



**Management's Discussion and Analysis
For the three and six months ended June 30, 2018
Dated August 14, 2018**

BUSINESS DESCRIPTION AND READER GUIDANCE

Condor Petroleum Inc. ("Condor" or the "Company") is an international oil and gas company incorporated on October 20, 2006 with activities in the Republic of Kazakhstan ("Kazakhstan") and the Republic of Turkey ("Turkey"). Additional information relating to the Company, including the Annual Information Form, is available on SEDAR at www.sedar.com.

The following Management's Discussion and Analysis ("MD&A") of Condor should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2018 and 2017, and the audited consolidated financial statements for the years ended December 31, 2017 and 2016 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board. This MD&A is dated August 14, 2018, the date the Condor Board of Directors approved the financial statements and MD&A.

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

NON-GAAP FINANCIAL MEASURES

The Company refers to "operating netback" in this MD&A, a term with no standardized meaning as prescribed by GAAP and which may not be comparable with similar measures presented by other issuers. This additional information should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. Operating netback is calculated as sales less royalties, production costs and transportation and selling on a dollar basis and divided by the sales volume for the period on a per barrel of oil equivalent basis. The reconciliation of this non-GAAP measure is presented in the "Sales and operating netback" section of this MD&A. This non-GAAP measure is commonly used in the oil and gas industry to assist in measuring operating performance against prior periods on a comparable basis and has been presented in order to provide an additional measure to analyze the Company's sales on a per barrel of oil equivalent basis and ability to generate funds.

OVERALL PERFORMANCE

Highlights

- Achieved an average production of 1,173 boepd in the three months ended June 30, 2018 and 1,283 boepd in the six months ended June 30, 2018, representing 233% increases from the same respective periods in 2017.
- Realized crude oil and natural gas sales of \$4.8 million in the three months ended June 30, 2018 and \$9.8 million in the six months ended June 30, 2018, representing a 242% and 315% increase from the same respective periods in 2017.
- Realized an operating netback¹ of \$6.6 million or \$28.95 per boe, representing a 408% increase from \$1.3 million and a 64% increase from \$17.63 per barrel respectively in the six months ended June 30, 2017.

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- Generated cash from operating activities of \$3.8 million or \$0.09 per basic share during the six months ended June 30, 2018 versus cash used in operating activities of \$4.7 million or \$0.11 per basic share during the same period in 2017.
- Initiated drilling 2 new horizontal wells and 2 existing well workovers in Kazakhstan. This program is intended to more than double current oil production rates.
- Drilled an infill gas well in Turkey. Multiple gas charged reservoirs were encountered with gas readings as high as 80%. Completion activities are underway.
- In March 2018, a Kazakhstan Civil Court ruling confirmed and in May 2018 a Kazakhstan Court of Appeal ruling upheld that the force majeure event had occurred related to the Zharkamys Contract extension. Since the Court of Appeal ruling is enforceable under law, the Company has submitted a 630 day extension application to the Ministry of Energy of Kazakhstan, and it is currently under review. The Ministry of Energy has up to six months to appeal the case to the Supreme Court.
- In 2018 the reference natural gas sales price in Turkey set by BOTAŞ, the state owned pipeline transportation company, was increased three times including 14% on January 1, 10% on April 1, and 14% on August 1. Using an exchange rate of 3.78 TL/CAD, the natural gas sales price as of August 1, 2018 is equivalent to \$7.49 per Mscf.
- The Company recorded a net loss of \$1.8 million before tax and \$5.2 million after tax for the three months ended June 30, 2018 (2017: net loss before and after tax of \$4.1 million) and a net loss of \$2.6 million before tax and \$6.0 million after tax for the six months ended June 30, 2018 (2017: net loss before and after tax of \$64.0 million which includes \$56.6 million of exploration and evaluation expense pertaining to the derecognition of the Zharkamys Contract assets).
- The Company and the provider of the Company's existing borrowings are currently engaged in discussions related to the potential restructuring the borrowing terms. See sections "Liquidity, Capital Resources and Going Concern" and "Critical Accounting Estimates" of this MD&A.

Operations

The Company produces crude oil in Kazakhstan and natural gas and associated condensate in Turkey. Overall production for the three months ended June 30, 2018 increased 233% to 106,758 barrels of oil equivalent or an average of 1,173 boepd from 32,099 barrels of oil or an average of 353 bopd for the same period in 2017 and also increased 233% for the six months ended June 30, 2018 to 232,325 barrels of oil equivalent or an average of 1,283 boepd from 69,747 barrels of oil or an average of 385 bopd for the same period in 2017. The production increases in 2018 are due mainly to the commencement of natural gas production in Turkey in December of 2017 and to the 5% year to date increase in crude oil production in Kazakhstan.

The Company produced 70,092 boe in Turkey or an average of 770 boepd and received an operating netback¹ of \$30.52 per boe for the three months ended June 30, 2018 (three months ended June 30, 2017: no gas production or sales) and 155,833 boe in Turkey or an average of 861 boepd and received an operating netback¹ of \$31.08 per boe for the six months ended June 30, 2018 (six months ended June 30, 2017: no gas production or sales). The Company also produced 1,398 barrels of condensate or 15 bopd for the three months ended June 30, 2018 and 3,314 barrels or 18 bopd for the six months ended June 30, 2018 (three and six months ended June 30, 2017: no condensate production).

The PW-6 infill well was drilled to a total depth of 1,896 meters and encountered multiple gas-charged reservoirs within three formations. Drill gas readings were observed to be as high as 80%. Completion activities are underway on the lowest two formations. Paraffin has not been observed on this well.

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Production to date from Poyraz Ridge has been below the rates initially forecast due to greater variability in reservoir quality and continuity than originally modelled. The limited production history indicates reservoir compartmentalization, which is reducing each well's effective gas drainage radius. The existing wells as currently completed appear unable to drain all of the gas sands. As per the original Poyraz Ridge development plan, additional infill wells will be required. A workover program for existing wells is also being developed and focusing on completing additional pay sections and stimulation options to realize commercial flow rates for the lower permeability reservoirs.

The Company produced 35,268 barrels of oil or an average of 388 bopd and realized an operating netback¹ of \$23.72 per barrel in Kazakhstan for the second quarter of 2018 (second quarter of 2017: 32,099 barrels or an average of 353 bopd and an operating netback¹ of \$19.68 per barrel). For the six months ended June 30, 2018 the Company produced 73,178 barrels or an average of 404 bopd with an operating netback¹ of \$23.41 per barrel in Kazakhstan (six months ended June 30, 2017: 69,747 barrels or an average of 385 bopd and an operating netback¹ of \$17.63 per barrel)

Drilling has commenced on a 2 well infill program in Kazakhstan. The first well is expected to be completed in August 2018 and begin producing in September 2018. The second well should begin producing in October 2018. Two well workovers are also planned to be completed in September 2018. This drilling and workover program is intended to increase oil production to over 800 bopd.

Cash from operating activities increased to \$3.8 million for the six months ended June 30, 2018 versus cash used in operating activities of \$4.7 million for the same period in 2017. Cash from operating activities before changes in non-cash working capital increased to \$3.4 million for the six months ended June 30, 2018 versus cash used in operating activities before changes in non-cash working capital of \$4.2 million for the same period in 2017.

Zharkamys Contract

The Company's Zharkamys exploration contract ("Zharkamys Contract") with the Ministry of Energy of the Government of Kazakhstan ("Ministry") was due to expire on December 14, 2016. Prior to this date, the Kazakhstan Chamber of International Commerce and subsequently the Kazakhstan Civil Court ("Civil Court") confirmed that a force majeure event had occurred which, under Kazakhstan subsurface use law, can be the basis for the Zharkamys Contract validity period to be extended for a period of 630 days. In May 2017, the Kazakhstan Court of Appeal ("Court of Appeal"), pursuant to an appeal filed by the Ministry, ruled that the force majeure event was not recognized and reversed the decision of the Civil Court. The Company referred the case to the Kazakhstan Supreme Court ("Supreme Court") and in November 2017 the Supreme Court ruling overturned both the Civil Court and the Court of Appeal rulings and referred the case back to the Civil Court for further review by a new panel of judges. In March 2018 the Civil Court ruling confirmed that the force majeure event had occurred, in April 2018 the Ministry appealed the Civil Court ruling and in May 2018 the Court of Appeal upheld the Civil Court ruling that the force majeure event had occurred. Since the Court of Appeal ruling is enforceable under law, the Company has submitted a 630 day extension application to the Ministry, and it is currently under review. The Ministry has up to six months to appeal the case to the Supreme Court. Should the case not be appealed by the Ministry to the Supreme Court or, in the case of an appeal and a positive ruling by the Supreme Court to uphold the force majeure, the Company expects the exploration period would be extended by 630 days. Conversely, if the case is appealed by the Ministry to the Supreme Court and the Supreme Court delivers a negative ruling, the Zharkamys Contract would likely revert back to the Ministry.

The on-going court proceedings do not affect the Company's production rights for the Shoba and Taskuduk oilfields which are each governed by separate production contracts.

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SELECTED FINANCIAL INFORMATION

For the three months ended June 30

(\$000's except per share amounts)	2018	2017
Sales	4,803	1,405
Cash from (used in) operating activities	1,726	(2,446)
Cash from (used in) operating activities per share (basic and diluted)	0.04	(0.06)
Net loss	(5,214)	(4,105)
Net loss per share (basic and diluted)	(0.12)	(0.10)
Capital expenditures	1,507	6,265

For the six months ended June 30

(\$000's except per share amounts)	2018	2017
Sales	9,755	2,352
Cash from (used in) operating activities	3,781	(4,679)
Cash from (used in) operating activities per share (basic and diluted)	0.09	(0.11)
Net loss	(6,017)	(64,012)
Net loss per share (basic and diluted)	(0.14)	(1.48)
Capital expenditures	1,757	14,563

RESULTS OF OPERATIONS

Sales and operating netback¹

For the three months ended June 30

	2018				2017
	Oil (\$000's)	Gas (\$000's)	Condensate (\$000's)	Total (\$000's)	Oil (\$000's)
Sales	1,596	2,942	265	4,803	1,405
Royalties	(29)	(354)	(32)	(415)	(32)
Production costs	(407)	(408)	(12)	(827)	(431)
Transportation and selling	(233)	(106)	(62)	(401)	(217)
Operating netback ¹	927	2,074	159	3,160	725
	Oil (\$/bbl)	Gas (\$/boe)	Condensate (\$/bbl)	Total (\$/boe)	Oil (\$/bbl)
Sales	40.83	43.28	102.61	43.80	33.76
Royalties	(0.74)	(5.21)	(12.31)	(3.79)	(0.77)
Production costs	(10.42)	(5.99)	(4.80)	(7.54)	(10.36)
Transportation and selling	(5.95)	(1.56)	(24.10)	(3.66)	(2.95)
Operating netback ¹	23.72	30.52	61.40	28.81	19.68
Sales volume (boe)	39,090	67,999	2,581	109,670	41,655

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	2018				2017
	Oil (\$000's)	Gas (\$000's)	Condensate (\$000's)	Total (\$000's)	Oil (\$000's)
Sales	2,940	6,550	265	9,755	2,352
Royalties	(54)	(787)	(32)	(873)	(61)
Production costs	(764)	(815)	(12)	(1,591)	(779)
Transportation and selling	(400)	(249)	(62)	(711)	(217)
Operating netback ¹	1,722	4,699	159	6,580	1,295
	Oil (\$/bbl)	Gas (\$/boe)	Condensate (\$/bbl)	Total (\$/boe)	Oil (\$/bbl)
Sales	39.96	43.33	102.61	42.92	32.01
Royalties	(0.73)	(5.21)	(12.31)	(3.84)	(0.83)
Production costs	(10.39)	(5.39)	(4.80)	(7.00)	(10.60)
Transportation and selling	(5.43)	(1.65)	(24.10)	(3.13)	(2.95)
Operating netback ¹	23.41	31.08	61.40	28.95	17.63
Sales volume (boe)	73,573	151,162	2,581	227,316	73,499

1 Operating netback is a non-GAAP measure and is a term with no standardized meaning as prescribed by GAAP and may not be comparable with similar measures presented by other issuers. See section "Non-GAAP Financial Measures". The calculation of operating netback is aligned with the definition found in the Canadian Oil and Gas Evaluation Handbook.

Sales increased to \$4.8 million on 109,670 barrels of oil equivalent or \$43.80 per barrel of oil equivalent for the three months ended June 30, 2018 (2017: \$1.4 million on 41,655 barrels of oil or \$33.76 per barrel) and \$9.8 million on 227,316 barrels of oil equivalent or \$42.92 per barrel of oil equivalent for the six months ended June 30, 2018 compared to \$2.4 million on 73,499 barrels of oil or \$32.01 per barrel. Operating netback¹ averaged \$28.81 per barrel of oil equivalent in the three months ended June 30, 2018 (2017: \$19.68) and \$28.95 per barrel of oil equivalent in the six months ended June 30, 2018 (2017: \$17.63).

Sales increased in the three and six months ended June 30, 2018 versus the same period in 2017 due mainly to the commencement of natural gas production in Turkey in December 2017, higher crude oil sales prices per barrel as domestic crude oil prices in Kazakhstan strengthened throughout 2018 and the commencement of condensate sales associated with natural gas production in Turkey in the second quarter of 2018.

Marketing

Crude oil sales in Kazakhstan to date have been in the domestic market at prevailing local prices. The Government of Kazakhstan does not set a domestic price for crude oil and there is no industry accepted reference price. The domestic price is influenced by market factors and industry conditions and while it usually trends similar to world oil prices (e.g. Brent or Urals Med), there is no set differential.

Natural gas sales in Turkey are domestic sales at prices set and published monthly by the state owned pipeline transportation company BOTAŞ. The benchmark for gas sales are BOTAŞ Level 2 wholesale tariff less a marketing differential.

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Along with natural gas the Company produces small amounts of associated condensate in Turkey. The condensate is trucked to a near-by facility for blending, storage and onward sales. The pricing for condensate sales is based on the nearest accessible global free market and determined by a formula provided for under the Petroleum Market Law and published monthly in Turkish Lira by TPAO, the Turkish national oil company.

Production

For the three months ended June 30	2018	2017	Change	Change %
Crude oil (bbl)	35,268	32,099	3,169	10%
Natural gas (Mcf)	420,551	-	420,551	-
Natural gas (boe)	70,092	-	70,092	-
Condensate (bbl)	1,398	-	1,398	-
Total production volume (boe)	106,758	32,099	74,659	233%

Crude oil (bopd)	388	353	35	10%
Natural gas (Mcfpd)	4,621	-	4,621	-
Natural gas (boepd)	770	-	770	-
Condensate (bopd)	15	-	15	-
Average daily production (boepd)	1,173	353	820	233%

For the six months ended June 30	2018	2017	Change	Change %
Crude oil (bbl)	73,178	69,747	3,431	5%
Natural gas (Mcf)	934,998	-	934,998	-
Natural gas (boe)	155,833	-	155,833	-
Condensate (bbl)	3,314	-	3,314	-
Total production volume (boe)	232,325	69,747	162,578	233%

Crude oil (bopd)	404	385	19	5%
Natural gas (Mcfpd)	5,166	-	5,166	-
Natural gas (boepd)	861	-	861	-
Condensate (bopd)	18	-	18	-
Average daily production (boepd)	1,283	385	898	233%

The Company produces crude oil in Kazakhstan and natural gas and associated condensate in Turkey. Overall production for the three months ended June 30, 2018 increased 233% to 106,758 barrels of oil equivalent or an average of 1,173 boepd from 32,099 barrels of oil equivalent or an average of 353 bopd in 2017 and 233% to 232,325 barrels of oil equivalent or an average of 1,283 boepd from 69,747 barrels of oil equivalent or an average of 385 bopd in 2017. Although oil production in Kazakhstan increased 10% in the six months ended June 30, 2018 compared to the same period in 2017, overall production increased mainly due to the commencement of natural gas production in Turkey in December of 2017.

Production costs

Overall production costs decreased to \$7.54 per boe for the three months and to \$7.00 per boe for the six months ended June 30, 2018 from \$10.36 per boe for the three months and \$10.60 per boe for the six months ended June 30, 2017. Costs decreased due mainly to natural gas sales which commenced in December 2017 in Turkey for which production costs were \$5.99 per boe for the second quarter and \$5.39 per boe year to date in 2018. Production costs for oil in Kazakhstan have remained about the same on a per barrel basis in 2018 compared to 2017.

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In line with increased sales volumes, overall production costs increased to \$0.8 million for the three months ended June 30, 2018 from \$0.4 million for the same period in 2017 and \$1.6 million for the six months ended June 30, 2018 from \$0.8 million for the same period in 2017.

Production costs are comprised mainly of personnel, fuel, heavy equipment, water disposal, chemicals, safety and maintenance costs.

Royalties

Royalties increased to \$0.4 million for the three months ended June 30, 2018 from \$0.03 million for the same period in 2017 and \$0.9 million for the six months ended June 30, 2018 from \$0.06 million for the same period in 2017 due mainly to the commencement of gas production and sales in Turkey in late 2017. The Company is subject to progressive royalty rates in Kazakhstan amounting to 2.5% in 2018 (2017: 2.5%) on crude oil and a flat royalty rate in Turkey of 12.5% on natural gas and condensate.

Transportation and selling expense

The Company recognized transportation and selling expense of \$0.4 million and \$0.7 million for the three and six months ended June 30, 2018 respectively or \$3.66 per boe and \$3.13 per boe, compared to \$0.2 million or \$2.95 per boe for the three and six months ended June 30, 2017. In Kazakhstan, the delivery point for crude oil sales was previously at the Company's facilities in the Shoba and Taskuduk oilfields but commencing in May 2017, oil has been delivered by truck to nearby refineries and a higher sales price and the related transportation and selling expense are realized. The Company also incurs transportation costs on natural gas sales in Turkey of \$1.56 per boe for the three months and \$1.65 per boe for the six months ended June 30, 2018.

General and administrative expense

General and administrative expense is comprised mainly of personnel, professional services, office, and travel costs and decreased to \$1.8 million for the three months ended June 30, 2018 from \$2.0 million for the same period in 2017 and \$3.3 million for the six months ended June 30, 2018 from \$4.5 million for the same period in 2017 due to significant cost cutting measures and staff reductions.

Depletion and depreciation expense

Depletion and depreciation expense increased to \$1.6 million for the three months ended June 30, 2018 from \$0.7 million for the same period in 2017 and \$3.4 million for the six months ended June 30, 2018 from \$1.3 million for the same period in 2017 due mainly to the increased volume of gas sales but decreased to \$14.93 per boe in the three months ended June 30, 2018 from \$17.12 per barrel in the three months ended June 30, 2017 and to \$14.90 per boe in the six months ended June 30, 2018 from \$17.88 per barrel in the six months ended June 30, 2017 due to the lower per boe cost of the depletion related to the Poyraz Ridge gas field in Turkey.

Stock based compensation expense

Stock based compensation expense decreased to \$0.2 million for the six months ended June 30, 2018 from \$0.4 million for the same period in 2017. The expense is recognized on a graded basis and fluctuates based on the timing of the grants and vesting periods.

Finance income and expense

For the six months ended June 30, 2018, finance income, which includes interest income and accretion of Kazakhstan value added tax ("VAT") receivables, amounted to \$0.3 million compared to \$0.5 million in the previous period.

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Finance expense increased to \$1.4 million for the six months ended June 30, 2018 from \$1.3 million for the same period in 2017 mainly due to the interest on the Credit Facility secured in the first quarter of 2017. Finance expense includes interest on long term borrowings, amortization of loan issuance costs, amortization of the warrants, the impact of initial VAT receivables discounting and accretion expense on historical cost obligations and decommissioning provisions.

Foreign currency exchange gains and losses

Foreign exchange loss amounted to \$1.1 million in the six months ended June 30, 2018 compared to \$0.4 million for the same period in 2017 due mainly to the foreign exchange movements of USD denominated borrowings. During the past week the TL has experienced significant volatility in the foreign currency exchange markets. The Company is exposed to this foreign currency risk as a substantial portion of the Company's foreign activities are transacted in or referenced to foreign currencies including USD, TL and Kazakhstan Tenge, and the Company's borrowings are denominated in USD. The Company had no forward exchange rate contracts in place at or during the six months ended June 30, 2018 and 2017.

Deferred income tax expense

Deferred income tax expense of \$3.5 million for the three and six months ended June 30, 2018 (three and six months ended June 30, 2017: nil) relates to the derecognition of the deferred tax assets associated with deductible temporary differences on oil and gas properties and tax losses carried forward as the probability that future taxable amounts will be available to utilize those temporary differences and losses is uncertain.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

There are no work commitments related to the Poyraz Ridge or Destan operating licenses in Turkey. The Poyraz Ridge gas processing facilities and pipeline were substantially completed and commissioned in December 2017 and there are no significant future capital expenditures planned at this time. Depending on the timing and amount of available capital including funds from operating activities, the Company may drill additional wells at Poyraz Ridge in 2018. There are no significant capital expenditures planned at Destan.

In Kazakhstan, the Company has capital commitments of \$5.7 million for the next twelve months and depending on the timing and amount of available capital including funds from operating activities, the Company is planning to drill up to four wells at Shoba. Any capital commitment shortfalls in Kazakhstan are not subject to penalties while punitive actions including the suspension or revocation of the respective contract only apply in cases where work commitment fulfilment is less than thirty percent for two consecutive years.

At June 30, 2018 the Company had accumulated losses of \$173.4 million since inception (December 31, 201: \$167.4 million), a working capital deficit of \$3.5 million (December 31, 2017: deficit of \$1.7 million) and reported a net loss for the six months ended June 30, 2018 of \$6.0 million (six month ended June 30, 2017: \$64.0 million). In addition, the Company's estimates of future cash flows from operating activities may not provide the necessary capital for repayment of the loan principal and interest as they become due.

The Company's access to sufficient capital will impact the ability to complete the current development plan which is aimed at increasing near term production and cash from operating activities and consists of drilling two to four wells at Shoba with very favourable payment terms, performing one to two workovers at Taskuduk, completing the recently drilled well and performing several other workovers at Poyraz Ridge.

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The Company’s long term borrowings consist of a secured non-revolving credit facility with an arm’s length lender (“Credit Facility”). As at June 30, 2018, the outstanding Credit Facility of USD 7.5 million was repayable in six quarterly payments of USD 1.25 million of principal plus interest due in arrears at the end of each quarter with the next repayment due September 30, 2018 and the final repayment due December 31, 2019. To date, the Company has made all scheduled repayments. The Credit Facility contains no financial covenants and the Company is in compliance with all non-financial covenants. The Credit Facility is secured by customary security including a general security agreement of all present and future assets of Condor and a movable assets pledge agreement establishing a first-ranking pledge over the commercial enterprise, any or all assets and any gas sales receivables of the Turkey Branch. If the Company is unable to make any scheduled repayment, after a short notice and cure period, the lender would be entitled to enforce the Credit Facility security.

The Company’s ability to continue as a going concern is dependent upon the ability to fund operations and the repayment of existing borrowings by generating positive cash flows from operations, renegotiating the terms of the current borrowings, securing funding from additional debt or equity financing, disposing of assets or making other arrangements. The Company is actively pursuing various strategies to improve its liquidity position including on-going discussions with the current Credit Facility lender regarding restructuring the repayment terms. There is no assurance that sufficient debt refinancing of existing borrowings, new financings, equity offerings or other arrangements can be completed on favorable terms, or at all. These conditions indicate a material uncertainty that may cast significant doubt regarding the Company’s ability to continue as a going concern.

COMMITMENTS AND CONTINGENT LIABILITIES

The Company’s contractual work commitments as at June 30, 2018 are as follows:

(000’s)	< 1 year	1-3 years	4-5 years	> 5 years	Total
Shoba	4,719	4,679	1,320	2,478	13,196
Taskuduk	995	71	57	125	1,248

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 or Taskuduk could result in punitive actions including the suspension or revocation of the respective contract in case financial work commitment fulfilment is less than thirty percent for two consecutive years. Financial work commitment shortfalls for development activities at Shoba and Taskuduk 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.

There are no work commitments related to the Poyraz Ridge or Destan operating licenses in Turkey. Related to Destan, the Government of Turkey has notified the Company to commence production activities by September 17, 2018 or the Destan operating license could be revoked. The Company plans to commence production at Destan as required by trucking compressed natural gas to the Poyraz Ridge facilities for processing and onward sales.

There is a material uncertainty about the Company’s ability to continue as a going concern (see section “Liquidity, Capital Resources and Going Concern”).

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OUTSTANDING SHARE DATA

Common shares

As at June 30, 2018 and the date of this MD&A there were 43,265,100 common shares outstanding.

Convertible securities

As at June 30, 2018 and the date of this MD&A, outstanding convertible securities are comprised of 4,321,000 stock options with a weighted average exercise price of \$1.18 and a warrant certificate exercisable into 1,000,000 common shares of Condor at \$2.35 per share on or before January 31, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at June 30, 2018.

QUARTERLY INFORMATION

The following table sets forth selected financial information of the Company for the eight most recently completed quarters to June 30, 2018:

For the quarter ended (\$000's except per share amounts)	Q2 2018	Q1 2018	Q4⁽²⁾ 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3⁽¹⁾ 2016
Crude oil and gas sales	4,803	4,952	1,599	1,701	1,405	947	1,203	72
Net loss ⁽³⁾	(5,214)	(803)	(125)	(2,531)	(4,105)	(59,907)	(3,183)	(1,650)
Net loss per share (basic and diluted)	(0.12)	(0.02)	(0.003)	(0.06)	(0.10)	(1.38)	(0.07)	(0.04)

- 1 Crude oil production and sales in Kazakhstan under the Shoba and Taskuduk production contracts commenced in September 2016.
- 2 Natural gas production and sales in Turkey commenced in mid-December 2017 at the Company's Poyraz Ridge gas field.
- 3 Net income (loss) in all periods has been impacted by, among other things, production and sales volumes and pricing, general and administrative costs, stock based compensation expense and foreign exchange gains and losses in the respective periods. The Q1 2017 net loss includes \$56.6 million of exploration and evaluation expense related to the Zharkamys Contract assets derecognition.

CRITICAL ACCOUNTING ESTIMATES

The timely preparation of the interim consolidated financial statements in accordance with IFRS requires that management uses judgment and make estimates and assumptions regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as of the date of the interim consolidated financial statements. The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Further information on the Company's critical accounting estimates can be found in the notes to the annual consolidated financial statements and annual MD&A for the year ended December 31, 2017. There have been no significant changes to the Company's critical accounting estimates as of June 30, 2018 other than going concern uncertainty.

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Going concern

These financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business as they become due. At June 30, 2018 the Company had accumulated losses of \$173.4 million since inception (December 31, 2017: \$167.4 million), a working capital deficit of \$3.5 million (December 31, 2017: deficit of \$1.7 million) and reported a net loss for the six months ended June 30, 2018 of \$6.0 million (six month ended June 30, 2017: \$64.0 million). In addition, the Company's estimates of future cash flows from operating activities may not provide the necessary capital for repayment of the loan principal and interest as they become due.

The Company's ability to continue as a going concern is dependent upon the ability to fund the repayment of existing borrowings by generating positive cash flows from operations, renegotiating the terms of the current borrowings, securing funding from additional debt or equity financing, disposing of assets or making other arrangements. There is no assurance that sufficient debt refinancing of existing borrowings, new financings, equity offerings or other arrangements can be completed on favorable terms, or at all. These conditions indicate a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, reported amounts of revenue and expenses, and statement of financial position classifications used that would be necessary were the going concern assumption deemed to be inappropriate. Such adjustments could be material.

The Company's current development plan is aimed at increasing near term production and cash from operating activities and consists of drilling two to four wells at the Shoba field with very favorable payment terms, performing one to two workovers at the Taskuduk field, completing the recently drilled well and performing several other workovers at the Poyraz Ridge field. The Company has also requested the lender consider restructuring the loan repayment terms on the existing borrowings and the proposal is under consideration. There is no assurance that the Company will be successful with these initiatives and the outcome of these matters is uncertain.

CHANGES IN ACCOUNTING POLICIES

The Company adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers effective 1 January 2018. The adoption of IFRS 9 and IFRS 15 did not have a material impact on the financial statements.

Further information about changes to our accounting policies resulting from the adoption of IFRS 9 and IFRS 15 can be found in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2018 and 2017.

NEW ACCOUNTING PRONOUNCEMENTS

On January 13, 2016, the IASB issued IFRS 16, "Leases" ("IFRS 16"), which requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. IFRS 16 is effective for years beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 "Revenue From Contracts With Customers" has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of the new standard on the financial

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statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's President and Chief Executive Officer (CEO) and Vice President, Finance and Chief Financial Officer (CFO) have designed, or caused to be designed under their supervision, disclosure controls and procedures (DC&P) and internal controls over financial reporting ("ICFR") as defined in National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings", in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

During the six months ended June 30, 2018, there have been no changes to the Company's ICFR that have materially, or are reasonably likely to materially affect the ICFR. Because of their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control systems are met.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements under applicable securities legislation. Such statements are generally identifiable by the terminology used, such as "anticipate", "appear", "believe", "intend", "expect", "plan", "estimate", "budget", "outlook", "scheduled", "may", "will", "should", "could", "would", "in the process of" or other similar wording. Forward-looking information in this MD&A includes, but is not limited to, information concerning: the ability to continue as a going concern; the timing and ability to drill new wells and the ability of the drilled wells to become producing wells; projections and timing with respect to crude oil and natural gas production; expected markets, prices and operating netbacks for future oil and gas sales; the timing and ability to obtain various approvals and conduct the Company's planned exploration and development activities; the timing and ability to access oil and gas pipelines and oil and gas domestic and export sales markets; anticipated capital expenditures; forecasted capital and operating budgets and cash flows; anticipated working capital; sources and availability of financing for potential budgeting shortfalls; the timing and ability to obtain future funding on favorable terms, if at all; general business strategies and objectives; possible outcomes regarding the Zharkamys Contract including the possibility that the term may be extended or, conversely, that it may revert back to the Ministry; the timing and ability to obtain exploration contract, production contract and operating license extensions; the potential for additional contractual work commitments; the ability to meet and fund the contractual work commitments; the satisfaction of the work commitments; the results of non-fulfillment of work commitments; the timing and ability to maintain the Destan operating license; the timing and ability to commence production activities at Destan, begin trucking compressed natural gas to the Poyraz Ridge gas facilities; the timing and ability to market and sell Destan gas; projections relating to the adequacy of the Company's provision for taxes; the timing and ability to collect VAT; and treatment under governmental regulatory regimes and tax laws.

By its very nature, such forward-looking information requires Condor to make assumptions that may not materialize or that may not be accurate. Forward-looking information is subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such information. Such risks and uncertainties include, but are not limited to: regulatory changes; the timing of regulatory approvals; the risk that actual minimum work programs will exceed the initially estimated amounts; the results of exploration and development drilling and related activities; imprecision of reserves estimates and ultimate recovery of reserves; historical production and testing rates may not be indicative of future production rates,

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capabilities or ultimate recovery; the historical composition and quality of oil and gas may not be indicative of future composition and quality; general economic, market and business conditions; industry capacity; uncertainty related to marketing and transportation; competitive action by other companies; fluctuations in oil and natural gas prices; the effects of weather and climate conditions; fluctuation in interest rates and foreign currency exchange rates; the ability of suppliers to meet commitments; actions by governmental authorities, including increases in taxes; decisions or approvals of administrative tribunals and the possibility that government policies or laws may change or government approvals may be delayed or withheld; changes in environmental and other regulations; risks associated with oil and gas operations, both domestic and international; international political events; and other factors, many of which are beyond the control of Condor. Capital expenditures may be affected by cost pressures associated with new capital projects, including labor and material supply, project management, drilling rig rates and availability, and seismic costs.

These risk factors are discussed in greater detail in filings made by Condor with Canadian securities regulatory authorities including the Company's Annual Information Form, which may be accessed through the SEDAR website (www.sedar.com).

Readers are cautioned that the foregoing list of important factors affecting forward-looking information is not exhaustive. The forward-looking information contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Condor does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

ABBREVIATIONS

The following is a summary of abbreviations used in this MD&A:

bbl	Barrels of oil
bopd	Barrels of oil per day
boe	Barrels of oil equivalent *
boepd	Barrels of oil equivalent per day
Mscf	Thousand standard cubic feet
Mscfpd	Thousand standard cubic feet per day
CAD	Canadian dollars
TL	Turkish Lira
USD	United States dollars
/	Per

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