Oryx Petroleum 2016 Financial and Operational Results

Full Payment for Oil Export Sales through February 2017 and Reduced Costs; Major Shareholders have conditionally agreed to equity funding of $30 million

Calgary, Alberta, March 15, 2017

Oryx Petroleum Corporation Limited ("Oryx Petroleum" or the "Corporation") today announces its financial and operational results for the year ended December 31, 2016. All dollar amounts set forth in this news release are in United States dollars, except where otherwise indicated.

2016 Financial Highlights:

- Total revenues of $22.8 million on working interest sales of 593,300 barrels of oil ("bbl") and an average realised sales price of $34.61/bbl for 2016
  - The Corporation has received full payment in accordance with production sharing contract entitlements for all oil sale deliveries into the Kurdistan Export Pipeline during 2016
- Operating expenses of $12.6 million ($21.28/bbl) and a negative Oryx Petroleum Netback[1] of $0.54/bbl
  - 37% decrease in operating expenses in both absolute and per barrel terms versus 2015
  - Oryx Petroleum Netback[1] of $6.37/bbl in Q4 2016 versus $4.59/bbl in Q3 2016
- General and administrative expenses of $9.4 million
  - 30% reduction versus 2015
  - 36% reduction in headcount versus year end 2015
- Net loss of $65.7 million ($0.31 per common share)
- Net cash used in operating activities was $11.5 million versus $22.0 million in 2015 including negative Operating Cash Flow[2] of $9.2 million and a $2.3 million increase in non-cash working capital
- Net cash used in investing activities was $34.7 million including payments related to drilling and facilities work in 2016 in the Hawler license area, the finance lease obligation related to the Demir Dagh production facilities, technical support costs and payments for capital investment in prior periods
- $40.7 million of cash and cash equivalents as of December 31, 2016

2016 Operations Highlights:

- Gross (100%) oil production of 904,000 bbl (working interest 588,000 bbl) for the year ended December 31, 2016 versus gross (100%) oil production of 922,000 bbl (working interest 599,000 bbl) for the year ended December 31, 2015

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

- Average gross (100%) oil production of 2,500 bbl/d (working interest 1,600 bbl/d) for the year ended December 31, 2016
- Commencement of sales via pipeline on March 14, 2016
- Successful re-completion of the Zey Gawra-1 well in the Cretaceous reservoir

- Gross (working interest) proved plus probable oil reserves of 202 million barrels as at December 31, 2016 versus 238 million barrels as at December 31, 2015

2017 Operations Update:

- Average gross (100%) oil production of 2,900 bbl/d and 3,100 bbl/d in January and February 2017, respectively
  - The Corporation has received full payment in accordance with production sharing contract entitlements for all oil sale deliveries into the Kurdistan Export Pipeline for the months of January and February 2017
- Completed acquisition of 1,921 km^2 of 3D seismic data in the AGC Central license area

2017 Forecasted Work Program and Capital Expenditures:

- 2017 capital expenditure forecast of $45 million (versus $94 million budget). Most expenditures will be dedicated to the Hawler license area in the Kurdistan Region of Iraq with the development of the Zey Gawra field the key focus. Forecast activities consist of:
  - Four wells to be spudded at the Zey Gawra field in 2017 with associated field infrastructure
  - Re-completion of the Demir Dagh-8 well targeting the Cretaceous reservoir
  - Processing of recently acquired 3D seismic data covering a portion of the AGC Central license area
- The Corporation expects the four Zey Gawra wells and the re-completion of the Demir Dagh-8 well to enable it to achieve production and cash flow levels that will fund its operations and allow it to meet its obligations

Proposed Shareholder Funding and Balance Sheet Restructuring:

- The Addax and Oryx Group P.L.C. ("AOG") and Zeg Oil and Gas Ltd ("Zeg Oil") have conditionally agreed to subscribe for approximately 90 million shares of the Corporation for cash consideration of $30 million (the "Shareholder Subscription")
- AOG has conditionally agreed to extinguish $24.1 million of the outstanding principal and interest due under the AOG Credit Facility, representing 25% of that facility as of December 31, 2016, in consideration for approximately 72 million common shares of the Corporation. The maturity date of the remaining balance due of $72.4 million (as of December 31, 2016) is proposed to be extended from March 2018 to July 2019 (collectively, the "AOG Credit Facility Restructuring")
- Completion of the above transactions will be subject to finalization and execution of definitive agreements, acceptance of the Toronto Stock Exchange, approval of shareholders (excluding AOG and Zeg Oil), restructuring of the contingent consideration obligation and certain other obligations on terms satisfactory to AOG and Zeg Oil, and other customary conditions

- Negotiations with the vendor of the Hawler license area with regards to the contingent consideration obligation are ongoing but have yet to produce an agreement
- All share issuances in connection with the aforementioned agreements are proposed to be based on an Oryx Petroleum share price of C$0.45 per common share and the Bank of Canada Canadian Dollar-United States Dollar noon rate on March 14, 2017, being 0.7428
- Pro forma for the closing of the Shareholder Subscription and AOG Credit Facility Restructuring the Corporation would have approximately 431 million shares outstanding of which AOG and Zeg Oil would own 61% and 25%, respectively
- The Shareholder Subscription and AOG Credit Facility Restructuring are expected to close in June 2017 provided final agreements are reached and conditions satisfied
- Definitive agreements have not yet been executed and it is uncertain if final agreements can be reached. If definitive agreements are entered, the transactions may nonetheless fail to be completed if any of the conditions to closing fail to be satisfied
- On March 15, 2017 the Corporation issued 15.5 million shares to a contractor to settle a $4.8 million trade payable.

Liquidity Outlook:

- The Corporation expects cash on hand as of December 31, 2016, expected proceeds from the anticipated Shareholder Subscription, and cash receipts from net revenues and export sales exclusively through the pipeline, will allow it to fund its forecasted cash expenditures and operating and administrative costs and to meet its obligations into the first half of 2018. Without the proceeds from the anticipated Shareholder Subscription Oryx Petroleum would be unlikely to be able to continue development of the Hawler license area and the Corporation would be required to consider divestiture or relinquishment of the license area.

CEO's Comment

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

"2016 was a year of transition for Oryx Petroleum. We completed the restructuring of our organisation, reducing its cost dramatically, and have focused our remaining resources on core assets. We welcomed a strategic investor, Zeg Oil, who provided us with funding for our capital program and operations. In March we began delivering all of the Hawler Area production to the Kurdistan Export Pipeline at Demir Dagh, with such sales largely uninterrupted and all invoices paid for 2016. In the Hawler license area, we shifted our near term focus to the Zey Gawra field and in December 2016 we began exploration activities in AGC Central, our most promising license area in West Africa, with the acquisition of 3D seismic data.

With the success of the Zey Gawra-1 recompletion we have developed and are starting to implement a capital program focused primarily on the Zey Gawra field in the Hawler license area. The program includes four new wells at the Zey Gawra field and the recompletion of the Demir Dagh-8 well. A successful recompletion of the Demir Dagh-8 well, high in the Cretaceous reservoir, will provide important validation of our horizontal well development plan for the Demir Dagh Cretaceous reservoir. We expect our program will provide us with production and cash flow by early 2018 that can sustain our operations and allow us to meet our obligations.

In order to create the liquidity and financial flexibility needed to execute our capital program and fund our operations we have been working to restructure key liabilities and secure equity funding from our shareholders. To that end we have recently satisfied a significant trade payable with the issuance of common shares, and AOG and Zeg Oil have conditionally agreed to subscribe for additional common shares. The agreed equity subscriptions by AOG and Zeg Oil are conditioned upon the satisfactory restructuring of the contingent consideration obligation related to the Hawler license area and certain other obligations on terms satisfactory to AOG and Zeg Oil.

With our organisational restructuring now complete, we look forward to finalising our balance sheet recapitalisation and implementing our 2017 plans for continued appraisal, development and exploration of our core assets."

Selected Financial Results

Financial results are prepared in accordance with International Financial Reporting Standards ("IFRS") and the reporting currency is US dollars. References in this news release to the "Group" refer to Oryx Petroleum and its subsidiaries. The following table summarises selected financial highlights for Oryx Petroleum for the year and three month periods ended December 31, 2016 and December 31, 2015.

	Three Months Ended December 31		Year Ended December 31	
($ in millions unless otherwise indicated)	2016	2015	2016	2015
Revenue	7.8	1.5	22.8	20.5
Working Interest Production (bbl)	186,000	75,000	588,000	599,000
Average WI Production per day (bbl/d)	2,000	800	1,600	1,600
Working Interest Sales (bbl)	182,000	68,000	593,300	588,200
Average Sales Price ($/bbl)	38.75	19.37	34.61	29.20
Operating Expense	3.1	4.4	12.6	19.9
Field production costs ($/bbl)(1)	12.88	49.00	16.28	25.83
Field Netback ($/bbl)(2)	6.04	(39.54)	0.63	(11.56)
Operating expenses ($/bbl)	16.85	64.06	21.28	33.77
Oryx Petroleum Netback ($/bbl)(3)	6.37	(51.43)	(0.54)	(13.92)
Net Loss	26.2	91.5	65.7	423.6
Loss per Share ($/sh)	0.10	0.75	0.31	3.43
Operating Cash Flow(4)	(1.7)	(5.6)	(9.2)	(18.3)
Net Cash used in operating activities	0.6	7.2	11.5	22.0
Net Cash used in investing activities	5.3	23.6	34.7	133.0
Capital Expenditure(5)	10.5	9.7	36.3	108.7
Cash and Cash Equivalents	40.7	54.2	40.7	54.2
Total Assets	766.4	779.7	766.4	779.7
Total Liabilities	237.9	240.5	237.9	240.5
Total Equity	528.6	539.1	528.6	539.1

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

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

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

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

- Revenue for the year increased to $22.8 million in 2016 versus $20.5 million in 2015 due to a 19% increase in average oil sales prices and a modest increase in oil sales volumes. Gross (working interest) production and sales of oil in 2016 were 588,000 barrels and 593,300 barrels, respectively, versus 599,000 and 588,200 barrels, respectively, for 2015. The average oil sales price realised in 2016 was $34.61 per barrel versus $29.20 for 2015. In addition to oil sales, revenue includes the recovery of carried costs.

- Operating expenses in the year decreased 37% to $12.6 million in 2016 from $19.9 million in 2015 due to the implementation of a cost reduction program that has resulted in lower personnel, security, camp and facilities operating costs. Operating expenses on a per barrel basis remain significantly higher than expected over the longer term due to low production levels relative to expected field plateau production levels. Per barrel operating expenses are expected to improve in the near term but will continue to be at elevated levels prior to achieving production and sales levels closer to expected field plateau production levels. Oryx Petroleum currently carries the Kurdistan Regional Government's share of production costs. The Oryx Petroleum Netback achieved in 2016 of negative $0.54 per barrel reflects the Field Netback plus adjustments for carried costs.

- Net loss for the year decreased to $65.7 million in 2016 as compared to net loss of $423.6 million in 2015 due primarily to an aggregate of $397.5 million in impairment charges in 2015 (representing impairment charges recorded on the Hawler, Wasit, OML 141 and Haute Mer A license areas) versus a $18.8 million impairment charge in 2016 (primarily representing an impairment charge recorded on the Haute Mer B license area), and significantly lower operating, general and administrative and depletion expense in 2016 versus 2015. These positive factors were partially offset by higher financial expenses in 2016 versus 2015 and higher other expenses in 2016 versus 2015 related to an impairment of materials inventory, revision to the fair value of contingent consideration arising from the acquisition of the Hawler license area, and a restructuring charge.

- Operating Cash Flow was negative $9.2 million for 2016 compared to Operating Cash Flow of negative $18.3 million in 2015. The reduction in negative Operating Cash Flow is primarily due to higher revenues and lower cash operating and general and administrative expenses.

- Net cash used in operating activities decreased to $11.5 million in 2016 as compared to $22.0 million in 2015. The decrease reflects a smaller increase in non-cash working capital in 2016 versus 2015, higher revenues and lower cash operating and general and administrative expenses.

- Net cash used in investing activities decreased to $34.7 million in 2016 as compared to $133.0 million in 2015 reflecting reduced cash outflows for capital investment during the period.
- Capital expenditures in 2016 totalled $36.3 million as compared to $108.7 million in 2015. $31.2 million of the 2016 capital expenditures were incurred in the Hawler license area including $7.1 million for production facilities and related infrastructure, $15.7 million for drilling activity and $6.9 million for technical support and license maintenance costs. West Africa capital expenditures included $1.1 million related to the acquisition of 3D seismic data in the AGC Central license area sponsored by the Corporation, a $2.3 million non-cash adjustment to previously impaired capitalised costs related to the OML 141 license area, and $2.4 million for technical support and license maintenance costs.
- Cash and cash equivalents decreased to $40.7 million at December 31, 2016 from $54.2 million at December 31, 2015 reflecting negative Operating Cash Flow, capital expenditures, and movements in non-cash working capital offset by the proceeds of the Zeg Oil strategic investment.
- In March 2015, Oryx Petroleum entered into a Loan Agreement with AOG whereby AOG committed to provide a $100 million unsecured credit facility to Oryx Petroleum. As of December 31, 2016 principal plus accrued interest under the facility totalled $96.5 million. The credit facility matures in March 2018.
- The Corporation is obligated to pay a total of $71 million plus accrued interest of consideration to the vendor of the Hawler license area contingent upon declaration of commerciality of a second discovery in the Hawler license area. The total amount of the potential obligation including accrued interest as of December 31, 2016 is $75.5 million.
- As at March 15, 2017, 269,110,336 common shares are outstanding including 15.5 million shares recently issued to a contractor to settle a $4.8 million account payable. As at March 15, 2017, there are unvested Long Term Incentive Plan awards which will result in the issuance of up to an additional 5,404,508 common shares upon vesting and the Corporation has issued warrants to AOG to purchase twelve million common shares as part of the unsecured credit facility provided by AOG in March 2015.

2017 Capital Expenditure Forecast

Oryx Petroleum re-forecasted capital expenditures for 2017 are $45 million, reduced from the previously announced budget of $94 million. The reduction reflects revised plans at the Zey Gawra field including drilling of additional wells and deferment of a tie-back line to the Demir Dagh field, the deferment of drilling activity at the Demir Dagh and Banan fields, and the deferment of expenditures related to a commitment well in the AGC Shallow license area into 2018. The following table summarises the Corporation's 2017 forecasted cash capital expenditure program against budget:

Location	License/Field/Activity	2017 Budget	2017 Forecast
		$ millions	$ millions
Kurdistan Region	Hawler		
	Zey Gawra-Drilling	16	26
	Zey Gawra-Facilities	22	1
	Demir Dagh-Drilling	9	3
	Demir Dagh-Facilities	13	9
	Banan-Drilling	8	-
	Other	3	3
	Total Hawler	**72**	**42**
West Africa	AGC Shallow	21	1
	Other	1	3
	Capex Total	**94**	**45**

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

Hawler License Area

At the Zey Gawra field planned drilling expenditures include the sidetrack of the ZAB-1 well targeting the Cretaceous reservoir, two new wells targeting the Cretaceous reservoir at least one of which is expected to be a horizontal well, and one new horizontal well targeting the Tertiary reservoir. Planned Zey Gawra facilities expenditures include flowlines and field infrastructure. A planned tie-back pipeline from the Zey Gawra field to the Hawler production facilities at the Demir Dagh field has been deferred.

At the Demir Dagh field planned expenditures are comprised primarily of the recompletion of the Demir Dagh-8 well and lease payments related to the Hawler production facilities. Previously planned drilling of a new horizontal well at the Demir Dagh field has been deferred.

Previously planned drilling at the Banan field has been deferred.

West Africa

Forecasted expenditures in West Africa consist of processing the 3D seismic data recently acquired in the AGC Central license area and technical support and license maintenance costs related to the Corporation's licenses in the AGC administrative area offshore Senegal and Guinea Bissau and in Congo (Brazzaville). Expenditures related to the Corporation's drilling commitment in the AGC Shallow license area have been deferred into early 2018.

Regulatory Filings

This announcement coincides with the filing with the Canadian securities regulatory authorities of Oryx Petroleum's audited condensed consolidated financial statements for the year ended December 31, 2016 and the related management's discussion and analysis thereon. Copies of these documents filed by Oryx Petroleum may be obtained via www.sedar.com and the Corporation's website, www.oryxpetroleum.com.

ABOUT ORYX PETROLEUM CORPORATION LIMITED

Oryx Petroleum is an international oil exploration, development and production company focused in Africa and the Middle East. The Corporation's shares are listed on the Toronto Stock Exchange under the symbol "OXC". The Oryx Petroleum group of companies was founded in 2010 by The Addax and Oryx Group P.L.C. Oryx Petroleum has interests in six license areas, two of which have yielded oil discoveries. The Corporation is the operator or technical partner in four of the six license areas. One license area is located in the Kurdistan Region of Iraq and five license areas are located in West Africa in Nigeria, the AGC administrative area offshore Senegal and Guinea Bissau, and Congo (Brazzaville). Further information about Oryx Petroleum is available at www.oryxpetroleum.com or under Oryx Petroleum's profile at www.sedar.com.

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Reader Advisory Regarding Forward-Looking Information

Certain statements in this news release constitute "forward-looking information", including reserves estimates and statements related to forecast capital expenditure for 2017, drilling plans, development plans and schedules and chance of success, future drilling of wells and the reservoirs to be targeted, approach to the development of the Hawler license area, expectations that all future production will be exported through the KRI-Turkey pipeline, expectations that future revenue from sales will be split in accordance with the production sharing contract applicable to the Hawler license area, ultimate recoverability of current and long-term assets, guidance regarding operating expenses on a per barrel basis, plans to process and interpret 3D seismic data from the AGC Central license area, possible commerciality of our projects, future expenditures and sources of financing for such expenditures, expectations that the forecast work program will enable the Corporation to achieve production and cash flow levels that will fund operations and allow the Corporation to meet its obligations, expectations that cash on hand as of December 31, 2016, expected proceeds from the anticipated shareholder subscription, and cash receipts from net revenues and export sales exclusively through the pipeline will allow the Corporation to fund forecasted cash expenditures and operating and administrative costs and to meet its obligations into the first half of 2018, the proposed shareholder subscription and balance sheet restructuring including expected conditions, pricing terms and closing date, the issuance of shares and pro forma ownership figures as a result of the vesting of Long Term Incentive Plan awards, exercise of outstanding warrants and the proposed shareholder subscription and balance sheet restructuring, estimates for the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, the expected timing for settlement of liabilities including the credit facility with AOG and the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, and statements that contain words such as "may", "will", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "potentially", "project", or the negative of such expressions and statements relating to matters that are not historical fact, constitute forward-looking information within the meaning of applicable Canadian securities legislation.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. For more information about these assumptions and risks facing the Corporation, refer to the Corporation's annual information form dated March 24, 2016 available at www.sedar.com and the Corporation's website at www.oryxpetroleum.com. Further, statements including forward-looking information in this news release are made as at the date they are given and, except as required by applicable law, Oryx Petroleum does not intend, and does not assume any obligation, to update any forward-looking information, whether as a result of new information, future events or otherwise. If the Corporation does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

Reader Advisory Regarding Production Figures

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

Reserves Advisory

Oryx Petroleum's reserves estimates have been prepared and evaluated by Netherland, Sewell & Associates, Inc., an independent oil and gas consulting firm, with effective dates as at December 31, 2016 and December 31, 2015, as indicated, 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. Volumes are based on commercially recoverable volumes within the life of the production sharing contract. See the Material Change Report filed by the Corporation on February 22, 2017 for more information regarding Oryx Petroleum's reserves estimates.