

Oryx Petroleum Third Quarter 2017 Financial and Operational Results and 2018 Capital Budget

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Higher average production and sales, continued payments for oil sales, and higher netbacks; 2018 plans include further drilling in the Hawler license area and preparation for exploration drilling in the AGC Central license area

CALGARY, Nov. 8, 2017 /CNW/ - [Oryx Petroleum Corporation Ltd.](#) ("Oryx Petroleum" or the "Corporation") today announced financial and operational results for the three and nine months ended September 30, 2017 as well as its 2018 capital budget. All dollar amounts set forth in this news release are in United States dollars, except where otherwise indicated.

Q3 2017 Financial Highlights:

- Total revenues of \$9.8 million on working interest sales of 215,800 barrels of oil ("bbl") and an average realised sales price of \$41.07/bbl
 - 38% increase in revenues versus Q2 2017 and 46% increase in revenues versus Q3 2016
 - The Corporation has received full payment in accordance with production sharing contract entitlements for a portion of the oil produced from the Hawler license area into the Kurdistan Export Pipeline through July 2017
- Operating expenses of \$3.4 million (\$15.59/bbl) and an Oryx Petroleum Netback¹ of \$9.02/bbl
 - Lower operating expenses and higher netback versus Q2 2017
 - Highest netback achieved since 2015
- General and administration expenses of \$2.2 million
 - 14% lower versus Q2 2017 but unchanged versus Q3 2016 due to the inclusion of approximately \$0.8 million of technical support that had been applied to capital projects in periods prior to 2017
- Net loss of \$5.9 million (\$0.01 per common share) versus net loss of \$8.7 million (\$0.04 per common share) in Q3 2016
- Net cash used in operating activities of \$4.6 million versus \$2.1 million in Q3 2016. Q3 2017 result consists of negative Operating Cash Flow² of \$0.6 million and a \$4.0 million increase in non-cash working capital
- Cash used in investing activities was \$6.5 million and includes payments related to drilling and facilities work in the Hawler license area, seismic processing and interpretation costs in the AGC Central license area, and reductions in accounts payable
- \$46.3 million of cash and cash equivalents as of September 30, 2017
- The total balance owed under the amended Loan Agreement with The Addax and Oryx Group ("AOG") was \$79.2 million as of September 30, 2017, including \$3.1 million in accrued interest which will be settled through the issuance of common shares
- The total balance of principal and accrued interest potentially owed under the contingent consideration obligation to the vendor of the Hawler license area was \$71.2 million as at September 30, 2017

¹ Oryx Petroleum Netback is a non-IFRS measure. See the table below for a definition of and other information related to this measure.

² Operating Cash Flow is a non-IFRS measure. See the table below for a definition of and other information related to this measure.

Operations Update:

- Average gross (100%) oil production of 3,600 bbl/d in Q3 2017 vs 2,900 bbl/d in Q2 2017
 - Commencement of production from the ZAB-1 sidetrack well ("ZAB-1ST well") in August 2017
 - Average gross (100%) oil production of 3,800 bbl/d in October 2017
- Drilling of the ZAB-1ST well was completed in July 2017 in the Cretaceous reservoir of the Zey Gawra field. After a successful stimulation treatment in August 2017 daily oil production from the well has been increased to approximately 700 bbl/d

- ● Based on the well performance of the ZAB-1ST well and the Zey Gawra-1 sidetrack well ("ZEG-1ST well"), Corporation plans to proceed with the drilling of another appraisal well targeting the Zey Gawra Cretaceous. The mobilisation of a rig to drill this well has been delayed due to post-independence referendum tensions between the government of the Kurdistan Region ("KRG") and the federal government of Iraq and is now expected to occur in Q1 2018 or as soon as conditions improve
- Workovers of the Demir Dagh-8 and Demir Dagh-7 wells in the Cretaceous reservoir are ongoing
- ● Initial efforts to bring these wells on production have not succeeded with additional efforts planned in the coming weeks
- Preparations for the resumption of operations at the Banan field are underway with the re-entry of the Banan-2 well into the Cretaceous reservoir and the drilling of a new well targeting the Tertiary reservoir planned in the first half of 2018. Resumption of operations at the Banan field requires authorisation from the KRG
- Full processing and interpretation of 1,921 km² of 3D seismic data covering the AGC Central license area is ongoing
- ● Finalisation of prospect identification and mapping is expected before the end of 2017 with exploration drilling commencing in 2019
- On November 2, 2017 the Corporation relinquished its 80% interest in the AGC Shallow license area and, in connection with such relinquishment, has agreed to transfer the outstanding well commitment to the AGC Central license area
- Oryx Petroleum has commenced efforts to divest its interests in the Haute Mer A and Haute Mer B license areas (Brazzaville)

Q4 2017 Forecasted and 2018 Budgeted Capital Expenditures:

- Oryx Petroleum re-forecasted capital expenditures for Q4 2017 are \$8 million:
 - ● Continued efforts to bring the Demir Dagh-7 and Demir Dagh-8 wells online and mobilisation/site remediation at the Banan field in the Hawler license area, AGC Shallow relinquishment settlement, license maintenance and technical support costs
 - Oryx Petroleum budgeted capital expenditures for 2018 are \$55 million:
 - ● \$40 million dedicated to the Hawler license area: 8 wells including two short-radius sidetrack wells targeting the Cretaceous, two wells targeting the Zey Gawra Cretaceous, re-entry of existing Banan-2 well targeting the Banan Cretaceous and three wells targeting the Banan Tertiary; flowlines and required facilities modifications needed to accommodate incremental production
- \$15 million dedicated to the AGC Central license area including preparations for exploration drilling in 2019, contingent payment for 3D seismic acquisition and processing required upon the expected entering of the field during the exploration period in September 2018

Liquidity Outlook:

- Oryx Petroleum expects that cash on hand as of September 30, 2017 and cash receipts from net revenues will allow it to fund its forecasted cash capital expenditures and its cash operating and administrative costs and to meet its obligations through late 2018

CEO's Comment

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

"During Q3 2017 we increased average daily production and sales by 24% versus Q2 2017 due to the addition of production from the ZAB-1ST well. Gross (100%) oil production averaged 3,600 bbl/d in Q3 2017 and 3,800 bbl/d in October 2017. All production has been sold via the export pipeline and payments for export sales through the end of July have been received in full. Higher sales volumes combined with higher realised oil prices helped us achieve higher net revenue and our highest quarterly net revenue since 2015.

In recent weeks we have conducted workovers of the Demir Dagh-8 and Demir Dagh-7 wells attempting to re-complete them in the Shiranish formation in the Cretaceous reservoir. Efforts to bring the wells on to production, including acid stimulation, have not yet succeeded and additional efforts are planned in the coming weeks.

We have not experienced any meaningful disruptions to our production operations or delays in receiving sales revenue due to disputes resulting from the Kurdistan Region independence referendum. However, we are delaying further drilling activities until the uncertainty around governance of the oil industry in the Kurdistan Region is addressed and the travel restrictions that have limited our ability to mobilise equipment and personnel are lifted.

Full processing and interpretation of 3D seismic data covering the AGC Central license area is in advanced stages. Initial

are very encouraging with several large prospects identified. Prospect identification and mapping is expected to be complete by the end of 2017 with exploration drilling planned in 2019.

We continue to make progress managing and restructuring legacy obligations and commitments. In recent days we have reached an agreement with the authorities governing the AGC license areas to relinquish the AGC Shallow license and transfer our unfulfilled work commitment to the AGC Central license area for a modest cost. The agreement allows us to defer a sizeable obligation otherwise due in March 2018 to a license where we plan significant activity in the next couple of years. We have commenced efforts to divest our interests in Congo (Brazzaville).

Our 2018 capital budget is focused on our core license areas: the Hawler license in the Kurdistan Region, and the AGC Central license offshore Senegal and Guinea Bissau. In the Hawler license our program includes the drilling or re-entry of eight wells. This program has been designed to allow us to significantly increase production and better define the development potential of the three fields in the license. Our budgeted capital expenditures in the AGC Central license are almost all in the second half of 2018 and include a final payment for the acquisition of 3D seismic data currently being processed and interpreted, and preparatory work for exploration drilling planned in 2019.

We expect that cash on hand and cash receipts from net revenues will allow us to fund forecasted capital expenditures and operating and administrative costs through late 2018.

We look forward to implementing our plans in 2018 and achieving both higher production in the Hawler license and preparing for an exciting exploration drilling program in the AGC Central license area in 2019."

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 nine month periods ended September 30, 2016 and September 30, 2015 as well as the year ended December 31, 2016.

	Three Months Ended September 30		Nine Months Ended September 30		Year Ended December 31
(\$ in millions unless otherwise indicated)	2017	2016	2017	2016	2016
Revenue	9.8	6.7	24.9	15.0	22.8
Working Interest Oil Production (bbl)	215,100	172,000	555,400	402,000	588,000
Average WI Oil Production per day (bbl/d)	2,300	1,900	2,000	1,500	1,600
Working Interest Oil Sales (bbl)	215,800	172,100	554,200	411,300	593,300
Average Sales Price (\$/bbl)	41.07	35.19	40.38	32.78	34.61
Operating Expense	3.4	2.8	11.6	9.6	12.6
Field production costs (\$/bbl) ⁽¹⁾	11.92	12.61	16.07	17.78	16.28
Field Netback (\$/bbl) ⁽²⁾	8.14	4.58	3.65	(1.76)	0.63
Operating expenses (\$/bbl)	15.59	16.50	21.02	23.25	21.28
Oryx Petroleum Netback (\$/bbl) ⁽³⁾	9.02	4.59	3.17	(3.60)	(0.54)
Loss	(5.9)	(8.7)	(10.9)	(39.5)	(65.7)
Loss per Share (\$/sh)	(0.01)	(0.04)	(0.03)	(0.19)	(0.31)
Operating Cash Flow ⁽⁴⁾	(0.6)	(0.6)	(5.1)	(7.6)	(9.2)
Net Cash generated by (used in) operating activities ^(4.6)	(2.1)	(2.1)	(3.6)	(10.9)	(11.5)
Net Cash used in investing activities	6.5	7.6	20.8	29.4	34.7
Capital Expenditure ⁽⁵⁾	3.8	4.2	(1.3)	25.8	36.3
Cash and Cash Equivalents	46.3	46.6	46.3	46.6	40.7
Total Assets	768.6	780.8	768.6	780.8	766.4
Total Liabilities	190.5	236.7	190.5	236.7	237.9
Total Equity	578.1	544.1	578.1	544.1	528.6

- (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 Netbacks 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 Cash Flow is a non-IFRS measure that represents cash generated from operating activities before changes in non-cash working capital and changes in the retirement benefit obligation balance. The term Operating Cash 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 Cash 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 Cash Flow does not have any standardised meaning prescribed by IFRS and may not be comparable to similar measures used by other companies.
- (5) Capital Expenditure for the nine month period ended September 30, 2017 includes credits of \$7.3 million reflecting revisions of previously estimated costs related to the Hawler and OML 141 license areas.
 - Revenue increased 46% to \$9.8 million in Q3 2017 versus \$6.7 million in Q3 2016 due to a 25% increase in oil sales and a 17% increase in average realised oil sales prices. Gross (working interest) production and sales of oil in Q3 2017 were 215,100 barrels and 215,800 barrels, respectively, versus 172,000 and 172,100 barrels, respectively, for Q3 2016. The average oil sales price realised in Q3 2017 was \$41.07 per barrel versus \$35.19 for Q3 2016. In addition to oil sales, the recovery of carried costs.
 - Operating expenses in Q3 2017 increased 21% to \$3.4 million from \$2.8 million in Q3 2016 due to the costs associated with the operation of the Zey Gawra field that commenced production in December 2016 partially offset by lower operating expenses on the Demir Dagh field resulting from the implementation of a cost reduction program. Operating expenses on a per barrel basis remain significantly higher than expected over the longer term due to low production levels relative to expected field production levels. Per barrel operating expenses are expected to improve in Q4 2017 and 2018 but will continue to be at elevated levels prior to achieving production and sales levels closer to expected field plateau production levels. Oryx Petroleum currently carries the Kurdistan Regional Government's share of production costs. The Oryx Petroleum Netback for Q3 2017 of \$9.02 per barrel reflects the Field Netback plus adjustments for carried costs.
 - Net loss for Q3 2017 was \$5.9 million as compared to \$8.7 million in Q3 2016. The reduced loss is primarily attributable to an increase in net revenue of \$1.7 million in Q3 2017 versus Q3 2016, and ii) a \$1.6 million decrease in finance expense in Q3 2017 versus Q3 2016 due to the lower outstanding balance of the loan facility provided by AOG during Q3 2017. These positive factors were partially offset by a \$0.5 million increase in operating expense for Q3 2017 versus Q3 2016.
 - Operating Cash Flow was negative \$0.6 million for Q3 2017 compared to negative \$0.6 million in Q3 2016. Higher net revenue in Q3 2017 versus Q3 2016 were offset by higher cash expenditures in Q3 2017 versus Q3 2016.
 - Cash used in operating activities increased to \$4.6 million in Q3 2017 as compared to \$2.1 million in Q3 2016. This increase reflects higher increases in non-cash working capital in Q3 2017 versus Q3 2016, including a payment of \$5.4 million to the vendor of the Hawler license related to the contingent consideration obligation.
 - Cash used in investing activities decreased to \$6.5 million in Q3 2017 as compared to \$7.6 million in Q3 2016.
 - Capital expenditures in Q3 2017 were \$3.8 million, as compared to \$4.2 million in Q3 2016. Capital expenditures in Q3 2017 included \$3.4 million related to appraisal activities on the Demir Dagh and Zey Gawra fields, and \$0.4 million related to the processing and interpretation of 3D seismic data in the AGC Central license area.
 - Cash and cash equivalents decreased to \$46.3 million at September 30, 2017 from \$57.4 million at June 30, 2017, due to negative Operating Cash Flow, capital expenditures, and movements in non-cash working capital.
 - In March 2015, Oryx Petroleum entered into a Loan Agreement with AOG whereby AOG committed to provide a \$50 million unsecured credit facility to Oryx Petroleum. As at September 30, 2017 the balance owing under the facility totalled \$3.1 million, including \$3.1 million in accrued interest which will be settled through the issuance of common shares.
 - Maturity date: July 1, 2019
 - Interest accrued after May 11, 2017 to be paid out in common shares approximately every six months, rather than cash upon maturity, at the then current five day volume-weighted average trading price for the common shares.
 - The Corporation is obligated to make further payments to the vendor of the Hawler license area contingent upon the commerciality of a second discovery in the Hawler license area.

- ● As at September 30, 2017, the total balance of principal and accrued interest owed under the contingent consideration obligation was \$71.2 million. The remaining principal balance plus accrued interest to be paid in four annual instalments beginning September 30, 2018
- If the Corporation has not declared a second commercial discovery by September 30, 2018, the instalment schedule will no longer apply and the contingent consideration obligation, if subsequently triggered by a second commercial discovery, will revert to a lump-sum payment obligation
- As at November 8, 2017, 433,434,255 common shares are outstanding. As at November 8, 2017 there are unvested Term Incentive Plan awards which will result in the issuance of up to an additional 9,786,196 common shares upon vesting

Q4 2017 Forecasted Capital Expenditures

Oryx Petroleum's re-forecasted capital expenditures for Q4 2017 amount to \$8 million and include continued efforts to bring the Demir Dagh-7 and Demir Dagh-8 wells online and mobilisation/site remediation at the Banan field in the Hawler license area, AGC Shallow relinquishment settlement, license maintenance and technical support costs.

Location	License/Field/Activity	Q4 2017 Forecast
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\$ millions

Kurdistan Region Hawler

	Drilling	1
	Facilities	2
	Other	2
	Total Hawler	5
West Africa	AGC Central	3
Capex Total		8

2018 Budgeted Capital Expenditures

Oryx Petroleum budgeted capital expenditures for 2018 are \$55 million. The following table summarises the Corporation's budgeted 2018 capital expenditure program:

Location	License/Field Drilling	Facilities	Seismic & Studies and Other ⁽²⁾	Total 2018 Budget
	\$ millions	\$ millions	\$ millions	\$ millions
Kurdistan Region Hawler				
Demir Dagh	5	2	-	7
Zey Gawra	11	-	-	11
Banan	14	6	-	20
Other ⁽²⁾	-	-	2	2
Total Hawler	30	8	2	40
W. Africa & Corp AGC Central	8	1	6	15
Capex Total	38	9	8	55

Note:

(1) Totals in rows and columns may not add-up due to rounding

(2) Other is comprised primarily of license maintenance costs

Kurdistan Region of Iraq -- Hawler License Area

Demir Dagh drilling--consists of costs related to short radius sidetracks of the previously drilled Demir Dagh-5 and Demir Dagh-9 wells. Sidetrack operations are expected to be completed in the first half of 2018.

Zey Gawra drilling--consists of the drilling of two new wells targeting the Zey Gawra Cretaceous reservoir. One well will be drilled in early 2018 and the other in late 2018 subject to performance of existing wells.

Banan drilling--consists of i) the re-entry, completion and testing of the Banan-2 well targeting the Cretaceous reservoir, which was suspended in 2014 due to security developments, and ii) the drilling of three new wells targeting the Tertiary. The Banan-2 re-entry and the drilling of the first new well targeting the Tertiary are planned in the first half of 2018 while a further two wells targeting the Tertiary reservoir are planned for the second half of the year subject to the success of the first well.

Demir Dagh facilities--comprised of modifications to the Hawler truck loading station needed to accommodate increased production, and minor infrastructure works.

Banan facilities expenditures--comprised of site remediation, construction of a truck loading station at Banan, the construction of a new drilling pad needed to drill wells planned in the second half of the year, and flowlines.

AGC Central License Area

Consists of preparation costs for drilling planned in 2019, facilities studies, and a last payment for the acquisition and ongoing processing of 3D seismic data contingent upon entering the first renewal of the exploration period under the PSC contract which is expected in September 2018.

Relinquishment of the AGC Shallow License Area

On November 2, 2017, Oryx Petroleum concluded an agreement with the Agence de Gestion et de Coopération entre le Sénégal et la Guinée & Bissau ("AGC") to relinquish its 80% interest in the AGC Shallow license area. In consideration of the relinquishment, Oryx Petroleum has agreed to amend the production sharing contract applicable to the AGC Central license area (the "AGC Central PSC") to add a commitment to drill a second exploration well during the first renewal of the exploration period, which is expected to be entered in October 2018. The additional well commitment is intended to be in lieu of the unfulfilled commitment to drill an exploration well in the AGC Shallow license area. In addition, Oryx Petroleum has agreed to pay the AGC a fee of \$1.5 million and to accelerate payment of a \$1 million renewal fee that is otherwise due under the AGC Central PSC upon entry into the first renewal of the exploration period.

If the Corporation determines to not enter into the first renewal of the exploration period under the AGC Central PSC, Oryx Petroleum will be required to pay the AGC a financial indemnity of \$13.5 million, representing the \$15 million financial penalty that would have otherwise applied under the production sharing contract applicable to the AGC Shallow license area (the "AGC Shallow PSC"), reduced by the \$1.5 million fee described above.

Recoverable costs in the amount of \$33.5 million incurred under the AGC Shallow PSC have been transferred to the AGC Central PSC and will be recoverable from potential future oil sales under the terms of the AGC Central PSC.

Other than as provided above, the AGC has released Oryx Petroleum from all obligations and liabilities under the AGC Shallow PSC and otherwise related to the AGC Shallow license area.

Regulatory Filings

This announcement coincides with the filing with the Canadian securities regulatory authorities of Oryx Petroleum's unaudited consolidated financial statements for the three and nine months ended September 30, 2017 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". The Oryx Petroleum group of companies was founded in 2010 by The Addax and Oryx Group P.L.C. Oryx Petroleum has interests in four license areas, two of which have yielded oil discoveries. The Corporation is the operator in two of the four license areas. One license area is located in the Kurdistan Region of Iraq and three license areas are located in West Africa in the AGC administrative area offshore Senegal and Guinea Bissau, and Congo (Brazzaville). Further information about Oryx Petroleum is available at www.oryxpetroleum.com or under Oryx Petroleum's profile at www.sedar.com.

Reader Advisory Regarding Forward-Looking Information

Certain statements in this news release constitute "forward-looking information", including statements related to forecast capital expenditure for the fourth quarter of 2017, budgeted capital expenditures for 2018, drilling and well workover plans, development plans and schedules and chance of success, future drilling of wells and the reservoirs to be targeted, approach to the development of the Hawler license area, ultimate recoverability of current and long-term assets, guidance regarding operating expenses on a per barrel basis, plans to continue processing and interpretation of 3D seismic data from the AGC Central license area which are expected to be completed later in 2017, plans to identify and map prospects in the AGC Central license area, consequences of not entering the first renewal of the exploration period under the AGC Central PSC, possible commerciality of our projects, plateau production rates, future expenditures and sources of financing for such expenditures, expectations that cash on hand as of September 30, 2017, and cash receipts from net

