares for LTIP	4,054,887	725
Issue of shares for directors' compensation	360,372	49
At September 30, 2018	**484,666,641**	**1,347,919**
Issue of shares to an affiliate of Lender (note 13)	23,051,817	4,024
Issue of shares for private placement	7,312,764	1,277
At December 31, 2018	**515,031,222**	**1,353,220**
Issue of shares to an affiliate of Lender (note 13)	23,901,430	5,074
Issue of shares for LTIP	6,837,566	1,324
Issue of shares for private placement	6,711,444	1,425
At September 30, 2019	**552,481,662**	**1,361,043**

The Company has unlimited authorised share capital outstanding as at September 30, 2019.

2019 share capital transactions

On August 19, 2019, the Group extinguished $5.1 million of accrued interest under the Loan Facility described in note 13, in consideration for 23,901,430 common shares of the Company.

On September 3, 2019, the Company issued 6,837,566 common shares to employees under the Group's LTIP.

On September 16, 2019, the Company issued 6,711,444 common shares of the Company to Zeg Oil and Gas Limited for cash consideration of $1.4 million.

2018 share capital transactions

On July 3, 2018, the Group extinguished $4.0 million of accrued interest under the Loan Facility described in note 13, in consideration for 22,188,975 common shares of the Company.

On September 4, 2018, the Company issued 4,054,887 common shares to employees under the Group's LTIP.

On November 12, 2018, the Company issued 23,051,817 common shares of the Company to a subsidiary of AOG in satisfaction of $4.0 million of interest accrued under the Loan Facility (note 13).

On December 27, 2018, the Company issued 7,312,764 common shares of the Company to Zeg Oil and Gas Limited for cash consideration of $1.3 million.

During the year ended December 31, 2018, the Group issued 360,372 shares to Directors of the Company as remuneration.

b. Warrants

On February 26, 2019, in accordance with the 2nd Loan Amendment described in note 13, the Group issued warrants to an affiliate of the Lender to acquire 3,637,262 common shares of the Company. The exercise price of the issued warrants is $0.2094 per common share. The warrants expire on November 13, 2021 and were outstanding and exercisable as at September 30, 2019.

On April 2, 2019, in accordance with the 2nd Loan Amendment described in note 13, the Group issued warrants to an affiliate of the Lender to acquire 2,495,542 common shares of the Company. The exercise price of the issued warrants is $0.2094 per common share. The warrants expire on November 13, 2021 and were outstanding and exercisable as at September 30, 2019.

As at September 30, 2019 the total number of warrants outstanding and exercisable was 6,132,804.

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

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

	Three months ended September 30		Nine months ended September 30	
$000s	**2019**	**2018**	**2019**	**2018**
Profit / (loss) for the period attributable to equity holders	18,278	(5,216)	22,135	(13,012)
Weighted average number of common shares for basic earnings / loss per share(1) (2)	529,377,798	481,319,406	515,865,966	466,115,098
$				
Basic and Diluted earnings / (loss) per share	**0.03**	**(0.01)**	**0.04**	**(0.03)**

(1) Unvested LTIP shares are excluded from diluted shares as share issuances are subject to vesting conditions.

(2) Outstanding warrants are excluded from diluted shares for the three and nine months ended September 30, 2019 as they were 'out of the money' during the respective periods.

18. Reserves

$000s	**Other Reserves**	**Share based payments**	**Total reserves**
At January 1, 2018	**2,700**	**13,179**	**15,879**
Share based payment transactions	-	1,406	1,406
Issue of shares and cash for LTIP	-	(830)	(830)
Issue of shares for directors' compensation		(50)	(50)
Increase in ownership of KPAWDE(1)	(57)	-	(57)
At September 30, 2018	**2,643**	**13,705**	**16,348**
Share based payment transactions	-	579	579
At December 31, 2018	**2,643**	**14,284**	**16,927**
Share based payment transactions	-	1,815	1,815
Issue of shares and cash for LTIP	-	(1,499)	(1,499)
Issue of warrants (note 16b)	-	478	478
At September 30, 2019	**2,643**	**15,078**	**17,721**

(1) During the first quarter of 2018, the Group acquired the minority ownership interest in KPA Western Desert Energy Limited ("KPAWDE"), thereby increasing its percentage ownership from 80.8% to 100%.

19. Supplemental cash flow information

Items not involving cash	Three months ended September 30		Nine months ended September 30	
$000s	**2019**	**2018**	**2019**	**2018**
Depreciation, depletion and amortisation	5,151	4,314	14,892	9,193
Share based payment expense	429	305	1,232	924
Unrealised foreign exchange (losses) / gains	(56)	(54)	9	(39)
Non-cash income tax expense	5	4	11	9
Finance expense	(13,789)	8,618	(6,029)	16,360
General and administrative	292	-	856	29
Other expense / (income)	(395)	226	(1,742)	850
Items not involving cash	**(8,363)**	**13,413**	**9,229**	**27,326**

19. Supplemental cash flow information (continued)

Changes in non-cash working capital	**Three months ended September 30**		**Nine months ended September 30**	
$000s	**2019**	**2018**	**2019**	**2018**
Inventories	(116)	499	1,909	2,771
Trade and other receivables	5,548	(7,995)	3,301	(11,734)
Other current assets	481	257	(969)	(359)
Trade and other payables	(2,776)	6,043	(9,540)	5,017
Change in non-cash working capital	**3,137**	**(1,196)**	**(5,299)**	**(4,305)**
Changes in operating non-cash working capital	(69)	(3,481)	(1,114)	(13,382)
Changes in investing non-cash working capital	3,206	2,285	(4,185)	9,077
Change in non-cash working capital	**3,137**	**(1,196)**	**(5,299)**	**(4,305)**

Other cash flow information	**Three months ended September 30**		**Nine months ended September 30**	
$000s	**2019**	**2018**	**2019**	**2018**
Cash income taxes paid	53	-	139	213

20. Income tax expense

	Three months ended September 30		**Nine months ended September 30**	
$000s	**2019**	**2018**	**2019**	**2018**
Current income tax expense	794	631	2,408	1,371
Deferred tax on LTIP shares	5	4	11	9
Income tax expense	**799**	**635**	**2,419**	**1,380**

The Group is subject to income taxes in certain jurisdictions where it holds interests in exploration and development licenses or has taxable operations. Current income tax expense relates to tax on profits from oil sales in the Kurdistan Region of Iraq and on taxable profits from operations of the Group's Swiss and Maltese subsidiaries. For the nine months ended September 30, 2019, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of $2.2 million (2018 - $1.2 million) were deemed to be collected by the government through its allocation of profit oil under the Hawler Production Sharing Contract and are included in the current income tax expense balance.

21. Other income / (expense)

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

		Three months ended September 30		**Nine months ended September 30**	
$000s	**Note**	**2019**	**2018**	**2019**	**2018**
Reduction of materials inventory provision	**7**	214	543	1,853	829
Decrease / (increase) of provision against trade and other receivables	**8**	198	(540)	33	(1,420)
Other expense		(14)	(197)	(46)	(98)
Other income / (expense)		**398**	**(194)**	**1,840**	**(689)**

22. Finance income / (expense)

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

		Three months ended September 30		Nine months ended September 30	
$000s	**Note**	**2019**	**2018**	**2019**	**2018**
Interest expense on borrowings	**13**	(2,012)	(2,012)	(5,972)	(5,971)
Accretion of deferred financing costs	**13**	(88)	(257)	(261)	(682)
Change in fair value of contingent consideration	**25**	14,272	(5,342)	12,932	(6,740)
Interest (expense) / reversal on contingent consideration	**25**	1,728	(898)	155	(2,663)
Accretion of decommissioning obligation	**15**	(110)	(110)	(348)	(305)
Issue of warrants	**16b**	-	-	(478)	-
Finance income		1	72	1	142
Other		(21)	-	(67)	-
Finance income / (expense)		**13,770**	**(8,547)**	**5,962**	**(16,219)**

23. Segment information

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

For the nine months ended September 30, 2019

$000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	109,617	-	-	109,617
Royalty	(48,237)	-	-	(48,237)
Net revenue	**61,380**	**-**	**-**	**61,380**
Operating expense	(21,381)	-	-	(21,381)
Depreciation, depletion and amortisation	(14,826)	-	(66)	(14,892)
General and administration	(3,359)	(460)	(4,446)	(8,265)
Other income	1,840	-	-	1,840
Segment result	**23,654**	**(460)**	**(4,512)**	**18,682**
Finance income				5,962
Foreign exchange loss				(90)
Profit before income tax				**24,554**
Income tax expense				(2,419)
Profit for the period				**22,135**
Capital additions	23,726	1,104	19	24,849
Segment assets as at September 30, 2019	760,006	66,952	2,551	829,509
Segment liabilities as at September 30, 2019	182,734	1,397	5,090	189,220

23. Segment information (continued)

For the nine months ended September 30, 2018 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	61,186	-	-	61,186
Royalty	(26,925)	-	-	(26,925)
Net revenue	**34,261**	**-**	**-**	**34,261**
Operating expense	(12,331)	-	-	(12,331)
Depreciation, depletion and amortisation	(9,167)	-	(26)	(9,193)
General and administration	(2,501)	(155)	(4,828)	(7,484)
Other (expense) / income	(750)	61	-	(689)
Segment result	**9,512**	**(94)**	**(4,854)**	**4,564**
Finance expense				(16,219)
Foreign exchange gain				23
Loss before income tax				**(11,632)**
Income tax expense				(1,380)
Loss for the period				**(13,012)**
Capital additions	20,785	6,366	240	27,391
Segment assets as at September 30, 2018	680,127	72,382	2,728	755,237
Segment liabilities as at September 30, 2018	199,062	5,783	4,467	209,312

For the three months ended September 30, 2019 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	35,735	-	-	35,735
Royalty	(15,725)	-	-	(15,725)
Net revenue	**20,010**	**-**	**-**	**20,010**
Operating expense	(7,173)	-	-	(7,173)
Depreciation, depletion and amortisation	(5,129)	-	(22)	(5,151)
General and administration	(1,287)	(265)	(1,249)	(2,801)
Other income	398	-	-	398
Segment result	**6,819**	**(265)**	**(1,271)**	**5,283**
Finance income				13,770
Foreign exchange gain				24
Profit before income tax				**19,077**
Income tax expense				(799)
Profit for the period				**18,278**
Capital additions	11,467	429	1	11,897

23. Segment information (continued)

For the three months ended September 30, 2018 $000s	**Middle East**	**West Africa**	**Corporate**	**Total**
Revenue	29,355	-	-	29,355
Royalty	(12,918)	-	-	(12,918)
Net revenue	**16,437**	**-**	**-**	**16,437**
Operating expense	(5,571)	-	-	(5,571)
Depreciation, depletion and amortisation	(4,314)	-	(1)	(4,315)
General and administration	(839)	(64)	(1,511)	(2,414)
Other expense	(194)	-	-	(194)
Segment result	**5,519**	**(64)**	**(1,512)**	**3,943**
Finance expense				(8,547)
Foreign exchange loss				23
Loss before income tax				**(4,581)**
Income tax expense				(653)
Loss for the period				**(5,216)**
Capital additions	6,926	5,288	240	12,454

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

$000s	**September 30 2019**	**December 31 2018**
Iraq (Kurdistan Region)	708,698	699,771
Senegal and Guinea Bissau	52,576	51,472
Other	386	447
	761,660	**751,690**

24. Commitments

(a) Contractual obligations

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

$000s	**September 30 2019**	**December 31 2018**
No later than one year	17,523	2,523
One to five years	23,428	38,428
Greater than five years	14,503	14,503
	55,454	**55,454**

The commitments noted above reflect the Group's execution of expected and contracted exploration and development activities as at September 30, 2019. 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.

24. Commitments (continued)

(b) Operating lease commitments – Group company as lessee

The Group leases buildings and equipment under non-cancellable operating lease agreements with varying terms and renewal rights. The corresponding lease expenditure charged to the statement of profit and loss during the nine months ended September 30, 2019 was $0.2 million (2018 - $0.2 million).

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

$000s	September 30 2019	December 31 2018
No later than one year	81	296
One to five years	6	26
	87	**322**

25. Contingent liabilities and consideration

In the normal course of operations, the Company may be subject to litigation and claims. In management's estimation, other than as has been recognised or disclosed within these Financial Statements, no such litigation or claim, individually or in aggregate, is expected to result in a liability that would have a significant adverse effect on the financial position or results of operations of the Company.

During 2011, the Group acquired OP Hawler Kurdistan Limited under the terms of a sale and purchase agreement (the "Purchase Agreement").

The Purchase Agreement establishes that additional consideration in the remaining amount of $66 million plus interest at LIBOR plus 0.25% per annum becomes payable if the commercial potential of a Hawler license area discovery beyond the initially declared Demir-Dagh commercial discovery, is declared to be commercial. While the Purchase Agreement has been amended by subsequent agreement ("Amending Agreements"), these agreements each had expiry provisions which have been triggered. Consequently, the terms of the original Purchase Agreement prevail.

For the specific purpose of estimating the fair value of the contingent consideration obligation in accordance with IFRS, management has applied the expected present value technique. Management has accordingly set out possible future cash outflow scenarios and has aggregated the probability-weighted present value of each cash outflow forecast scenario, discounted a rate of 10% per annum. The liability is presented at management's estimate of fair value, which as at September 30, 2019 amounted to $57.9 million (December 31, 2018 - $71.0 million) (note 12).

Management has based cash outflow forecast scenarios on possible future circumstances that may cause the contingent consideration to become payable, or not, in its entirety at various future dates or on a scheduled basis. The scenarios range from Nil cash outflow in the event that the conditions causing the contingent consideration to become payable do not materialize, to maximum undiscounted principal and interest in the amount of $94.6 million scheduled over time through 2023. The balance of unpaid principal and accrued interest potentially owed under the contingent consideration obligation to the vendor of the Hawler License Area as at September 30, 2019 was $75.3 million.

During the nine months ended September 30, 2019, contingent interest accrued at a revised rate of 2.24% per annum (year ended December 31, 2018 – 2.74%). Interest had previously been accrued at a rate of 5% per annum in accordance with Amending Agreements which are no longer in effect (note 22).

Management expects that, should cash outflows related to the contingent consideration liability arise, it is more likely than not that these cash outflows would occur after March 31, 2021. Consequently, the liability has been classified as a non-current liability and associated cash outflows have been excluded from the company's going concern forecast (note 2).

The fair value of the liability was established using a combination of observable inputs other than quoted prices and unobservable inputs derived from management's internal analysis and judgement (IFRS 13 Level 2 and 3 hierarchy category).