



**Interim Condensed Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2016**  
**(unaudited)**

**Condor Petroleum Inc.**

Consolidated Statements of Financial Position (unaudited)

Stated in thousands of Canadian dollars

<b>As at</b>		<b>September 30, 2016</b>	<b>December 31, 2015</b>
	Note		
<b>Assets</b>			
Cash and cash equivalents		29,962	50,282
Trade and other receivables		490	688
Other current assets	3	1,605	923
<b>Total current assets</b>		<b>32,057</b>	<b>51,893</b>
Exploration and evaluation assets	4	54,166	78,676
Property and equipment	5	40,818	2,939
Other long term assets	6	8,973	8,295
<b>Total assets</b>		<b>136,014</b>	<b>141,803</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		2,615	3,962
Current portion of other long-term liabilities	7	480	395
Current portion of provisions	8	262	266
<b>Total current liabilities</b>		<b>3,357</b>	<b>4,623</b>
Other long term liabilities	7	2,947	3,105
Provisions	8	3,088	1,686
Deferred tax liabilities	9	-	1,803
<b>Total liabilities</b>		<b>9,392</b>	<b>11,217</b>
<b>Equity</b>			
Share capital	10	271,688	263,035
Contributed surplus		19,799	19,380
Translation reserve		(67,325)	(62,999)
Deficit		(97,540)	(88,830)
<b>Total equity</b>		<b>126,622</b>	<b>130,586</b>
<b>Total liabilities and equity</b>		<b>136,014</b>	<b>141,803</b>

Commitments and contingent liabilities (Note 14).

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

**Condor Petroleum Inc.**

Consolidated Statements of Comprehensive Income (unaudited)

Stated in thousands of Canadian dollars

(except for per share amounts)

<b>For the period ended September 30</b>		<b>Three months 2016</b>	<b>Three months 2015</b>	<b>Nine months 2016</b>	<b>Nine months 2015</b>
	<b>Note</b>				
<b>Revenue</b>					
Crude oil sales		72	44	329	147
Total revenue		72	44	329	147
<b>Expenses</b>					
Production costs		39	21	132	588
Royalty expense		2	5	9	22
General and administrative		2,052	1,969	5,991	6,375
Transaction costs	2	-	-	1,509	-
Depletion and depreciation		96	229	328	1,430
Stock based compensation	12	(91)	317	419	623
Total expenses		(2,098)	(2,541)	(8,388)	(9,038)
Finance income		267	158	576	541
Finance expense		(186)	(167)	(505)	(740)
Foreign exchange gain (loss)		295	3,873	(2,525)	8,344
Net income (loss) before tax		(1,650)	1,367	(10,513)	(746)
Deferred tax recovery (expense)	9	-	(2,749)	1,803	(3,157)
<b>Net loss</b>		<b>(1,650)</b>	<b>(1,382)</b>	<b>(8,710)</b>	<b>(3,903)</b>
Foreign currency translation adjustment	13	2,009	(39,115)	(4,326)	(34,094)
<b>Comprehensive income (loss)</b>		<b>359</b>	<b>(40,497)</b>	<b>(13,036)</b>	<b>(37,997)</b>
<b>Basic and diluted loss per share</b>					
Net loss per share	11	(0.04)	(0.04)	(0.21)	(0.11)

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

**Condor Petroleum Inc.**

Consolidated Statements of Cash Flows (unaudited)

Stated in thousands of Canadian dollars

<b>For the period ended September 30</b>		<b>Three months 2016</b>	<b>Three months 2015</b>	<b>Nine months 2016</b>	<b>Nine months 2015</b>
	<b>Note</b>				
<b>Operating activities:</b>					
Net loss		(1,650)	(1,382)	(8,710)	(3,903)
Items not affecting cash:					
Depletion and depreciation		96	229	328	1,430
Deferred tax expense (recovery)		-	2,749	(1,803)	3,157
Stock based compensation		(91)	317	385	623
Non-cash finance income		(214)	(125)	(405)	(390)
Non-cash finance expense		195	167	505	740
Unrealized exchange (gain) loss		(281)	(4,005)	2,482	(8,547)
Changes in non-cash working capital		(738)	348	(725)	335
Cash used in operating activities		(2,683)	(1,702)	(7,943)	(6,555)
<b>Investing activities:</b>					
Exploration and evaluation expenditures	4	(161)	(6,210)	(777)	(10,280)
Property and equipment expenditures	5	(6,453)	(67)	(8,520)	(237)
Changes in non-cash working capital		1,488	2,931	(1,118)	(2,997)
Cash used in investing activities		(5,126)	(3,346)	(10,415)	(13,514)
Change in cash		(7,809)	(5,048)	(18,358)	(20,069)
Effect of foreign exchange on cash		790	4,383	(1,962)	8,760
Cash and cash equivalents, beginning		36,981	53,834	50,282	64,478
Cash and cash equivalents, ending		29,962	53,169	29,962	53,169

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

## Condor Petroleum Inc.

Consolidated Statements of Changes in Equity (Unaudited)

Stated in thousands of Canadian dollars

(except for number of common shares)

	Number of common shares <sup>1</sup>	Share capital	Contributed surplus	Translation reserve	Deficit	Total
<b>As at December 31, 2014</b>	<b>34,612,087</b>	<b>263,035</b>	<b>18,429</b>	<b>(7,332)</b>	<b>(85,512)</b>	<b>188,620</b>
Stock based compensation expense	-	-	623	-	-	623
Foreign currency translation adjustment	-	-	-	(34,094)	-	(34,094)
Net loss	-	-	-	-	(3,903)	(3,903)
<b>As at September 30, 2015</b>	<b>34,612,087</b>	<b>263,035</b>	<b>19,052</b>	<b>(41,426)</b>	<b>(89,415)</b>	<b>151,246</b>
Stock based compensation expense	-	-	328	-	-	328
Foreign currency translation adjustment	-	-	-	(21,573)	-	(21,573)
Net income	-	-	-	-	585	585
<b>As at December 31, 2015</b>	<b>34,612,087</b>	<b>263,035</b>	<b>19,380</b>	<b>(62,999)</b>	<b>(88,830)</b>	<b>130,586</b>
Issued on business combination (Note 2)	8,653,013	8,653	-	-	-	8,653
Stock based compensation expense	-	-	419	-	-	419
Foreign currency translation adjustment	-	-	-	(4,326)	-	(4,326)
Net loss	-	-	-	-	(8,710)	(8,710)
<b>As at September 30, 2016</b>	<b>43,265,100</b>	<b>271,688</b>	<b>19,799</b>	<b>(67,325)</b>	<b>(97,540)</b>	<b>126,622</b>

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

<sup>1</sup> On March 24, 2016, the Company's shares were consolidated on a ten-to-one basis. The share consolidation has been applied retrospectively.

## **Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)  
For the three and nine months ended September 30, 2016

### **1. Corporate information:**

#### *Reporting entity*

Condor Petroleum Inc. ("Condor" or the "Company") is a publicly traded company with activities in the Republic of Kazakhstan ("Kazakhstan") and the Republic of Turkey ("Turkey"). The address of the Company's registered office is 2400, 144 – 4th Ave SW, Calgary, Alberta, Canada, T2P 3N4.

The interim condensed consolidated financial statements (the "financial statements") of the Company as at September 30, 2016 and December 31, 2015 and for the three and nine months ended September 30, 2016 and 2015 comprise the Company and its subsidiaries. The financial statements were approved and authorized for issue on November 10, 2016 by the Board of Directors.

#### *Nature of operations*

Condor has a 100% interest in and operates the Zharkamys West 1 property ("Zharkamys") in western Kazakhstan. The Zharkamys contract with the Government of Kazakhstan is currently in the exploration period until December 14, 2016. The Company has applied for an extension to the exploration period. Upon any commercial discovery within Zharkamys, the Company has the exclusive right to enter the development period by executing a production contract.

The Company has 100% interest in and operates the Shoba and Taskuduk properties located within Zharkamys. In September 2016, the Company executed with the Government of Kazakhstan the Shoba production contract, which provides for a term of 12 years, and the Taskuduk production contract, which provides for a term of 11 years.

Effective March 24, 2016, the Company acquired a 100% interest in and operates four operating licenses located at Ortakoy in the Gallipoli Peninsula in Turkey ("Ortakoy Properties"). The four operating licenses were converted in 2015 from an exploration license which had been originally awarded in 2004. The Poyraz Ridge operating license was awarded for an initial eight year term and the Destan operating license was awarded for an initial five year term and each of these licenses may be extended for up to twenty years including the initial term. The two other operating licenses, H17 a2-1 and H17 b1-1, were each awarded for an initial four year term and, upon commercial discovery, may be extended for up to twenty years including the initial term.

#### *Basis of presentation*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 'Interim Financial Reporting'. The financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies used to prepare these financial statements are consistent with the policies at December 31, 2015 except as noted below.

The financial statements are reported in Canadian dollars ("CAD") which is the functional currency of the Company. The Company's subsidiary in Kazakhstan, which operates the Zharkamys, Shoba and Taskuduk properties, has a Kazakhstan Tenge ("KZT") functional currency. The Company's subsidiary in Netherlands, which has a branch in Turkey, and operates the Ortakoy Properties, has a Turkish Lira ("TRY") functional currency.

**Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

The financial statements have been prepared on the historical cost basis, except for acquired net assets as a result of business combinations, which are measured at fair value.

The Company uses the acquisition method to account for business combinations. Assets acquired and liabilities assumed in a business combination are recorded at fair value at the time of acquisition. The determination of fair value requires the Company to make estimates, assumptions and judgments that are subject to measurement uncertainty. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities, including the fair value of property and equipment, other long-term assets and provisions. Consequently, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings, due to the impact on future depreciation and depletion expense as well as impairment tests.

*Changes in Accounting Policies and new standards and interpretations not yet adopted*

There were no new or amended accounting standards or interpretations adopted during the three and nine months ended September 30, 2016. A description of accounting standards and interpretations that will be adopted by the Company in future periods can be found in the notes to the annual Consolidated Financial Statements for the year ended December 31, 2015.

**2. Business combination:**

On January 7, 2016 the Company entered into an agreement with Marsa Energy Inc. ("Marsa") to acquire all of the issued and outstanding common shares of Marsa based on an exchange ratio of 1.84326 Condor common shares for each Marsa common share (the "Marsa Transaction"). On March 24, 2016 the Marsa Transaction was completed and Condor issued 8,653,013 common shares to the Marsa shareholders (Note 10). Based on the \$1.00 closing price of Condor common shares listed on the Toronto Stock Exchange on the completion date on the post share consolidation basis, the total purchase price for the Marsa Transaction is \$8,653,013. Marsa, through its subsidiaries, owns a 100% interest in the Ortakoy properties in Turkey.

The purchase price has been allocated to the fair value of the net assets acquired as follows (000's):

Other current assets	64
Property, plant and equipment	9,197
Other long term assets	890
Accounts payable and accrued liabilities	(306)
Provisions	(1,192)
<b>Total net assets acquired</b>	<b>8,653</b>

If the Marsa Transaction had been completed on January 1, 2016, the Company's revenues for the nine months ended September 30, 2016, when combined with Marsa's revenues and not taking into consideration any combined synergies, would have remained the same at \$0.3 million and net loss would have increased by \$0.5 million to \$9.2 million. This pro-forma information is not necessarily indicative of the results had the Marsa Transaction actually occurred on January 1, 2016.

The Company incurred \$1.5 million of transaction costs related to the Marsa Transaction.

**Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

**3. Other current assets:**

<b>As at</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Supplies inventory	171	212
Crude oil inventory	129	121
Prepaid expenses	541	473
VAT and GST receivable	764	117
	1,605	923

**4. Exploration and evaluation assets:**

Exploration and evaluation assets are comprised of the Zharkamys property in Kazakhstan.

<b>For the period ended (000's)</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
<b>Cost</b>		
Balance, beginning of period	82,962	126,004
Capital expenditures	777	11,850
Transfers to Property and equipment (Note 5)	(23,128)	-
Change in decommissioning provision and other	(32)	(45)
Foreign currency translation adjustment	(6,346)	(54,847)
Balance, end of period	54,233	82,962
<b>Accumulated depletion</b>		
Balance, beginning of period	(4,286)	(5,761)
Depletion	-	(932)
Transfers to Property and equipment (Note 5)	4,041	-
Foreign currency translation adjustment	178	2,407
Balance, end of period	(67)	(4,286)
<b>Net book value, end of period</b>	<b>54,166</b>	<b>78,676</b>

**5. Property and equipment:**

Oil and gas properties comprise the Shoba and Taskuduk properties in Kazakhstan and the Poyraz Ridge operating license in Turkey.

<b>(000's)</b>	<b>Oil and gas properties</b>	<b>Other equipment</b>	<b>Total</b>
<b>Cost</b>			
As at December 31, 2015	-	5,230	5,230
Acquisition of Poyraz Ridge (Note 2)	8,842	355	9,197
Capital expenditures	8,443	77	8,520
Transfers from Exploration and evaluation assets (Note 4)	23,128	-	23,128
Other transfers	3,602	(3,602)	-
Foreign currency translation adjustment	1,068	189	1,257
As at September 30, 2016	45,083	2,249	47,332



**Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

(000's)	<b>Oil and gas properties</b>	<b>Other equipment</b>	<b>Total</b>
<b>Accumulated depletion and depreciation</b>			
As at December 31, 2015	-	(2,291)	(2,291)
Depletion and depreciation	-	(344)	(344)
Transfers from Exploration and evaluation assets (Note 4)	(4,041)	-	(4,041)
Other transfers	(1,228)	1,228	-
Foreign currency translation adjustment	474	(312)	162
As at September 30, 2016	(4,795)	(1,719)	(6,514)
<b>Net book value</b>			
As at December 31, 2015	-	2,939	2,939
As at September 30, 2016	40,288	530	40,818

Upon signing the production contracts for Shoba and Taskuduk, the exploration and evaluation assets and other equipment related to these properties were transferred to oil and gas properties and tested for impairment. Oil and gas properties are depleted on a unit-of-production basis over the proved and probable reserves. Other equipment is subject to depreciation on a straight line basis over 3-6 years.

**6. Other long term assets:**

As at (000's)	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Value added tax receivable	6,729	6,536
Non-current bank deposits	2,244	1,759
	8,973	8,295

The undiscounted value added tax ("VAT") receivables (including non-current and current portion) of \$7.9 million (December 31, 2015: \$7.7 million) are available for offset against VAT collected on future domestic sales and for refund related to future export sales. Additions to VAT receivables are discounted from the expected date of receipt using a discount rate of 10.6% (2015: 7.4%), which estimates the market rate of return on a similar instrument.

The non-current bank deposits including \$1.7 million in Kazakhstan and \$0.6 million in Turkey are invested in special interest bearing accounts and are reserved for settling future decommissioning obligations.

**7. Other long term liabilities:**

Other long term liabilities are amounts to be reimbursed to the Government of Kazakhstan for historical costs incurred in Zharkamys by the Government prior to the Company's acquisition of the Zharkamys exploration rights and include expenditures for drilling, seismic and other geological and geophysical works. The historical cost obligations are non-interest bearing and comprise United States dollar ("USD") denominated liabilities of \$2.7 million related to the initial Zharkamys license acquisition and KZT denominated liabilities of \$2.3 million related to the Zharkamys property expansion. The total undiscounted amount at September 30, 2016 of \$5.0 million (December 31, 2015: \$5.3 million) has been discounted to a value of \$3.4 million (December 31, 2015: \$3.5 million), of which \$0.5 million is current, based on the estimated timing of future payments and a weighted average 8% discount rate based on historical risk-free rates.

**Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

**8. Provisions:**

Non-current portion of provisions, as of December 31, 2015	1,686
Marsa acquisition	1,192
Increase in liabilities	133
Change in estimates	133
Decommissioning costs incurred	-
Accretion expense	90
Foreign currency translation adjustment	(146)
Transferred to current portion of provisions	-
<b>Non-current portion of provisions, as of September 30, 2016</b>	<b>3,088</b>
Current portion of provisions, as of December 31, 2015	266
Change in liabilities	-
Change in estimates	-
Decommissioning costs incurred	(2)
Foreign currency translation adjustment	(2)
<b>Current portion of provisions, as of September 30, 2016</b>	<b>262</b>

Provisions are comprised of decommissioning obligations, which are estimated based on the expected costs to abandon existing wells and facilities and to restore the existing sites in Kazakhstan, Turkey and Canada, along with the estimated timing of future payments. Non-current provisions related to Turkish properties in the amount of \$1.2 million were recognized upon acquisition (Note 2) and as at September 30, 2016 amounted to \$1.5 million. At September 30, 2016, the estimated total undiscounted cash flows required to settle the current and non-current liabilities are \$4.0 million (December 31, 2015: \$2.4 million), which are expected to be incurred between 2017 and 2034.

The calculation of the net present value of the decommissioning obligations included a weighted average inflation rate of 6.1% (December 31, 2015: 5.1%) and weighted average risk free rate associated with the assets of 7.7% (December 31, 2015: 7.1%).

**9. Income taxes:**

As of September 30, 2016 the Company has not recognized any deferred tax liabilities (December 31, 2015: \$1.8 million). Deferred tax recovery of \$1.8 million for the period ended September 30, 2016 (2015: arose from the foreign currency translation adjustment on Condor's intercompany loans to foreign subsidiaries denominated in USD as well as foreign exchange losses on cash held in USD due to the depreciation of USD against CAD during the period).

**10. Share capital:**

The Company has authorized an unlimited number of common shares without nominal or par value and an unlimited number of first and second preferred shares without nominal or par values. The outstanding Condor common shares were consolidated on a ten-to-one basis on March 24, 2016 and numbers of common shares have been adjusted retrospectively.

On March 24, 2016 the Marsa Transaction was completed and Condor issued 8,653,013 common shares to the Marsa shareholders (Note 2).

	<b>Common shares</b>
As at December 31, 2015	34,612,087
Marsa Transaction	8,653,013
<b>As at September 30, 2016</b>	<b>43,265,100</b>

**Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

**11. Per share amounts:**

Per share amounts are calculated using a weighted average number of common shares of 43,265,100 for the three months and 40,612,351 for the nine months ended September 30, 2016 (three and nine months ended September 30, 2015: 34,612,087 shares). Outstanding stock options have been excluded from the calculations of diluted weighted average common shares as to include them would be anti-dilutive.

**12. Stock based compensation:**

As at September 30, 2016, the Company had 3,468,000 stock options outstanding with a weighted average exercise price of \$2.81 per share. The Company awarded 1,025,000 stock options on May 25, 2016 that have an exercise price of \$1.33 per share which are subject to shareholder approval. The previous shareholder approval of the stock option plan expired on May 23, 2016 and the renewal of the stock option plan was approved by the shareholders during the annual general meeting of shareholders on June 23, 2016. Given the fact that options were awarded between the expiration and renewal dates of the shareholder approvals, the Company will need to obtain shareholder approval ratifying the grant at next year's shareholders' meeting in the second quarter of 2017. As employee services have commenced, the Company has recognized \$0.2 million in stock based compensation expense in the period ended September 30, 2016 related to the May 25, 2016 grant. Stock options subject to approval are revalued each period end and had a fair value of \$0.4 million as of September 30, 2016. The fair value of each option awarded is estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life; a 0.6% risk free interest rate; a 73% expected volatility, which has been based on historical share price volatility of the Company; 16% expected forfeiture rate; and weighted average share price of \$0.97.

**13. Financial risk management:***Credit risk*

Trade and other receivables at September 30, 2016 include \$0.3 million of crude oil sales receivables (December 31, 2015: \$0.6 million), which are significantly past due and relate to sales from November 2014 to January 2015, which have not been fully collected to date. Due to disruptions in the local oil refining market during 2015, the refinery which accepted delivery of the Company's crude oil in late 2014 and early 2015 has had cash flow interruptions and has been unable to settle their trade payables on a timely basis. The Company has collected \$0.3 million of outstanding receivables in the nine months ended September 30, 2016 (three months ended September 30, 2016: \$0.1 million) and expects the remaining balance to be fully collected.

Other long term assets includes Kazakhstan VAT receivable which may be offset against VAT collected on future domestic sales or refunded on future export sales and Turkey VAT receivable which may be offset against VAT collected on future gas sales. The Company has not made any provision and considers the amounts to be fully recoverable.

*Foreign currency exchange risk*

During the nine months ended September 30, 2016, the CAD appreciated from 1.38 per 1.00 USD to 1.31, which led to a foreign exchange loss of (\$2.5) million (2015: gain of \$8.3 million) related to USD denominated cash and cash equivalents held by the Company.

During the nine months ended September 30, 2016, the KZT depreciated from 245 per 1.00 CAD to 255 and TRY depreciated from 2.18 per 1.00 CAD as of the date of Marsa acquisition to 2.28 resulting in a (\$4.3) million translation loss adjustment through equity (2015: loss of \$34.1 million).

**Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

The Company is exposed to significant foreign currency risk as a substantial portion of the Company's foreign activities are transacted in or referenced to foreign currencies including USD, KZT and TRY, and a significant portion of the Company's cash and cash equivalents are held in USD.

A description of the nature and extent of other financial risks, including commodity prices, interest rates and liquidity risks arising from the Company's financial assets and liabilities can be found in the notes to the annual consolidated financial statements as at December 31, 2015. The Company's exposure to these risks has not changed significantly since December 31, 2015.

**14. Commitments and contingent liabilities:**

The Company has future contractual work commitments related to Zharkamys, Shoba and Taskuduk in Kazakhstan and two of the Ortakoy Properties in Turkey as follows:

(millions)	< 1 year	1-3 years	Total
Zharkamys	0.2	-	0.2
Shoba	13.8	2.6	16.4
Taskuduk	0.7	0.3	1.0
Ortakoy H17 a2-1	1.1	-	1.1
Ortakoy H17 b1-1	1.1	-	1.1

*Zharkamys work program*

The Company has contractual work commitments pursuant to the Zharkamys exploration contract in Kazakhstan. These work commitments may be amended from time to time in accordance with planned exploration and development activities proposed by the Company and approved by the Government of Kazakhstan and additional amounts could be significant. In addition, any exploration period extensions or subsequent development periods would likely carry additional work commitments, which could be significant. Non-fulfilment of work commitments for Zharkamys could result in punitive actions by the Government of Kazakhstan including suspending or revoking the contract. Financial work commitment shortfalls may be subject to penalties of 30% of the shortfall.

The Company has applied for an extension to the Zharkamys exploration contract which currently expires on December 14, 2016. Although the Company expects to receive the extension, there is uncertainty regarding the ability to obtain such an extension and the timing thereof.

*Shoba and Taskuduk work programs*

The Company has contractual work commitments pursuant to the Shoba and Taskuduk production contracts in Kazakhstan. These work commitments may be amended from time to time in accordance with planned development activities proposed by the Company and approved by the Government of Kazakhstan and additional amounts could be significant. Non-fulfilment of work commitments for Shoba and Taskuduk could result in punitive actions by the Government of Kazakhstan including suspending or revoking the respective contract in case financial work commitment fulfilment is less than thirty percent for two subsequent years. Financial work commitment shortfalls for development activities are not subject to penalties while shortfalls on the training, social development and scientific research components may be subject to penalties of 1% of the shortfall.

*Ortakoy work programs*

The Company has commitments to drill an exploration well during 2016-2017 on each of the Ortakoy H17 a2-1 and H17 b1-1 licenses in Turkey at an estimated cost of \$1.1 million per well and \$2.2 million in total.

**Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

Failure to drill a commitment well on a certain operating license could lead to the loss of that operating license.

**15. Segmented information:**

Condor completed the Marsa Transaction and acquired a 100% interest in the Ortakoy Properties in Turkey on March 24, 2016, as disclosed in Note 2. As of the effective date of the transaction, the Company has the following operating and reportable segments related to foreign subsidiaries, and the following segmented information is presented:

(000's)	Corporate	Kazakhstan	Turkey	Total
<b><u>As at September 30, 2016</u></b>				
Exploration and evaluation assets	-	54,166	-	54,166
Property and equipment	20	23,741	17,057	40,818
Total assets	27,916	89,458	18,640	136,014
Total liabilities	805	5,624	2,963	9,392
<b><u>Three months ended September 30, 2016</u></b>				
Exploration and evaluation expenditures	-	161	-	161
Property and equipment expenditures	8	26	6,419	6,453
Total capital expenditures	8	187	6,419	6,614
<b><u>Revenue</u></b>				
Crude oil sales	-	72	-	72
<b><u>Expenses</u></b>				
Production costs	-	39	-	39
Royalty expense	-	2	-	2
General and administrative	1,259	407	386	2,052
Depletion and depreciation	7	74	15	96
Stock based compensation	(91)	-	-	(91)
Finance income	(267)	-	-	(267)
Finance expense	186	-	-	186
Foreign exchange gain	(295)	-	-	(295)
Net loss	799	450	401	1,650

**Condor Petroleum Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

(000's)	Corporate	Kazakhstan	Turkey	Total
<b><u>Nine months ended September 30, 2016</u></b>				
Exploration and evaluation expenditures	-	777	-	777
Property and equipment expenditures	8	48	8,464	8,520
Total capital expenditures	8	825	8,464	9,297
<u>Revenue</u>				
Crude oil sales	-	329	-	329
<u>Expenses</u>				
Production costs	-	132	-	132
Royalty expense	-	9	-	9
General and administrative	3,953	1,201	837	5,991
Depletion and depreciation	15	279	34	328
Transaction costs	1,509	-	-	1,509
Stock based compensation	419	-	-	419
Finance income	(576)	-	-	(576)
Finance expense	505	-	-	505
Foreign exchange loss	2,525	-	-	2,525
Net loss, before tax	8,350	1,292	871	10,513
Deferred tax recovery	(1,803)	-	-	(1,803)
Net loss	6,547	1,292	871	8,710