



NEWS RELEASE

August 13, 2019

CONDOR ANNOUNCES 2019 SECOND QUARTER RESULTS

CALGARY, August 13, 2019 – Condor Petroleum Inc. (“Condor” or the “Company”) (TSX: CPI), a Canadian based oil and gas company focused on exploration and production activities in Turkey and Kazakhstan, is pleased to announce the release of its unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2019 together with the related management’s discussion and analysis. These documents will be made available under Condor’s profile on SEDAR at www.sedar.com and on the Condor website at www.condorpetroleum.com. All financial amounts in this news release are presented in Canadian dollars, unless otherwise stated.

Q2 2019 Highlights

- Oil production in Kazakhstan increased 54% to an average of 596 bopd for the three months ended June 30, 2019 compared to 388 bopd for the second quarter of 2018 due to a three well Shoba infill drilling program and an ongoing workover program. Total production decreased 24% to an average of 889 boepd for the three months ended June 30, 2019 compared to 1,173 boepd for the second quarter of 2018 due mainly to gas production declines in Turkey.
- Realized crude oil and natural gas sales of \$3.4 million for the three months ended June 30, 2019 which represents a decrease of 30% versus the second quarter of 2018.
- Realized an operating netback¹ of \$2.3 million or \$28.45 per boe for the second quarter of 2019 which represents a 26% decrease from \$3.2 million and a 1% decrease from \$28.81 per boe, respectively, for the second quarter of 2018.
- Generated cash from operating activities of \$1.1 million or \$0.03 per basic share for the three months ended June 30, 2019 versus cash from operating activities of \$1.7 million or \$0.04 per basic share for the same period in 2018.
- The Sh-14 horizontal development well has been drilled in Kazakhstan and is currently being tied-in to begin producing in August 2019. A five well workover program is also underway.
- The reference natural gas sales prices in Turkey set by BOTAŞ, the state owned pipeline transportation company, were increased in both July and August of 2019 resulting in an overall increase of 6% in Canadian Dollar terms to \$10.52 per Mscf as of August 1, 2019 from \$9.91 per Mscf as of December 31, 2018.
- A non-binding letter of intent and term sheet has been executed with a farm-in partner to drill the Yakamoz 1 side-track well in Turkey during 2019.

- The Company has submitted an extension application to the Ministry of Energy of the Government of Kazakhstan (“Ministry”) and expects the exploration period to the Zharkamys Contract will be extended by 630 days commencing in 2019.

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, 2019 decreased 24% to 80,920 boe or an average of 889 boepd from 106,758 boe or an average of 1,173 boepd for the same period in 2018. The production decreases in 2019 are a result of gas production declines in Turkey due to greater variability in reservoir quality and continuity. The 2019 workover and infill drilling programs are expected to increase the overall production rate.

Oil production in Kazakhstan increased 54% to 54,223 barrels or an average of 596 bopd with an operating netback¹ of \$27.94 per barrel in Kazakhstan for the second quarter of 2019 as compared to the second quarter of 2018 in which the Company produced 35,268 barrels or an average of 388 bopd with an operating netback¹ of \$23.72 per barrel.

Since July 1, 2019, Kazakhstan production has averaged 612 bopd. An additional Shoba development well was successfully drilled and has a 439 meter horizontal section. The well is being tied-in and expected to begin production in August 2019 to further grow oil production and cash flows. A five well workover program is also underway. The Company expects to exceed 800 bopd once the workover program is complete.

The Company produced 26,331 boe in Turkey or an average of 289 boepd and received an operating netback¹ of \$29.62 per boe for the three months ended June 30, 2019 (three months ended June 30, 2018: produced 70,092 boe or an average of 770 boepd and an operating netback¹ of \$30.52 per boe). A stimulation workover program is being developed that is intended to realize commercial gas flow rates for the lower permeability reservoirs.

Contract preparations are on-going with a farm-in partner to drill the Yakamoz 1 side-track well and a subsequent appraisal well. A non-binding letter of intent and term sheet has been signed by both parties. The Company previously drilled Yakamoz 1 and encountered numerous gas shows while drilling. A revised geological model has been created by integrating the Yakamoz 1 well data with recently reprocessed seismic data and has identified up-dip targets for the side-track. These side-track locations target both the proven Miocene and Upper Eocene reservoirs, in addition to the deeper Middle to lower Eocene reservoirs, which have not yet been tested. A successful Yakamoz 1 side-track well would be tied 2km into the existing Poyraz Ridge gas plant for processing and onward sales.

Cash from operating activities decreased to \$1.1 million for the three months ended June 30, 2019 versus \$1.7 million for the same period in 2018 and cash from operating activities before changes in non-cash working capital decreased to \$0.6 million for the three months ended June 30, 2019 from \$1.6 million for the same period in 2018.

Zharkamys Contract

The Company’s Zharkamys Contract 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. The Ministry did not appeal to the Supreme Court within the six months permitted by Kazakhstan law. The Company has submitted an application to the Ministry for the 630 day extension and expects the exploration period to the Zharkamys Contract to be extended during 2019.

Financial Results

For the three months ended June 30

(\$000's)	2019				2018			
	Oil	Gas	Condensate	Total	Oil	Gas	Condensate	Total
Sales	2,076	1,296	-	3,372	1,596	2,942	265	4,803
Royalties	(30)	(161)	-	(191)	(29)	(354)	(32)	(415)
Production costs	(465)	(260)	-	(725)	(407)	(408)	(12)	(827)
Transportation and selling	-	(131)	-	(131)	(233)	(106)	(62)	(401)
Operating netback ¹	1,581	744	-	2,325	927	2,074	159	3,160
(\$/boe)								
Sales	36.68	51.59	-	41.26	40.83	43.28	102.61	43.80
Royalties	(0.53)	(6.41)	-	(2.34)	(0.74)	(5.21)	(12.31)	(3.79)
Production costs	(8.21)	(10.35)	-	(8.87)	(10.42)	(5.99)	(4.80)	(7.54)
Transportation and selling	-	(5.21)	-	(1.60)	(5.95)	(1.56)	(24.10)	(3.66)
Operating netback ¹	27.94	29.62	-	28.45	23.72	30.52	61.40	28.81
Sales volume (boe)	56,604	25,123	-	81,727	39,090	67,999	2,581	109,670

For the six months ended June 30

(\$000's)	2019				2018			
	Oil	Gas	Condensate	Total	Oil	Gas	Condensate	Total
Sales	3,887	3,078	99	7,064	2,940	6,550	265	9,755
Royalties	(56)	(378)	(13)	(447)	(54)	(787)	(32)	(873)
Production costs	(885)	(537)	(7)	(1,429)	(764)	(815)	(12)	(1,591)
Transportation and selling	-	(252)	(20)	(272)	(400)	(249)	(62)	(711)
Operating netback ¹	2,946	1,911	59	4,916	1,722	4,699	159	6,580
(\$/boe)								
Sales	37.44	54.27	98.90	43.73	39.96	43.33	102.61	42.92
Royalties	(0.54)	(6.66)	(12.99)	(2.77)	(0.73)	(5.21)	(12.31)	(3.84)
Production costs	(8.52)	(9.47)	(6.99)	(8.85)	(10.39)	(5.39)	(4.80)	(7.00)
Transportation and selling	-	(4.44)	(19.98)	(1.68)	(5.43)	(1.65)	(24.10)	(3.13)
Operating netback ¹	28.38	33.70	58.94	30.43	23.41	31.08	61.40	28.95
Sales volume (boe)	103,816	56,719	1,001	161,536	73,573	151,162	2,581	227,316

- 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 “Non-GAAP Financial Measures” in this news release. The calculation of operating netback is aligned with the definition found in the Canadian Oil and Gas Evaluation Handbook.

NON-GAAP FINANCIAL MEASURES

The Company refers to “operating netback” in this news release, 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 “Financial Results” section of this news release. 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.

FORWARD-LOOKING STATEMENTS

Certain statements in this news release 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 news release includes, but is not limited to, information concerning: 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 increase production and cash flow by executing the planned drilling and workover programs; 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 and cash flows; 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 timing and ability to obtain a farm-in partner for Yakamoz; and the timing and ability to tie the Yakamoz field into the Company’s existing gas plant.

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, 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 news release are made as of the date of this news release 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 news release is expressly qualified by this cautionary statement.

ABBREVIATIONS

The following is a summary of abbreviations used in this news release:

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
/	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.

The TSX does not accept responsibility for the adequacy or accuracy of this news release.

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