



**Management's Discussion and Analysis**  
**For the three and six months ended June 30, 2021**  
**Dated August 12, 2021**

**BUSINESS DESCRIPTION AND READER GUIDANCE**

Condor Petroleum Inc. ("Condor" or the "Company") is an international oil and gas company incorporated on October 20, 2006, with activities in the Republic of Kazakhstan ("Kazakhstan") and the Republic of Turkey ("Turkey"). Additional information relating to the Company, including its Annual Information Form for the year ended December 31, 2020, is available on SEDAR at: [www.sedar.com](http://www.sedar.com).

The Company's Management's Discussion and Analysis ("MD&A") which follows should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2021 and 2020, and the audited consolidated financial statements for the years ended December 31, 2020 and 2019 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"), as issued by the International Accounting Standards Board. This MD&A is dated August 12, 2021, the date that the Condor Board of Directors approved the Financial Statements and MD&A.

All financial amounts are in Canadian dollars, unless otherwise stated.

**NON-GAAP FINANCIAL MEASURES**

The Company refers to "operating netback" in this MD&A, a term with no standardized meaning as prescribed by GAAP, and which may not be comparable with similar measures presented by other issuers. This additional information should not be considered in isolation, or as a substitute for measures prepared in accordance with GAAP. Operating netback is calculated as sales less royalties, production costs and transportation and selling costs on a dollar basis divided by the sales volume for the period on a per barrel of oil equivalent basis. The reconciliation of this non-GAAP measure is presented in the "Sales and operating netback" section of this MD&A. This non-GAAP measure is commonly used in the oil and gas industry to assist in measuring operating performance against prior periods on a comparable basis and has been presented to provide an additional measure to analyze the Company's sales on a per barrel of oil equivalent basis and its ability to generate funds.

**OVERALL PERFORMANCE**

**Q2 Highlights**

- Condor continues to actively pursue an agreement to operate producing gas fields in Uzbekistan and is awaiting feedback from the Government of Uzbekistan on its operating proposal.
- The Yakamoz 1 sidetrack well ("Yak 1-ST") was drilled to a total depth of 2430 meters and encountered numerous strong gas shows in three of the four expected gas target intervals. Log data collected while drilling indicates reservoir-quality formations in the intervals where the strong gas shows were observed.

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- The Company has contracted a drilling rig for the Akshoky North ("Aks-1") exploration prospect in Kazakhstan and plans to commence drilling in late Q3 2021.
- A number of measures have been taken by the Company to protect the safety and health of its personnel, contractors and suppliers during the COVID-19 pandemic and is well positioned for the challenges of the current business environment, with a cash position of \$9.6 million as of June 30, 2021 and no debt.
- Production decreased to an average of 79 boepd for the three months ended June 30, 2021 from 107 boepd in 2020, sales decreased to \$0.2 million for the three months ended June 30, 2021 from \$0.5 million in 2020 and the net loss increased to \$3.7 million for the three months ended June 30, 2021 from \$2.7 million in 2020.

**Uzbekistan Production Contract**

As previously disclosed, the Company presented and submitted a detailed feasibility study and economic analysis to the Government of Uzbekistan outlining the expected fiscal, social, and environmental benefits for Uzbekistan if the Company were to operate several existing gas fields. Condor also outlined the various technologies that would be implemented to enhance gas production rates and recoveries. The Company is awaiting feedback and endorsement of its proposal. Notwithstanding meeting and travel constraints imposed by COVID-19 related restrictions, the Company continues to actively pursue this initiative.

If executed, the production contract is expected to include multiple producing gas fields, associated gathering pipelines, and gas treatment infrastructure. The fiscal and operating terms expected to be defined in the production contract include royalty rates, cost deductibility, gas marketing and pricing, government participation, governance and steering committee structures, baseline production levels and reimbursement methodology.

**Turkey Operations**

The Yak 1-ST well was drilled to a total depth of 2430 meters and encountered numerous strong gas shows in three of the four expected gas target intervals. Log data collected during drilling operations indicates reservoir-quality formations in the intervals where the strong gas shows were observed. A combination of drilling rig mechanical issues and wellbore instability prevented production casing from being set across the target intervals. Casing was cemented to 1380 meters, which is 750 meters above the highest target interval and the well has been suspended temporarily until the required equipment can be procured. At that time, Yak 1-ST will be re-entered, cased, and fully evaluated. If commercial gas flowrates are confirmed, Yak 1-ST gas will be initially trucked to the Company's neighbouring Poyraz Ridge Gas Facility while pipeline tie-in activities are completed.

The Company is encouraged by the initial Yak 1-ST results as it confirmed the presence of both clastic and carbonate reservoirs, an active hydrocarbon system, and gas shows in the deepest Eocene formation, which had not previously been discovered on the Company's licenses. Based on the current data, Yak 1-ST appears to be analogous to the Poyraz West 1-ST well, which has been the most prolific producer in the Poyraz Ridge field. Plans to re-enter Yak 1-ST are targeted for Q4 2021.

The Yakamoz gas field is a parallel Miocene-Eocene trend/fairway lying 2 km north of the existing Poyraz Ridge gas field. Condor is currently integrating the Yak 1-ST data into its geological model to high grade prospective areas for future seismic and additional exploration drilling, as multiple thrust-fold and sub-thrust leads exist on the license.

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Natural gas and associated condensate production in Turkey decreased to 79 boepd in the second quarter of 2021 from 107 boepd in the second quarter of 2020 mainly due to natural reservoir declines. The operating netback<sup>1</sup> was (\$0.1) million or (\$13.39) per boe for the three months ended June 30, 2021, as compared to \$(0.1) million or \$(7.31) per boe in 2020. Cash used in operating activities before changes in non-cash working capital decreased to \$1.2 million in the second quarter of 2021 versus \$2.6 million for the same period in 2020. An increase in gas production would significantly enhance operating netbacks due to the strong reference gas price of CA\$7.77 per mcf as of August 1, 2021, and the fact that production costs are primarily fixed. On July 25, 2021, the fields were shut-in to perform annual scheduled maintenance on the Poyraz Ridge Gas Facility and at the same time allow for a 30-day pressure build-up test on the wells. Production is scheduled to resume in August 2021.

**Kazakhstan Operations**

Preparations are underway to drill the Akshoky North post-salt exploration prospect in late Q3 2021. The usual regulatory approvals to drill Aks-1 are being finalized and the contract with the drilling company has been executed.

Aks-1 has a three-way fault closure with an expected drill depth of 1100 meters and targets middle and lower Jurassic sandstones. The Company's high-resolution 3-D seismic was used to identify this structure and the oil migration pathways necessary to charge the trap. Multiple commercial analogues to the Akshoky prospect have been discovered in the region and the Company's internal estimate of Prospective Resources for the Akshoky structure is 20 million barrels (see Reserves Advisory).

**Other Initiatives**

Given the Company's proven track record in oil and gas facility design and construction in the region, Condor has been evaluating the potential to implement proven North American modular liquified natural gas ("LNG") midstream technologies and processes in Central Asia. Condor continues to advance commercial opportunities to displace diesel fuel in the industrial, transportation, and power generation sectors by utilizing the region's abundant natural gas resources. Implementing LNG will materially reduce operating costs, dependence on diesel imports, and particulate and CO<sub>2</sub> emissions. The Company's strong regional working relationships have been important in progressing high level discussions with senior government officials and industry representatives. Thus far, the Company has received positive feedback and support from all levels of government.

Condor's President and CEO, Don Streu, has been appointed as the "Honorary Consul of the Republic of Kazakhstan" for Alberta by Kazakhstan's Ministry of Foreign Affairs. The honour represented by this appointment reflects the substantial investments that Condor has made in Kazakhstan and further highlights the personal contributions and long-time dedication and support that Mr. Streu has made to the country and the high level of mutual respect and cooperation between Condor and the government of Kazakhstan.

**COVID-19 Pandemic**

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. Responses to the spread of COVID-19 have resulted in various disruptions to business operations and an increase in economic uncertainty, with more volatile commodity prices and currency exchange rates. The Company is well positioned for the challenges of the current business environment, with a cash position of \$9.6 million as of June 30, 2021 and no debt.

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**SELECTED FINANCIAL INFORMATION**

**For the three months ended June 30**

(\$000's except per share amounts)	2021	2020
Natural gas and condensate sales	223	482
Total revenue	193	421
Cash used in continuing operations	(1,264)	(2,735)
Net loss from continuing operations	(3,727)	(2,756)
Net loss from continuing operations per share (basic and diluted)	(0.08)	(0.06)
Capital expenditures	2,414	154

**For the six months ended June 30**

(\$000's except per share amounts)	2021	2020
Natural gas and condensate sales	585	1,216
Total revenue	508	1,060
Cash used in continuing operations	(3,458)	(4,022)
Net loss from continuing operations	(5,306)	(4,354)
Net loss from continuing operations per share (basic and diluted)	(0.12)	(0.10)
Capital expenditures	2,415	491

**RESULTS OF OPERATIONS**

**Production**

For the three months ended Jun 30	2021	2020	Change	Change %
Natural gas (Mscf)	43,041	57,952	(14,911)	(26%)
Natural gas (boe)	7,173	9,659	(2,486)	(26%)
Condensate (bbl)	30	51	(21)	(42%)
Total production volume (boe)	7,203	9,710	(2,507)	(26%)

Natural gas (Mscfpd)	473	637	(164)	(26%)
Natural gas (boepd)	79	106	(27)	(25%)
Condensate (bopd)	0.3	0.6	(0.3)	(41%)
Average daily production (boepd)	79	107	(28)	(26%)

For the six months ended Jun 30	2021	2020	Change	Change %
Natural gas (Mscf)	101,096	137,999	(36,903)	(27%)
Natural gas (boe)	16,849	23,000	(6,151)	(27%)
Condensate (bbl)	72	147	(75)	(51%)
Total production volume (boe)	16,921	23,147	(6,226)	(27%)

Natural gas (Mscfpd)	559	758	(199)	(26%)
Natural gas (boepd)	93	126	(33)	(26%)
Condensate (bopd)	0.4	0.8	(0.4)	(51%)
Average daily production (boepd)	93	127	(34)	(27%)

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Overall production decreased 26% to 7,203 boe or an average of 79 boepd for the three months ended June 30, 2021 from 9,710 boe or an average of 107 boepd for the same period in 2020 and decreased 27% to 16,921 boe or an average of 93 boepd for the six months ended June 30, 2021 from 23,147 boe or an average of 127 boepd for the same period in 2020 due mainly to natural reservoir declines.

**Sales and operating netback<sup>1</sup>**

**For the three months ended June 30**

(\$000's)	2021			2020		
	Gas	Condensate	Total	Gas	Condensate	Total
Sales	223	-	223	474	8	482
Royalties	(30)	-	(30)	(60)	(1)	(61)
Production costs	(185)	-	(185)	(345)	(3)	(348)
Transportation and selling	(90)	-	(90)	(138)	(2)	(140)
Operating netback <sup>1</sup>	(82)	-	(82)	(69)	2	(67)
<b>(\$/boe)</b>						
Sales	36.58	-	36.58	52.38	64.00	52.53
Royalties	(4.92)	-	(4.92)	(6.63)	(8.00)	(6.65)
Production costs	(30.34)	-	(30.34)	(38.12)	(24.00)	(37.93)
Transportation and selling	(14.71)	-	(14.71)	(15.25)	(16.00)	(15.26)
Operating netback <sup>1</sup>	(13.39)	-	(13.39)	(7.62)	16.00	(7.31)
Sales volume (boe)	6,097	-	6,097	9,050	125	9,175

**For the six months ended June 30**

(\$000's)	2021			2020		
	Gas	Condensate	Total	Gas	Condensate	Total
Sales	574	11	585	1,174	42	1,216
Royalties	(76)	(1)	(77)	(151)	(5)	(156)
Production costs	(402)	(1)	(403)	(599)	(9)	(608)
Transportation and selling	(196)	(2)	(198)	(282)	(9)	(291)
Operating netback <sup>1</sup>	(100)	7	(93)	142	19	161
<b>(\$/boe)</b>						
Sales	39.05	91.67	39.47	55.41	84.34	56.07
Royalties	(5.17)	(8.33)	(5.20)	(7.13)	(10.04)	(7.19)
Production costs	(27.35)	(8.33)	(27.19)	(28.27)	(18.07)	(28.04)
Transportation and selling	(13.31)	(19.17)	(13.36)	(13.31)	(18.07)	(13.42)
Operating netback <sup>1</sup>	(6.78)	55.84	(6.28)	6.70	38.16	7.42
Sales volume (boe)	14,700	120	14,820	21,188	498	21,686

1 Operating netback is a non-GAAP measure and is a term with no standardized meaning as prescribed by GAAP and may not be comparable with similar measures presented by other issuers. See "Non-GAAP Financial Measures" in this MD&A. The calculation of operating netback is aligned with the definition found in the Canadian Oil and Gas Evaluation Handbook.

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Total sales decreased to \$0.2 million on 6,097 boe or \$36.58 per boe for the three months ended June 30, 2021 (2020: \$0.5 million on 9,175 boe or \$52.53 per boe) and decreased to \$0.6 million on 14,820 boe or \$39.47 per boe for the six months ended June 30, 2021 (2020: \$1.2 million on 21,686 boe or \$56.07 per boe). Overall sales have decreased to date in 2021 versus the same periods in 2020 due mainly to decreased natural gas production and sales volumes and decreased natural gas sales prices.

Operating netbacks decreased to \$(0.08) million or \$(13.39) per boe for the three months ended June 30, 2021 from \$(0.07) million or \$(7.31) per boe for the same period in 2020 and decreased to \$(0.1) million or \$(6.28) per boe for the six months ended June 30, 2021 from \$0.2 million or \$7.42 per boe in 2020 due mainly to decreased gas production and sales volumes and decreased gas prices.

### **Marketing**

Natural gas sales in Turkey are domestic sales via pipeline at Turkish Lira denominated prices published monthly by the state-owned pipeline transportation company BOTAS. The benchmark for Condor's gas sales in Turkey is BOTAS Level 2 wholesale tariffs less a marketing differential.

Gas from the neighbouring Destan gas field in Turkey is produced, compressed and trucked to the Company's owned and operated Poyraz Ridge gas plant and is marketed along with Poyraz Ridge gas production which is directly tied into the gas plant.

Along with natural gas the Company produces small amounts of associated condensate in Turkey. The condensate is trucked to a near-by facility for blending, storage and onward sales. The pricing for condensate sales is based on the nearest accessible global free market and determined by a formula provided for under the Petroleum Market Law and published monthly in Turkish Lira by Turkish Petroleum Corporation, the Turkish national oil company.

### **Royalties**

Royalties decreased to \$0.1 million for the six months ended June 30, 2021 from \$0.2 million for the same period in 2020 due mainly to the decrease in gas production and sales volumes in Turkey. The Company is subject to a flat royalty rate in Turkey of 12.5% of natural gas and condensate sales.

### **Production costs**

Production costs decreased to \$0.2 million for the three months ended June 30, 2021 from \$0.3 million in 2020 and decreased to \$0.4 million for the six months ended June 30, 2021 from \$0.6 million in 2020 and reflect the lower sales volumes during 2021 versus 2020. Per boe, production costs decreased to \$30.34 for the three months ended June 30, 2021 from \$37.93 in 2020 and decreased to \$27.19 for the six months ended June 30, 2021 from \$28.04 in 2020 and reflect the higher workover costs incurred during 2020 versus 2021. Production costs are comprised mainly of non-capital workovers, fuel, personnel, chemicals, water disposal, safety and maintenance costs.

### **Transportation and selling expenses**

Transportation and selling expenses decreased to \$0.09 million or \$14.71 per boe for the three months ended June 30, 2021 from \$0.14 million or \$15.26 per boe for the three months ended June 30, 2020 and decreased to \$0.2 million or \$13.36 per boe for the six months ended June 30, 2021 from \$0.3 million or \$13.42 per boe in 2020 due mainly to the decreased gas sales volumes. Transportation costs on gas sales are comprised of

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pipeline transmission fees and compressed natural gas trucking costs on Destan sales and on condensate sales are comprised of trucking, blending, storage and loading costs.

**General and administrative expenses**

General and administrative expenses are comprised mainly of personnel, professional services, office, and travel costs and decreased to \$2.4 million for the six months ended June 30, 2021, from \$4.3 million for the same period in 2020, due mainly to staff reductions, office downsizing, decreased travel and no bonuses being paid in the current period.

**Depletion, depreciation and impairment expenses**

Depletion and depreciation expenses decreased to \$0.4 million for the six months ended June 30, 2021 from \$0.7 million for the same period in 2020 due mainly to the decreased gas sales volumes. Based on a review of recent gas production results in Poyraz Ridge and Destan and the Company's updated development plans, indicators of impairment were identified as at June 30, 2021. As the recoverable amount of the Poyraz Ridge and Destan CGU was deemed to be negligible based on current forecasts, an impairment of \$2.2 million has been recorded (2020: nil) (see "Reserves" in this MD&A).

**Stock based compensation expenses**

Stock based compensation expenses increased to \$0.07 million for the six months ended June 30, 2021 from \$0.03 million for the same period in 2020. The expense is recognized on a graded basis and fluctuates based on the timing of the grants and vesting periods.

**Finance income**

For the six months ended June 30, 2021, finance income, which includes interest income and accretion of Kazakhstan value added tax ("VAT") receivables, amounted to \$0.1 million compared to \$0.2 million for the same period in 2020.

**Finance expense**

Finance expense decreased to \$0.1 million for the six months ended June 30, 2021 from \$0.3 million for the same period in 2020 reflecting the loan repayment by the Company in the first quarter of 2020. Finance expense includes interest expense related to lease liabilities, the impact of VAT receivables discounting, and accretion cost on decommissioning provisions.

**Foreign currency exchange gains and losses**

The foreign exchange loss for the six months ended June 30, 2021 amounted to \$0.1 million compared to a gain of \$0.6 million for the same period in 2020 due mainly to USD denominated cash and cash equivalents held by the Company. The Company is exposed to significant foreign currency risk as the Company's natural gas sales and a substantial portion of foreign activities are transacted in or referenced to foreign currencies including USD, KZT and TRL, and a significant portion of the Company's cash and cash equivalents is held in USD. The Company had no forward exchange rate contracts in place at or during the six months ended June 30, 2021 and 2020.

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**Discontinued operations**

In September 2019, a wholly owned subsidiary of the Company entered into a binding agreement to sell its 100% interests in the Shoba production contract, Taskuduk production contract and associated field equipment. During 2020, the results of Shoba and Taskuduk operations were presented as discontinued operations including the gain on sale which was recognized upon completion of the transaction in the third quarter of 2020.

**COVID-19 RISK MANAGEMENT**

Condor has offices, activities and operations in various municipalities and rural areas in Canada, the Netherlands, Turkey, Kazakhstan and Uzbekistan. Company personnel are stationed and work and travel to and from these locations as required. Such personnel are exposed from time to time to concentrated groups of people at various locations both within and outside the Company's direct control, for varying lengths of time. Any personnel or visitors that become infected with a serious illness that has the potential to spread rapidly throughout the organization could place the personnel and the operations of the Company at risk. COVID-19 is one example of such an illness. Although the Company takes every precaution to strictly follow industrial hygiene and occupational health guidelines, there can be no assurance that COVID-19, or other infectious illnesses will not negatively impact Condor's personnel or its operations.

The Company monitors the various COVID-19 pandemic recommendations and regulations of applicable government agencies and public health authorities in the countries in which it has activities and commencing in March 2020, has taken a number of measures related to personal hygiene and occupational health designed to protect the health and safety of its personnel, contractors and suppliers. Many office personnel have been working remotely and everyone must abide by various physically distancing and other health guidelines when in the office. For field operations, only essential personnel and contractors are allowed on site, crew shifts have been lengthened and on site working, living, and eating conditions have been adjusted to allow physical distancing to the extent possible. Although strict hygiene practices are in place and all non-essential activities have been postponed, there can be no assurance that COVID-19 or another infectious illness will not negatively impact Condor's personnel or operations.

The COVID-19 pandemic has resulted in, and may continue to result in, an unprecedented decrease in the demand for oil and gas, has led to fluctuating oil and gas prices and the implementation of various travel restrictions which constrain or prohibit international travel and limit or forbid movement within the individual countries of operation. Condor's future operations could be materially impacted by these factors, as well as COVID-19 related emergency measures including, but not limited to: travel restrictions including shelter in place orders, curfews and lockdowns which may impact the timing and ability of Company personnel, suppliers and contractors to travel internationally or domestically and to access or deliver services, goods and equipment to the fields of operation; the risk of shutting-in or reducing production due to travel restrictions, Government orders, crew illnesses and the availability of goods, works and essential services for the fields of operations; the potential for gas pipeline or sales market interruptions; the risk of changes to foreign currency controls, availability of foreign currencies, availability of hard currency, and currency controls or banking restrictions which restrict or prevent the repatriation of funds from or to foreign jurisdiction in which the Company operates; the timing and ability to meet financial and other reporting deadlines; potential decreased interest in and ability to conclude farm-in transactions, potential decreased ability to raise additional capital to fund current operations and new business projects; and the inherent increased risk of information technology failures and cyber-attacks.



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## **LIQUIDITY AND CAPITAL RESOURCES**

The Company will need to increase production and cash from continuing operating activities, use cash on hand or raise additional equity and debt financing to fund future operations.

In Turkey, there are no work commitments related to the Poyraz Ridge operating license, which also includes the Yakamoz prospect, or the Destan operating license. Depending on the timing and availability of capital including funds from operating activities, the Company may use cash on hand to re-enter, case and evaluate the Yak 1-ST well and drill additional wells at Yakamoz in the next twelve months. There are no capital expenditures planned at Poyraz Ridge or Destan.

In Kazakhstan, there are work commitments of \$4.3 million for the next twelve months related to Zharkamys and are comprised mainly of drilling three exploration wells. Depending on the timing and availability of capital including funds from operating activities, securing funding from debt or equity financing, disposing of assets or making other arrangements, the Company may use cash on hand to drill additional wells at Zharkamys in the next twelve months.

The Company is seeking a production contract with the Government of Uzbekistan for five fields of interest and is pursuing other LNG initiatives which, if successful, would require the Company to use a combination of cash on hand, funds from operating activities, securing funding from debt or equity financing, disposing of assets or making other arrangements.

## **COMMITMENTS AND CONTINGENT LIABILITIES**

The work commitments for the next twelve months related to the Zharkamys exploration contract in Kazakhstan are \$4.3 million and are comprised mainly of drilling three exploration wells. These work commitments may be amended from time to time in accordance with planned exploration and development activities proposed by the Company and approved by the Government of Kazakhstan and additional amounts could be significant. In addition, any exploration period extensions or subsequent development periods may carry additional work commitments, which could be significant. Non-fulfilment of work commitments for Zharkamys could result in punitive actions including the suspension or revocation of the contract and financial work commitment shortfalls may be subject to penalties of 30% of the shortfall.

There are no work commitments related to the Poyraz Ridge or Destan operating licenses in Turkey.

To fund work commitments, the Company may require additional funding by generating positive cash flows from continuing operations, using cash on hand, securing funding from additional debt or equity financing, disposing of assets, obtaining farm-in partners or making other arrangements.

The Dutch Tax Authority ("DTA") has issued notices of assessment to New Horizon Energy Netherlands B.V., a wholly owned Company subsidiary based in the Netherlands ("New Horizon") related to taxation years 2013-2016. New Horizon has filed an objection and the matter is under further review by the DTA. The Company expects to resolve these matters with the DTA without incurring any taxes payable. For further information relating to the notices of assessment, please refer to the Company's Financial Statements.

## **OUTSTANDING SHARE DATA**

### **Common shares**

As at June 30, 2021 and the date of this MD&A there were 44,198,434 common shares of the Company

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outstanding.

**Convertible securities**

As at the date of this MD&A, outstanding convertible securities are comprised of 2,961,000 stock options with a weighted average exercise price of \$0.55 and one million warrants exercisable into one million common shares of Condor at \$0.35 per share on or before December 31, 2021.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not have any off-balance sheet arrangements as at June 30, 2021.

**QUARTERLY INFORMATION**

The following table sets forth selected financial information of the Company for the eight most recently completed quarters to June 30, 2021:

<b>For the quarter ended</b> <b>(000's except per share</b> <b>amounts) <sup>(3)</sup></b>	<b>Q2</b> <b>2021</b>	<b>Q1</b> <b>2021</b>	<b>Q4</b> <b>2020</b>	<b>Q3</b> <b>2020</b>	<b>Q2</b> <b>2020</b>	<b>Q1</b> <b>2020</b>	<b>Q4</b> <b>2019</b>	<b>Q3</b> <b>2019</b>
Sales	223	362	482	1,082	482	734	895	1,097
Net loss from continuing operations <sup>(1)</sup>	(3,727)	(1,579)	(8,948)	(1,634)	(2,756)	(1,598)	(6,926)	(2,933)
Net income (loss) from discontinued operations	-	-	(400)	12,421	84	780	1,428	750
Net income (loss) <sup>(1)</sup>	(3,727)	(1,579)	(9,348)	10,787	(2,672)	(818)	(5,498)	(2,183)
Net loss from continuing operations per share <sup>(1) (2)</sup>	(0.08)	(0.04)	(0.21)	(0.03)	(0.06)	(0.04)	(0.14)	(0.07)
Net income (loss) from discontinued operations per share <sup>(2)</sup>	-	-	(0.01)	0.28	0.00	0.02	0.02	0.02
Net income (loss) per share <sup>(2)</sup>	(0.08)	(0.04)	(0.22)	0.25	(0.06)	(0.02)	(0.12)	(0.05)

- 1 The net loss in all periods has been impacted by, among other things, production and sales volumes, commodity prices, operating costs, depletion, depreciation and impairment expense, foreign exchange gains and losses and deferred income tax expense/recovery in the respective periods. The net income (loss) amount includes specific significant period items of: \$2.2 million impairment expense in Q2 2021; \$5.9 million impairment expense in Q4 2020; \$12.5 million gain on Shoba Sale in Q3 2020; and \$4.3 million impairment expense in Q4 2019.
- 2 Per share amounts are basic and diluted. The Company treats the common shares as either dilutive or anti-dilutive based on net loss from continuing operations. If the common shares are anti-dilutive at this level they are treated as anti-dilutive for all other per share calculations.
- 3 Quarterly information for 2019 has been restated to reflect discontinued operations recognized in 2020.

## **CRITICAL ACCOUNTING ESTIMATES**

The timely preparation of the interim consolidated financial statements in accordance with IFRS requires that management uses judgment and make estimates and assumptions regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as of the date of the interim consolidated financial statements. The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Further information on the Company's critical accounting estimates can be found in the notes to the annual consolidated financial statements and annual MD&A for the year ended December 31, 2020. There have been no significant changes to the Company's critical accounting estimates as of June 30, 2021.

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. For the three and six months ended June 30, 2021, COVID-19 had an impact on the global economy, including the oil and gas industry. The Company has considered the impacts of COVID-19 and the unique circumstances it has created in making estimates, assumptions and judgements in the preparation of the consolidated financial statements.

## **NEW ACCOUNTING PRONOUNCEMENTS**

In January 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective January 1, 2023 with early adoption permitted. The amendments are required to be adopted retrospectively. The Company is assessing the impact of these amendments on its financial statements.

In May 2020, the IASB issued amendments to IAS 16 "Property, Plant and Equipment" to require proceeds received from selling items produced while the entity is preparing the asset for its intended use to be recognized in net earnings, rather than as a reduction in the cost of the asset. The amendments are effective January 1, 2022 with early adoption permitted. The Company is assessing the impact of these amendments on its financial statements.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Company's President and Chief Executive Officer (CEO) and Vice President, Finance and Chief Financial Officer (CFO) have designed, or caused to be designed under their supervision, disclosure controls and procedures (DC&P) and internal controls over financial reporting ("ICFR") as defined in National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings", in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

During the six months ended June 30, 2021, there have been no changes to the Company's ICFR that have materially, or are reasonably likely to materially affect the ICFR. Because of their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control systems are met.

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**RESERVES ADVISORY**

This MD&A includes information pertaining to the internally generated estimates of Company resources effective March 1, 2021 which was prepared by a qualified reserves evaluator in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Additional reserve information as required under NI 51-101 is included in the Company's Annual Information Form filed on SEDAR.

Statements relating to reserves and resources are deemed to be forward looking statements, 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. The reserve and resource estimates described herein are estimates only. The actual reserves and resources may be greater or less than those calculated. Estimates with respect to reserves and resources that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be material, in the estimated reserves.

References herein to barrels of oil equivalent ("boe") are derived by converting gas to oil in the ratio of six thousand standard cubic feet ("Mscf") of gas to one barrel of oil based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mscf to 1 barrel, utilizing a conversion ratio at 6 Mscf to 1 barrel may be misleading as an indication of value, particularly if used in isolation.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than Proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable reserves.

"Possible" reserves are those additional reserves that are less certain to be recovered than Probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of Proved plus Probable plus Possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved plus Probable plus Possible reserves.

"Prospective Resources" disclosed herein 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 Resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. There is no certainty that any portion of the Prospective Resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.

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Unless otherwise stated herein, any reference to "Prospective Resources" refers to Condor Working Interest, Mean Recoverable, Prospective Resources, Unrisked.

The estimated total costs required to develop the Akshoky North prospect is USD 44 million per internal estimates. Commercial production is planned to commence in 2.5 to 3.5 years from initial prospect discovery using currently established and proven drilling, completion and facility technology. The project is based on conceptual studies.

#### **FORWARD-LOOKING STATEMENTS**

Certain statements in this MD&A 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 MD&A includes, but is not limited to, information concerning: the timing and ability to execute a production contract with the Government of Uzbekistan under favorable terms, or at all, the fields and exploration areas to be included and the terms and conditions including but not limited to royalty rates, cost recovery, profit allocation, gas marketing and pricing, government participation, governance, baseline production levels and reimbursement methodology; the expected benefits related to the Company's proposal to the Government of Uzbekistan and the timing and ability to receive feedback and endorsement of the proposal, if at all; the timing and ability to re-enter, case and fully evaluate the Yakamoz structure and confirm commercial gas flowrates; the timing of and ability to drill new wells, the expected drilling depths, the expected number and location of target formations and the ability of the new wells to become producing wells; the timing and ability to tie the Yakamoz field into the Company's existing gas plant; the timing and ability to pursue other initiatives and commercial opportunities; projections and timing with respect to crude oil, natural gas and condensate production; expected markets, prices, costs and operating netbacks for future oil, gas and condensate sales; the timing and ability to obtain various approvals and conduct the Company's planned exploration and development activities; the timing and ability to access oil and gas pipelines; the timing and ability to access domestic and export sales markets; anticipated capital expenditures; forecasted capital and operating budgets and cash flows; anticipated working capital; sources and availability of financing for potential budgeting shortfalls; the timing and ability to obtain future funding on favorable terms, if at all; general business strategies and objectives; the timing and ability to obtain exploration contract, production contract and operating license extensions; the potential for additional contractual work commitments; the ability to meet and fund the contractual work commitments; the satisfaction of the work commitments; the results of non-fulfillment of work commitments; projections relating to the adequacy of the Company's provision for taxes; the timing and ability to collect VAT; and treatment under governmental regulatory regimes and tax laws.

This MD&A also includes forward-looking information regarding COVID-19 including, but not limited to: travel restrictions including shelter in place orders, curfews and lockdowns which may impact the timing and ability of Company personnel, suppliers and contractors to travel internationally, travel domestically and to access or deliver services, goods and equipment to the fields of operation; the risk of shutting in or reducing production due to travel restrictions, Government orders, crew illness, and the availability of goods, works and essential services for the fields of operations; decreases in the demand for oil and gas; decreases in natural gas, condensate and crude oil prices; potential for gas pipeline or sales market interruptions; the risk of changes to foreign currency controls, availability of foreign currencies, availability of hard currency, and currency controls

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or banking restrictions which restrict or prevent the repatriation of funds from or to foreign jurisdiction in which the Company operates; the timing and ability to execute a production contract with the Government of Uzbekistan; the Company's financial condition, results of operations and cash flows; access to capital and borrowings to fund operations and new business projects; the timing and ability to meet financial and other reporting deadlines; and the inherent increased risk of information technology failures and cyber-attacks.

By its very nature, such forward-looking information requires Condor to make assumptions that may not materialize or that may not be accurate. Forward-looking information is subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such information. Such risks and uncertainties include, but are not limited to: regulatory changes; the timing of regulatory approvals; the risk that actual minimum work programs will exceed the initially estimated amounts; the results of exploration and development drilling and related activities; imprecision of reserves estimates and ultimate recovery of reserves; historical production and testing rates may not be indicative of future production rates, capabilities or ultimate recovery; the historical composition and quality of oil and gas may not be indicative of future composition and quality; general economic, market and business conditions; industry capacity; uncertainty related to marketing and transportation; competitive action by other companies; fluctuations in oil and natural gas prices; the effects of weather and climate conditions; fluctuation in interest rates and foreign currency exchange rates; the ability of suppliers to meet commitments; actions by governmental authorities, including increases in taxes; decisions or approvals of administrative tribunals and the possibility that government policies or laws may change or government approvals may be delayed or withheld; changes in environmental and other regulations; risks associated with oil and gas operations, both domestic and international; international political events; and other factors, many of which are beyond the control of Condor. Capital expenditures may be affected by cost pressures associated with new capital projects, including labor and material supply, project management, drilling rig rates and availability, and seismic costs.

These risk factors are discussed in greater detail in filings made by Condor with Canadian securities regulatory authorities including the Company's Annual Information Form, which may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).

Readers are cautioned that the foregoing list of important factors affecting forward-looking information is not exhaustive. The forward-looking information contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Condor does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

## **ABBREVIATIONS**

The following is a summary of abbreviations used in this MD&A:

bbl	Barrels of oil
bopd	Barrels of oil per day
boe	Barrels of oil equivalent *
boepd	Barrels of oil equivalent per day
M	Thousands

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scf	Standard cubic feet
scfpd	Standard cubic feet per day
CAD	Canadian dollars
KZT	Kazakhstan tenge
TRL	Turkish lira
USD	United States dollars
Q	Quarter

\* Barrels of oil equivalent ("boe") are derived by converting gas to oil in the ratio of six thousand standard cubic feet ("Mscf") of gas to one barrel of oil based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mscf to 1 barrel, utilizing a conversion ratio at 6 Mscf to 1 barrel may be misleading as an indication of value, particularly if used in isolation.