



**Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Condor Energies Inc.

### ***Opinion***

We have audited the consolidated financial statements of Condor Energies Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

### ***Assessment of the impact of estimated proved plus probable reserves on depletion expense for the Uzbekistan cash-generating unit ("CGU")***

#### **Description of the matter**

We draw attention to note 2, note 3, note 7 and note 27 to the financial statements. The Entity uses estimated proved plus probable reserves to deplete its oil and gas properties included in property, plant and equipment. The Entity depletes its oil and gas properties using the unit-of-production basis over the proved plus probable reserves, before royalties, and total project capital expenditures including future development costs. The Entity recorded depletion expense related to its oil and gas properties of \$11,988 thousand for the year ended December 31, 2025, of which a portion relates to the Uzbekistan CGU.

The estimate of proved plus probable reserves includes significant assumptions related to:

- Forecasted sales prices
- Forecasted production
- Forecasted operating costs
- Forecasted royalty costs
- Forecasted future development costs.

The Entity engages an independent qualified reserve evaluator to estimate the proved plus probable reserves.

#### **Why the matter is a key audit matter**

We identified the assessment of the impact of estimated proved plus probable reserves on depletion expense for the Uzbekistan CGU as a key audit matter. Significant auditor judgement was required to evaluate the results of our audit procedures regarding the estimate of proved plus probable reserves.

#### **How the matter was addressed in the audit**

The primary procedures we performed to address this key audit matter included the following:

We assessed the depletion expense calculation for compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

With respect to the estimate of proved plus probable reserves:

- We evaluated the competence, capabilities and objectivity of the independent qualified reserve evaluator engaged by the Entity
- We compared the forecasted sales prices to those published by other independent qualified reserve evaluators



- We compared the 2025 actual production, operating costs, royalty costs and future development costs of the Entity to those estimates used in the prior year's estimate of proved reserves to assess the Entity's ability to accurately forecast
- We evaluated the appropriateness of forecasted production, forecasted operating costs, royalty costs, and future development costs assumptions by comparing to 2025 historical results. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the assumptions.

### ***Other Information***

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*KPMG LLP*

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is David Yung.

Calgary, Canada  
March 19, 2026

## Condor Energies Inc.

### Consolidated Statements of Financial Position

Stated in thousands of Canadian dollars

As at December 31	Note	2025	2024
<b>Assets</b>			
Cash and cash equivalents	4	18,516	27,841
Trade and other receivables	25	16,046	17,617
Other current assets	5	2,653	2,245
Total current assets		37,215	47,703
Exploration and evaluation assets	6	630	399
Property, plant and equipment	7	59,155	17,997
Other long-term assets	8	268	279
Deferred income tax asset	23	1,151	229
Total assets		98,419	66,607
<b>Liabilities</b>			
Accounts payable and accrued liabilities		21,279	9,844
Current portion of lease liabilities	9	268	205
Current portion of loan facility	10	5,347	2,182
Bridge loan	11	6,040	-
Convertible debentures	12a	7,293	7,781
Current portion of provisions	13	592	1,242
Current portion of other long-term liabilities	14	527	472
Total current liabilities		41,346	21,726
Lease liabilities	9	260	422
Loan facility	10	-	4,777
Convertible debentures	12b	11,477	-
Provisions	13	16,051	14,457
Other long-term liabilities	14	7,471	4,165
Total liabilities		76,605	45,547
<b>Shareholders' Equity</b>			
Share capital	15	76,547	75,649
Contributed surplus		26,625	25,297
Equity component of convertible debentures	12b	989	-
Accumulated other comprehensive loss		(84,198)	(83,724)
Deficit		(8,101)	(3,889)
Equity attributable to common shareholders		11,862	13,333
Non-controlling interests	16	9,952	7,727
Total shareholders' equity		21,814	21,060
Total liabilities and shareholders' equity		98,419	66,607

Commitments and contingent liabilities (Note 24); Subsequent events (Note 29)

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

Approved on behalf of the Board of Directors:

(signed)  
Dennis Balderston, Chairman

(signed)  
Andrew Judson, Lead Director

## Condor Energies Inc.

### Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Stated in thousands of Canadian dollars

(except for per share amounts)

For the years ended December 31	Note	2025	2024
			Adjusted – Note 28
<b>Revenue</b>			
Natural gas and condensate sales	27	80,690	66,626
Royalties		(11,152)	(9,218)
<b>Total revenue</b>		<b>69,538</b>	<b>57,408</b>
<b>Expenses</b>			
Production costs		35,187	26,294
Transportation and selling		2,639	2,371
General and administrative		9,981	9,325
Depletion and depreciation	7	13,924	5,773
Stock based compensation	18	1,532	695
<b>Total expenses</b>		<b>(63,263)</b>	<b>(44,458)</b>
Finance income	20	462	226
Finance expense	20	(4,192)	(2,958)
Foreign exchange gain (loss)	25	965	(1,208)
Gain on property, plant and equipment sales	7	8	-
Unrealized gain (loss) on embedded derivative	12a	553	(687)
Other expense	21	(659)	(1,917)
Net monetary gain	22	9	85
Income before income taxes		3,421	6,491
Current income tax expense	23	(3,150)	(3,227)
Deferred income tax recovery	23	961	229
<b>Net income</b>		<b>1,232</b>	<b>3,493</b>
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation adjustment		(958)	1,035
<b>Comprehensive income</b>		<b>274</b>	<b>4,528</b>
<b>Net income (loss) attributable to:</b>			
Common shareholders		(4,212)	(4,072)
Non-controlling interests	16	5,444	7,565
		1,232	3,493
<b>Comprehensive income (loss) attributable to:</b>			
Common shareholders		(4,686)	(3,385)
Non-controlling interests	16	4,960	7,913
		274	4,528
<b>Net loss per share attributable to common shareholders:</b>			
Basic and diluted net loss per share	17	(0.06)	(0.07)

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

## Condor Energies Inc.

### Consolidated Statements of Cash Flows

Stated in thousands of Canadian dollars

For the years ended December 31	Note	2025	2024
			Adjusted – Note 28
<b>Operating activities:</b>			
Net income		1,232	3,493
Items not affecting cash:			
Depletion and depreciation	7	13,924	5,773
Stock based compensation	18	1,532	695
Finance expense		2,813	1,777
Unrealized foreign exchange (gain) loss		(1,031)	1,214
Gain on property, plant and equipment sales	7	(8)	-
Unrealized (gain) loss on embedded derivative	12a	(553)	687
Net monetary loss (gain)	22	(3)	9
Deferred income tax recovery	23	(961)	(229)
Cash flows from operating activities before the following items:		16,945	13,419
Other long-term assets	8	11	(10)
Decommissioning obligations settled	13	(1,430)	(1,171)
Increase in other long-term liabilities	14	3,083	4,455
Payments of other long-term liabilities	14	(699)	(289)
Changes in non-cash working capital		4,408	(11,047)
Cash flows from operating activities		22,318	5,357
<b>Investing activities:</b>			
Exploration and evaluation expenditures	6	(218)	(96)
Property, plant and equipment expenditures	7	(53,304)	(8,278)
Proceeds from property, plant and equipment sales		18	-
Changes in non-cash working capital		8,073	1,021
Cash flows used in investing activities		(45,431)	(7,353)
<b>Financing activities:</b>			
Proceeds from convertible debentures	12b	13,650	6,463
Convertible debenture issue costs	12b	(1,060)	(144)
Repayment of Loan Facility	10	(1,987)	(488)
Proceeds from bridge loan	11	5,962	-
Dividends paid to non-controlling interest	16a	(2,735)	-
Issue of common shares	15	557	19,623
Share issue costs	15	-	(1,253)
Lease payments	9	(308)	(87)
Changes in non-cash working capital		234	-
Cash flows from financing activities		14,313	24,114
Net change in cash		(8,800)	22,118
Effect of foreign exchange on cash		(525)	680
Cash and cash equivalents, beginning	4	27,841	5,043
Cash and cash equivalents, ending	4	18,516	27,841

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

## Condor Energies Inc.

### Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Stated in thousands of Canadian dollars

(except for number of common shares)

	Number of Common Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Debentures	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)
Issue of common shares (Note 15)	10,198,582	19,377	-	-	-	-	19,377	-	19,377
Share issue costs (Note 15)	-	(1,476)	223	-	-	-	(1,253)	-	(1,253)
Exercise stock options & warrants (Note 15)	768,102	420	(174)	-	-	-	246	-	246
Stock based compensation expense	-	-	695	-	-	-	695	-	695
Foreign currency translation adjustment	-	-	-	-	687	-	687	348	1,035
Reduction of share capital (Note 15)	-	(219,394)	-	-	-	219,394	-	-	-
Partial disposition of subsidiaries (Note 16)	-	-	-	-	3	183	186	(186)	-
Net income (loss)	-	-	-	-	-	(4,072)	(4,072)	7,565	3,493
As at December 31, 2024	67,457,117	75,649	25,297	-	(83,724)	(3,889)	13,333	7,727	21,060
Exercise stock options & warrants (Note 15)	919,666	898	(341)	-	-	-	557	-	557
Issue of convertible debentures, net of debt issue costs (Note 12b)	-	-	137	989	-	-	1,126	-	1,126
Stock based compensation expense	-	-	1,532	-	-	-	1,532	-	1,532
Dividends paid to NCI (Note 16a)	-	-	-	-	-	-	-	(2,735)	(2,735)
Foreign currency translation adjustment	-	-	-	-	(474)	-	(474)	(484)	(958)
Net income (loss)	-	-	-	-	-	(4,212)	(4,212)	5,444	1,232
As at December 31, 2025	68,376,783	76,547	26,625	989	(84,198)	(8,101)	11,862	9,952	21,814

The accompanying notes are an integral part of these 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 Türkiye ("Türkiye") and the Republic of Kazakhstan ("Kazakhstan"). The Company's registered office is 1810, 500 – 4 Avenue SW, Calgary, Alberta, Canada, T2P 2V6.

The consolidated financial statements of the Company as at and for the years ended December 31, 2025 and 2024 comprise the Company and its subsidiaries. The consolidated financial statements were approved and authorized for issue on March 19, 2026 by the Board of Directors.

*Nature of operations:*

The Company operates under a production enhancement services contract with JSC Uzbekneftegaz ("UNG") in Uzbekistan to increase the production, recovery and overall system efficiency from an integrated cluster of eight conventional natural gas-condensate fields (the "PEC Project"). The Company is responsible for all capital expenditures and operating costs associated with performing its services, and recognizes all production volumes and sales revenues realized from the PEC Project, less prescribed royalty expenses which are comprised of a ten percent production entitlement payable to UNG (the "UNG Entitlement") and a ten percent subsoil tax that is reimbursed to UNG. The Company has a 51% interest in the PEC Project after allocating 49% of the comprehensive income (loss) attributable to the non-controlling interest holder as described in Note 16a. The term of the PEC Project will end in March 2044.

The Company has an LNG initiative in Kazakhstan and is constructing its first liquefied natural gas ("LNG") facility (Note 7) to produce, distribute and sell LNG to displace diesel fuel usage in the country.

The Company has a 100% interest in and operates the Poyraz Ridge and Destan operating licenses and gas fields in Türkiye (the "Turkish Properties"). The Poyraz Ridge license is valid until June 2035 and the Destan license is valid until June 2030. On January 21, 2026, the Company entered into a share purchase agreement for a third-party buyer to acquire the Company's wholly owned subsidiary which holds the Turkish Properties (Note 29a).

The Company has a 100% interest in and operates the Sayakbay and Kolkuduk exploration licenses in Kazakhstan for mining solid minerals. The six-year Sayakbay license is valid until July 2029 and the six-year Kolkuduk license, awarded in February 2025 (Note 6) is valid until February 2031.

**2. Basis of presentation:**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The consolidated financial statements are reported in Canadian dollars ("CAD") which is the functional currency of the Company. The Company has a subsidiary in Uzbekistan with a United States dollar ("USD") functional currency, a subsidiary in Kazakhstan with a Kazakhstani Tenge ("KZT") functional currency and a subsidiary in the Netherlands which has a branch in Türkiye ("Türkiye Branch") with a Turkish Lira ("TRL") functional currency.

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of derivative financial liabilities which are measured at fair value.

*Significant accounting estimates and judgments*

The timely preparation of consolidated 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 consolidated 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 period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include:

*i. Reserve estimates*

The estimates of reserves as at December 31, 2025 and December 31, 2024, including significant assumptions regarding forecasted production, sales prices, operating, royalty, and future development costs, discount rates and the related forecasted cash flows, are subject to measurement uncertainty. Changes in expected forecasted cash flows from reported reserves can affect the impairment of assets, the decommissioning liability, the economic feasibility of E&E assets, the amounts reported for depletion and depreciation of property, plant and equipment and the recognition of deferred tax assets. A downward revision in the reserve estimates or an upward revision to future development costs would affect the depletion expense and could result in an asset impairment, which would reduce forecasted earnings and the associated net book value of assets. These reserve estimates are prepared in accordance with the Canadian Oil and Gas Evaluation Handbook and are verified by independent qualified reserve evaluators, who work with information provided by the Company to establish reserve determinations in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. Accordingly, the impact on the consolidated financial statements of future periods could be material.

*ii. Determination of Cash Generating Units (“CGUs”)*

The allocation of assets into CGUs requires significant judgment and interpretation. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Factors considered include the integration between assets, shared infrastructure, the existence of common sales points, geography, and the manner in which management monitors and makes decisions about its operations. The recoverability of assets is assessed at the CGU level and the determination of a CGU could have a significant impact on impairment expense and reversals.

*iii. Identification of impairment indicators – Property, plant and equipment*

Significant judgment is required to assess when internal or external indicators of impairment or impairment reversal exist, and impairment testing is required. Management considers internal and external sources of information including future oil and natural gas commodity prices, expected production volumes, future operating costs, anticipated recoverable quantities of proved plus probable oil and gas reserves and rates used to discount the related future cash flow estimates. A downward revision in the reserve estimates 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. Judgment is required to assess these factors when determining if the carrying amount of an asset or CGU is impaired, or in the case of a previously impaired asset or CGU, whether the previous amount impaired can be reversed.

*iv. Functional currency*

The functional currency of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The designation of a subsidiary's functional currency is a management judgment based on the currency of the primary economic environment in which the subsidiary operates.

*v. Exploration and evaluation ("E&E") expenditures*

Costs associated with acquiring oil and gas licenses and exploratory drilling are accumulated as exploration and evaluation 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.

*vi. Identification of Impairment Indicators – E&E*

The Company assesses its E&E assets to determine whether any indication of impairment exists at the end of each reporting period if facts and circumstances suggest the carrying amount exceeds the recoverable amount. 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.

*vii. Depletion*

Estimates include the amount of reserve volumes and future development capital. Depletion is charged on a unit-of-production basis over the proved plus probable reserves and a revision in the productive capacity of the assets may result in increased depletion and a reduced net book value of assets.

*viii. Decommissioning obligations*

Amounts recorded for decommissioning obligations and the related accretion expense require the use of estimates with respect to the amount and timing of asset retirements, site remediation, discount rates, inflation rates and related cash flows. These provisions are recognized in the period when it becomes probable that there will be a future cash outflow. 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 as a result of changes in accretion and depletion expense.

*ix. Stock based compensation*

Compensation costs related to the Company's stock option plan and warrants are subject to the estimation of fair value using the Black-Scholes option pricing model, which is based on significant assumptions such as share price volatility, risk free rates, forfeiture rates, dividend yields and the expected life of granted stock options and warrants. The use of an alternate pricing model could produce different results.

*x. Derivative financial liabilities*

The conversion feature associated with the 2024 Debentures in Note 12a 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 2024 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.

*xi. Income taxes*

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. 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.

*xii. Going concern*

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business as they become due.

**3. Material accounting policy information:**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by the Company and its subsidiaries.

*Basis of consolidation*

*i. Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

As at December 31, 2025 the Company has the following significant subsidiaries:

- Condor Energy Development FE LLC (Uzbekistan)
- Qazaq LNG Almaty (Kazakhstan)
- Marsa Turkey B.V. (Netherlands and Türkiye)

*ii. Transactions eliminated on consolidation*

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

## Condor Energies Inc.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

#### *iii. 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. Subsequent to initial recognition, NCI is adjusted for its share of the subsidiary's comprehensive income or loss and dividends paid to NCI are recognized in equity as a reduction to the carrying amount of the NCI.

#### *Foreign currency translation and transactions*

The functional currency of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The designation of a subsidiary's functional currency is a management judgment based on the currency of the primary economic environment in which the subsidiary operates.

For the Company's foreign operations, assets and liabilities are translated to Canadian dollars from their functional currency using period end exchange rates, and revenues and expenses are translated using average exchange rates during the period. Foreign currency translation adjustments are recognized in Accumulated Other Comprehensive Income (Loss).

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized in Accumulated Other Comprehensive Income (Loss).

If the Company or any of its entities disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the accumulated foreign currency translation gains or losses related to the foreign operation are recognized in income (loss).

Transactions in foreign currencies are translated into the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into the functional currency at period end exchange rates with resulting exchange gains and losses included in profit or loss for the period. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Revenue and expenses are translated into the functional currency using the average exchange rate for the period.

#### *Cash and cash equivalents*

Cash and cash equivalents include short-term, highly liquid investments that mature within three months of purchase.

#### *Inventories*

Materials and supplies are valued at the lower of cost, using the first-in, first-out method, and net realizable value. Cost comprises direct purchase costs. Net realizable value is determined by references to prices existing at the balance sheet date less any costs expected to be incurred on disposal.

## Condor Energies Inc.

### Notes to the Consolidated Financial Statements

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#### *Exploration and evaluation assets*

All costs directly related to exploration and evaluation activities for which technical feasibility and commercial viability have yet to be determined are initially capitalized and include costs to acquire and maintain unproved properties, geological, geophysical, drilling, sampling, testing, appraisal and the estimate of the costs of dismantling and removing an asset and restoring the site on which it was located. Costs incurred prior to acquiring the legal right to explore an area are charged to earnings.

When an area is determined to be technically feasible and commercially viable, the accumulated costs are tested for impairment and then transferred to oil and gas properties. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to earnings as exploration and evaluation expense. Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest the carrying amount exceeds the recoverable amount. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Exploration and evaluation assets are not depleted.

#### *Oil and gas properties*

All costs directly associated with the acquisition and development of oil and gas properties are capitalized on an area-by-area basis for areas where technical feasibility and commercial viability has been determined. These costs include proved property acquisitions, development drilling, gathering, storage and processing facilities, infrastructure completion, asset retirement costs and transfers of exploration and evaluation assets.

Oil and gas properties are measured at cost less accumulated depletion, depreciation and impairment. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized only when they increase the future economic benefits expected from the specific asset to which they relate. All other expenditures are recognized in income (loss) as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal to the net carrying value of the underlying asset and are recognized in income (loss).

Oil and gas properties are depleted on a unit-of-production basis over the proved plus probable reserves, before royalties, and total project capital expenditures including future development costs.

#### *Other equipment*

Other equipment includes office equipment, which is depreciated over 3-6 years. Useful lives and residual values are reviewed annually and adjusted if appropriate.

### *Impairment*

Oil and gas properties and other equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication of impairment exists, an estimate of the asset or CGU recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment expense is charged to expense which reduces the carrying amount to its recoverable amount. Impairment expenses related to continuing operations are recognized in profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment expense may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment expense is reversed only if there has been objective evidence of a change in the estimates used to determine the asset's recoverable amount since the last impairment expense was recognized and the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment expense been recognized for the asset in prior years.

### *Income taxes*

Income taxes are comprised of current and deferred income taxes. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized in equity.

Current income tax expense is the expected income tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting period, adjusted for any income tax reassessments from prior periods.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not affect accounting or taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets 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. Deferred tax assets are reviewed at each reporting date.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

*Uncertain tax positions*

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

*Stock based compensation*

The fair value of stock options and warrants is estimated on the date of grant using the Black-Scholes option pricing model which employs various assumptions, based on management's best estimates at the time of grant, which impact the fair value calculated and ultimately, the expense that is recognized. The value of the stock options and warrants is recognized as an expense over the vesting period with an offsetting increase to contributed surplus. The expense is recognized on a graded basis, being higher in earlier years and lower in later years. Consideration paid for shares on exercise of the stock options or warrants is added to share capital together with the amount of any contributed surplus that arose as a result of the grant of the exercised stock options or warrants. Forfeitures of stock options are estimated on the grant date and are adjusted to reflect the actual number of options that vest.

*Revenue recognition*

The Company produces and sells natural gas and condensate. Sales are recognized when control of the products has transferred, being when the products are delivered to a customer. Delivery occurs when the products have been shipped to the location specified in the sales contract, either the customer has accepted the products in accordance with the sales contract or the Company has objective evidence that all criteria for acceptance have been satisfied and title passes to the customer. Revenue is recognized based on the price specified in the sales contract. No element of financing is deemed present as the sales are made with credit terms of forty days or less, which is consistent with market practice.

The Company applies a practical expedient of IFRS 15 "Revenue from contracts with customers" (IFRS 15) and does not disclose information about remaining performance obligations that have original expected durations of one year or less, or for performance obligations where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date. The Company also applies a practical expedient of IFRS 15 that allows any incremental costs of obtaining contracts with customers to be recognized as an expense when incurred rather than being capitalized.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is received.

*Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

## Condor Energies Inc.

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#### *Decommissioning obligations*

Decommissioning obligations comprise present obligations for well abandonment, facility retirement and site restoration and are measured at the present value of the expected future expenditures based upon a risk-free discount rate. Decommissioning obligations are based on projected remediation plans, current industry practices and technology, and prevailing legislation and regulatory requirements. Increases in decommissioning obligations resulting from the passage of time are recorded as accretion expense. Decommissioning costs capitalized to oil and gas properties are included in the calculation of depletion and depreciation and depleted over the same period as the underlying asset.

Changes in the estimated obligations resulting from revisions to the estimated timing, cost, or changes in the discount rate are recognized prospectively as a change in the decommissioning obligations and the related capitalized asset retirement cost. Actual expenditures incurred are charged against the decommissioning liability.

#### *Net income (loss) per share*

The Company presents basic and diluted net income (loss) per share data for its common shares, calculated by dividing the net income (loss) attributed to common shareholders by the weighted average number of common shares outstanding during the period. Diluted per share amounts reflect the potential dilution that would occur if dilutive instruments were exercised and common shares issued. Diluted net income (loss) per share does not adjust the income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### *Financial instruments - Classification and measurement*

The Company classifies its financial assets in the amortized cost measurement category which include assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Company's financial assets included in the amortized cost category are comprised of cash and cash equivalents, trade and other receivables and bank deposits. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies financial assets if and when its business model for managing those assets changes.

The Company's financial liabilities included in the amortized cost category are comprised of accounts payable and accrued liabilities, the loan facility, bridge loan and liability component of convertible debentures.

These financial assets and financial liabilities are initially measured at fair value and subsequent revaluations are recorded at amortized cost using the effective interest method.

#### *Financial instruments – Compound financial instruments*

Compound financial instruments comprise convertible debentures which can be converted to share capital by the holders at any time until maturity into a fixed number of common shares.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

## Condor Energies Inc.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. If the holder exercises the conversion feature of a compound financial instrument, the carrying amount of the financial liability is reclassified to equity and no gain or loss is recognized on conversion.

#### *Financial instruments - Impairment*

The Company assesses on a forward looking basis the expected credit losses (“ECL”) associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9 “Financial Instruments” (IFRS 9), which requires a lifetime ECL to be recognized from initial recognition of the receivables.

#### *Financial instruments – Transaction costs*

For a financial asset or a financial liability carried at amortized cost, transaction costs directly attributable to acquiring or issuing the financial asset or liability are added to or deducted from the fair value on initial recognition and amortized through net income (loss) over the term of the financial instrument.

#### *Financial instruments – Physical delivery sales contracts*

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.

#### *Lease liabilities and right-of-use assets*

Qualifying leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## Condor Energies Inc.

### Notes to the Consolidated Financial Statements

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#### *Hyper-inflationary economy*

Türkiye has been designated a hyper-inflationary economy as of April 1, 2022 for accounting purposes. Accordingly, *IAS 29, Financial Reporting in Hyper-Inflationary Economies* is applied to these consolidated financial statements in relation to the Company's Turkish subsidiary which has a TRL functional currency. The financial statements are based on the historical cost approach in *IAS 29*.

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

#### *Adopted accounting pronouncements*

Amendments to *IAS 21 "The Effects Changes in Foreign Exchange Rates"*: On January 1, 2025, the Company adopted the amendments to *IAS 21* that help to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Company determined that the amendments did not have a material impact on the consolidated financial statements.

#### *Future accounting pronouncements*

*IFRS 18 "Presentation and Disclosure in Financial Statements"*: On April 9, 2024, the International Accounting Standards Board ("IASB") issued *IFRS 18*, which will replace International Accounting Standard 1, "Presentation of Financial Statements". *IFRS 18* will establish a revised structure for the Consolidated Statements of Income and Comprehensive Income and improve comparability across entities and reporting periods. *IFRS 18* is effective for annual periods beginning on or after January 1, 2027. The standard is to be applied retrospectively, with certain transition provisions. The Company is still assessing the impact of *IFRS 18* on the consolidated financial statements, particularly with respect to the structure of consolidated statements of income (loss), consolidated statements of cash flows and the additional disclosures required for management-defined performance measures.

*Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"*: On May 30, 2024, the IASB issued targeted amendments to *IFRS 9* and *IFRS 7* which include new requirements for financial institutions and corporate entities to clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These new requirements will apply from January 1, 2026, with early application permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

*Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7*: In December 2024, the IASB issued targeted amendments to *IFRS 7* and *IFRS 9* to allow entities to better reflect nature-dependent electricity contracts in the financial statements. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

**Condor Energies Inc.**  
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**4. Cash and cash equivalents:**

<b>As at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash at bank	18,486	27,811
Short-term deposits	30	30
	<b>18,516</b>	<b>27,841</b>

Cash at bank earns interest at floating rates based on bank deposit rates. Short-term deposits are made with an original maturity of three months or less depending on expected cash requirements and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents approximates the carrying value due to its short-term nature.

**5. Other current assets:**

<b>As at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Prepaid expenses	786	1,209
Inventory	556	624
Income taxes receivable	-	199
Value added tax receivables	1,311	213
	<b>2,653</b>	<b>2,245</b>

**6. Exploration and evaluation ("E&E") assets:**

<b>As at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Opening balance	399	283
Capital expenditures	218	96
Transfer from property, plant and equipment	14	42
Foreign currency translation adjustment	(1)	(22)
Closing balance	<b>630</b>	<b>399</b>

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 December 31, 2025.

**Condor Energies Inc.**

Notes to the Consolidated Financial Statements

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**7. Property, plant and equipment:**

(\$000's)	Oil and gas properties	LNG facility	Other equipment	Total
<b>Cost</b>				
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	45,341	7,847	268	53,456
Change in decommissioning costs	1,324	-	-	1,324
Property, plant and equipment sales	-	-	(14)	(14)
Transfer to E&E assets	-	-	(20)	(20)
Foreign currency translation adjustment	(2,370)	239	(54)	(2,185)
As at December 31, 2025	77,448	8,086	2,577	88,111
<b>Accumulated depletion, depreciation and impairment</b>				
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	(11,988)	-	(401)	(12,389)
Property, plant and equipment sales	-	-	4	4
Transfer to E&E assets	-	-	6	6
Foreign currency translation adjustment	958	-	18	976
As at December 31, 2025	(27,494)	-	(1,462)	(28,956)
<b>Net book value</b>				
As at December 31, 2024	16,689	-	1,308	17,997
As at December 31, 2025	49,954	8,086	1,115	59,155

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 oil and gas properties in the amount of \$1.3 million (December 31, 2024 – \$11.3 million). Changes in decommissioning costs in Türkiye 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 year ended December 31, 2025, the amount expensed was \$0.7 million in Türkiye (December 31, 2024 – \$0.3 million) and \$0.8 million in Kazakhstan (December 31, 2024 – \$1.9 million).

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### Notes to the Consolidated Financial Statements

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During 2025, the Company entered into contracts to acquire the main equipment for a modular LNG facility for its Kazakhstan plant site, including feed gas hookup and piping, storage tanks and various ancillary equipment, along with reconditioning, certification and testing services for aggregate consideration of USD \$11.1 million (CAD \$15.2 million). Of the aggregate amount, the Company has incurred CAD \$7.8 million as at December 31, 2025 and the remaining payments are due in a combination of time and milestone-based instalments until the LNG facility is commissioned. 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 year ended December 31, 2025 is \$13.9 million (December 31, 2024 - \$5.8 million).

As at December 31, 2025, other equipment includes field equipment and capital inventory of \$0.4 million (December 31, 2024 - \$0.4 million) which are not subject to depletion, 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 \$0.3 million (December 31, 2024 - \$0.1 million) and a carrying amount of \$0.5 million (December 31, 2024 - \$0.6 million).

There were no indicators of impairment for property, plant and equipment as at December 31, 2025.

#### 8. Other long-term assets:

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

#### 9. Lease liabilities:

Lease liabilities include minimum payments due under current office leases of \$0.3 million due in less than one year (December 31, 2024 - \$0.3 million) and \$0.3 million due in more than one year (December 31, 2024 - \$0.5 million). In addition to the base rent, the Company is required to pay monthly operating costs on the office space which are estimated by the landlord on an annual basis.

#### 10. 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 payable in cash quarterly in arrears.

Principal payments include USD \$0.355 million due on March 31, 2026, USD \$0.865 million due on June 30, 2026, and the final payment of USD \$2.905 million is due on July 14, 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 year ended December 31, 2025 was \$1.3 million (December 31, 2024 - \$1.5 million) and the balance of unamortized financing costs as at December 31, 2025 was \$0.4 million (December 31, 2024 - \$1.1 million).

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As of December 31, 2025, the current portion of the Loan Facility of \$5.3 million (December 31, 2024 – \$2.2 million) is comprised of \$0.1 million of accrued interest payable (December 31, 2024 – \$0.1 million) and \$5.6 million of principal (December 31, 2024 – \$2.1 million) less \$0.4 million of unamortized financing costs (December 31, 2024 – \$Nil), and the non-current portion of \$Nil (December 31, 2024 – \$4.8 million) is comprised of \$Nil of principal (December 31, 2024 – \$5.9 million) less \$Nil of unamortized financing costs (December 31, 2024 – \$1.1 million). As of December 31, 2025, the Company is in compliance with all non-financial covenants and the Loan Facility has no associated financial covenants.

<b>As at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Beginning balance	6,959	6,023
Accretion expense	1,344	1,478
Interest paid	(619)	(726)
Principal repayments	(1,987)	(488)
Foreign currency translation adjustment	(350)	672
Ending balance	5,347	6,959
Less: current portion	(5,347)	(2,182)
Ending non-current portion	-	4,777

**11. Bridge loan:**

On August 12, 2025, the Company, through a subsidiary, entered into a USD denominated \$5.0 million (CAD \$6.8 million) bridge loan which is unsecured, bears interest at 9.0% per annum, has no loan covenants, requires no repayment of principal or accrued interest 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 7 and 24). 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 and all accrued interest thereon matures on the earlier of March 30, 2026 and ten business days following the receipt of third party project financing for the LNG facility (see Note 29b).

As at December 31, 2025, the Company has drawn USD \$4.3 million (CAD \$6.0 million) from the Bridge Loan and the liability includes accrued interest payable of \$0.1 million (December 31, 2024 – \$Nil).

**12. Convertible debentures (collectively the “Debentures”):**

**a. 9% Unsecured Convertible Debentures due in March 2027 (the “2024 Debentures”)**

On March 22, 2024, the Company issued the 2024 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 2024 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. As of December 31, 2025, the Company is in compliance with all non-financial covenants and the 2024 Debentures have no associated financial covenants.

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The fair value of the liability component of the 2024 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. The carrying amount of the 2024 Debentures is required to be presented as current liability due to the conversion feature being accounted for as an embedded derivative liability as described below.

As the 2024 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 2024 Debentures for the year ended December 31, 2025 was \$1.0 million (December 31, 2024 – \$0.7 million) and the balance of unamortized financing costs as at December 31, 2025 was \$0.06 million (December 31, 2024 – \$0.1 million). As at December 31, 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 December 31, 2025 was \$1.1 million (December 31, 2024 – \$1.7 million) with the change in fair value for the year ended December 31, 2025 of \$0.6 million recognized as an unrealized gain on embedded derivative (December 31, 2024 – \$0.7 million unrealized loss). The fair value of the embedded derivative liability as at December 31, 2025 was estimated using the Black-Scholes option pricing model assuming: a 0.9 year expected life; a 2.3% risk free interest rate; a 64% expected volatility, which is based on historical share price volatility of the Company; no expected dividends; a December 31, 2025 share price of \$1.94; and an exercise price of \$2.22.

<b>As at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Liability component</b>		
Principal of convertible debenture issuance	-	6,463
Less: issue costs	-	(144)
Less: embedded derivative component	-	(966)
Beginning balance	6,128	5,353
Accretion expense	967	714
Interest paid	(605)	(292)
Foreign currency translation adjustment	(297)	353
Ending liability component balance	6,193	6,128
<b>Embedded derivative component</b>		
Beginning balance	1,653	966
Unrealized (gain) loss on derivative revaluation	(553)	687
Ending embedded derivative component balance	1,100	1,653
<b>Total 2024 Debentures</b>	<b>7,293</b>	<b>7,781</b>

## Condor Energies Inc.

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#### b. 12% Unsecured Convertible Debentures due in December 2028 (the “2025 Debentures”)

On December 24, 2025, the Company completed a brokered private placement of the 2025 Debentures convertible into 6,825,000 common shares for gross proceeds of \$13.65 million less debt issue costs of \$1.2 million, comprised of agent’s commissions, legal, advisory and regulatory fees, and broker and advisory warrants. The 2025 Debentures are unsecured, bear interest at 12.0% per annum payable in cash semi-annually in arrears, mature on December 24, 2028, 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 \$2.00 per common share. Any common shares issued upon conversion of the 2025 Debentures cannot be traded before April 25, 2026. The proceeds will be used for development activities and in-field compression facilities in Uzbekistan, working capital and general corporate purposes. As of December 31, 2025, the Company is in compliance with all non-financial covenants and the 2025 Debentures have no associated financial covenants.

The fair value of the liability component of the 2025 Debentures of \$12.6 million was determined on December 24, 2025 by discounting the expected future cash flows of the interest and principal amounts at the Company’s estimated incremental borrowing rate of 16%. Debt issue costs allocated to the liability component of \$1.1 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.

The equity component of the 2025 Debentures of \$1.1 million was determined as the residual amount after deducting the fair value of the liability component from the gross proceeds of the 2025 Debentures, and was allocated debt issue costs of \$0.1 million which were recorded as a reduction against the equity component.

In connection with the issuance of the 2025 Debentures, the Company issued an aggregate of 164,175 broker and advisory warrants exercisable into 164,175 common shares of the Company at \$2.00 per common share on or before December 24, 2028. The issue date fair value of these warrants of \$0.1 million was included in debt issue costs and contributed surplus and was estimated using the Black-Scholes option pricing model assuming: a 2.0 year expected life; a 2.6% risk free interest rate; a 91% expected volatility based on the historical share price volatility of the Company; no expected dividends and an issue date share price of \$1.79 per share.

(\$000's)	December 31, 2025
<b>Liability component</b>	
Principal of convertible debenture issuance	13,650
Less: equity component	(1,084)
Less: issue costs	(1,102)
Fair value on initial recognition	11,464
Accretion expense	49
Ending liability component balance	11,513
Less: accrued interest payable	(36)
Non-current portion	11,477
<b>Equity component</b>	
Fair value on initial recognition	1,084
Less: issue costs	(95)
Ending equity component balance	989

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The effective interest expense on the liability component of the 2025 Debentures for the year ended December 31, 2025 was \$0.05 million (December 31, 2024 – \$Nil) and the balance of unamortized issue costs as at December 31, 2025 was \$1.1 million (December 31, 2024 – \$Nil).

**13. Provisions:**

<b>As at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Beginning non-current portion	14,457	1,834
Increase in liabilities	666	12,425
Changes in estimates	1,383	(793)
Accretion expense	627	464
Foreign currency translation adjustment	(1,082)	527
<b>Ending non-current portion</b>	<b>16,051</b>	<b>14,457</b>
Beginning current portion	1,242	635
Changes in estimates	810	1,839
Settlements	(1,430)	(1,171)
Foreign currency translation adjustment	(30)	(61)
<b>Ending current portion</b>	<b>592</b>	<b>1,242</b>

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 December 31, 2025, the estimated total uninflated and undiscounted cash flows required to settle the current and non-current liabilities are \$21.3 million (December 31, 2024 – \$20.2 million), which are expected to be incurred between 2026 and 2043.

The net present value of the non-current decommissioning obligations is calculated with an inflation rate of 2.7% (December 31, 2024 – 2.8%) and using risk-free discount rates of 3.5% to 4.6% (December 31, 2024 – 4.3% to 4.7%).

**14. Other long-term liabilities:**

<b>(\$000's)</b>	<b>PEC Project</b>	<b>CNG</b>	<b>Total</b>
Balance as at December 31, 2023	-	-	-
Increase in liabilities	2,538	1,917	4,455
Accretion	156	118	274
Payments on other long-term liabilities	-	(289)	(289)
Foreign currency translation adjustment	127	70	197
<b>Balance as at December 31, 2024</b>	<b>2,821</b>	<b>1,816</b>	<b>4,637</b>
Less: current portion	-	(472)	(472)
<b>Non-current portion</b>	<b>2,821</b>	<b>1,344</b>	<b>4,165</b>

## Condor Energies Inc.

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(\$000's)	PEC Project	CNG	Total
Balance as at December 31, 2024	2,821	1,816	4,637
Increase in liabilities	3,083	-	3,083
Accretion	726	240	966
Payments on other long-term liabilities	-	(699)	(699)
Foreign currency translation adjustment	88	(77)	11
Balance as at December 31, 2025	6,718	1,280	7,998
Less: current portion	-	(527)	(527)
Non-current portion	6,718	753	7,471

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 \$12.9 million (December 31, 2024 – \$5.9 million) and are due between March 2029 and December 2030. The non-cash accretion expense for the year ended December 31, 2025 is \$0.7 million (December 31, 2024 – \$0.2 million).

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 initially recognized at fair value by discounting the expected future payments at the Company's estimated incremental borrowing rate of 16%. The liability is subsequently accreted over the payment period with a corresponding non-cash accretion charge recognized in finance expense. The non-cash accretion expense on the Agreement liabilities for the year ended December 31, 2025 was \$0.2 million (December 31, 2024 – \$0.1 million). As at December 31, 2025, the total undiscounted cash flows required to settle the liability are USD \$1.1 million (CAD \$1.5 million).

## 15. Share capital:

### Common shares

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 December 31, 2025, the number of common shares issued is 68,376,783 (December 31, 2024 – 67,457,117).

During the year ended December 31, 2025, 919,666 stock options were exercised for proceeds of \$0.6 million. During the year ended December 31, 2024, 701,434 stock options were exercised for proceeds of \$0.2 million and 66,668 common share purchase warrants were exercised for proceeds of \$0.03 million.

On December 9, 2024, the Company completed a brokered private placement (the "2024 Private Placement") and issued 10,198,582 common shares at a price of \$1.90 per share for gross proceeds of \$19.4 million and incurred share issue costs comprising broker and advisory fees, legal costs and listing fees of \$1.3 million resulting in net proceeds of \$18.1 million.

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In connection with the 2024 Private Placement, the Company issued 221,163 broker warrants (the “Broker Warrants”) exercisable into 221,163 common shares of the Company at \$2.20 per common share on or before December 9, 2026. The issue date fair value of the Broker Warrants of \$0.2 million was included in share issue costs and contributed surplus and was estimated using the Black-Scholes option pricing model assuming: a 2.0 year expected life; a 2.9% risk free interest rate; a 103% expected volatility based on the historical share price volatility of the Company; no expected dividends and an issue date share price of \$1.94 per share.

***Warrants***

As of December 31, 2025, there are 2,918,672 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;
- 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; and
- 164,175 warrants each at an exercise price of \$2.00 per common share and exercisable into one common share of Condor which expire on December 24, 2028.

***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.

**16. Non-controlling interests (“NCI”):**

**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:

<b>(\$000’s)</b>	
Consideration received	-
Carrying amount of net assets and AOCL transferred to NCI	(160)
<b>Increase in equity attributable to Common shareholders</b>	<b>160</b>

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

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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.

<b>As at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current assets	22,882	33,333
Non-current assets	51,681	17,674
Current liabilities	(21,405)	(9,192)
Non-current liabilities	(29,552)	(25,892)
Net assets	23,606	15,923
Net assets attributable to NCI before dividends	12,907	7,802
Dividends paid to NCI	(2,735)	-
Net assets attributable to NCI	10,172	7,802

<b>Year ended (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
		<b>Adjusted – Note 28</b>
Revenue	80,662	66,232
Expenses	(69,358)	(49,136)
Finance income	118	18
Other expense (Note 21)	-	(1,917)
Net income	11,422	15,197
Other comprehensive income (loss)	(1,004)	715
Total comprehensive income	10,418	15,912
Net income allocated to NCI	5,597	7,610
Other comprehensive income (loss) allocated to NCI	(492)	352
Cash flows from operating activities	32,090	11,981
Cash flows used in investing activities	(37,376)	(7,191)
Cash flows from (used in) financing activities	(3,413)	8,572
Effect of foreign exchange on cash	(561)	618
Increase (decrease) in cash	(9,260)	13,980

#### 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 AOCL transferred to the NCI is outlined in the table below:

<b>(\$000's)</b>	
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.

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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.

<b>As at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current assets	383	195
Non-current assets	8,094	3
Current liabilities	(6,186)	(81)
Non-current liabilities	(4,490)	(871)
Net asset deficiency	(2,199)	(754)
Net asset deficiency attributable to NCI	(220)	(75)

<b>Year ended (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Revenue	-	-
Expenses	(1,531)	(650)
Net loss	(1,531)	(650)
Other comprehensive income (loss)	86	(46)
Total comprehensive loss	(1,445)	(696)
Net loss allocated to NCI	(153)	(45)
Other comprehensive income (loss) allocated to NCI	8	(4)

Cash flows used in operating activities	(1,552)	(736)
Cash flows used in investing activities	(7,854)	(4)
Cash flows from financing activities	9,577	769
Effect of foreign exchange on cash	18	4
Increase in cash	189	33

#### 17. Net loss per share:

Per share amounts are calculated using a weighted average number of common shares of 67,798,910 for the year ended December 31, 2025 (December 31, 2024 – 57,547,800 shares). For periods with a net loss attributable to common shareholders, outstanding convertible debentures (Note 12), common share purchase warrants (Note 15) and stock options (Note 18) have been excluded from the respective calculations of diluted weighted average common shares as to include them would have an antidilutive effect.

#### 18. 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.

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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
Exercised	(701,434)	\$(0.31)
Outstanding as at December 31, 2024	5,213,566	\$0.71
Granted	1,355,000	\$1.85
Exercised	(919,666)	\$0.61
Forfeited	(100,000)	\$1.86
Outstanding as at December 31, 2025	5,548,900	\$0.99

Details of the stock options outstanding as at December 31, 2025 are as follows:

Exercise price	Options outstanding		Options vested	
	Number	Average remaining life in years	Number	Average remaining life in years
\$0.31	916,000	2.2	916,000	2.2
\$0.39	1,109,900	1.9	1,109,900	1.9
\$0.42	120,000	1.3	120,000	1.3
\$0.48	750,000	1.1	750,000	1.1
\$1.23	950,000	2.8	950,000	2.8
\$1.53	90,000	4.3	30,001	4.3
\$1.80	165,000	3.4	110,001	3.4
\$1.86	1,175,000	4.1	397,002	4.1
\$1.99	223,000	3.6	81,000	3.6
\$2.15	50,000	4.6	16,667	4.6
	5,548,900	2.6	4,480,571	2.3

As of December 31, 2025, there are 5,548,900 stock options outstanding (December 31, 2024 – 5,213,566) with a weighted average exercise price of \$0.99 (December 31, 2024 – \$0.71), of which 4,480,571 stock options are exercisable (December 31, 2024 – 4,112,239) with a weighted average exercise price of \$0.78 (December 31, 2024 – \$0.59).

In July 2025, 50,000 stock options were granted and the fair value of \$1.32 per option was estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life; a 2.8% risk free interest rate; an 100% expected volatility, which is based on historical share price volatility of the Company; no expected dividends; a grant date share price of \$2.02; and an exercise price of \$2.15.

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.

## Condor Energies Inc.

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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.

In August 2024, 243,000 stock options were granted and the fair value of \$1.32 per option was estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life; a 3.1% 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 \$1.92; and an exercise price of \$1.99.

In May 2024, 225,000 stock options were granted and the fair value of \$1.32 per option was estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life; a 4.1% 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 \$1.87; and an exercise price of \$1.80.

#### 19. Related party transactions:

Key management comprises the executive officers and directors of the Company. Key management's compensation was comprised of \$1.8 million of salary and benefits (December 31, 2024 – \$1.8 million) and stock-based compensation expense of \$0.6 million (December 31, 2024 – \$0.3 million). In the event of termination or change of control, members of key management (excluding directors) are each entitled to two years' annual compensation.

The Bridge Loan was provided by an existing significant shareholder of the Company (see Note 11).

#### 20. Finance income and expense:

<b>For the year ended (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Finance income:		<b>Adjusted – Note 28</b>
Interest on bank deposits	428	180
Other	34	46
	<u>462</u>	<u>226</u>
Finance expense:		
Accretion on loans and Debentures (Notes 10, 11, and 12)	2,513	2,190
Accretion of provisions (Note 13)	627	464
Accretion of other long-term liabilities (Note 14)	966	274
Interest on lease liabilities (Note 9)	86	30
	<u>4,192</u>	<u>2,958</u>

#### 21. 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 7). The natural gas allocation was expensed during the year ended December 31, 2025.

Other expense of \$1.9 million for the year ended December 31, 2024, relates to the Termination and Settlement Agreement described in Note 14.

**22. Net monetary gain:**

To measure the impact of inflation in Türkiye 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 December 31, 2025 was 3,514 (December 31, 2024 – 2,685) and the movement in the Turkish CPI for the year ended December 31, 2025 was 829 (December 31, 2024 – 825), an increase of approximately 31% (December 31, 2024 – 44%). For the year ended December 31, 2025, the Company recognized a net monetary gain of \$0.01 million to restate transactions into a measuring unit current as of December 31, 2025 (December 31, 2024 - \$0.09 million).

**23. 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. The provision for income taxes differs from the amount computed by applying the statutory income tax rates for Canada to the Company’s loss before taxes. The difference results from the following items:

<b>For the year ended December 31 (\$000’s)</b>	<b>2025</b>	<b>2024</b>
Income before income taxes	3,421	6,491
Statutory income tax rate	23.0%	23.0%
Computed income tax expense	787	1,493
Effect on taxes of:		
Change in unrecognized deferred tax assets	1,268	2,619
Non-deductible expenses / non-taxable income	557	746
Non-deductible share-based compensation	353	160
Foreign tax rate differentials	(1,110)	(1,827)
Share issue costs	-	(289)
Other	334	96
<b>Income tax expense</b>	<b>2,189</b>	<b>2,998</b>

Income tax expense for the year ended December 31, 2025 is comprised of current income tax expense of \$3.2 million (December 31, 2024 – \$3.2 million) and deferred income tax recovery of \$1.0 million (December 31, 2024 – \$0.2 million) primarily related to Uzbekistan.

The Company assessed the probability that future taxable profit will be available against which the Company can utilize the benefits of certain tax pools and no deferred tax assets were recognized on the consolidated statement of financial position for the following deductible temporary differences:

<b>As at December 31 (\$000’s)</b>	<b>2025</b>	<b>2024</b>
Property and equipment	38,677	51,295
Provisions	2,970	3,316
Income tax losses	81,741	72,816
Other	4,988	4,264
<b>Total deductible temporary differences</b>	<b>128,376</b>	<b>131,691</b>

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For income tax purposes, the Company has losses carried forward as at December 31, 2025 which may be used to reduce future years' taxable income. In Canada, the Company has \$53.5 million of losses carried forward which expire between 2027 and 2045; in the United States, \$4.6 million which expire between 2028 and 2045; in the Netherlands, \$4.9 million which can be carried forward indefinitely; in Cyprus, \$0.5 million which expire between 2027 and 2030; in Türkiye, \$14.9 million which expire between 2026 and 2030; and in Kazakhstan, \$3.4 million which expire between 2032 and 2035.

Under Turkish Tax Law, inflation adjustments must be calculated for tax purposes by increasing the value of specified assets and liabilities by an inflation factor determined by the Turkish Statistical Institute. Inflation adjustments came into effect for the year ended December 31, 2024, and impact the tax pools available from depreciable assets and the inclusion of the inflation adjustment in the calculation of taxable income or loss. The amount of losses carried forward in Türkiye reflects the 2025 and 2024 inflation adjustments.

#### **24. Commitments and contingent liabilities:**

Under the terms of the PEC Project, the Company is required to complete a five-year minimum development work plan (the "MDWP") which began in 2024 and establishes how the Company intends to enhance and optimize production from the eight natural gas-condensate fields. The MDWP includes the following work program: perform seventy-five well workovers, install artificial lift in sixty wells, acquire 225 km<sup>2</sup> of 3-D seismic, install water separation equipment, drill twenty-five new wells, install three field compression units, and perform upgrades for two in-field processing facilities. At the inception of the PEC Project, the estimated capital expenditures associated with the work program are USD \$138.4 million (CAD \$189.7 million), and the Company is entitled to determine the schedule and timing of completing the work program within the five-year period. The MDWP also includes estimated operating expenses of USD \$170.5 million (CAD \$233.7 million). The Company is actively executing on the activities set out in the MDWP work program and incurring the associated capital and operating expenditures. The performance and implementation of the MDWP is monitored regularly and may be amended by agreement between the Company and UNG. If the Company is unable to substantially complete the MDWP by December 31, 2028, except due to certain specified conditions, this is a specific material breach which allows for UNG to terminate the PEC Project, unless the Company can successfully negotiate an extension or amendment to the MDWP with UNG. Actual expenditures required to complete the specified work program and to operate the fields may be significantly different from the above estimates.

The Company has capital commitments for the LNG facility in Kazakhstan of USD \$5.4 million (CAD \$7.4 million), and the payments are due in a combination of time and milestone-based instalments until the LNG facility is commissioned.

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

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.

**25. Financial risk management:**

*Credit risk*

Credit risk arises from the possibility that a counterparty to which the Company provides goods or services is unable or unwilling to fulfil their contractual obligations. The maximum exposure to credit risk at year end is as follows:

<b>Carrying amounts as at (\$000's)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash and cash equivalents	18,516	27,841
Trade and other receivables	16,046	17,617
Other long-term assets	268	279
	<b>34,830</b>	<b>45,737</b>

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 year ended December 31, 2025, sales of natural gas were sold to one customer in each of Uzbekistan and Türkiye, and sales of condensate in Uzbekistan were sold to UNG and therefore all sales transactions are subject to concentration risk. As at December 31, 2025, these three customers represented 99% of outstanding trade and other receivables (December 31, 2024 – 99%). Of the \$16.0 million trade and other receivables balance as of December 31, 2025, \$14.2 million was collected subsequent to December 31, 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 condensate sales receivables in Uzbekistan, if full payment is not received from UNG when due, the Company may withhold the outstanding amount receivable from the payment due to UNG for the UNG Entitlement. 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.

*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 and Kazakhstan as described in Note 24, and in 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.

As at December 31, 2025, the Company does not have sufficient resources or committed financing to fund all the development activities described in Note 24 and the Company's long term success and ability to manage these obligations is dependent upon its continued ability to generate positive cash flows from operating activities, securing funding from debt or equity financing, disposing of assets, making other arrangements, or deferring certain non-committed components of its development program. While the Company believes it has sufficient resources to manage these obligations for the next year, there is no assurance that the Company will be successful with these longer term initiatives and the outcome of these matters is uncertain.

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At December 31, 2025, the Company had a deficit of \$8.1 million (December 31, 2024 – \$3.9 million). For the year ended December 31, 2025, the Company reported net income of \$1.2 million (December 31, 2024 – \$3.5 million) and cash flows from operating activities of \$22.3 million (December 31, 2024 – \$5.4 million). The Company's working capital balance has decreased from \$26.0 million as at December 31, 2024 to a working capital deficiency of \$4.1 million as at December 31, 2025. The working capital balance as at December 31, 2025 includes \$7.3 million (December 31, 2024 – \$7.8 million) related to the 2024 Debentures which are due on March 21, 2027, but are required under IFRS to be presented as a current liability given the conversion feature is accounted for as a financial liability and the principal amount is convertible at any time at the option of the holder into common shares of the Company on or before the maturity date.

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:

<b>(\$000's)</b>	<b>Less than 1 year</b>	<b>Greater than 1 year</b>	<b>Total</b>
<b><u>As at December 31, 2025</u></b>			
Accounts payable and accrued liabilities	21,279	-	21,279
Lease liabilities	322	276	598
Loan facility	5,749	-	5,749
Bridge loan	6,040	-	6,040
Convertible debentures	199	20,188	20,387
Other long-term liabilities	685	13,698	14,383
<b><u>As at December 31, 2024</u></b>			
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 significant portion of the Company's cash and cash equivalents are held in USD and the Company's Loan Facility, Bridge Loan and 2024 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

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by the Company for its natural gas and condensate sales. The Company had no forward exchange rate contracts in place during the years ended December 31, 2025 and 2024.

During the year ended December 31, 2025, the CAD appreciated from 1.44 per 1.00 USD to 1.37, the KZT appreciated from 523.5 per 1.00 USD to 502.6, and the TRL depreciated from 35.2 per 1.00 USD to 42.9, which led to a foreign exchange gain of \$1.0 million (December 31, 2024 – loss of \$1.2 million) related primarily to the USD denominated Loan Facility, Bridge Loan and 2024 Debentures, partially offset by USD cash and cash equivalents held by the Company.

During the year ended December 31, 2025, the CAD appreciated from 1.44 per 1.00 USD to 1.37, the KZT depreciated from 363.9 per 1.00 CAD to 367.2, and the TRL depreciated from 24.4 per 1.00 CAD to 31.3, resulting in a \$1.0 million translation loss adjustment through equity (December 31, 2024 – \$1.0 million translation gain).

A \$0.01 change in the Canadian dollar to U.S. dollar exchange rate at December 31, 2025 would have changed profit or loss by \$0.1 million (December 31, 2024 – \$0.01 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

*Interest rate risk*

Interest rate risk is the risk that the value of the financial instrument or future cash flows associated with the financial instrument will fluctuate as a result of changes in market interest rates. The Company's Loan Facility, Bridge Loan and 2024 Debentures all bear fixed-rate interest at 9.0% per annum, and the 2025 Debentures bear fixed-rate interest at 12.0% per annum. The value of these instruments 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 years ended December 31, 2025 and 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 years ended December 31, 2025 and 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 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.

*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:

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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, Loan Facility and Bridge Loan approximate their carrying value as at December 31, 2025 and 2024, due to their short term to maturity. The embedded derivative liability of the 2024 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. The liability component of the 2025 Debentures is classified as Level 2 within the fair value hierarchy, and its fair value was estimated to be \$12.6 million as at December 31, 2025.

**26. Supplementary cash flow information:**

For the year ended December 31, 2025, the Company received interest income of \$0.4 million (December 31, 2024 – \$0.2 million), paid aggregate interest expense of \$1.2 million (December 31, 2024 – \$1.0 million) on the loans and Debentures (Notes 10, 11 and 12), and paid income tax of \$2.9 million (December 31, 2024 – \$3.2 million).

**27. Segmented information:**

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

<b>(\$000's)</b>	<b>Corporate</b>	<b>Uzbekistan</b>	<b>Kazakhstan</b>	<b>Türkiye</b>	<b>Total</b>
<b><u>As at December 31, 2025</u></b>					
Exploration and evaluation assets	-	-	630	-	630
Property, plant and equipment	237	50,444	8,469	5	59,155
Total assets	13,910	74,380	9,703	426	98,419
Total liabilities	25,579	41,221	7,565	2,240	76,605
<b><u>As at December 31, 2024</u></b>					
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

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(\$000's)	Corporate	Uzbekistan	Kazakhstan	Türkiye	Total
<b>For the year ended December 31, 2025</b>					
E&E expenditures	-	-	218	-	218
PP&E expenditures	90	45,363	7,854	2	53,309
<b>Revenue</b>					
Natural gas sales	-	74,211	-	28	74,239
Condensate sales	-	6,451	-	-	6,451
Royalties	-	(11,148)	-	(4)	(11,152)
Total revenue	-	69,514	-	24	69,538
<b>Expenses</b>					
Production costs	-	34,584	-	603	35,187
Transportation and selling	-	2,638	-	1	2,639
General and administrative	3,429	4,335	1,806	411	9,981
Depletion and depreciation	134	12,245	817	728	13,924
Stock based compensation	1,532	-	-	-	1,532
Finance income	(283)	(116)	(16)	(47)	(462)
Finance expense	2,383	1,596	145	68	4,192
Foreign exchange gain	(421)	(277)	(253)	(14)	(965)
Gain on PP&E sales	-	-	(8)	-	(8)
Other expense	-	-	659	-	659
Gain on embedded derivative	(553)	-	-	-	(553)
Net monetary gain	-	-	-	(9)	(9)
Income (loss) before taxes	(6,221)	14,509	(3,150)	(1,717)	3,421
Income tax expense	69	2,120	-	-	2,189
Net income (loss)	(6,290)	12,389	(3,150)	(1,717)	1,232
<b>For the year ended December 31, 2024</b>					
		Adjusted – Note 28			
E&E expenditures	-	-	96	-	96
PP&E expenditures	40	8,214	22	2	8,278
<b>Revenue</b>					
Natural gas sales	-	60,135	-	394	60,529
Condensate sales	-	6,097	-	-	6,097
Royalties	-	(9,165)	-	(53)	(9,218)
Total revenue	-	57,067	-	341	57,408
<b>Expenses</b>					
Production costs	-	25,572	-	722	26,294
Transportation and selling	-	2,158	-	213	2,371
General and administrative	3,792	3,595	1,561	377	9,325
Depletion and depreciation	97	3,547	1,845	284	5,773
Stock based compensation	695	-	-	-	695
Finance income	(140)	(18)	(46)	(22)	(226)
Finance expense	2,200	685	-	73	2,958
Foreign exchange loss (gain)	750	516	(43)	(15)	1,208
Other expense	-	1,917	-	-	1,917
Loss on embedded derivative	687	-	-	-	687
Net monetary gain	-	-	-	(85)	(85)
Income (loss) before taxes	(8,081)	19,095	(3,317)	(1,206)	6,491
Income tax expense	-	2,998	-	-	2,998
Net income (loss)	(8,081)	16,097	(3,317)	(1,206)	3,493

**28. Comparative period adjustment:**

An immaterial adjustment has been made to the royalty expenses described in Note 14, and non-cash finance income in the consolidated statements of income (loss) and comprehensive income (loss) and cash flows for the year ended December 31, 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. These royalty expenses should have been recorded at the discounted amount and non-cash finance income should not be recognized.

The adjustment for the year ended December 31, 2024 is \$3.1 million and the impact on the statement of income (loss) and comprehensive income (loss) is to reduce finance income from \$3.3 million to \$0.2 million and royalty expenses from \$12.3 million to \$9.2 million with a corresponding adjustment to total revenue from \$54.3 million to \$57.4 million. The impact on cash flows from operating activities is to reduce non-cash finance income from \$3.1 million to \$Nil and reduce the change in other long-term liabilities from \$7.5 million to \$4.5 million.

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

**29. Subsequent events:**

- a. The Company entered into a share purchase agreement (the "SPA") on January 21, 2026 for a third-party buyer (the "Buyer") to acquire the Company's wholly owned subsidiary which holds the Turkish Properties. The SPA consideration is comprised of 18,000 Euros, and a gross overriding royalty at rates ranging from zero to 15% depending on average daily production volumes from the Turkish Properties, calculated as sales revenues less government royalties and less transportation costs, for a period of ten years subject to an aggregate cap of USD \$10.0 million. The transaction is subject to Turkish government approvals (the "Government Approvals") and completion shall occur within ten business days of receiving the Government Approvals.

The Buyer is required to complete a minimum work commitment by March 21, 2027 (the "Minimum Work Commitment"), subject to certain considerations, which includes conducting various workover activities and drilling one new well on the Turkish Properties. Commencing on March 21, 2026, the Buyer is also responsible for all operating expenditures until completion of this transaction including production costs, general and administrative expenses and taxes.

Either party may terminate the SPA if the Government Approvals are not received by January 21, 2027, and the Company would be required to repay all capital expenditures incurred for the Minimum Work Commitment from ninety percent of the free cashflow, calculated as sales revenues less operating costs and taxes, from future natural gas production and sales from the Turkish Properties, if any.

- b. On March 10, 2026, the Company entered into an amendment to the Bridge Loan to extend the maturity date from March 30, 2026 to July 15, 2026, with all other terms and conditions remaining unchanged.