

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Oryx Petroleum Corporation Limited ("OPCL" or, the "Company") and its subsidiaries for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The date of this MD&A is March 16, 2016.

Unless otherwise noted, all amounts are in thousands of U.S. dollars.

Selected terms and abbreviations used in this MD&A are listed and described in the "Glossary and Abbreviations" section.

This MD&A contains non-IFRS measures. Please refer to the "Non-IFRS Measures" section for further information.

Readers should refer to the "Forward-Looking Information" advisory on page 27. Additional information relating to OPCL, including OPCL's Annual Information Form dated March 26, 2015, is on SEDAR at www.sedar.com. The Company will file an Annual Information Form for the year ended December 31, 2015 on or before March 31, 2016.

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Company Overview

The Company is a public company incorporated in Canada under the Canada Business Corporations Act on December 31, 2012, and is the holding company for the Oryx Petroleum group of companies (together, the "Group" or "Oryx Petroleum").

Oryx Petroleum is an upstream oil and gas entity with operating activities focused on the Middle East and West Africa. The Group holds interests in the following License Areas:

License Area	Location	Participating Interest	Working Interest ("WI")	Role
Hawler	Iraq – Kurdistan Region	65%	65%	Operator
Wasit	Iraq – Wasit province	75% ⁽¹⁾	48.5% ⁽²⁾⁽³⁾	Operator
AGC Shallow	Senegal and Guinea Bissau	85%	80% ⁽⁴⁾	Operator
AGC Central	Senegal and Guinea Bissau	85%	80% ⁽⁴⁾	Operator
OML 141	Nigeria	38.67%	38.67%	Technical partner
Haute Mer A	Congo (Brazzaville)	20%	20%	Non-operator
Haute Mer B	Congo (Brazzaville)	30%	30%	Non-operator

Notes:

- (1) The 75% Participating Interest includes an interest attributable to a non-controlling third party. The Participating Interest net of the non-controlling interest is 60.6%.
- (2) Assuming the WPG exercises back-in rights.
- (3) The 48.5% Working Interest is net of a third party non-controlling interest which owns 19.17% of an indirect OPCL subsidiary which indirectly holds an interest in the Wasit License Area.
- (4) Assuming the AGC exercises back-in rights.

Operational Highlights and Outlook

2015 highlights

- Gross (100%) oil production of 922,000 bbl (working interest 599,000 bbl) for the year ended December 31, 2015 versus gross (100%) oil production of 553,000 bbl (working interest 346,000 bbl) for the year ended December 31, 2014
 - 2,500 bbl/d (working interest 1,600 bbl/d) average oil production for the year ended December 31, 2015
 - Production curtailed beginning in April 2015 in order to manage higher than expected water production
- Five wells capable of production from the Demir Dagh Cretaceous reservoir as of December 31, 2015 with gross (100%) productive capacity estimated to total 2,000 to 4,000 bbl/d
- Completion and commissioning of the Demir Dagh production facilities in September 2015 representing gross (100%) capacity of 40,000 bbl/d with two trains to process Cretaceous and Jurassic crude production streams
- Gross (working interest) proved plus probable oil reserves of 238 million barrels as at December 31, 2015 versus 271 million barrels as at December 31, 2014
- Identification of a new prospect and re-mapping of previously identified prospects in the Haute Mer B License Area based on 3D seismic data acquired and processed in 2014 and 2015

2016 update and outlook

- Successful re-completion of the Demir Dagh-3 well in the Jurassic reservoir in January 2016
 - Flowed at 1,000 bbl/d for 7 days before being shut-in due to full storage; production successfully processed through Train 2 of the Demir Dagh production facilities
 - Samples indicated 40° API oil with 2 - 4% water cut
 - Expected gross (100%) productive capacity of 2,000 to 3,000 bbl/d from the Jurassic
- Limited production and oil sales in January and February 2016 due to temporary Turkey-Iraq border closures and restrictions on export by trucking
- Completion of tie-in and commissioning of pipeline infrastructure to export oil via the Kurdistan Export Pipeline to Turkey in early March 2016
- Commencement of pipeline export sales on March 14, 2016
 - Current gross (100%) production of 1,700 bbl/d from three wells with expectation to increase to full productive capacity of 4,000 bbl/d to 7,000 bbl/d in the coming weeks
 - Expectation that most future production will be exported via pipeline
 - Revenues to be based on realisations of Brent crude less a \$10-\$15 per barrel discount for transportation and quality differentials versus comparable discount of \$26 per barrel for previous trucking exports
- \$30 million cash investment and proposed \$20 million work commitment agreed with Zeg Oil and Gas Ltd. ("Zeg Oil") announced on March 1, 2016 (the "Zeg Oil Strategic Investment"). See the "Liquidity and Capital Resources" section of this MD&A for details.
- Implementation of re-organisation announced March 1, 2016 to result in substantial cost savings
 - Vance Querio, previously Chief Operating Officer, appointed to assume Michael Ebsary's responsibilities as Chief Executive Officer effective March 16, 2016 and will retain the responsibilities of the Chief Operating Officer.
 - Overall headcount to be reduced from 245 as of June 30, 2015 to 104 upon expiration of notice periods. Headcount in Geneva, Switzerland to be reduced from 72 to 15
 - General & administrative and technical support expenditures to be approximately 50% lower in 2016 versus 2015 with further reductions expected in 2017
- Assuming the successful completion of all planned activities, the Corporation expects gross (100%) oil production from the Hawler license area to exceed 10,000 bbl/d by the end of 2016

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Financial Highlights and Outlook

Financial performance

The following table contains financial performance highlights for the three and twelve months ended December 31, 2015 and December 31, 2014. The results are indicative of the early stage nature of the Group's operations particularly in the Hawler License Area and are not necessarily expected to provide an indication of future financial performance which will be dependent on a number of variable factors including: crude oil pricing volatility, and near term fluctuations in production and sales volumes.

(\$ thousands unless otherwise stated)	Three months ended		Year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenue	1,533	7,808	20,467	19,616
Cash used in operating activities	(7,233)	(17,928)	(22,029)	(28,530)
Operating Cash Flow ⁽¹⁾	(5,594)	1,106	(18,255)	(3,220)
Operating Cash Flow ⁽¹⁾ per basic and diluted share (\$/share)	(0.05)	0.01	(0.15)	(0.03)
Loss for the period	(91,537)	(1,862)	(423,616)	(19,010)
Loss per basic and diluted share (\$/share)	(0.75)	(0.02)	(3.43)	(0.17)
Average sales price (\$/bbl)	19.37	53.61	29.20	55.69
Field production costs ⁽²⁾ (\$/bbl)	49.00	11.84	25.83	17.24
Operating expense (\$/bbl)	64.06	15.48	33.77	22.55
Field Netback ⁽¹⁾ (\$/bbl)	(39.54)	14.36	(11.56)	9.96
Oryx Petroleum Netback ⁽¹⁾ (\$/bbl)	(51.43)	21.11	(13.92)	15.46
Capital expenditures ⁽³⁾	9,742	65,487	108,720 ⁽⁴⁾	325,906

Notes:

- (1) Operating Cash Flow, Field Netback, and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.
- (2) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum. See the "Operating expense" section of this MD&A.
- (3) Excludes license acquisition costs. Refer to the "Capital Expenditures" section below.
- (4) Capital expenditures for the year ended December 31, 2015 include a \$16.7 million non-cash addition to oil and gas assets related to the Group's recognition of a finance lease asset and associated liabilities.

Revenue and cash receipts

Gross revenue of \$1.5 million was recorded for the three months ended December 31, 2015. Included in gross revenue is \$1.3 million (\$19.37/bbl) realized on the sale of 68,000 bbl (Working Interest) of oil and \$0.2 million related to the recovery of costs carried on behalf of partners.

Oryx Petroleum recorded gross revenue of \$20.5 million and has received full cash settlement for all oil sales recorded during the year ended December 31, 2015. Included in gross revenue is \$17.2 million (\$29.20/bbl) realized on the sale of 588,200 bbl (Working Interest) of oil and \$3.3 million related to the recovery of costs carried on behalf of partners in the Hawler License Area.

Loss for the period

Loss for the three months ended December 31, 2015 was \$91.5 million compared to \$1.9 million for the three month period ended December 31, 2014. The change in loss for the period is primarily attributable to i) impairment expense of \$86.6 million recorded on the Hawler and Haute Mer A License Area during the fourth quarter of 2015, ii) a negative Oryx Petroleum Netback during the fourth quarter of 2015 compared to a positive Oryx Petroleum Netback in the same period in 2014, and iii) higher interest expense primarily related to interest on the March 2015 Financing which is described in the "Liquidity and Capital Resources" section of this MD&A during the three months ended December 31, 2015 compared to 2014. These negative factors were partially offset by a \$6.7 million gain recorded on the revaluation of warrants issued under the Loan Facility in the fourth quarter of 2015 (refer to the "Financial Results" section of this MD&A for further

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information), and higher fourth quarter 2015 income related to the revision in the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011.

Loss for the year ended December 31, 2015 of \$423.6 million increased by \$404.6 million compared to the year ended December 31, 2014. The increase in loss for the year is primarily attributable to i) impairment charges of \$397.5 million recorded on the Hawler, Wasit, OML 141 and Haute Mer A License Areas during 2015, ii) negative Oryx Petroleum Netback recorded during 2015 compared to positive Oryx Petroleum Netback recorded during the same period in 2014, iii) an increased depletion charge during 2015, and iv) finance expenses primarily related to interest on the March 2015 Financing. These negative contributing factors were partially offset by income related to the revaluation of warrants issued under the Loan Facility, the revision in the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited, and decreased pre-license expenses recorded during the year ended December 31, 2015 compared to the same period in 2014.

Capital expenditures

During the year ended December 31, 2015, the Group invested \$108.7 million in capital activities. Investments were primarily related to development activity on the Hawler License Area in the amount of \$105.5 million, primarily comprised of \$65.6 million in facilities costs and \$24.4 million in drilling costs. Facilities costs at the Hawler License Area include a \$16.7 million non-cash addition to oil and gas assets related to the Group's recognition of a finance lease asset together with associated liabilities. Additional expenditures of \$4.7 million were incurred on the AGC Shallow and AGC Central License Areas. The remaining expenditures relate to the OML 141, Haute Mer A, Haute Mer B and Wasit License Areas.

A total of \$9.7 million in capital expenditure were incurred during the three months ended December 31, 2015, primarily related to development activity in the Hawler License Area with a total of \$12.5 million invested. Additional expenditures of \$1.6 million were incurred on the AGC Shallow, AGC Central and Haute Mer A License Areas, offset by a \$4.7 million credit related to a decrease in prior cost estimates related to drilling activities in the OML 141 License Area.

Financial position

The following table contains highlights of the Group's financial position as at the dates indicated below.

(\$ thousands)	December 31, 2015	December 31, 2014
Total cash and cash equivalents	54,226	109,870
Working Capital	29,422	50,138
Total assets	779,661	1,138,216
Total borrowings	97,120	-
Total long-term liabilities	184,900	80,646

The cash and cash equivalents balance of \$109.9 million as at December 31, 2014 decreased to \$54.2 million at December 31, 2015. This decrease was due to \$133.0 million being invested in exploration and development oil and gas assets and \$22.0 million being used in operating activities, partially offset by \$99.4 million net cash proceeds being received through the March 2015 Financing which is described in the "Liquidity and Capital Resources" section of this MD&A.

Working capital decreased to \$29.4 million at December 31, 2015 from \$50.1 million as at December 31, 2014. The decrease was mainly due to the decrease in cash of \$55.6 million, an \$8.7 million decrease in trade and other receivables and other current assets, and a \$5.8 million increase in the current portion of the finance lease obligation. These factors were partially offset by a \$45.8 million decrease in trade and other payables, and a \$2.3 million increase in inventories.

During 2015, the Group received \$100 million in cash pursuant to the March 2015 Financing which is described in the "Liquidity and Capital Resources" section of this MD&A. Adjustments to the borrowings balance at December 31, 2015 relate to deferred financing and interest charges which are described in the Company's consolidated financial statements for the year ended December 31, 2015.

Contingent consideration payable to the vendor of the Hawler license area upon declaration of a second commercial discovery was restructured during the fourth quarter of 2015 such that any amounts payable will be paid in annual instalments over four years with first payment of \$14 million expected in 2017.

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2016 forecast capital expenditures

The Group's re-forecasted cash capital expenditures for 2016 are \$62 million, reduced from the previous budget of \$90 million. The reduction reflects revised plans at the Zey Gawra field per the strategic transaction with Zeg Oil, the deferment of drilling activity at the Demir Dagh field and reduced staffing levels. The following table summarises the Group's 2016 forecasted cash capital expenditure program:

Location	License / Field / Activity	2016 Budget \$ millions	2016 Forecast \$ millions
Kurdistan Region	Hawler		
	Demir Dagh	45	18
	Zey Gawra	38	40
	Total Hawler	83	58
West Africa	Various	7	5
Total capex		90	62

Note:

(1) The above table excludes license acquisition costs. Totals may not add due to rounding.

At the Demir Dagh field forecasted drilling activity expenditures consist primarily of costs related to the successful re-completion of the Demir Dagh-3 well in the Jurassic reservoir. Planned re-completions and new wells envisioned when the 2016 budget was announced have been deferred.

Demir Dagh forecasted facilities expenditures are comprised primarily of monthly capital lease payments for the Demir Dagh production facilities, and minor infrastructure works.

Zey Gawra forecasted drilling activities consist of sidetracking the ZEG-1 discovery well and a re-entry and re-completion of the ZAB-1 discovery well drilled in the 1990s. Both wells are expected to be completed as producers. Forecasted Zey Gawra facilities expenditures are for the construction of dedicated production facilities to the south of the Zey Gawra field with gross capacity of 20,000 bbl/d and related infrastructure.

Activities in West Africa in 2016 will be limited to license maintenance, data analysis, and preparation for future data acquisition and drilling activity.

Financing and liquidity

The Group expects cash on hand at December 31, 2015, the cash proceeds and funding related to the Zeg Oil Strategic Investment, and cash receipts from net revenues in 2016 assuming a \$35 per barrel average Brent crude price and export sales exclusively through the pipeline, to fund its forecasted cash expenditures into the second quarter of 2017. The Group retains the flexibility to adjust its expenditure plans in response to positive or negative changes in the operating environment. Refer to the "Liquidity and Capital Resources" and "Critical estimates" section of this MD&A for additional discussion regarding liquidity.

Summary of Reserves and Resources

The following is a summary of the Company's proved plus probable oil reserves, and contingent and prospective oil resources. The present value of future net revenue related to the provided plus probable oil reserves, and the present value of net contingent cash flow related to risked contingent oil resources categorized as development pending is also presented. The information is derived from a report dated February 17, 2016, prepared with an effective date as at December 31, 2015 by Netherland, Sewell & Associates, Inc. ("NSAI"), an independent oil and gas consulting firm. Where applicable, comparative information derived from NSAI's report as at December 31, 2014 is provided. The reserves and resources information set out in this MD&A should be read in conjunction with the advisories in the "Forward-Looking Information" and "Reserves and Resources Advisory" sections below.

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Oil reserves ⁽¹⁾

License Area	Location	Proved plus Probable Gross (Working Interest) Oil			
		December 31, 2015		December 31, 2014	
		Reserves (MMbbl)	Future Net Revenue ⁽²⁾ (\$ million)	Reserves (MMbbl)	Future Net Revenue ⁽²⁾ (\$ million)
Hawler	Iraq – Kurdistan Region	238	1,217	271	1,815
Total oil reserves		238	1,217	271	1,815

Notes:

(1) The oil reserves data is based on evaluations by NSAI, with effective dates as at December 31, 2015 and December 31, 2014 as indicated. Volumes are based on commercially recoverable volumes within the life of the production sharing contract.

(2) After-tax net present value of related future net revenue using forecast prices and costs assumed by NSAI and a 10% discount rate. Gross proved plus probable oil reserve estimates used to calculate future net revenue are estimated based on economically recoverable volumes within the development/production period specified in the production sharing contract applicable to the License Area. The estimated values disclosed do not represent fair market value.

The Group's Gross (Working Interest) proved plus probable oil reserves decreased by 12% from 271 million barrels ("MMbbl") as at December 31, 2014 to 238 MMbbl as at December 31, 2015. The decrease is primarily attributable to revisions to the Demir Dagħ and Banan Cretaceous volumes and reflects the impact of revised development plans that incorporate a phased investment approach, constraints on peak production rates, use of horizontal wells, as well as lower capital costs and lower forecast Brent crude oil prices.

The after-tax net present value utilizing a 10% discount rate of the future net revenues attributable to the Group's Gross (Working Interest) proved plus probable oil reserves decreased to \$1,217 million from \$1,815 million as at December 31, 2014. The decrease reflects the impact of adjusted volumes and lower forecasted Brent crude oil prices, partially offset by the significantly lower development costs that are associated with revised development plans for the Demir Dagħ and Banan Cretaceous reservoirs.

Contingent oil resources ⁽¹⁾

License Area	Location	Best Estimate Gross (Working Interest) Oil		
		December 31, 2015		
		Unrisked Contingent Resources (MMbbl)	Risked Contingent Resources (MMbbl)	Risked Net Contingent Cash Flow ⁽²⁾ (\$ million)
Contingent Oil Resources – Development Pending⁽³⁾				
Hawler	Iraq – Kurdistan Region	47	42	85
	Total Development pending	47	42	85

License Area	Location	Best Estimate Gross ⁽¹⁾ (Working Interest) Oil	
		December 31, 2015	
		Unrisked Contingent Resources (MMbbl)	Risked Contingent Resources (MMbbl)
Contingent Oil Resources – Development Undefined⁽⁴⁾			
Hawler	Iraq – Kurdistan Region	94	65
Haute Mer A	Congo (Brazzaville)	6	1
	Total Development undefined	100	66

Notes:

(1) The contingent oil resource data is based on evaluations by NSAI, and the classification of such resources as "contingent oil resources" by NSAI, with effective date as at December 31, 2015. The figures shown are NSAI's best estimate using deterministic methods. Once all contingencies have been successfully addressed, the probability that the quantities of contingent oil resources actually recovered will equal or exceed the estimated amounts is 50% for the best estimate. Contingent oil resources estimates are volumetric estimates prior to economic calculations.

(2) After-tax net present value of related net contingent cash flow using forecast prices and costs assumed by NSAI and a 10% discount rate. Gross contingent oil resource estimates used to calculate future net contingent cash flow are estimated based on economically recoverable volumes within the development/production period specified in the production sharing contract, risk exploration contract or fiscal regime applicable to each License Area. The estimated values disclosed do not represent fair market value.

(3) Classification of a project's maturity as Development Pending indicates that there is a high chance of development (i.e., probability that a known

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accumulation will be commercially developed), where resolution of the final conditions for development is being actively pursued.

(4) Classification of a project's maturity as Development Undefined indicates that evaluation of the project is incomplete and there is ongoing activity to resolve any risks or uncertainties regarding commercial development of the project. An economic evaluation has not been performed by NSAI on the contingent oil resources classified as Development Undefined.

Prospective oil resources ⁽¹⁾

License Area	Location	Best Estimate Gross (Working Interest) Oil	
		December 31, 2015	
		Unrisked (MMbbl)	Risked ⁽²⁾ (MMbbl)
Hawler	Iraq – Kurdistan Region	111	5
Wasit	Iraq – Wasit Province	490	9
Various	West Africa	742	18
Total oil resources⁽³⁾		1,343	33

Notes:

(1) The prospective oil resource data is based on evaluations by NSAI, and the classification of such resources as "prospective oil resources" by NSAI, with effective date as at December 31, 2015. The figures shown are NSAI's best estimate using a combination of deterministic and probabilistic methods and are dependent on a petroleum discovery being made. If discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the risked estimates is 50% for the best estimate. Prospective oil resources estimates are volumetric estimates prior to economic calculations.

(2) These are risked prospective resources that have been risked for both chance of discovery and chance of development. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development.

(3) Individual numbers provided may not add to total due to rounding.

Business Environment

Uncertainty related to global, social, political, and economic conditions and the resulting changes in global oil supply chains and infrastructure investment have had a negative impact on world commodity markets. In particular, the price of crude oil declined substantially throughout 2015 and has remained depressed into 2016. The above referenced developments and uncertainty impact the availability and cost of capital resources. Furthermore, future oil prices, which directly impact the Group's expected cash inflows, are difficult to forecast. The Group's ability to fund the forecasted capital investments discussed in the "Financial Highlights and Outlook" section of this MD&A is consequently subject to significant uncertainty. See the "Liquidity and Capital Resources" section of the MD&A for further discussion.

The political instability in the regions in which Oryx Petroleum operates and other risk factors which are disclosed in OPCL's Annual Information Form could have an adverse effect on Oryx Petroleum's performance.

During 2014 and throughout 2015, militants have periodically escalated armed conflict with government forces in various regions of Iraq. The Group has implemented precautionary measures to protect employees and operations from the impacts of the conflict. These precautionary measures have permitted the Group to continue appraisal and development activities at the Demir Dagh field after a brief interruption during the third quarter of 2014. Sales during 2014 and the first quarter of 2015 were intermittently disrupted as demand in the local market was impacted by limited pipeline export capacity and fluctuating oil production from other sources of supply in the local market. With the exception of interruptions due to the closure of the international land border crossing to Turkey for part of December 2015, the Group's ability to sell oil produced from the Hawler Licence Area was substantially uninterrupted during the year ended December 31, 2015. Complexities in local, regional, and international market access dynamics discussed above remain and may impact the Group's future ability to sell its produced oil. Activities at the Banan, Zey Gawra and Ain Al Safra fields during 2014 and 2015 have been limited due to capital allocation priorities and also to security risks. There is an ongoing risk that the regional security situation could have a material adverse effect on the operating and financial performance of the Group in the short and medium term particularly.

The Group's future revenues and cash flows from operating activities are dependent on the Group's ability to produce and deliver crude oil. A number of factors impact well production rates including i) natural declines, ii) fluid composition, and iii) well and production equipment performance. Consequently, production rates are subject to fluctuation over time and are difficult to predict. Commencing in April 2015, management observed variations in the productive performance of certain Demir Dagh cretaceous wells. As a result of unexpected variations in observed production rates and management's ongoing evaluation of the causes of the observed well performance, the Group has revised field development plans for the Demir Dagh field in the Hawler License Area. Furthermore, the Group's 2016 forecast capital plan includes drilling and facilities activity at the Zey Garwa field and the Group expects to realise revenues from this field during the fourth quarter of 2016. Positive and negative fluctuations in production rates will have a direct corresponding impact to the Group's future revenues and cash flows from operating activities.

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On March 14, 2016, the Group initiated deliveries of its oil production to international markets through export pipelines. Oryx Petroleum is not aware of official allocations of export pipeline capacity and is uncertain of the extent to which its production will be sold through the export pipeline rather than to regional and local third party marketers. The market on which oil produced from the Hawler Licence Area is sold affects the price realized and, consequently, Oryx Petroleum's cash flows. All of the crude oil produced during 2014 and 2015 was collected by truck from the Hawler Truck Loading Station and sold to local and regional marketers in the Kurdistan Region of Iraq.

The timing and execution of the Group's capital expenditure program may also be affected by the availability of services from third party oil field contractors and the Group's ability to obtain, sustain or renew necessary government licenses and permits on a timely basis to conduct exploration and development activities.

With the exception of the items discussed above, management has not identified trends or events that are expected to have a material adverse effect on the financial performance of Oryx Petroleum.

Operations Review

Kurdistan Region of Iraq

The following table summarizes production and sales data for the three months ended December 31, 2015, September 30, 2015, and December 31, 2014 and for the year ended December 31, 2015 and December 31, 2014:

	Three months ended			Year ended	
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Gross Production (bbl)	115,000	258,800	257,000	922,000	553,000
Gross Production per day (bbl/d)	1,200	2,800	2,800	2,500	2,700
Normalised Gross Production per day (bbl/d) ⁽¹⁾⁽²⁾	1,500	2,900	4,100	3,000	3,900
WI Production (bbl)	75,000	168,200	168,000	599,000	346,000
WI Production per day (bbl/d)	800	1,800	1,800	1,600	1,800
Normalised WI Production per day (bbl/d) ⁽¹⁾⁽²⁾	900	1,900	2,700	2,000	2,500
WI sales (bbl)	68,000	170,000	122,000	588,200	295,000
WI sales per day (bbl/d)	700	1,800	1,300	1,600	1,500

Notes:

(1) Normalised production has been calculated by only including days of actual production. Per day figures have been calculated using 79, 89, and 62 days for the three month periods ended December 31, 2015, September 30, 2015, and December 31, 2014, respectively, and 306 days for the year ended December 31, 2015.

(2) Production at the Hawler License Area began on June 19, 2014. Per day figures for the year ended December 31, 2014 have been calculated on the basis of 135 days of actual production.

Production and sales

Gross (100%) oil production for the three months ended December 31, 2015 was 115,000 bbl representing an average rate of 1,200 bbl/d. The Group's Working Interest share of oil production during this period was 75,000 bbl representing an average rate of 800 bbl/d. The decrease in oil production rates from the Hawler License Area during the fourth quarter of 2015 compared to the three months ended December 31, 2014 was primarily due to decreased fluid and oil production rates which were required when the presence of produced water was initially observed during the second quarter of 2015.

Gross (100%) oil production for the year ended December 31, 2015 was 922,000 bbl representing an average rate of 2,500 bbl/d. The Group's Working Interest share of oil production during this period was 599,000 bbl representing an average rate of 1,600 bbl/d. During the period preceding the commencement of sales through a regional sales contract in mid-March 2015, production was periodically interrupted as demand in the local market was impacted by limited pipeline export capacity and fluctuating oil production from other sources of supply in the local market. Production was suspended for a total of 40 days during the twelve months ended December 31, 2015. Regional sales were also suspended on December 19, 2015 through to the end of the year due to the closure of the international land border crossing between the

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Kurdistan Region of Iraq and Turkey. Normalised (100%) Gross production for the year ended December 31, 2015 was 3,000 bbl/d (Working Interest - 2,000 bbl/d).

The Group realized revenue on the sale of 68,000 bbl and 588,200 bbl (Working Interest) of oil during the three and twelve months ended December 31, 2015, respectively. Sales volumes are determined by the timing of deliveries to customers and are not necessarily correlated with production volumes during the same period.

Crude oil sale prices

During the three months ended March 31, 2015, the Group sold crude oil from the Hawler License Area to Local Third Party Marketers and, beginning in March 2015 and for the balance of 2015, to a Regional Third Party Marketer. During 2014, all oil was sold to Local Third Party Marketers. Sales to Local Third Party Marketers were concluded at prices negotiated with the Local Third Party Marketers and confirmed by the KRG through ministerial orders. Sales to the Regional Third Party Marketer were concluded at prices negotiated with the Regional Third Party Marketer and the KRG's Ministry of Natural Resources.

The realized sales prices on sales to the Regional Third Party Marketer are referenced to the average Brent crude oil prices during specified periods occurring during contractually defined lifting cycles, discounted for crude oil quality and transport, and adjusted for actual API gravity and sulphur content outside of agreed quality specification ranges. Beginning in March 2016, the Group began exporting oil through the Kurdistan Regional Government's international export pipeline. The realized sales prices on export sales through the Kurdistan Regional Government's international export pipeline are expected to be referenced to monthly average Brent crude oil prices, discounted for crude oil quality and transport, and adjusted for actual API gravity and sulphur content outside of agreed quality specification ranges. The following table indicates average Brent crude oil prices and the Group's realized crude oil sales prices for each period indicated:

	2014				2015			
	Mar 31	Jun 30	Sept 30	Dec 31	Mar 31	Jun 30	Sept 30	Dec 31
Brent average price (\$/bbl)	107.98	109.84	102.09	76.03	54.22	62.05	50.20	43.42
Realized sales price (\$/bbl)	-	57.75	57.47	53.61	34.79	35.37	20.83	19.37

Netbacks

The following table summarizes the Field Netback and Oryx Petroleum Netback for the three months ended December 31, 2015 and December 31, 2014:

	Three months ended December 31, 2015		Three months ended December 31, 2014	
	(\$ thousands)	(\$/bbl)	(\$ thousands)	(\$/bbl)
Oil sales	1,317	19.37	6,541	53.61
Royalties	(644)	(9.47)	(3,196)	(26.20)
Field production costs ⁽¹⁾	(3,332)	(49.00)	(1,445)	(11.84)
Current taxes	(30)	(0.44)	(148)	(1.21)
Field Netback⁽²⁾	(2,689)	(39.54)	1,752	14.36
Recovery of Carried Costs	216	3.18	1,267	10.39
Partner share of production costs	(1,024)	(15.06)	(444)	(3.64)
Oryx Petroleum Netback⁽²⁾	(3,497)	(51.43)	2,575	21.11

Notes:

- (1) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum.
- (2) Field Netback and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.

Negative Field Netback for the three months ended December 31, 2015 of \$2.7 million (\$39.54/bbl) incorporates field production costs of \$3.3 million (\$49.00/bbl). The Field Netback per barrel has decreased from a positive Field Netback of \$1.8 million (\$14.36/bbl) for the three months ended December 31, 2014. This variance is primarily attributable to a 64% decrease in realized sales price during the fourth quarter of 2015 in comparison with the fourth quarter of 2014.

Field Netback for the three months ended December 31, 2015 was also lower due to an increase in field production costs incurred during the three months ended December 31, 2015 versus 2014. See the "Operating expense" section of this MD&A for further discussion regarding field production costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table summarizes the Field Netback and Oryx Petroleum Netback for the year ended December 31, 2015 and December 31, 2014:

	Year ended December 31, 2015		Year ended December 31, 2014	
	(\$ thousands)	(\$/bbl)	(\$ thousands)	(\$/bbl)
Oil sales	17,177	29.20	16,429	55.69
Royalties	(8,397)	(14.28)	(8,031)	(27.22)
Field production costs ⁽¹⁾	(15,192)	(25.83)	(5,086)	(17.24)
Current taxes	(390)	(0.66)	(373)	(1.26)
Field Netback⁽²⁾	(6,802)	(11.56)	2,939	9.96
Recovery of Carried Costs	3,290	5.59	3,187	10.80
Partner share of production costs	(4,673)	(7.94)	(1,565)	(5.31)
Oryx Petroleum Netback⁽²⁾	(8,185)	(13.92)	4,561	15.46

Notes:

- (1) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum.
- (2) Field Netback and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.

Negative Field Netback for the year ended December 31, 2015 of \$6.8 million (\$11.56/bbl) incorporates field production costs of \$15.2 million (\$25.83/bbl). Field Netback per barrel has decreased to negative \$11.56/bbl for the year ended December 31, 2015 from a positive Field Netback of \$9.96/bbl during 2014. The variance is primarily attributable to a 48% decrease in realized sales price during the year ended December 31, 2015 compared to the year ended December 31, 2014.

The significant increase in field production costs incurred during the year ended December 31, 2015 in comparison to the comparable period in 2014 is primarily attributable to the fact that the production and sales during 2014 represent sales for a significantly shorter period (from June 19 to December 31, 2014). Field production costs on a per barrel basis increased for the year ended December 31, 2015 compared to the year ended December 31, 2014. See the "Operating expense" section of this MD&A for further discussion regarding field production costs.

Demir Dag production facilities

In September 2015, the Group successfully commissioned Demir Dag production facilities which are currently in use. These facilities have a processing capacity of 40,000 bbl/d with two trains to process Cretaceous and Jurassic crude production streams. Upon commissioning of the Demir Dag production facilities, the Group terminated the lease for and de-commissioned the 20,000 bbl/d temporary production facility. The Demir Dag production facilities have brought additional water and sulphur handling capacity which is expected to support maximum efficient oil production rates for existing and future wells.

West Africa

Activities in West Africa in 2016 will be limited to license maintenance, data analysis, and preparation for future data acquisition and drilling activity.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



Capital Expenditures

The following table summarizes the capital expenditures incurred by activity during the three and twelve months ended December 31, 2015 and December 31, 2014:

(\$ thousands)	Three months ended		Year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Middle East				
Exploration drilling	21	3,709	340	61,240
Appraisal and development drilling	5,323	25,255	24,089	100,272
Facilities	3,269	22,817	65,570 ⁽¹⁾	88,140
Seismic acquisition	(358)	3,182	1,529	16,425
Studies, and support	4,245	5,557	14,382	24,790
Sub-Total Middle East	12,500	60,520	105,910	290,867
West Africa				
Exploration drilling	(4,689) ⁽²⁾	(63)	(3,795) ⁽²⁾	16,089
Seismic acquisition	(55)	300	843	4,277
Studies, license, and support	1,985	4,594	6,083	12,918
Sub-Total West Africa	(2,759)	4,831	3,131	33,284
Corporate	1	136	(321)⁽³⁾	1,755
Total capital expenditures	9,742	65,487	108,720	325,906

Notes:

- (1) Capital expenditures for the year ended December 31, 2015 includes a \$16.7 million non-cash addition to oil and gas assets related to the Group's recognition of a finance lease asset and associated liabilities.
- (2) Credits relate to a reduction in estimates of expenditures incurred in prior periods.
- (3) Credits relate to actual expenditures incurred at values below those estimated in prior periods.
- (4) The above table excludes license acquisition costs.

The following table summarizes the capital expenditures incurred by License Area during the three and twelve months ended December 31, 2015 compared to the same periods in 2014:

(\$ thousands)	Three months ended		Year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Middle East				
Hawler	12,500	60,372	105,484	289,885
Wasit	-	148	426	982
Sub-Total Middle East	12,500	60,520	105,910	290,867
West Africa				
AGC Shallow	483	1,533	2,485	6,433
AGC Central	628	174	2,171	174
OML 141	(4,690) ⁽¹⁾	520	(4,043) ⁽¹⁾	2,644
Haute Mer A	458	453	1,294	16,636
Haute Mer B	362	2,151	1,224	7,377
Sub-Total West Africa	(2,759)	4,831	3,131	33,284
Corporate	1	136	(321)⁽²⁾	1,755
Total capital expenditures	9,742	65,487	108,720	325,906

Notes:

- (1) Credits relate to a reduction in estimates of expenditures incurred in prior periods.
- (2) Credits relate to actual expenditures incurred at values below those estimated in prior periods.
- (3) The above table excludes license acquisition costs.

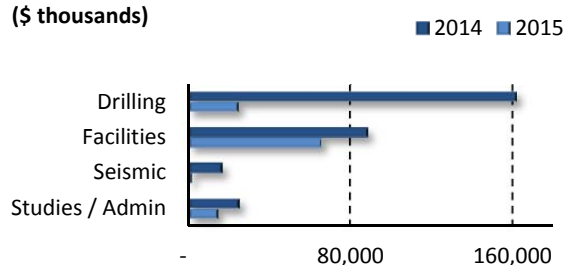
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Middle East

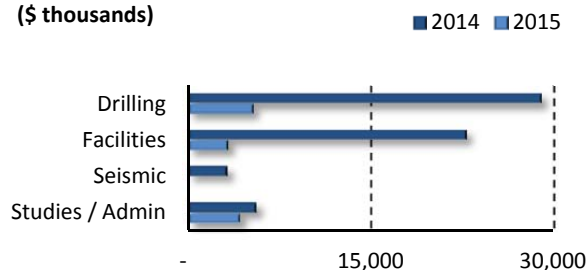
During the year ended December 31, 2015, the Group invested \$65.6 million, including a \$16.7 million non-cash addition to finance lease assets, in Hawler License Area production facilities and related infrastructure. The facilities were commissioned during the third quarter of 2015. Hawler License Area drilling costs for the year amounted to \$24.4 million. Drilling expenditures for the year were primarily related to the Demir Dagh-10 and Demir Dagh-7 wells and the re-completion activities on the Demir Dagh-3 ("DD-3") well. The remainder of the capital investments in the Middle East for the year ended December 31, 2015 relate to the Hawler License Area 3D seismic program, to studies, and support costs directly attributable to capital projects.

Investments of \$3.3 million in Hawler License Area production facilities and drilling expenditures of \$5.3 million relating to the re-completion of the DD-3 well comprise the majority of the \$12.5 million in capital expenditures relating to the Hawler License Area in the fourth quarter of 2015. The remainder of the capital investments in the Middle East for the fourth quarter of 2015 relate to studies and support costs directly attributable to capital projects.

Year ended December 31
(\$ thousands)



Three months ended December 31
(\$ thousands)



West Africa

Capital expenditures for West Africa for the three and twelve months ended December 31, 2015 include a \$4.7 million recovery of drilling expenditures relating to the OML 141 License Area. This credit relates to downward revisions in estimates of expenditures incurred in prior periods. Exploration drilling costs in West Africa for the year ended December 31, 2015 also include \$4.7 million relating primarily to the investment in site preparation and well planning activities for the AGC Shallow and AGC Central License Areas and support costs directly attributable to capital projects.

Cost Pools

Cost Pools for each License Area, which are available for recovery through future oil sales from such License Area, as at December 31, 2015, are detailed in the table below:

License Area	Location	Gross Cost Pool (\$ million)	Oryx Petroleum share of recoverable costs			
			Participating Interest Cost Pool (\$ million)	Carried Costs (\$ million)	Recovered through cost oil (\$ million)	Total Cost Pool available ⁽¹⁾ (\$ million)
Hawler	Iraq – Kurdistan Region	688.9	432.1	156.1 ⁽²⁾	(18.6)	569.7
Wasit	Iraq – Wasit province	11.1	8.4	2.8		11.2
OML 141	Nigeria	62.4	24.2	37.7		61.9
AGC Shallow	Senegal and Guinea Bissau	32.3	27.4	4.8		32.2
AGC Central	Senegal and Guinea Bissau	4.3	3.7	0.6		4.3
Haute Mer A	Congo (Brazzaville)	241.5	56.8	-		56.8
Haute Mer B	Congo (Brazzaville)	21.3	7.5	-		7.5
		1,061.8	560.1	202.1	(18.6)	743.6

Note:

(1) Cost Pool balances are subject to audit by relevant government entities.

(2) Carried costs include \$84.8 million in expenditures related to a commitment to carry \$300 million on behalf of a partner for the Hawler License Area development.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



Property, plant and equipment and intangible assets

The capital expenditures described in the sections above, net of depletion, depreciation and amortization (“DD&A”) and impairment loss, have resulted in the following movements in Intangible Asset and Property, plant and equipment (“PP&E”) balances during the three months ended March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015:

(\$ thousands)	Exploration and Evaluation Assets	Other Intangible Assets	Total Intangible Assets
As at January 1, 2015	253,410	697	254,107
Capital additions	1,609	59	1,668
DD&A	-	(125)	(125)
As at March 31, 2015	255,019	631	255,650
Capital additions	3,239	11	3,250
DD&A	-	(124)	(124)
As at June 30, 2015	258,258	518	258,776
Capital additions	1,874	-	1,874
DD&A	-	(101)	(101)
Impairment	(104,003)	-	(104,003)
As at September 30, 2015	156,129	417	156,546
Capital additions ⁽¹⁾	(3,389)	-	(3,389)
DD&A	-	(81)	(81)
Impairment	(50,924)	-	(50,924)
As at December 31, 2015	101,816	336	102,152

Note:

- (1) Credits relate to a reduction in estimates of expenditures incurred in prior periods.

During the third quarter of 2015, the Group recorded impairment charges of \$43.8 million related to the Wasit License Area and \$60.2 million for the OML 141 License Area. During the fourth quarter of 2015, the Group recorded an impairment charge of \$55.6 million related to the Haute Mer A License Area. Management used significant assumptions and estimates in determining the presence of indicators of impairment. See the “New Accounting Pronouncements, Policies, and Critical Estimates” section of this MD&A for further information on estimates used. The impairment charge for the OML 141 License Area was reduced by \$4.7 million in the fourth quarter of 2015 due to expenditures that were incurred at values below those estimated in prior periods.

(\$ thousands)	Oil & Gas Assets	Finance lease asset ⁽¹⁾	Facilities under construction ⁽¹⁾	Furniture and fixtures	Total PP&E
As at January 1, 2015	700,316	-	31,370	2,535	734,221
Capital additions	39,589	-	693	2	40,284
DD&A	(1,424)	-	-	(218)	(1,642)
As at March 31, 2015	738,481	-	32,063	2,319	772,863
Capital additions ⁽²⁾	22,394	-	(384)	(2)	22,008
DD&A	(2,491)	-	-	(214)	(2,705)
As at June 30, 2015	758,384	-	31,679	2,103	792,166
Capital additions ⁽²⁾	14,506	16,717	(852)	(476)	29,895
Transfers between categories	4,623	26,204	(30,827)	-	-
DD&A	(1,974)	(22)	-	(167)	(2,163)
Impairment	(206,838)	-	-	-	(206,838)
As at September 30, 2015	568,701	42,899	-	1,460	613,060
Capital additions	13,130	-	-	-	13,130
DD&A	(662)	(50)	-	(165)	(877)
Impairment	(35,705)	-	-	-	(35,705)
As at December 31, 2015	545,464	42,849	-	1,295	589,608

Note:

- (1) During the third quarter of 2013, the Group entered into an agreement to lease a Production Facility (referred to in this MD&A as the Demir Dag)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



Production Facilities) for the Hawler License Area. The facility was commissioned in September 2015. Refer to the consolidated financial statements for further information on the finance lease obligation.

- (2) Credits to additions relate to actual expenditures incurred at values below those estimated in prior periods.

Management conducted an impairment test on the Hawler License Area cash generating unit ("CGU") at December 31, 2015 which included the use of significant assumptions and estimates in determining the presence of indicators of impairment and the magnitude of the impairment charge. See the "New Accounting Pronouncements, Policies, and Critical Estimates" section of this MD&A for further information on estimates used.

Financial Results

The Group's financial results are indicative of the early stage nature of the Group's operations particularly in the Hawler License Area and are not necessarily expected to provide an indication of future financial performance which will be dependent on a number of variable factors including realised crude oil prices, and fluctuations in production and sales volumes.

Revenue

The following table summarizes Oryx Petroleum's revenue for the three and twelve months ended December 31, 2015. Production at the Hawler License Area began on June 19, 2014 therefore the figures for the year ended December 31, 2014 represents oil sales during 196 days of liftings. All oil sold during each of the below periods was produced at the Hawler License Area.

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Oil Sales	1,317	6,541	17,177	16,429
Recovery of Carried Costs	216	1,267	3,290	3,187
Revenue	1,533	7,808	20,467	19,616

The Group realized revenue on the sale of 68,000 bbl (Working Interest) of oil during the three months ended December 31, 2015, compared to revenue on the sale of 122,000 bbl (Working Interest) of oil during the same period in the previous year. Revenue of \$1.5 million during the fourth quarter of 2015 decreased by \$6.3 million compared to the three months ended December 31, 2014. The decrease is attributable to a 64% decrease in sales prices combined with a 44% decrease in sales volumes. See the "Production and sales" section of this MD&A for further discussion regarding decreases in oil production volumes.

The Group realized revenue on the sale of 588,200 bbl (Working Interest) of oil during the year ended December 31, 2015, compared to revenue on the sale of 294,700 bbl (Working Interest) of oil during the previous year. The \$0.9 million increase in revenue from \$19.6 million in 2014 to \$20.5 million in 2015 is due to a 100% increase in sales volumes largely offset by a 48% decrease in sales price. The increase in 2015 volumes in comparison to 2014 is attributable to 2014 production being based on a partial year as sales commenced during June 2014, partially offset by lower production rates in 2015.

Sales volumes have been determined by the timing of deliveries to customers and were not directly correlated with production volumes in the same period. Sales exclude oil produced and held in oil inventory at the end of the reporting period. As at December 31, 2015, the Group's Working Interest share of oil inventory amounted to 15,300 bbl.

Oryx Petroleum has received full cash settlement for all oil sales recorded during 2015.

Royalties

The following table summarizes royalty expense incurred during the three and twelve months ended December 31, 2015 and December 31, 2014:

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Royalties	644	3,196	8,397	8,031

All remittances to governments that are directly attributable to the sale of oil during the reporting period, including the government share of Profit Oil but excluding income taxes, are reported as royalties. Royalties decreased by \$2.6 million and increased by \$0.3 million, respectively, during the three and twelve months ended December 31, 2015 compared to the same periods in the previous year. The variances in royalties paid from period to period are attributable to the same factors as those applicable to revenues on oil sales as discussed above.

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Operating expense

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Field production costs ⁽¹⁾	3,332	1,445	15,192	5,086
Partner's share of production costs carried by Oryx Petroleum	1,024	444	4,673	1,565
Operating expense	4,356	1,889	19,865	6,651
Sales ⁽²⁾ (bbl)	68,000	122,000	588,200	294,700
Field production costs⁽¹⁾ (\$/bbl)	49.00	11.84	25.83	17.24
Operating expense (\$/bbl)	64.06	15.48	33.77	22.55

Notes:

- (1) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum.
(2) Oryx Petroleum's Working Interest share.

Operating expense of \$4.4 million recorded in the three months ended December 31, 2015 increased by \$2.5 million compared to the same period in the previous year, representing an increase in per barrel operating costs from \$15.48/bbl to \$64.06/bbl. The increase in operating costs is primarily attributable to increased camp and support costs, which include personnel and security costs, and increased fuel and maintenance costs. The increased costs are primarily due to an increase in the number of wells producing in the three months ended December 31, 2015 compared to 2014. In addition, a greater proportion of camp and support costs have been allocated to operating costs as capital activities at the Hawler License Area have decreased during 2015 in comparison with 2014. The increase in the per barrel costs is attributable to the increase in costs as described above combined with a decrease in sales volumes in the fourth quarter of 2015 compared to the same period in 2014.

Management's efforts to reduce costs during 2015 have resulted in lower operating expenditures during the fourth quarter of 2015 in comparison with the each of the first three quarters of 2015. The positive impact of cost reduction efforts, on a per barrel basis, was offset by decreased oil sales volumes during the fourth quarter 2015. Given the fact that significant elements of operating expenditures do not vary directly with fluctuations in levels of production, operating costs on a per barrel basis increased during the three months ended December 31, 2015 in comparison to the three months ended September 30, 2015.

The following table indicates the impact of the variances in operating expense between the third and fourth quarters of 2015:

(\$ thousands)	(\$000)	(\$/bbl)
Operating expense – three months ended September 30, 2015	5,738	33.75
Contribution of the following to variance:		
Personnel and camp costs	(48)	(0.71)
Well maintenance	293	4.31
Facilities lease and maintenance, diesel and operation	(1,451)	(21.34)
Security	(176)	(2.57)
Change in volume	-	50.62
Operating expense – three months ended December 31, 2015	4,356	64.06

Operating expense increased by \$13.2 million to \$19.9 million for the year ended December 31, 2015 compared to the year ended December 31, 2014, representing an increase in per barrel operating costs from \$22.55/bbl to \$33.77/bbl. The increase in operating expense for the year ended December 31, 2015 in comparison to 2014 is primarily due to the increased number of days of production compared to the previous period. In addition, increases in fuel, security, and personnel costs incurred during the year ended December 31, 2015 contributed to the increase in per barrel operating expense during the year ended December 31, 2015 in comparison with the 196 day period ended December 31, 2014.

Field production costs incurred during the three and twelve months ended December 31, 2015 remain elevated on a per barrel basis, as management continues to align operating procedures and the related expenditures with current and expected production volumes. The Group expects continued variability in per barrel operating costs prior to normalisation once production and oil sales volumes stabilise.

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General and administrative expense

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Total General and Administrative expense	3,127	766	13,447	13,398

General and administrative expenses incurred during the three and twelve months ended December 31, 2015 are broadly consistent with expenditure levels incurred in the comparative periods in 2014. The \$2.4 million increase for the three months ended December 31, 2015 is primarily attributable to a non-cash provision for the Group's defined benefit pension obligation recorded in the fourth quarter of 2015. This amount has been partially offset by a decrease in staff compensation costs following implementation of the Group's cost control measures which included a significant reduction in staff levels. General and administrative expenses increased by \$0.1 million compared to the year ended December 31, 2014. This increase is primarily due to a non-cash provision for the Group's defined benefit pension obligation which has been partially offset by decreased staff compensation and other administrative costs.

Exploration expense

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Pre-license costs	92	701	1,203	4,470
Exploration costs	67	-	67	-
Total exploration expense	159	701	1,270	4,470

Pre-license costs for the quarter ended December 31, 2015 decreased by \$0.6 million compared to the costs recorded in the same quarter in 2014. Pre-license costs for the year ended December 31, 2015 decreased by \$3.3 million compared to the year ended December 31, 2014. This decrease in both periods is due to a reduction in pre-license activities during the current period as expenditure has been focused on development activities in the Hawler License Area. Exploration costs relate to expenses incurred on the OML 141 and Wasit License Areas subsequent to the impairment of the carrying value of these License Areas during the third quarter of 2015.

Impairment of oil and gas assets

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Impairment expense of intangibles	50,924	(578)	154,927	603
Impairment expense of property, plant and equipment	35,706	-	242,544	-
Total impairment	86,630	(578)	397,471	603

During the third quarter of 2015, the Group recorded an impairment charge of \$60.2 million relating to the OML 141 License Area. This impairment charge was decreased by \$4.7 million in the fourth quarter of 2015 as estimates of costs incurred relating to this License Area were revised. The carrying value of this asset at December 31, 2015 is Nil.

During the third quarter ended September 30, 2015, the Group also recorded an impairment charge of \$43.8 million related to the Wasit License Area. The carrying value of this asset at December 31, 2015 is Nil.

During the fourth quarter of 2015, the Group recorded an impairment charge of \$55.6 million relating to the Haute Mer A License Area. The carrying value of this asset at December 31, 2015 is Nil.

Impairment of intangible assets for the year ended December 31, 2014 included a reduction in impairment relating to the Horse-1 well in the Haute Mer A License Area. An impairment charge of \$17.3 million, originally recorded on this well in the fourth quarter of 2013, was reduced by \$0.6 million during the fourth quarter of 2014 based on updated information from the operator.

Management also conducted an impairment test on the Hawler License Area CGU at September 30, 2015. Management's estimation of the Hawler License Area CGU recoverable amount as at September 30, 2015 was primarily based on a Netherland, Sewell & Associates, Inc.'s ("NSAI") sensitivity analysis provided to the Group during September 2015 (the "2015 NSAI Sensitivity Letter"). An impairment charge of \$206.8 million was recorded against the Hawler License Area CGU in the three months ended September 30, 2015. Subsequently, upon the completion of the Group's National Instrument 51-101 compliant Statement of Reserves Data and Other Oil and Gas Information (a "Reserve Report") as at December 31, 2015, management conducted an updated estimation of the Hawler License Area CGU recoverable amount as at December

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



31, 2015. A further impairment charge of \$35.7 million was recorded against this asset in the fourth quarter of 2015, resulting in an overall impairment charge of \$242.5 million for the year ended December 31, 2015. Management used significant assumptions and estimates in determining the presence of indicators of impairment and the magnitude of impairment charges. See the "New Accounting Pronouncements, Policies, and Critical Estimates" section of this MD&A for further information on estimates used.

Depletion, depreciation and amortization expense

The following table summarizes the component parts of depletion, depreciation and amortization expense for three and twelve months ended December 31, 2015 and December 31, 2014:

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Intangible assets: Amortization	81	134	431	531
PP&E assets: Depreciation	263	281	799	880
Depletion	1,124	1,276	7,035	3,139
Total DD&A	1,468	1,691	8,265	4,550

The Group began depleting its Hawler License Area oil and gas assets in the second quarter of 2014 upon commencement of production. Depletion is calculated on a unit of production basis, which is the ratio of oil production volume during the period to the estimated quantities of proved plus probable oil reserves at the beginning of the period.

Other income and finance expense

The following table summarizes the components of other income and other expenses for the three and twelve months ended December 31, 2015 compared to the same periods in 2014:

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Other (income) / expense	(5,949)	2,593	(12,364)	1,077
Finance expense / (income), net	3,005	(68)	6,499	268
Foreign exchange losses/ (gains)	289	(665)	407	(1,042)
Total other (income) / expense	(2,655)	1,860	(5,458)	303

Total other income of \$2.7 million for the three months ended December 31, 2015 is primarily composed of \$2.0 million relating to the decrease in the fair value of previously recognized contingent consideration and \$6.7 million relating to the revaluation of warrants issued under the March 2015 Financing which is defined and discussed in the "Liquidity and Capital Resources" section of this MD&A. These factors have been partially offset by a \$1.8 million reduction to a previously reported gain on the curtailment of retirement benefit obligations related to decreased staff levels during 2015 and \$2.9 million in finance costs primarily related to the March 2015 Financing, and \$1.3 million in other costs. The contingent consideration relates to the agreement for the acquisition of OP Hawler Kurdistan Limited, which holds the Group's interest in the Hawler License Area. Under this agreement Oryx Petroleum is obliged to provide additional consideration upon each of the first two commercial discoveries. Oryx Petroleum paid \$20.0 million plus interest during 2014 in satisfaction of the obligation arising upon the first commercial discovery.

During the year ended December 31, 2015 the Group recorded a \$6.7 million revaluation gain relating to the revaluation of warrants, a \$2.6 million gain on the curtailment of retirement benefit obligations related to decreased staff levels during the third quarter of 2015, and a \$3.9 million gain relating to the decrease in the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011. These costs have been partially offset by \$6.4 million in finance costs related to the March 2015 Financing.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



Income tax expense

The following table summarizes the component parts of income tax expense for the three and twelve months ended December 31, 2015 and December 31, 2014.

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Current income tax expense / (benefit)	97	(132)	1,105	1,327
Deferred tax expense / (benefit)	(756)	277	(279)	(707)
Total income tax expense	(659)	145	826	620

The current income tax expense includes amounts deemed to be paid to the KRG through its allocation of Profit Oil under the Hawler PSC.

Liquidity and Capital Resources

During the year ended December 31, 2015, the Group met its day-to-day working capital requirements primarily through funding received through the issuance of common shares, cash receipts from oil sales, and with the receipt of \$100 million in financing via the Loan Facility described below.

In July 2014, the Company issued 19,910,000 common shares at a price of CAD \$11.25 per common share for net proceeds of \$206.7 million ("**July 2014 Common Share Offering**"). Commencing the second quarter of 2014, the Group began to generate cash inflows through its share of oil sales from the Hawler License Area.

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 majority shareholder The Addax and Oryx Group PLC (the "**Lender**"). The three year Loan Facility has provided the Group with \$100 million of 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 Group. The annual compound interest payable to the Lender is 10.5% per annum. Upon execution of the Loan Facility, on March 11, 2015, the Group issued warrants to acquire one million common shares to an affiliate of the Lender. The exercise price of those issued warrants is \$3.29 per common share. The expiry date of those issued warrants is March 10, 2018. On May 11, 2015, the Group received \$50 million in cash pursuant to the Loan Facility and issued warrants to an affiliate of the Lender to acquire seven million common shares of the Company. The exercise price of those issued warrants is \$3.56 per common share. The expiry date of those issued warrants is May 11, 2018. On December 15, 2015, the Group received \$50 million in cash pursuant to the Loan Facility and issued warrants to an affiliate of the Lender to acquire four million common shares of the Company. The exercise price of those issued warrants is \$0.50 per common share. The expiry date of those issued warrants is December 15, 2018. The Lender may exercise the issued warrants at any time prior to the applicable expiry date. The arrangement described above is referred to as the "**March 2015 Financing**" in this MD&A.

On March 1, 2016, the Group entered into a definitive agreement whereby Zeg Oil and Gas Ltd. ("**Zeg Oil**") has been issued 75,683,994 common shares of the Company for consideration of \$30 million (the "**Zeg Oil Strategic Investment**"). In addition, Oryx Petroleum intends to contract with an affiliate of Zeg Oil for the provision of \$40 million of drilling and other services related to the appraisal and early production of the Zey Gawra field in the Hawler License Area in the Kurdistan Region of Iraq (the "**Zey Gawra Contracts**"). It is intended that \$20 million of consideration for work performed under the Zey Gawra Contracts will be paid through the issuance of an additional 50,455,996 common shares of Oryx Petroleum.

Zeg Oil is a privately held company based in the Kurdistan Region of Iraq that provides a broad range of engineering and construction services to the energy sector.

Also on March 1, 2016 the Group has entered into a definitive agreement with the AOG to extinguish \$57 million of principal and accrued interest under the \$100 million credit facility provided by AOG to Oryx Petroleum in March 2015, in consideration for 143,367,988 common shares of the Company. The closing of the subscription by AOG for common shares of the Company in consideration of extinguishing debt is subject to minority shareholder approval and acceptance by the Toronto Stock Exchange.

All share issuances in connection with the aforementioned agreements have been, or are proposed to be, based on an Oryx Petroleum share price of C\$0.55 per common share and a fixed Canadian Dollar-United States Dollar exchange rate of 0.7207.

The Corporation also entered into a definitive agreement with an existing shareholder whereby 8,000,000 common shares were issued for consideration of \$3.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



The following table summarizes the components of Oryx Petroleum's consolidated cash flows for the periods indicated:

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Operating Cash Flow ⁽¹⁾	(5,594)	1,107	(18,255)	(3,220)
Change in non-cash assets and liabilities	(1,639)	(19,038)	(3,774)	(25,310)
Net cash used in operating activities	(7,233)	(17,931)	(22,029)	(28,530)
Net cash used in investing activities	(23,554)	(62,194)	(132,997)	(374,296)
Net cash generated by financing activities	49,999	-	99,382	206,662
Total change in cash	19,212	(80,125)	(55,644)	(196,164)
Cash and cash equivalents at beginning of the period	35,014	189,995	109,870	306,034
Cash and cash equivalents at end of the period	54,226	109,870	54,226	109,870

Note:

(1) Operating Cash Flow is a non-IFRS measure. See the "Non-IFRS Measures" section of this MD&A.

During the quarter ended December 31, 2015, the Group invested \$23.6 million in development activities primarily in the Hawler License Area. This amount includes \$13.0 million in cash outflows related to changes in non-cash working capital balances, \$13.6 million of which relates to reductions in trade payables. See the "Capital Expenditures" section of this MD&A for further information on the capital expenditure program during the three months ended December 31, 2015. Operating activities during the quarter ended December 31, 2015 also consumed \$7.2 million in cash resources. Financing activities during the three months ended December 31, 2015 generated \$50.0 million of net cash proceeds received under the Loan Facility.

The Group invested \$133.0 million in development activities primarily in the Hawler License Area during the year ended December 31, 2015. Included in this amount is \$38.6 million in costs relating to changes in non-cash working capital balances. Changes in non-cash working capital balances include \$43.5 million in reductions of trade and accounts payable associated with investing activities. In addition, \$22.0 million in cash was used in operating activities during the period. Financing activities during the year ended December 31, 2015 generated \$99.4 million of net cash proceeds received under the Loan Facility.

Management expects that cash on hand, together with cash proceeds from the Zeg Oil Strategic Investment and the Group's share of forecasted oil sale revenues will fund the Group's operations through to the end of June 2017.

The Group's ability to realise cash inflows from crude oil sales is subject to significant uncertainty related to the future performance and productivity of individual wells and production facilities, future crude oil prices, and customer credit risk. The Group's ability to secure external financing, if required, is also subject to significant uncertainty and is dependent on the Group's performance and on market conditions. Furthermore, the execution of capital investment plans requires significant capital expenditures. Long lead times between initiation of commitments to capital projects and completion thereof are common in the industry. During these lead times, Oryx Petroleum will continue to incur significant costs at a level which may be difficult to predict. As noted above, the Group plans to fulfill financing requirements through current and secured sources of cash reserves, Operating Cash Flow, and through externally sourced financing if required. Prevailing market conditions, together with Oryx Petroleum's business performance will impact the Group's ability to realise required Operating Cash Flows and to arrange further financing as needed.

While the Group retains the flexibility to defer certain budgeted expenditures and to adjust the timing of its expenditures on the development of the Hawler License Area, slowing the rate of development expenditures related to the Hawler License Area would be likely to impede the Group's ability to achieve expected production and sales levels.

Refer to the "Critical estimates" section of this MD&A for additional discussion regarding management's Going Concern assumption which contemplates that the Group will realize its assets and settle its liabilities and commitments in the normal course of business for the foreseeable future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



Economic Sensitivities

The following table shows the estimated effect that changes to crude oil prices, Gross (100%) oil sale volumes, operating costs and interest rates would have had on the Group's loss for the year ended December 31, 2015, had these changes occurred on January 1, 2015. These calculations are based on business conditions, production and sales volumes existing during the year ended December 31, 2015. The 1,000 bbl/d increase assumes the increase is to Gross (100%) sale volumes and the Group's entitlement is calculated according to the provisions of the Hawler PSC and Joint Operating Agreement.

	Change	Loss impact (\$ '000s)	Loss impact (\$ per basic share)
Change in average realized price	\$10.00/bbl	4,013	0.03
Change in crude oil sales volumes	1,000 bbl/d	4,726	0.04
Change in operating expenses	\$1.00/bbl	588	-
Change in interest rate	1%	473	-

The impact of the above changes may be compounded or offset by changes to other business conditions. In addition, the table does not reflect any inter-relationships between the above factors. Changes in foreign exchange rates have not been considered in this analysis as they do not have a significant impact on the Group's operations.

Non-IFRS Measures

Field Netback

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 expense 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 PSC 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. See the "Operations Review" section of this MD&A for a reconciliation of Field Netback.

Oryx Petroleum Netback

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. See the "Operations Review" section of this MD&A for a reconciliation of Oryx Petroleum Netback.

Operating Cash Flow

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 standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies.

The following table reconciles Operating Cash Flow to the IFRS measure of 'Cash flow from operating activities':

(\$ thousands)	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Net cash used in operating activities	(7,233)	(17,931)	(22,029)	(28,530)
Changes in non-cash working capital and other	1,639	19,038	3,774	25,210
Operating Cash Flow	(5,594)	1,107	(18,255)	(3,320)

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Outstanding Share Data

As at December 31, 2015, a total of 121,759,034 common shares of OPCL were issued and outstanding.

On March 1, 2016, OPCL issued 75,683,994 common shares of the Company (see the "Liquidity and Capital Resources" section of the MD&A for further discussion). In addition, on March 15, 2016, OPCL issued 8 million common shares of Company for consideration of \$3.2 million.

Subsequent to December 31, 2015, the Group issued 213,790 Common Shares to employees under the Group's Long Term Incentive Plan. Upon vesting, OPCL LTIP share awards granted to the date of the MD&A will result in the issuance of up to an additional 1,875,554 common shares in 2016 and 2017. The number of common shares outstanding as at the date of this MD&A is 205,812,477.

On March 11, 2015, in accordance with the March 2015 Financing, the Group issued warrants to an affiliate of the Lender to acquire one million common shares of OPCL. On May 11, 2015, pursuant to the Group's receipt of \$50 million under the terms of the March 2015 Financing, the Group issued warrants to an affiliate of the Lender to acquire a further seven million common shares of OPCL. On December 15, 2015, pursuant to the Group's receipt of an additional \$50 million under the terms of the March 2015 Financing, the Group issued warrants to an affiliate of the Lender to acquire a further four million common shares of OPCL. The Lender may exercise the issued warrants at any time prior to the applicable expiry date.

At the date of this MD&A, there are no other securities convertible into or exercisable or exchangeable for voting shares. See the "Liquidity and Capital Resources" section of the MD&A for discussion regarding the potential conversion of debt arising from the March 2015 Financing to voting shares.

There were no repurchases of OPCL's equity securities by the Company during the year ended December 31, 2015.

Off-Balance Sheet Arrangements

In December 2014, the Group entered into two foreign exchange contracts to hedge the foreign exchange risk throughout 2015. The Group entered into a contract to sell \$1.5 million and to receive Swiss Francs at a rate of USD 1.00 / CHF 0.9645 for each of the twelve months during 2015. The Group entered into a second forward exchange contract to sell \$1.5 million and to receive Swiss Francs for each of the twelve months during 2015 in the event that the exchange rate on monthly execution dates is outside the following range: USD 1.00 / CHF 0.9400 and USD 1.00 / CHF 0.9850.

Other than the above, Oryx Petroleum was not party to any off-balance sheet arrangements during the year ended December 31, 2015 that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of Oryx Petroleum. Further, on the date of this MD&A, Oryx Petroleum is not party to any such off-balance sheet arrangements.

Commitments and Contractual Obligations

The table below sets forth information relating to Oryx Petroleum's commitments and contractual obligations as at December 31, 2015.

(\$ thousands)	Within One Year	From 1 to 5 Years	More than 5 Years	Total
Operating leases ⁽¹⁾	1,326	1,323	-	2,649
Other long term obligations ⁽²⁾	12,430	49,118	19,864	81,412
Total	13,756	50,441	19,864	84,061

Notes:

(1) Operating leases primarily relate to buildings and equipment.

(2) Consists principally of obligations related to PSC commitments and capital expenditure commitments. The main purpose of these commitments is to develop oil and gas assets in Oryx Petroleum's various License Areas.

Other long term obligations of \$81.4 million have decreased by \$67.5 million compared to the balance at December 31, 2014. This variance is mainly attributable to a \$20.0 million decrease in commitment estimates related to the AGC Shallow License Area and a \$21.2 million decrease related to a finance lease obligation which has now been recorded in the consolidated statement of financial position as at December 31, 2015. The remaining decrease in contractual obligations primarily relates to decreased activity in the Hawler License Area together with the revised phasing of exploration activities in West Africa.

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Summary of Quarterly Results

The following table sets forth a summary of Oryx Petroleum's results for the quarterly periods indicated which have been prepared in accordance with IFRS as issued by the IASB.

(\$ thousands, unless otherwise stated)	2014				2015			
	Mar 31	Jun 30	Sept 30	Dec 31	Mar 31	Jun 30	Sept 30	Dec 31
Revenue, net of royalties	-	1,378	10,430	7,808	5,345	9,362	2,496	889
Operating expense	-	(1,160)	(3,602)	(1,889)	(5,077)	(4,694)	(5,738)	(4,356)
Depletion expense	-	(209)	(1,653)	(1,276)	(1,414)	(2,438)	(2,059)	(1,124)
G&A	(4,042)	(3,897)	(4,693)	(766)	(2,322)	(4,827)	(3,171)	(3,127)
Loss	(6,919)	(8,672)	(1,556)	(1,862)	(8,664)	(5,579)	(317,836)	(91,537)
Loss per share (basic and diluted) (\$/share)	(0.07)	(0.09)	(0.01)	(0.02)	(0.07)	(0.05)	(2.56)	(0.75)
Operating cash flow	(3,085)	(3,074)	1,833	1,107	(4,131)	(2,235)	(6,300)	(5,594)
Gross Production (bbl)	-	39,000	237,000	257,000	199,600	348,900	258,800	115,000
WI Production (bbl)	-	25,000	154,000	168,000	129,800	226,800	168,200	75,000
Gross Sales (bbl)	-	30,800	234,000	188,000	198,100	341,100	261,100	104,700
WI Sales (bbl)	-	20,000	152,000	122,000	128,700	221,700	170,000	68,000
Field production costs ⁽¹⁾	-	(887)	(2,754)	(1,445)	(3,882)	(3,589)	(4,388)	(3,332)
Field Netback ⁽²⁾	-	(322)	1,513	1,752	(1,696)	243	(2,659)	(2,689)
Oryx Petroleum Netback ⁽²⁾	-	(372)	2,359	2,575	(2,023)	658	(3,323)	(3,497)
Brent price (\$/bbl)	107.98	109.84	102.09	76.03	54.22	62.05	50.20	43.32
Sales price (\$/bbl)	-	57.73	57.47	53.61	34.79	35.37	20.83	19.37
Royalties (\$/bbl)	-	(28.20)	(28.10)	(26.20)	(17.01)	(17.29)	(10.18)	(9.47)
Field production costs ⁽¹⁾ (\$/bbl)	-	(44.35)	(18.12)	(11.84)	(30.16)	(16.19)	(25.81)	(49.00)
Current taxes (\$/bbl)	-	(1.30)	(1.30)	(1.21)	(0.79)	(0.80)	(0.48)	(0.44)
Field Netback ⁽²⁾ (\$/bbl)	-	(16.10)	9.95	14.36	(13.18)	1.10	(15.64)	(39.54)
Oryx Petroleum Netback ⁽²⁾ (\$/bbl)	-	(18.60)	15.52	21.11	(15.72)	2.97	(19.55)	(51.43)
Capital expenditures ⁽³⁾	79,881	99,112	81,427	65,486	41,952	25,258	31,768	9,742

Notes:

- (1) Field production costs represent Oryx Petroleum's Working Interest share of gross production costs and exclude partner share of production costs which are being carried by Oryx Petroleum. See the "Operating expense" section of this MD&A.
- (2) Field Netback and Oryx Petroleum Netback are non-IFRS measures. See the "Non-IFRS Measures" section of this MD&A.
- (3) Excludes license acquisition costs.

Variations in revenue are attributable to changes in realised sales prices which have been broadly referenced to Brent crude oil prices and sales volumes which have fluctuated due to the variations in production from the Hawler License Area. During the second half of 2014 and the first quarter of 2015, sales volumes were also periodically interrupted as demand in the local market was impacted by limited pipeline export capacity and fluctuating oil production from other sources of supply in the local market. During the second quarter of 2015, oil production decreased due to lower fluid and oil production rates which were required when the presence of water was initially observed. Regional sales were also suspended on December 19, 2015 through to the end of the year due to the closure of the international land border crossing between the Kurdistan Region of Iraq and Turkey.

Variations in Field Netback and Oryx Petroleum Netback reflect changes in revenue discussed above and the impact of changes in field production costs. Field production costs have been subject to significant fluctuation as management continues the process of aligning operating procedures and the related expenditures with fluctuating actual and expected production volumes. During 2014, field production costs fluctuated initially following the commencement of production prior to gradually increasing in anticipation of increased production expected upon commissioning of the production facilities at Demir Dagh in September 2015. Following revised and lowered production forecasts beginning during the second quarter of 2015, field production costs incurred during the fourth quarter of 2015 reflect management's consequent efforts to reduce costs. The Group expects continued variability in per barrel operating costs prior to normalisation once production and oil sales volumes, together with associated operating procedures and related expenditures, stabilise.

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Total capital expenditures have decreased in 2015 compared to 2014 due to capital conservation measures and refocused investment priorities.

The loss of \$91.5 million for the three months ended December 31, 2015 is primarily due to the impairment expense recorded on the Hawler and Haute Mer A License Areas and the revaluation gain on warrants issued under the Loan Facility (refer to the "Financial Results" section for further information). The remaining variations in loss from period to period are primarily attributable to non-cash provisions due to revisions in the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011.

Selected Annual Information

The following table sets forth a summary of Oryx Petroleum's results for the years indicated.

(\$ thousands except per share amounts)	Year ended December 31		
	2015	2014	2013
Revenue	20,467	19,616	-
Loss attributable to owners	415,235	18,065	185,564
<i>Loss per share (basic and diluted)</i>	<i>3.43</i>	<i>0.17</i>	<i>2.04</i>
Total assets	779,661	1,138,216	976,212
Long-term debt	97,120	-	-
Cash dividends declared	-	-	-
<i>Cash dividends declared per share</i>	-	-	-

Financial and Other Instruments

Oryx Petroleum operates internationally and has foreign exchange risk arising from various currency exposures, notably the Swiss Franc.

In December 2014, the Group entered into two foreign exchange contracts to hedge the foreign exchange risk throughout 2015. The Group entered into a contract to sell \$1.5 million and to receive Swiss Francs at a rate of USD 1.00 / CHF 0.9645 for each of the twelve months during 2015. The Group signed a second forward exchange contract to sell \$1.5 million and to receive Swiss Francs for each of the twelve months during 2015 in the event that the exchange rate on monthly execution dates is outside the range following range: USD 1.00 / CHF 0.9400 and USD 1.00 / CHF 0.9850. During the year ended December 31, 2015, the Group recorded a realized foreign exchange gain of \$0.3 million relating to the contracts above.

Transactions with Related Parties

On March 11, 2015, the Group entered into a committed and unsecured term loan facility agreement with a subsidiary of its indirect majority shareholder AOG. \$100.0 million in cash was received in 2015. Interest and accretion expense of \$4.9 million relating to this transaction have been recorded for the year ended December 31, 2015 (2014 - nil). See the "Liquidity and Capital Resources" section of this MD&A for details regarding the March 2015 Financing. The terms and conditions of the March 2015 Financing represent the terms and conditions agreed to by the related parties. Management has estimated the terms and conditions to be materially comparable to terms applicable to similar market transactions.

For the year ended December 31, 2015 the Group incurred costs of \$1.8 million for goods and services provided by related parties, all of which are subsidiaries of AOG (2014: \$1.9 million). Costs related to trademark license fees, parent company guarantees, and management services have been incurred under agreements between the Group and AOG. Additional information relating to such agreements is available in OPCL's Annual Information Form dated March 26, 2015 available on SEDAR at www.sedar.com. The Company will file an Annual Information Form for the year ended December 31, 2015 on or before March 31, 2016. Management exercised judgement, which was based on its industry specific knowledge and experience, to determine that i) the transactions described above did not contain any unusual commercial terms, and ii) the fees charged under the agreements were reasonable and not materially inconsistent with fees which would normally be associated with broadly comparable agreements.

In January 2016 directors of OPCL were awarded 405,315 common shares (\$0.2 million) and \$0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2015. Of this amount, 155,659 common shares (\$0.1 million) were issued to directors in January 2016. The remaining shares are planned to be issued to directors in June 2016. In July 2015 directors of OPCL were awarded and issued 51,975 common shares (\$0.1 million) and \$0.2 million in cash as remuneration for services provided in the first and second quarters of 2015. In January 2015 directors of OPCL were awarded and issued 30,175 common shares (\$0.2 million) and \$0.2 million in cash as remuneration for services provided in

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the third and fourth quarters of 2014. In July 2014 the directors of OPCL were awarded and issued 12,191 common shares (\$0.2 million) and \$0.2 million in cash as remuneration for services provided in the first and second quarters of 2014. In January 2014 the directors of OPCL were awarded and issued 12,466 common shares (\$0.1 million) and \$0.2 million in cash as remuneration for services provided in the third and fourth quarters of 2013. The compensation awarded to directors is measured at fair value.

In the July 2014 Common Share Offering, AOG subscribed for shares to the value of \$150.0 million and certain directors of OPCL subscribed for shares to the value of \$0.7 million. Together with the aggregate subscriptions prior to 2013 in the amount of \$465.2 million, and in connection with OPCL's initial public offering, AOG has contributed to Oryx Petroleum total equity funding of \$870.0 million. The share issuance transactions with AOG have been measured at fair value.

During the second quarter of 2013, the Group resolved to donate a total of \$1.5 million over a period of 3 years to the Addax & Oryx Foundation. The first payment of \$0.5 million was made in July 2013 and the second payment of \$0.5 million was made in September 2014. In July 2015 the Group resolved to reduce the third donation by 90% to \$50,000 and this payment was made in December 2015. The donations have been measured at fair value.

Also on March 1, 2016 the Group has entered into a definitive agreement with the AOG to extinguish \$57 million of principal and accrued interest under the \$100 million credit facility provided by AOG to Oryx Petroleum in March 2015, in consideration for 143,367,988 common shares of the Company. See the "Liquidity and capital resources" section of this MD&A for further information.

New Accounting Pronouncements, Policies, and Critical Estimates

New Pronouncements

Oryx Petroleum has adopted the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2015 as described in Note 2 of the consolidated financial statements for the year ended December 31, 2015. The adoption of these standards and interpretations has not had a material effect on OPCL.

Critical estimates

In the process of applying the Group's accounting policies management makes estimates, judgments and assumptions concerning the future. These accounting estimates, judgments and assumptions may differ from actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Such estimates, judgments and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. The critical estimates discussed in the Group's MD&A for the year ended December 31, 2014 remain applicable to the three and twelve month periods ended December 31, 2015 and, with the exception of estimates discussed below, there have been no material changes in estimates. In addition to these estimates, during the three and twelve months ended December 31, 2015, management made the following estimates, judgments, and assumptions concerning the future.

Going Concern

The Company's ability to continue as a going concern is dependent on the Group's ability to realize forecasted revenues, control the timing and extent of projected expenditures, and secure future financing, if and when required. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern. However, cash on hand, together with cash proceeds from the transactions described in note 30 of the consolidated financial statements for the year ended December 31, 2015, and the Group's share of forecast oil sale revenues are expected to fund the Group's operations through to the end of June 2017.

Management has applied significant judgment in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sale 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 from the Hawler License Area of approximately \$45 million during the 18 months ending June 30, 2017.

The timing and extent of capital, operating and general administrative expenditures is based on the Group's revised activity forecast for 2016 and on management's best estimate of expenditures expected to be incurred in the first half of 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, management expects that the Group may require access to additional financing in the first half of 2017 to meet its obligations and to fund its anticipated capital investments. The timing and magnitude of the

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requirement for any additional financing is uncertain and dependent on actual oil production and sale volumes, realized prices, and management's ability to defer expenditures if required.

Management continually monitors the Group's financing requirements and plans to pursue specific funding sources when the timing and extent of future funding requirements are conclusively established. Management intends to pursue financing arrangements, at appropriate costs, with existing shareholders and/or third parties as required. Potential funding sources under consideration include issuance of common shares to public or private / strategic investors, asset sales, various forms of debt, business combinations, and various combinations thereof.

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 the consolidated financial statements for the year ended December 31, 2015 on a going concern basis may not be appropriate. The consolidated 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 the consolidated financial statements for the year ended December 31, 2015.

Carrying value of intangible exploration and evaluation assets

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.

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 \$55.6 million for the OML 141 License Area. As at December 31, 2015, the carrying value of the Wasit and OML 141 CGUs is Nil.

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 for Haute Mer A was Nil. The Group consequently recorded an impairment provision of \$55.6 million related to the Haute Mer A License Area. As at December 31, 2015, the carrying value of the Haute Mer A CGU is Nil.

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 above license areas / CGUs.

Carrying value of Oil and Gas assets

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 constitute the group's single CGU which contains property, plant and equipment.

In conducting impairment tests, management considers internal and external sources of information regarding the manner in which assets are being used or are expected to be used and indications of economic performance of the assets. Estimates include but are not limited to the determination of future cash flows expected to be derived from the asset being

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tested and the discount rate used to determine the value of the cash flows at the measurement date. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves and resources and/or adverse economic conditions can result in estimated carrying amounts exceeding the recoverable amounts of the Group's Oil & Gas assets. An impairment loss is recognized if and when the carrying amount exceeds the recoverable amount.

Following the presence of indicators of possible impairment primarily related to the reduction in the market price of crude oil and lower than expected production from existing wells during the second and third quarters of 2015, management conducted an impairment test on the Hawler License Area CGU at September 30, 2015. Management's estimation of the Hawler License Area CGU recoverable amount as at September 30, 2015 was primarily based on a Netherland, Sewell & Associates, Inc.'s ("NSAI") sensitivity analysis provided to the Group during September 2015 (the "2015 NSAI Sensitivity Letter"). Upon the completion of the Group's National Instrument 51-101 compliant Statement of Reserves Data and Other Oil and Gas Information as at December 31, 2015 (the "2015 Reserve Report"), management conducted an updated estimation of the Hawler License Area CGU recoverable amount as at December 31, 2015.

In performing the impairment test as at December 31, 2015, management used significant assumptions and estimates derived from and consistent with those incorporated in the proved plus probable oil reserves development case contained in the Group's 2015 Reserve Report dated February 16, 2016, adjusted to reflect management's current assumptions related to crude oil market access, realized prices, and magnitude of future development and operating costs, including contingencies.

Expected cash inflows from oil sales have been based on quoted Brent Crude forward contract prices for 2016, 2017, and 2018. Management's Brent Crude assumptions beyond 2018 are benchmarked against the forward contract prices and pricing forecasts prepared by external firms. Expected cash inflows assume that all sales of crude oil from the Hawler License Area from March 1, 2016 onward are expected to be completed through the Kurdistan Regional Government's international export pipeline. In accordance with management's best estimate and understanding of the terms most likely to govern future sales of Hawler License Area crude oil, realized prices from oil sales have been referenced to management's estimated future Brent Crude prices adjusted for a fixed and constant discount maintained through the economic life of the CGU. The magnitude of the discount, which has been estimated by management to account for contingencies, is also consistent with management's best estimate and understanding of the terms most likely to govern future sales of Hawler License Area crude oil and is also supported by recent publically available data related to international oil sales in the Kurdistan Region of Iraq.

Based on the above, expected cash inflows from oil sales were determined using the following estimated weighted average sales prices:

Year ending December 31,	Brent Crude Price (\$/bbl)	Assumed realised Price (\$/bbl)
2016	36.05	24.05
2017	43.46	28.46
2018	46.30	31.30
2019	65.49	50.49
2020	68.62	53.62
2021	71.45	56.45
2022	74.16	59.16
2023	76.74	61.74
2024	78.54	63.54
2025	80.01	65.01
2026	81.61	66.61
Thereafter	2% escalation	

Management applied the fair value less costs of disposal methodology to establish the net present value of expected after-tax cash flows associated with proved plus probable oil reserves as at December 31, 2015 using a 15% after-tax discount rate. Management selected the 15% discount rate based on management's estimate of the cost of capital invested in upstream oil & gas assets in the Kurdistan Region of Iraq.

In measuring the recoverable amount of the Hawler License Area CGU as defined in IFRS 13, management relied on i) observable inputs other than quoted prices for identical assets, and ii) inputs that are not publically observable and are the result of management's estimates and judgments arising from analysis of internally generated data.

Application of the fair value less costs of disposal methodology using the assumptions described above indicates an estimated recoverable amount of the Hawler License Area CGU as at December 31, 2015 to be \$502.5 million. Consequently, the Group has recorded a \$242.5 million impairment provision during the year ended December 31, 2015.

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The impairment provision represents the difference between the recoverable amount of the Hawler License Area CGU and its carrying amount prior to impairment which includes the carrying values of decommissioning and finance lease obligations and the contingent consideration, for which settlement is included in the discounted expected after-tax cash-flows.

The net present value of expected after-tax cash-flows associated with the proved plus probable oil reserves development case described above were subjected to sensitivities arising from changes in crude oil price forecasts and discount rates. The following table indicates the recoverable amounts as at December 31, 2015 that result from applying various crude oil price forecasts and discount rates:

Recoverable amount (\$ millions)	Discount rate		
	12.5%	15%	17.5%
Above prices less \$5/bbl	532.8	400.1	292.5
Prices listed above	642.3	502.5	388.4
Above prices plus \$5/bbl	744.1	597.3	476.9

The net present value of expected cash-flows associated with the proved plus probable oil reserves development case is also highly sensitive to the Group's internal and independently evaluated estimation of proved plus probable oil reserves and to the production profile associated with the exploitation of these reserves. The recoverable and carrying values of the Group's Hawler License Area CGU are subject to significant adjustment should future estimates of proved plus probable oil reserves and the production profile associated with the exploitation of these reserves change.

Financial Controls

Disclosure Controls and Procedures

Disclosure Controls and Procedures have been designed under the supervision of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), with the participation of other management, to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation, and include controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

An evaluation of the design and operation of Oryx Petroleum's DC&P was carried out during 2015 under the supervision of, and with the participation of management including its certifying officers. Based on that evaluation, the certifying officers concluded that the design and operation of the DC&P were effective as at December 31, 2015.

Internal Controls over Financial Reporting

Internal Controls over Financial Reporting ("ICFR") have been designed under the supervision of the CEO and the CFO, with the participation of other management, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. ICFR can only provide reasonable assurance and may not prevent or detect misstatements. Projections of an evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

An evaluation of the design and operation of Oryx Petroleum's ICFR was carried out during 2015 under the supervision of, and with the participation of management, including its certifying officers. Based on that evaluation, the certifying officers concluded that the design and operation of the ICFR were effective as at December 31, 2015.

Forward-Looking Information

Certain statements in this MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities legislation, including statements related to the nature, timing and effect of Oryx Petroleum's future expenditures and budget, forecast capital expenditure including details of the Corporation's capital expenditure budget for 2016, financing and capital activities, plans for managing available working capital, initiatives being implemented to reduce overhead and operating costs, business and acquisition strategy and goals, opportunities, drilling plans, development plans and schedules and chance of success, the development of the Hawler License Area, future seismic activity, results of exploration activities, declarations of commercial discovery, contingent liabilities and government approvals, the ability to consistently access the export pipeline or other exterior facilities to sell oil production, sales channels for future sales, and expectations that all future production will be exported through the Kurdistan Export Pipeline, expectations that future revenue from sales will be split in accordance with the production sharing contract applicable to the Hawler License Area, future drilling of new wells, costs and drilling times for new wells, ultimate recoverability of current and long-term assets,

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estimates of oil reserves and resources, expected well capacity and oil production rates, future royalties and tax levels, access to future financing and liquidity, future debt levels, availability of committed credit facilities, possible commerciality of our projects, expected operating capacity, expected operating costs, guidance regarding operating expenses on a per barrel basis, estimates on a per share basis, future foreign currency exchange rates, the issuance of shares as a result of the vesting of LTIP awards and exercise of outstanding warrants, changes in any of the foregoing, and statements that contain words such as “may”, “will”, “would”, “could”, “should”, “anticipate”, “believe”, “intend”, “expect”, “plan”, “estimate”, “budget”, “outlook”, “propose”, “potentially”, “project”, “forecast” or the negative of such expressions and statements relating to matters that are not historical fact.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. In making certain statements in this MD&A, Oryx Petroleum has made assumptions with respect to the following: the general continuance of the current or, where applicable, assumed industry conditions, the continuation of assumed tax, royalties and regulatory regimes, forecasts of capital expenditures and the sources of financing thereof, timing and results of exploration activities, access to local and international markets for future crude oil production and future crude oil prices, Oryx Petroleum’s ability to obtain and retain qualified staff, contractors and personnel and equipment in a timely and cost-efficient manner, the political situation and stability in jurisdictions in which Oryx Petroleum has licenses, the ability to renew its licenses on attractive terms, Oryx Petroleum’s future production levels, the applicability of technologies for the recovery and production of Oryx Petroleum’s oil reserves and resources, the amount, nature, timing and effects of capital expenditures, geological and engineering estimates in respect of Oryx Petroleum’s reserves and resources, the geography of the areas in which Oryx Petroleum is conducting exploration and development activities, operating and other costs, the extent of Oryx Petroleum’s liabilities, and business strategies and plans of management and Oryx Petroleum’s business partners. For more information about these assumptions and risks facing the Group, refer to the Group’s Annual Information Form dated March 26, 2015, available at www.sedar.com and the Group’s website at www.oryxpetroleum.com.

Any forward-looking information concerning prospective exploration, results of operations, financial position, production, expectations of capital expenditures, cash flows and future cash flows or other information described above that is based upon assumptions about future results, economic conditions and courses of action are presented for the purpose of providing readers with a more complete perspective on Oryx Petroleum’s present and planned future operations and such information may not be appropriate for other purposes and actual results may differ materially from those anticipated in such forward-looking information. In addition, included herein is information that may be considered financial outlook and/or future-oriented financial information. Its purpose is to indicate the potential results of Oryx Petroleum’s intentions and may not be appropriate for other purposes.

Readers are strongly cautioned that the above list of factors affecting forward-looking information is not exhaustive. Although OPCL believes that the expectations conveyed by the forward-looking information are reasonable based on information available to it on the date such forward-looking information was made, no assurances can be given as to future results, levels of activity and achievements. Readers should not place undue importance or reliance on the forward-looking information and should not rely on the forward-looking information as of any date other than the date hereof. Further, statements including forward-looking information 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 or otherwise. If OPCL 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 MD&A is expressly qualified by this cautionary statement.

Reserves and Resources Advisory

Oryx Petroleum’s reserves and resource estimates have been prepared and evaluated in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation Handbook.

Proved oil reserves are those reserves which are most certain to be recovered. There is at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved oil reserves. Probable oil reserves are those additional reserves that are less certain to be recovered than proved oil reserves. There is at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable oil reserves.

Contingent oil resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. Contingent oil resources entail additional commercial risk than reserves. There is no certainty that it will be commercially viable to produce any portion of

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the contingent oil resources. Moreover, the volumes of contingent oil resources reported herein are sensitive to economic assumptions, including capital and operating costs and commodity pricing.

Prospective oil resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective oil resources have both a chance of discovery and a chance of development. Prospective oil resources entail more commercial and exploration risks than those relating to oil reserves and contingent resources. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.

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Glossary and Abbreviations

The following abbreviations and definitions are used in this MD&A:

AGC

Agence de Gestion et de Cooperation, an inter-governmental agency established in 1993 to manage and administer petroleum and fishing activities in the maritime zone between Senegal and Guinea Bissau

AOG

The Addax and Oryx Group PLC

bbbl

Barrel(s) of oil

bbbl/d

Barrel(s) of oil per day

Carried Cost

Costs related to the Group's funding another party's share of costs, by agreement, in excess of the Group's Participating Interest. Carried Costs are typically recovered through Cost Oil

Company

Oryx Petroleum Corporation Limited

Contractor

An oil company operating in a country under a PSC on behalf of the host government, for which it receives either a share of production or a fee

Cost Oil

The portion of oil sold used to reimburse the Contractor for exploration, development, and operating costs

Cost Pool

Costs incurred to explore and/or develop a License Area to be recovered as Cost Oil through future oil sales

Farm-in

To acquire an interest in a license from another party

G&A

General and administrative

Gross

In respect of reserves, resources, production, area, capital expenditures or operating expenses, the total reserves, resources, production, area, capital expenditures or operating expenses, as applicable, attributable to either (i) 100% of the License Area or field; or (ii) the Group's working interest in the License Area or field, as indicated, prior to the deductions specified in the applicable PSC, REC or fiscal regime for each License Area.

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

KRG

Kurdistan Regional Government of Iraq

Local Third Party Marketers

Companies that broker the purchase and sale of crude oil within the Kurdistan Region of Iraq

License Area

Area of specified size, which is licensed to a company by a government for the production of oil and gas

Operator

A company that organizes the exploration and productions programs in a License Area on behalf of all the interest holdings in the license

Participating Interest

The Group's current interest in an applicable License Area

PP&E

Property, plant and equipment

Profit Oil

Production remaining after contractual Royalties and Cost Oil, which is split between the government and the Contractors according to the prevailing contract terms in the PSC

Production Sharing Agreement (PSA) / Production Sharing Contract (PSC)

A contractual agreement between a Contractor and a host government, whereby the Contractor bears certain defined exploration costs, risks, and development and production costs in return for a stipulated share of the production resulting from this effort

Regional Third Party Marketers

Companies that take ownership of crude oil at the Hawler License Area crude oil loading facilities and broker the purchase and sale of crude oil outside of the Kurdistan Region of Iraq

Reserves

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable

Royalty

All remittances to governments who are party to the applicable PSCs/PSAs that are directly attributable to the sale of oil and natural gas products during the reporting period including the government share of Profit Oil described above, except for income taxes

Working Interest or WI

The Group's interest in an applicable License Area, assuming the exercise of back-in rights or options

WPG

Wasit Provincial Government