Management’s Discussion and Analysis
For the three months ended March 31, 2024 and 2023
Dated May 15, 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 and condensate assets in Uzbekistan, 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 unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024 and 2023 (the “Financial Statements”), and the audited consolidated financial statements and associated MD&A for the years ended December 31, 2023 and 2022. The Financial Statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, under IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board. This MD&A is dated May 15, 2024, the date that the Condor Board of Directors approved the Financial Statements and this MD&A.

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

OVERALL PERFORMANCE

Highlights

- The Company executed a production enhancement services contract in January 2024 to increase natural gas production and overall recovery rates from eight conventional natural gas-condensate fields in Uzbekistan and the Company commenced operations on March 1, 2024.
- March 2024 production from Uzbekistan was 11,167 boe/d comprised of 65,416 Mcf/d (10,903 boe/d) of natural gas and 264 bopd of condensate.
- March 2024 sales from Uzbekistan production was $7.2 million.
- 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.
- On March 22, 2024, the Company issued three-year term convertible debentures bearing 9% interest per annum and convertible into 2,950,336 common shares for gross proceeds of USD $4.8 million (CAD $6.5 million) .

Production Enhancement Contract in Uzbekistan

On January 30, 2024, the Company executed a production enhancement services contract with a national holding company of Uzbekistan to increase the production, ultimate recovery and overall system efficiency from an integrated cluster of eight conventional natural gas-condensate fields (the "Fields") in Uzbekistan (the "PEC Project"). The Fields consist of stacked carbonate and clastic reservoirs which are geologically similar to those in the Western Canadian Sedimentary Basin. The PEC Project license area is 279 km^2 (69,000 acres) and includes 77 wells currently producing and 39 wells shut-in or suspended that have the potential for recompletion and reactivation. The term of the PEC Project and associated agreements is twenty years and will increase the country's domestic supply of natural gas while also contributing to carbon emission reductions. The Company is responsible for all capital expenditures and operating costs of the PEC Project and receives a percentage of revenues less prescribed royalties in exchange for performing the production enhancement services.

The Company, through its local subsidiary, commenced operations of the PEC Project on March 1, 2024 and March 2024 production was 11,167 boe/d comprised of 65,416 Mcf/d (10,903 boe/d) of natural gas and 264 bopd of condensate. Although restricted in April and May for 18 days due to downstream infrastructure maintenance, production from April 1 to May 14, 2024 was 9,996 boe/d comprised of 58,548 Mcf/d (9,758 boe/d) of natural gas and 238 bopd of condensate.

To enhance production, the Company plans to introduce proven modern technologies and operating techniques that include artificial lift, workover programs, infill and extension drilling programs along with investigating deeper horizons which are productive in other fields and regions of the country. Reservoir and production data is being collected and analyzed to confirm near-term capital efficient enhancement opportunities. Seismic reprocessing and a 3-D seismic program are also planned to support these efforts and a reserve report compliant with *National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities* will be completed for 2024 year-end reporting purposes. The existing pipeline and facilities infrastructure is also under evaluation for optimization of water handling, field compression and the field gathering network. Production guidance will be provided once the baseline production, decline rates and field operating parameters are confirmed.

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. Discussions are underway with end-users to confirm LNG volume commitments and the Company is reviewing project funding alternatives before proceeding with construction. Front-end engineering and design are complete and detailed engineering will commence in 2024. The Company has secured the land required for construction of the first two modular LNG production facilities.

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

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 Direct Lithium Extraction ("DLE") technologies to generate lithium for EV batteries and other electricity storage applications.

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, as are being advanced in Canada. 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'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) less debt issue costs of CAD $0.2 million for net proceeds of CAD $6.3 million. The Debentures are unsecured, bear interest at 9% 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 common 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.

RESULTS OF OPERATIONS

Production For the three months ended March 31	2024	2023	Change
Natural gas (Mcf)			
Uzbekistan	2,027,905	-	2,027,905
Türkiye	12,976	18,536	(5,560)
	2,040,881	18,536	2,022,345
Condensate (barrels)			
Uzbekistan	8,190	-	8,190
Türkiye	-	10	(10)
	8,190	10	8,180

Production enhancement operations for the PEC Project in Uzbekistan commenced on March 1, 2024 and for the month of March 2024, natural gas production was 2,027,905 Mcf or 65,416 Mcf/d (equivalent to 337,984 boe or 10,903 boe/d) and condensate production was 8,190 barrels or 264 bopd.

Natural gas production in Türkiye decreased 30% to 12,976 Mcf or an average of 143 Mcf/d for the three months ended March 31,2024 from 18,536 Mcf or an average of 206 Mcf/d for the same period in 2023. The production decline is 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, partially offset by production from the Destan field which restarted in February 2024 after being shut-in since Q1 2022 due to a field unit compressor failure. There was no condensate production in Türkiye for Q1 2024.

Sales

For the three months ended March 31	2024	2023	Change
Natural gas ($000's)			
Uzbekistan	6,566	-	6,566
Türkiye	161	396	(235)
	6,727	396	6,331
Condensate ($000's)			
Uzbekistan	646	-	646
Türkiye	-	15	(15)
	646	15	631

Natural gas sales in Uzbekistan amounted to $6.6 million on 1,888,789 Mcf or $3.48 per Mcf and condensate sales were $0.6 million on 8,190 barrels or $78.89 per barrel for the month of March 2024.

Natural gas sales in Türkiye decreased to $0.2 million on 11,757 Mcf or $13.77 per Mcf for the three months ended March 31, 2024 (2023: $0.4 million on 15,556 Mcf or $25.46 per Mcf) due primarily to lower production volumes and natural gas prices in 2024. There were no condensate sales in Türkiye for Q1 2024.

Marketing

Uzbekistan

Natural gas produced from the Fields is collected by gathering lines at two field facilities for initial in-field processing to remove water and condensate and is then transported by pipeline to a nearby third-party facility for further processing. Following processing, the sales quality gas is transported by pipeline to the designated delivery point. Natural gas sales are domestic sales at local market prices.

A portion of the condensate is separated from the natural gas at two in-field facilities and the remainder is separated at the nearby third-party facility which further processes the condensate. The condensate is sold to the buyer directly at each of the three facilities and the buyer is responsible for all onward transportation costs. Condensate sales prices are based upon Brent Crude less a discount for processing, transportation and marketing.

Türkiye

Natural gas sales are domestic sales via pipeline at Turkish Lira denominated prices published monthly by the state-owned pipeline transportation company BOTAS Petroleum Pipeline Corporation ("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 and production payments in Uzbekistan were $1.3 million for the month of March 2024. The Company is subject to a total royalty and production payment rate of 20% on the natural gas and condensate production and sales adjusted for certain processing and transportation costs.

Royalties in Türkiye decreased to $0.02 million for the three months ended March 31, 2024 from $0.06 million for the same period in 2023 due primarily to lower natural gas production and sales prices in 2024. The Company is subject to a royalty rate of 12.5% of natural gas production and condensate sales.

Production costs

Total production costs to produce natural gas and condensate in Uzbekistan were $2.3 million or $6.72 per boe for the month of March 2024. Production costs in Uzbekistan comprise mainly facility, processing, compression, personnel and maintenance costs.

Total production costs in Türkiye decreased to $0.17 million for the three months ended March 31, 2024 from $0.24 million for the same period in 2023, and increased to $18.44 per Mcf compared to $14.66 per Mcf in 2023 primarily due to lower sales volumes. Production costs are primarily fixed in nature and are comprised mainly of non-capital workovers, field personnel, fuel, chemicals, water disposal, safety and maintenance costs.

Transportation and selling

Transportation and selling costs in Uzbekistan were $0.2 million or $0.67 per boe for the month of March 2024 comprising pipeline transportation costs to deliver natural gas and associated condensate to the processing facilities and to deliver natural gas onwards to the delivery point.

Transportation and selling costs in Türkiye on natural gas sales increased to $0.07 million or $5.25 per Mcf for the three months ended March 31, 2024 from $0.01 million or $0.67 per Mcf for the same period in 2023. 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. These costs were higher in Q1 2024 due mainly to the higher proportion of sales from Destan which requires additional trucking costs.

General and administrative

General and administrative expenses, comprised mainly of personnel, professional services, office, and travel costs, increased to $2.1 million for the three months ended March 31, 2024 from $1.1 million for the same period in 2023 primarily due to higher travel, professional services and business initiative costs related to executing the PEC Project, higher personnel and office costs related to establishing the administrative systems and processes in Uzbekistan, and higher costs in 2024 related to other new business initiatives.

Depletion and depreciation

Depletion and depreciation on property, plant and equipment decreased to $0.09 million for the three months ended March 31, 2024 from $0.2 million for the same period in 2023 due to the Poyraz Ridge CGU being fully impaired at December 31, 2023, partially offset by depletion in Uzbekistan. Changes in decommissioning costs related to oil and gas properties with no net book value are also recognized as depletion and depreciation expense and amounted to $0.16 million for the three months ended March 31, 2024 (2023 – $0.02 million).

Stock based compensation

Stock based compensation expenses increased to $0.13 million for the three months ended March 31, 2024 from $0.11 million for the same period in 2023. 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 three months ended March 31, 2024, finance income increased to $0.04 million from $0.03 million for the same period in 2023 and comprises mainly interest income earned on cash and cash equivalents and other long-term assets.

Finance expense

For the three months ended March 31, 2024, finance expense increased to $0.4 million from $0.02 million for the same period in 2023 primarily due to the effective interest expense on the Loan Facility and convertible debentures in the amount of $0.37 million and $0.01 million, respectively (2023 – $Nil and $Nil, respectively).

Foreign currency exchange gains and losses

The foreign exchange loss for the three months ended March 31, 2024 amounted to $0.1 million compared to a gain of less than $0.01 million for the same period in 2023 due primarily to losses on the USD denominated cash and cash equivalents and Loan Facility held by the Company. The Company is exposed to significant foreign currency risk as the Company's natural gas and condensate sales and a substantial portion of foreign activities are transacted in or referenced to foreign currencies, a significant portion of the Company's cash and cash equivalents are held in USD and the Company's Loan Facility and convertible debentures are denominated in USD. Natural gas and condensate sales in Uzbekistan are domestic sales at local market prices, and natural gas sales in Türkiye are denominated in TRL.

The Company had no forward exchange rate contracts in place at or during the three months ended March 31, 2024 and 2023.

Net monetary gain

The Company recognized a net monetary loss of less than $0.01 million for the three months ended March 31, 2024 (2023 – gain of $0.53 million) due to an increase in the inflation rate of approximately 15% (2023 – 13%) since January 1, 2024.

Income taxes

The Company recognized current income taxes of $0.5 million in Uzbekistan where the tax rate is 15% of estimated taxable income. The Company has not recognized the tax benefits associated with the operating activities of other business segments.

Non-controlling interest ("NCI")

A third-party NCI shareholder holds 49% of the shares of Condor Natural Gas B.V. ("CNG"), the sole shareholder of the Company's subsidiary which is conducting the production enhancement services under the PEC Project in Uzbekistan. The NCI is allocated 49% of the comprehensive income of CNG commencing March 1, 2024.

LIQUIDITY AND CAPITAL RESOURCES

The Company has commenced production enhancement services under the PEC Project in Uzbekistan and is responsible for all capital expenditures and operating costs of the project. The Company plans to introduce proven modern technologies and operating techniques that include artificial lift, workover programs, infill and extension drilling programs along with investigating deeper horizons which are productive in other regions of the country.

The Company holds 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. The Company plans to commence exploration mining activities to evaluate the potential for commercial lithium brine deposits. The contractual work commitments may be amended from time to time in accordance with planned exploration activities proposed by the Company and approved by the Government of Kazakhstan and additional contractual work commitment and subsequent liquidation fund amounts could be significant.

The Company has an LNG initiative in Kazakhstan and 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, increase cash flows 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 March 31, 2024, the Company had accumulated losses of $220.6 million since inception (December 31, 2023 – $219.4 million). For the three months ended March 31, 2024, the Company reported a net income of $0.1 million (2023: net loss of $0.8 million) and cash used in operating activities of $2.4 million (2023 – $1.5 million). The Company's working capital balance has increased from $3.6 million as at December 31, 2023 to $4.1 million as at March 31, 2024, primarily as a result of commencing production enhancement operations under the PEC Project.

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 convertible debt financing on March 22, 2024 of $6.3 million after deducting debt issue costs of $0.2 million. 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 favorable 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 the 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 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 period end is as follows:

Carrying amounts as at (000's)	**March 31, 2024**	**December 31, 2023**
Cash and cash equivalents	8,796	5,043
Trade and other receivables	8,147	21
Other long-term assets	271	269
	17,214	5,333

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 months ended March 31, 2024, sales of natural gas were sold to one customer in each of Uzbekistan and Türkiye (2023 – one customer in Türkiye), and sales of condensate were sold to one customer in Uzbekistan and therefore all are subject to concentration risk. As at March 31, 2024, these three customers represented 99% of outstanding trade receivables (December 31, 2022: one customer – 79%).

Credit risk is mitigated by management's policies and practices. Natural gas and condensate produced in Uzbekistan is supplied to the domestic market through sales agreements with national companies of Uzbekistan. For natural gas sales in Türkiye, 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 March 31, 2024 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 Uzbekistan, 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 consolidated 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 March 31, 2024			
Accounts payable and accrued liabilities	4,745	-	4,745
Lease liabilities	52	75	127
Loan facility	1,101	7,032	8,133
Convertible debentures	14	6,463	6,477
Other long-term liabilities	-	609	609
As at December 31, 2023			
Accounts payable and accrued liabilities	680	-	680
Loan facility	607	7,333	7,940
Lease liabilities	42	88	130

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 and condensate sales and a substantial portion of foreign activities are transacted in or referenced to foreign currencies, a significant portion of the Company's cash and cash equivalents are held in USD and the Company's Loan Facility and convertible debentures are denominated in USD. Natural gas and condensate sales in Uzbekistan are domestic sales at local market prices, and natural gas sales in Türkiye are denominated in TRL. In general, an increase in the value of the Canadian dollar as compared to the USD or the TRL will reduce the prices received by the Company for its natural gas and condensate sales. The Company had no forward exchange rate contracts in place during the three months ended March 31, 2024 or the year ended December 31, 2023.

During the three months ended March 31, 2024, the CAD depreciated from 1.32 per 1.00 USD to 1.35, the KZT appreciated from 454.6 per 1.00 USD to 446.8, and TRL depreciated from 29.4 per 1.00 USD to 32.3, which led to a foreign exchange loss of $0.1 million (2023: gain of less than $0.01 million) related mainly to the USD denominated cash and cash equivalents and Loan Facility held by the Company.

During the three months ended March 31, 2024, the KZT appreciated from 343.1 per 1.00 CAD to 329.7, and the TRL depreciated from 22.2 per 1.00 CAD to 23.7, resulting in a $0.1 million translation gain adjustment through equity (2023: loss of $0.1 million).

Interest rate risk

Interest rate risk is the risk that the value of the financial instrument or future cash flows associated with the financial instrument will fluctuate as a result of changes in market interest rates. The Company's Loan Facility and convertible debentures both bear fixed-rate interest at 9% per annum to be paid quarterly in arrears and their 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 during the three months ended March 31, 2024 or the year ended December 31, 2023.

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. The Company had no derivative commodity price contracts in place during the three months ended March 31, 2024 or the year ended December 31, 2023.

Natural gas sales in Uzbekistan are domestic sales at local market prices. Condensate sales prices in Uzbekistan are based upon Brent Crude less a discount for processing, transportation and marketing. 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, Uzbekistan, Türkiye and Kazakhstan. 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 March 31, 2024 and the date of this MD&A, there were 56,597,101 common shares of the Company outstanding.

Convertible securities

As at March 31, 2024 and the date of this MD&A, outstanding convertible securities of the Company are comprised of 5,407,000 stock options with a weighted average exercise price of $0.56, 2,533,334 common share purchase warrants each at an exercise price of $0.48 per common share and exercisable into one common share of Condor, 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 March 31, 2024.

QUARTERLY INFORMATION

The following table sets forth selected financial information of the Company for the eight most recently completed quarters to March 31, 2024:

For the quarter ended (000's except per share amounts)	**Q1 2024**	**Q4 2023**	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**
Sales	7,373	51	169	12	411	1,129	1,612	606
Net income (loss) [(1)]	91	(7,615)	(852)	(2,087)	(838)	(943)	35	(771)
Net income (loss) per share [(2)]	(0.02)	(0.13)	(0.02)	(0.04)	(0.01)	(0.02)	0.00	(0.02)

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 assets impairment, depletion and depreciation and PP&E impairment expense, net monetary gain (loss) from hyper-inflation accounting in Türkiye, finance expenses from the Loan Facility and convertible debentures and foreign exchange gains and losses in the respective periods. The net income amount for Q1 2024 includes significant changes in revenue and expenses from the Company starting production enhancement services under the PEC Project in Uzbekistan on March 1, 2024, and these changes have been described in the relevant sections above in this MD&A.

2 Per share amounts are basic and diluted and attributable to Common shareholders. 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;
- Convertible debentures: The conversion feature associated with the US dollar denominated convertible debentures has been identified as a derivative financial liability. Derivative financial liabilities are recorded upon recognition and subsequently at each period-end date at fair value, with changes in fair value being recognized in earnings. The fair value estimate involves assumptions regarding the probability a forced conversion will occur, the expected life of the Debentures, dividend yields, risk-free interest rates, and volatility of the Company's common shares. The fair value is measured using the Black-Scholes option pricing model, and using an alternate pricing model could produce different results.

- 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; and
- 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 POLICIES

Non-controlling interests ("NCI"): Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Company recognizes directly in equity any difference between the fair value of the consideration received or paid, and the proportionate share of the subsidiary's assets, liabilities and other comprehensive income attributed to NCI at the date of the transaction.

Financial instruments: The Company accounts for its physical delivery sales contracts as executory contracts. These contracts are entered into and held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements. As such, these contracts are not considered to be derivative financial instruments and are not recorded at fair value on the consolidated statements of financial position. Settlements on these physical delivery sales contracts are recognized in revenue in the period the product is delivered to the sales point.

Amendments to IAS 1 "Presentation of Financial Statements": On January 1, 2024, the Company adopted the amendments introduced to IAS 1 in relation to the classification of liabilities with covenants as current or non-current in the Statements of Financial Position. There was no material impact to Condor's 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 Accounting Standards.

During the three months ended March 31, 2024, there have been no changes to the Company's ICFR that have materially or are reasonably likely to materially affect the ICFR. Because of their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control systems are met.

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 third party 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 labor 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.

BARRELS OF OIL EQUIVALENT ADVISORY

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

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 "expect", "plan", "estimate", "may", "will", "should", "could", "would", "increase", "introduce", "provide", "generate", "envision", "apply", "include", "conduct", "prepare", "require", "continue", "reduce", 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 revenues less prescribed royalties from the PEC Project while also contributing to carbon emission reductions; the timing and ability to increase production by implementing artificial lift, workover and 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 evaluate existing pipeline and facilities infrastructure for optimization of water handling, field compression and the field gathering network; the timing and ability to provide production guidance; 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 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; 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:

3-D	Three dimensional
M	Thousands
MM	Millions
Mcf	Thousands of standard cubic feet
Mcf/d	Thousands of standard cubic feet per day
boe	Barrels of oil equivalent
boe/d	Barrels of oil equivalent per day
bopd	Barrels of oil per day
CAD	Canadian dollars
KZT	Kazakhstan tenge
TRL	Turkish lira
USD	United States dollars
UZS	Uzbekistani Soms
Q	Quarter
LNG	Liquefied natural gas
Türkiye	Republic of Türkiye
Kazakhstan	Republic of Kazakhstan
Uzbekistan	Republic of Uzbekistan