Oryx Petroleum Q2 2020 Financial and Operational Results

Production from Banan Field restarted; Resumption of capital program

Calgary, Alberta, September 2, 2020

Oryx Petroleum Corporation Limited ("Oryx Petroleum" or the "Corporation") today announces its financial and operational results for the three and six months ended June 30, 2020. All dollar amounts set forth in this news release are in United States dollars, except where otherwise indicated.

Financial Highlights:

- Total revenues of $4.2 million on working interest sales of 241,400 barrels of oil ("bbl") and an average realised sales price of $15.78/bbl for Q2 2020
  - Lower volumes due to shut-in of production from Banan field during Q2 2020
  - 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 through July 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. The Corporation is actively pursuing the outstanding payments and expects payments to resume in the coming months but longer term timing of full settlement is undefined. The Corporation expects future monthly sales invoices to be settled in the following month
- Operating expenses of $3.5 million ($14.63/bbl) and an Oryx Petroleum Netback[1] of negative $5.17/bbl for Q2 2020
- Loss of $3.9 million ($0.01 per common share) in Q2 2020 versus Profit of $2.3 million in Q2 2019 ($0.00 per common share)
  - Loss in Q2 2020 primarily attributable to a decrease in net revenues and netback versus Q2 2019 partially offset by, a reversal of the materials inventory provision, lower operating expenses, lower depletion costs and lower general & administrative costs versus Q2 2019
- Net cash generated by operating activities was $3.1 million in Q2 2020 versus net cash generated by operating activities of $11.4 million in Q2 2019 comprised of Operating Funds Flow[2] of negative $2.3 million and a $5.4 million decrease in non-cash working capital
- Net cash used in investing activities during Q2 2020 was $0.6 million including payments related to drilling preparations in the Hawler license area, preparation for drilling in the AGC Central license area, and an increase in non-cash working capital
- $5.6 million of cash and cash equivalents as of June 30, 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.

Operations Update:

- Average gross (100%) oil production of 4,000 bbl/d (working interest 2,600 bbl/d) in Q2 2020
- Average gross (100%) oil production of 10,000 bbl/d (working interest 6,500 bbl/d) and 11,700 bbl/d (working interest 7,600 bbl/d) for July and August 2020, respectively
- Production from the Banan field resumed in July 2020 due to the improved oil price environment
- The worldwide outbreak of the COVID-19 virus, including within Iraq, has not caused any significant disruption of production operations. The Corporation is continuing to take precautions to protect its employees and contractors but does not expect that the ongoing virus outbreak will restrict operations
- Most of the termination notices issued in March 2020 to employees in the Corporation´s Geneva office, including the Chief Executive Officer, have recently been rescinded

2020 Forecasted Work Program and Capital Expenditures:

- 2020 capital expenditures are forecasted to be $22 million (versus $11 million previous forecast). In addition to the previously planned installation of a pump at the Banan-4 well a number of other operations are now planned: a stimulation of the Demir Dagh-3 well, a new well targeting the Zey Gawra Tertiary reservoir, and infrastructure works on the east fault block of the Banan field.

Liquidity Outlook:

- The Corporation expects cash on hand as of June 30, 2020, cash receipts from net revenues from export sales, and proceeds from the short term credit facility provided by Zeg Oil and Gas Limited ("ZOG") will allow it to fund its forecasted near term capital expenditures and operating and administrative costs through the end of 2021, and to reduce obligations currently due to suppliers. Collection of overdue net revenues for the November 2019 to February 2020 period and/or external funding is required to be able to fund capital expenditures in the Hawler license area in 2020 and 2021 beyond expenditures currently envisioned or 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 second quarter OP Hawler Kurdistan Limited continued to operate safely, without any recordable incidents, notwithstanding restrictions imposed due to the COVID-19 outbreak. Due to improved crude oil prices we also recently restored production at the Banan field which was shut in for most of the second quarter due to the precipitous drop in crude oil prices that started during March. Our average daily production is now approaching levels achieved earlier in the year.

In response to the lower oil prices and deferred revenue payments, we implemented steps early in the second quarter to reduce expenditures including limiting near term capital expenditure.

As a result of transactions consummated in recent weeks between our two largest shareholders and between AOG and the Corporation, ZOG has acquired control of Oryx Petroleum and shares in the entity holding our interest in the AGC Central license area have been transferred to AOG as settlement for the loan due to AOG. Following the completion of these transactions, ZOG has agreed to provide us with a $10 million credit facility.

With improved crude oil prices, regular revenue payments, an improved financial position, and a reduced cost structure, we are now in a position to resume capital expenditure. The focus of our efforts, at least in the near term, will exclusively be the Hawler license area in the Kurdistan Region of Iraq. In the second half of 2020 we plan to install a pump at the Banan-4 well, stimulate the Demir Dagh-3 well, drill a new well targeting the Zey Gawra Tertiary reservoir, and complete some infrastructure works at the Banan field in preparation for future drilling.

We are excited by our prospects for growth and look forward to an improved operating environment and executing our plans for the remainder of 2020 and beyond."

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 and six month periods ended June 30, 2020 and June 30, 2019 as well as the year ended December 31, 2019.

	Three Months Ended June 30		Six Months Ended June 30		Year Ended December 31
($ in millions unless otherwise indicated)	2020	2019	2020	2019	2019
Revenue	4.2	39.9	36.1	73.9	150.5
Working Interest Oil Production (bbl)	238,900	669,200	1,081,000	1,303,000	2,780,800
Average WI Oil Production per day (bbl/d)	2,600	7,400	5,900	7,200	7,600
Working Interest Oil Sales (bbl)	241,400	671,300	1,084,300	1,304,700	2,781,000
Average Realised Sales Price ($/bbl)	15.78	53.47	29.97	50.98	48.72
Operating Expense	3.5	6.9	11.2	14.2	28.9
Field Production Costs ($/bbl)(1)	11.19	7.90	7.91	8.33	7.96
Field Netback ($/bbl)(2)	(3.48)	18.22	6.73	16.57	15.95
Operating Expenses ($/bbl)	14.63	10.33	10.34	10.89	10.41
Oryx Petroleum Netback ($/bbl)(3)	(5.17)	21.71	7.62	19.66	18.90
Profit (Loss)	(3.9)	2.3	(253.4)	3.9	(59.2)
Basic and Diluted Earnings (Loss) per Share ($/sh)	(0.01)	0.00	(0.46)	0.01	(0.11)
Operating Funds Flow(4)	(2.3)	11.9	4.2	21.0	26.9
Net Cash Generated by Operating Activities	3.1	11.4	9.9	20.0	28.1
Net Cash used in Investing Activities	(0.6)	(8.6)	(9.1)	(17.6)	(35.1)
Capital Expenditure	5.1	10.6	9.8	13.0	38.2
Cash and Cash Equivalents	5.6	16.8	5.6	16.8	8.9
Total Assets	523.8	821.6	523.8	821.6	768.3
Total Liabilities	214.0	206.6	214.0	206.6	209.2
Total Equity	309.8	615.0	309.8	615.0	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 $4.2 million in Q2 2020 versus $39.9 million in Q2 2019 due to a 70% decrease in average oil sales prices and a 64% decrease in oil sales volumes. Gross (working interest) production and sales of oil in Q2 2020 were 238,900 barrels and 241,400 barrels, respectively, versus 669,200 barrels and 671,300 barrels, respectively, for Q2 2019. The average oil sales price realised in Q2 2020 was $15.78 per barrel versus $53.47 for Q2 2019. In addition to oil sales, revenue includes the recovery of carried costs.

- Operating expenses decreased to $3.5 million in Q1 2020 versus $6.9 million in Q2 2019 due primarily to the suspension of operations at the Banan field in Q2 2020. Operating expenses on a per barrel basis increased 42% in Q2 2020 versus Q2 2019 as decreased volumes more than offset the decrease in expenses. Oryx Petroleum currently carries the Kurdistan Regional Government's share of production costs. The Oryx Petroleum Netback achieved in Q2 2020 of negative $5.17 per barrel reflects the Field Netback plus adjustments for carried costs.

- General and administration expenses decreased to $2.2 million in Q2 2020 versus $3.4 million in Q2 2019 due primarily to a decrease in personnel costs and adjustments for prior period expenditures.

- Loss for the three months ended June 30, 2020 was $3.9 million compared to a $2.3 million profit in Q2 2019. The lower result is primarily attributable to a $20.0 million decrease in net revenue. This negative variance was partially offset by i) a $3.4 million decrease in operating expense ii) a $3.3 million decrease in the depletion charge during Q2 2020 due to lower production and a lower per barrel depletion charge, iii) a $3.5 million decrease in the materials inventory provision, iv) a $1.2 million decrease in general and administration expenses due primarily to lower personnel costs, and v) a $1.1 million impairment recovery relating to a revision to previous estimated costs associated with a divested exploration asset.

- Operating Funds Flow was negative $2.3 million for Q2 2020 compared to $11.9 million in Q2 2020. The decrease in Operating Funds Flow is primarily due to lower net revenues and netback in Q2 2020 versus Q2 2019.

- Net cash generated by operating activities was $3.1 million in Q2 2020 as compared to $11.4 million in Q2 2019. The decrease reflects lower revenues and netback and a $5.4 million decrease in non-cash working capital in Q2 2020 versus a $0.5 million increase in non-cash working capital in Q2 2019.

- Net cash used in investing activities decreased to $0.6 million in Q2 2020 as compared to $8.6 million in Q2 2019 reflecting decreased cash outflows for capital investment during Q2 2020.

- Capital expenditures in Q2 2020 totalled $5.1 million as compared to $10.6 million in Q2 2019. In Q2 2020, capital expenditures included a $4.6 million non-cash increase resulting from changes to assumptions used to calculate the Hawler license area decommissioning obligation, $0.3 million related to drilling preparations in the Hawler license area, and $0.2 million related to studies and drilling preparations in the AGC Central license area.

- Cash and cash equivalents increased to $5.6 million at June 30, 2020 from $3.2 million at March 31, 2020 reflecting movements in non-cash working capital partially offset by negative Operating Funds Flow and capital expenditures.
- 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”).
  - On July 23, 2020, the Corporation settled in full the loan with AOG International Holdings Limited in consideration of the transfer by the Corporation to AOG of the shares of OP AGC Central Limited, the former wholly-owned subsidiary of the Corporation that holds interests in the AGC Central license area
- On August 26, 2020, Oryx Petroleum entered into with Zeg Oil and Gas Limited a credit facility:
  - Principal: $10 million
  - Drawdowns: two drawdowns of $5 million
  - Interest Rate: None
  - Commitment Fee: None
  - Maturity: July 31, 2022 or upon receipt of 50% of the revenue receivables for oil sales deliveries to the Kurdistan Oil Export Pipeline for the months November 2019 to February 2020
- 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 June 30, 2020 was $56.3 million. The estimated fair value of the contingent consideration was revised downwards by $1.6 million versus Q1 2020 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 June 30, 2020, the total balance of principal and accrued interest potentially owed under the contingent consideration obligation was $76.2 million
- As at September 2, 2020, a total of 578,197,218 common shares are outstanding. As at September 2, 2020 there are: i) No unvested Long Term Incentive Plan awards which are expected to result in the issuance of additional 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 $22 million, increased from the previously announced forecast of $11 million. The increase reflects the resumption of the Corporation’s capital program. Planned expenditures for the balance of the year now include a stimulation of the Demir Dagh-3 well, the drilling of a new well targeting the Zey Gawra Tertiary reservoir, infrastructure works at the Banan field as well as the previously planned installation of a pump at the Banan-4 well. 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	-	7
	Demir Dagh-Drilling	-	1
	Banan-Drilling	6	7
	Facilities	1	3
	Other[(1)]	3	3
	Total Hawler	**10**	**21**
West Africa	AGC Central	1	1
	Capex Total[(2)]	**11**	**22**

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 – minor operations in the first half of 2020 related to the Demir Dagh-3, Demir Dagh-5 and Demir Dagh 8 wells and the planned stimulation of the Demir Dagh-3 well in the second half of 2020.

Zey Gawra drilling – one new well targeting the Tertiary reservoir is planned in the second half of 2020.

Banan drilling – 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.

Facilities – minor infrastructure works and studies in the first half of 2020 and the construction of a drilling pad in the eastern fault block of the Banan field in the second half of 2020.

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 and six months ended June 30, 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 the Middle East. The Corporation's shares are listed on the Toronto Stock Exchange under the symbol "OXC". Oryx Petroleum has a 65% working interest in and operates the Hawler license area in the Kurdistan Region of Iraq, which has yielded the discovery of four oil fields, three of which are currently producing 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 forecast work program and capital expenditure, 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 30, 2020, cash receipts from export sales exclusively through the Kurdistan Oil Export Pipeline, and proceeds from the short term credit facility provided by ZOG will allow the Corporation to fund its forecasted near term capital expenditures and operating and administrative costs through the end of 2021 and to reduce obligations currently due to suppliers, the issuance of shares as a result of the exercise of warrants, future requirements for additional funding, the expected timing for receipt of payment for outstanding oil sales invoices for the months of November 2019, December 2019, January 2020, and February 2020 and future oil sales invoices, expectations that the COVID-19 virus outbreak will not restrict operations, 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 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.