Oryx Petroleum Q1 2020 Financial and Operational Results

33% increase in Production; 21% decrease in Operating Expenses per barrel

Calgary, Alberta, June 22, 2020

Oryx Petroleum Corporation Limited ("Oryx Petroleum" or the "Corporation") today announces its financial and operational results for the three months ended March 31, 2020. All dollar amounts set forth in this news release are in United States dollars, except where otherwise indicated.

Financial Highlights:

- Total revenues of $31.9 million on working interest sales of 842,800 barrels of oil ("bbl") and an average realised sales price of $34.03/bbl for Q1 2020
  - 33% increase in sales volumes versus Q1 2019
  - 8% increase in sales volumes versus Q4 2019
  - The Corporation has received payment in accordance with Production Sharing Contract entitlements for all oil sale deliveries into the Kurdistan Oil Export Pipeline through October 2019 and for the months of March, April and May of 2020. Payments for the months of November 2019, December 2019, January 2020, and February 2020 remain outstanding with the Contractor share totalling $39 million. Payment is not expected in 2020 and longer term timing of settlement is as yet undefined. The Corporation expects future monthly sales invoices to be settled in the following month
- Operating expenses of $7.7 million ($9.11/bbl) and an Oryx Petroleum Netback[1] of $11.28/bbl for Q1 2020
  - 21% decrease in operating expenses per barrel versus Q1 2019
- Loss of $249.6 million ($0.45 per common share) in Q1 2020 versus Profit of $1.5 million in Q1 2019 ($0.00 per common share)
  - Loss in Q1 2020 primarily attributable to a $238 million impairment expense related to the Hawler license area, increases in material inventory and oil sales receivables provisions versus changes in Q1 2019, and a lower netback versus Q1 2019
- Net cash generated by operating activities was $6.8 million in Q1 2020 versus net cash generated by operating activities of $8.6 million in Q1 2019 comprised of Operating Funds Flow[2] of $6.6 million and a $0.3 million decrease in non-cash working capital
- Net cash used in investing activities during Q1 2020 was $8.5 million including payments related to drilling and facilities work in the Hawler license area, preparation for drilling in the AGC Central license area, and an increase in non-cash working capital
- $3.2 million of cash and cash equivalents as of March 31, 2020

Operations Update:

- Average gross (100%) oil production of 14,200 bbl/d (working interest 9,300 bbl/d) in Q1 2020

[1] Oryx Petroleum Netback is a non-IFRS measure. See the table below for a definition of and other information related to the term.
[2] Operating Funds Flow is a non-IFRS measure. See the table below for a definition of and other information related to the term.

- Average gross (100%) oil production of 4,300 bbl/d (working interest 2,800 bbl/d) for April 2020 and 3,800 bbl/d (working interest 2,500 bbl/d) for May 2020
- Production from the Banan field was shut-in on April 2, 2020 due to poor economics
  - Lower realised prices for production from the Banan field is due to higher oil quality discounts and higher per barrel facilities operating costs than other fields
  - Plan to install a pump in the Banan-4 well in the coming weeks which will significantly reduce operating expenses and justify a resumption of production in Q3 2020
- The worldwide outbreak of the COVID-19 virus, including within Iraq, has not caused any significant disruption of production operations. The Corporation is taking precautions to protect its employees and contractors but does not at this time expect that the virus outbreak will restrict operations

2020 Forecasted Work Program and Capital Expenditures:

2020 capital expenditures are forecasted to be $11 million (versus $53 million previous forecast). All previous planned drilling activity has been deferred except the installation of a pump at the Banan field and minor infrastructure works in the Hawler license area, certain studies in the AGC Central license area and license maintenance costs.

Liquidity Outlook:

- The Corporation expects cash on hand as of June 22, 2020 and cash receipts from net revenues from export sales will allow it to fund its 2020 forecasted capital expenditures and operating and administrative costs into the second half of 2021. Collection of overdue net revenues for the November 2019 to February 2020 period and/or working capital support from shareholders is required to be able to fund capital expenditures in the Hawler license area in 2021, to settle obligations currently due to suppliers, and to meet any contingent consideration obligations that become payable in 2020 or 2021.

CEO's Comment

Commenting today, Oryx Petroleum's Chief Executive Officer, Vance Querio, stated:

"During the first quarter of this year OP Hawler Kurdistan Limited produced more oil from the Hawler license area than ever before. We identified potential new resources in the Tertiary reservoir in the eastern fault block of the Banan field while drilling a side track of the Banan-1 well. And, we continued to operate safely, without any recordable incidents throughout the quarter, notwithstanding restrictions imposed due to the COVID-19 outbreak. These positive results were unfortunately overshadowed by the precipitous drop in crude oil prices that started during March and the deferral of payments for oil sales.

In the AGC Central license area, work continued toward completing the environmental and social impact study of the license area.

In response to the lower oil prices and deferred payments, we implemented steps to reduce expenditures including shutting-in uneconomic production from the Banan field, reducing personnel costs and limiting near term capital expenditure activity.

We have deferred all drilling of new wells and discretionary facilities expenditures previously planned for 2020 until our free cash generation is restored as a result of a significant increase in oil price or restoration of the payment for past oil sales. We do intend to replace some leased artificial lift systems in the Banan field, where we expect to restore production during the third quarter, with company owned facilities to significantly reduce direct operating expenses.

As a result of two separate transactions being contemplated, one between AOG and the Corporation and the other between our two largest shareholders, shares in the entity holding our interest in the AGC Central license will be transferred to AOG as settlement for the loan due to AOG and Zeg Oil and Gas Limited will acquire control of Oryx Petroleum. Upon closing of the transactions, the Corporation, at least in the near term, will be focused exclusively on the Kurdistan Region of Iraq and will be relieved of both the loan due to AOG and the drilling commitments associated with the AGC Central license.

We believe our improved financial position and reduced cost structure will allow us to maximise the value of the Hawler license area over the coming years. We are excited by our prospects for growth and look forward to an improved operating environment and increasing crude prices for the remainder of 2020."

Selected Financial Results

Financial results are prepared in accordance with International Financial Reporting Standards ("IFRS") and the reporting currency is US dollars. References in this news release to the "Group" refer to Oryx Petroleum and its subsidiaries. The following table summarises selected financial highlights for Oryx Petroleum for the three month periods ended March 31, 2020 and March 31, 2019 as well as the year ended December 31, 2019.

	Three Months Ended March 31		Year Ended December 31
($ in millions unless otherwise indicated)	2020	2019	2019
Revenue	31.9	34.0	150.5
Working Interest Production (bbl)	842,000	633,800	2,780,800
Average WI Production per day (bbl/d)	9,300	7,000	7,600
Working Interest Oil Sales (bbl)	842,800	633,300	2,781,000
Average Realised Sales Price ($/bbl)	34.03	48.35	48.72
Operating Expense	7.7	7.3	28.9
Field Production Costs ($/bbl)(1)	6.97	8.78	7.96
Field Netback ($/bbl)(2)	9.65	14.84	15.95
Operating expenses ($/bbl)	9.11	11.48	10.41
Oryx Petroleum Netback ($/bbl)(3)	11.28	17.49	18.90
Profit (Loss)	(249.6)	1.5	(59.2)
Basic and Diluted Earnings (Loss) per Share ($/sh)	(0.45)	0.00	(0.11)
Operating Funds Flow(4)	6.6	9.2	26.9
Net Cash generated by Operating Activities	6.8	8.6	28.1
Net Cash used in Investing Activities	(8.5)	(9.0)	(35.1)
Capital Expenditure	4.7	2.3	38.2
Cash and Cash Equivalents	3.2	14.1	8.9
Total Assets	522.2	810.3	768.3
Total Liabilities	209.5	198.4	209.2
Total Equity	312.7	611.9	559.1

(1) Field production costs represent Oryx Petroleum's working interest share of gross production costs and exclude the partner share of production costs carried by Oryx Petroleum.

(2) Field Netback is a non-IFRS measure that represents the Group's working interest share of oil sales net of the Group's working interest share of royalties, the Group's working interest share of operating expenses and the Group's working interest share of taxes. Management believes that Field Netback is a useful supplemental measure to analyse operating performance and provides an indication of the results generated by the Group's principal business activities prior to the consideration of production sharing contract and joint operating agreement financing characteristics, and other income and expenses. Field Netback does not have a standard meaning under IFRS and may not be comparable to similar measures used by other companies.

(3) Oryx Petroleum Netback is a non-IFRS measure that represents Field Netback adjusted to reflect the impact of carried costs incurred and recovered through the sale of cost oil during the reporting period. Management believes that Oryx Petroleum Netback is a useful supplemental measure to analyse the net cash impact of the Group's principal business activities prior to the consideration of other income and expenses. Oryx Petroleum Netback does not have a standard meaning under IFRS and may not be comparable to similar measures used by other companies.

(4) Operating Funds Flow is a non-IFRS measure that represents cash generated from operating activities before changes in non-cash assets and liabilities. The term Operating Funds Flow should not be considered an alternative to or more meaningful than "cash flow from operating activities" as determined in accordance with IFRS. Management considers Operating Funds Flow to be a key measure as it demonstrates the Group's ability to generate the cash flow necessary to fund future growth through capital investment. Operating Funds Flow does not have any standardised meaning prescribed by IFRS and may not be comparable to similar measures used by other companies.

- Revenue decreased to $31.9 million in Q1 2020 versus $34.0 million in Q1 2019 due to a 30% decrease in average oil sales prices partially offset by a 33% increase in oil sales volumes. Gross (working interest) production and sales of oil in Q1 2020 were 842,000 barrels and 842,800 barrels, respectively, versus 633,800 barrels and 633,300 barrels, respectively, for Q1 2019. The average oil sales price realised in Q1 2020 was $34.03 per barrel versus $48.35 for Q1 2019. In addition to oil sales, revenue includes the recovery of carried costs.

- Operating expenses increased to $7.7 million in Q1 2020 versus $7.3 million in Q1 2019 due primarily to the costs associated with a greater number of wells and increased production. Operating expenses on a per barrel basis declined 21% in Q1 2020 versus Q1 2019 as increased volumes more than offset the increase in expenses. Oryx Petroleum currently carries the Kurdistan Regional Government's share of production costs. The Oryx Petroleum Netback achieved in Q1 2020 of $11.28 per barrel reflects the Field Netback plus adjustments for carried costs.

- General and administrative expenses increased to $2.7 million in Q1 2020 versus $2.1 million in Q1 2019 due primarily to an increase in personnel costs and adjustments for prior period expenditures.

- Loss for the three months ended March 31, 2020 was $249.6 million compared to a $1.5 million profit in Q1 2019. The lower result is attributable to i) a $238.2 million impairment expense in Q1 2020 related to the Hawler license area, ii) a $4.6 million increase in the materials inventory provision in Q1 2020 compared to a $1.2 million decrease to the provision in Q1 2019, iii) a $4.4 million increase to the provision relating to oil sales receivables versus a nominal gain in Q1 2019, iv) a $2.9 million increase in the depletion charge during Q1 2020 resulting from higher production, v) a $1.2 million decrease in net revenue, and vi) an increase in both operating expense and general and administrative expenses. These negative variances were partially offset by $1.9 million in income related to the change in fair value of contingent consideration during Q1 2020 versus a $0.7 million expense during Q1 2019.

- Operating Funds Flow was $6.6 million for Q1 2020 compared to $9.2 million in Q1 2019. The decrease in Operating Funds Flow is primarily due to lower net revenues and netback in Q1 2020 versus Q1 2019.

- Net cash generated by operating activities was $6.8 million in Q1 2020 as compared to $8.6 million in Q1 2019. The decrease reflects lower revenues and netback and a $0.3 million decrease in non-cash working capital in Q1 2020 versus a $0.5 million increase in non-cash working capital in Q1 2019.

- Net cash used in investing activities decreased to $8.5 million in Q1 2020 as compared to $9.0 million in Q1 2019 reflecting decreased cash outflows for capital investment during Q1 2020.

- Capital expenditures in Q1 2020 totalled $4.7 million as compared to $2.3 million in Q1 2019. In Q1 2020, $4.5 million of capital expenditures were incurred in the Hawler license area primarily on drilling activities at the Banan field. Q1 2020 capital expenditures also included $0.2 million related to studies and drilling preparations in the AGC Central license area.

- Cash and cash equivalents decreased to $3.2 million at March 31, 2020 from $8.9 million at December 31, 2019 reflecting capital expenditures and movements in non-cash working capital partially offset by positive Operating Funds Flow.
- In March 2015, Oryx Petroleum entered into a Loan Agreement with AOG whereby AOG committed to provide a $100 million unsecured credit facility to Oryx Petroleum (the “AOG Credit Facility”). As at the date of this release, the balance owing under the AOG Credit Facility (including accrued and unpaid interest) totalled approximately $79.8 million.
    - As announced earlier today, the Corporation and AOG International Holdings Limited have agreed that the loan with AOG International Holdings Limited will be settled in full in consideration of the transfer by the Corporation to AOG of the shares of OP AGC Central Limited, the wholly-owned subsidiary of the Corporation that holds the Corporation’s interests in the AGC Central license area
    - The transaction is subject to customary closing conditions and is expected to close early in the third quarter of 2020
    - The previously announced short term credit facility provided by AOG has been terminated. The Corporation had not drawn any amounts under the facility
- The Corporation is obligated to make further payments to the vendor of the Hawler license area contingent upon declaration of a second commercial discovery in the Hawler license area.
    - Contingent upon declaration of a second commercial discovery in the Hawler license area, a lump-sum payment of $66.0 million plus accrued interest is payable. The estimated fair value of the contingent consideration as at March 31, 2020 was $54.5 million. The estimated fair value of the contingent consideration was revised downwards by $1.9 million versus Q4 2019 utilising the methodology adopted in Q3 2019 that incorporates weighted probabilities of potential outcomes including an outcome where there is no second commercial declaration of discovery. As at March 31, 2020, the total balance of principal and accrued interest potentially owed under the contingent consideration obligation was $76.0 million
- As at June 22, 2020, a total of 552,481,662 common shares are outstanding. As at June 22, 2020 there are: i) unvested Long Term Incentive Plan awards which are expected to result in the issuance of up to an additional 28,862,475 common shares upon vesting, and ii) 39,281,804 warrants issued in connection with various amendments to the AOG Credit Facility.

2020 Capital Expenditure Forecast

Oryx Petroleum re-forecasted capital expenditures for 2020 are $11 million, reduced from the previously announced forecast of $53 million. The reduction reflects the deferment of all planned drilling of new wells and facilities expenditures except the installation of a pump at the Banan field and minor infrastructure works in the Hawler license area and ceasing further investment in the AGC Central license area as a result of the proposed transfer of the asset to AOG. The following table summarises the Corporation's 2020 forecasted capital expenditure program versus the previously announced forecast:

Location	License/Field/Activity	2020 Prior Forecast	2020 Re-Forecast
		$ millions	$ millions
Kurdistan Region	Hawler		
	Zey Gawra-Drilling	4	-
	Demir Dagh-Drilling	8	-
	Ain Al Safra-Drilling	2	-
	Banan-Drilling	14	6
	Facilities	19	1
	Other(1)	3	3
	Total Hawler	**50**	**10**
West Africa	AGC Central—Drilling & Prep	-	-
	AGC Central—Other	3	1
	Capex Total(2)	**53**	**11**

Note:
(1) Other is comprised primarily of license maintenance costs.
(2) Totals may not add-up due to rounding.

Kurdistan Region of Iraq -- Hawler License Area

Demir Dagh drilling -- one previously planned well targeting the Cretaceous reservoir has been deferred.

Zey Gawra drilling -- one previously planned new well targeting the Tertiary reservoir has been deferred.

Banan drilling -- consists of the workover of the Banan-1 well targeting the Cretaceous reservoir completed in early 2020 and the planned installation of a pump at the Banan-4 well. One planned new well targeting the Tertiary reservoir; and one planned well in the western portion of the Banan field targeting the Cretaceous reservoir have been deferred.

Ain Al Safra drilling -- the planned completion of the Ain Al Safra-2 well targeting the Triassic reservoir has been deferred. The Ain Al Safra-2 well was suspended in 2014 prior to testing due to security developments.

Facilities -- Demir Dagh facilities expenditures comprised of infrastructure works including the construction of additional storage tanks, replacement of generators and construction of a solar power station have been deferred. Zey Gawra facilities expenditures comprised of studies and minor infrastructure works including flowlines for new wells have been deferred. Banan facilities expenditures comprised of studies and infrastructure needed to accommodate drilling plans and additional production, as well as a pipeline between the Banan field and the Hawler processing facilities located at the Demir Dagh field have been deferred.

AGC Central License Area

Consists of studies, technical support and license maintenance costs incurred prior to the expected transfer of the AGC Central license area to AOG.

Regulatory Filings

This announcement coincides with the filing with the Canadian securities regulatory authorities of Oryx Petroleum's unaudited condensed consolidated financial statements for the three months ended March 31, 2020 and the related management's discussion and analysis thereon. Copies of these documents filed by Oryx Petroleum may be obtained via www.sedar.com and the Corporation's website, www.oryxpetroleum.com.

ABOUT ORYX PETROLEUM CORPORATION LIMITED

Oryx Petroleum is an international oil exploration, development and production company focused in Africa and the Middle East. The Corporation's shares are listed on the Toronto Stock Exchange under the symbol "OXC". Oryx Petroleum has interests in two license areas, one of which has yielded an oil discovery. The Corporation is the operator of the two license areas. One license area is located in the Kurdistan Region of Iraq and one license area is located in West Africa in the AGC administrative area offshore Senegal and Guinea Bissau. Further information about Oryx Petroleum is available at www.oryxpetroleum.com or under Oryx Petroleum's profile at www.sedar.com.

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Reader Advisory Regarding Forward-Looking Information

Certain statements in this news release constitute "forward-looking information", including statements related to expectations that transactions announced today will close and, upon closing, will result in Zeg Oil and Gas Limited acquiring control of Oryx Petroleum and that shares in the entity holding the Corporation's interest in the AGC Central license area will be transferred to AOG as settlement for the loan due to AOG, forecast work program and capital expenditure for 2020, drilling and well workover plans, development plans and schedules and chance of success, future drilling of wells and the reservoirs to be targeted, future facilities work, ultimate recoverability of current and long-term assets, possible commerciality of our projects, future expenditures and sources of financing for such expenditures, expectations that cash on hand as of June 22, 2020 and cash receipts from net revenues from export sales will allow the Corporation to fund its 2020 forecasted capital expenditures and operating and administrative costs into the second half of 2021, the issuance of shares as a result of the vesting of Long Term Incentive Plan awards and exercise of warrants, future requirements for additional funding, estimates for the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, the expected timing for settlement of liabilities including the credit facility with AOG and the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, and statements that contain words such as "may", "will", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "potentially", "project", or the negative of such expressions and statements relating to matters that are not historical fact, constitute forward-looking information within the meaning of applicable Canadian securities legislation.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. For more information about these assumptions and risks facing the Corporation, refer to the Corporation's annual information form dated March 23, 2020 available at www.sedar.com and the Corporation's website at www.oryxpetroleum.com. Further, statements including forward-looking information in this news release are made as at the date they are given and, except as required by applicable law, Oryx Petroleum does not intend, and does not assume any obligation, to update any forward-looking information, whether as a result of new information, future events or otherwise. If the Corporation does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

Reader Advisory Regarding Certain Figures

Unless provided otherwise, all production and capacity figures and volumes cited in this news release are gross (100%) values, indicating that figures (i) have not been adjusted for deductions specified in the production sharing contract applicable to the Hawler license area, and (ii) are attributed to the license area as a whole and do not represent Oryx Petroleum's working interest in such production, capacity or volumes.