



Interim Condensed Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited)

Condor Energies Inc.

Consolidated Statements of Financial Position (Unaudited)

Stated in thousands of Canadian dollars

As at		June 30, 2022	December 31, 2021
	Note		
Assets			
Cash and cash equivalents		2,086	4,623
Trade and other receivables		512	119
Other current assets	3	605	406
Total current assets		3,203	5,148
Exploration and evaluation assets	4	3,050	2,238
Property, plant and equipment	5	1,751	603
Other long term assets	6	697	712
Total assets		8,701	8,701
Liabilities			
Accounts payable and accrued liabilities		2,995	1,701
Current portion of provisions	7	389	409
Total current liabilities		3,384	2,110
Provisions	7	1,634	1,568
Total liabilities		5,018	3,678
Equity			
Share capital	8	273,191	273,191
Contributed surplus		21,430	21,350
Accumulated other comprehensive loss		(83,844)	(84,580)
Deficit		(207,094)	(204,938)
Total equity		3,683	5,023
Total liabilities and equity		8,701	8,701

Going concern (Note 1).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condor Energies Inc.

Consolidated Statements of Comprehensive Loss (Unaudited)

Stated in thousands of Canadian dollars

(except for per share amounts)

For the period ended June 30		Three months 2022	Three months 2021	Six months 2022	Six months 2021
	Note				
Revenue					
Natural gas and condensate sales	14	606	223	866	585
Royalties		(80)	(30)	(114)	(77)
Total revenue		526	193	752	508
Expenses					
Production costs		134	185	285	403
Transportation and selling		6	90	32	198
General and administrative		1,292	1,137	2,560	2,389
Depletion, depreciation and impairment	5	223	2,354	355	2,588
Stock based compensation	10	45	31	80	67
Total expenses		(1,700)	(3,797)	(3,312)	(5,645)
Finance income		6	38	8	67
Finance expense		(37)	(54)	(76)	(108)
Foreign exchange gain (loss)	12	131	(107)	169	(128)
Net monetary gain	2	303	-	303	-
Net loss		(771)	(3,727)	(2,156)	(5,306)
<i>Items that may be reclassified to profit or loss:</i>					
Foreign currency translation adjustment		(115)	(219)	(264)	(627)
Comprehensive loss		(886)	(3,946)	(2,420)	(5,933)
Net loss per share					
Basic and diluted net loss per share	9	(0.02)	(0.08)	(0.05)	(0.12)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condor Energies Inc.

Consolidated Statements of Cash Flows (Unaudited)

Stated in thousands of Canadian dollars

For the period ended June 30	Note	Three months 2022	Three months 2021	Six months 2022	Six months 2021
Operating activities:					
Net loss		(771)	(3,727)	(2,156)	(5,306)
Items not affecting cash:					
Depletion, depreciation and impairment	5	223	2,354	355	2,588
Stock based compensation		45	31	80	67
Finance income		-	(22)	-	(44)
Finance expenses		36	55	75	108
Unrealized foreign exchange loss		103	97	60	98
Net monetary gain	2	(303)	-	(303)	-
Changes in non-cash working capital		(772)	(52)	(795)	(969)
Cash used in operating activities		(1,439)	(1,264)	(2,684)	(3,458)
Investing activities:					
Exploration and evaluation expenditures	4	-	(2,410)	-	(2,411)
Property, plant and equipment expenditures	5	(1,249)	(4)	(1,249)	(4)
Changes in non-cash working capital		1,307	3,412	1,307	3,410
Cash from investing activities		58	998	58	995
Financing activities:					
Exercise of stock options		-	-	-	7
Lease payments		-	-	-	(1)
Cash from financing activities		-	-	-	6
Change in cash		(1,381)	(266)	(2,626)	(2,457)
Effect of foreign exchange on cash		133	(162)	89	(245)
Cash and cash equivalents, beginning		3,334	10,033	4,623	12,307
Cash and cash equivalents, ending		2,086	9,605	2,086	9,605

The accompanying notes are an integral part of these consolidated financial statements.

Condor Energies Inc.

Consolidated Statements of Changes in Equity (Unaudited)

Stated in thousands of Canadian dollars

(except for number of common shares)

	Number of common shares	Share capital	Contributed surplus	Accumulated Other Comprehensive Loss	Deficit	Total equity
As at December 31, 2020	44,165,100	271,931	22,059	(83,273)	(193,611)	17,106
Exercise of stock options	33,334	11	(4)	-	-	7
Stock based compensation expense	-	-	67	-	-	67
Foreign currency translation adjustment	-	-	-	(627)	-	(627)
Net loss	-	-	-	-	(5,306)	(5,306)
As at June 30, 2021	44,198,434	271,942	22,122	(83,900)	(198,917)	11,247
As at December 31, 2021	45,198,434	273,191	21,350	(84,580)	(204,938)	5,023
Impact of hyperinflation (Note 2)	-	-	-	1,000	-	1,000
Stock based compensation expense	-	-	80	-	-	80
Foreign currency translation adjustment	-	-	-	(264)	-	(264)
Net loss	-	-	-	-	(2,156)	(2,156)
As at June 30, 2022	45,198,434	273,191	21,430	(83,844)	(207,094)	3,683

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condor Energies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022 and 2021

1. Corporate information:

Reporting entity:

On June 23, 2022, the name of the Company was changed to Condor Energies Inc. from Condor Petroleum Inc. ("Condor" or the "Company") as approved by the Company's Board of Directors and shareholders. Condor is a publicly traded company, listed on the Toronto Stock Exchange ("TSX") under the symbol "CDR" (formerly "CPI" prior to the Company's name change), with activities in the Republic of Turkiye ("Turkiye") and the Republic of Kazakhstan ("Kazakhstan"). The address of the Company's registered office is 2400, 144 – 4th Ave SW, Calgary, Alberta, Canada, T2P 3N4.

The interim condensed consolidated financial statements (the "financial statements") of the Company as at June 30, 2022 and December 31, 2021 and for the three and six months ended June 30, 2022 and 2021 comprise the Company and its subsidiaries. The financial statements were approved and authorized for issue on August 11, 2022 by the Board of Directors.

Nature of operations:

The Company has a 100% interest in and operates the Poyraz Ridge and Destan operating licenses and gas fields in Turkiye. The Poyraz Ridge and Destan operating licenses are both valid until June 2023 and may be extended upon approval by the competent authority in Turkiye until 2035.

The Zharkamys West 1 exploration contract ("Zharkamys") in Kazakhstan expired on January 18, 2022.

Going concern:

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business as they become due. At June 30, 2022, the Company had accumulated losses of \$207.1 million since inception (December 31, 2021: \$204.9 million). For the three months ended June 30, 2022, the Company reported a net loss of \$0.8 million (2021: \$3.7 million) and cash used in operating activities of \$1.4 million (2021: \$1.3 million), and for the six months ended June 30, 2022, the Company reported a net loss of \$2.2 million (2021: \$5.3 million) and cash used in operating activities of \$2.7 million (2021: \$3.5 million). The Company's working capital balance has decreased from \$3.0 million as at December 31, 2021 to a working capital deficit of \$0.2 million as at June 30, 2022.

The Company's ability to continue as a going concern is dependent upon its existing working capital and the ability to generate positive cash flows from operations, secure funding from debt or equity financings, dispose of assets or make other arrangements. There is no assurance the Company will be able to generate positive cash flow from operations or to secure funding from debt or equity financings, dispose of assets or complete other arrangements on favourable terms, or at all, which may require the utilization of all remaining working capital and financial resources.

These conditions indicate a material uncertainty that may cast significant doubt as to the Company's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, reported amounts of revenue and expenses, and statement of financial position classifications used that would be necessary were the going concern assumption deemed to be inappropriate. Such adjustments could be material.

Condor Energies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022 and 2021

Basis of presentation

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’. The financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2021.

The financial statements are reported in Canadian dollars (“CAD”) which is the functional currency of the Company. One of the Company’s subsidiaries is in the Netherlands and has a branch in Turkiye which has a Turkish Lira (“TRY”) functional currency (the “Turkish Subsidiary”) and the Company’s subsidiary in Kazakhstan has a Kazakhstan Tenge (“KZT”) functional currency.

The accounting policies used to prepare these financial statements are consistent with the policies as at December 31, 2021, other than the new accounting policy as described in Note 2.

Significant accounting estimates and judgments

The timely preparation of financial statements requires management to make use of judgments, estimates and assumptions when transactions affecting the current accounting period cannot be finalized until future periods. These estimates will affect assets, liabilities and the disclosure of assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. Such estimates are based on informed judgments made by management and actual results could differ from those estimates as future confirming events occur. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include: reserve estimates, determination of Cash Generating Units (“CGUs”), identification of impairment indicators, impairment, exploration and evaluation expenditures, decommissioning obligations, stock based compensation, income taxes, and going concern.

New standards and interpretations not yet adopted

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.

2. Adoption of new accounting policy: Hyperinflation

Due to various qualitative factors and developments with respect to the economic environment in Turkiye during the six months ended June 30, 2022, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the local Turkish wholesale price index exceeding 100% at the end of February 2022 and the significant devaluation of the Turkish Lira, Turkiye has been designated a hyper-inflationary economy as of April 1, 2022 for accounting purposes.

Accordingly, IAS 29, *Financial Reporting in Hyper-Inflationary Economies* has been adopted by the Company for the three months ended June 30, 2022 and applied to these financial statements in relation to the Company’s Turkish Subsidiary which has a TRY functional currency. The financial statements are based on the historical cost approach in IAS 29.

Condor Energies Inc.

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The application of hyperinflation accounting requires restatement of the Company's Turkish Subsidiary non-monetary assets and liabilities, equity and comprehensive income (loss) items from the original transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period. To measure the impact of inflation on its financial position and results, the Company has elected to use the consumer price index ("CPI") as published by the Turkish Statistical Institute "TURKSTAT".

As per IAS 29, the financial statements of the Company have previously been presented in Canadian dollars, a stable currency, and the comparative period amounts do not require restatement.

On April 1, 2022, the Company recognized an adjustment of \$1.0 million for the impact of hyperinflation within accumulated other comprehensive income (loss) related to the non-monetary assets held by the Turkish Subsidiary, which have been restated from the historic date when they were first recognized to the beginning of the reporting period (the "Opening Hyperinflation Adjustment"). On initial adoption of IAS 29, there is an accounting policy choice to recognize the Opening Hyperinflation Adjustment directly to opening equity or to other comprehensive income and the Company has elected to recognize this amount directly to opening equity.

The value of the CPI at June 30, 2022 was 977.90 and the movement in the CPI for the three months ended June 30, 2022 was 134.26, an increase of approximately 16%. The movement in the CPI for the six months ended June 30, 2022 was 290.95, an increase of approximately 42%. As a result, the Company recognized a net monetary gain of \$0.3 million for the three months ended June 30, 2022, to restate transactions into a measuring unit current as of June 30, 2022.

3. Other current assets:

As at (000's)	June 30, 2022	December 31, 2021
Prepaid expenses	321	218
Value added tax receivables	185	119
Inventory	99	69
	605	406

4. Exploration and evaluation assets:

As at (000's)	June 30, 2022	December 31, 2021
Opening balance	2,238	252
Capital expenditures	-	4,208
Exploration and evaluation expense	-	(1,266)
Change in decommissioning costs	16	103
Impact of hyperinflation (Note 2)	1,248	-
Foreign currency translation adjustment	(452)	(1,059)
Closing balance	3,050	2,238

Exploration and evaluation assets as of June 30, 2022 comprises the Yakamoz prospect within the Poyraz Ridge operating license in Turkiye which was drilled in 2021. There were no impairment indicators for the exploration and evaluation assets as of June 30, 2022.

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5. Property, plant and equipment:

(000's)	Oil and gas properties	Other equipment	Total
Cost			
As at December 31, 2020	22,977	1,467	24,444
Capital expenditures	-	89	89
Transfers	(686)	686	-
Change in decommissioning costs	(606)	-	(606)
Foreign currency translation adjustment	(8,448)	(527)	(8,975)
As at December 31, 2021	13,237	1,715	14,952
Capital expenditures	1,329	-	1,329
Impact of hyperinflation (Note 2)	4	15	19
Foreign currency translation adjustment	(887)	(38)	(925)
As at June 30, 2022	13,683	1,692	15,375
Accumulated depletion, depreciation and impairment			
As at December 31, 2020	(18,483)	(1,335)	(19,818)
Depletion and depreciation	(231)	(54)	(285)
Transfers	242	(242)	-
Impairment	(2,461)	-	(2,461)
Foreign currency translation adjustment	7,696	519	8,215
As at December 31, 2021	(13,237)	(1,112)	(14,349)
Depletion and depreciation	(85)	(22)	(107)
Foreign currency translation adjustment	796	36	832
As at June 30, 2022	(12,526)	(1,098)	(13,624)
Net book value			
As at December 31, 2021	-	603	603
As at June 30, 2022	1,157	594	1,751

Based on a review of 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 was recorded in the three months ended June 30, 2021. Effective July 1, 2021, movements in the decommissioning obligations of the Poyraz Ridge and Destan CGU resulting from updated cost estimates, changes to estimated lives of operations and revisions to discount rates and inflation rates are recognized in depletion and depreciation (2022: \$0.2 million; 2021: nil).

During the three months ended June 30, 2022, the Company commenced drilling the Poyraz-7 well at Poyraz Ridge and the well commenced natural gas production during the second half of June. Subsequent to period end, completion and evaluation operations on the well continued in July including adding additional perforations to zones not initially perforated. The well costs for Poyraz-7, including decommissioning obligations, have been capitalized to property, plant and equipment.

There are no indicators of impairment as at June 30, 2022.

Other equipment includes field equipment and capital inventory of \$0.4 million (2021: \$0.5 million) which are not subject to depletion.

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6. Other long term assets:

As at (000's)	June 30, 2022	December 31, 2021
Non-current bank deposits	697	712

The non-current bank deposits are substantially all denominated in USD and are invested in special interest bearing accounts comprised of \$0.5 million (2021: \$0.5 million) for decommissioning obligations in Kazakhstan, Turkiye, and Canada and \$0.2 million (2021: \$0.2 million) related to the Poyraz Ridge pipeline surface access expropriation in Turkiye.

7. Provisions:

As at (000's)	June 30, 2022	December 31, 2021
Beginning non-current portion	1,568	2,421
Increase in liabilities	80	69
Reclassified to current portion	-	(110)
Change in estimates	260	47
Accretion expense	75	172
Foreign currency translation adjustment	(349)	(1,031)
Ending non-current portion	1,634	1,568
Beginning current portion	409	306
Reclassified from non-current portion	-	110
Foreign currency translation adjustment	(20)	(7)
Ending current portion	389	409

Provisions are comprised of decommissioning obligations which are estimated based on the expected costs to abandon existing wells and facilities and for site restoration along with the estimated timing of future payments. At June 30, 2022 the estimated total uninflated and undiscounted cash flows required to settle the current and non-current liabilities are \$2.0 million (December 31, 2021: \$2.0 million), which are expected to be incurred between 2022 and 2026.

The net present value of the decommissioning obligations is calculated with an inflation rate of 12.5% (December 31, 2021: 12.5%) and risk-free discount rate of 12.5% (December 31, 2021: 12.5%).

8. Share capital

The Company has authorized an unlimited number of common shares without nominal or par value and an unlimited number of first and second preferred shares without nominal or par values. As of June 30, 2022 the number of common shares issued is 45,198,434 (December 31, 2021: 45,198,434).

9. Net loss per share:

Per share amounts are calculated using a weighted average number of common shares of 45,198,434 for the six months ended June 30, 2022 (2021: 44,182,043 shares). Outstanding stock options (Note 10) have been excluded from the calculations of diluted weighted average common shares as to include them would be anti-dilutive.

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Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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10. Stock based compensation:

The Company has a stock option plan under which the Board may grant options for the purchase of common shares to directors, officers and employees for up to 10% of the outstanding common shares. The Board establishes the exercise price of options at the date of grant, provided that such price shall not be less than the volume weighted average trading price of the shares on the TSX for the five trading days immediately preceding the date of grant. The options are granted for a term of five years and fully vest after either two or three years from the date of grant. Each outstanding option is exercisable to acquire one common share of the Company.

Details of the stock options outstanding as at June 30, 2022 are as follows:

Exercise price	Options outstanding		Options vested	
	Number	Average remaining life in years	Number	Average remaining life in years
\$0.22	399,000	1.8	399,000	1.8
\$0.33	100,000	2.3	100,000	2.3
\$0.42	120,000	4.8	40,000	4.8
\$0.48	700,000	4.4	233,336	4.4
\$0.51	275,000	3.4	91,668	3.4
\$0.53	755,000	3.2	503,338	3.2
\$0.59	1,312,000	0.8	1,312,000	0.8
	3,661,000	2.4	2,679,342	1.9

As of June 30, 2022, there are 3,661,000 stock options outstanding with a weighted average exercise price of \$0.50 (December 31, 2021: \$0.53). The 2,679,342 options exercisable at June 30, 2022 had a \$0.50 weighted average exercise price (December 31, 2021: \$0.54).

11. Commitments and contingent liabilities:*Income taxes*

The Dutch Tax Authority ("DTA") has issued notices of assessment to New Horizon Energy Netherlands B.V., a wholly-owned subsidiary based in the Netherlands ("New Horizon") amounting to 11.0 million Euros (equivalent to \$14.9 million using the June 30, 2022 exchange rate) related to taxation years 2013-2017, including accrued interest. New Horizon has filed objections and the matter is under further review by the DTA. The assessments seek to disallow interest expense deductions related to inter-company loans New Horizon received from Condor and the majority of which were onward loaned on a back-to-back basis to fund exploration and development activities in Kazakhstan. The Company expects to resolve these matters with the DTA without incurring any taxes payable. Assessing whether it is probable that the DTA will accept an uncertain tax treatment and the estimate of the provision, requires significant management judgment related to the interpretation and application of complex tax laws and regulations.

Work commitments

There are no work commitments related to the Poyraz Ridge operating license, the Yakamoz prospect or the Destan operating license in Turkiye.

The Zharkamys contract in Kazakhstan expired in January 2022 and there are no further work commitments.

Going concern

There is material uncertainty about the Company's ability to continue as a going concern (Note 1).

Condor Energies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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12. Financial risk management:*Credit risk*

Credit risk arises from the possibility that a counterparty to which the Company provides goods or services is unable or unwilling to fulfil their obligations.

The Company limits its exposure to credit risk on cash and cash equivalents and bank deposits by depositing and investing in banks with investment grade credit ratings.

Credit risk on trade receivables is related mainly to natural gas marketers, and the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. During the three and six months ended June 30, 2022 and 2021, sales of natural gas and related receivables were sold to one single customer and therefore is subject to concentration risk. As at June 30, 2022, the single gas marketer represented 99% of outstanding trade receivables (December 31, 2021: 98%).

Credit risk is mitigated by management's policies and practices. For gas sales, the Company holds a bank guarantee provided by the buyer of its natural gas amounting to two month's estimated gas sales as security on gas sales receivables. The Company has examined its accounts receivable as at June 30, 2022 and concluded that the amount is valid and collectible.

Liquidity risk and capital management

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations and commitments and repaying liabilities as they fall due. The Company requires liquidity mainly to satisfy financial obligations and operating requirements related to activities in Kazakhstan and Turkiye. The Company has the ability to adjust its capital structure by issuing new equity or debt, disposing of assets and making adjustments to its capital expenditure program to the extent the capital expenditures are not committed.

At June 30, 2022, the Company had accumulated losses of \$207.1 million since inception (December 31, 2021: \$204.9 million). For the three months ended June 30, 2022, the Company reported a net loss of \$0.8 million (2021: \$3.7 million) and cash used in operating activities of \$1.4 million (2021: \$1.3 million), and for the six months ended June 30, 2022, the Company reported a net loss of \$2.2 million (2021: \$5.3 million) and cash used in operating activities of \$2.7 million (2021: \$3.5 million). The Company's working capital balance has decreased from \$3.0 million as at December 31, 2021 to a working capital deficit of \$0.2 million as at June 30, 2022. These conditions indicate a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern (Note 1).

To manage capital and operating spending, budgets are prepared, monitored regularly and updated as required. The Company also utilizes authorizations for expenditures to manage capital spending.

The cash flows presented in the tables below are the contractual undiscounted cash flows and accordingly certain amounts differ from the amounts included in the statement of financial position. The Company's undiscounted contractual obligations are as follows:

(000's)	<1 Year	>1 Year	Total
As at June 30, 2022			
Accounts payable and accrued liabilities	2,995	-	2,995
As at December 31, 2021			
Accounts payable and accrued liabilities	1,701	-	1,701

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Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

Foreign currency exchange risk

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 TRY, 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, 2022 and 2021.

During the six months ended June 30, 2022, the CAD depreciated from 1.27 per 1.00 USD to 1.29, the KZT depreciated from 431.7 per 1.00 USD to 465.1, and TRY depreciated from 13.0 per 1.00 USD to 16.7, which led to a foreign exchange gain of \$0.2 million (2021: loss of \$0.1 million) related mainly to USD denominated cash and cash equivalents held by the Company.

During the six months ended June 30, 2022, the KZT depreciated from 337 per 1.00 CAD to 361, and the TRY depreciated from 10.1 per 1.00 CAD to 12.9, resulting in a \$0.3 million translation loss adjustment through equity (2021: loss of \$0.6 million).

Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company does not have any debt as at June 30, 2022 and therefore has no current exposure to changes in interest rates, except for interest rates on cash and cash equivalents.

Commodity price risk

The Company is exposed to changes in commodity prices inherent in the oil and natural gas industry. Commodity prices for petroleum and natural gas are impacted by economic events and factors which are beyond the Company's control. Fluctuations in petroleum and natural gas prices may have a significant effect on the Company's results of operations and cash flows from operating activities and, subsequently, may also affect the value of the oil and gas properties and the level of spending for exploration and development. The majority of the Company's production is sold under short-term contracts, which exposes the Company to the risk of price movements. The Company had no forward price contracts or derivatives in place at or during the six months ended June 30, 2022 and 2021.

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

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Fair Value of Financial Assets and Liabilities

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods outlined below. The Company's fair value measurements are classified as one of the following levels of the fair value hierarchy. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability:

Level 1 – Inputs represent unadjusted quoted prices in active markets for identical assets and liabilities as of the reporting date. An active market is characterized by a high volume of transactions that provides pricing information on an ongoing basis.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These valuations are based on inputs that can be observed or corroborated in the marketplace, such as market interest rates or forward prices for commodities.

Level 3 – Inputs for the asset or liability are not based on observable market data.

The fair value of the Company's cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities balances approximate their carrying value at June 30, 2022 and December 31, 2021, due to their short term to maturity.

13. Supplementary cash flow information:

The Company received interest income of \$0.01 million for the six months ended June 30, 2022 (2021: \$0.02 million) and did not pay any income tax in 2022 or 2021.

14. Segmented information:

The Company has the following operating and reporting segments related to foreign subsidiaries, and presents the following segmented information:

(000's)	Corporate	Kazakhstan	Turkiye	Total
<u>As at June 30, 2022</u>				
Exploration and evaluation assets	-	-	3,050	3,050
Property, plant and equipment	42	481	1,228	1,751
Total assets	1,958	1,010	5,733	8,701
Total liabilities	539	1,655	2,824	5,018
<u>As at December 31, 2021</u>				
Exploration and evaluation assets	-	-	2,238	2,238
Property, plant and equipment	61	528	14	603
Total assets	4,561	1,042	3,098	8,701
Total liabilities	605	1,557	1,516	3,678

Condor Energies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022 and 2021

Segmented information (000's)	Corporate	Kazakhstan	Turkiye	Total
<u>For the three months ended June 30, 2022</u>				
Property, plant and equipment expenditures	-	-	1,329	1,329
Revenue				
Natural gas sales	-	-	606	606
Royalties	-	-	(80)	(80)
Total revenue	-	-	526	526
Expenses				
Production costs	-	-	134	134
Transportation and selling	-	-	6	6
General and administrative	953	160	179	1,292
Depletion and depreciation	10	5	208	223
Stock based compensation	45	-	-	45
Finance income	(6)	-	-	(6)
Finance expense	37	-	-	37
Foreign exchange gain	(131)	-	-	(131)
Net monetary gain	-	-	(303)	(303)
Net income (loss)	(908)	(165)	302	(771)
<u>For the three months ended June 30, 2021</u>				
Exploration and evaluation expenditures	-	1	2,409	2,410
Revenue				
Natural gas sales	-	-	223	223
Royalties	-	-	(30)	(30)
Total revenue	-	-	193	193
Expenses				
Production costs	-	-	185	185
Transportation and selling	-	-	90	90
General and administrative	747	227	163	1,137
Depletion and depreciation	10	12	111	133
Impairment	-	-	2,221	2,221
Stock based compensation	31	-	-	31
Finance income	(38)	-	-	(38)
Finance expense	54	-	-	54
Foreign exchange loss	107	-	-	107
Net loss	(911)	(239)	(2,577)	(3,727)

Condor Energies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2022 and 2021

Segmented information (000's)	Corporate	Kazakhstan	Turkiye	Total
<u>For the six months ended June 30, 2022</u>				
Property, plant and equipment expenditures	-	-	1,329	1,329
Revenue				
Natural gas sales	-	-	866	866
Royalties	-	-	(114)	(114)
Total revenue	-	-	752	752
Expenses				
Production costs	-	-	285	285
Transportation and selling	-	-	32	32
General and administrative	1,872	311	377	2,560
Depletion and depreciation	20	11	324	355
Stock based compensation	80	-	-	80
Finance income	(8)	-	-	(8)
Finance expense	76	-	-	76
Foreign exchange gain	(169)	-	-	(169)
Net monetary gain	-	-	(303)	(303)
Net income (loss)	(1,871)	(322)	37	(2,156)
<u>For the six months ended June 30, 2021</u>				
Exploration and evaluation expenditures	-	2	2,409	2,411
Revenue				
Natural gas sales	-	-	574	574
Condensate sales	-	-	11	11
Royalties	-	-	(77)	(77)
Total revenue	-	-	508	508
Expenses				
Production costs	-	-	403	403
Transportation and selling	-	-	198	198
General and administrative	1,592	402	395	2,389
Depletion and depreciation	20	24	323	367
Impairment	-	-	2,221	2,221
Stock based compensation	67	-	-	67
Finance income	(67)	-	-	(67)
Finance expense	108	-	-	108
Foreign exchange loss	128	-	-	128
Net loss	(1,848)	(426)	(3,032)	(5,306)