Management's Discussion and Analysis
For the years ended December 31, 2023 and 2022
Dated March 25, 2024

BUSINESS DESCRIPTION AND READER GUIDANCE

Condor Energies Inc. ("Condor" or the "Company") is an internationally focused energy transition company incorporated on October 20, 2006 and uniquely positioned on the doorstep of European and Asian markets. With producing natural gas assets in Uzbekistan and Türkiye, an ongoing initiative to construct and operate Central Asia's first LNG facility in Kazakhstan, and a separate initiative to develop and produce lithium brine in Kazakhstan, the Company has built a strong foundation for reserves, production and cashflow growth while also striving to minimize its environmental footprint. Condor is a publicly traded company listed on the Toronto Stock Exchange ("TSX") under the symbol "CDR". Additional information relating to the Company, including its Annual Information Form for the year ended December 31, 2023, is available on SEDAR+ at: www.sedarplus.ca.

The Company's Management's Discussion and Analysis ("MD&A") which follows should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022 (the "Financial Statements"). The Financial Statements have been prepared in accordance with IFRS Accounting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board. This MD&A is dated March 25, 2024, the date that Condor's Board of Directors approved the Financial Statements and MD&A.

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

OVERALL PERFORMANCE

Highlights

- The Company executed a production enhancement contract in January 2024 to increase gas volumes and overall recovery rates from eight conventional natural gas-condensate fields in Uzbekistan and the Company's operations commenced on March 1, 2024.
- The Company received a natural gas allocation in January 2024 in Kazakhstan to be used as feed gas for the Company's first modular liquefied natural gas ("LNG") production facility.
- In July 2023, Condor was awarded a contiguous 37,300-hectare lithium brine mining license in Kazakhstan for a six-year term.
- On March 22, 2024, the Company issued three-year term convertible debentures bearing 9.0% interest per annum and convertible into 2,950,336 common shares for gross proceeds of USD $4.8 million (CAD $6.5 million). While minimizing shareholder dilution, this funding amount also ensures the Company continues advancing its near-term capital programs prior to receiving Uzbekistan gas sales proceeds.

- The Company completed a USD $5.9 million (CAD $7.8 million) three-year term loan facility in July 2023 that bears interest at 9% per annum and is available for working capital requirements and general corporate purposes.

Production Enhancement Contract in Uzbekistan

In January 2024, the Company executed a production enhancement contract (the "PEC Project") with the Government of Uzbekistan to increase the production and overall recovery rates from an integrated cluster of eight conventional natural gas-condensate fields in the Country (the "Fields") and production operations commenced on March 1, 2024. The PEC Project will increase the country's domestic supply of natural gas while also contributing to carbon emission reductions.

Condor, through a local subsidiary, conducts production enhancement services under an agreement with Uzbekistan national company JSC Uzbekneftegaz. Produced natural gas is sold to the authorized state entity responsible for the purchase and sale of natural gas for use in the domestic market. Condor is responsible for all costs of the PEC Project, and in exchange for performing its services, the Company receives a percentage of net revenues realized from the PEC Project.

The Fields consist of stacked carbonate and clastic reservoirs that are geologically similar to those in the Western Canadian Sedimentary Basin. The Fields are experiencing high annual decline rates and low recovery factors which the Company intends to mitigate while also reducing carbon emissions by introducing proven modern technologies and operating techniques. Production increases are planned by implementing artificial lift, workover and infill drilling programs and investigating deeper horizons in the Fields that are productive in other regions of the country. Seismic reprocessing and a 3-D seismic program are also planned to support these efforts. Reservoir and production data is currently being collected and a reserve report compliant with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities will be completed thereafter. The Company is honoured to be selected as JSC Uzbekneftegaz's first Western strategic operating partner to contribute to increasing Uzbekistan's natural gas production rates and recoverable reserves.

LNG in Kazakhstan

In January 2024, the Company received a natural gas allocation from the Government of Kazakhstan to be used as feed gas for the Company's first modular LNG production facility. The feed gas will be liquefied to produce up to 350 Tonnes per day (210,000 gallons per day) of LNG, which can fuel approximately 125 rail locomotives or 215 large mine haul trucks (150 Tonne haul capacity) while contributing to carbon emissions reductions by displacing diesel fuel usage. Front-end engineering and design are complete and detailed engineering will commence in 2024. Discussions are underway with end-users to confirm LNG volume commitments and the Company is reviewing project funding alternatives before proceeding with construction.

The Company's LNG initiative fully supports the strategy of the Government of Kazakhstan to materially expand the Trans-Caspian International Transport Route ("TITR") which links a major Asian trade route with Europe. LNG will be used as a domestically produced low-carbon substitute to diesel fuel to address the increased usage of rail locomotives and transport trucks between China and the Caspian Sea and the marine vessels used to cross the Caspian Sea.

Lithium License in Kazakhstan

In July 2023, the Government of Kazakhstan awarded Condor its first lithium brine mining license and the Company holds a 100% working interest in the contiguous 37,300-hectare area which provides the subsurface exploration rights for solid minerals for a six-year term (the "Lithium License"). Given its strategic access to Asian and European lithium markets, this region is ideally suited for the rapid deployment of emerging North American and European lithium Direct Lithium Extraction ("DLE") technologies to generate lithium for EV batteries and other electricity storage applications.

A prior well drilled in the Lithium License for hydrocarbon exploration encountered and tested brine deposits with lithium concentrations of 67 milligrams per litre in Carboniferous-aged intervals as reported by the Ministry of Geology of the Republic of Kazakhstan. A 670-meter column of tested and untested brine reservoir has been identified from historical wireline log and core data. This well also penetrated the very top of the Devonian-aged sediments and reservoir sands were encountered but not tested.

The Company is not treating this historical estimate as current mineral resources or mineral reserves as additional drilling and testing is necessary, and a qualified person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves. It is uncertain if further drilling will result in the area being delineated as a mineral resource or reserve. The historical lithium concentration estimate should not be relied upon as indicative of the actual lithium concentration or the likelihood that the Company will be able to achieve similar production results.

Since the Lithium License is not associated with legacy oil wells nor any reported presence of hydrogen sulphide, a less complex and less capital intensive modular DLE technology is envisioned for the separation of lithium from the brine when compared with lithium extraction projects targeting oilfield brines. By applying proven DLE production technologies, the Company expects to have a much smaller environmental footprint than existing lithium production operations which use open-pit mining or brine evaporation ponds. The Company is also evaluating the construction of a renewable power generation project to achieve net-zero emissions for its lithium production.

The Company incurred $0.3 million in exploration and evaluation expenditures associated with the Lithium License during the year ended December 31, 2023. The Company's initial development plan for the Lithium License includes drilling and testing two wells to verify deliverability rates, confirm the lateral extension and concentrations of lithium in the tested and untested intervals, conduct preliminary engineering for the production facilities, and prepare a mineral resources or mineral reserves report compliant with National Instrument 43-101 Standards of Disclosure for Mineral Projects.

Convertible Debentures issued in March 2024

On March 22, 2024, the Company issued convertible debentures (the "Debentures") convertible into 2,950,336 common shares for gross proceeds of USD $4.8 million (CAD $6.5 million). Debt issue costs are estimated at CAD $0.2 million. The Debentures are unsecured, bear interest at 9.0% payable in cash semi-annually in arrears, mature in three years, and the principal amount is convertible at any time on or before the maturity date at a conversion price of USD $1.61676 per common share. The Debentures, and any shares issued upon conversion, cannot be sold or transferred without an exemption from applicable securities laws for four months and a day after March 22, 2024. After the initial four month and a day hold period, the Company can force conversion of the Debentures if the 20-day volume weighted average trading price of the Company's shares on the TSX exceeds CAD $3.00. The proceeds are available for general corporate purposes. The Debentures have no associated financial covenants.

Loan Facility issued in July 2023

In June and July of 2023, the Company completed a USD $5.9 million (CAD $7.8 million) loan facility that bears interest at 9.0% per annum (the "Loan Facility") and issued 2,600,002 common share purchase warrants each at an exercise price of $0.48 per common share and exercisable into one common share of Condor for a three-year term. The Loan Facility is unsecured, non-revolving, has a three-year term, requires quarterly interest payments in arrears and is being used for working capital requirements and general corporate purposes. The Loan Facility has no associated financial covenants.

Türkiye Operations

Gas production decreased 74% to 38,097 Mcf or an average of 104 Mcf per day for the year ended December 31, 2023 from 146,355 Mcf or an average of 401 Mcf per day in 2022. The Company also produced 9 barrels of condensate in 2023 compared to 474 barrels in 2022. The 2022 gas production average was much higher due to the successfully drilled Poyraz 7 infill well that began producing in June 2022 but has since naturally declined. The other Poyraz Ridge wells have been producing for more than six years with water production and natural pressure declines reducing gas production rates.

Condor is seeking a partner to fund development plans at the Yakamoz field located 2 km north of the existing Poyraz Ridge gas field and development of Yakamoz could include re-entering, casing and fully evaluating the Yak 1-ST well, drilling the Yak-2 well, and connecting Yakamoz by pipeline into the Poyraz Ridge production and sales facilities. There is no assurance that the Company will be successful with this initiative and the outcome of this matter is uncertain.

SELECTED FINANCIAL INFORMATION

As at, and for the years ended December 31,

(000's except for share amounts)	2023	2022	2021
Natural gas and condensate sales	643	3,607	883
Total revenue (sales less royalties)	552	3,119	768
Net loss	(11,392)	(3,064)	(11,327)
Net loss per share (basic and diluted)	(0.20)	(0.07)	(0.26)
Total assets	6,769	10,062	8,701
Non-current financial liabilities	5,504	99	-

RESULTS OF OPERATIONS

Production and Reserves

For the year ended December 31	2023	2022	Change	Change %
Natural gas (Mcf)	38,097	146,355	(108,258)	(74%)
Natural gas (Mcf per day)	104	401	(297)	(74%)
Condensate (bbl)	9	474	(465)	(98%)
Condensate (barrels per day)	0.0	1.3	1.3	(98%)

Natural gas production decreased 74% to 38,097 Mcf or an average of 104 Mcf per day for the year ended December 31, 2023 from 146,355 Mcf or an average of 401 Mcf per day in 2022 due mainly to: the maturing Poyraz Ridge field which has been producing for six years with water production and natural pressure declines impeding gas production rates; higher production in 2022 related to the Poyraz 7 infill well which began producing in mid-June 2022, reached payout in mid-October 2022, but has since naturally declined; and no production from the Destan field since being shut-in during Q1 of 2022 due to a field unit compressor failure which, after significant difficulties in sourcing replacement parts, equipment and servicing technicians, has recently been replaced and the Destan field recommenced production in early February of 2024. Overall production has averaged 131 Mcf per day in 2024 to date.

Based on the declining production performance, negative cash used in operating activities, and the Company's prevailing development plans, indicators of impairment were identified and an impairment test was performed as of December 31, 2023. As a result, the properties were fully written off as impairment expense during the fourth quarter of 2023 as the recoverable amount was deemed to be $Nil. There are no economic reserves related to the Poyraz Ridge or Destan properties as of December 31, 2023.

Sales

Natural gas sales decreased to $0.05 million on 3,448 Mcf or $14.79 per Mcf for the three months ended December 31, 2023 (2022: $0.92 million on 26,872 Mcf or $34.35 per Mcf) and decreased to $0.64 million on 31,671 Mcf or $20.30 per Mcf for the year ended December 31, 2023 (2022: $3.30 million on 131,206 Mcf or $25.14 per Mcf) due mainly to lower production volumes and natural gas prices in 2023.

Condensate sales decreased to $0.03 million on 234 barrels sold at $123.01 per barrel in 2023 compared to $0.05 million on 350 barrels sold at $137.14 per barrel in 2022.

Marketing

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

Gas from the neighbouring Destan gas field 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. 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 the Turkish Petroleum Corporation, the Turkish national oil company.

Royalties

Royalties decreased to $0.09 million for the year ended December 31, 2023 from $0.45 million in 2022 due mainly to lower natural gas production and sales prices in 2023. The Company is subject to a flat royalty rate of 12.5% of natural gas production and condensate sales.

Production costs

Total production costs increased to $0.82 million for the year ended December 31, 2023 from $0.69 million in 2022, and to $25.92 per Mcf compared to $5.24 per Mcf in 2022 primarily due to lower sales volumes. Production costs are primarily fixed in nature and are comprised mainly of non-capital workovers, fuel, personnel, chemicals, water disposal, safety and maintenance costs.

Transportation and selling

Transportation and selling expenses on natural gas sales decreased to $0.02 million or $0.40 per Mcf for the year ended December 31, 2023 from $0.06 million or $0.42 per Mcf in 2022 primarily due to lower sales volumes. Transportation and selling expenses on natural gas sales are comprised of 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

General and administrative expenses, comprised mainly of personnel, professional services, office, and travel costs, decreased to $5.03 million for the year ended December 31, 2023 from $5.24 million in 2022 primarily due to lower personnel and office costs, partially offset from additional travel costs in 2023 related to the Company's new business initiatives.

Exploration and evaluation ("E&E")

E&E impairment for 2023 is comprised of $3.3 million (2022 - $Nil) related to the Yakamoz prospect in Türkiye. The Company determined that indicators of impairment existed related to the delays in obtaining the operating license extension and a shift in the Company's future development plans to focus more on the Production Enhancement Contract in Uzbekistan and the Lithium License in Kazakhstan. An impairment test was performed and resulted in the full impairment of the Yakamoz prospect as of December 31, 2023.

Depletion and depreciation

Depletion and depreciation increased to $1.57 million for year ended December 31, 2023 from $0.90 million in 2022. This increase was primarily due to changes in decommissioning costs related to oil and gas properties with no net book value which are recognized immediately as depletion and depreciation expense in the amount of $1.19 million (2022 – $0.23 million), partially offset by lower depletion charges on oil and gas properties from lower natural gas production.

Impairment expense

Impairment expense for 2023 is comprised of $1.2 million (2022 – $Nil) related to the Poyraz Ridge CGU in Türkiye. The Company determined that indicators of impairment existed related to declining gas production, negative operating results and changes in the Company's future development plans. An impairment test was performed and the properties were fully written off as the recoverable amount was deemed to be $Nil and the Company had no economic reserves as of December 31, 2023.

Stock based compensation

Stock based compensation expenses increased to $0.73 million for the year ended December 31, 2023 from $0.28 million in 2022. During 2023 there were 2,125,000 stock options granted compared to 1,270,000 in 2022. The expense is recognized on a graded basis and fluctuates based on the fair value of stock options determined at the date of grant, timing of the grants and vesting periods.

Finance income

For the year ended December 31, 2023, finance income increased to $0.19 million from $0.14 million in 2022 and comprises mainly interest income earned on cash and cash equivalents. In 2022, finance income includes $0.11 million related to a grant from the Government of Canada to fund site restoration activities in Canada.

Finance expense

For the year ended December 31, 2023, finance expense increased to $0.81 million from $0.19 million in 2022 primarily due to the effective interest expense on the Loan Facility in the amount of $0.69 million (2022 – $Nil).

Foreign currency exchange gains and losses

The foreign exchange gain for the year ended December 31, 2023 amounted to $0.15 million compared to $0.24 million for 2022 due mainly to gains on 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 years ended December 31, 2023 and 2022.

Net monetary gain

The Company adopted IAS 29, *Financial Reporting in Hyper-Inflationary Economies*, in Q2 2022 related to the Company's Turkish Subsidiary which has a TRL functional currency. The Company recognized a net monetary gain of $1.0 million for the year ended December 31, 2023 (2022 – $0.59 million) due to an increase in the inflation rate of approximately 65% (2022 – 64%) since January 1, 2023.

LIQUIDITY AND CAPITAL RESOURCES

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

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

The Company was awarded the Lithium License in Kazakhstan in July 2023 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 Lithium License six-year term and plans to commence exploration mining activities to evaluate the potential for commercial lithium brine deposits. In addition, the Company is seeking to produce and deliver LNG to displace diesel fuel usage in Central Asia.

These initiatives will 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. There is no assurance that the Company will be successful with these initiatives and the outcome of these matters is uncertain.

At December 31, 2023, the Company had accumulated losses of $219.4 million since inception (December 31, 2022: $208.0 million). For the year ended December 31, 2023, the Company reported a net loss of $11.4 million (2022: $3.1 million) and cash used in operating activities of $5.4 million (2022: $3.2 million). The Company's working capital balance has increased from $2.4 million as at December 31, 2022 to $3.6 million as at December 31, 2023.

The Company's future financial results and longer-term success are dependent upon its existing working capital, its ability to secure additional capital from debt or equity financings or completing other arrangements to fund the Company's exploration and development activities while the Company attempts to generate positive cash flows from operations. The Company was successful in raising debt financing on March 22, 2024 of $6.3 million after deducting estimated debt issue costs of CAD $0.2 million, which alleviated conditions or events that may cast significant doubt as to the Company's ability to continue as a going concern as at December 31, 2023. For future periods, there is no assurance the Company will be able to generate positive cash flow from operations or to secure funding from additional 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. The occurrence and timing of these events is uncertain, and the Company will continue monitoring its liquidity and the going concern assessment in future periods.

COMMITMENTS AND CONTINGENT LIABILITIES

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

The Company was awarded a Lithium License in July 2023 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 First Lithium License six-year term.

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 contractual obligations.

The maximum exposure to credit risk at year end is as follows:

Carrying amounts as at December 31 (000's)	**2023**	**2022**
Cash and cash equivalents	5,043	3,751
Trade and other receivables	21	353
Other long term assets	269	417
	5,333	4,521

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 years ended December 31, 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 December 31, 2023, the single gas marketer represented 79% 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 December 31, 2023 and concluded that no allowance for expected credit losses is required as all amounts have either been collected to date or have been assessed by management as fully collectable.

Liquidity risk and capital management

Liquidity risk is the risk the Company will encounter difficulty in meeting financial obligations and commitments and repaying liabilities as they fall due. The Company's objective is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due. The Company requires liquidity mainly to satisfy financial obligations and operating requirements related to activities in Kazakhstan and Türkiye. The Company looks to manage liquidity by adjusting 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.

To manage capital expenditures and operating cashflows, annual 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 December 31, 2023			
Accounts payable and accrued liabilities	680	-	680
Loan facility	607	7,333	7,940
Lease liabilities	42	88	130
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 and their impact on the future performance of the business. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices. Derivative instruments may be used to reduce exposure to these risks.

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 are held in USD. In general, an increase in the value of the Canadian dollar as compared to the TRL will reduce the prices received by the Company for its natural gas sales. The Company had no forward exchange rate contracts in place as at or during the years ended December 31, 2023 and 2022.

During the year ended December 31, 2023, the CAD appreciated from $1.35 per $1.00 USD to $1.32 per $1.00 USD, the KZT appreciated from 462.65 per 1.00 USD to 454.56 per $1.00 USD, and the TRL depreciated from 18.70 per $1.00 USD to 29.40 per $1.00 USD, which led to a foreign exchange gain of $0.15 million (2022 – $0.22 million) related mainly to USD denominated cash and cash equivalents held by the Company.

During the year ended December 31, 2023, the KZT depreciated from 341.51 per $1.00 CAD to 343.09, and the TRL depreciated from 13.73 per $1.00 CAD to 22.23 per $1.00 CAD, resulting in a $0.49 million foreign currency translation loss adjustment through equity (2022 – $0.35 million).

A $0.01 change in the Canadian dollar to U.S. dollar exchange rate at December 31, 2023 would have changed profit or loss by $0.08 million (2022: $0.05 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

Interest rate risk is the risk that the value of the financial instrument or future cash flows associated with the instrument will fluctuate as a result of changes in market interest rates. The Company's Loan Facility bears fixed-rate interest at 9.0% per annum to be paid quarterly in arrears and its value is exposed to interest rate risk from changes in market interest rates. The Company had no risk management contracts that would be affected by interest rates in place as at December 31, 2023 and 2022.

Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. 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 may also affect the value of the oil and gas properties, the level of spending for exploration and development and the Company's ability to raise capital. Most 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 year ended December 31, 2023 or 2022.

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.

HEALTH RISK MANAGEMENT

Condor has offices, activities and operations in various areas in Canada, Türkiye, 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.

Although the Company takes precautions and follows industrial hygiene and occupational health guidelines, there can be no assurance that an infectious illnesses will not negatively impact Condor's personnel or its operations and may in the future result in fluctuating demand for oil and gas, volatile 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 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.

OUTSTANDING SHARE DATA

Common shares

As at December 31, 2023, there were 56,490,433 common shares of the Company outstanding.

As at the date of this MD&A, there were 56,597,101 common shares of the Company outstanding.

Convertible securities

As at December 31, 2023, outstanding convertible securities of the Company are comprised of 5,447,000 stock options with a weighted average exercise price of $0.56, and 2,600,002 common share purchase warrants each at an exercise price of $0.48 per common share and exercisable into one common share of Condor.

As at the date of this MD&A, outstanding convertible securities of the Company are comprised of: 5,407,000 stock options convertible into an equal number of common shares with a weighted average exercise price of $0.56 per common share; 2,533,334 common share purchase warrants exercisable into an equal number of common shares at an exercise price of $0.48 per common share; and Convertible Debentures convertible into 2,950,336 common shares at a conversion price of US$1.61676 per common share.

Dividends

The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at December 31, 2023.

RELATED PARTY TRANSACTIONS

Key management comprises the executive officers and directors of the Company. Key management's compensation was comprised of $0.8 million of salary and benefits (2022: $0.8 million) and stock-based compensation expense of $0.5 million (2022: $0.2 million). In the event of termination or change of control, members of key management (excluding directors) are each entitled to two years' annual compensation.

QUARTERLY INFORMATION

The following table sets forth selected financial information of the Company for the eight most recently completed quarters to December 31, 2023:

For the quarter ended (000's except per share amounts)	**Q4 2023**	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**
Sales	51	169	12	411	1,129	1,612	606	260
Net income (loss) [1]	(7,615)	(852)	(2,087)	(838)	(943)	35	(771)	(1,385)
Net income (loss) per share [2]	(0.13)	(0.02)	(0.04)	(0.01)	(0.02)	0.00	(0.02)	(0.03)

1 The net income (loss) in all periods has been impacted by, among other things, production and sales volumes, commodity prices, operating costs, E&E impairment, depletion and depreciation and impairment expense, net monetary gain (loss) from hyper-inflation accounting in Türkiye and foreign exchange gains and losses in the respective periods. The net income (loss) amount includes specific significant period items of: $3.3 million E&E impairment and $1.2 million impairment expense in Q4 2023.

2 Per share amounts are basic and diluted. The Company treats the common shares as either dilutive or anti-dilutive based on net income (loss). If the common shares are anti-dilutive at this level they are treated as anti-dilutive for all other per share calculations.

CRITICAL ACCOUNTING ESTIMATES

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. Actual results could differ from those estimates as future confirming events occur. Significant assumptions and estimates about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amount of assets and liabilities, in the event that actual results differ from assumptions made, are outlined below.

- Impairment testing: estimates include volumes of recoverable reserves and resources, forward natural gas and condensate prices, future operating, royalty, and capital costs, production profiles, discount rates, and consequently fair values of properties. A downward revision in the reserve estimates or future forecast prices or an upward revision to future capital costs could result in an asset impairment which would reduce future earnings and the associated net book value of assets;
- Depletion: estimates include the amount of reserve volumes and future development capital. A downward revision in the reserve estimates or an upward revision to future capital may result in increased depletion and a reduction in net book value of assets if such a revision results in an accounting impairment. Depletion is charged on a unit-of-production basis over the Proved plus Probable reserves for each cash generating unit and a revision in the productive capacity of the assets may result in increased depletion and a reduced net book value of assets;

- E&E expenditures: costs associated with acquiring oil and gas licenses and exploratory drilling are accumulated as E&E assets pending determination of technical feasibility and commercial viability. Establishment of technical feasibility and commercial viability is subject to judgment and involves management's review of project economics, resource quantities, expected production techniques, production costs and required capital expenditures to develop and extract the underlying resources. Management uses the establishment of commercial reserves within the exploration area as the basis for determining technical feasibility and commercial viability. Upon determination of commercial reserves, E&E assets attributable to those reserves are tested for impairment and reclassified from E&E assets to a separate category within property, plant and equipment referred to as oil and gas properties;
- Identification of Impairment Indicators - E&E assets: the Company assesses its E&E assets to determine whether any indication of impairment exists at the end of each reporting period. Significant judgment is required in determining whether indicators of impairment exist, including factors and considerations such as the remaining period for which the Company has the right to explore, whether expenditures on further exploration and evaluation of properties are budgeted, whether commercially viable quantities of mineral resources have been discovered or whether data exists to suggest the carrying amount is unlikely to be recovered;
- Decommissioning provisions: estimates include the amount and expected timing of asset retirements, discount and inflation rates and future cash flows. As a result of the long term nature of the Company's operations, these estimates may change over time which may result in a change in the decommissioning provision and corresponding asset value, and impact future earnings (loss) as a result of changes in accretion and depletion expense;
- Stock based compensation: estimates include determining appropriate share price volatility, expected lives, forfeiture rates and risk free rates. The expense is measured using the Black-Scholes option pricing model, and using an alternate pricing model could produce different results;
- Going concern: estimates include the ability to fund operations by generating positive cash flows from operations, securing funding from additional debt or equity financing, disposing of assets or making other arrangements;
- Income taxes: tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Changes in the estimate of future taxable income and the recovery of deductible temporary differences may result in the recognition of a deferred tax asset on the statement of financial position and an increase in earnings at the time when the tax recovery is recorded;
- As part of its capital management process, the Company prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy and ongoing operations and liquidity of the Company. Budgets and forecasts are subject to significant judgement and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company (see Liquidity and Capital Resources)

ADOPTED ACCOUNTING PRONOUNCEMENTS

Amendments to IAS 1 - Accounting Policies

On January 1, 2023, the Company adopted the amendments introduced to IAS 1 – "Presentation of Financial Statements" to improve accounting policy disclosures. There was no material impact to Condor's consolidated financial statements.

Amendments to IAS 12 – Income Taxes

On January 1, 2023, the Company adopted the amendments to IAS 12 – "Income Taxes," which requires companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. There was no material impact to Condor's consolidated financial statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

In October 2022, the IASB amended IAS 1 Presentation of Financial Statements to address the classification of liabilities with covenants as current or non-current in the Statements of Financial Position. The amendment is applicable to periods beginning on or after January 1, 2024. The Company does not expect that this amendment will have a significant impact on its consolidated 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.

The DC&P have been designed to provide reasonable assurance that material information relating to Condor is made known to the CEO and CFO by others and that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by Condor under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO are required to cause the Company to disclose any change in the Company's ICFR that occurred during the most recent period that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. During the year ended December 31, 2023, there were no changes to the Company's ICFR that have materially affected or are reasonably likely to materially affect, the Company's ICFR. It should be noted that a control system, including the Company's DC&P and ICFR, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system will be met and it should not be expected that DC&P and ICFR will prevent all errors or fraud.

The CEO and CFO have evaluated the Company's DC&P and ICFR as at December 31, 2023 based on the framework in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation, the CEO and CFO concluded that the Company's design and operation of DC&P and ICFR were effective as of December 31, 2023.

BUSINESS RISKS

In the normal course of business, the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality. The Company is exposed to considerable risks and uncertainties including, but not limited to:

- finding natural gas, condensate and lithium reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is likely dependent upon in order to fully develop the current properties;
- technical problems which could lead to unsuccessful wells, well blowouts and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to wells, access to third party gathering and processing facilities, access to pipeline, railway and other transportation infrastructure;
- obtaining qualified personnel, parts, equipment and service providers in a timely and cost efficient manner;
- fluctuations in commodity prices, interest rates and foreign currency exchange rates;
- adverse factors including climate, geographical and weather conditions, natural disasters and labour disputes;
- timing of future debt and other obligations;
- potential for prior year tax re-assessments not aligned with previously filled and assessed periods;
- regulatory legislation and policies, including the fulfillment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof;
- political risks inherent with international activities and doing business in foreign jurisdictions;
- medical and health risks inherent with international activities and doing business in foreign countries including travel bans or travel restrictions;
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;
- obtaining approval for extensions to development periods;

- obtaining approval for extensions to exploration periods, and, upon commercial discovery, negotiating and signing development contracts;
- negative public or community response to natural gas, condensate and lithium exploration, development and production and related environmental impacts could adversely affect Condor's business and the price of its securities; and
- information technology and system risks including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology.

Please see the Company's Annual Information Form, filed on SEDAR+ at www.sedarplus.ca for further discussion on these risks.

GEOPOLITICAL INSTABILITY

On February 24, 2022, Russia began a military operation in Ukraine and the UN General Assembly overwhelmingly condemned the invasion and has called for Russia to immediately and completely withdraw its troops. The United States, the European Union, the United Kingdom, Canada, Australia, Japan, Switzerland, and other countries have imposed new financial and trade sanctions against Russia, including prohibitions or restrictions from doing business anywhere in the world with listed Russian individuals or companies. To-date these events have not impacted the Company's ability to carry on business, there have been no significant delays or direct security issues affecting the Company's operations, offices or personnel, and the enacted sanctions have not affected the Company's operations. The outcome of these events is uncertain at this time and may impact the peace and stability of the region and the world and could affect the global economy including regions and markets in which the Company operates. Any subsequent commodity supply shortages or volatile commodity prices could have adverse impacts on the world economy and the Company's business. If these events continue, re-occur or escalate, they could have a material adverse effect on Condor's business, financial condition or results of operations.

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 the Company's growth and sustainability strategies; the timing and ability to operate and increase production and overall recovery rates at eight gas fields in Uzbekistan; the timing and ability to increase domestic gas supply and contribute to carbon emissions reductions; the timing and ability to conduct production enhancement services, produce natural gas and realize domestic gas sales proceeds; the timing and ability to be responsible for all capital and operating costs and receive a percentage of net revenues realized from the PEC Project while also contributing to carbon emission reductions; the timing and ability to mitigate the high annual decline rates and low recovery factors while also reducing carbon emissions by introducing proven modern technologies and operating techniques; the timing and ability to increase production by implementing artificial lift, workover and infill drilling programs; the timing and ability to investigate deeper horizons; the timing and ability to reprocesses seismic data and conduct a 3-D seismic program; the timing and ability to collect reservoir and production data; the timing and ability to complete a report in compliance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities; the timing and ability to use the gas allocation from the Government of Kazakhstan as feed gas for the Company's first modular LNG production

facility; the timing and ability to liquefy the gas to produce LNG; the timing and ability to fuel rail locomotives and large mine haul trucks; the timing and ability to contribute to carbon emissions reductions by displacing diesel fuel usage; the timing and ability to conduct detailed engineering; the timing and ability to confirm LNG volume commitments with end-users; the Company's expectations in respect of the future uses of LNG; the timing and ability to obtain funding and proceed with construction; the potential for the Lithium License area to contain commercial deposits; future lithium testing results; the timing and ability to fund, permit and complete planned activities including drilling two additional wells and conduct preliminary engineering for the production facilities; the timing and ability to optimize the planned method for direct lithium extraction; the timing and ability of the untested Devonian and Carboniferous sand intervals to provide additional lithium brine potential; the timing and ability to generate a report in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects; the timing and ability to produce the lithium by utilizing closed-looped DLE production technologies; the timing and ability to have a much smaller environmental footprint than existing lithium production operations; the timing and ability to evaluate the construction of a renewable power generation project to achieve net-zero emissions; the timing and ability to conduct future drilling, workover and optimization activities; the timing and ability find a partner to fund development plans at the Yakamoz field which may include re-entering, casing and fully evaluating the Yakamoz structure; the timing of and ability to drill new wells and the ability of the new wells to become producing wells; the timing and ability to tie the Yakamoz field, if developed, into the Company's existing facilities; the timing and ability to pursue other initiatives and commercial opportunities; projections and timing with respect to natural gas and condensate production; expected markets, prices and costs for future 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 natural 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 favourable 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-fulfilment of work commitments; projections relating to the adequacy of the Company's provision for taxes; the expected impacts of adopting amendments to IFRS accounting policies; and treatment under governmental regulatory regimes and tax laws.

This MD&A also includes forward-looking information regarding health risk management 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 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; prior lithium testing results may not be indicative of future testing results or actual results; imprecision of reserves estimates and ultimate recovery of reserves; the effectiveness of lithium mining and production methods including DLE technology; 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 labour 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.sedarplus.ca).

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:

M	Thousands
MM	Millions
Mcf	Thousands of standard cubic feet
CAD	Canadian dollars
KZT	Kazakhstan tenge
TRL	Turkish lira
USD	United States dollars
Q	Quarter
LNG	Liquified natural gas
Türkiye	Republic of Türkiye
Kazakhstan	Republic of Kazakhstan
Uzbekistan	Republic of Uzbekistan