Management's Discussion and Analysis
For the year ended December 31, 2018
Dated March 19, 2019

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 its Annual Information Form for the year ended December 31, 2018, 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 audited consolidated financial statements for the years ended December 31, 2018 and 2017 (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 March 19, 2019, the date the Condor Board of Directors approved the Financial Statements.

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 1,015 boepd for the three months ended December 31, 2018 and 1,144 boepd for the year ended December 31, 2018, representing a 119% and 170% increase from the same respective periods in 2017.
- Realized crude oil and natural gas sales increased to $4.3 million for the three months ended December 31, 2018 and $17.5 million for the year ended December 31, 2018 representing a 168% and 210% increase from the same respective periods in 2017.

- Realized a robust operating netback[1] in 2018 of $11.8 million or $29.11 per boe, representing a 271% increase from $3.2 million and a 47% increase from $19.75 per boe respectively compared to 2017.
- Generated cash from operating activities of $7.5 million or $0.17 per basic share in 2018 versus cash used in operating activities of $8.2 million or $0.19 per basic share in 2017.
- In Kazakhstan, three new horizontal wells were drilled at Shoba and two well workovers performed at Taskuduk.
- In Turkey, one new well was drilled and two workovers were performed at Poyraz Ridge.
- The Ministry of Energy of the Government of Kazakhstan ("Ministry") did not appeal the Kazakhstan court rulings that confirmed a force majeure event had occurred related to the Company's Zharkamys exploration contract ("Zharkamys Contract"). 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.
- During 2018 the reference natural gas sales price in Turkey published by BOTAS Petroleum Pipeline Company ("BOTAS") was increased five times resulting in an overall increase of 92% in Turkish Lira ("TRL"). Despite the 28% year-on-year TRL devaluation in 2018, the gas price in CAD terms increased 50% to $9.91 per Mscf as of December 31, 2018 (3.8611 TRL/CAD) from $6.60 per Mscf as of December 31, 2017 (3.0211 TRL/CAD).
- The Company recorded a net loss of $3.5 million for the three months ended December 31, 2018 (three months ended December 31, 2017: net loss of $0.1 million).
- In September 2018 certain terms of the Company's existing secured non-revolving credit facility were amended to lengthen the duration of the facility and to reduce near term principal payments.

Operations

The Company produces crude oil in Kazakhstan and natural gas and associated condensate in Turkey. Overall production for the three months ended December 31, 2018 increased 119% to 93,401 boe or an average of 1,015 boepd from 42,623 boe or an average of 464 boepd for the same three month period in 2017. Overall production for 2018 increased 170% to 417,286 boe or an average of 1,144 boepd from 154,429 boe or an average of 423 boepd for 2017. The 2018 production increases are due mainly to the commencement of natural gas production in Turkey in December of 2017 and an infill drilling and workover program in Kazakhstan to offset natural production declines.

The Company produced 43,010 barrels of oil or an average of 468 bopd and realized an operating netback[1] of $27.47 per barrel in Kazakhstan for the fourth quarter of 2018 (fourth quarter of 2017: produced 33,653 barrels or an average of 366 bopd and an operating netback[1] of $22.40 per barrel). The Company produced 147,788 barrels of oil or an average of 405 bopd and realized an operating netback[1] of $25.14 per barrel in Kazakhstan for 2018 (2017: produced 145,459 barrels or an average of 399 bopd and an operating netback[1] of $19.29 per barrel).

Three horizontal wells were drilled and completed in Kazakhstan during the second half of 2018. A 493 meter lateral section was drilled at Sh-12, a 520 meter lateral section was drilled at Sh-13 and a 502 meter lateral section was drilled at Sh-15. Sh-12 and Sh-13 are currently on production and Sh-15 is shut-in after producing predominately water. There are strong indications that the Sh-15 wellbore has been placed in a hydrocarbon saturated interval and the vast majority of the wellbore is not, nor near, a water interval. However, it is believed this well intersected a fault that is in communication with the field's oil-water contact. It is believed that the Sh-15 completion did not isolate potential water influxes as the external casing packers have not properly expanded due to the early water production impeding this process. Oil was recently placed across the packers in an attempt to have them properly expand. As per the packer manufacture's recommendation, the well will remain shut in until the second quarter of 2019. Completing additional pay sections on Sh-12 are also planned during this timeframe to further increase production.

Workovers were completed in the fourth quarter of 2018 to replace downhole pumps on two Taskuduk wells. Unfortunately, the metal rods that rotate the downhole progressive cavity pumps failed in both wells after limited runtime. The Company plans to install rod pumps in both wells during the second quarter of 2019. With rod pumps, the metal rods will move vertically in the wellbore rather than in a rotating motion and is expected to lead to significantly longer pump life.

In 2018, the Company targeted increasing Kazakhstan production to over 800 bopd with the infill drilling and workover program but actual production was lower due mainly to Sh-15's initial performance and Taskuduk's pump issues. During the past 21 days, Kazakhstan production has averaged 1,007 bopd. The Company expects to exceed the 800 bopd target during the second quarter of 2019 after the Taskuduk pump changes are performed, additional pay sections are added to Sh-12 and Sh-15 is returned to service. One additional development well is planned for 2019 to further grow Kazakhstan oil production and cash flows. Engineering design is also underway to expand Shoba water injection facilities and associated water flooding capabilities.

The Company produced 49,637 boe in Turkey or an average of 540 boepd and received an operating netback[1] of $36.18 per boe for the three months ended December 31, 2018 (three months ended December 31, 2017: 8,970 boe in Turkey or an average of 98 boepd and received an operating netback[1] of $27.83 per boe) The Company produced 264,182 boe in Turkey or an average of 724 boepd and received an operating netback[1] of $30.74 per boe in 2018 (2017: 8,970 boe in Turkey or an average of 24 boepd and received an operating netback[1] of $27.83 per boe). 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 production history indicates reservoir compartmentalization, which is reducing each well's effective gas drainage radius.

The PW-6 infill well was drilled and completed in 2018 and initially had negligible pressure and flow response. The well started flowing intermittently after adding perforations and performing a fluid treatment. Data is being gathered that should provide further diagnosis and additional remediation options to increase production, including stimulation and artificial lift options for these lower permeability reservoirs.

Another sand interval was also perforated on PW-5, a 2017 exploration well that targeted the footwall compartment lying to the north of the Poyraz Ridge field. Although PW-5 did not flow when tested in 2017, the newly perforated interval has started flowing intermittently. Data is being gathered at PW-5 which may identify further remediation options for this well and field development opportunities for this region. Stimulation options are also being investigated for the other producing wells.

Subsurface characterization continued on the Yakamoz sub-thrust fold prospect which is located two kilometres north of the Poyraz Ridge field and within the Company's Poyraz Ridge Operating License. The original 2D seismic data was reprocessed and significantly improved both data quality and imaging of the structure and stratigraphy, which has since been integrated into a revised geological model. Two separate locations have been identified up-dip from the Yakamoz 1 well, where numerous gas shows were encountered while drilling in 2017. The new 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 side-track of the Yakamoz 1 into one of these up-dip targets could be drilled in 2019, subject to available funding. A successful Yakamoz 1 well would be tied into the existing Poyraz Ridge gas plant for processing and onward sales.

Cash from operating activities increased to $7.5 million for 2018 versus cash used in operating activities of $8.2 million for 2017. Cash from operating activities before changes in non-cash working capital increased to $5.3 million 2018 versus cash used in operating activities before changes in non-cash working capital of $6.3 million for 2017.

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.

Reserves

The Company's 2018 reserves were prepared by independent reserves evaluator McDaniel & Associates Consultants Ltd. (see Reserves Advisory) and the gross Company reserves as of December 31, 2018 are summarized by volume and net present value (after tax) discounted at 10% ("NPV10") in USD as follows:

Volumes as of December 31, 2018	Kazakhstan	Turkey				Total
	Oil Mbbl	Gas MMscf	Gas Mboe	NGL Mbbl	Total Mboe	Oil &Gas Mboe
Proved	1,408	3,041	507	6	513	1,921
Probable	1,446	3,630	605	8	613	2,059
Proved plus Probable	2,854	6,671	1,112	14	1,126	3,980
Possible	865	3,665	611	7	618	1,483
Proved plus Probable plus Possible	3,719	10,336	1,723	21	1,744	5,463

NPV_{10} (After Tax) in USD 000's	Kazakhstan	Turkey	Total
Proved	18,192	8,375	26,567
Probable	18,802	11,556	30,358
Proved plus Probable	36,994	19,931	56,925
Possible	14,635	7,856	22,491
Proved plus Probable plus Possible	51,629	27,787	79,416

The Company's gross Proved reserves decreased 31% to 1,921 Mboe as of December 31, 2018 from 2,770 Mboe as of December 31, 2017 and Proved plus Probable ("2P") reserves decreased 29% to 3,980 Mboe as of December 31, 2018 compared to 5,631 Mboe as of December 31, 2017 due primarily to reductions in the mapped areas in Turkey based on lower than expected well results. Kazakhstan reserves remained essentially flat.

The overall reserve values (NPV10 after tax) decreased 12% for the Proved reserves to USD 26.6 million as of December 31, 2018 from 30.1 million as of December 31, 2017 and 16% for the Proved plus Probable reserves to USD 56.9 million in 2018 from 68.1 million in 2017. Although overall reserve volumes decreased in 2018, higher forecasted Kazakhstan crude oil prices and Turkish gas prices resulted in increased reserve values per boe for Kazakhstan to USD 12.92 for Proved and USD 12.96 for 2P (2017: USD 6.60 for Proved and USD 8.54 for 2P) and for Turkey to USD 16.33 for Proved and USD 17.70 for 2P (2017: USD 15.22 for Proved and USD 15.13 for 2P).

SELECTED FINANCIAL INFORMATION

As at, and for the year ended December 31

($000's except per share amounts)	2018	2017	2016
Sales	17,495	5,652	1,532
Cash from (used in) operating activities	7,472	(8,176)	(9,191)
Cash from (used in) operating activities per share (basic and diluted)	0.17	(0.19)	(0.22)
Net loss	(14,070)	(66,668)	(11,892)
Net loss per share (basic and diluted)	(0.32)	(1.54)	(0.29)
Total assets	55,455	77,630	137,957
Total non-current financial liabilities	7,675	7,672	2,980
Capital expenditures	5,820	19,272	16,682

RESULTS OF OPERATIONS

Sales and operating netback[1]

For the year ended December 31

	2018				2017		
	Oil ($000's)	**Gas ($000's)**	**Condensate ($000's)**	**Total ($000's)**	**Oil ($000's)**	**Gas ($000's)**	**Total ($000's)**
Sales	5,820	11,204	471	17,495	5,312	340	5,652
Royalties	(103)	(1,354)	(53)	(1,510)	(124)	(44)	(168)
Production costs	(1,614)	(1,469)	(22)	(3,105)	(1,660)	(40)	(1,700)
Transportation and selling	(422)	(512)	(103)	(1,037)	(579)	(14)	(593)
Operating netback[1]	3,681	7,869	293	11,843	2,949	242	3,191
	Oil ($/bbl)	**Gas ($/boe)**	**Condensate ($/bbl)**	**Total ($/boe)**	**Oil ($/bbl)**	**Gas ($/boe)**	**Total ($/boe)**
Sales	39.74	43.77	106.15	43.00	34.74	39.12	34.98
Royalties	(0.70)	(5.29)	(11.95)	(3.71)	(0.81)	(5.04)	(1.04)
Production costs	(11.02)	(5.74)	(4.96)	(7.63)	(10.86)	(4.62)	(10.52)
Transportation and selling	(2.88)	(2.00)	(23.21)	(2.55)	(3.79)	(1.62)	(3.67)
Operating netback[1]	25.14	30.74	66.03	29.11	19.29	27.83	19.75
Sales volume (boe)	146,454	255,993	4,437	406,884	152,895	8,696	161,591

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 MD&A. The calculation of operating netback is aligned with the definition found in the Canadian Oil and Gas Evaluation Handbook.

Total sales increased to $17.5 million on 406,884 boe or $43.00 per boe for the year ended December 31, 2018 (2017: $5.7 million on 161,591 boe or $34.98 per boe) and to $4.3 million on 90,534 boe or $47.40 per boe for the three months ended December 31, 2018 (2017: $1.6 million on 40,437 boe or $39.54 per boe). Overall sales increased in 2018 due mainly to the commencement of natural gas production and sales in Turkey in December 2017, stronger realized gas prices in Turkey, higher realized crude oil sales prices in Kazakhstan and the commencement of condensate sales associated with natural gas production in Turkey in the second quarter of 2018.

Operating netbacks[1] increased in Kazakhstan despite slightly lower sales volumes to $3.7 million or $25.14 per barrel in 2018 from $2.9 million or $19.29 per barrel in 2017 due mainly to higher realized crude oil sales prices and lower transportation costs while royalties and production costs remained relatively flat in total and per barrel.

In Turkey, operating netbacks increased significantly to $7.9 million or $30.74 per boe in 2018 from $0.2 million or $27.83 per boe in 2017 due mainly to the commencement of gas production and sales in December 2017 and higher realized gas prices which offset slightly higher production costs per boe while royalties and transportation costs remained relatively flat per boe.

Operating netbacks increased to $11.8 million in 2018 from $3.2 million in 2017 due mainly to higher gas sales volumes in Turkey. Operating netbacks also increased to $29.11 per boe in 2018 from $19.75 per boe in 2017 due mainly to the higher realized crude oil and gas prices discussed above, a higher proportion of overall sales in 2018 were from gas sales which provide a higher netback per boe and the addition in 2018 of very high netback condensate sales.

Marketing

Crude oil sales in Kazakhstan to date have been in the domestic market at prevailing local prices. The crude oil is either sold at the wellhead or trucked to near-by refineries. 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 via pipeline at prices published monthly by the state owned pipeline transportation company BOTAS. The benchmark for Condor's gas sales in Turkey is BOTAS Level 2 wholesale tariffs less a marketing differential.

Gas from the neighbouring Destan gas field in Turkey is currently being produced, compressed and trucked to the Company's owned and operated Poyraz Ridge gas plant and being marketed along with Poyraz Ridge gas production which is directly tied into the gas plant.

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 the Turkish Petroleum Corporation, the Turkish national oil company.

Royalties

Royalties increased to $1.5 million for the year ended December 31, 2018 from $0.2 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 which amounted to 1.8% of sales in 2018 (2017: 2.3%) and a flat royalty rate in Turkey of 12.5% of sales.

Production

For the year ended December 31	2018	2017	Change	Change %
Crude oil (bbl)	147,788	145,459	2,329	2%
Natural gas (Mscf)	1,585,091	53,817	1,531,274	2845%
Natural gas (boe)	264,182	8,970	255,212	2845%
Condensate (bbl)	5,316	-	5,316	-
Total production volume (boe)	417,286	154,429	262,857	170%
Crude oil (bopd)	405	399	6	2%
Natural gas (Mscfpd)	4,343	147	4,196	2854%
Natural gas (boepd)	724	24	700	2917%
Condensate (bopd)	15	-	15	-
Average daily production (boepd)	1,144	423	721	170%

The Company produces crude oil in Kazakhstan and natural gas and associated condensate in Turkey. Overall production for the year ended December 31, 2018 increased 170% to 417,286 boe or an average of 1,144 boepd from 154,429 boe or an average of 423 boepd 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 $7.63 per boe in 2018 from $10.52 per boe in 2017. Costs decreased per boe due mainly to natural gas sales which commenced in December 2017 in Turkey for which production costs were $5.74 per boe in 2018 ($4.62 per boe in 2017) while production costs in Kazakhstan have remained about the same on a per barrel basis at $11.02 in 2018 compared to $10.86 in 2017.

In line with increased sales volumes, overall production costs increased to $3.1 million in 2018 from $1.7 million in 2017. Production costs are comprised mainly of personnel, fuel, heavy equipment, water disposal, chemicals, safety and maintenance costs.

Transportation and selling expense

Transportation and selling expense increased to $1.0 million in 2018 from $0.6 million in 2017 reflecting the higher sales volumes but decreased to $2.55 per boe in 2018 from $3.67 per boe in 2017 reflecting the higher proportion of lower cost gas sales. In Kazakhstan, the Company had more wellhead sales in 2018 as compared to 2017 and resulted in decreased transportation costs per barrel to $2.88 in 2018 from $3.79 in 2017 as the crude oil buyer is responsible for related trucking logistics and costs. In Turkey, transportation costs on gas sales are comprised of pipeline transmission fees and compressed natural gas trucking costs on Destan sales and on condensate sales are comprised of trucking, blending, storage and loading costs.

General and administrative expense

General and administrative expense is comprised mainly of personnel, professional services, office, and travel costs and decreased to $6.4 million in 2018 from $8.0 million in 2017 due mainly to key cost cutting measures and staff reductions.

Depletion, depreciation and impairment expense

Depletion and depreciation expense increased to $6.4 million in 2018 from $2.8 million in 2017 due mainly to the increased volume of gas sales but decreased to $15.73 per boe in 2018 from $17.59 per boe in 2017 due to the lower per boe cost of the depletion related to the gas fields in Turkey.

As an indicator of impairment was noted, the Company tested the property, plant and equipment in Turkey for impairment as of December 31, 2018 and determined that the carrying amount of the Poyraz Ridge and Destan CGU exceeded its recoverable amount of $21.2 million, resulting in an impairment expense of $3.8 million included in depletion, depreciation and impairment. Future cash flows for the CGU declined due to lower production volumes and natural gas reserves (see "Reserves" in this MD&A).

Stock based compensation expense

Stock based compensation expense increased to $0.4 million in 2018 from $0.1 million 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 year ended December 31, 2018, finance income, which includes interest income and accretion of Kazakhstan value added tax ("VAT") receivables, amounted to $0.5 million compared to $0.8 million in 2017.

Finance expense decreased to $3.0 million in 2018 from $3.5 million in 2017 mainly due to the impact of VAT receivables discounting. Finance expense includes interest on long term borrowings, amortization of loan issuance costs, amortization of warrants, loss on loan modification, the impact of VAT receivables discounting, accretion expense on historical cost obligations and accretion cost on decommissioning provisions.

Foreign currency exchange gains and losses

Foreign exchange loss amounted to $3.0 million in 2018 compared to $1.3 million in 2017 due mainly to the foreign exchange movements of a portion of USD denominated inter-company loans that are no longer considered part of the net investment in the foreign operations. The Company is exposed to significant foreign currency risk as the Company's crude oil and natural gas sales and a substantial portion of foreign activities are transacted in or referenced to foreign currencies including USD, KZT and TRL, and the Company's borrowings are denominated in USD. The Company had no forward exchange rate contracts in place at or during the year ended December 31, 2018 and 2017.

In Turkey, the TRL experienced considerable volatility versus certain foreign currencies during 2018 and devalued 54% from 3.0211 TRL/CAD at December 31, 2017 to 4.6642 TRL/CAD at September 30, 2018 but recovered during the fourth quarter to 3.8611 TRL/CAD as of December 31, 2018 which reduces the devaluation for 2018 to 28%. The impact of the TRL currency volatility on the Company was minimized mainly due to increased Turkish gas prices during 2018 of 92% in TRL terms and 50% in CAD terms to $9.91 per Mscf as of December 31, 2018 from $6.60 per Mscf as of December 31, 2017. In addition, a significant portion of the Company's operating costs in Turkey are denominated in TRL.

Deferred income tax expense

Deferred income tax expense of $3.5 million in 2018 (2017: recovery of $3.4 million) 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 for the facilities at this time. Depending on the timing and amount of available capital including funds from operating activities, the Company may conduct additional workovers at Poyraz Ridge in the next twelve months. There are no significant capital expenditures planned at Destan.

In Kazakhstan, the Company has contractual work commitments of $4.3 million for the next twelve months and depending on the timing and amount of available capital including funds from operating activities, the Company may drill additional 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 the event that work commitment fulfilment is less than thirty percent for two consecutive years.

At December 31, 2018 the Company had accumulated losses of $181.5 million since inception (December 31, 2017: $167.4 million), a working capital deficiency of $4.6 million (December 31, 2017: deficit of $1.7 million) and reported a net loss for the year ended December 31, 2018 of $14.1 million (2017: $66.7 million). The working capital deficiency as at December 31, 2018 includes $3.6 million of accounts payable and accrued liabilities related to capital expenditures in Kazakhstan which are not due as at December 31, 2018 and have payment terms of approximately $0.9 million per quarter during 2019 which the Company expects to meet with cash generated from operating activities.

The Company's ability to generate and access 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 re-completing one of the recently drilled wells and performing several workovers in Kazakhstan and performing several workovers in Turkey. There is no assurance that the Company will be able to generate or access the necessary capital to fund its current development plan or that the development plan will be successful.

The Company's long term borrowings as of December 31, 2018 amount to USD 7.3 million and consist of a secured non-revolving credit facility with an arm's length lender ("Credit Facility"). On September 13, 2018 certain terms of the Credit Facility were amended and the six remaining quarterly payments of USD 1.25 million each were revised to nine quarterly principal payments consisting of three payments of USD 0.1 million, followed by three payments of USD 0.9 million and then three payments of USD 1.5 million. The first principal payment of USD 0.1 million plus interest was due and paid September 30, 2018 and the final principal payment of USD 1.5 million plus interest is due September 30, 2020.

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 over 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. There is no assurance that sufficient debt refinancing of existing borrowings, new financings, equity offerings or other arrangements can be completed on favourable 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 for the next 12 months pursuant to the Shoba and Taskuduk production contracts in Kazakhstan equals $4.3 million. 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 the event that 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 one percent of the shortfall.

If the Zharkamys exploration contract is reinstated, the exploration period extension would carry additional work commitments, which could be significant. To fund the additional Zharkamys work commitments, the Company would require additional funding 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 are no work commitments related to the Poyraz Ridge or Destan operating licenses in Turkey.

There is a material uncertainty about the Company's ability to continue as a going concern (see "Liquidity, Capital Resources and Going Concern" in this MD&A).

OUTSTANDING SHARE DATA

Common shares

As at December 31, 2018 and the date of this MD&A there were 44,165,100 common shares outstanding.

Convertible securities

As at December 31, 2018 and the date of this MD&A, outstanding convertible securities are comprised of 4,046,000 stock options with a weighted average exercise price of $1.18 and one million warrants exercisable into one million common shares of Condor at $0.35 per share on or before December 31, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at December 31, 2018.

RELATED PARTY TRANSACTIONS

Key management comprises the executive officers and directors of the Company. Key management's compensation was comprised of $1.3 million of salary and benefits (2017: $1.8 million) and stock based compensation of $0.2 million (2017: $0.1 million).

QUARTERLY INFORMATION

The following table sets forth selected financial information of the Company for the eight most recently completed quarters to December 31, 2018:

For the quarter ended	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4[1] 2017	Q3 2017	Q2 2017	Q1 2017
Sales (000's)	4,291	3,449	4,803	4,952	1,599	1,701	1,405	947
Net loss (000's)[2]	(3,536)	(4,517)	(5,214)	(803)	(125)	(2,531)	(4,105)	(59,907)
Net loss per share (basic and diluted)	(0.08)	(0.10)	(0.12)	(0.02)	(0.003)	(0.06)	(0.10)	(1.38)

1 Natural gas production and sales in Turkey commenced in mid-December 2017.

2 The net loss in all periods has been impacted by, among other things, production and sales volumes, commodity prices, operating costs and operating netbacks, foreign exchange gains and losses and deferred income tax expense/recovery in the respective periods. The net loss amount includes specific significant period items of: $56.6 million exploration and evaluation expense related to the Zharkamys Contract derecognition in Q1 2017; $1.3 million other exploration and evaluation expense in Q2 2017; $3.4 million deferred income tax recovery in Q4 2017; $3.5 million deferred income tax expense in Q2 2018; $3.2 million foreign exchange loss in Q3 2018; and $3.8 million impairment expense in Q4 2018.

CRITICAL ACCOUNTING ESTIMATES

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. Actual results could differ from those estimates as future confirming events occur. Significant assumptions and estimates about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amount of assets and liabilities, in the event that actual results differ from assumptions made, are outlined below.

- Impairment testing: estimates include volumes of recoverable reserves and resources, future commodity prices, future operating and capital costs, production profiles, discount rates, and consequently fair values of properties. A downward revision in the reserve or resource estimates or future forecast prices or an upward revision to future capital costs could result in an asset impairment which would reduce future earnings and the associated net book value of assets;

- Other long term assets and liabilities: estimates include the timing and amounts of future receipts and payments, discount rates and related cash flows. A change in the timing of cash flows or discount rates may impact earnings as a result of changes in finance income and expense;

- Depletion: estimates include the amount of reserve volumes and future development capital. A downward revision in the reserve estimates or an upward revision to future capital may result in increased depletion and a reduction in net book value of assets if such a revision results in an accounting impairment. Depletion is charged on a unit-of-production basis over the Proved plus

Probable reserves for each cash generating unit and a revision in the productive capacity of the assets may result in increased depletion and a reduced net book value of assets;

- Decommissioning provisions: estimates include the amount and expected timing of asset retirements, discount and inflation rates and future cash flows. As a result of the long term nature of the Company's operations, these estimates may change over time which may result in a change in the decommissioning provision and corresponding asset value, and impact future earnings as a result of changes in accretion and depletion expense;
- Stock based compensation: estimates include determining appropriate share price volatility, expected lives, forfeiture rates and risk free rates;
- Going concern: estimates include 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;
- Deferred income tax: determining likelihood of income tax assets being realized requires estimates of future taxable income. Changes in the estimate of future taxable income and the recovery of deductible temporary differences may result in the recognition of a deferred tax asset on the statement of financial position and an increase in earnings at the time when the tax recovery is charged.

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 the Company's accounting policies resulting from the adoption of IFRS 9 and IFRS 15 can be found in the Financial Statements.

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 statement of financial position. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases and effectively treats all leases as finance leases. Certain short-term leases (less than twelve 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. 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 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.

The DC&P have been designed to provide reasonable assurance that material information relating to Condor is made known to the CEO and CFO by others and that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by Condor under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO are required to cause the Company to disclose any change in the Company's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. During the year ended December 31, 2018, there were no changes to the Company's ICFR that have materially affected or are reasonably likely to materially affect, the Company's ICFR. It should be noted that a control system, including the Company's DC&P and ICFR, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system will be met and it should not be expected that DC&P and ICFR will prevent all errors or fraud.

The CEO and CFO have evaluated the Company's DC&P and ICFR as at December 31, 2018 based on the framework in "Internal Control Over Financial Reporting – Guidance for Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation, the CEO and CFO concluded, that the Company's design and operation of DC&P and ICFR were effective as of December 31, 2018.

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 fulfill their obligations.

The maximum exposure to credit risk at year end is as follows:

Carrying amounts as at December 31 (000's)	**2018**	**2017**
Cash and cash equivalents	1,690	3,910
Trade and other receivables	843	976
Other current financial assets	1,945	4,609
Other long term assets	6,577	6,257
	11,055	15,752

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 crude oil and 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. Sales of crude oil in Kazakhstan during 2018 were to three customers and sales of natural gas and related receivables in Turkey are with one customer and are therefore subject to concentration risk. This risk is mitigated by management's policies and practices related to credit risk. In Kazakhstan, currently all sales are made with 100% prepayment. In Turkey, 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. The Company has examined its accounts receivable as at December 31, 2018 and concluded that the amount is valid and collectible.

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

Liquidity risk and capital management

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations and commitments and repaying liabilities as they fall due. The Company requires liquidity mainly to satisfy financial obligations and operating requirements related to activities in Kazakhstan and Turkey, and for repayment of long term borrowings. The Company has the ability to adjust 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. On September 13, 2018 certain terms of the long term borrowings were amended.

To manage capital and operating spending, 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 statement of financial position. The Company's undiscounted contractual obligations are as follows:

(000's)	**< 1 year**	**1-3 years**	**4-5 years**	**> 5 years**	**Total**
<u>As at December 31, 2018</u>					
Accounts payable and accrued liabilities	5,181	-	-	-	5,181
Borrowings including interest until maturity	5,070	6,568	-	-	11,638
Non-cancellable operating leases	319	125	-	-	444
Other long term liabilities (undiscounted)	490	980	980	1,345	3,795

<u>As at December 31, 2017</u>					
Accounts payable and accrued liabilities	2,608	-	-	-	2,608
Borrowings including interest until maturity	9,403	6,819	-	-	16,222
Non-cancellable operating leases	460	442	-	-	902
Other long term liabilities (undiscounted)	481	962	962	1,802	4,207

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. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

Foreign currency exchange risk

The Company is exposed to significant foreign currency risk as the Company's crude oil and natural gas sales and a substantial portion of foreign activities are transacted in or referenced to foreign currencies including USD, KZT and TRL, and the Company's borrowings are denominated in USD. The Company had no forward exchange rate contracts in place at or during the years ended December 31, 2018 and 2017.

During the year ended December 31, 2018, the CAD depreciated from 1.25 per 1.00 USD to 1.36, the KZT depreciated from 332.33 per 1.00 USD to 384.20, and TRL depreciated from 3.79 per 1.00 USD to 5.26, which led to a foreign exchange loss of $3.0 million (2017: loss of $1.3 million) related mainly to a portion of

USD denominated inter-company loans that are not considered part of the net investment in the foreign operations.

During the year ended December 31, 2018, the KZT depreciated from 265 per 1.00 CAD to 282 and TRL depreciated from 3.02 per 1.00 CAD to 3.86 resulting in a $7.0 million translation loss adjustment through equity (2017: loss of $4.8 million).

A $0.01 change in the Canadian dollar to U.S. dollar exchange rate at December 31, 2018 would have changed profit or loss by $0.2 million (2017: $0.1 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The interest rate on borrowings is fixed. Therefore, the Company has no current exposure to changes in interest rates, except for interest rates on cash and cash equivalents.

Commodity price risk

The Company is exposed to changes in commodity prices inherent in the oil and natural gas industry. Commodity prices for petroleum 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, subsequently, may also affect the value of the oil and gas properties and the level of spending for exploration and development. The majority of the Company's production is sold under short-term contracts, which exposes the Company to the risk of price movements. The Company had no forward price contracts or derivatives in place at or during the years ended December 31, 2018 or 2017.

Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, other current assets and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. The carrying value of other long term assets and other long term liabilities approximate their fair value as they are either discounted at, or carry interest incurred at certain market rates.

OTHER BUSINESS RISKS

In the normal course of business, the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality. The Company is exposed to considerable risks and uncertainties including, but not limited to:

- finding oil and natural gas reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is likely dependent upon in order to fully develop the current properties;
- technical problems which could lead to unsuccessful wells, well blowouts and environmental damage;

- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to wells, access to third party gathering and processing facilities, access to pipeline, railway and other transportation infrastructure;
- fluctuations in commodity prices, interest rates and foreign currency exchange rates;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations;
- relinquishment of land territory during and upon the completion of the exploration period;
- regulatory legislation and policies, including the fulfillment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof;
- political risks inherent with international activities and doing business in foreign jurisdictions;
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;
- obtaining approval for extensions to exploration periods, and, upon commercial discovery, negotiating and signing development contracts; and
- information technology and system risks including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology.

Please see the Company's Annual Information Form, filed on SEDAR (www.sedar.com) for further discussion on these risks.

RESERVES ADVISORY

This MD&A includes information pertaining to the Evaluation of Crude Oil and Natural Gas Reserves Kazakhstan and Turkey as of December 31, 2018 prepared by independent reserves evaluator McDaniel & Associates Consultants Ltd. ("McDaniel"). The report was prepared by a qualified reserves evaluator in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and is based on respective McDaniel pricing effective December 31, 2018. Additional reserve information as required under NI 51-101 is included in the Company's Annual Information Form filed on SEDAR.

Statements relating to reserves are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated. The reserve estimates described herein are estimates only. The actual reserves may be greater or less than those calculated. Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be material, in the estimated reserves.

References herein to 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.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than Proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable reserves.

"Possible" reserves are those additional reserves that are less certain to be recovered than Probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of Proved plus Probable plus Possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved plus Probable plus Possible reserves.

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, natural gas and condensate production; expected markets, prices costs and operating netbacks for future oil, gas and condensate 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; the timing and ability to access 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; 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, 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
scf	Standard cubic feet
scfpd	Standard cubic feet per day
M	Thousand
MM	Million
CAD	Canadian dollars
KZT	Kazakhstan tenge
TRL	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.