

Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2026 and 2025

(Unaudited)

Condor Energies Inc.

Interim Condensed Consolidated Statements of Financial Position (Unaudited)

Stated in thousands of Canadian dollars

As at	Note	September 30, 2026	December 31, 2025
Assets			
Cash and cash equivalents		9,280	18,516
Trade and other receivables	20	28,074	16,046
Other current assets	2	4,816	2,653
Total current assets		42,170	37,215
Exploration and evaluation assets	3	1,138	630
Property, plant and equipment	4	127,672	59,155
Other long-term assets		274	268
Deferred income tax asset	18	2,372	1,151
Total assets		173,626	98,419
Liabilities			
Accounts payable and accrued liabilities		46,972	21,279
Current income taxes payable		676	-
Current portion of lease liabilities	5	6,323	268
Loan facility	6	-	5,347
Bridge loan	7	8,054	6,040
Convertible debentures	8a	-	7,293
Current portion of provisions	9	250	592
Current portion of other long-term liabilities	10	615	527
Total current liabilities		62,890	41,346
Lease liabilities	5	1,813	260
Convertible debentures	8b	11,429	11,477
Financing agreement	23	426	-
Provisions	9	17,075	16,051
Other long-term liabilities	10	11,774	7,471
Total liabilities		105,407	76,605
Shareholders' Equity			
Share capital	11	118,227	76,547
Contributed surplus		25,628	26,625
Equity component of convertible debentures	8b	949	989
Accumulated other comprehensive loss		(81,917)	(84,198)
Deficit		(11,243)	(8,101)
Equity attributable to common shareholders		51,644	11,862
Non-controlling interests	12	16,575	9,952
Total shareholders' equity		68,219	21,814
Total liabilities and shareholders' equity		173,626	98,419

Commitments and contingent liabilities (Note 19); Subsequent events (Notes 7 and 24)

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

Condor Energies Inc.

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

For the period ended September 30	Note	Three months 2026	Three months 2025	Nine months 2026	Nine months 2025
Revenue					
Natural gas and condensate sales	22	33,566	18,748	83,298	60,310
Royalties		(4,641)	(2,590)	(11,536)	(8,338)
Total revenue		28,925	16,158	71,762	51,972
Expenses					
Production costs		11,106	8,619	31,144	26,260
Transportation and selling		1,063	641	2,591	1,977
General and administrative		3,219	2,159	9,585	6,653
Depletion and depreciation	4	6,818	2,961	15,883	9,409
Stock based compensation	14	298	248	1,570	1,280
Total expenses		(22,504)	(14,628)	(60,773)	(45,579)
Finance income	16	96	137	301	352
Finance expense	16	(2,061)	(1,032)	(5,648)	(2,974)
Foreign exchange gain	20	418	268	560	900
Gain on property, plant and equipment sales		-	1	-	8
Gain (loss) on embedded derivative	8a	-	483	(774)	800
Other expense	17	-	-	-	(659)
Net monetary gain		65	22	65	9
Income before income taxes		4,939	1,409	5,493	4,829
Current income tax expense	18	(1,374)	(601)	(3,748)	(2,351)
Deferred income tax recovery	18	237	55	1,150	536
Net income		3,802	863	2,895	3,014
Items that may be reclassified to profit or loss:					
Foreign currency translation adjustment		643	409	2,867	(708)
Comprehensive income		4,445	1,272	5,762	2,306
Net income (loss) attributable to:					
Common shareholders		1,137	(480)	(3,142)	(1,714)
Non-controlling interests	12	2,665	1,343	6,037	4,728
		3,802	863	2,895	3,014
Comprehensive income (loss) attributable to:					
Common shareholders		1,734	(282)	(861)	(2,120)
Non-controlling interests	12	2,711	1,554	6,623	4,426
		4,445	1,272	5,762	2,306
Net income (loss) per share attributable to common shareholders:					
Basic and diluted net income (loss) per share	13	0.01	(0.01)	(0.04)	(0.03)

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

Condor Energies Inc.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

Stated in thousands of Canadian dollars

For the period ended September 30	Note	Three months 2026	Three months 2025	Nine months 2026	Nine months 2025
Operating activities:					
Net income		3,802	863	2,895	3,014
Items not affecting cash:					
Depletion and depreciation	4	6,818	2,961	15,883	9,409
Stock based compensation	14	298	248	1,570	1,280
Finance expense		1,145	708	3,154	2,031
Unrealized foreign exchange (gain) loss		(841)	519	(942)	(578)
Gain on property, plant and equipment sales		-	(1)	-	(8)
(Gain) loss on embedded derivative	8a	-	(483)	774	(800)
Net monetary gain		(13)	(9)	(13)	(3)
Deferred income tax recovery	18	(237)	(55)	(1,150)	(536)
Cash flows from operating activities before the following items:		10,972	4,751	22,171	13,809
Other long-term assets		(1)	(2)	(6)	10
Decommissioning obligations settled	9	(50)	(25)	(518)	(55)
Increase in other long-term liabilities	10	1,284	715	3,195	2,306
Payments of other long-term liabilities	10	(175)	(173)	(520)	(525)
Changes in non-cash working capital		927	9,884	(4,617)	3,247
Cash flows from operating activities		12,957	15,150	19,705	18,792
Investing activities:					
Exploration and evaluation expenditures	3	(260)	(16)	(357)	(87)
Property, plant and equipment expenditures	4	(31,333)	(10,003)	(70,255)	(29,951)
Proceeds from property, plant and equipment sales		-	7	-	18
Changes in non-cash working capital		7,571	1,155	17,573	3,716
Cash flows used in investing activities		(24,022)	(8,857)	(53,039)	(26,304)
Financing activities:					
Convertible debenture issue costs	8b	-	-	(30)	-
Repayment of Loan Facility	6	(4,109)	(506)	(5,802)	(1,489)
Proceeds from bridge loan	7	-	4,137	956	4,137
Proceeds from financing agreement	23	-	-	410	-
Issue of common shares	11	1,814	366	32,623	376
Share issue costs	11	-	-	(2,205)	-
Lease payments		(1,879)	(51)	(2,038)	(229)
Changes in non-cash working capital		(30)	-	(234)	-
Cash flows from (used in) financing activities		(4,204)	3,946	23,680	2,795
Net change in cash		(15,269)	10,239	(9,654)	(4,717)
Effect of foreign exchange on cash		254	189	418	(453)
Cash and cash equivalents, beginning		24,295	12,243	18,516	27,841
Cash and cash equivalents, ending		9,280	22,671	9,280	22,671

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

Condor Energies Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
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 Attributable to Common Shareholders	Non-Controlling Interests	Total Shareholders' Equity
As at December 31, 2024	67,457,117	75,649	25,297	-	(83,724)	(3,889)	13,333	7,727	21,060
Exercise of stock options (Note 11)	670,666	602	(226)	-	-	-	376	-	376
Stock based compensation expense	-	-	1,280	-	-	-	1,280	-	1,280
Foreign currency translation adjustment	-	-	-	-	(406)	-	(406)	(302)	(708)
Net income (loss)	-	-	-	-	-	(1,714)	(1,714)	4,728	3,014
As at September 30, 2025	68,127,783	76,251	26,351	-	(84,130)	(5,603)	12,869	12,153	25,022
As at December 31, 2025	68,376,783	76,547	26,625	989	(84,198)	(8,101)	11,862	9,952	21,814
Issue of common shares (Note 11)	11,500,000	29,900	-	-	-	-	29,900	-	29,900
Share issue costs	-	(2,610)	405	-	-	-	(2,205)	-	(2,205)
Exercise of stock options and warrants (Note 11)	3,492,355	5,695	(2,972)	-	-	-	2,723	-	2,723
Conversion of convertible debentures (Note 8)	3,222,836	8,695	-	(40)	-	-	8,655	-	8,655
Stock based compensation expense	-	-	1,570	-	-	-	1,570	-	1,570
Foreign currency translation adjustment	-	-	-	-	2,281	-	2,281	586	2,867
Net income (loss)	-	-	-	-	-	(3,142)	(3,142)	6,037	2,895
As at September 30, 2026	86,591,974	118,227	25,628	949	(81,917)	(11,243)	51,644	16,575	68,219

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

1. Corporate information:

Reporting entity

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

The interim condensed consolidated financial statements of the Company as at September 30, 2026 and for the three and nine months ended September 30, 2026 and 2025 (the “financial statements”) comprise the Company and its subsidiaries. These financial statements were approved and authorized for issue on November 12, 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 12a. 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 4) 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 23).

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 is valid until February 2031.

Basis of presentation

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’, under IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”). These financial statements do not include all of the information required in annual financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2025.

These 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 with a Turkish Lira ("TRY") functional currency.

The accounting policies used to prepare these financial statements are consistent with the material accounting policies for the year ended December 31, 2025, except as noted below.

Significant accounting estimates and judgments

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

Information about significant areas of estimation uncertainty and critical judgments in applying material accounting policies that have the most significant effect on the amounts recognized in the financial statements are outlined in Note 2 of Condor's audited consolidated financial statements as at and for the year ended December 31, 2025, except for the following:

Non-current assets or a disposal group held for sale and discontinued operations

Non-current assets or a disposal group comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. In assessing whether the sale is highly probable, management considers, among other factors, the approval of a formal plan to dispose of the non-current assets or disposal group, past experience in completing similar transactions, obtaining government or regulatory approvals and the expected timing of completion.

Once non-current assets or a disposal group are classified as held for sale, all associated assets are reclassified as current and presented separately in the consolidated statement of financial position. The liabilities directly associated with the non-current assets or disposal group held for sale are also reclassified as current and presented separately in the consolidated statement of financial position.

A discontinued operation is a component of the entity that is classified as held for sale or has been disposed of and that represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately in the consolidated statement of income (loss). Judgement is required in determining whether non-current assets or a disposal group classified as held for sale is considered to be a discontinued operation.

Oil and gas properties – depreciation of right-of-use assets
Depreciation of right-of-use assets related to drilling activities is capitalized to oil and gas properties as a directly attributable cost incurred in the drilling and development of wells.

Conversion of convertible debentures

Upon conversion of convertible debentures, the carrying amounts of the liability component together with the related derivative liability or equity components associated with the conversion feature, as applicable, are derecognized and recognized in share capital. No gain or loss is recognized on conversion when the transaction is completed in accordance with the original contractual terms of the instrument.

Adopted accounting pronouncements

The Company adopted *Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Classification and Measurement of Financial Instruments* from January 1, 2026. The amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with an exception that permits an entity to derecognize a financial liability before settlement date when the financial liability is settled through an electronic payment system that meets specific criteria.

The amendments apply retrospectively; however, the Company was not required to restate prior periods to reflect their application under transitional provisions. Application of the amendments did not have a material effect on the Company's interim condensed consolidated financial statements for the three and nine months ended September 30, 2026.

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 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.

2. Other current assets:

As at ($000's)	September 30, 2026	December 31, 2025
Prepaid expenses	1,644	786
Inventory	595	556
Value added tax receivables	2,577	1,311
	4,816	2,653

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

As at ($000's)	September 30, 2026	December 31, 2025
Opening balance	630	399
Capital expenditures	357	218
Transfer from property, plant and equipment	-	14
Foreign currency translation adjustment	151	(1)
Closing balance	1,138	630

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 September 30, 2026.

4. Property, plant and equipment:

($000's)	Oil and gas properties	LNG facility	Other equipment	Total
Cost				
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
Capital expenditures	69,101	2,621	109	71,831
Right-of-use asset (Note 5)	-	-	9,261	9,261
Change in decommissioning costs	(86)	-	-	(86)
Retirements of other equipment	-	-	(282)	(282)
Foreign currency translation adjustment	3,663	1,733	425	5,821
As at September 30, 2026	150,126	12,440	12,090	174,656
Accumulated depletion, depreciation and impairment				
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)
Depletion and depreciation	(15,218)	-	(2,252)	(17,470)
Retirements of other equipment	-	-	282	282
Foreign currency translation adjustment	(698)	-	(142)	(840)
As at September 30, 2026	(43,410)	-	(3,574)	(46,984)

($000's)	Oil and gas properties	LNG facility	Other equipment	Total
Net book value				
As at December 31, 2025	49,954	8,086	1,115	59,155
As at September 30, 2026	106,716	12,440	8,516	127,672

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 ($0.1) million (December 31, 2025 – $1.3 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 three and nine months ended September 30, 2026, the amount expensed was $Nil and $0.2 million, respectively, in Türkiye (September 30, 2025 – $0.1 million and $0.3 million, respectively) and $Nil and $0.1 million, respectively, in Kazakhstan (September 30, 2025 – $Nil and $0.4 million, respectively).

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 $11.5 million (CAD $16.3 million). Of the aggregate amount, the Company has incurred CAD $10.5 million as at September 30, 2026 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.

As at September 30, 2026, other equipment includes a right-of-use asset related to a drilling rig (Note 5) with a cost of $9.5 million (December 31, 2025 - $Nil), accumulated depreciation of $2.0 million (December 31, 2025 – $Nil) and a carrying amount of $7.5 million. Depreciation of the drilling rig for the three and nine months ended September 30, 2026, was $1.6 million and $1.9 million, respectively (September 30, 2025 – $Nil for both periods), which was capitalized to development well costs within oil and gas properties.

In August 2026, the Company entered into a contract for the engineering, procurement and construction of a field booster compressor station (the "Compressor Station") in Uzbekistan for aggregate consideration of USD $20.3 million (CAD $28.8 million). The Company made an advance payment of USD $3.0 million (CAD $4.3 million) in September 2026 which is included in oil and gas properties. Additional progress payments are due in installments based on various operational milestones during construction, commissioning, and the warranty period. The advance payment is secured by an unconditional and irrevocable bank guarantee provided by the supplier and will be allocated against the various milestone-based progress billings. Depletion of the Compressor Station will commence when the asset is available for use.

As at September 30, 2026, other equipment also includes right-of-use assets related to office spaces with a cost of $0.8 million (December 31, 2025 - $0.8 million), accumulated depreciation of $0.5 million (December 31, 2025 - $0.3 million) and a carrying amount of $0.3 million (December 31, 2025 - $0.5 million), and field equipment and capital inventory of $0.5 million (December 31, 2025 – $0.4 million) which are not subject to depletion.

Total depletion and depreciation expense for property, plant and equipment, including changes in decommissioning costs for properties with a net book value of $Nil, for the three and nine months ended September 30, 2026 is $6.8 million and $15.9 million, respectively (September 30, 2025 - $3.0 million and $9.4 million, respectively).

There were no indicators of impairment for property, plant and equipment as at September 30, 2026.

5. Lease liabilities:

In May 2026, the Company entered into a lease agreement for the use of a drilling rig until November 2027. The lease contains fixed and variable payment components. Initial measurement of the drilling rig lease liability of $8.9 million was determined based on the remaining fixed lease payments at the lease commencement date and these payments were discounted using the Company's estimated incremental borrowing rate of 16%. The effective interest expense on the lease liability for the three and nine months ended September 30, 2026 was $0.31 million and $0.36 million, respectively (September 30, 2025 – $Nil for both periods).

The drilling rig lease includes variable payments that fluctuate based on drilling activity levels and utilization days of the rig. Variable lease payments were excluded from the lease liability because they could not be determined at lease commencement and are capitalized to development well costs within oil and gas properties as incurred. As at September 30, 2026, the Company has incurred variable lease payments of $2.3 million (December 31, 2025 – $Nil).

The future minimum fixed lease payments include $6.8 million due in less than one year and $1.8 million due in more than one year.

6. Loan facility:

The Company had a USD denominated term loan facility ("Loan Facility") with a group of third-party lenders. The Loan Facility was unsecured, non-revolving and bore interest at 9.0% per annum payable in cash quarterly in arrears. The final principal payment of USD $2.905 million was repaid on the maturity date of July 14, 2026 together with accrued interest payable.

Financing costs for the Loan Facility were recorded as a reduction against the liability and were amortized over the term of the Loan Facility using the effective interest method. The effective interest expense on the Loan Facility for the three and nine months ended September 30, 2026 was $0.04 million and $0.6 million, respectively (September 30, 2025 – $0.3 million and $1.0 million, respectively).

As of September 30, 2026, the Loan Facility had no outstanding balance (December 31, 2025 – $5.3 million, comprised of $5.6 million of principal and of $0.1 million of accrued interest payable less $0.4 million of unamortized financing costs).

As at ($000's)	September 30, 2026	December 31, 2025
Beginning balance	5,347	6,959
Accretion expense	641	1,344
Interest paid	(335)	(619)
Principal repayments	(5,802)	(1,987)
Foreign currency translation adjustment	149	(350)
Ending balance	-	5,347

7. Bridge loan:

As at September 30, 2026, the Company, through a subsidiary, has an unsecured USD denominated $5.0 million (CAD $7.1 million) bridge loan which bears interest at 12% per annum, has no loan covenants, requires no repayment of principal or interest until maturity, and permits early repayment with no penalties or limitations (the "Bridge Loan"). The Bridge Loan was provided by a significant shareholder of the Company to temporarily fund capital expenditures and general and administrative costs related to the construction and implementation of the LNG facility in Kazakhstan (Note 4) while third-party project financing is being pursued.

On March 10, 2026, the maturity date of the Bridge Loan was extended from March 30, 2026 to July 15, 2026 and on July 15, 2026, the maturity date was extended further to October 15, 2026 in exchange for a refinancing fee of USD $0.10 million (CAD $0.14 million) and an increase in the interest rate from 9% to 12% per annum retroactive to the original signing date of August 12, 2025 amounting to USD $0.11 million (CAD $0.16 million). On October 15, 2026, at the request of the lender, the maturity date was extended further to November 16, 2026. All other terms and conditions of the Bridge Loan remain unchanged. The outstanding principal, refinancing fee and accrued interest payable were repaid in full in October and November 2026.

As at September 30, 2026, the Bridge Loan liability is comprised of USD $5.0 million (CAD $7.1 million) of principal (December 31, 2025 – USD $4.3 million) and $1.0 million (December 31, 2025 – $0.1 million) of accrued interest and refinancing fee payable. The Bridge Loan, all accrued interest and the refinancing fee are payable on the earlier of November 16, 2026 and ten business days following the receipt of third-party project financing for the LNG facility.

8. Convertible debentures (collectively the "Debentures"):

a. 9% Unsecured Convertible Debentures (the "2024 Debentures")

On March 22, 2024, the Company issued the 2024 Debentures which are convertible into 2,950,336 common shares at a conversion price of USD $1.62 per common share, are unsecured, have no associated financial covenants, bear interest at 9% per annum payable in cash semi-annually in arrears, and the principal amount of USD $4.8 million (CAD $6.5 million) is convertible at any time at the option of the holder on or before the maturity date of March 21, 2027. The Company can force conversion if the 20-day volume weighted average trading price of the Company's common shares on the TSX exceeds CAD $3.00 (the "Forced Conversion").

The fair value of the liability component of the 2024 Debentures on issuance was determined 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 were recorded as a reduction against the liability and are amortized over the three-year term using the effective interest method. The liability component is accreted over the three-year term to the principal amount on the maturity date with a corresponding non-cash accretion charge recognized in finance expense.

As the 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.

On June 8, 2026 (the "Conversion Date"), the Company provided notice to all holders of the 2024 Debentures that the Forced Conversion criteria had been satisfied and the Company was exercising its option to convert all 2024 Debentures into 2,950,336 common shares. All accrued and unpaid interest on the 2024 Debentures up to the Conversion Date was settled by the Company on June 15, 2026. The Company accounted for this transaction by derecognizing both the carrying amount of the liability and embedded derivative components of the 2024 Debentures and recognized the total amount as share capital.

The estimated fair value of the embedded derivative liability on the Conversion Date was $1.9 million (December 31, 2025 – $1.1 million) with the change in fair value for the three and nine months ended September 30, 2026 of $Nil and ($0.8) million, respectively, recognized as a gain (loss) on embedded derivative (September 30, 2025 – $0.5 million and $0.8 million, respectively). The fair value of the embedded derivative liability on the Conversion Date was estimated using the Black-Scholes option pricing model assuming: Nil for expected life, expected volatility, and impact of discounting; no expected dividends; a June 8, 2026 share price of $2.89; and an exercise price of $2.25.

As at ($000's)	September 30, 2026	December 31, 2025
Liability component		
Beginning balance	6,193	6,128
Accretion expense	430	967
Interest paid	(422)	(605)
Foreign currency translation adjustment	112	(297)
Conversion to common shares	(6,313)	-
Ending liability component balance	-	6,193
Embedded derivative component		
Beginning balance	1,100	1,653
(Gain) loss on embedded derivative revaluation	774	(553)
Conversion to common shares	(1,874)	-
Ending embedded derivative component balance	-	1,100
Total 2024 Debentures	-	7,293

The effective interest expense on the liability component of the 2024 Debentures for the three and nine months ended September 30, 2026 was $Nil and $0.4 million, respectively (September 30, 2025 – $0.2 million and $0.7 million, respectively).

b. 12% Unsecured Convertible Debentures due in December 2028 (the "2025 Debentures")

On December 24, 2025, the Company issued 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, have no associated financial covenants, bear interest at 12% per annum payable in cash semi-annually in arrears, and the principal amount is convertible at any time at the option of the holder on or before the maturity date of December 24, 2028 at a conversion price of $2.00 per common share. As of September 30, 2026, the Company is in compliance with all non-financial covenants.

The fair value of the liability component of the 2025 Debentures of $12.6 million was determined on issuance 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 and was allocated debt issue costs of $0.1 million which were recorded as a reduction against the equity component.

During the nine months ended September 30, 2026, certain holders of the 2025 Debentures exercised their option to convert an aggregate principal amount of $0.5 million into 272,500 common shares. The Company accounted for these transactions by derecognizing both the carrying amount of the liability and equity components of the converted 2025 Debentures and recognized the total amount as share capital.

As at ($000's)	September 30, 2026	December 31, 2025
Liability component		
Beginning balance	11,513	11,464
Less: issue costs	(30)	-
Accretion expense	1,657	49
Interest paid	(819)	-
Conversion to common shares	(468)	-
Ending liability component balance	11,853	11,513
Less: accrued interest payable	(424)	(36)
Non-current portion	11,429	11,477
Equity component		
Fair value on initial recognition	1,084	1,084
Less: issue costs	(95)	(95)
Conversion to common shares	(40)	-
Ending equity component balance	949	989

The effective interest expense on the liability component of the 2025 Debentures for the three and nine months ended September 30, 2026 was $0.6 million and $1.7 million (September 30, 2025 – $Nil for both periods) and the balance of unamortized issue costs as at September 30, 2026 was $0.9 million (December 31, 2025 – $1.1 million).

9. Provisions:

As at ($000's)	September 30, 2026	December 31, 2025
Beginning non-current portion	16,051	14,457
Increase in liabilities	1,046	666
Changes in estimates	(903)	1,383
Accretion expense	576	627
Foreign currency translation adjustment	305	(1,082)
Ending non-current portion	17,075	16,051

As at ($000's)	September 30, 2026	December 31, 2025
Beginning current portion	592	1,242
Changes in estimates	124	810
Settlements	(518)	(1,430)
Foreign currency translation adjustment	52	(30)
Ending current portion	250	592

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 September 30, 2026, the estimated total uninflated and undiscounted cash flows required to settle the current and non-current liabilities are $23.1 million (December 31, 2025 – $21.3 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 3.1% (December 31, 2025 – 2.7%) and using risk-free discount rates of 4.9% to 5.5% (December 31, 2025 – 3.5% to 4.6%).

10. Other long-term liabilities:

($000's)	PEC Project	TSA	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

($000's)	PEC Project	TSA	Total
Balance as at December 31, 2025	6,718	1,280	7,998
Increase in liabilities	3,195	-	3,195
Accretion	1,022	128	1,150
Payments on other long-term liabilities	-	(520)	(520)
Foreign currency translation adjustment	530	36	566
Balance as at September 30, 2026	11,465	924	12,389
Less: current portion	-	(615)	(615)
Non-current portion	11,465	309	11,774

PEC Project

In accordance with the terms of the PEC Project, certain of the Company's payment obligations for royalty expenses are deferred. These royalty expenses and associated liabilities are initially recognized at fair value by discounting the expected future payments at the Company's estimated incremental borrowing rate of 16%. The liabilities 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 $20.9 million (December 31, 2025 – $12.9 million) and are due between March 2029 and September 2031. The non-cash accretion expense for the three and nine months ended September 30, 2026 is $0.4 million and $1.0 million, respectively (September 30, 2025 – $0.2 million and $0.5 million, respectively).

TSA

The Company, through a subsidiary, makes monthly payments of USD $0.04 million until March 2028 under a Termination and Settlement Agreement (the "TSA") with third-party advisors who assisted Condor in pursuing investment opportunities in Uzbekistan. The TSA 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 TSA liabilities for the three and nine months ended September 30, 2026 was $0.04 million and $0.13 million, respectively (September 30, 2025 – $0.1 million and $0.2 million, respectively). As at September 30, 2026, the total undiscounted cash flows required to settle the liability are USD $0.7 million (CAD $1.0 million).

11. 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 September 30, 2026, the number of common shares issued is 86,591,974 (December 31, 2025 – 68,376,783).

On April 21, 2026, the Company completed a fully subscribed brokered bought deal public offering and issued 11,500,000 common shares at a price of $2.60 per common share for gross proceeds of $29.9 million (the "Offering") less cash share issue costs of $2.2 million comprised of underwriter commissions, legal fees, advisory fees and regulatory costs for net cash proceeds of $27.7 million. The net proceeds of the Offering were used to continue development of the Company's natural gas fields in Uzbekistan, including enhancing field compression, and for general corporate purposes.

In connection with the Offering, the Company issued 334,860 broker warrants (the "Broker Warrants"), each exercisable into one common share of the Company at $2.60 per common share until April 21, 2028. The issue date fair value of the Broker Warrants of $0.4 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 2.8% risk free interest rate; a 72% expected volatility, which is based on the historical share price volatility of the Company; no expected dividends and an issue date share price of $2.81 per share.

During the nine months ended September 30, 2026, 619,604 stock options were exercised for proceeds of $0.7 million and 2,872,751 common share purchase warrants were exercised for proceeds of $2.0 million.

During the nine months ended September 30, 2025, 670,666 stock options were exercised for proceeds of $0.4 million.

Warrants

As of September 30, 2026, the Company has 380,781 common share purchase warrants outstanding, each exercisable into one common share of the Company as follows:

- 9,952 warrants at an exercise price of $2.20 per common share until December 9, 2026;
- 242,773 warrants at an exercise price of $2.60 per common share until April 21, 2028; and
- 128,056 warrants at an exercise price of $2.00 per common share until December 24, 2028.

12. Non-controlling interests ("NCI"):

a. Condor Natural Gas B.V.

The following table summarizes the financial information, before any intra-group eliminations, relating to Condor Natural Gas B.V. ("CNG") and its wholly-owned Uzbekistan subsidiary which is conducting the production enhancement services under the PEC Project. The NCI is allocated 49% of the comprehensive income of CNG.

As at ($000's)	September 30, 2026	December 31, 2025
Current assets	33,072	22,882
Non-current assets	117,071	51,681
Current liabilities	(54,801)	(21,405)
Non-current liabilities	(57,987)	(29,552)
Net assets	37,355	23,606
Net assets attributable to NCI before dividends	16,909	12,907
Dividends paid to NCI	-	(2,735)
Net assets attributable to NCI	16,909	10,172

Three months ended ($000's)	September 30, 2026	September 30, 2025
Revenue	33,551	18,739
Expenses	(28,054)	(15,989)
Finance income	8	50
Net income	5,505	2,800
Other comprehensive income	29	473
Total comprehensive income	5,534	3,273
Net income allocated to NCI	2,698	1,372
Other comprehensive income allocated to NCI	14	232
Cash flows from operating activities	16,894	17,891
Cash flows used in investing activities	(23,676)	(7,203)
Cash flows from (used in) financing activities	5,203	(136)
Effect of foreign exchange on cash	(27)	152
Increase (decrease) in cash	(1,606)	10,704

Nine months ended ($000's)	September 30, 2026	September 30, 2025
Revenue	83,249	60,286
Expenses	(70,672)	(50,427)
Finance income	43	64
Net income	12,620	9,923
Other comprehensive income (loss)	1,129	(578)
Total comprehensive income	13,749	9,345
Net income allocated to NCI	6,184	4,862
Other comprehensive income (loss) allocated to NCI	553	(283)
Cash flows from operating activities	30,404	26,788
Cash flows used in investing activities	(52,560)	(21,531)
Cash flows from (used in) financing activities	18,794	(5,988)
Effect of foreign exchange on cash	117	(498)
Decrease in cash	(3,245)	(1,229)

b. Condor LNG Ltd.

The following table summarizes the financial information, before any intra-group eliminations, relating to Condor LNG Ltd. ("CLNG") and its wholly-owned Kazakhstan subsidiaries which are developing liquefied natural gas facilities in Kazakhstan. The NCI is allocated 10% of the comprehensive income of CLNG.

As at ($000's)	September 30, 2026	December 31, 2025
Current assets	439	383
Non-current assets	12,477	8,094
Current liabilities	(10,673)	(6,186)
Non-current liabilities	(5,586)	(4,490)
Net asset deficiency	(3,343)	(2,199)
Net asset deficiency attributable to NCI	(334)	(220)

Three months ended ($000's)	September 30, 2026	September 30, 2025
Revenue	-	-
Expenses	(331)	(285)
Net loss	(331)	(285)
Other comprehensive income (loss)	323	(218)
Total comprehensive loss	(8)	(503)
Net loss allocated to NCI	(33)	(29)
Other comprehensive income (loss) allocated to NCI	32	(21)
Cash flows used in operating activities	(532)	(179)
Cash flows used in investing activities	(331)	(2,353)
Cash flows from financing activities	759	4,349
Effect of foreign exchange on cash	(13)	22
Increase (decrease) in cash	(117)	1,839

Nine months ended ($000's)	September 30, 2026	September 30, 2025
Revenue	-	-
Expenses	(1,474)	(1,336)
Net loss	(1,474)	(1,336)
Other comprehensive income (loss)	330	(194)
Total comprehensive loss	(1,144)	(1,530)
Net loss allocated to NCI	(147)	(134)
Other comprehensive income (loss) allocated to NCI	33	(19)
Cash flows used in operating activities	(1,515)	(1,257)
Cash flows used in investing activities	(360)	(4,589)
Cash flows from financing activities	1,878	7,668
Effect of foreign exchange on cash	(8)	21
Increase (decrease) in cash	(5)	1,843

13. Net income (loss) per share:

Per share amounts for the three and nine months ended September 30, 2026 are calculated using a weighted average number of common shares of 86,207,336 and 77,684,011, respectively (September 30, 2025 – 67,935,310 and 67,626,788 common shares, respectively). For periods with a net loss attributable to common shareholders, convertible debentures (Note 8), common share purchase warrants (Note 11) and stock options (Note 14) have been excluded from the respective calculations of diluted weighted average common shares as to include them would have an antidilutive effect.

14. Stock based compensation:

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

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

	Number of options	Weighted average exercise price
Outstanding as at December 31, 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
Granted	1,305,000	$2.63
Expired	(18,000)	$1.93
Exercised	(619,604)	$1.18
Outstanding as at September 30, 2026	6,216,296	$1.31

Details of the stock options outstanding as at September 30, 2026 are as follows:

	Options outstanding		Options vested	
Exercise price	**Number**	**Average remaining life in years**	**Number**	**Average remaining life in years**
$0.31	900,965	1.5	900,965	1.5
$0.39	1,025,000	1.2	1,025,000	1.2
$0.42	120,000	0.5	120,000	0.5
$0.48	575,000	0.4	575,000	0.4
$1.23	875,000	2.0	875,000	2.0
$1.53	46,666	3.6	16,667	3.6
$1.80	120,000	2.6	120,000	2.6
$1.86	1,052,000	3.4	684,669	3.4
$1.99	195,000	2.9	124,000	2.9
$2.15	50,000	3.8	33,334	3.8
$2.46	1,116,665	4.5	340,010	4.5
$2.94	40,000	4.7	13,334	4.7
$4.46	100,000	4.9	33,334	4.9
	6,216,296	2.4	4,861,313	2.0

As of September 30, 2026, there are 6,216,296 stock options outstanding (December 31, 2025 – 5,548,900) with a weighted average exercise price of $1.31 (December 31, 2025 – $0.99), of which 4,861,313 stock options are exercisable (December 31, 2025 – 4,480,571) with a weighted average exercise price of $1.02 (December 31, 2025 – $0.78).

In March 2026, 1,165,000 stock options were granted and the fair value of $1.64 per option was estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life; a 3.0% risk free interest rate; an 90% expected volatility, which is based on historical share price volatility of the Company; no expected dividends; a grant date share price of $2.60; and an exercise price of $2.46.

In June 2026, 40,000 stock options were granted and the fair value of $1.68 per option was estimated using the Black-Scholes option pricing model assuming: a 3.0 year expected life; a 2.9% risk free interest rate; an 83% expected volatility, which is based on historical share price volatility of the Company; no expected dividends; a grant date share price of $3.03; and an exercise price of $2.94.

In August 2026, 100,000 stock options were granted and the fair value of $2.25 per option was estimated using the Black-Scholes option pricing model assuming: a 3.0 year expected life; a 3.0% risk free interest rate; an 75% expected volatility, which is based on historical share price volatility of the Company; no expected dividends; a grant date share price of $4.45; and an exercise price of $4.46.

15. Related party transactions:

The Bridge Loan is provided by a significant shareholder of the Company (see Note 7).

16. Finance income and expense:

For the three months ended ($000's)	September 30, 2026	September 30, 2025
Finance income:		
Interest on bank deposits	96	115
Other	-	22
	96	137
Finance expense:		
Accretion on loans and Debentures (Notes 6, 7, and 8)	1,089	606
Accretion of provisions (Note 9)	210	151
Accretion of other long-term liabilities (Note 10)	443	256
Interest on lease liabilities (Note 5)	319	19
	2,061	1,032

For the nine months ended ($000's)	September 30, 2026	September 30, 2025
Finance income:		
Interest on bank deposits	274	323
Other	27	29
	301	352
Finance expense:		
Accretion on loans and Debentures (Notes 6, 7, and 8)	3,518	1,778
Accretion of provisions (Note 9)	576	462
Accretion of other long-term liabilities (Note 10)	1,150	667
Interest on lease liabilities (Note 5)	404	67
	5,648	2,974

17. Other expense:

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

18. Income taxes:

Deferred tax assets are reviewed at each reporting date and are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Income tax expense for the three and nine months ended September 30, 2026 is comprised of current income tax expense of $1.4 million and $3.7 million, respectively (September 30, 2025 – $0.6 million and $2.4 million, respectively) and deferred income tax recovery of $0.2 million and $1.2 million, respectively (September 30, 2025 – $0.06 million and $0.5 million, respectively) primarily related to Uzbekistan.

19. 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 km2 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 $196.4 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 $241.9 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 $3.8 million (CAD $5.4 million), and the payments are due in a combination of time and milestone-based instalments until the LNG facility is commissioned. The Company has capital commitments for the Compressor Station in Uzbekistan of USD $17.3 million (CAD $24.5 million), and additional progress payments are due in installments based on various operational milestones during construction, commissioning, and the warranty period.

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.

20. 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 the reporting date is as follows:

Carrying amounts as at ($000's)	September 30, 2026	December 31, 2025
Cash and cash equivalents	9,280	18,516
Trade and other receivables	28,074	16,046
Other long-term assets	274	268
	37,628	34,830

The Company limits its exposure to credit risk on cash and cash equivalents and bank deposits by depositing and investing in banks with investment grade credit ratings.

Credit risk on trade receivables is related mainly to natural gas marketers, and the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. During the three and nine months ended September 30, 2026, 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 September 30, 2026, these three customers represented 99% of outstanding trade and other receivables (December 31, 2025 – 99%). Of the $28.1 million trade and other receivables balance as of September 30, 2026, $11.8 million was collected subsequent to September 30, 2026.

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 19, 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 September 30, 2026, the Company does not have sufficient resources or committed financing to fund all the development activities described in Note 19 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.

At September 30, 2026, the Company had a deficit of $11.2 million (December 31, 2025 – $8.1 million). For the three and nine months ended September 30, 2026, the Company reported a net income of $3.8 million and $2.9 million, respectively (September 30, 2025 – net income of $0.9 million and $3.0 million, respectively) and cash flows from operating activities of $13.0 million and $19.7 million, respectively (September 30, 2025 – $15.2 million and $18.8 million, respectively). The Company's working capital deficiency increased from $4.1 million as at December 31, 2025 to $20.7 million as at September 30, 2026 primarily due to the drilling program in Uzbekistan (Note 22), commencement of the Compressor Station (Note 4) and new lease liability (Note 5), partially offset by completing the Offering (Note 11) and the Forced Conversion of the 2024 Debentures (Note 8a).

To manage capital expenditures and operating cashflows, annual budgets are prepared, monitored regularly and updated as required. The Company also utilizes authorizations for expenditures to manage capital spending.

The cash flows presented in the tables below are the contractual undiscounted cash flows and accordingly certain amounts differ from the amounts included in the consolidated statements of financial position. The Company's undiscounted contractual obligations are as follows:

($000's)	Less than 1 year	Greater than 1 year	Total
As at September 30, 2026			
Accounts payable and accrued liabilities	46,972	-	46,972
Lease liabilities	7,113	1,879	8,992
Bridge loan	8,054	-	8,054
Financing agreement	-	426	426
Convertible debentures	424	13,105	13,529
Other long-term liabilities	709	21,248	21,957
As at December 31, 2025			
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

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 former 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 TRY. In general, an increase in the value of the Canadian dollar as compared to the USD or the TRY will reduce the prices received by the Company for its natural gas and condensate sales. The Company had no forward exchange rate contracts in place during the nine months ended September 30, 2026 and the year ended December 31, 2025.

During the nine months ended September 30, 2026, the CAD depreciated from 1.37 per 1.00 USD to 1.42, the KZT appreciated from 502.6 per 1.00 USD to 439.4, and the TRY depreciated from 42.9 per 1.00 USD to 48.9, which led to a foreign exchange gain of $0.6 million (September 30, 2025 – $0.9 million) related primarily to a USD denominated intercompany loan in Kazakhstan and USD cash and cash equivalents held by the Company, partially offset by the USD denominated Loan Facility, Bridge Loan and former 2024 Debentures.

During the nine months ended September 30, 2026, the CAD depreciated from 1.37 per 1.00 USD to 1.42, the KZT appreciated from 367.2 per 1.00 CAD to 309.6, and the TRY depreciated from 31.3 per 1.00 CAD to 34.4, resulting in a $2.9 million translation gain adjustment through equity (September 30, 2025 – $0.7 million translation loss).

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 bore fixed-rate interest at 9.0% per annum, and the Bridge Loan 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 nine months ended September 30, 2026 and the year ended December 31, 2025.

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 nine months ended September 30, 2026 and the year ended December 31, 2025.

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

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

Fair value of financial assets and liabilities

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

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

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

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

The fair value of the Company's cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and Bridge Loan approximate their carrying value as at September 30, 2026 and December 31, 2025, due to their short term to maturity. 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 $12.7 million as at September 30, 2026 (December 31, 2025 - $12.6 million). The other long-term liabilities and the financing agreement described in Note 23 are classified as Level 2 within the fair value hierarchy, and their fair value approximates their carrying value.

21. Supplementary cash flow information:

For the three and nine months ended September 30, 2026, the Company received interest income of $0.1 million and $0.3 million, respectively (September 30, 2025 – $0.1 million and $0.4 million, respectively), paid aggregate interest expense of $0.1 million and $1.6 million, respectively (September 30, 2025 – $0.5 million and $1.1 million, respectively) on the loan facility (Note 6) and Debentures (Note 8), and paid income tax of $1.4 million and $3.1 million, respectively (September 30, 2025 – $0.5 million and $2.2 million, respectively).

22. Segmented information:

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

($000's)	Corporate	Uzbekistan	Kazakhstan	Türkiye	Total
As at September 30, 2026					
Property, plant and equipment	150	114,570	12,941	11	127,672
Total assets	8,194	149,970	14,755	707	173,626
Total liabilities	12,710	78,689	11,258	2,750	105,407
As at December 31, 2025					
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

($000's)	Corporate	Uzbekistan	Kazakhstan	Türkiye	Total
For the three months ended September 30, 2026					
PP&E expenditures	9	29,899	1,425	-	31,333
Revenue					
Natural gas sales	-	29,961	-	15	29,976
Condensate sales	-	3,590	-	-	3,590
Royalties	-	(4,639)	-	(2)	(4,641)
Total revenue	-	28,912	-	13	28,925
Expenses					
Production costs	-	10,897	-	209	11,106
Transportation and selling	-	1,063	-	-	1,063
General and administrative	1,116	1,388	610	105	3,219
Depletion and depreciation	34	6,713	4	67	6,818
Stock based compensation	298	-	-	-	298
Finance income	(80)	(8)	(3)	(5)	(96)
Finance expense	593	937	504	27	2,061
Foreign exchange (gain) loss	(72)	286	(628)	(4)	(418)
Net monetary gain	-	-	-	(65)	(65)
Income (loss) before taxes	(1,889)	7,636	(487)	(321)	4,939
Income tax expense	-	(1,137)	-	-	(1,137)
Net income (loss)	(1,889)	6,499	(487)	(321)	3,802
For the three months ended September 30, 2025					
PP&E expenditures	2	7,649	2,352	-	10,003
Revenue					
Natural gas sales	-	17,623	-	9	17,632
Condensate sales	-	1,116	-	-	1,116
Royalties	-	(2,588)	-	(2)	(2,590)
Total revenue	-	16,151	-	7	16,158
Expenses					
Production costs	-	8,448	-	171	8,619
Transportation and selling	-	641	-	-	641
General and administrative	903	728	412	116	2,159
Depletion and depreciation	35	2,822	25	79	2,961
Stock based compensation	248	-	-	-	248
Finance income	(62)	(50)	-	(25)	(137)
Finance expense	575	408	34	15	1,032
Foreign exchange (gain) loss	113	(351)	(28)	(2)	(268)
Gain on PPE sales	-	-	(1)	-	(1)
Gain on embedded derivative	(483)	-	-	-	(483)
Net monetary gain	-	-	-	(22)	(22)
Income (loss) before taxes	(1,329)	3,505	(442)	(325)	1,409
Income tax expense	-	(546)	-	-	(546)
Net income (loss)	(1,329)	2,959	(442)	(325)	863

($000's)	Corporate	Uzbekistan	Kazakhstan	Türkiye	Total
For the nine months ended September 30, 2026					
PP&E expenditures	13	67,562	2,671	9	70,255
Revenue					
Natural gas sales	-	74,191	-	49	74,240
Condensate sales	-	9,058	-	-	9,058
Royalties	-	(11,529)	-	(7)	(11,536)
Total revenue	-	71,720	-	42	71,762
Expenses					
Production costs	-	30,030	-	1,114	31,144
Transportation and selling	-	2,585	-	6	2,591
General and administrative	3,401	3,972	1,878	334	9,585
Depletion and depreciation	101	15,418	133	231	15,883
Stock based compensation	1,570	-	-	-	1,570
Finance income	(229)	(43)	(13)	(16)	(301)
Finance expense	2,735	2,047	796	70	5,648
Foreign exchange (gain) loss	(64)	316	(798)	(14)	(560)
Loss on embedded derivative	774	-	-	-	774
Net monetary gain	-	-	-	(65)	(65)
Income (loss) before taxes	(8,288)	17,395	(1,996)	(1,618)	5,493
Income tax expense	-	(2,542)	(56)	-	(2,598)
Net income (loss)	(8,288)	14,853	(2,052)	(1,618)	2,895
For the nine months ended September 30, 2025					
PP&E expenditures	83	25,279	4,589	-	29,951
Revenue					
Natural gas sales	-	55,480	-	24	55,504
Condensate sales	-	4,806	-	-	4,806
Royalties	-	(8,334)	-	(4)	(8,338)
Total revenue	-	51,952	-	20	51,972
Expenses					
Production costs	-	25,815	-	445	26,260
Transportation and selling	-	1,976	-	1	1,977
General and administrative	2,405	2,671	1,259	318	6,653
Depletion and depreciation	96	8,585	441	287	9,409
Stock based compensation	1,280	-	-	-	1,280
Finance income	(245)	(64)	(4)	(39)	(352)
Finance expense	1,757	1,132	34	51	2,974
Foreign exchange gain	(304)	(564)	(18)	(14)	(900)
Gain on PPE sales	-	-	(8)	-	(8)
Gain on embedded derivative	(800)	-	-	-	(800)
Other expense	-	-	659	-	659
Net monetary gain	-	-	-	(9)	(9)
Income (loss) before taxes	(4,189)	12,401	(2,363)	(1,020)	4,829
Income tax expense	-	(1,815)	-	-	(1,815)
Net income (loss)	(4,189)	10,586	(2,363)	(1,020)	3,014

23. Sale of Turkish Properties:

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 "Subsidiary"). 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. Either party may terminate the SPA if the Government Approvals are not received by January 21, 2027.

The Buyer is required to complete a minimum work commitment by January 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 (the "Operating Expenditures").

In connection with the SPA, the Company, through the Subsidiary, entered into a USD denominated, non-interest-bearing financing agreement with the Buyer to provide funding for the Minimum Work Commitment and Operating Expenditures. If the SPA is terminated due to the Government Approvals not being granted, this financing agreement shall convert into a loan that is secured by the Turkish Properties, is non-interest bearing, has no financial loan covenants and is repayable 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 (the "Turkiye Loan Facility"). The Turkiye Loan Facility will be non-recourse and in the absence of free cashflow, no amounts will be contractually repayable. As at September 30, 2026, the amount of funding received from the Buyer under the financing agreement was USD $0.3 million (CAD $0.4 million).

As of September 30, 2026, the Company determined that the Turkish Properties did not meet the criteria to be classified as held for sale as it was not highly probable given uncertainties regarding the timing of the Government Approvals and completion of the Buyer's Minimum Work Commitment that this transaction will close prior to January 21, 2027.

24. Subsequent event:

In October 2026, the Company completed an offering of convertible debentures for aggregate gross proceeds of $72.03 million which are convertible into 12,005,481 common shares (the "2026 Debentures") and comprised a brokered public offering for gross proceeds of $28.75 million including the full exercise of the over-allotment option by the agents (the "Public Offering") and a concurrent private placement for gross proceeds of $43.28 million (the "Private Placement") on the same terms and conditions, except the 2026 Debentures issued under the Private Placement are subject to a statutory four-month hold period expiring on February 16, 2027.

The 2026 Debentures are unsecured, have no associated financial covenants, bear interest at 12% per annum payable quarterly in cash and in arrears, and the principal amount is convertible at any time at the option of the holder on or before the maturity date of October 15, 2029, at a conversion price of $6.00 per common share.

The estimated issuance costs associated with the 2026 Debentures of $3.3 million are comprised of agent commissions, intermediary fees, legal and advisory fees, and regulatory costs. The net proceeds from the Debentures Offering of $68.7 million will be used to fund the Compressor Station in Uzbekistan, the LNG facility in Kazakhstan, working capital and general corporate purposes.