Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Unaudited)

Condor Energies Inc.

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

As at	Note	June 30, 2025	December 31, 2024
Assets			
Cash and cash equivalents		12,243	27,841
Trade and other receivables	19	27,124	17,617
Other current assets	2	1,770	2,245
Total current assets		41,137	47,703
Exploration and evaluation assets	3	449	399
Property, plant and equipment	4	30,114	17,997
Other long-term assets	5	267	279
Deferred income tax asset	17	676	229
Total assets		72,643	66,607
Liabilities			
Accounts payable and accrued liabilities		14,837	9,844
Current portion of lease liabilities		241	205
Current portion of loan facility	6	2,745	2,182
Convertible debentures	7	7,312	7,781
Current portion of provisions	8	1,560	1,242
Current portion of other long-term liabilities	9	485	472
Total current liabilities		27,180	21,726
Lease liabilities		400	422
Loan facility	6	3,180	4,777
Provisions	8	13,203	14,457
Other long-term liabilities	9	5,544	4,165
Total liabilities		49,507	45,547
Shareholders' Equity (Deficiency)			
Share capital	10	75,666	75,649
Contributed surplus		26,322	25,297
Accumulated other comprehensive loss		(84,328)	(83,724)
Deficit		(5,123)	(3,889)
Equity attributable to common shareholders		12,537	13,333
Non-controlling interests	11	10,599	7,727
Total shareholders' equity		23,136	21,060
Total liabilities and shareholders' equity		72,643	66,607

Commitments and contingent liabilities (Note 18); Subsequent events (Note 23)

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

Condor Energies Inc.

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

For the period ended June 30	Note	Three months 2025	Three months 2024 Adjusted – Note 22	Six months 2025	Six months 2024 Adjusted – Note 22
Revenue					
Natural gas and condensate sales	19	19,292	19,063	41,562	26,436
Royalties	9	(2,669)	(2,630)	(5,748)	(3,648)
Total revenue		16,623	16,433	35,814	22,788
Expenses					
Production costs		8,590	7,720	17,641	10,216
Transportation and selling		633	706	1,336	999
General and administrative		2,002	1,387	4,494	3,487
Depletion and depreciation	4	3,172	492	6,448	737
Stock based compensation	13	339	219	1,032	344
Total expenses		(14,736)	(10,524)	(30,951)	(15,783)
Finance income		116	49	215	91
Finance expense	14	(969)	(769)	(1,942)	(1,212)
Foreign exchange gain (loss)	19	609	(43)	632	(161)
Gain on property, plant and equipment sales		7	-	7	-
Unrealized gain (loss) on embedded derivative	7	52	(568)	317	(568)
Other expense	15	(659)	(1,870)	(659)	(1,870)
Net monetary gain (loss)	16	-	11	(13)	4
Income before income taxes		1,043	2,719	3,420	3,289
Current income tax expense	17	(386)	(1,156)	(1,750)	(1,635)
Deferred income tax (expense) recovery	17	(130)	-	481	-
Net income		527	1,563	2,151	1,654
Items that may be reclassified to profit or loss:					
Foreign currency translation adjustment		(1,149)	3	(1,117)	128
Comprehensive income (loss)		(622)	1,566	1,034	1,782
Net income (loss) attributable to:					
Common shareholders		(1,149)	50	(1,234)	(1,347)
Non-controlling interests	11	1,676	1,513	3,385	3,001
		527	1,563	2,151	1,654
Comprehensive income (loss) attributable to:					
Common shareholders		(1,787)	45	(1,838)	(1,226)
Non-controlling interests	11	1,165	1,521	2,872	3,008
		(622)	1,566	1,034	1,782
Net income (loss) per share attributable to common shareholders:					
Basic and diluted net income (loss) per share	12	(0.02)	0.00	(0.02)	(0.02)

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

Condor Energies Inc.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)
Stated in thousands of Canadian dollars

For the period ended June 30	Note	Three months 2025	Three months 2024 Adjusted – Note 22	Six months 2025	Six months 2024 Adjusted – Note 22
Operating activities:					
Net income		527	1,563	2,151	1,654
Items not affecting cash:					
Depletion and depreciation	4	3,172	492	6,448	737
Stock based compensation	13	339	219	1,032	344
Finance expense	14	670	440	1,323	690
Unrealized foreign exchange (gain) loss		(866)	117	(1,097)	321
Gain on property, plant and equipment sales		(7)	-	(7)	-
Unrealized (gain) loss on embedded derivative	7	(52)	568	(317)	568
Other expense	15	-	1,870	-	1,870
Net monetary loss	16	-	-	6	8
Deferred income tax expense (recovery)	17	130	-	(481)	-
Cash flows from operating activities before the following items		3,913	5,269	9,058	6,192
Other long-term assets	5	8	(1)	12	(3)
Decommissioning obligations settled	8	(21)	(17)	(30)	(46)
Increase in other long-term liabilities	9	739	720	1,591	995
Payments of other long-term liabilities	9	(171)	-	(352)	-
Changes in non-cash working capital		(15,685)	(3,763)	(6,637)	(7,371)
Cash flows from (used in) operating activities		(11,217)	2,208	3,642	(233)
Investing activities:					
Exploration and evaluation expenditures	3	(25)	(23)	(71)	(43)
Property, plant and equipment expenditures	4	(10,889)	(1,623)	(19,948)	(1,732)
Proceeds from property, plant and equipment sales		11	-	11	-
Changes in non-cash working capital		2,505	94	2,561	73
Cash flows used in investing activities		(8,398)	(1,552)	(17,447)	(1,702)
Financing activities:					
Repayment of loan facility	6	(473)	-	(983)	-
Proceeds from convertible debentures	7	-	-	-	6,463
Convertible debenture issue costs	7	-	7	-	(144)
Issue of common shares	10	5	144	10	185
Lease payments		(103)	(14)	(178)	(20)
Cash flows from (used in) financing activities		(571)	137	(1,151)	6,484
Net change in cash		(20,186)	793	(14,956)	4,549
Effect of foreign exchange on cash		(689)	45	(642)	42
Cash and cash equivalents, beginning		33,118	8,796	27,841	5,043
Cash and cash equivalents, ending		12,243	9,634	12,243	9,634

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

Condor Energies Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency) (Unaudited)
Stated in thousands of Canadian dollars
(except for number of common shares)

	Number of Common Shares	Share Capital (Note 10)	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Equity (Deficiency) Attributable to Common Shareholders	Non-Controlling Interests	Total Shareholders' Equity (Deficiency)
As at December 31, 2023	56,490,433	276,722	24,553	(84,414)	(219,394)	(2,533)	-	(2,533)
Exercise of stock options and warrants	615,568	323	(138)	-	-	185	-	185
Stock based compensation expense	-	-	344	-	-	344	-	344
Foreign currency translation adjustment	-	-	-	121	-	121	7	128
Reduction of share capital (Note 10)	-	(219,394)	-	-	219,394	-	-	-
Partial disposition of subsidiaries (Note 11)	-	-	-	3	183	186	(186)	-
Net income (loss)	-	-	-	-	(1,347)	(1,347)	3,001	1,654
As at June 30, 2024	57,106,001	57,651	24,759	(84,290)	(1,164)	(3,044)	2,822	(222)
As at December 31, 2024	67,457,117	75,649	25,297	(83,724)	(3,889)	13,333	7,727	21,060
Exercise of stock options	38,000	17	(7)	-	-	10	-	10
Stock based compensation expense	-	-	1,032	-	-	1,032	-	1,032
Foreign currency translation adjustment	-	-	-	(604)	-	(604)	(513)	(1,117)
Net income (loss)	-	-	-	-	(1,234)	(1,234)	3,385	2,151
As at June 30, 2025	67,495,117	75,666	26,322	(84,328)	(5,123)	12,537	10,599	23,136

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

1. Corporate information:

Reporting entity:

Condor Energies Inc. (“Condor” or the "Company") is a publicly traded company listed on the Toronto Stock Exchange (“TSX”) under the symbol “CDR” with activities in the Republic of Uzbekistan (“Uzbekistan”), the Republic of Turkiye (“Turkiye”) and the Republic of Kazakhstan (“Kazakhstan”). The Company’s registered office is 1810, 500 – 4th Avenue SW, Calgary, Alberta, Canada, T2P 2V6.

The interim condensed consolidated financial statements (the “financial statements”) of the Company as at June 30, 2025 and for the three and six months ended June 30, 2025 and 2024 comprise the Company and its subsidiaries. These financial statements were approved and authorized for issue on August 13, 2025 by the Board of Directors.

Nature of operations:

The Company has a 51% interest in and operates a production enhancement services contract with JSC Uzbekneftegaz (“UNG”) to increase the production and overall recovery rates from an integrated cluster of eight conventional natural gas-condensate fields in Uzbekistan (the “PEC Project”). The term of the PEC Project will end in March 2044.

The Company has a 100% interest in and operates the Poyraz Ridge and Destan operating licenses and gas fields in Turkiye. The Poyraz Ridge license is valid until June 2035 and the Destan license is valid until June 2030.

The Company has a 100% interest in and operates the Sayakbay and Kolkuduk exploration licenses in Kazakhstan for mining solid minerals, including lithium. The six-year Sayakbay license is valid until July 2029 and the six-year Kolkuduk license, awarded in February 2025 (Note 3), is valid until February 2031.

Basis of presentation

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’, as issued by the International Accounting Standards Board. These financial statements do not include all of the information required in annual financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2024.

These financial statements are reported in Canadian dollars (“CAD”) which is the functional currency of the Company. The Company’s has a subsidiary in Uzbekistan with a United States dollar (“USD”) functional currency and a subsidiary in the Netherlands which has a branch in Turkiye with a Turkish Lira (“TRY”) functional currency.

The accounting policies used to prepare these financial statements are consistent with the material accounting policies for the year ended December 31, 2024.

Significant accounting estimates and judgments

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

Information about significant areas of estimation uncertainty and critical judgments in applying material accounting policies that have the most significant effect on the amounts recognized in the financial statements are outlined in Note 2 of Condor's audited consolidated financial statements as at and for the year ended December 31, 2024.

2. Other current assets:

As at ($000's)	June 30, 2025	December 31, 2024
Prepaid expenses	842	1,209
Inventory	506	624
Income taxes receivable	193	199
Value added tax receivables	229	213
	1,770	2,245

3. Exploration and evaluation ("E&E") assets:

As at ($000's)	June 30, 2025	December 31, 2024
Opening balance	399	283
Capital expenditures	71	96
Transfer from property, plant and equipment	-	42
Foreign currency translation adjustment	(21)	(22)
Closing balance	449	399

On February 24, 2025, Condor was awarded a second critical minerals mining license in Kazakhstan for a 100% working interest in the exploration rights within a 6,800-hectare area for a six-year term (the "Kolkuduk" license). E&E assets are comprised of the Sayakbay and Kolkuduk exploration licenses in Kazakhstan for mining solid minerals, including lithium.

There were no indicators of impairment for E&E assets as at June 30, 2025.

4. Property, plant and equipment ("PPE"):

($000's)	Oil and gas properties	LNG facility	Other equipment	Total
Cost				
As at December 31, 2023	13,126	-	1,652	14,778
Capital expenditures	7,967	-	831	8,798
Change in decommissioning costs	11,304	-	-	11,304
Transfer to E&E assets	-	-	(63)	(63)
Foreign currency translation adjustment	756	-	(23)	733
As at December 31, 2024	33,153	-	2,397	35,550
Capital expenditures	17,620	2,236	238	20,094
Change in decommissioning costs	(834)	-	-	(834)
Property, plant and equipment sales	-	-	(7)	(7)
Foreign currency translation adjustment	(1,973)	(58)	(90)	(2,121)
As at June 30, 2025	47,966	2,178	2,538	52,682
Accumulated depletion, depreciation and impairment				
As at December 31, 2023	(13,126)	-	(1,014)	(14,140)
Depletion and depreciation	(3,412)	-	(194)	(3,606)
Transfer to E&E assets	-	-	21	21
Foreign currency translation adjustment	74	-	98	172
As at December 31, 2024	(16,464)	-	(1,089)	(17,553)
Depletion and depreciation	(5,637)	-	(192)	(5,829)
Property, plant and equipment sales	-	-	3	3
Foreign currency translation adjustment	775	-	36	811
As at June 30, 2025	(21,326)	-	(1,242)	(22,568)
Net book value				
As at December 31, 2024	16,689	-	1,308	17,997
As at June 30, 2025	26,640	2,178	1,296	30,114

Changes in decommissioning costs are from new oil and gas assets, updated cost estimates, changes to estimated lives of operations and revisions to discount rates and inflation rates related to oil and gas properties. Changes in decommissioning costs in Uzbekistan have been capitalized to (deducted from) oil and gas properties in the amount of ($0.8) million (December 31, 2024 – $11.3 million). Changes in decommissioning costs in Turkiye and Kazakhstan relating to oil and gas properties with a net book value of $Nil are recognized immediately as depletion and depreciation expense. For the three and six months ended June 30, 2025, the amount expensed was $0.1 million and $0.2 million, respectively, in Turkiye (2024 – $0.1 million and $0.2 million, respectively) and $0.4 million for both periods in Kazakhstan (2024 – $0.2 million and $0.3 million, respectively).

On May 6, 2025, the Company purchased a modular liquefied natural gas ("LNG") facility for its Kazakhstan plant site for USD $6.5 million (CAD $8.9 million). The Company has incurred construction costs of CAD $2.2 million and the remaining payments are due in a combination of time and milestone-based instalments until the LNG facility is commissioned, which is expected to be completed in the second quarter of 2026. Depreciation of the LNG facility will commence when the asset is available for use.

Total depletion and depreciation expense for property, plant and equipment, including changes in decommissioning costs for properties with a net book value of $Nil, for the three and six months ended June 30, 2025 is $3.2 million and $6.4 million, respectively (2024 – $0.5 million and $0.7 million, respectively).

As at June 30, 2025, other equipment includes field equipment and capital inventory of $0.4 million (December 31, 2024 – $0.4 million) which are not subject to depreciation, and right-of-use assets related to Canadian and Uzbekistan office space with a cost of $0.8 million (December 31, 2024 – $0.7 million), accumulated depreciation of $0.2 million (December 31, 2024 - $0.1 million) and a carrying amount of $0.6 million (December 31, 2024 - $0.6 million).

There were no indicators of impairment for property, plant and equipment as at June 30, 2025.

5. Other long-term assets:

Other long term assets are comprised of non-current bank deposits for decommissioning obligations in Kazakhstan, Turkiye and Canada in the aggregate amount of $0.3 million as of June 30, 2025 (December 31, 2024 – $0.3 million) and are substantially all denominated in USD and invested in special interest bearing accounts.

6. Loan facility:

The Company has a USD denominated term loan facility (“Loan Facility”) with a group of third-party lenders. The Loan Facility is unsecured, non-revolving and bears interest at 9.0% per annum to be paid quarterly in arrears.

Principal payments of USD $0.355 million are due on each of September 30, 2025, December 31, 2025, and March 31, 2026, USD $0.865 million is due on June 30, 2026 and USD $2.905 million is due on September 30, 2026.

Financing costs for the Loan Facility were recorded as a reduction against the liability and are amortized over the term of the Loan Facility using the effective interest method. The effective interest expense on the Loan Facility for the three and six months ended June 30, 2025 was $0.3 million and $0.7 million, respectively (2024 – $0.4 million and $0.8 million, respectively) and the balance of unamortized financing costs as at June 30, 2025 was $0.8 million (December 31, 2024 – $1.1 million).

As of June 30, 2025, the current portion of the Loan Facility of $2.7 million (December 31, 2024 – $2.2 million) is comprised of $0.1 million of accrued interest payable (December 31, 2024 – $0.1 million) and $2.6 million of principal (December 31, 2024 – $2.1 million), and the non-current portion of $3.2 million (December 31, 2024 – $4.8 million) is comprised of $4.0 million of principal (December 31, 2024 – $5.9 million) less $0.8 million of unamortized financing costs (December 31, 2024 – $1.1 million). As of June 30, 2025, the Company is in compliance with all non-financial covenants and the Loan Facility has no associated financial covenants.

As at ($000's)	June 30, 2025	December 31, 2024
Beginning balance	6,959	6,023
Accretion expense	694	1,478
Interest paid	(340)	(726)
Principal repayments	(983)	(488)
Foreign currency translation adjustment	(405)	672
Ending balance	5,925	6,959
Less: current portion	(2,745)	(2,182)
Ending non-current portion	3,180	4,777

7. Convertible debentures:

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 9.0% per annum payable in cash semi-annually in arrears, mature on March 21, 2027, and the principal amount is convertible at any time at the option of the holder on or before the maturity date at a conversion price of USD $1.61676 per common share. The Company can force conversion of all the Debentures if the 20-day volume weighted average trading price of the Company's common shares on the TSX exceeds CAD $3.00. The proceeds are available for general corporate purposes. As of June 30, 2025, the Company is in compliance with all non-financial covenants and the Debentures have no associated financial covenants.

The fair value of the liability component of the Debentures of USD $4.1 million (CAD $5.5 million) was determined on March 22, 2024 by discounting the expected future cash flows of the interest and principal amounts at the Company's estimated incremental borrowing rate of 16%. Financing costs allocated to the liability component of $0.14 million were recorded as a reduction against the liability and are amortized over the three-year term using the effective interest method. The liability component is accreted over the three-year term to the principal amount on the maturity date with a corresponding non-cash accretion charge recognized in finance expense.

As the Debentures are denominated in a currency other than the Company's functional currency, the conversion feature is accounted for as an embedded derivative liability and its fair value is reevaluated and estimated at each reporting period date with changes in fair value recognized in earnings.

The effective interest expense on the liability component of the Debentures for the three and six months ended June 30, 2025 was $0.3 million and $0.5 million, respectively (2024 – $0.2 million for both periods) and the balance of unamortized financing costs as at June 30, 2025 was $0.1 million (December 31, 2024 – $0.1 million). As at June 30, 2025, the liability component includes accrued interest payable of $0.2 million (December 31, 2024 – $0.2 million).

The estimated fair value of the embedded derivative liability on June 30, 2025 was $1.3 million (December 31, 2024 – $1.7 million) with the change in fair value for the three and six months ended June 30, 2025 of $0.05 million and $0.3 million, respectively, recognized as unrealized gain on embedded derivative (2024 – $0.6 million unrealized loss for both periods). The fair value of the embedded derivative liability as at June 30, 2025 was estimated using the Black-Scholes option pricing model assuming: a 1.1 year expected life; a 2.6% risk free interest rate; a 73% expected volatility, which is based on historical share price volatility of the Company; no expected dividends; a June 30, 2025 share price of $1.84; and an exercise price of $2.21.

As at ($000's)	June 30, 2025	December 31, 2024
Liability component		
Beginning balance	6,128	5,353
Accretion expense	478	714
Interest paid	(308)	(292)
Foreign currency translation adjustment	(322)	353
Ending liability component balance	5,976	6,128
Embedded derivative component		
Beginning balance	1,653	966
Unrealized (gain) loss on derivative revaluation	(317)	687
Ending embedded derivative component balance	1,336	1,653
Total Debentures	7,312	7,781

8. Provisions:

As at ($000's)	June 30, 2025	December 31, 2024
Beginning non-current portion	14,457	1,834
Increase in liabilities	-	12,425
Changes in estimates	(627)	(793)
Accretion expense	311	464
Foreign currency translation adjustment	(938)	527
Ending non-current portion	13,203	14,457
Beginning current portion	1,242	635
Settlements	(30)	(1,171)
Changes in estimates	412	1,839
Foreign currency translation adjustment	(64)	(61)
Ending current portion	1,560	1,242

Provisions are comprised of decommissioning obligations which are estimated based on the expected costs to abandon existing wells, gathering lines and facilities and for site restoration along with the estimated timing of future payments. As at June 30, 2025, the estimated total uninflated and undiscounted cash flows required to settle the current and non-current liabilities are $19.6 million (December 31, 2024 – $20.2 million), which are expected to be incurred between 2025 and 2043.

The net present value of the non-current decommissioning obligations is calculated with an inflation rate of 2.5% (December 31, 2024 – 2.8%) and using risk-free discount rates of 4.0% to 4.8% (December 31, 2024 – 4.3% to 4.7%).

9. Other long-term liabilities:

($000's)	PEC Project	CNG	Total
Balance as at December 31, 2024	2,821	1,816	4,637
Increase in liabilities	1,591	-	1,591
Accretion	281	130	411
Payments on other long-term liabilities	-	(352)	(352)
Foreign currency translation adjustment	(171)	(87)	(258)
Balance as at June 30, 2025	4,522	1,507	6,029
Less: current portion	-	(485)	(485)
Non-current portion	4,522	1,022	5,544

In accordance with the terms of the PEC Project, certain of the Company's payment obligations for royalty expenses are deferred. These liabilities are initially recognized at fair value by discounting the expected future payments at the Company's estimated incremental borrowing rate of 16% and are subsequently accreted over the deferral period to the principal amount on the due date with a corresponding non-cash accretion charge recognized in finance expense.

The total undiscounted cash outflows required to settle these obligations are $9.1 million and are due between March 2029 and June 2030. The non-cash accretion expense for the three and six months ended June 30, 2025 is $0.2 million and $0.3 million, respectively (2024 – $0.02 million for both periods).

Condor Natural Gas B.V. ("CNG"), a Company subsidiary, entered into a Termination and Settlement Agreement (the "Agreement") effective August 1, 2024 with third-party advisors (the "Advisors") who assisted Condor in pursuing investment opportunities in Uzbekistan.

The CNG termination payment is payable in monthly instalments of USD $0.04 million until March 2028 and was recognized at fair value by discounting the expected future payments at the Company's estimated incremental borrowing rate of 16%. The liability is accreted over the payment period with a corresponding non-cash accretion charged to finance expense. The non-cash accretion expense on the Agreement liabilities for the three and six months ended June 30, 2025 was $0.06 million and $0.13 million, respectively (2024 – $Nil for both periods). As at June 30, 2025, the total undiscounted cash flows required to settle the liability are USD $1.3 million (CAD $1.8 million).

10. Share capital:

The Company has authorized an unlimited number of common shares without nominal or par value and an unlimited number of first and second preferred shares without nominal or par value and all issued shares are fully paid. As of June 30, 2025, the number of common shares issued is 67,495,117 (December 31, 2024 – 67,457,117).

During the six months ended June 30, 2025, 38,000 stock options were exercised for proceeds of $0.01 million. During the six months ended June 30, 2024, 548,900 stock options were exercised for proceeds of $0.15 million and 66,668 common share purchase warrants were exercised for proceeds of $0.03 million.

As of June 30, 2025, there are 2,754,497 common share purchase warrants as follows:

- 2,533,334 warrants each at an exercise price of $0.48 per common share and exercisable into one common share of Condor, of which 255,000 expire on June 30, 2026 and 2,278,334 expire on July 14, 2026; and
- 221,163 warrants each at an exercise price of $2.20 per common share and exercisable into one common share of Condor which expire on December 9, 2026.

Reduction of share capital

On June 20, 2024, Condor's shareholders resolved by special resolution that the Company's share capital be reduced, without payment of or reduction to the Company's stated capital or paid-up capital, by the amount of the deficit on December 31, 2023 of $219.4 million.

11. Non-controlling interests:

a. Condor Natural Gas B.V.

On January 9, 2024, the Company entered into a share purchase agreement ("SPA") with a third party to sell 49% of the shares of Condor Natural Gas B.V. ("CNG"). CNG is the sole shareholder of the Uzbekistan subsidiary which is conducting the production enhancement services under the PEC Project. On March 1, 2024, the SPA was completed, the consideration received, and the assets, liabilities and accumulated other comprehensive loss ("AOCL") transferred to the NCI is outlined in the table below:

($000's)	
Consideration received	-
Carrying amount of net assets and AOCL transferred to NCI	(160)
Increase in equity attributable to Common shareholders	160

The increase in equity attributable to Common shareholders of the Company was comprised of a reduction in deficit of $0.16 million and a reduction in AOCL of less than $0.01 million.

The following table summarizes the financial information relating to CNG and its wholly-owned Uzbekistan subsidiary, before any intra-group eliminations. The NCI is allocated 49% of the comprehensive income of CNG commencing March 1, 2024.

As at ($000's)	June 30, 2025	December 31, 2024
Current assets	30,304	33,333
Non-current assets	27,949	17,674
Current liabilities	(16,599)	(9,192)
Non-current liabilities	(19,659)	(25,892)
Net assets	21,995	15,923
Net assets attributable to NCI	10,777	7,802

Three months ended ($000's)	**June 30, 2025**	June 30, 2024
		Adjusted – Note 22
Revenue	19,285	18,954
Expenses	(15,701)	(13,979)
Finance income	9	-
Other expense	-	(1,870)
Net income	3,593	3,105
Other comprehensive income (loss)	(1,047)	18
Total comprehensive income	2,546	3,123
Net income allocated to NCI	1,761	1,522
Other comprehensive income (loss) allocated to NCI	(513)	8
Cash flows from (used in) operating activities	(8,272)	4,256
Cash flows used in investing activities	(5,392)	(1,605)
Cash flows from financing activities	33	3,292
Effect of foreign exchange on cash	(641)	14
Increase (decrease) in cash	(14,272)	5,957

Six months ended ($000's)	**June 30, 2025**	June 30, 2024
		Adjusted – Note 22
Revenue	41,547	26,166
Expenses	(34,438)	(18,489)
Finance income	14	-
Other expense	-	(1,870)
Net income	7,123	5,807
Other comprehensive income (loss)	(1,051)	14
Total comprehensive income	6,072	5,821
Net income allocated to NCI	3,490	3,010
Other comprehensive income (loss) allocated to NCI	(515)	7
Cash flows from operating activities	8,897	3,687
Cash flows used in investing activities	(14,328)	(1,721)
Cash flows from (used in) financing activities	(5,852)	4,274
Effect of foreign exchange on cash	(650)	13
Increase (decrease) in cash	(11,933)	6,253

b. Condor LNG Ltd.

On April 24, 2024, the Company completed a share purchase agreement with a third party to sell 10% of the shares of Condor LNG Ltd. ("CLNG"). CLNG is the sole shareholder of certain Kazakhstan subsidiaries which are developing liquefied natural gas facilities in Kazakhstan. The consideration received, and the assets, liabilities and accumulated other comprehensive loss ("AOCL") transferred to the NCI is outlined in the table below:

($000's)	
Consideration received	-
Carrying amount of net assets and AOCL transferred to NCI	(26)
Increase in equity attributable to Common shareholders	26

The increase in equity attributable to Common shareholders of the Company is comprised of a decrease in deficit of $0.03 million and a decrease in AOCL of less than $0.01 million.

The following table summarizes the financial information relating to CLNG and its wholly-owned Kazakhstan subsidiaries, before any intra-group eliminations. The NCI is allocated 10% of the comprehensive income of CLNG commencing April 24, 2024.

As at ($000's)	**June 30, 2025**	**December 31, 2024**
Current assets	196	195
Non-current assets	2,182	3
Current liabilities	(83)	(81)
Non-current liabilities	(4,076)	(871)
Net asset deficiency	(1,781)	(754)
Net asset deficiency attributable to NCI	(178)	(75)

Three months ended ($000's)	**June 30, 2025**	June 30, 2024
Revenue	-	-
Expenses	(846)	(294)
Net loss	(846)	(294)
Other comprehensive income (loss)	21	(8)
Total comprehensive loss	(825)	(302)
Net loss allocated to NCI	(85)	(9)
Other comprehensive income (loss) allocated to NCI	2	-
Cash flows from (used in) operating activities	(910)	(297)
Cash flows used in investing activities	(2,235)	(4)
Cash flows from (used in) financing activities	3,133	353
Effect of foreign exchange on cash	-	2
Increase (decrease) in cash	(12)	54

Six months ended ($000's)	**June 30, 2025**	June 30, 2024
Revenue	-	-
Expenses	(1,051)	(294)
Net loss	(1,051)	(294)
Other comprehensive income (loss)	24	(8)
Total comprehensive loss	(1,027)	(302)
Net loss allocated to NCI	(105)	(9)
Other comprehensive income (loss) allocated to NCI	2	-
Cash flows used in operating activities	(1,078)	(297)
Cash flows used in investing activities	(2,236)	(4)
Cash flows from financing activities	3,319	353
Effect of foreign exchange on cash	(1)	2
Increase in cash	4	54

12. Net income (loss) per share:

Per share amounts for the three and six months ended June 30, 2025 are calculated using a weighted average number of common shares of 67,476,964 and 67,469,802, respectively (2024 – 56,774,485 and 56,673,338 common shares, respectively). For periods with a net loss, outstanding convertible debentures (Note 7), common share purchase warrants (Note 10) and stock options (Note 13) have been excluded from the respective calculations of diluted weighted average common shares as to include them would have an antidilutive effect.

13. Stock based compensation:

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

The number and weighted average exercise prices of share options are as follows:

	Number of options	Weighted average exercise price
Outstanding as at December 31, 2023	5,447,000	$0.56
Granted	468,000	1.90
Expired	(701,434)	(0.31)
Outstanding as at December 31, 2024	5,213,566	0.71
Granted	1,305,000	1.84
Exercised	(38,000)	(0.31)
Forfeited	(56,000)	(1.82)
Outstanding as at June 30, 2025	6,424,566	$0.93

Details of the stock options outstanding as at June 30, 2025 are as follows:

	Options outstanding		Options vested	
Exercise price	Number	Average remaining life in years	Number	Average remaining life in years
$0.31	936,666	2.7	936,666	2.7
$0.39	1,109,900	2.4	1,109,900	2.4
$0.42	120,000	1.8	120,000	1.8
$0.48	750,000	1.6	750,000	1.6
$0.51	175,000	0.4	175,000	0.4
$0.53	620,000	0.2	620,000	0.2
$1.23	1,024,000	3.3	682,337	3.3
$1.53	90,000	4.8	30,001	4.8
$1.80	165,000	3.9	110,001	3.9
$1.86	1,191,000	4.6	397,002	4.6
$1.99	243,000	4.2	-	-
	6,424,566	2.8	4,930,907	2.3

As of June 30, 2025, there are 6,424,566 stock options outstanding (December 31, 2024 – 5,213,566) with a weighted average exercise price of $0.93 (December 31, 2024 - $0.71), of which 4,930,907 stock options are exercisable (December 31, 2024 – 4,112,239) with a weighted average exercise price of $0.69 (December 31, 2024 – $0.59).

In April 2025, 90,000 stock options were granted and the fair value of $1.02 per option was estimated using the Black-Scholes option pricing model assuming: a 3.0 year expected life; a 2.6% risk free interest rate; an 104% expected volatility, which is based on historical share price volatility of the Company; no expected dividends; a grant date share price of $1.57; and an exercise price of $1.53.

In February 2025, 1,215,000 stock options were granted and the fair value of $1.23 per option was estimated using the Black-Scholes option pricing model assuming: a 3.0 year expected life; a 2.6% risk free interest rate; an 106% expected volatility, which is based on historical share price volatility of the Company; no expected dividends; a grant date share price of $1.88; and an exercise price of $1.86.

14. Finance expense

For the three months ended ($000's)	June 30, 2025	June 30, 2024
Accretion on loan facility and Debentures (Notes 6 and 7)	579	604
Accretion of provisions (Note 8)	147	142
Accretion of other long-term liabilities (Note 9)	219	21
Interest on lease liabilities	24	2
	969	769

For the six months ended ($000's)	June 30, 2025	June 30, 2024
Accretion on loan facility and Debentures (Notes 6 and 7)	1,172	986
Accretion of provisions (Note 8)	311	200
Accretion of other long-term liabilities (Note 9)	411	21
Interest on lease liabilities	48	5
	1,942	1,212

15. Other expense:

On April 15, 2025, the Company acquired the rights to a natural gas allocation in Kazakhstan for USD $0.5 million (CAD $0.7 million) to provide LNG feed gas for the LNG facility (note 4). The natural gas allocation does not meet the recognition criteria for an asset and was expensed during the three and six months ended June 30, 2025.

The other expense of $1.9 million for both the three and six months ended June 30, 2024 relates to the Termination and Settlement Agreement described in Note 9.

16. Net monetary gain (loss):

To measure the impact of inflation in Turkiye on its consolidated financial position and operating results, the Company has elected to use the Turkish consumer price index ("Turkish CPI") as published by the Turkish Statistical Institute "TURKSTAT". The value of the Turkish CPI at June 30, 2025 was 3,132 (2024 – 2,319) and the movement in the Turkish CPI for the six months ended June 30, 2025 was 448 (June 30, 2024 – 460), an increase of approximately 17% (2024 – 25%). For the three and six months ended June 30, 2025, the Company recognized a net monetary loss of $Nil and $0.01 million, respectively, to restate transactions into a measuring unit current as of June 30, 2025 (2024 – gain of approximately $0.01 million for both periods).

17. Income taxes

Deferred tax assets are reviewed at each reporting date and are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Income tax expense for the three and six months ended June 30, 2025 is comprised of current income tax expense of $0.4 million and $1.8 million, respectively (2024 – $1.2 million and $1.6 million, respectively) and deferred income tax (expense) recovery of $(0.1) million and $0.5 million, respectively (2024 – $Nil for both periods) related to Uzbekistan.

18. Commitments and contingent liabilities:

The Company has capital commitments for the LNG facility in Kazakhstan of USD $4.9 million (CAD $6.7 million), and the payments are due in a combination of time and milestone-based instalments until the LNG facility is commissioned, which is expected to be in Q2 2026 (see Note 23a.).

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

The Sayakbay exploration license in Kazakhstan contains 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 Kolkuduk exploration license in Kazakhstan contains contractual work commitments of approximately $0.05 million per annum during the first three years and $0.1 million per annum during the final three years of the six-year term. 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 amounts could be significant.

19. 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)	June 30, 2025	December 31, 2024
Cash and cash equivalents	12,243	27,841
Trade and other receivables	27,124	17,617
Other long-term assets	267	279
	39,634	45,737

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 six months ended June 30, 2025 and 2024, sales of natural gas were sold to one customer in each of Uzbekistan and Turkiye, and sales of condensate were sold to one customer in Uzbekistan and therefore all sales transactions are subject to concentration risk. As at June 30, 2025, these three customers represented 99% of outstanding trade and other receivables (December 31, 2024 – 99%). Of the $27.1 million trade and other receivables balance as of June 30, 2025, $27.0 million was collected subsequent to June 30, 2025.

Credit risk is mitigated by management's policies and practices. Natural gas and condensate produced in Uzbekistan are supplied to the domestic market through sales agreements with national companies of Uzbekistan. For natural gas sales in Turkiye, 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.

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 Turkiye. 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.

Managing the Company's obligations will require using a combination of cash on hand, funds from operating activities, securing funding from debt or equity financing, disposing of assets or making other arrangements. While the Company believes it has sufficient resources to manage these obligations for the next year, there is no assurance over the longer term that the Company will be successful with these initiatives and the outcome of these matters is uncertain.

As at June 30, 2025, the Company had a deficit of $5.1 million (December 31, 2024 – $3.9 million). For the three and six months ended June 30, 2025, the Company reported net income of $0.5 million and $2.2 million, respectively (2024 – $1.6 million and $1.7 million, respectively) and cash from (used in) operating activities of ($11.2) million and $3.6 million, respectively (2024 – $2.2 million and ($0.2) million, respectively). The Company's working capital balance has decreased from $26.0 million as at December 31, 2024 to $14.0 million as at June 30, 2025.

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 statements of financial position. The Company's undiscounted contractual obligations are as follows:

($000's)	Less than 1 year	Greater than 1 year	Total
As at June 30, 2025			
Accounts payable and accrued liabilities	14,837	-	14,837
Lease liabilities	312	438	750
Loan facility	2,745	3,963	6,708
Convertible debentures	160	6,508	6,668
Other long-term liabilities	682	10,214	10,896

As at December 31, 2024			
Accounts payable and accrued liabilities	9,844	-	9,844
Lease liabilities	282	480	762
Loan facility	2,182	5,936	8,118
Convertible debentures	171	6,864	7,035
Other long-term liabilities	719	7,467	8,186

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 portion of the Company's cash and cash equivalents are held in USD and the Company's Loan Facility and Debentures are denominated in USD. Natural gas and condensate sales in Uzbekistan are domestic sales at local market prices and natural gas sales in Turkiye 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 six months ended June 30, 2025 or the year ended December 31, 2024.

During the six months ended June 30, 2025, the CAD appreciated from 1.44 per 1.00 USD to 1.36, the KZT appreciated from 523.5 per 1.00 USD to 520.4, and the TRL depreciated from 35.2 per 1.00 USD to 39.7, which led to a foreign exchange gain of $0.6 million (2024 – loss of ($0.2) million) related mainly to the USD denominated Loan Facility and Debentures, partially offset by USD cash and cash equivalents held by the Company.

During the six months ended June 30, 2025, the CAD appreciated from 1.44 per 1.00 USD to 1.36, the KZT depreciated from 363.9 per 1.00 CAD to 381.0, and the TRL depreciated from 24.4 per 1.00 CAD to 29.1, resulting in a $1.1 million translation loss adjustment through equity (2024 – gain 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 Debentures both bear fixed-rate interest at 9.0% 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 six months ended June 30, 2025 or the year ended December 31, 2024.

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 six months ended June 30, 2025 or the year ended December 31, 2024.

Natural gas sales in Uzbekistan are domestic sales at local market prices. Condensate sales prices in Uzbekistan are based on Brent less a discount for processing, transportation and marketing.

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

Fair Value of Financial Assets and Liabilities

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

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

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

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

The fair value of the Company's cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities balances approximate their carrying value at June 30, 2025 and December 31, 2024, due to their short term to maturity. The Loan Facility is classified as Level 2 within the fair value hierarchy, and the fair value of the non-current principal amount of $3.2 million as at June 30, 2025 is estimated as $3.8 million (December 31, 2024 – $5.4 million). The embedded derivative liability of the convertible debentures is classified as Level 2 within the fair value hierarchy, and its fair value is determined at each period end. The other long-term liabilities are classified as Level 2 within the fair value hierarchy, and their fair value approximates their carrying value.

20. Supplementary cash flow information:

For the three and six months ended June 30, 2025, the Company received interest income of $0.1 million and $0.2 million, respectively (2024 – $0.05 million and $0.09 million, respectively), paid aggregate interest expense of $0.3 million and $0.6 million, respectively (2024 – $0.2 million and $0.4 million, respectively) on the Loan Facility (Note 6) and Debentures (Note 7) and paid income tax of $1.2 million and $1.7 million, respectively (2024 – $1.0 million for both periods).

21. Segmented information:

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

($000's)	Corporate	Uzbekistan	Kazakhstan	Turkiye	Total
As at June 30, 2025					
Exploration and evaluation assets	-	-	449	-	449
Property, plant and equipment	302	27,243	2,564	5	30,114
Total assets	10,465	58,137	3,580	461	72,643
Total liabilities	14,201	31,506	1,831	1,969	49,507
As at December 31, 2024					
Exploration and evaluation assets	-	-	399	-	399
Property, plant and equipment	135	17,445	410	7	17,997
Total assets	13,872	50,961	1,341	433	66,607
Total liabilities	16,211	25,586	1,788	1,962	45,547

($000's)	Corporate	Uzbekistan	Kazakhstan	Turkiye	Total
For the three months ended June 30, 2025					
E&E expenditures	-	-	25	-	25
PP&E expenditures	15	8,638	2,236	-	10,889
Revenue					
Natural gas sales	-	17,875	-	7	17,882
Condensate sales	-	1,410	-	-	1,410
Royalties	-	(2,668)	-	(1)	(2,669)
Total revenue	-	16,617	-	6	16,623
Expenses					
Production costs	-	8,460	-	130	8,590
Transportation and selling	-	633	-	-	633
General and administrative	1,018	423	463	98	2,002
Depletion and depreciation	35	2,649	414	74	3,172
Stock based compensation	339	-	-	-	339
Finance income	(97)	(9)	(3)	(7)	(116)
Finance expense	584	367	-	18	969
Foreign exchange (gain) loss	(349)	(258)	1	(3)	(609)
Gain on PPE sales	-	-	(7)	-	(7)
Gain on embedded derivative	(52)	-	-	-	(52)
Other expense	-	-	659	-	659
Income (loss) before taxes	(1,608)	4,352	(1,397)	(304)	1,043
Income tax expense	-	(516)	-	-	(516)
Net income (loss)	(1,608)	3,836	(1,397)	(304)	527
For the three months ended June 30, 2024		**Adjusted – Note 22**			
E&E expenditures	-	-	23	-	23
PP&E expenditures	6	1,605	12	-	1,623
Revenue					
Natural gas sales	-	17,420	-	109	17,529
Condensate sales	-	1,534	-	-	1,534
Royalties	-	(2,616)	-	(14)	(2,630)
Total revenue	-	16,338	-	95	16,433
Expenses					
Production costs	-	7,535	-	185	7,720
Transportation and selling	-	626	-	80	706
General and administrative	12	951	341	83	1,387
Depletion and depreciation	17	191	237	47	492
Stock based compensation	219	-	-	-	219
Finance income	(43)	-	(1)	(5)	(49)
Finance expense	606	144	-	19	769
Foreign exchange (gain) loss	52	22	(32)	1	43
Loss on embedded derivative	568	-	-	-	568
Other expense	-	1,870	-	-	1,870
Net monetary gain	-	-	-	(11)	(11)
Income (loss) before taxes	(1,431)	4,999	(545)	(304)	2,719
Income tax expense	-	(1,156)	-	-	(1,156)
Net income (loss)	(1,431)	3,843	(545)	(304)	1,563

($000's)	Corporate	Uzbekistan	Kazakhstan	Turkiye	Total
For the six months ended June 30, 2025					
E&E expenditures	-	-	71	-	71
PP&E expenditures	81	17,630	2,237	-	19,948
Revenue					
Natural gas sales	-	37,857	-	15	37,872
Condensate sales	-	3,690	-	-	3,690
Royalties	-	(5,746)	-	(2)	(5,748)
Total revenue	-	35,801	-	13	35,814
Expenses					
Production costs	-	17,367	-	274	17,641
Transportation and selling	-	1,335	-	1	1,336
General and administrative	1,502	1,943	847	202	4,494
Depletion and depreciation	61	5,763	416	208	6,448
Stock based compensation	1,032	-	-	-	1,032
Finance income	(183)	(14)	(4)	(14)	(215)
Finance expense	1,182	724	-	36	1,942
Foreign exchange (gain) loss	(417)	(213)	10	(12)	(632)
Gain on PPE sales	-	-	(7)	-	(7)
Gain on embedded derivative	(317)	-	-	-	(317)
Other expense	-	-	659	-	659
Net monetary loss	-	-	-	13	13
Income (loss) before taxes	(2,990)	8,896	(1,791)	(695)	3,420
Income tax expense	-	(1,269)	-	-	(1,269)
Net income (loss)	(2,990)	7,627	(1,791)	(695)	2,151
For the six months ended June 30, 2024		**Adjusted – Note 22**			
E&E expenditures	-	-	43	-	43
PP&E expenditures	13	1,701	18	-	1,732
Revenue					
Natural gas sales	-	23,985	-	270	24,255
Condensate sales	-	2,181	-	-	2,181
Royalties	-	(3,613)	-	(35)	(3,648)
Total revenue	-	22,553	-	235	22,788
Expenses					
Production costs	-	9,860	-	356	10,216
Transportation and selling	-	857	-	142	999
General and administrative	1,378	1,302	647	160	3,487
Depletion and depreciation	34	260	268	175	737
Stock based compensation	344	-	-	-	344
Finance income	(82)	-	(2)	(7)	(91)
Finance expense	991	184	-	37	1,212
Foreign exchange (gain) loss	165	26	(20)	(10)	161
Loss on embedded derivative	568	-	-	-	568
Other expense	-	1,870	-	-	1,870
Net monetary gain	-	-	-	(4)	(4)
Income (loss) before taxes	(3,398)	8,194	(893)	(614)	3,289
Income tax expense	-	(1,635)	-	-	(1,635)
Net income (loss)	(3,398)	6,559	(893)	(614)	1,654

22. Comparative period adjustment:

An immaterial adjustment has been made to the royalty expenses described in Note 9, and non-cash finance income in the interim condensed consolidated statements of income and cash flows for the three and six months ended June 30, 2024. Previously, the difference between the fair value of the payment obligations and the undiscounted value of these royalty expenses was recorded as non-cash finance income upon recognition. The Company should have recorded these royalty expenses at the discounted amount and non-cash finance income should not be recognized. The impact of this immaterial adjustment to the three months ended March 31, 2025 is also described below.

The adjustment for the three months ended June 30, 2024 is $0.9 million and the impact on the statements of income (loss) and comprehensive income (loss) is to reduce finance income from $0.9 million to less than $0.1 million and royalty expenses from $3.5 million to $2.6 million with a corresponding adjustment to total revenue from $15.5 million to $16.4 million. The impact on the operating activities section of the statements of cash flows is to reduce non-cash finance income from $0.9 million to $Nil and reduce the change in other long-term liabilities from $1.6 million to $0.7 million.

The adjustment for the six months ended June 30, 2024 is $1.2 million and the impact on the statements of income (loss) and comprehensive income (loss) is to reduce finance income from $1.3 million to $0.1 million and royalty expenses from $4.8 million to $3.6 million with a corresponding adjustment to total revenue from $21.6 million to $22.8 million. The impact on the operating activities section of the statements of cash flows is to reduce non-cash finance income from $1.2 million to $Nil and reduce the change in other long-term liabilities from $2.2 million to $1.0 million.

The adjustment for the three months ended March 31, 2025 is $1.0 million and the impact on the statements of income (loss) and comprehensive income (loss) is to reduce finance income from $1.1 million to $0.1 million and royalty expenses from $4.1 million to $3.1 million with a corresponding adjustment to total revenue from $18.2 million to $19.2 million. The impact on the operating activities section of the statements of cash flows is to reduce non-cash finance income from $1.0 million to $Nil and reduce the change in other long-term liabilities from $1.9 million to $0.9 million.

There was no impact resulting from this adjustment in the amount of the Company’s previously reported net income, cash flows from (used in) operating activities or to other long-term liabilities in the interim condensed consolidated statements of financial position.

23. Subsequent events:

a) On August 12, 2025, the Company, through a subsidiary, entered into a USD $5.0 million (CAD $6.8 million) bridge loan which is unsecured, bears interest at 9.0% per annum, has no equity components or conversion features, has no financial covenants, requires no repayment of principal or interest payments until maturity, and permits early repayment with no penalties or limitations (the “Bridge Loan”). The Bridge Loan use of proceeds is for capital expenditures and general and administrative costs related to the construction and implementation of the LNG facility in Kazakhstan (Notes 4 and 18). The Bridge Loan was provided by an existing significant shareholder of the Company, and provides temporary funding for this project while third party project financing is being pursued. The Bridge Loan matures on the earlier of March 30, 2026 and ten business days following the receipt of third party project financing for the LNG facility.

b) Subsequent to June 30, 2025, 478,666 stock options were exercised for proceeds of $0.3 million.

c) On July 28, 2025, the Company granted 50,000 stock options with an exercise price of $2.15 per common share.