

# Oryx Petroleum Announces its Year End 2015 Reserves and Resources



***Proved Plus Probable Oil Reserves of 238 MMbbl and USD 1.2 billion<sup>(1)</sup> in Related After-Tax Net Present Value of Future Net Revenue as at December 31, 2015***

**Calgary, Alberta, February 17, 2016**

Oryx Petroleum Corporation Limited (“Oryx Petroleum” or the “Corporation”) today announced its oil reserves and resources as at December 31, 2015 as evaluated by Netherland, Sewell & Associates, Inc. (“NSAI”), an independent oil and gas consulting firm, and as set forth in a report prepared in accordance with National Instrument 51-101 by NSAI dated February 17, 2016 (the “2015 NSAI Report”). The reserves and resources disclosure coincides with the filing on SEDAR at [www.sedar.com](http://www.sedar.com) of a material change report (the “Material Change Report”), which includes additional information derived from the 2015 NSAI Report.

Highlights of the report for Oryx Petroleum’s gross (working interest) oil reserves and resources volumes, and future net revenue related to oil reserves and development pending contingent oil resources in the Hawler license area as at December 31, 2015, as compared to estimates prepared by NSAI as at December 31, 2014 (the “2014 NSAI Report”) include:

- ▶ Proved plus probable oil reserves of 238 million barrels (“MMbbl”) versus 271 MMbbl as at December 31, 2014:
  - Revisions to the Demir Dagh and Banan Cretaceous volumes reflect 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 forecasted oil prices
  - Zey Gawra Cretaceous volumes unchanged with minor adjustment to the Demir Dagh Jurassic volumes
  
- ▶ After-tax net present value of future net revenue related to proved plus probable oil reserves of USD \$1.2 billion<sup>(1)</sup> versus USD \$1.8 billion<sup>(2)</sup> as at December 31, 2014:
  - Impact of adjusted volumes and lower forecasted Brent crude oil prices partially offset by significantly lower development costs associated with revised development plans for the Demir Dagh and Banan Cretaceous reservoirs
  
- ▶ Best estimate (2C) unrisks contingent oil resources of 146 MMbbl versus 187 MMbbl as at December 31, 2014:
  - Best estimate (2C) risks contingent oil resources of 30 MMbbl classified as “development pending” as at December 31, 2015 with related after-tax net present value of net contingent cash flow of USD \$85 million<sup>(1)</sup>
  - Revisions to unrisks Demir Dagh Cretaceous volumes and application of a risking factor for chance of development to all contingent oil resources volumes

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<sup>1</sup> This estimated value is calculated using a 10% discount rate and is valid as at December 31, 2015. Estimated value of future net revenue does not represent fair market value. See the Material Change Report for additional information regarding these estimated values.

<sup>2</sup> This estimated value is calculated using a 10% discount rate and is valid as at December 31, 2014.



- ▶ Best estimate unrisks prospective oil resources of 1,343 MMbbl versus 929 MMbbl as at December 31, 2014, reflecting:
  - Initial identification of prospects and leads in the AGC Central license area
  - Identification of a new prospect and re-mapping of prospects and leads in the Haute Mer B license area with the benefit of 3D seismic data
  - Increased working interest in the Wasit license area

Highlights of the report for Oryx Petroleum's gross (working interest) oil reserves, and future net revenue related to oil reserves in the Hawler license area as at December 31, 2015, as compared to a sensitivity assessment contained in a letter from NSAI dated September 28, 2015 (the "2015 NSAI Sensitivity Letter")<sup>(3)</sup> include:

- ▶ 11% increase in proved plus probable oil reserves reflecting:
  - Impact of revised development plans for the Demir Dagh and Banan Cretaceous reservoirs that incorporate the use of horizontal wells and higher resulting peak production rates offset by the impact of lower forecasted oil prices in early years of forecast
- ▶ 28% increase in the after-tax net present value of future net revenue related to proved plus probable oil reserves reflecting:
  - Significantly lower development costs associated with revised development plans for the Demir Dagh and Banan Cretaceous reservoirs more than offsetting impacts of lower forecasted Brent crude oil prices and a more gradual production increase and lower field plateau production rates

## CEO's Comment

Commenting today, Oryx Petroleum's Chief Executive Officer, Michael Ebsary, stated:

*"We are pleased to report a positive outcome for our reserves and resources at year end 2015 as evaluated by NSAI. Our reserve and resource estimates have been impacted by the lower for longer outlook for commodity prices that is impacting all oil and gas companies but also by production constraints necessary to manage expected water production in the Demir Dagh and Banan Cretaceous reservoirs. However, our team has worked diligently to revise our development plans that now reflect the utilisation of horizontal wells and a phased development approach. The revised plans have resulted in estimated volumes for the affected fields exceeding those we reported in September 2015. In addition, the revised plan requires significantly lower capital investment than estimated previously as a result of a substantial reduction in well count. Our reserve and resource base remains*

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<sup>3</sup> The 2015 NSAI Sensitivity Letter includes the results of NSAI's assessment of the impact of 1) early water production experienced in wells completed in the Cretaceous reservoir at the Demir Dagh field, and 2) lower forecasted crude oil prices, on the Corporation's gross (working interest) original-oil-in-place, gross (working interest) proved plus probable oil reserves estimates and related future net revenue attributable to the Hawler license area in the Kurdistan Region of Iraq as at December 31, 2014. See the "Reserves and Resources Advisory" below for cautionary language regarding the 2015 NSAI Sensitivity Letter.



sizable and we look forward to getting through this difficult period for the oil industry and implementing our revised development plans and growing our production and reserve and resource base.”

## Summary Reserves and Resources

The following is a summary of NSAI’s evaluation as at December 31, 2015 with comparatives, where available, to NSAI’s evaluation as at December 31, 2014 and the sensitivity analysis contained in the 2015 NSAI Sensitivity Letter:

### Oil Reserves and Resources and Future Net Revenue Summary Tables

	December 31, 2014				December 31, 2015	
	2014 NSAI Report		2015 NSAI Sensitivity Letter		2015 NSAI Report	
	Proved Plus Probable		Proved Plus Probable		Proved Plus Probable	
	Gross <sup>(7)</sup> Oil (Working Interest)		Gross <sup>(7)</sup> Oil (Working Interest)		Gross <sup>(7)</sup> Oil (Working Interest)	
	Reserves	Future Net Revenue <sup>(6)</sup>	Reserves	Future Net Revenue <sup>(6)</sup>	Reserves	Future Net Revenue <sup>(6)</sup>
<u>Oil Reserves<sup>(1)</sup></u>	(MMbbl)	(USD \$ million)	(MMbbl)	(USD \$ million)	(MMbbl)	(USD \$ million)
<b>Kurdistan Region of Iraq - Hawler</b>						
<b>Demir Dagh</b>						
Cretaceous	87		60		66	
Jurassic	47		44		44	
<b>Zey Gawra</b>						
Cretaceous	73		73		73	
<b>Banan</b>						
Cretaceous	64		39		55	
<b>Total<sup>(8)</sup></b>	<b>271</b>	<b>1,815</b>	<b>215</b>	<b>953</b>	<b>238</b>	<b>1,217</b>

	December 31, 2014			December 31, 2015		
	Best Estimate (2C) Gross <sup>(7)</sup> Oil (Working Interest)			Best Estimate (2C) Gross <sup>(7)</sup> Oil (Working Interest)		
	Unrisked	Risky <sup>(9)</sup>		Unrisked	Risky <sup>(9)</sup>	
	Resources	Resources	Future Net Revenue <sup>(6)</sup>	Resources	Resources	Future Net Revenue <sup>(6)</sup>
<u>Contingent Oil Resources<sup>(2)</sup>- Development Pending<sup>(3)</sup></u>	(MMbbl)	(MMbbl)	(USD \$ million)	(MMbbl)	(MMbbl)	(USD \$ million)
<b>Kurdistan Region of Iraq - Hawler</b>						
<b>Demir Dagh</b>						
Cretaceous	60			16	14	

<b>Banan</b>						
Cretaceous	31			31	28	
<b>Total<sup>(6)</sup></b>	<b>91</b>	--	--	<b>47</b>	<b>42</b>	<b>85</b>

<b>Contingent Oil Resources<sup>(2)</sup> – Development Undefined<sup>(4)</sup></b>	December 31, 2014			December 31, 2015		
	Best Estimate			Best Estimate		
	Gross <sup>(7)</sup> Oil (Working Interest)			Gross <sup>(7)</sup> Oil (Working Interest)		
	Unrisked	Risky <sup>(9)</sup>		Unrisked	Risky <sup>(9)</sup>	
	(MMbbl)			(MMbbl)		
<b>Kurdistan Region of Iraq - Hawler</b>						
<b>Demir Dagh</b>						
Tertiary	6	--		6	3	
Jurassic	38	--		42	31	
<b>Banan</b>						
Tertiary	17	--		17	9	
Jurassic	1	--		1	1	
<b>Ain Al Safra</b>						
Jurassic	28	--		28	21	
<b>West Africa</b>						
<b>Congo (Brazzaville) - Haute Mer A</b>						
Elephant	6	--		6	1	
<b>Total<sup>(6)</sup></b>	<b>96</b>	--		<b>100</b>	<b>66</b>	
<b>Prospective Oil Resources<sup>(5)</sup></b>	Unrisked	Partially Risked <sup>(10)</sup>	Risky <sup>(11)</sup>	Unrisked	Partially Risked <sup>(10)</sup>	Risky <sup>(11)</sup>
<b>Iraq</b>		(MMbbl)			(MMbbl)	
Kurdistan Region-Hawler	111	16	--	111	16	5
Wasit Province-Wasit	404	78	--	490	94	9
<b>West Africa</b>	414	59	--	742	105	18
<b>Total<sup>(6)</sup></b>	<b>929</b>	<b>153</b>	--	<b>1,343</b>	<b>215</b>	<b>33</b>

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

(2) The contingent oil resources data is based upon evaluations by NSAI, and the classification of such resources as "contingent oil resources" by NSAI, with effective dates as at December 31, 2014 and December 31, 2015, as indicated. 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.

- (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 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.
- (5) The prospective oil resources data is based upon evaluations by NSAI, and the classification of such resources as "prospective oil resources" by NSAI, with effective dates as at December 31, 2014 and December 31, 2015, as indicated. 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 a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisks estimated amount is 50% for the best estimate. Prospective oil resources estimates are volumetric estimates prior to economic calculations.
- (6) After-tax net present value of related future net revenue using forecast prices and costs assumed by NSAI and a 10% discount rate as at December 31, 2014 and December 31, 2015, as indicated. Gross proved plus probable oil reserves estimates and gross development pending best estimate (2C) contingent oil resource estimates used to calculate future net revenue are estimated based on economically recoverable volumes within the development/exploitation 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.
- (7) Use of the word "gross" to qualify a reference to reserves or resources means, in respect of such reserves or resources, the total reserves or resources prior to the deductions specified in the production sharing contract, risk exploration contract or fiscal regime applicable to each license area.
- (8) Individual numbers provided may not add to total due to rounding.
- (9) These are risked contingent resources that have been risked for chance of development. The 2014 NSAI Report did not risk contingent resources for chance of development
- (10) These are partially risked prospective resources that have been risked for chance of discovery, but have not been risked for 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.
- (11) 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. The 2014 NSAI Report did not risk prospective resources for chance of development

The following is a discussion of estimated volumes as at December 31, 2014 and December 31, 2015 for each of the Corporation's license areas.

### **Kurdistan Region of Iraq-Hawler License Area**

#### **Reserves and Contingent Resources**

##### *Demir Dagh*

Estimated volumes at the Demir Dagh field in the Hawler license area were revised as at December 31, 2015 based on additional data accumulated during 2015. Data, analysis and information accumulated up to December 31, 2015 reflected in the 2015 NSAI Report estimates includes:

- ▶ Drilling, testing and post drill analysis of ten wells (Demir Dagh-2 through Demir Dagh-11), eight of which were drilled to the Cretaceous reservoir and two of which tested multiple zones. Data includes electric and nuclear logs, image logs, results of modular formation depth tests (MDTs), analyses of produced fluids, and standard and special core analysis of samples from each of the Cretaceous reservoir subdivisions
- ▶ Observation of well performance and recording of dynamic data (production and pressure monitoring, interference testing) of six wells producing from the Cretaceous reservoir (Demir Dagh-2, Demir Dagh-3, Demir Dagh-4, Demir Dagh-6, Demir Dagh-7 and Demir Dagh-10), the first of which commenced production on May 31, 2014
- ▶ Three dimensional (3D) and three component (3C) seismic data



The data collected and well performance observed to date in the Demir Dagh Cretaceous reservoir have provided greater confidence in understanding fluid contacts throughout the reservoir, potential recovery from the matrix, fracture orientation and intensity, compositional gradient and the consequent importance of depth of completion, and, to some extent, the constraints on maximum plateau production rates for individual wells. This data and understanding, as well as a revised development plan for the Demir Dagh Cretaceous reservoir, has been incorporated into a dynamic reservoir simulation model that was provided to NSAI to assist them in deriving the estimates of proved and probable oil reserves in the Demir Dagh Cretaceous reservoir contained in the 2015 NSAI Report. Estimates of oil reserves attributable to the Demir Dagh Cretaceous reservoir are based on evaluation of the performance data from existing Demir Dagh producing wells but recognize that the development plan has changed from vertical to horizontal wellbores. The horizontal wells in the Demir Dagh Cretaceous reservoir will be placed at strategic positions to minimize water production and take advantage of regional water movement.

Based on data accumulated in 2015, notably 3D and 3C seismic data, the Demir Dagh Cretaceous structure was re-mapped resulting in a reduction in estimated discovered original-oil-in-place (“OOIP”) for both oil reserves and contingent oil resources. Additionally, NSAI employed a methodology for estimating recovery that reflected the more robust understanding of the reservoir and observed well performance in 2015 as well as lower forecasted crude oil prices. As a result of the new well performance assumptions and resulting production profiles some volumes are not projected to be recovered during the lifetime of the Hawler license area and have been excluded from reserves and contingent resource estimates. Additionally, the lower assumed oil prices reduce the number of economic wells that can be drilled and hence volumes associated with such wells have been excluded from estimates.

Estimated proved plus probable gross (working interest) oil reserves attributable the Demir Dagh Cretaceous reservoir are 66 MMbbl as at December 31, 2015 versus 87 MMbbl as at December 31, 2014. Estimated proved plus probable oil reserves are higher in the 2015 NSAI Report than the 2015 NSAI Sensitivity Letter as the positive impact of better assumed well performance and lower costs associated with a revised horizontal well based development plan offset the negative impact of the reduction in discovered OOIP and lower assumed oil prices.

Best estimate (2C) unrisks gross (working interest) contingent oil resources attributable to the Demir Dagh Cretaceous reservoir are 16 MMbbl as at December 31, 2015 versus 60 MMbbl as at December 31, 2014. The 2015 NSAI Report includes best estimate (2C) risked gross (working interest) contingent oil resources reflecting a 90% risking for the chance of commercial development that was not applied in the 2014 NSAI Report. The risking factor reflects the project maturity classification of contingent resources attributable to the Cretaceous reservoir as “development pending”.

Estimated oil reserves and unrisks contingent oil resources volumes attributable to the Lower Jurassic Mus and Adaiyah reservoir are unchanged as at December 31, 2015 versus December 31, 2014. Estimates are based on the drilling results and post drilling analysis of the Demir Dagh-2 and Demir Dagh-3 wells that tested the Jurassic intervals but were completed in the Cretaceous reservoir. Estimates do not incorporate the results of or data accumulated during the recent re-completion of the Demir Dagh-3 well in the Jurassic Mus and Adaiyah reservoir as the results and data were not available prior to December 31, 2015. Estimated oil reserves volumes in the Lower Jurassic Butmah

reservoir were deemed uneconomic and removed from estimated oil reserves and re-classified as contingent oil resources resulting in a decrease in oil reserves volumes and an increase in contingent oil resource volumes as at December 31, 2015 versus December 31, 2014. Estimated contingent oil resources volumes in the Lower Jurassic Naokelekan and Sargelu reservoirs remain unchanged as no new data has been collected from such reservoirs in 2015.

Estimated unrisks contingent oil resources volumes in the Tertiary Pila Spi reservoir are unchanged as at December 31, 2015 versus December 31, 2014.

The 2015 NSAI Report includes best estimate (2C) risked gross (working interest) contingent oil resources attributable to the Lower Jurassic Butmah, Lower Jurassic Naokelekan and Sargelu, and Tertiary Pila Spi reservoirs reflecting risking factors of 75%, 75% and 50%, respectively, for the chance of commercial development that were not applied in the 2014 NSAI Report. The risking factors reflect the project maturity classification of contingent resources attributable to the reservoirs as "development undefined".

#### *Zey Gawra*

There were no changes to best estimate discovered OOIP and estimated proved plus probable oil reserves attributable to the Zey Gawra Cretaceous reservoir as at December 31, 2015 versus December 31, 2014. There was no new data accumulated in 2015 at the Zey Gawra field and neither the Corporation nor NSAI believe that the Zey Gawra Cretaceous reservoir is impacted by the observed early water production in the Demir Dagh Cretaceous reservoir as the fluid characteristics of the crude oil in such reservoirs is significantly different from the crude oil in the Demir Dagh and Banan Cretaceous reservoirs. Specifically, the crude oil in the Zey Gawra Cretaceous reservoir has lower viscosity, is less dense and has greater natural gas content than the crude oil in the Demir Dagh and Banan Cretaceous reservoirs. The Corporation has a full suite of data from the Zey Gawra-1 discovery well including wireline logging data, MDT data, and reservoir fluid analysis.

#### *Banan*

Estimated volumes attributable to the Banan Cretaceous reservoir were based on:

- ▶ data collected during the drilling and testing of the Banan-1 ("BAN-1") exploration well completed in early 2014;
- ▶ drilling of the Banan ("BAN-2") appraisal well before it was suspended in August 2014 due to security reasons;
- ▶ acquisition and initial processing of 3D seismic data covering the portion of the Banan structure east of the Zab river;
- ▶ drilling results, well performance and data accumulated with regards to the Cretaceous reservoir at the Demir Dagh field; and



- recognition that the development plan has changed from vertical to horizontal wellbores.

A full suite of data related to the Cretaceous reservoir is available for the BAN-1 and BAN-2 wells including MDT data for the BAN-1 and BAN-2 wells and well testing results for the BAN-1 well. The free water level at both wells indicated by the MDT data is more shallow than measured at any of the Demir Dagh wells drilled with the estimated free water level higher at the BAN-2 well than at the BAN-1 well. The interpretation of the different MDT measurements is that the Banan field is likely two fields separated by a north-south fault, roughly along the line of the Zab river.

There were no changes to best estimate discovered OOIP and contingent oil resource volumes attributable to the Banan Cretaceous reservoir as at December 31, 2015 but estimated oil reserve volumes were revised downward due to (i) employment of the same methodology to estimate recovery utilised for the Demir Dagh Cretaceous reservoir given reservoir and fluid properties are analogous; and (ii) lower forecasted crude oil prices.

Estimated proved plus probable gross (working interest) oil reserves attributable to the Banan Cretaceous reservoir are 55 MMbbl as at December 31, 2015 versus 64 MMbbl as at December 31, 2014. Estimated proved plus probable oil reserves are higher in the 2015 NSAI Report than the 2015 NSAI Sensitivity Letter as the positive impact of better assumed well performance and lower costs associated with a revised horizontal well based development plan more than offset the negative impact of lower assumed crude oil prices. Best estimate (2C) unrisks gross (working interest) contingent oil resources attributable to the Banan Cretaceous reservoir are unchanged versus December 31, 2014. The 2015 NSAI Report includes best estimate (2C) risked gross (working interest) contingent oil resources volumes reflecting a 90% risking for the chance of commercial development that was not applied in the 2014 NSAI Report. The risking factor reflects the project maturity classification of contingent oil resources attributable to the Cretaceous reservoir as "development pending". 56% of the estimated proved plus probable oil reserves and 100% of the best estimate (2C) unrisks and risked contingent oil resources at the Banan field are attributable to the portion of the Banan structure east of the Zab river.

Estimated unrisks contingent oil resources volumes in the Tertiary Pila Spi and Lower Jurassic Butmah reservoirs are unchanged as at December 31, 2015 versus December 31, 2014. The 2015 NSAI Report includes best estimate (2C) risked contingent oil resources attributable to the Lower Jurassic Butmah and Tertiary Pila Spi reservoirs reflecting 75% and 50% risking, respectively, for the chance of commercial development that were not applied in the 2014 NSAI Report. The risking factors reflect the project maturity classification of contingent oil resources attributable to the reservoirs as "development undefined".

#### *Ain Al Safra*

Unrisks contingent oil resources attributable to the Ain Al Safra field, specifically contingent oil resources attributable to the Lower Jurassic Alan, Mus and Adaiyah reservoirs, were unchanged at December 31, 2015 versus December 31, 2014. Estimates are based on the drilling and testing and post drilling analysis of the Ain Al Safra-1 well drilled in 2013 and additional reservoir data accumulated during the drilling of the Ain Al Safra-2 ("AAS-2") appraisal well. The AAS-2 well was drilled to a total measured depth of 3,679 metres and suspended before testing due to regional





security developments in August 2014. The Corporation deferred testing of the AAS-2 well due to operational priorities.

The 2015 NSAI Report includes best estimate (2C) risked contingent oil resources attributable to the Lower Jurassic Alan, Mus and Adaiyah reservoirs reflecting a 75% risking for the chance of commercial development that was not applied in the 2014 NSAI Report. The risking factor reflects the project maturity classification of contingent resources attributable to the reservoirs as “development undefined”.

### **Prospective Resources**

Estimated best estimate unrisked prospective oil resources attributable to the Hawler license area as at December 31, 2015 remained unchanged compared to estimates as at December 31, 2014. Best estimate risked gross (working interest) prospective oil resources as at December 31, 2015 were 5 MMbbl. Best estimate *partially* risked gross (working interest) prospective oil resources attributable to the Hawler license area were 16 MMbbl as at December 31, 2014. An additional risking for chance of commercial development was applied to each prospect in the 2015 NSAI Report while risking in the 2014 NSAI Report was restricted to geologic chance of success. There were no changes to the risking factors for geologic chance of success.

#### **Wasit Province of Iraq**

There were no changes to estimated best estimate unrisked gross (100%) prospective oil resources volumes or classifications in the 2015 NSAI Report for the previously identified leads in the Wasit license area. However, estimated best estimate unrisked gross (working interest) prospective oil resources volumes increased due to the Corporation increasing its interest in the Wasit license area from 40% to 48.5% assuming, in each case, that the Wasit Provincial Government exercises its back-in right. Best estimate unrisked gross (working interest) prospective oil resources increased to 490 million versus 404 million as at December 31, 2014 due to the increased interest. Best estimate risked gross (working interest) prospective oil resources as at December 31, 2015 were 9 MMbbl. Best estimate *partially* risked gross (working interest) prospective oil resources were 78 MMbbl as at December 31, 2014. An additional 10% risking for chance of commercial development was applied in the 2015 NSAI Report while risking in the 2014 NSAI Report was restricted to geologic chance of success. There were no changes to the risking factors for geologic chance of success.

#### **West Africa**

Oryx Petroleum has interests in five license areas in West Africa:

- ▶ 80% working interests in each of the AGC Shallow and AGC Central license areas (assuming the AGC exercises its back-in rights) in the AGC administrative area offshore Senegal and Guinea Bissau;
- ▶ a 20% working interest in the Haute Mer A license area and a 30% working interest in the Haute Mer B license area in each case offshore Congo (Brazzaville); and



- ▶ a 38.67% working interest in the OML 141 license area offshore Nigeria.

Best estimate (2C) unrisks gross (working interest) contingent oil resources attributable to the Elephant discovery in the Haute Mer A license area remain unchanged as at December 31, 2015 versus December 31, 2014. The 2015 NSAI Report includes best estimate (2C) risks gross (working interest) contingent oil resources reflecting a 5% risking for the chance of commercial development not applied in the 2014 NSAI Report.

Best estimate unrisks gross (working interest) prospective oil resources attributable to the five license areas in West Africa increased 79% to 742 MMbbl versus 414 MMbbl as at December 31, 2014 due to two principal factors:

- ▶ the inclusion in the 2015 NSAI Report of best estimate unrisks gross (working interest) prospective oil resources of 294 MMbbl attributable to the AGC Central license area. Initial mapping of prospects and leads attributable to the AGC Central license area was not completed until 2015 and thus estimated volumes were not included in the 2014 NSAI Report; and
- ▶ a re-mapping and re-evaluation of the prospects and leads in the Haute Mer B license area following the processing and interpretation of 3D seismic data. The re-evaluation resulted in the identification of an additional prospect and minor revisions to estimates for existing prospects. The result was a 35 MMbbl increase in best estimate unrisks gross (working interest) prospective oil resources.

There were no changes to best estimate unrisks gross (working interest) prospective oil resources in the Haute Mer A, OML 141 and AGC Shallow license areas as at December 31, 2015 versus December 31, 2014.

Best estimate risks gross (working interest) prospective oil resources attributable to the five license areas in West Africa is 18 MMbbl as at December 31, 2015. The 2014 NSAI Report evaluated 153 MMbbl of *partially* risks gross (working interest) prospective oil resources attributable to the license areas in West Africa (other than AGC Central) as at December 31, 2014. The deviation is primarily the result of the application of risking for chance of development to each prospect and lead, which was not applied in preparation of the 2014 NSAI Report, revisions stemming from the re-evaluation of Haute Mer B leads and prospects, and the first time inclusion of resources volumes for the AGC Central license area. There were no changes to risking for geologic chance of success in the AGC Shallow, OML 141 or Haute Mer A license areas.

## **After-Tax Net Present Values**

### **Realised Price and Cost Assumptions**

The after-tax net present values of future net revenue estimated by NSAI as at December 31, 2014 and 2015 utilize Brent crude oil prices shown below which are based on the average of forecasts of



Brent crude oil prepared by three Canadian independent consultants. Such prices are escalated at 2% on January 1 of each year after 2025.

All volumes included in the after-tax net present values of future net revenue estimated in the 2014 NSAI Report and the 2015 NSAI Report are attributable to Oryx Petroleum's interests in the Kurdistan Region of Iraq.

All sales are assumed to be export sales in the 2015 NSAI Report based on either a pipeline price or trucking price. Assumed pipeline prices in the 2015 NSAI Report are determined by deducting a pipeline tariff from and adding or deducting a quality differential to/from the assumed Brent crude oil price. The assumed pipeline tariff in the 2015 NSAI Reserve Report is \$5 per barrel, as specified in the field development plan for the Hawler license area approved by the Ministry of Natural Resources of the Kurdistan Region of Iraq ("MNR"). Assumed export prices in the 2014 NSAI Report deduct an assumed export tariff. Export tariffs and pipeline tariffs in the 2014 NSAI Report and 2015 NSAI Report, respectively, are treated as non-recoverable. The quality differentials for API gravity and sulphur content are based on current Demir Dagh Cretaceous oil quality specifications and anticipated quality specifications from all other fields (Demir Dagh Jurassic and Banan and Zey Gawra Cretaceous). The quality differentials assumed in each forecasted year are weighted averages reflecting the relative blend contributions of each field.

The trucking price assumed in the 2015 NSAI Report and set forth in the table below is determined by deducting \$26 per barrel from the Brent crude oil price per the Corporation's marketing agreement with a regional marketer that has been in place since March 2015 plus the addition or deduction of a quality differential. The 2014 NSAI Report assumed trucking sales were to the local market and the local market price assumed adjustments to the Brent crude oil price for oil gravity, sulphur content, transport costs and other adjustments as specified by the MNR at the time of preparation of the 2014 NSAI Report.

The crude oil sales prices assumed in the 2014 NSAI Report are the weighted average of international export and local market crude oil prices. The crude oil sales prices assumed in the 2015 NSAI Report are the weighted average of export sales priced at pipeline and trucking prices. In the 2015 NSAI Report all sales in 2016 are assumed to be trucking sales. Beyond 2016 sales up to gross (100%) 15,000 bbl/d are assumed to be trucking sales and any sales above gross (100%) 15,000 bbl/d are assumed to be pipeline sales. Such allocation reflected management's reasonable expectations regarding sales as at December 31, 2015 and not a contractual obligation. Notwithstanding the foregoing assumptions reflected in the 2015 NSAI Report, the Corporation has recently started discussions with the Kurdistan Regional Government about potentially delivering all production to the pipeline and related commercial terms for such sales.

Period Ending December 31,	Assumed Brent Crude Oil Price (\$/bbl) as at December 31,		Pipeline Price (\$/bbl) <sup>(1)</sup>	Trucking Price (\$/bbl) <sup>(2)</sup>	Weighted Average Price (\$/bbl) <sup>(3)</sup>
	2014	2015			
2015	68.50	-	-	-	-
2016	81.03	45.83	44.85	23.85	23.85
2017	87.70	56.73	54.98	33.98	39.06
2018	90.67	65.33	62.17	41.17	53.42
2019	94.27	72.90	71.74	50.74	65.87
2020	97.95	76.67	77.32	56.32	73.44
2021	99.52	80.17	81.19	60.19	78.38
2022	101.36	83.68	84.55	63.55	81.91
2023	103.21	87.34	87.77	66.77	84.76
2024	105.13	89.46	89.36	68.36	85.88
2025	107.23	91.10	90.44	69.44	86.45

(1) Brent Crude oil price less \$5/bbl pipeline tariff plus/minus quality differential based on blend per proved plus probable oil reserves production profile.

(2) Brent Crude oil price less \$26/bbl trucking tariff plus/minus quality differential based on blend per proved plus probable oil reserves production profile.

(3) Represents a weighted average of trucking and pipeline prices for sales of proved plus probable oil reserves.

Operating costs assumed in the 2014 NSAI Report and the 2015 NSAI Report are based on information from in-country operator expense records provided to NSAI by Oryx Petroleum and commercially available databases at the time of preparation of each report. Operating costs are escalated 2% per year on January 1 of each year through the lives of the applicable properties.

Capital costs assumed in the 2014 NSAI Report and the 2015 NSAI Report were provided to NSAI by Oryx Petroleum and are based on authorizations for expenditures, field development plans, actual costs from recent activity, and commercially available cost databases available at the time of preparation for each report. Capital costs are escalated 2% per year to the date of expenditure.

### **Proved Plus Probable Oil Reserves**

The after-tax net present value of future net revenue attributable to the Corporation's gross (working interest) proved plus probable oil reserves as at December 31, 2015, utilizing a 10% discount rate, is USD \$1.2 billion versus USD \$1.8 billion as at December 31, 2014. The decrease reflects:

- ▶ lower assumed crude oil prices;
- ▶ lower oil reserves volumes resulting primarily from downward revisions to estimates for the Demir Dagh and Banan Cretaceous reservoirs; and
- ▶ an assumed production profile for the Demir Dagh and Banan Cretaceous reservoirs proved plus probable oil reserves more weighted to later term years than the assumed production profile for



such reserves assumed in the 2014 NSAI Report due to constraints on achievable plateau production rates for individual wells and a more phased investment approach.

These negative factors were partially offset by:

- ▶ lower per barrel operating and development costs resulting from revised development plans that include fewer wells and lower costs than assumed in the 2014 NSAI Report; and
- ▶ the deferment of contingent consideration payments.

### **Best Estimate (2C) Contingent Oil Resources**

The 2015 NSAI Report contains only estimated after-tax net present values of net contingent cash flow attributable to contingent oil resources classified in the “development pending” project maturity sub-class, such resources attributable to the Demir Dagh and Banan Cretaceous reservoirs located in the Hawler license area. The 2014 NSAI Report contained an estimate of after-tax net present value of net contingent cash flow for all contingent resources attributable to the Hawler license area irrespective of project maturity. The estimated after-tax net present values of the risked net contingent cash flow attributable to best estimate (2C) risked contingent oil resources in the “development pending” project maturity sub-class, utilizing a 10% discount rate, is USD \$85 million as at December 31, 2015. The estimate reflects the reduction in volumes attributable to the Demir Dagh Cretaceous reservoir, lower assumed crude oil prices, and revised development plans for the reservoirs including horizontal wells and lower costs.

### **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. and key members of the former senior management team of Addax Petroleum Corporation. Oryx Petroleum has interests in seven license areas, two of which have yielded oil discoveries and five of which are prospective for oil. The Corporation is the operator or technical partner in five of the seven license areas. Two license areas are located in the Kurdistan Region and the Wasit governorate (province) 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](http://www.oryxpetroleum.com) or under Oryx Petroleum’s profile at [www.sedar.com](http://www.sedar.com).



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***Reader Advisory Regarding Forward-Looking Information***

Certain statements in this news release constitute “forward-looking information”, including statements related to the Corporation’s reserves and resources estimates and potential, drilling plans, development plans and schedules and chance of success, results of exploration activities, future drilling of new wells, ultimate recoverability of current and long-term assets, possible commerciality of our projects, future expenditures, 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.

In addition, information and statements in this news release relating to future net revenue, net contingent cash flow, reserves and resources are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. See “Reserves and Resources Advisory” below.

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 26, 2015 available at [www.sedar.com](http://www.sedar.com) and the Corporation’s website at [www.oryxpetroleum.com](http://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.

***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. Possible oil reserves are those additional reserves that are less certain to be recovered than probable oil reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible oil reserves. Each of the reserve categories may be divided into developed and undeveloped. The proved reserves disclosed in this news release have been classified as developed producing, developed non-producing and undeveloped.

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirement of the reserves category (proved, probable, possible) to which they are assigned.



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 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 oil 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.

Use of the word "gross" to qualify a reference to reserves, resources or sales means, in respect of such reserves, resources or sales, the total prior to the deductions specified in the production sharing contract, risk exploration contract or fiscal regime applicable to each license area. Reference to 100% indicates that the applicable reserves, resources or sales are volumes attributed to the prospect as a whole and do not represent Oryx Petroleum's working interest in such volumes.

For details regarding the risk factors affecting the Corporation and the assumptions relied upon by the Corporation, refer to the Corporation's Annual Information Form dated March 26, 2015. The Corporation will file an annual information form for the year ended December 31, 2015 on or before March 31, 2016.

The assessment in the 2015 NSAI Sensitivity Letter assumes no changes to the assumptions as at December 31, 2014 reflected in the 2014 NSAI Reserves Report other than revised production profiles using a lower maximum peak plateau oil production rate from individual wells completed in the Demir Dagħ and Banan Cretaceous reservoirs, additional operating costs per barrel of water to handle water production expected from the Cretaceous wells in the Demir Dagħ and Banan fields, and an updated oil price forecast. As such, the assessment outlined in the 2015 NSAI Sensitivity Letter is a sensitivity analysis and does not represent a full reserves evaluation.