

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2016 AND 2015**



Table of contents

	Page
Statements of Loss and Comprehensive Loss	2
Statements of Financial Position	3
Statements of Changes in Equity	4
Statements of Cash Flows	5
Notes to the Financial Statements	6

ORYX PETROLEUM CORPORATION LIMITED
Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

Statements of Loss and Comprehensive Loss

\$000s	Note	Three months ended September 30		Nine months ended September 30	
		2016	2015	2016	2015
Revenue		6,726	4,227	14,977	18,934
Royalties		(2,960)	(1,731)	(6,591)	(7,753)
Net revenue		3,766	2,496	8,386	11,181
Operating expense		(2,839)	(5,738)	(9,562)	(15,509)
Depreciation, depletion and amortization	5, 6	(1,698)	(2,264)	(4,302)	(6,797)
Impairment (expense) / recovery	5, 6	69	(310,841)	(2,466)	(310,841)
Pre-license and exploration		(287)	(103)	(640)	(1,111)
General and administration		(2,150)	(3,171)	(6,798)	(10,320)
Other (expense) / income	20	(1,338)	5,430	(10,578)	6,415
Loss from operations		(4,477)	(314,191)	(25,960)	(326,982)
Finance income		19	1	30	13
Finance expense	21	(4,205)	(2,146)	(12,144)	(3,507)
Foreign exchange gain / (loss)		23	(396)	71	(118)
Loss before income tax		(8,640)	(316,732)	(38,003)	(330,594)
Income tax expense	19	(98)	(1,104)	(1,517)	(1,485)
Loss for the period		(8,738)	(317,836)	(39,520)	(332,079)
Other comprehensive loss, net of income tax (Items that will not be subsequently reclassified to profit and loss)					
Loss on defined benefit obligation		-	(856)	-	(2,599)
Comprehensive loss for the period		(8,738)	(318,692)	(39,520)	(334,678)
Loss for the period attributable to:					
Owners of the Company		(8,738)	(309,452)	(39,506)	(323,699)
Non-controlling interest		-	(8,384)	(14)	(8,380)
		(8,738)	(317,836)	(39,520)	(332,079)
Comprehensive loss for the period attributable to:					
Owners of the Company		(8,738)	(310,308)	(39,506)	(326,298)
Non-controlling interest		-	(8,384)	(14)	(8,380)
		(8,738)	(318,692)	(39,520)	(334,678)
Loss per share (basic and diluted)	16	(0.04)	(2.56)	(0.19)	(2.68)

ORYX PETROLEUM CORPORATION LIMITED
Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

Statements of Financial Position

\$000s	Note	September 30 2016	December 31 2015
Non-current assets			
Intangible assets	5	104,253	102,152
Property, plant and equipment	6	606,616	589,608
Deferred tax assets		2,139	2,847
		713,008	694,607
Current assets			
Inventories	7	14,633	24,477
Trade and other receivables	8	4,774	4,454
Other current assets	9	1,789	1,897
Cash and cash equivalents	10	46,591	54,226
		67,787	85,054
Total assets		780,795	779,661
Current liabilities			
Trade and other payables	11	50,310	49,202
Finance lease obligation	12	6,005	5,800
Income tax liabilities		219	630
		56,534	55,632
Non-current liabilities			
Borrowings	13	98,552	97,120
Trade and other payables	11	52,102	61,548
Finance lease obligation	12	10,314	9,977
Retirement benefit obligation		3,355	7,694
Decommissioning obligation	14	15,861	8,561
		180,184	184,900
Total liabilities		236,718	240,532
Equity			
Share capital	15	1,270,525	1,227,398
Reserves	17	14,127	12,786
Accumulated remeasurement of defined benefit obligation, net of income tax		(6,864)	(6,864)
Accumulated deficit		(734,376)	(694,870)
Equity attributable to owners of the Company		543,412	538,450
Non-controlling interest		665	679
Total equity		544,077	539,129
Total equity and liabilities		780,795	779,661

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on November 9, 2016. On behalf of the Board of Directors:

(signed)

Jean Claude Gandur
Director

(signed)

Peter Newman
Director

ORYX PETROLEUM CORPORATION LIMITED

Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

Statements of Changes in Equity

\$000s	Note	Attributable to equity holders of the Company				Total	Non-controlling interest	Total equity
		Share capital	Reserves	Accumulated deficit	Accumulated remeasurement of defined benefit obligation - gain/ (loss)			
Balance at January 1, 2015		1,226,248	5,763	(279,635)	(7,541)	944,835	15,768	960,603
Loss for the period		-	-	(323,699)	-	(323,699)	(8,380)	(332,079)
Share based payment expense	17	-	4,222	-	-	4,222	-	4,222
Shares issued for long-term incentive plan ("LTIP")	15, 17	580	(580)	-	-	-	-	-
Shares issued for Directors' compensation	15, 17	300	(75)	-	-	225	-	225
Increase in ownership of KPA Western Desert Energy Limited ⁽¹⁾	17	-	2,700	-	-	2,700	(6,708)	(4,008)
Loss on defined benefit obligation, net of income tax		-	-	-	(2,599)	(2,599)	-	(2,599)
Balance at September 30, 2015		1,227,128	12,030	(603,334)	(10,140)	625,684	680	626,364
Loss for the period		-	-	(91,536)	-	(91,536)	(1)	(91,537)
Share based payment expense	17	-	437	-	-	437	-	437
Shares issued for LTIP	15, 17	270	(270)	-	-	-	-	-
Shares issued for Directors' compensation	17	-	65	-	-	65	-	65
Warrants issued	17	-	524	-	-	524	-	524
Gain on defined benefit obligation, net of income tax		-	-	-	3,276	3,276	-	3,276
Balance at December 31, 2015		1,227,398	12,786	(694,870)	(6,864)	538,450	679	539,129
Loss for the period		-	-	(39,506)	-	(39,506)	(14)	(39,520)
Share based payment expense	17	-	3,509	-	-	3,509	-	3,509
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 LTIP	15, 17	2,077	(2,077)	-	-	-	-	-
Shares issued for Directors' compensation	15, 17	256	(91)	-	-	165	-	165
Balance at September 30, 2016		1,270,525	14,127	(734,376)	(6,864)	543,412	665	544,077

(1) During 2015, the Group increased its equity ownership interest in KPA Western Desert Energy Limited ("KPAWDE") from 66.67% to 80.8%.

ORYX PETROLEUM CORPORATION LIMITED
Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

Statements of Cash Flows

\$000s	Note	Three months ended September 30		Nine months ended September 30	
		2016	2015	2016	2015
Operating activities					
Loss		(8,738)	(317,836)	(39,520)	(332,079)
Items not involving cash	18	8,093	311,536	31,962	319,417
		(645)	(6,300)	(7,558)	(12,662)
Changes in non-cash assets and liabilities	18	(1,476)	3,846	(3,315)	(2,136)
Net cash used in operating activities		(2,121)	(2,454)	(10,873)	(14,798)
Investing activities					
Acquisition of intangible assets		(236)	(1,815)	(1,049)	(6,441)
Acquisition of property, plant and equipment		(4,578)	(12,867)	(14,689)	(77,388)
Changes in non-cash working capital	18	(2,830)	(4,503)	(13,660)	(25,612)
Net cash used in investing activities		(7,644)	(19,185)	(29,398)	(109,441)
Financing activities					
Proceeds from issuance of common shares		-	-	33,171	-
Related party financing		-	-	-	50,000
Transaction costs		-	-	(535)	(617)
Changes in non-cash working capital	18	-	-	-	-
Net cash generated from financing activities		-	-	32,626	49,383
Net decrease in cash and cash equivalents		(9,765)	(21,639)	(7,635)	(74,856)
Cash and cash equivalents at beginning of the period	10	56,356	56,653	54,226	109,870
Cash and cash equivalents at end of the period		46,591	35,014	46,591	35,014

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, 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 Company’s unaudited condensed consolidated interim financial statements (the “Financial Statements”) were authorized for issue by the Board of Directors on November 9 2016.

2. Summary of significant accounting policies

a. Basis of preparation

The Financial Statements of the Company for the three and nine months ended September 30, 2016 have been prepared in accordance with the 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, 2015, 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, 2015 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, 2015.

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 realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Group meets its day to day working capital requirements, and funds 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).

The Group’s ability to continue as a going concern is dependent on the its ability to realize forecasted revenues, control the timing and extent of projected expenditures, and secure future financing when required. These uncertainties may cast significant doubt about the Group’s ability to continue as a going concern.

Management has applied significant judgment in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sales volumes and pricing, and the timing and extent of capital, operating, and general and administrative expenditures. Oil sales volume assumptions are based on historical production volumes adjusted to consider the impact of production increases expected to result from planned appraisal and development drilling. 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

2. Summary of significant accounting policies (continued)

b. Going concern (continued)

from the Hawler License Area of approximately \$68 million during the 18 months ending March 31, 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 forecasted revenues during the forecast period.

The timing and extent of capital, operating and general and administrative expenditures is based on the Group's revised activity forecast for the remainder of 2016, the Group's approved 2017 budget adjusted to exclude discretionary expenditures, and on management's estimate of expenditures expected to be incurred beyond 2017. The Group has a degree of control and flexibility over both the extent and timing of expenditure under its future capital investment program. Nevertheless, the Group requires access to additional financing to fund its budgeted capital investments and operating and general and administrative expenditures, and to meet its obligations as they fall due in the 18 months following September 30, 2016. The exact timing and magnitude of the requirement for additional financing is uncertain and dependent on actual oil production and sale volumes, realized prices, and management's ability to defer expenditures if required. However, while cash on hand together with the Group's share of oil sales revenues are expected to fund the Group's operations into the second quarter of 2017, the Group requires a \$20-\$25 million positive contribution to net cash flows during the 12 month period ending September 30, 2017 and a further \$15 million during the first quarter of 2018. In addition, the Group will need to refinance principal and interest expected to amount to \$109 million relating to Borrowings (note 13) maturing during the first quarter of 2018. Management expects to achieve the positive contributions to net cash flows referred to above through a combination of i) cost containment measures, ii) rescheduling of cash outflows associated with current and anticipated obligations, iii) agreements to issue common shares in exchange for the provision of services, and iv) additional financing.

Management continually monitors the Group's financing requirements and is implementing plans to secure funding at appropriate cost. Specifically, management is engaged in discussions with existing shareholders, creditors, and other stakeholders on potential transactions and agreements which would reduce anticipated cash outflows and/or provide the additional financing required to fund capital, operating and general and administrative expenditures, and to meet obligations as they fall due in the 18 months following September 30, 2016. In addition, management is engaged in discussions with shareholders, creditors, and third parties on potential transactions which would provide approximately \$50 million to fund the discretionary elements of the Group's fully budgeted capital, operating and general and administrative expenditures during the 18 month period ending March 31, 2018.

Should the Group be unable to meet its obligations as they fall due and to fund its anticipated capital investments and operating and general and administrative 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 be able to access adequate resources to continue operations for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing these Financial Statements.

2. Summary of significant accounting policies (continued)

c. New and amended standards adopted by the Group

Effective January 1, 2016, the Group adopted the following IFRS standards as issued or amended by the IASB:

Amendments to Standards	Effective for annual periods beginning on or after
Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations	January 1, 2016
Amendments to IAS 16 & IAS 38 – Clarification of acceptable methods of depreciation and amortization	January 1, 2016
Amendments to IAS 27 – Equity method in separate financial statements	January 1, 2016
Annual improvement cycles; 2012 – 2014	January 1, 2016
Amendments to IFRS 10, IFRS 12 & IAS 28 – Application of the consolidation exemption	January 1, 2016
Amendments to IAS 1 – Disclosure initiative	January 1, 2016

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

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 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
Amendments to IAS 7 – Statement of cash flows	January 1, 2017
Amendments to IAS 12 – Recognition of deferred tax assets for unrealized losses	January 1, 2017

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, 2015 is applicable to these Financial Statements. The risks arising from financial instruments acquired by the Group during the nine months ended September 30, 2016 are discussed below:

a. Foreign exchange risk

In June 2016, the Group entered into two foreign exchange contracts. The Group entered into a contract to sell \$0.7 million and to receive Swiss Francs at a rate of USD 1.00 / CHF 0.9815 for each of the six months from June to November 2016 in order to hedge its exposure to foreign exchange risk for the subsequent six months. The Group entered into a second forward exchange contract to sell CHF 9.8 million and to receive USD at a rate of USD 1.00 / CHF 0.9786 in December 2016. The Group has recorded foreign exchange gains of \$16,000 (realized) and of \$7,000 (unrealized) during the three months ended September 30, 2016, and gains of \$33,000 (realized) and of \$68,000 (unrealized) during the nine months ended September 30, 2016, relating to these agreements.

ORYX PETROLEUM CORPORATION LIMITED

Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

4. Joint arrangements

The Group has entered into Joint arrangements to facilitate the development and production of oil and gas. As at September 30, 2016, the Company was involved in the following joint arrangements:

License Area	Classification	Location	Participating interest ⁽¹⁾
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%
OML 141	Joint operation	Nigeria	38.67%
Haute Mer A	Joint operation	Congo (Brazzaville)	20%
Haute Mer B	Joint operation	Congo (Brazzaville)	30%

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

5. Intangible assets

\$000s	Exploration & Evaluation costs	Computer Software	Total
Cost			
At January 1, 2015	365,978	2,092	368,070
Additions	6,722	70	6,792
At September 30, 2015	372,700	2,162	374,862
Additions ⁽¹⁾	(3,389)	-	(3,389)
At December 31, 2015	369,311	2,162	371,473
Additions	3,715	18	3,733
At September 30, 2016	373,026	2,180	375,206
Accumulated amortization and impairment			
At January 1, 2015	112,568	1,395	113,963
Amortization	-	350	350
Impairment charge ⁽²⁾	104,003	-	104,003
At September 30, 2015	216,571	1,745	218,316
Amortization	-	81	81
Impairment charge ⁽²⁾⁽³⁾	50,924	-	50,924
At December 31, 2015	267,495	1,826	269,321
Amortization	-	205	205
Impairment charge ⁽²⁾⁽⁴⁾	1,427	-	1,427
At September 30, 2016	268,922	2,031	270,953
Net book value			
At September 30, 2016	104,104	149	104,253
At December 31, 2015	101,816	336	102,152
At September 30, 2015	156,129	417	156,546

(1) The credits arise due to a reduction in estimates of expenditures incurred in prior periods.

(2) At September 30, 2015, management determined that the limited exploration and evaluation activities now planned for the Wasit and OML 141 license areas 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 these assets calculated using the value-in-use methodology for each of the Wasit and OML 141 CGUs was Nil. The Group consequently recorded impairment provisions of \$43.8 million related to the Wasit license area and of \$60.2 million for the OML 141 license area. During the fourth quarter of 2015, \$4.6 million of the impairment charge was reversed following a reduction in estimates of expenditures incurred in prior periods. During 2016 the Group recorded an additional impairment expense of \$2.1 million relating to the OML 141 license area due to revisions in costs previously estimated. As at September 30, 2016, the carrying value of the Wasit and OML 141 CGUs was Nil (December 31, 2015 – Nil).

5. Intangible assets (continued)

- (3) At December 31, 2015, management determined that the limited exploration and evaluation activities now planned for the Haute Mer A 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 provision of \$55.6 million related to the Haute Mer A license area. As at September 30, 2016, the carrying value of the Congo Haute Mer A CGU was Nil (December 31, 2015 – Nil).
- (4) 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 September 30, 2016, the carrying value of the Sindi Amedi CGU was Nil (December 31, 2015 – Nil).

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

\$000s	September 30 2016	December 31 2015
Middle East	50,274	49,541
West Africa	53,830	52,275
	104,104	101,816

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 capitalized, 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 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, Senegal – AGC Central, and Congo – Haute Mer B 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 above license areas / CGUs.

ORYX PETROLEUM CORPORATION LIMITED
Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

6. Property, plant and equipment

\$000s	Oil & Gas Assets	Finance Lease Asset	Facilities Under Construction	Fixtures and Equipment	Total
Cost					
At January 1, 2015	704,014	-	31,370	3,802	739,186
Additions ⁽¹⁾	76,489	16,717	(543)	(476)	92,187
Transfers and reclassifications ⁽²⁾	4,623	26,204	(30,827)	-	-
At September 30, 2015	785,126	42,921	-	3,326	831,373
Additions	13,130	-	-	-	13,130
At December 31, 2015	798,256	42,921	-	3,326	844,503
Additions	17,359	4,696	-	-	22,055
At September 30, 2016	815,615	47,617	-	3,326	866,558
Accumulated depreciation, depletion and impairment					
At January 1, 2015	3,698	-	-	1,267	4,965
Impairment expense ⁽³⁾	206,838	-	-	-	206,838
Depreciation	-	-	-	599	599
Depletion	5,889	22	-	-	5,911
At September 30, 2015	216,425	22	-	1,866	218,313
Impairment expense ⁽³⁾	35,705	-	-	-	35,705
Depreciation	-	-	-	165	165
Depletion	662	50	-	-	712
At December 31, 2015	252,792	72	-	2,031	254,895
Impairment expense ⁽⁴⁾	-	-	-	1,039	1,039
Depreciation	-	-	-	234	234
Depletion	3,477	297	-	-	3,774
At September 30, 2016	256,269	369	-	3,304	259,942
Net book value					
At September 30, 2016	559,346	47,248	-	22	606,616
At December 31, 2015	545,464	42,849	-	1,295	589,608
At September 30, 2015	568,701	42,899	-	1,460	613,060

(1) The credits arise due to additions relate to expenditures incurred at values below those previously estimated.

(2) During 2013, the Group leased a production facility for the Hawler license area. The related facilities were commissioned in September 2015. Refer to note 12 for further information on the finance lease obligation. Prior to commissioning, costs associated with the production facility were classified as Facilities under Construction. Upon commissioning, the costs were transferred to Finance lease asset and Oil & Gas assets.

(3) As at September 30, 2015, the Group recorded a \$206.8 million impairment provision relating to the Hawler License Area. An additional impairment provision of \$35.7 million was recorded as at December 31, 2015. The impairment provision represents the difference between the recoverable amount of the Hawler license area CGU and its carrying amount prior to impairment. The carrying value of the Hawler License Area classified as Oil & Gas Assets as at September 30, 2016 is \$559.3 million (December 31, 2015: \$545.5 million).

(4) 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 September 30, 2016 is Nil.

No assets have been pledged as security.

6. Property, plant and equipment (continued)

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 area ("Hawler Oil & Gas CGU") constitute the group's single CGU which contains property, plant and equipment.

Management has determined that as at September 30, 2016, there were no new substantive indicators suggesting that the carrying amount of Hawler license area Oil and Gas assets exceeds their recoverable amount nor were there indicators suggesting that the previously recognised impairment losses no longer exist or may have decreased.

7. Inventories

\$000s	September 30 2016	December 31 2015
Oil inventory	165	146
Materials	14,468	24,331
	14,633	24,477

The cost of oil inventory is expensed through production and depletion expenses in the period during which it is sold. As at September 30, 2016 the Group's working interest share of oil inventory was 5,900 bbls (December 31, 2015 – 15,300 bbls).

As at March 31, 2016, the Group recorded an \$8.3 million impairment charge to adjust the carrying value of materials inventory to management's estimate of net realizable value (Note 20). The provision at September 30, 2016 is \$7.7 million.

No inventories have been pledged as security during the period.

8. Trade and other receivables

\$000s	September 30 2016	December 31 2015
Receivables from joint operations partners	-	2,829
Revenue receivables	4,335	824
Other receivables	439	801
	4,774	4,454

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

Joint operations receivables arise from timing differences between cash calls and the expenditures incurred on behalf of joint operations partners.

9. Other current assets

\$000s	September 30 2016	December 31 2015
Deposits	307	302
Prepaid charges and other current assets	1,482	1,595
	1,789	1,897

10. Cash and cash equivalents

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

11. Trade and other payables

\$000s	September 30 2016	December 31 2015
Trade accounts payable	8,295	10,847
Amounts payable to joint operations partners	1,583	235
Amounts payable to related parties	-	150
Contingent costs	14,397	-
Other payables and accrued liabilities	26,035	37,970
Current portion	50,310	49,202
Non-current portion of contingent costs	52,102	61,548
Non-current portion	52,102	61,548
Total trade and other payables	102,412	110,750

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, 2016, the Group has recognized a liability of \$66.5 million (December 31, 2015 - \$61.5 million) related to the contingent consideration on 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 anticipated future cash outflows at a rate of 10% (note 24).

12. Finance lease obligation

The Group has entered into a leasing arrangement for the production facilities in the Hawler licence area. The production facilities were commissioned in September 2015. The lease contains options for the Company to settle all obligations under the lease at any point prior to September 30, 2018. In calculating the minimum lease payments under the lease, management has assumed that the assets will be purchased three years following commissioning of the asset, in September 2018. 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 \$4.7million. The lease arrangement has an effective interest rate of 11.6%.

\$000s		Minimum lease payments		Present value of minimum lease payments	
	Note	September 30 2016	December 31 2015	September 30 2016	December 31 2015
No later than one year		6,733	7,293	6,005	5,800
One to five years		12,228	10,665	10,314	9,977
		18,961	17,958	16,319	15,777
Less: future finance charges		(2,642)	(2,181)	-	-
Present value of minimum lease payments		16,319	15,777	16,319	15,777

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 has provided the Group with access to \$100 million of committed funding with a maturity date of March 10, 2018 (the "Maturity Date"). Interest and principal amounts owing to the Lender are payable at the Maturity Date or earlier, at the option of the borrower. An annual compound rate of interest of 10.5% is payable to the Lender under the terms of the loan facility.

On March 11, 2015, the Company issued to an affiliate of the Lender warrants to acquire one million of its common shares. The cost of the warrants has been included as a transaction cost in securing the financing and the value of the financial instrument is presented within equity (note 15b).

On May 11, 2015, the Group drew the first \$50 million tranche under the Loan Facility. Concurrent with the drawdown, the Company issued warrants to an affiliate of the Lender to acquire seven million of its common shares. The cost of the warrants has been included as a deferred financing cost and the value of the financial instrument is presented within equity (note 15b).

On December 15, 2015, the Group drew the second \$50 million tranche under the Loan Facility. Concurrent with the drawdown, the Company issued warrants to an affiliate of the Lender to acquire four million of its common shares. The cost of the warrants has been included as a deferred financing cost and the value of the financial instrument is presented within equity (note 15b).

On March 18, 2016, the Group entered into an agreement with the Lender to extinguish \$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).

The loan proceeds have been recorded as a non-current liability, net of warrant issue and other transaction costs. The carrying value of the loan at September 30, 2016, which has been measured at amortized cost using the effective interest rate method, approximates its fair value and its components are summarized in the table below:

\$000s	Borrowings
Principal	100,000
Deferred financing costs:	
Transaction costs	(1,375)
Warrants issued	(6,441)
Net Proceeds	92,184
Interest expense	3,625
Accretion of deferred financing costs	1,311
At December 31, 2015	97,120
Interest expense	7,722
Accretion of deferred financing costs	1,868
Extinguishment	(8,158)
At September 30, 2016	98,552

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 15, note 25).

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 September 30, 2016, 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 range from 1.0% to 3.3% (December 31, 2015 to 3.3% to 3.4%). The discount rates used at September 30, 2016 range from 2.8% to 5.2% (December 31, 2015 - 8%). Decommissioning costs are anticipated to be incurred between 2038 and 2041.

The estimated net present value of the decommissioning obligation at September 30, 2016 is \$15.9 million (December 31, 2015 - \$8.6 million) based on the Group's working interest undiscounted liability of \$30.0 million (December 31, 2015 - \$50.2 million). The reduction in the undiscounted liability is due to the decrease in the assumed inflation rate.

	Nine months ended September 30 2016	Year ended December 31 2015
\$000s		
Decommissioning obligation, beginning of the period	8,561	9,061
Property acquisition and development activity	191	4,108
Change in inflation rate	(3,576)	(3,772)
Change in discount rate	10,447	-
Change in cost estimates	-	(1,101)
	15,623	8,296
Accretion expense	238	265
Decommissioning obligation, end of the period	15,861	8,561

15. Share capital

a. Issued common shares

	Number of shares	Share capital
\$000s		
At January 1, 2015	120,767,916	1,226,248
Issue of shares for LTIP	453,641	580
Issue of shares for directors' compensation	82,150	300
At September 30, 2015	120,303,707	1,227,128
Issue of shares for LTIP	455,327	270
At December 31, 2015	121,759,034	1,227,398
Issue of shares for private placement	83,683,994	33,170
Issue of shares to Lender (Note 13)	20,581,247	8,158
Issue of shares for LTIP	3,727,720	2,077
Issue of shares for directors' compensation	576,715	256
Transaction costs	-	(534)
At September 30, 2016	230,328,710	1,270,525

The Company has unlimited authorized share capital as at September 30, 2016.

15. Share capital (continued)

2016 share capital transactions

On March 1, 2016, OPCL issued 75,683,994 common shares of the Company to Zeg Oil and Gas Ltd. ("Zeg Oil") 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.

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.

During the nine months ended September 30, 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.

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, note 25).

2015 share capital transactions

During the year ended December 31, 2015, the Group issued 908,968 shares to employees under the Group's LTIP. An additional 82,150 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 an affiliate of the Lender to acquire one million common shares of the Company. The exercise price of the issued 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 an affiliate of the Lender to acquire seven million common shares of the Company. The exercise price of the issued 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 an affiliate of the Lender to acquire four million common shares of the Company. The exercise price of the issued warrants is USD \$0.50 per common share. The expiry date of the issued warrants is December 15, 2018.

The Company uses the Black-Scholes option pricing model to calculate the fair value of warrants. Option pricing models require the input of subjective assumptions regarding the volatility, dividend yield and expected term. Changes in the input assumptions may materially affect the estimated fair value.

The following input assumptions were used to establish the fair value of warrants when issued:

Date of issue	March 11, 2015	May 11, 2015	December 15, 2015
Risk-free interest rate	0.46%	0.67%	0.62%
Expected life (years)	3	3	3
Expected volatility	39.58%	40.48%	60.94%
Dividend rate	-	-	-

The following table summarises warrants outstanding and exercisable at September 30, 2016:

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

ORYX PETROLEUM CORPORATION LIMITED

Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

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 September 30		Nine Months ended September 30	
	2016	2015	2016	2015
Net loss for the period attributable to equity holders	(8,738)	(309,452)	(39,506)	(323,699)
Weighted average number of ordinary shares for basic and diluted loss per share ⁽¹⁾	229,253,430	121,112,980	202,939,710	120,923,099
\$				
Basic and diluted loss per share	(0.04)	(2.56)	(0.19)	(2.68)

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

17. Reserves

\$000s	Other Reserves	Share based payments	Total reserves
At January 1, 2015	-	5,763	5,763
Share based payment transactions	-	4,222	4,222
Issue of shares for LTIP	-	(580)	(580)
Share based directors compensation	-	225	225
Issue of shares for directors' compensation	-	(300)	(300)
Increase in ownership of KPAWDE ⁽¹⁾	2,700	-	2,700
At September 30, 2015	2,700	9,330	12,030
Share based payment transactions	-	437	437
Issue of shares for LTIP	-	(270)	(270)
Share based directors compensation	-	65	65
Warrants issued (note 15b)	-	524	524
At December 31, 2015	2,700	10,086	12,786
Share based payment transactions	-	3,509	3,509
Issue of shares for LTIP	-	(2,077)	(2,077)
Share based directors compensation	-	156	156
Issue of shares for directors' compensation	-	(247)	(247)
At September 30, 2016	2,700	11,427	14,127

(1) During the second quarter of 2015, the Group acquired an increased ownership interest in KPA Western Desert Energy Limited ("KPAWDE") thereby increasing its ownership from 66.67% to 80.8%.

ORYX PETROLEUM CORPORATION LIMITED

Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

18. Supplemental cash flow information

Items not involving cash

\$000s	Three Months ended September 30		Nine Months ended September 30	
	2016	2015	2016	2015
Depreciation, depletion and amortization	1,699	2,264	4,303	6,797
Share based payment expense	1,109	318	1,639	1,633
Impairment expense / (recovery)	(69)	310,841	2,466	310,841
Unrealized foreign exchange (gains) / losses	(9)	392	(64)	591
Non-cash income tax (benefit) / expense	(137)	888	708	476
Finance expense	4,203	2,145	12,142	3,506
General and administrative expense	(297)	100	(161)	1,970
Other expense / (income)	1,594	(5,412)	10,929	(6,397)
Items not involving cash	8,093	311,536	31,962	319,417

Changes in non-cash working capital

\$000s	Three Months ended September 30		Nine Months ended September 30	
	2016	2015	2016	2015
Inventories	(16)	(1,438)	1,474	(2,833)
Trade and other receivables	(363)	5,028	(320)	1,443
Other current assets	416	3,596	422	5,082
Trade and other payables	(4,442)	(7,578)	(16,381)	(29,952)
Current income tax liabilities	98	(264)	(411)	(269)
Deferred revenue	-	-	-	(957)
Changes in non-cash working capital	(4,307)	(656)	(15,216)	(27,486)
Retirement benefit obligation	1	(1)	(1,759)	(262)
Changes in non-cash assets and liabilities	(4,306)	(657)	(16,975)	(27,748)
Changes in operating non-cash assets and liabilities	(1,476)	3,846	(3,315)	(2,136)
Changes in investing non-cash assets and liabilities	(2,830)	(4,503)	(13,660)	(25,612)
Changes in non-cash assets and liabilities	(4,306)	(657)	(16,975)	(27,748)

Other cash flow Information

\$000s	Three Months ended September 30		Nine Months ended September 30	
	2016	2015	2016	2015
Cash interest received	19	8	30	13
Cash interest paid	498	-	1,457	-
Cash income taxes paid	-	-	917	1,037

ORYX PETROLEUM CORPORATION LIMITED

Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

19. Income tax expense

\$000s	Three Months ended September 30		Nine Months ended September 30	
	2016	2015	2016	2015
Current income tax expense	(236)	(217)	(809)	(1,009)
Deferred tax on LTIP shares	-	1	(2)	(3)
Deferred tax on defined benefit obligation	138	(888)	(706)	(473)
Total deferred tax	138	(887)	(708)	(476)
Income tax expense	(98)	(1,014)	(1,517)	(1,485)

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 nine months ended September 30, 2016, income taxes related to oil sales in the Kurdistan Region of Iraq in the amount of \$0.3 million (2015 - \$0.4 million) were deemed to be paid to the government through its allocation of profit oil under the Hawler PSC.

20. Other (expense) / income

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

\$000s	Note	Three Months ended September 30		Nine Months ended September 30	
		2016	2015	2016	2015
Impairment of materials inventory	7	-	-	(8,279)	-
Curtailment of retirement benefit obligation		-	4,460	3,803	4,460
Change in fair value of contingent consideration	24	(1,455)	970	(4,092)	1,955
Restructuring charge ⁽¹⁾		-	-	(2,192)	-
Other income		117	-	182	-
Other (expense) / income		(1,338)	5,430	(10,578)	6,415

(1) During the three months March 31, 2016, the Group effected a corporate re-organisation as part of its efforts to reduce costs and recorded a restructuring charge.

21. Finance expense

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

\$000s	Note	Three Months ended September 30		Nine Months ended September 30	
		2016	2015	2016	2015
Interest expense on Borrowings	13	(2,616)	(1,339)	(7,723)	(2,073)
Accretion of deferred financing costs	13	(698)	(510)	(1,868)	(778)
Interest expense on Finance lease obligation	12	(498)	(107)	(1,457)	(107)
Interest on Contingent costs	11	(322)	(131)	(858)	(395)
Accretion of Decommissioning obligation	14	(71)	(59)	(238)	(154)
Finance expense		(4,205)	(2,146)	(12,144)	(3,507)

ORYX PETROLEUM CORPORATION LIMITED

Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

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:

For the nine months ended				
September 30, 2016				
\$000s	Middle East	West Africa	Corporate	Total
Revenue	14,977	-	-	14,977
Royalty	(6,591)	-	-	(6,591)
Net revenue	8,386	-	-	8,386
Operating expense	(9,562)	-	-	(9,562)
Depreciation, depletion and amortization	(3,865)	(38)	(399)	(4,302)
Impairment (expense) / recovery	704	(2,131)	(1,039)	(2,466)
Pre-license and exploration	(4)	(636)	-	(640)
General and administration	(396)	(756)	(5,646)	(6,798)
Other (expense) / income	(11,577)	(721)	1,720	(10,578)
Segment result	(16,314)	(4,282)	(5,364)	(25,960)
Finance income				30
Finance expense				(12,144)
Foreign exchange gain				71
Loss before income tax				(38,003)
Income tax expense				(1,517)
Loss for the period				(39,520)
Capital additions	22,005	3,764	19	25,788
Segment assets as at September 30, 2016	691,031	81,046	8,718	780,795
Segment liabilities as at September 30, 2016	229,321	1,720	5,677	236,718

For the nine months ended				
September 30, 2015				
\$000s	Middle East	West Africa	Corporate	Total
Revenue	18,934	-	-	18,934
Royalty	(7,753)	-	-	(7,753)
Net revenue	11,181	-	-	11,181
Operating expense	(15,509)	-	-	(15,509)
Depreciation, depletion and amortization	(5,813)	(31)	(953)	(6,797)
Impairment expense	(250,593)	(60,247)	-	(310,841)
Pre-license and exploration	(359)	(752)	-	(1,111)
General and administration	(293)	(363)	(9,664)	(10,320)
Other income	1,955	-	4,460	6,415
Segment result	(259,431)	(61,393)	(6,157)	(326,982)
Finance income				13
Finance expense				(3,507)
Foreign exchange loss				(118)
Loss before income tax				(330,594)
Income tax expense				(1,485)
Loss for the period				(332,079)
Capital additions ⁽¹⁾	93,408	5,892	(321)	98,979
Segment assets as at September 30, 2015	716,963	109,190	12,473	838,625
Segment liabilities as at September 30, 2015	142,289	4,372	58,857	205,519

(1) The credits to additions relate to actual expenditures concluded at values below those estimated in prior periods.

ORYX PETROLEUM CORPORATION LIMITED

Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

22. Segment information (continued)

For the three months ended

September 30, 2016

\$000s	Middle East	West Africa	Corporate	Total
Revenue	6,726	-	-	6,726
Royalty	(2,960)	-	-	(2,960)
Net revenue	3,766	-	-	3,766
Operating expense	(2,839)	-	-	(2,839)
Depreciation, depletion and amortization	(1,616)	-	(82)	(1,698)
Impairment (expense) / recovery	-	69	-	69
Pre-license and exploration	-	(287)	-	(287)
General and administration	(69)	(358)	(1,723)	(2,150)
Other (expense) / income	(1,441)	-	103	(1,338)
Segment result	(2,199)	(576)	(1,702)	(4,477)
Finance income				19
Finance expense				(4,205)
Foreign exchange gain				23
Loss before income tax				(8,640)
Income tax expense				(98)
Loss for the period				(8,738)
Capital additions	3,731	496	-	4,227

For the three months ended

September 30, 2015

\$000s	Middle East	West Africa	Corporate	Total
Revenue	4,227	-	-	4,227
Royalty	(1,731)	-	-	(1,731)
Net revenue	2,496	-	-	2,496
Operating expense	(5,738)	-	-	(5,738)
Depreciation, depletion and amortization	(1,964)	(11)	(289)	(2,264)
Impairment expense	(250,593)	(60,247)	-	(310,841)
Pre-license and exploration	(70)	(33)	-	(103)
General and administration	(5)	(88)	(3,078)	(3,171)
Other income	970	-	4,460	5,430
Segment result	(254,904)	(60,380)	1,093	(314,191)
Finance income				1
Finance expense				(2,146)
Foreign exchange loss				(396)
Loss before income tax				(316,732)
Income tax expense				(1,104)
Loss for the period				(317,836)
Capital additions ⁽¹⁾	30,642	1,522	(395)	31,769

(1) The credits to additions relate to actual expenditures concluded at values below those estimated in prior periods.

22. Segment information (continued)

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

\$000s	September 30 2016	December 31 2015
Iraq	656,356	637,938
Congo (Brazzaville)	16,234	15,696
Senegal and Guinea Bissau	37,764	36,535
Other	2,654	4,438
	713,008	694,607

23. Commitments

(a) Contractual obligations

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

\$000s	September 30 2016	December 31 2015
No later than one year	6,650	12,430
One to five years	57,700	49,118
Greater than five years	19,395	19,864
	83,745	81,412

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 loss during the three and nine months ended September 30, 2016 was \$0.2 million and \$1.0 million respectively (2015 - \$1.6 million and \$5.0 million).

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

\$000s	September 30 2016	December 31 2015
No later than one year	823	1,326
One to five years	121	1,323
	944	2,649

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.

24. Contingent liabilities (continued)

During 2011, the Group acquired interests in various exploration licenses. The acquisition terms included additional consideration and liabilities which are contingent upon the outcome of future drilling activities and, in some cases, the quantities of reserves discovered. At September 30, 2016 these contingencies, including a \$66.5 million (December 31, 2015 - \$61.5 million) liability which has been recorded and is discussed in note 11, amounted to a maximum of \$185 million (December 31, 2015 - \$185 million). During the three and nine months ended September 30, 2016 the Group recorded an expense of \$1.5 million and \$4.1 million, respectively, reflecting an increase in the fair value of the contingent consideration described above.

25. Events after the statement of financial position date

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