



NEWS RELEASE

MAY 15, 2017

CONDOR ANNOUNCES 2017 FIRST QUARTER RESULTS

CALGARY, May 15, 2017 – Condor Petroleum Inc. (“Condor” or the “Company”) (TSX: CPI), a Canadian based oil and gas company focused on exploration and production activities in Turkey and Kazakhstan, is pleased to announce the release of its unaudited interim condensed consolidated financial statements for the three months ended March 31, 2017, together with the related management’s discussion and analysis. These documents will be made available under Condor’s profile on SEDAR at www.sedar.com and on the Condor website at www.condorpetroleum.com. All financial amounts in this news release are presented in Canadian dollars, unless otherwise stated.

Q1 2017 Highlights

- Construction of the Poyraz Ridge gas processing facility continues on schedule and the project is expected to deliver 10 MMscf/day when production commences in mid-2017.
- Drilling activities are underway on the Poyraz West 4 development well and the lateral section is being drilled. The Yakamoz 1 exploration prospect is scheduled to be drilled once Poyraz West 4 is completed.
- For the three months ended March 31, 2017 the Company produced an average of 418 bopd in Kazakhstan. Oil production is currently 500 to 600 barrels per day.
- On January 10, 2017, the Company established a USD 10.0 million (\$13.1 million) secured non-revolving credit facility (the “Credit Facility”) and on February 1, 2017 received the loan proceeds (the “Loan Proceeds”) from the arm’s length lender. The Credit Facility bears interest at 14% and matures three years from the date the Loan Proceeds are received. The Company also issued to the lender a warrant certificate exercisable into one million common shares of Condor at \$2.35 per share on or before January 31, 2020.
- The Ministry of Energy in Kazakhstan has successfully appealed the civil court ruling that could extend the Zharkamys exploration contract term by 630 days. The Company is in the process of referring the case to the Supreme Court of Kazakhstan. The ongoing court proceedings do not affect the Company’s production rights for the Shoba and Taskuduk oilfields which are each governed by separate production contracts.
- Working capital (defined as current assets minus current liabilities) as of March 31, 2017 was \$20.9 million.

- Capital expenditures for the three months ended March 31, 2017 amounted to \$8.3 million (2016: \$0.6 million) and relate mainly to Poyraz Ridge field development in Turkey.
- The Company recorded net loss of \$59.9 million for the three months ended March 31, 2017 (2016: \$4.1 million), which includes exploration and evaluation expenses of \$56.6 million related to the derecognition of exploration and evaluation assets in Kazakhstan under the Zharkamys contract.

Operations

For the three months ended March 31, 2017 the Company produced 37,648 barrels of oil or an average of 418 bopd (three months ended March 31, 2016: nil). Production was constrained due to temporary spring break up road bans that limited trucking and a pump failure on one well. Oil production is currently 500 to 600 barrels per day as the road bans have been lifted and the well workover has been completed.

For the three months ended March 31, 2017, the net loss amounted to \$59.9 million (2016: \$4.1 million) due primarily to the exploration and evaluation expense of \$56.6 million. Cash used in operations amounted to \$2.2 million for three months ended March 31, 2017 compared to \$2.3 million in the first quarter of 2016.

Capital expenditures for the three months ended March 31, 2017 amounted to \$8.3 million (2016: \$0.6 million) and relates mainly to Poyraz Ridge field development in Turkey. Construction of the Poyraz Ridge gas processing facility continues on schedule and the project is expected to deliver 10 MMscf/day when production commences in mid-2017. All the major gas processing equipment has been installed and the remaining components are being assembled. Inter-field pipeline construction and hydro-testing has been completed and the facility has been connected to the regional power grid. Construction is also underway on the 6 inch sales gas pipeline.

A four well Poyraz Ridge appraisal and development drilling program was completed in January 2017 with each well encountering multiple stacked-pay intervals. Completion and testing operations commenced in late December 2016 and are expected to be completed in the second quarter of 2017. During the clean-up flow period on some of the target intervals, gas flow was restricted by paraffin (wax) build-up, limiting the well's ability to provide stabilized measurements. The paraffin was observed in the tubing string and in surface test equipment. A chemical inhibitor has been identified that prevents the paraffin from plugging the tubing string and surface facilities. Equipment has been purchased to enable continuous downhole chemical treatment and is being installed. Treating paraffin by injecting chemicals downhole is a common practice.

Drilling activities are underway on the Poyraz West 4 development well and the targeted Gazhanedere sandstone has been penetrated. The lateral section is currently being drilled which will then be completed and tested. The wellbore's placement, in conjunction with the inherently lower drawdown pressures associated with horizontal wells, is expected to mitigate any paraffin production while providing higher deliverability rates than the existing vertical wells for this Gazhanedere interval. No paraffin issues have been encountered on prior tests of this interval.

Once the Poyraz West 4 well is completed, the drilling rig is planning to move to the Yakamoz 1 exploration prospect, located 2 km north of the Poyraz Ridge field. Based on existing seismic data and well results from Poyraz Ridge, the Yakamoz prospect could be more highly fractured and gas rich than the reservoirs encountered at Poyraz Ridge.

The Company's Zharkamys exploration contract ("Zharkamys Contract") with the Ministry of Energy of the Government of Kazakhstan ("Ministry") was due to expire on December 14, 2016. Prior to this date, the

Kazakhstan Chamber of International Commerce and subsequently the Kazakhstan Civil Court (“Civil Court”) confirmed that a force majeure event had occurred which, under Kazakhstan subsurface use law, can be the basis for the Zharkamys Contract validity period to be extended for a period of 630 days.

In December 2016, the Ministry filed an appeal to the Civil Court’s decision. In February 2017, the Kazakhstan Court of Appeal (“Court of Appeal”) declined to consider the Ministry’s submission due to its formal non-compliance with Kazakhstan civil law procedures. Subsequent to the release of the Company’s 2016 year-end financial statements and related disclosures on March 22, 2017, the Company received notice that the Ministry had re-filed their appeal. The Court of Appeal has now ruled that the force majeure event is not recognized and have reversed the decision of the Civil Court. As a result of the Court of Appeal ruling, there is uncertainty regarding the Company’s future legal rights to have the Zharkamys Contract extended.

The Company is in the process of referring the case to the Supreme Court of Kazakhstan (“Supreme Court”), the country’s highest legal body. A positive ruling by the Supreme Court to uphold the Civil Court force majeure ruling would likely allow the Company to apply to the Ministry for the 630 day Zharkamys Contract extension. A negative ruling would likely result in the Zharkamys Contract reverting back to the Ministry.

The ongoing court proceedings do not affect the Company’s production rights for the Shoba and Taskuduk oilfields which are each governed by separate production contracts.

FORWARD-LOOKING STATEMENTS

Certain statements in this news release constitute forward-looking statements under applicable securities legislation. Such statements are generally identifiable by the terminology used, such as “anticipate”, “appear”, “believe”, “intend”, “expect”, “plan”, “estimate”, “budget”, “outlook”, “scheduled”, “may”, “will”, “should”, “could”, “would”, “in the process of” or other similar wording. Forward-looking information in this news release includes, but is not limited to, information concerning: the timing and ability to develop the gas reserves, construct the required infrastructure and to commence producing and selling gas; the timing and ability to conduct drilling, work over, and completion and testing operations; the expectations, timing and costs of exploration, appraisal and development activities; the ability of the drilled wells to become future gas producing wells; uncertainty regarding the Company’s future legal rights to have the Zharkamys Contract extended; the timing of and ability to maintain the Zharkamys Contract; the timing and ability to refer the case to the Supreme Court; the timing, results and impact of any Supreme Court ruling; and the impact, if any, on the Shoba and Taskuduk production contracts; historical production and testing rates may not be indicative of future production rates, capabilities or ultimate recovery; projections and timing with respect to crude oil and gas production; historical oil and gas prices may not be indicative of future oil and gas prices; the timing and ability to obtain various approvals for the Company’s exploration and development activities; the timing and ability of horizontal well to achieve higher deliverability than vertical wells; the ability to integrate drilling results and seismic interpretation to allow mapping of key reservoirs and characterize exploration prospects including the potential for Yakamoz 1 well to be more highly fractured and gas rich than at Poyraz Ridge; the timing and ability to apply wax production treatment measures; the timing and ability to obtain future funding on favourable terms; the timing and ability to access oil and gas pipelines and oil and gas domestic and export sales markets.

Forward-looking statements involve the use of certain assumptions that may not materialize or that may not be accurate and are subject to known and unknown risks and uncertainties and other factors, which may cause actual results or events to differ materially from those expressed or implied by such information.

Condor's operations are also subject to certain other risks and uncertainties inherent with oil and gas operations and additional information on these and other factors that could affect Condor's operations and financial results. These factors are discussed in greater detail under Risk Factors - Risks Relating to the Company in Condor's Annual Information Form, which may be accessed through the SEDAR website (www.sedar.com). The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not undertake any obligation to update or to revise any of the forward-looking information, except as required by applicable law.

ABBREVIATIONS

The following is a summary of abbreviations used in this news release:

bopd	Barrels of oil per day
MM	Million
Q	Quarter
scf	Standard cubic feet
USD	United States dollars
%	Percent

The TSX does not accept responsibility for the adequacy or accuracy of this news release.

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