CONDOR
ENERGIES INC

Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

Condor Energies Inc.

Consolidated Statements of Financial Position (Unaudited)
Stated in thousands of Canadian dollars

As at	Note	**June 30, 2023**	**December 31, 2022**
Assets			
Cash and cash equivalents		1,727	3,751
Trade and other receivables		44	353
Other current assets	2	499	300
Total current assets		2,270	4,404
Exploration and evaluation assets	3	2,823	3,302
Property, plant and equipment	4	1,627	1,939
Other long term assets	5	270	417
Total assets		6,990	10,062
Liabilities			
Accounts payable and accrued liabilities		1,162	1,626
Current portion of lease liabilities		93	93
Current portion of provisions	7	294	295
Total current liabilities		1,549	2,014
Lease liabilities		54	99
Long term borrowings	6	450	-
Provisions	7	1,599	1,652
Total liabilities		3,652	3,765
Equity			
Share capital	8	276,543	276,543
Contributed surplus		22,030	21,686
Accumulated other comprehensive loss		(84,308)	(83,930)
Deficit		(210,927)	(208,002)
Total equity		3,338	6,297
Total liabilities and equity		6,990	10,062

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

See subsequent events disclosed in Notes 1, 6 and 12.

Condor Energies Inc.

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
Stated in thousands of Canadian dollars
(except for per share amounts)

For the period ended June 30	Note	Three months 2023	Three months 2022	Six months 2023	Six months 2022
Revenue					
Natural gas and condensate sales	15	12	606	423	866
Royalties		(1)	(80)	(60)	(114)
Total revenue		11	526	363	752
Expenses					
Production costs		164	134	402	285
Transportation and selling		1	6	11	32
General and administrative		1,126	1,292	2,270	2,560
Depletion and depreciation	4	517	223	742	355
Stock based compensation	10	66	45	177	80
Total expenses		(1,874)	(1,700)	(3,602)	(3,312)
Finance income		22	6	50	8
Finance expense		(58)	(37)	(78)	(76)
Foreign exchange gain	13	55	131	59	169
Gain on property, plant and equipment sales	4	133	-	133	-
Net monetary gain (loss)	11	(376)	303	150	303
Net loss		(2,087)	(771)	(2,925)	(2,156)
Items that may be reclassified to profit or loss:					
Foreign currency translation adjustment		(304)	(115)	(378)	(264)
Comprehensive loss		(2,391)	(886)	(3,303)	(2,420)
Net loss per share					
Basic and diluted net loss per share	9	(0.04)	(0.02)	(0.05)	(0.05)

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 2023	Three months 2022	Six months 2023	Six months 2022
Operating activities:					
Net loss		(2,087)	(771)	(2,925)	(2,156)
Items not affecting cash:					
Depletion and depreciation	4	517	223	742	355
Stock based compensation		66	45	177	80
Finance expenses		8	36	21	75
Unrealized foreign exchange (gain) loss		-	103	(8)	60
Gain on property, plant and equipment sales	4	(133)	-	(133)	-
Net monetary (gain) loss	11	359	(303)	(164)	(303)
Changes in non-cash working capital		169	(772)	(358)	(795)
Cash used in operating activities		(1,101)	(1,439)	(2,648)	(2,684)
Investing activities:					
Property, plant and equipment expenditures	4	(26)	(1,249)	(35)	(1,249)
Proceeds from property, plant and equipment sales	4	133	-	133	-
Changes in non-cash working capital		27	1,307	27	1,307
Cash from investing activities		134	58	125	58
Financing activities:					
Proceeds from borrowings		617	-	617	-
Lease payments		(23)	-	(45)	-
Cash from financing activities		594	-	572	-
Change in cash		(373)	(1,381)	(1,951)	(2,626)
Effect of foreign exchange on cash		(65)	133	(73)	89
Cash and cash equivalents, beginning		2,165	3,334	3,751	4,623
Cash and cash equivalents, ending		1,727	2,086	1,727	2,086

The accompanying notes are an integral part of these interim condensed 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, 2021	45,198,434	273,191	21,350	(84,580)	(204,938)	5,023
Impact of hyperinflation	-	-	-	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
As at December 31, 2022	56,164,453	276,543	21,686	(83,930)	(208,002)	6,297
Issue of warrants	-	-	167	-	-	167
Stock based compensation expense	-	-	177	-	-	177
Foreign currency translation adjustment	-	-	-	(378)	-	(378)
Net loss	-	-	-	-	(2,925)	(2,925)
As at June 30, 2023	56,164,453	276,543	22,030	(84,308)	(210,927)	3,338

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

1. Corporate information:

Reporting entity:

Condor Energies Inc. ("Condor" or the "Company") is a publicly traded company listed on the Toronto Stock Exchange ("TSX") under the symbol "CDR" with activities in the Republic of Turkiye ("Turkiye") and the Republic of Kazakhstan ("Kazakhstan"). The address of the Company's registered office is 1000, 521 – 3rd Avenue SW, Calgary, Alberta, Canada, T2P 3T3.

The interim condensed consolidated financial statements (the "financial statements") of the Company as at June 30, 2023 and December 31, 2022 and for the three and six months ended June 30, 2023 and 2022 comprise the Company and its subsidiaries. The financial statements were approved and authorized for issue on August 14, 2023 by the Board of Directors.

Nature of operations:

The Company has 100% interest in and operates the Poyraz Ridge and Destan operating licenses and gas fields in Turkiye. The licenses had an expiry date of June 8, 2023 and, provided that the Company has performed its obligations under the respective work programs and future production is expected, each license may be extended until 2035 upon approval of the competent authority in Turkiye. The Company has performed its obligations under the work programs and applied for an extension to each license in December 2022. Despite a mandated sixty-day response period by the competent authority, the approvals remain outstanding due to industry and government related delays not specifically related to the Company. During the interim period between the expiry date of the licenses and the extension approvals being granted, the licenses are deemed to be under review and Turkish law provides and requires that production, sales and operations continue on the properties and royalties be accrued and paid until the extensions are approved or the licenses are terminated.

In July 2023, the Government of Kazakhstan awarded Condor a lithium brine mining license in Kazakhstan. The Company holds a 100% working interest in the lithium license which provides the subsurface exploration rights for solid minerals for a six-year term.

During the preparation of these financial statements, management determined there are no conditions or events which may cast significant doubt as to the Company's ability to continue as a going concern. However, the Company's future financial results and longer-term success are dependent on the ability to obtain additional capital from debt or equity financings or completing other arrangements to fund the Company's exploration and development activities and to generate positive cash flow from operations. The occurrence and timing of these events is uncertain, and the Company will be monitoring its liquidity and the going concern assessment in future periods to determine if the current conclusions remain appropriate.

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 annual consolidated financial statements for the year ended December 31, 2022. The financial statements are reported in Canadian dollars ("CAD") which is the functional currency of the Company. The Company's subsidiary in Kazakhstan has a Kazakhstan Tenge ("KZT") functional currency. One of the Company's subsidiaries in the Netherlands which has a branch in Turkey ("Turkey Branch") has a Turkish Lira ("TRY") functional currency.

The accounting policies used to prepare these financial statements are consistent with the policies at December 31, 2022, other than the adoption of the amendments to IAS 1 "Presentation of Financial Statements" on January 1, 2023 in relation to the classification of liabilities as either current or non-current, which had no impact on the Company's financial statements.

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 and income taxes.

2. Other current assets:

As at (000's)	**June 30, 2023**	**December 31, 2022**
Prepaid expenses	401	189
Inventory	67	84
Value added tax receivables	31	27
	499	300

3. Exploration and evaluation assets:

As at (000's)	**June 30, 2023**	**December 31, 2022**
Opening balance	3,302	2,238
Change in decommissioning costs	24	21
Impact of hyperinflation (Note 11)	(45)	1,590
Foreign currency translation adjustment	(458)	(547)
Closing balance	2,823	3,302

Exploration and evaluation assets as of June 30, 2023 comprise 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, 2023.

4. Property, plant and equipment:

(000's)	Oil and gas properties	Other equipment	Total
Cost			
As at December 31, 2021	13,237	1,715	14,952
Capital expenditures	1,785	207	1,992
Transfers	100	(100)	-
Change in decommissioning costs	5	-	5
Property, plant and equipment sales	(209)	(1)	(210)
Impact of hyperinflation	142	-	142
Foreign currency translation adjustment	(1,076)	(21)	(1,097)
As at December 31, 2022	13,984	1,800	15,784
Capital expenditures	22	13	35
Change in decommissioning costs	25	-	25
Property, plant and equipment sales	-	(108)	(108)
Impact of hyperinflation	207	-	207
Foreign currency translation adjustment	(1,270)	(16)	(1,286)
As at June 30, 2023	12,968	1,689	14,657
Accumulated depletion, depreciation and impairment			
As at December 31, 2021	(13,237)	(1,112)	(14,349)
Depletion and depreciation	(620)	(55)	(675)
Transfers	(51)	51	-
Property, plant and equipment sales	206	1	207
Impact of hyperinflation	(24)	-	(24)
Foreign currency translation adjustment	956	40	996
As at December 31, 2022	(12,770)	(1,075)	(13,845)
Depletion and depreciation	(218)	(72)	(290)
Property, plant and equipment sales	-	108	108
Impact of hyperinflation	5	-	5
Foreign currency translation adjustment	980	12	992
As at June 30, 2023	(12,003)	(1,027)	(13,030)
Net book value			
As at December 31, 2022	1,214	725	1,939
As at June 30, 2023	965	662	1,627

The net book value of the property plant and equipment is comprised mainly of costs related to the P-7 well drilled in 2022 as all other wells and equipment have nil carrying value. As a result, movements in decommissioning obligations, other than those related to the P-7 well, are recognized as depletion and depreciation expense and amounted to $0.4 million for the six months ended June 30, 2023 (2022: $0.2 million) resulting in total depletion and depreciation expense of $0.7 million for the six months ended June 30, 2023 (2022: $0.4 million).

There were no indicators of impairment or impairment reversal as at June 30, 2023.

Other equipment includes field equipment and capital inventory of $0.5 million (2022: $0.5 million) which are not subject to depletion.

5. Other long term assets:

Other long term assets are comprised of non-current bank deposits of $0.27 million as of June 30, 2023 (December 31, 2022: $0.42 million) and are substantially all denominated in United States Dollars ("USD") and invested in special interest bearing accounts comprised of $0.15 million (December 31, 2022: $0.17 million) for decommissioning obligations in Kazakhstan, Turkiye, and Canada and $0.12 million (December 31, 2022: $0.25 million) related to the Poyraz Ridge pipeline surface access expropriation in Turkiye.

6. Long term borrowings:

On June 30, 2023, the Company established a term loan facility ("Loan Facility") comprised of separate loans from a group of arm's length lenders ("Lenders") made pursuant to credit agreements ("Credit Agreements") between Condor and each Lender having an aggregate principal amount of USD 5.9 million (CAD 7.8 million). The Credit Agreements are on substantially the same terms, other than the timing for principal repayment and the effective date of completion. The Loan Facility is unsecured, non-revolving, has a three-year term, bears interest at 9.0% to be paid quarterly, is available for general corporate purposes and has no associated financial covenants.

The Loan Facility was completed in two tranches comprising USD 0.5 million (CAD 0.7 million) with an effective date of June 30, 2023 and principal due at maturity on June 30, 2026 and, subsequent to period end, USD 5.4 million (CAD 7.1 million) with an effective date of July 14, 2023 of which USD 2.6 million (CAD 3.4 million) of principal is due at maturity on July 14, 2026 and USD 2.8 million (CAD 3.7 million) of principal is due in eight equal quarterly payments commencing on October 14, 2024 and the final payment due on July 14, 2026.

In connection with the Loan Facility, the Company issued a total of 2,600,002 common share purchase warrants ("Loan Warrants") in two tranches, each at an exercise price of $0.48 per share and exercisable into an equal number of common shares of Condor for a three-year term from the respective effective date. Each Lender received 1/3 of a Loan Warrant for each dollar contributed to the Loan Facility and an intermediary received 1/6 of a Loan Warrant for each dollar of the Loan Facility loaned by a Lender introduced by the intermediary to the Company.

On June 30, 2023, the Company issued 255,000 Loan Warrants with an issue date fair value of $0.17 million which, along with loan issuance costs of $0.06 million are amortized over the term of the loan using the effective interest method. The fair value of each Loan Warrant is estimated using the Black-Scholes option pricing model assuming: 3.0 year expected life; 4.2% risk free interest rate; 100.6% expected volatility based on actual Company historical share price volatility; and an issue date share price of $0.91 per share.

Subsequent to period end, on July 14, 2023, the Company issued 2,345,002 Loan Warrants with an issue date fair value of $2.0 million which is amortized over the term of the loan using the effective interest method. The fair value of each Loan Warrant is estimated using the Black-Scholes option pricing model assuming: 3.0 year expected life; 4.3% risk free interest rate; 101.8% expected volatility based on actual Company historical share price volatility; and an issue date share price of $1.10 per share.

As of June 30, 2023, the Loan Facility is comprised of $0.68 million of non-current principal, zero interest payable and un-amortized issuance costs of $0.23 million for a net carrying value of $0.45 million. As of June 30, 2023, the Company is in compliance with all non-financial covenants.

7. Provisions:

As at (000's)	June 30, 2023	December 31, 2022
Beginning non-current portion	1,652	1,568
Increase in liabilities	-	80
Change in estimates	503	255
Accretion expense	26	182
Foreign currency translation adjustment	(582)	(433)
Ending non-current portion	1,599	1,652
Beginning current portion	295	409
Settlements	-	(116)
Change in estimates	-	6
Foreign currency translation adjustment	(1)	(4)
Ending current portion	294	295

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, 2023, the estimated total uninflated and undiscounted cash flows required to settle the current and non-current liabilities are $1.9 million (December 31, 2022: $2.0 million), which are expected to be incurred between 2023 and 2026.

The net present value of the decommissioning obligations is calculated with an inflation rate of 2.6% (December 31, 2022: 2.6%) and risk-free discount rate of 3.6% (December 31, 2022: 3.6%).

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, 2023 the number of common shares issued is 56,164,453 (December 31, 2022: 56,164,453).

As of June 30, 2023, the Company has 580,980 outstanding warrants exercisable into an equal number of common shares of Condor comprising 325,980 warrants at $0.38 per share on or before December 14, 2024 and 255,000 Loan Warrants at $0.48 per share on or before June 30, 2026 (Note 6).

9. Net loss per share:

Per share amounts are calculated using a weighted average number of common shares of 56,164,453 for the six months ended June 30, 2023 (2022: 45,198,434 shares). For periods with a net loss, outstanding stock options and warrants have been excluded from the respective calculations of diluted weighted average common shares as to include them would be anti-dilutive.

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, 2023 are as follows:

	Options outstanding		Options vested	
Exercise price	**Number**	**Average remaining life in years**	**Number**	**Average remaining life in years**
$0.22	372,000	0.8	372,000	0.8
$0.31	1,000,000	4.7	333,334	4.7
$0.33	100,000	1.3	100,000	1.3
$0.39	1,150,000	4.4	383,336	4.4
$0.42	120,000	3.8	80,000	3.8
$0.48	800,000	3.6	500,006	3.5
$0.51	225,000	2.4	150,001	2.4
$0.53	655,000	2.2	655,000	2.2
	4,422,000	3.5	2,573,677	2.9

As of June 30, 2023, there are 4,422,000 stock options outstanding with a weighted average exercise price of $0.40 (December 31, 2022: $0.47). The 2,573,677 options exercisable at June 30, 2023 had a $0.41 weighted average exercise price (December 31, 2022: $0.48).

In March 2023, 1,000,000 stock options were granted and the fair value of $0.20 per option was estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life; a 3.2% risk free interest rate; a 87.9% expected volatility, which is based on historical share price volatility of the Company; a grant date share price of $0.32; and an exercise price of $0.31.

In May 2023, 100,000 stock options were granted and the fair value of $0.33 per option was estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life; a 3.8% risk free interest rate; a 87.9% expected volatility, which is based on historical share price volatility of the Company; a grant date share price of $0.52; and an exercise price of $0.48.

11. Net monetary gain (loss):

To measure the impact of inflation on its financial position and results, the Company has elected to use the Turkish consumer price index (“Turkish CPI”) as published by the Turkish Statistical Institute “TURKSTAT”. The value of the Turkish CPI at June 30, 2023 was 1,352 points (December 31, 2022: 1,128 points). For the six months ended June 30, 2023, the Turkish CPI increased 224 points or 19.8% and the Company recognized a corresponding net monetary gain of $0.15 million to restate transactions into a measuring unit current as of June 30, 2023.

12. Commitments and contingent liabilities:

Income taxes

The inquiries from the Dutch Tax Authority (“DTA”) have been fully addressed with no taxes or interest being charged or payable. The DTA previously issued notices of assessment to a wholly owned subsidiary of the Company based in the Netherlands related to taxation years 2013–2017 seeking to disallow interest expense deductions related to inter-company loans received in the Netherlands and onward loaned on a back-to-back basis to another wholly owned Company subsidiary to fund activities in Kazakhstan.

Work commitments

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

In July 2023 the Company was awarded an exploration license for lithium mining by the Government of Kazakhstan and became responsible for contractual work commitments of $0.2 million per annum during the first three years and $0.3 million per annum during the final three years of the six-year term.

13. 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, 2023 and 2022, sales of natural gas and related receivables were sold to one single customer and therefore is subject to concentration risk. As at June 30, 2023, the single gas marketer represented 100% of outstanding trade receivables (December 31, 2022: 85%).

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, 2023 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, 2023, the Company had accumulated losses of $210.9 million since inception (December 31, 2022: $208.0 million). For the three months ended June 30, 2023, the Company reported a net loss of $2.1 million (June 30, 2022: $0.8 million) and cash used in operating activities of $1.1 million (June 30, 2022: $1.4 million), and for the six months ended June 30, 2023, the Company reported a net loss of $2.9 million (June 30, 2022: $2.2 million) and cash used in operating activities of $2.6 million (June 30, 2022: $2.7 million). The Company's working capital balance has decreased from $2.4 million as at December 31, 2022 to $0.7 million as at June 30, 2023. Subsequent to period end, on July 14, 2023, the Company completed the second tranche of the Loan Facility and received an additional $7.1 million (Note 6), thereby increasing the Company's respective cash and working capital balances accordingly.

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)	Less than 1 year	Greater than 1 year	Total
As at June 30, 2023			
Accounts payable and accrued liabilities	1,162	-	1,162
Lease liabilities	93	54	147
Long term borrowings		450	450
As at December 31, 2022			
Accounts payable and accrued liabilities	1,626	-	1,626
Lease liabilities	93	99	192

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 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 as at or during the six months ended June 30, 2023 and 2022.

During the six months ended June 30, 2023, the CAD appreciated from 1.35 per 1.00 USD to 1.32, the KZT appreciated from 462.7 per 1.00 USD to 454.1, and TRL depreciated from 18.7 per 1.00 USD to 25.8, which led to a foreign exchange gain of less than $0.1 million (2022: gain of $0.2 million) related mainly to USD denominated cash and cash equivalents held by the Company.

During the six months ended June 30, 2023, the KZT remained consistent at 342 per 1.00 CAD, and the TRL depreciated from 13.7 per 1.00 CAD to 19.6, resulting in a $0.4 million translation loss adjustment through equity (2022: loss of $0.3 million).

Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The interest rate on the Company's long term borrowings at June 30, 2023 is fixed 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 oil 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 as at or during the six months ended June 30, 2023 or 2022.

Natural gas sales in Turkiye 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 Turkiye is BOTAS Level 2 wholesale tariffs less a marketing differential.

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 as at June 30, 2023 and December 31, 2022, due to their short term to maturity. The fair value measurement of the Company's Loan Facility has a fair value hierarchy of level 2.

14. Supplementary cash flow information:

The Company received interest income of $0.02 million for the three months (2022: $0.008 million) and $0.05 million for the six months (2022: $0.01 million) ended June 30, 2023 and did not pay any income tax in 2023 or 2022.

15. 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
As at June 30, 2023				
Exploration and evaluation assets	-	-	2,823	2,823
Property, plant and equipment	158	495	974	1,627
Total assets	1,643	1,000	4,347	6,990
Total liabilities	1,153	803	1,696	3,652
As at December 31, 2022				
Exploration and evaluation assets	-	-	3,302	3,302
Property, plant and equipment	218	500	1,221	1,939
Total assets	3,946	646	5,470	10,062
Total liabilities	839	1,269	1,657	3,765

Segmented information (000's)	Corporate	Kazakhstan	Turkiye	Total
For the three months ended June 30, 2023				
Property, plant and equipment expenditures	-	-	26	26
Revenue				
Natural gas sales	-	-	15	15
Condensate sales	-	-	(3)	(3)
Royalties	-	-	(1)	(1)
Total revenue	-	-	11	11
Expenses				
Production costs	-	-	164	164
Transportation and selling	-	-	1	1
General and administrative	807	200	119	1,126
Depletion and depreciation	32	2	483	517
Stock based compensation	66	-	-	66
Finance income	(22)	-	-	(22)
Finance expense	58	-	-	58
Foreign exchange gain	(55)	-	-	(55)
Gain on property, plant and equipment sales	-	(133)	-	(133)
Net monetary loss	-	-	376	376
Net income (loss)	(886)	(69)	(1,132)	(2,087)
For the three months ended June 30, 2022				
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)

Segmented information (000's)	Corporate	Kazakhstan	Turkiye	Total
For the six months ended June 30, 2023				
Property, plant and equipment expenditures	6	-	29	35
Revenue				
Natural gas sales	-	-	411	411
Condensate sales	-	-	12	12
Royalties	-	-	(60)	(60)
Total revenue	-	-	363	363
Expenses				
Production costs	-	-	402	402
Transportation and selling	-	-	11	11
General and administrative	1,610	388	272	2,270
Depletion and depreciation	66	4	672	742
Stock based compensation	177	-	-	177
Finance income	(50)	-	-	(50)
Finance expense	78	-	-	78
Foreign exchange gain	(59)	-	-	(59)
Gain on property, plant and equipment sales	-	(133)	-	(133)
Net monetary gain	-	-	(150)	(150)
Net income (loss)	(1,822)	(259)	(844)	(2,925)

Segmented information (000's)	Corporate	Kazakhstan	Turkiye	Total
For the six months ended June 30, 2022				
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)