**NEWS RELEASE**

**August 11, 2022**

# CONDOR ANNOUNCES 2022 SECOND QUARTER RESULTS

CALGARY, August 11, 2022 – Condor Energies Inc. ("Condor" or the "Company") (TSX: CPI), a Canadian based energy company with activities in Turkiye and Kazakhstan, is pleased to announce the release of its unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 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.condorenergies.ca. Readers are invited to review the latest corporate presentation available on the Condor website. All financial amounts in this news release are presented in Canadian dollars, unless otherwise stated.

## Highlights

- The Company successfully drilled and began producing the Poyraz-7 infill well in June and completed a Poyraz-2 workover in July. Gas production from Turkiye has averaged 1.0 MMscf/day during the third quarter of 2022 to date.
- The infill drilling and workover programs allow the Company to benefit from strong Turkish gas prices which have increased 95% year-to-date to $22.83 (CAD) per Mscf as of August 1, 2022.
- In June 2022 the Company's President and CEO met with His Excellency the President of the Republic of Kazakhstan to review and discuss Condor's plans to construct and operate modular LNG facilities in Kazakhstan. Discussions are ongoing to reach agreement on feed-gas and LNG end-user delivered volumes, plant locations and fiscal terms.
- Condor continues to actively pursue an agreement to operate multiple producing gas fields in Uzbekistan and has held numerous meetings during 2022 with various government ministries to discuss the proposed project.

## Turkiye Operations

The Company successfully drilled and completed the Poyraz-7 infill well and gas production commenced in mid-June. Based on wireline logging data, the well intersected 45 meters of net gas pay in multiple sand packages. In June, 14 meters of net gas pay were perforated and in July an additional 21 meters of net gas pay were perforated and Poyraz-7 has averaged 0.88 MMscf/day over the past 30 days. A further 10 meters of net gas pay remains available to be perforated and can be added as production naturally declines. An additional Poyraz infill well location has been matured and will be inventoried for a future date.

As part of the 2022 workover program, 8 meters of perforations were added to the previously shut-in Poyraz-2 well in July 2022. Since re-commencing production on August 1, 2022, Poyraz-2 has averaged 0.09 MMscf/day over the past 11 days. Another workover program has also been matured. These infill drilling and workover programs allow the Company to benefit from strong Turkish gas prices which are posted in Turkish Lira and converted in CAD at prevailing exchange rates which have continued their strong escalation and have increased 95% year-to-date to $22.83 CAD per Mscf as of August 1, 2022.

Gas production decreased 32% to 4,842 boe for an average of 53 boepd for the second quarter of 2022 compared to 7,173 boe for an average of 79 boepd for the second quarter of 2021. The decrease was mainly due to natural reservoir declines and a field unit compressor failure during 2022 at the Destan field. However, production rates have increased in the third quarter of 2022 due to production from the newly drilled Poyraz-7 well which commenced production on June 16, 2022 and the Poyraz-2 workover which commenced production on August 1, 2022 and overall gas production has averaged 1.0 MMscf/day during the third quarter of 2022 to date. The Company also produced 69 barrels of condensate in the second quarter of 2022, compared to 30 barrels in the second quarter of 2021.

**LNG Initiatives**

The Company continues to mature opportunities to implement proven North American modular LNG technologies and processes in Central Asia to displace diesel fuel usage in the industrial, transportation and power generation sectors. In June 2022, the Company's President and CEO met with His Excellency the President of the Republic of Kazakhstan, the Deputy Prime Minister of Kazakhstan and the Chairman of QazaqGaz, Kazakhstan's National gas supply company to review and discuss Condor's plans to construct and operate modular LNG facilities in Kazakhstan.

Discussions are ongoing to reach agreements on feed-gas and LNG end-user offtake volumes, plant locations and fiscal terms. Front-end engineering and design work has been completed for the Phase 1A LNG facility, which will produce 125,000 gallons per day, primarily to meet the needs of heavy-duty haul trucks working in the mining sector. Detailed engineering is expected to commence shortly.

**Uzbekistan Production Contract**

Natural gas production in Uzbekistan continues to decline due to inadequate capital investment and limited new technology applications into the sector. As internal demand continues to escalate, the government has announced its intention to cease natural gas exports by 2025 to address the country's domestic needs and foster the production of value-added products. The country's large producing gas fields may realize reduced margins, in-line with having to supply gas at subsidized domestic prices.

Hence the Company has adjusted its focus to revitalizing and operating mid-sized existing gas fields with the intent of incremental gas production being used for LNG feedstock. Providing LNG to mining operations to displace diesel usage, as is planned in Kazakhstan, should yield stronger returns, especially given the high diesel prices that currently prevail in the Uzbekistan market. The Company's LNG initiative should also result in decreased operating costs for the mines, less dependence by the country for diesel imports, and positively impact the country's carbon reduction efforts.

The Company's redefined corporate strategy has excellent synergies that could create a vertically integrated business with self-sufficient gas supply and have modified government negotiations accordingly. If executed, the gas production contract could include producing gas fields, associated gathering pipelines and gas treatment infrastructure. The fiscal and operating terms would be defined in the definitive contract and include royalty rates, cost deductibility, gas marketing and pricing, government participation, governance and steering committee structures, baseline production levels and reimbursement methodology.

**Corporate Name Change**

On June 23, 2022, the Company announced the corporate name change to "Condor Energies Inc." (formerly "Condor Petroleum Inc."). The addition of "Energies" to the Company's name represents the Company's transition away from oil exploration and development to the current focus on natural gas and gas transition fuels such as Liquified Natural Gas, to support decarbonization and overall green-house gas emission reductions.

**Selected Financial Information**

| **For the three months ended June 30**<br>($000's except per share amounts) | **2022** | **2021** |
|---|---|---|
| Natural gas and condensate sales | 606 | 223 |
| Total revenue (sales less royalties) | 526 | 193 |
| Cash used in operating activities | (1,439) | (1,264) |
| Net loss | (771) | (3,727) |
| Net loss per share (basic and diluted) | (0.02) | (0.08) |
| Capital expenditures | 1,329 | 2,414 |

| **For the six months ended June 30**<br>($000's except per share amounts) | **2022** | **2021** |
|---|---|---|
| Natural gas and condensate sales | 866 | 585 |
| Total revenue (sales less royalties) | 752 | 508 |
| Cash used in operating activities | (2,684) | (3,458) |
| Net loss | (2,156) | (5,306) |
| Net loss per share (basic and diluted) | (0.05) | (0.12) |
| Capital expenditures | 1,329 | 2,415 |

The Company's ability to realize assets and discharge liabilities in the normal course of business as they become due is dependent upon the ability to fund operations by generating positive cash flows from operations, securing funding from debt or equity financing, disposing of assets or making other arrangements. The Company is actively pursuing various strategies to enhance its liquidity position and those matters are discussed in greater detail in the Company's financial statements and management's discussion and analysis for the three and six months ended June 30, 2022.

**Sales and operating netback[1]**

**For the three months ended June 30**

| ($000's) | 2022 Gas and Total | 2021 Gas | 2021 Condensate | 2021 Total |
|---|---|---|---|---|
| Sales | 606 | 223 | - | 223 |
| Royalties | (80) | (30) | - | (30) |
| Production costs | (134) | (185) | - | (185) |
| Transportation and selling | (6) | (90) | - | (90) |
| Operating netback[1] | 386 | (82) | - | (82) |
| **($/boe)** | | | | |
| Sales | 136.79 | 36.58 | - | 36.58 |
| Royalties | (18.06) | (4.92) | - | (4.92) |
| Production costs | (30.25) | (30.34) | - | (30.34) |
| Transportation and selling | (1.35) | (14.71) | - | (14.71) |
| Operating netback[1] | 87.13 | (13.39) | - | (13.39) |
| Sales volume (boe) | 4,430 | 6,097 | - | 6,097 |

**For the six months ended June 30**

| | 2022 Gas and Total | 2021 Gas | 2021 Condensate | 2021 Total |
|---|---|---|---|---|
| Sales | 866 | 574 | 11 | 585 |
| Royalties | (114) | (76) | (1) | (77) |
| Production costs | (285) | (402) | (1) | (403) |
| Transportation and selling | (32) | (196) | (2) | (198) |
| Operating netback[1] | 435 | (100) | 7 | (93) |
| **($/boe)** | | | | |
| Sales | 121.07 | 39.05 | 91.67 | 39.47 |
| Royalties | (15.94) | (5.17) | (8.33) | (5.20) |
| Production costs | (39.84) | (27.35) | (8.33) | (27.19) |
| Transportation and selling | (4.47) | (13.31) | (19.17) | (13.36) |
| Operating netback[1] | 60.82 | (6.78) | 55.84 | (6.28) |
| Sales volume (boe) | 7,153 | 14,700 | 120 | 14,820 |

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 news release. The calculation of operating netback is aligned with the definition found in the Canadian Oil and Gas Evaluation Handbook.

## Non-GAAP Financial Measures

The Company refers to "operating netback" in this news release, 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 on a dollar basis and 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 news release. 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 ability to generate funds.

**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 conduct future drilling, workover and perforating activities; the result and timing of negotiation with the Government of Kazakhstan regarding the construction and operation of modular LNG facilities; the timing and ability, related to gas fields and LNG production in Uzbekistan, of large producing gas fields to realize reduced margins, to revitalizing and operate mid-sized existing gas fields and realize incremental gas production for LNG production, to provide LNG to mining operations to displace diesel usage and to realize stronger returns, for mining operators to decrease operating costs, reduce dependency on diesel import and positively impact carbon reduction efforts, to create a vertically integrated business with self-sufficient gas supply and to have modified government negotiations; 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 news release 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 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).

Readers are cautioned that the foregoing list of important factors affecting forward-looking information is not exhaustive. The forward-looking information contained in this news release are made as of the date of this news release 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 news release is expressly qualified by this cautionary statement.

**Abbreviations**

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

| | |
|---|---|
| boe | Barrels of oil equivalent |
| boepd | Barrels of oil equivalent per day |
| Mscf | Thousand standard cubic feet |
| MMscf | Million standard cubic feet |

* 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.

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

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