Management's Discussion and Analysis
For the year ended December 31, 2019
Dated March 18, 2020

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, 2019, 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, 2019 and 2018 ("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 18, 2020, 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

- In September 2019 the Company's wholly owned subsidiary, Falcon Oil & Gas Ltd ("Falcon") entered into a binding agreement to sell Falcon's 100% interests in the Shoba and Taskuduk production contracts and associated field equipment in Kazakhstan for USD 24.6 million ("Sale Proceeds").
- To date, USD 22.5 million of the Sale Proceeds have been received and the remaining USD 2.1 million is due within ten business days following the signing of the addendums to the Shoba and Taskuduk production contracts by the Government of Kazakhstan.
- In January 2020 Condor fully repaid its non-revolving credit facility ("Credit Facility") and subsequently the Company has positive working capital and no long term debt.
- On November 12, 2019 Condor signed a Heads of Agreement with the Ministry of Energy of the Government of Uzbekistan ("Uzbekistan Ministry") which provided the Company a 120 day

window to negotiate a definitive production sharing agreement ("PSA") with the Uzbekistan Ministry. An application to extend the Heads of Agreement has been submitted.

- On February 27, 2020, the Company received the 630 day extension to the Zharkamys West 1 exploration contract ("Zharkamys Contract") from the Government of Kazakhstan and holds a 100% working interest in the contract area.
- The Company is in discussions for a farm-in to drill the Yakamoz prospect in Turkey. The intent is to drill the Yakamoz side-track well in 2020.
- 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 and the Canadian Dollar equivalent price is $9.54 per Mscf as of March 1, 2020.
- For continuing operations, production decreased to an average of 266 boepd for the year ended December 31, 2019 from 739 boepd in 2018, sales decreased to $5.2 million for 2019 from $11.7 million in 2018 and the net loss decreased to $10.1 million for 2019 from $14.1 million in 2018.

Shoba and Taskuduk Sale

On September 23, 2019, Falcon entered into a binding agreement to sell Falcon's 100% interests in the Shoba production contract, Taskuduk production contract and associated field equipment for United States dollars ("USD") 24.6 million ("Sale Agreement"). The buyer ("Buyer") paid the USD 3.8 million deposit within ten business days of signing the Sale Agreement. In January 2020 certain terms of the Sale Agreement were amended and instead of using an escrow account for the remaining USD 20.8 million to be released upon closing the transaction ("Closing"), the Buyer paid USD 18.7 million in January 2020 and the remaining USD 2.1 million is due upon Closing.

Falcon remains the oilfield owner and operator until Closing occurs. Upon Closing, the net revenues less operating costs generated from the production and sale of crude oil from the oilfields will be attributed to the Buyer from the effective date of December 25, 2019 until the Closing date as an adjustment to the purchase consideration.

The various Government of Kazakhstan consents and confirmations required for Closing have been received and all commercial conditions have been satisfied by Falcon and the Buyer. The respective addendums to the Shoba and Taskuduk production contracts have been signed by Falcon and the Buyer and submitted to the Government of Kazakhstan for final processing and execution. As per the Sale Agreement, Closing is scheduled to occur within ten business days from the receipt of the signed addendums.

Heads of Agreement with the Government of Uzbekistan

On November 12, 2019 Condor signed a Heads of Agreement with the Uzbekistan Ministry which provided the Company a 120 day window to negotiate a definitive PSA with the Uzbekistan Ministry. An application to extend the Heads of Agreement has been submitted. If executed, the PSA is expected to include five producing gas fields and associated gathering pipelines and gas treatment infrastructure along with the right to explore and develop certain exploration areas surrounding the current producing gas fields. The fiscal and operating terms expected to be defined in the PSA include royalty rates, cost recovery, profit splits, gas marketing and pricing, governance and steering committee structures and baseline production levels and reimbursement methodology. The Company recently submitted a detailed feasibility study for the five producing gas fields to the Uzbekistan Ministry and an independent reserves evaluation is underway. The Company also submitted an economic analysis and discussions related to the fiscal terms are continuing.

Zharkamys Contract

On February 27, 2020, the Company received the 630 day extension to the Zharkamys Contract from the Government of Kazakhstan and holds a 100% working interest in the contract area. The extension period carries additional work commitments of $4.0 million for the first twelve months and is comprised mainly of drilling two exploration wells. The Company has been having farm-in discussions for this program which have been temporarily deferred due to recent travel restrictions.

Continuing and discontinued operations classification

Following the execution of the agreement for the Sale Transaction, as of September 30, 2019 the related Shoba and Taskuduk net assets and liabilities have been reclassified to assets and liabilities held for sale and the respective results of operations are presented as discontinued operations for all current and prior periods throughout this MD&A. For further information relating to discontinued operations, please refer to the Company's Financial Statements.

Continuing operations

The Company produces natural gas and associated condensate in Turkey. The Company produced 97,074 boe in Turkey or an average of 266 boepd and received an operating netback[1] of $30.84 per boe for the full year 2019 (full year 2018: produced 269,498 boe or an average of 739 boepd and an operating netback[1] of $31.34 per boe). A study is underway to identify stimulation workover alternatives that could increase Poyraz Ridge production rates for the lower permeability reservoirs.

Cash used in continuing operations decreased to $3.6 million for the full year 2019 versus cash from continuing operations of $3.6 million for the same period in 2018.

Subsurface characterization continued on the Yakamoz sub-thrust fold prospect that included reprocessing seismic data and incorporating additional 2D seismic information into a revised geological model. These efforts identified up-dip targets in both the proven Miocene and Upper Eocene reservoirs, in addition to the deeper Middle to lower Eocene reservoirs, which have not yet been tested. The Company previously drilled Yakamoz 1 and encountered numerous gas shows while drilling. A successful Yakamoz 1 side-track well would be tied 2km into the existing Poyraz Ridge gas plant for processing and onward sales. The non-binding letter of intent and term sheet signed during the second quarter of 2019 with a potential farm-in partner to drill the Yakamoz 1 side-track well and a subsequent appraisal well in Turkey has expired. The Company is discussing the farm-in with another interested party. The intent is to drill the side-track well in 2020.

Reserves

The Company's 2019 reserves for continuing and discontinued operations were prepared by independent reserves evaluator McDaniel & Associates Consultants Ltd. (see Reserves Advisory) and the gross Company reserves for continuing operations in Turkey as of December 31, 2019 are summarized by volume and net present value (after tax) discounted at 10% ("NPV_{10}") in USD as follows:

Reserves as of December 31, 2019	Gas MMscf	Gas Mboe	NGL Mbbl	Total Mboe	NPV10 (After Tax) in USD 000's
Proved	2,034	339	5	344	4,274
Probable	2,291	382	6	388	6,580
Proved plus Probable	4,325	721	11	732	10,854
Possible	2,350	392	5	397	6,102
Proved plus Probable plus Possible	6,675	1,113	16	1,129	16,956

For continuing operations, Proved reserves decreased 33% to 344 Mboe as of December 31, 2019 from 513 Mboe as of December 31, 2018 and Proved plus Probable ("2P") reserves decreased 35% to 732 Mboe as of December 31, 2019 compared to 1,126 Mboe as of December 31, 2018. The reserve values (NPV_{10} after tax) decreased 49% for the Proved reserves to USD 4.3 million as of December 31, 2019 from USD 8.4 million as of December 31, 2018 and 46% for the Proved plus Probable reserves to USD 10.9 million in 2019 from USD 19.9 million in 2018. Despite the original gas in place volumes not changing from the December 31, 2018 volumes, the Company's reserves decreased due to lower than expected well performance due to the 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.

SELECTED FINANCIAL INFORMATION OF CONTINUING OPERATIONS

As at, and for the year ended December 31

($000's except per share amounts)	**2019**	**2018**	**2017**
Natural gas and condensate sales	5,169	11,675	340
Cash from (used in) continuing operations	(3,570)	3,638	(11,155)
Net loss from continuing operations	(13,870)	(11,658)	(69,752)
Net loss from continuing operations per share (basic and diluted)	(0.31)	(0.26)	(1.61)
Total assets	45,485	55,455	77,630
Total non-current financial liabilities	-	7,675	7,672
Capital expenditures	152	2,004	19,249

RESULTS OF CONTINUING OPERATIONS

Sales and operating netback[1] for the year ended December 31

		2019			**2018**	
($000's)	**Gas**	**Condensate**	**Total**	**Gas**	**Condensate**	**Total**
Sales	5,006	163	5,169	11,204	471	11,675
Royalties	(625)	(22)	(647)	(1,354)	(53)	(1,407)
Production costs	(1,204)	(21)	(1,225)	(1,469)	(22)	(1,491)
Transportation and selling	(410)	(35)	(445)	(512)	(103)	(615)
Operating netback[1]	2,767	85	2,852	7,869	293	8,162
($/boe)						
Sales	55.16	93.46	55.88	43.77	106.15	44.83
Royalties	(6.89)	(12.61)	(6.99)	(5.29)	(11.95)	(5.40)
Production costs	(13.27)	(12.04)	(13.24)	(5.74)	(4.96)	(5.73)
Transportation and selling	(4.52)	(20.07)	(4.81)	(2.00)	(23.21)	(2.36)
Operating netback[1]	30.48	48.74	30.84	30.74	66.03	31.34
Sales volume (boe)	90,751	1,744	92,495	255,993	4,437	260,430

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 decreased to $0.9 million on 15,883 boe or $56.35 per boe for the three months ended December 31, 2019 (2018: $2.7 million on 49,827 boe or $54.07 per boe) and decreased to $5.2 million on 92,495 boe or $55.88 per boe for the year ended December 31, 2019 (2018: $11.7 million on 260,430 boe or $44.83 per boe). Overall sales have decreased for 2019 to date versus the same respective periods in 2018 due mainly to the decrease in natural gas production and sales but partially offset by stronger realized gas prices.

Operating netbacks decreased to $2.9 million or $30.84 per boe for the year ended December 31, 2019 from $8.2 million or $31.34 per boe in 2018 due mainly to decreased gas production and sales as well as an increase in royalties, production costs and transportation costs per boe although realized gas prices increased to $55.88 per boe for the year ended December 31, 2019 from $44.83 in 2018.

Marketing

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 Turkish Petroleum Corporation, the Turkish national oil company.

Royalties

Royalties decreased to $0.6 million for the year ended December 31, 2019 from $1.4 million for the same period in 2018 due mainly to the decrease in gas sales in Turkey. The Company is subject to a flat royalty rate in Turkey of 12.5% of natural gas and condensate sales.

Production

For the year ended December 31	2019	2018	Change	Change %
Natural gas (Mscf)	574,511	1,585,091	(1,010,580)	(64%)
Natural gas (boe)	95,752	264,182	(168,430)	(64%)
Condensate (bbl)	1,322	5,316	(3,994)	(75%)
Total production volume (boe)	97,074	269,498	(172,424)	(64%)
Natural gas (Mscfpd)	1,574	4,343	(2,769)	(64%)
Natural gas (boepd)	262	724	(462)	(64%)
Condensate (bopd)	4	15	(11)	(73%)
Average daily production (boepd)	266	739	(473)	(64%)

Overall production for the year ended December 31, 2019 decreased 64% to 97,074 boe or an average of 266 boepd from 269,498 boe or an average of 739 boepd in 2018.

Production costs

Overall production costs decreased in line with decreased gas sales volumes to $1.2 million for the year ended December 31, 2019 from $1.5 million in 2018. Production costs are comprised mainly of fuel, heavy equipment, personnel, chemicals, water disposal, safety and maintenance costs.

Production costs increased to $13.24 per boe for the year ended December 31, 2019 from $5.73 per boe for the year ended December 31, 2018. Costs increased per boe due mainly to natural gas production decreases for which production costs are mainly fixed costs.

Transportation and selling expense

Transportation and selling expense decreased to $0.4 million in 2019 from $0.6 million in 2018 reflecting the lower sales volumes but increased to $4.81 per boe in 2019 from $2.36 per boe in 2018 as higher transportation costs have been incurred related to Destan gas sales which commenced in September 2018.

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 increased to $7.1 million in 2019 from $6.1 million in 2018 due mainly to the costs associated with evaluating and advancing new business development opportunities.

Depletion, depreciation and impairment expense

Depletion and depreciation expense decreased to $2.5 million for the year ended December 31, 2019 from $8.1 million for the same period in 2018 due mainly to the decreased gas sales volumes.

As an indicator of impairment was noted, the Company tested the property, plant and equipment in Turkey for impairment as of December 31, 2019 and determined that the carrying amount of the Poyraz Ridge and Destan CGU exceeded its recoverable amount of $11.5 million, resulting in an impairment expense of $4.3 million included in depletion, depreciation and impairment expense. 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 decreased to $0.2 million for the year ended December 31, 2019 from $0.4 million for the same period in 2018. 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, 2019, finance income, which includes interest income and accretion of Kazakhstan value added tax ("VAT") receivables, amounted to $0.4 million compared to $0.5 million in 2018.

Finance expense decreased to $2.4 million for the year ended December 31, 2019 from $2.6 million in 2018. Finance expense includes interest on long term borrowings, amortization of loan issuance costs, amortization of warrants, loss on loan modification, interest expense related to lease liabilities, the impact of VAT receivables discounting, and accretion cost on decommissioning provisions.

Foreign currency exchange gains and losses

The foreign exchange loss for the year ended December 31 amounted to $0.6 million in 2019 compared to $3.1 million in 2018 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 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 2019 and 2018.

RESULTS OF DISCONTINUED OPERATIONS

As noted above, the Company's subsidiary Falcon entered into a binding agreement to sell Falcon's 100% interests in the Shoba and Taskuduk production contracts and associated field equipment in Kazakhstan and accordingly the related activities are presented as discontinued operations. Upon Closing, the net revenues less operating costs generated from the production and sale of crude oil from the oilfields will be attributed to the Buyer from the effective date of December 25, 2019 until the Closing date as an adjustment to the purchase consideration.

Kazakhstan oil production increased 47% to 217,813 barrels or an average of 597 bopd for 2019 as compared to 2018 in which the Company produced 147,788 barrels or an average of 405 bopd.

Crude oil sales increased to $2.0 million on 55,682 bbl or $36.56 per bbl for the three months ended December 31, 2019 (2018: $1.6 million on 40,707 bbl or $39.23 per bbl) and to $8.0 million on 216,560 bbl or $36.92 per bbl for the year ended December 31, 2019 (2018: $5.8 million on 146,454 bbl or $39.74 per bbl) due mainly to the higher production and sales volumes.

Proved reserves related to discontinued operations decreased 3% to 1,365 Mbbl as of December 31, 2019 from 1,408 Mbbl as of December 31, 2018 and Proved plus Probable ("2P") reserves decreased 8% to 2,623 Mbbl as of December 31, 2019 compared to 2,854 Mbbl as of December 31, 2018. The reserve values (NPV_{10} after tax) decreased 19% for the Proved reserves to USD 14.8 million as of December 31, 2019 from 18.2 million as of December 31, 2018 and 14% for the Proved plus Probable reserves to USD 31.7 million in 2019 from 37.0 million in 2018.

Overall production costs decreased to $7.00 per bbl for the three months and to $8.48 per bbl for the year ended December 31, 2019 from $11.10 per bbl for the three months and $11.02 per bbl for the year ended December 31, 2018 mainly due to the increase in oil production volumes.

In line with increased oil sales volumes, overall production costs increased to $1.8 million for the year ended December 31, 2019 from $1.6 million in 2018. Production costs are comprised mainly of fuel, heavy equipment, personnel, chemicals, water disposal, safety and maintenance costs.

Transportation and selling expense decreased from $0.4 million for the year ended December 31, 2018 to $nil for the same period in 2019. During 2018 approximately three quarters of the crude oil sales were delivered by truck at the Company's cost to nearby refineries and one quarter were sold at the wellhead and had no related transportation costs whereas in 2019 all crude oil sales were sold at the wellhead.

General and administrative expenses are comprised mainly of personnel, professional services, office, and travel costs and have remained approximately the same at $0.3 million for the year ended December 31, 2019 and 2018.

Depletion and depreciation expense decreased to $1.7 million for the year ended December 31, 2019 from $2.1 million for the same period in 2018 as the Company ceased depletion on assets held for sale on September 23, 2019.

Finance expense remained about the same for the year ended December 31, 2019 at $0.3 million as compared to 2018. Finance expense includes accretion expense on historical cost obligations and accretion cost on decommissioning provisions.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

There are no work commitments related to the Poyraz Ridge or Destan operating licenses in Turkey. Depending on the timing and availability of 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 January 2020, the Company received USD 18.7 million of the Sale Proceeds under the Sale Agreement and repaid all amounts outstanding on the Credit Facility and as of the date of this MD&A, has no long term debt.

COMMITMENTS AND CONTINGENT LIABILITIES

The contractual work commitments for the next twelve months pursuant to the Shoba and Taskuduk production contracts in Kazakhstan are $2.4 million and will be the responsibility of the buyer upon the closing of the Sale Transaction discussed above.

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.

On February 27, 2020, the Company received the 630 day extension to the Zharkamys Contract from the Government of Kazakhstan. The extension period carries additional work commitments of $4.0 million for the first twelve months and is comprised mainly of drilling two exploration wells.

There are no work commitments related to the Poyraz Ridge or Destan operating licenses in Turkey.

To fund work commitments, the Company may require additional funding by generating positive cash flows from operations, securing funding from additional debt or equity financing, disposing of assets, obtaining a farm-in partner or making other arrangements.

OUTSTANDING SHARE DATA

Common shares

As at December 31, 2019 and the date of this MD&A there were 44,165,100 common shares outstanding.

Convertible securities

As at December 31, 2019 and the date of this MD&A, outstanding convertible securities are comprised of 4,271,500 stock options with a weighted average exercise price of $0.95 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, 2019.

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 (2018: $1.3 million) and stock based compensation of $0.1 million (2018: $0.2 million). In the event of termination or change of control, members of key management (excluding directors) are each entitled to two years' annual compensation.

QUARTERLY INFORMATION

The following table sets forth selected financial information of the Company for the eight most recently completed quarters to December 31, 2019:

For the quarter ended (000's except per share amounts) [3]	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**
Sales	895	1,097	1,296	1,881	2,694	2,166	3,207	3,608
Net loss from continuing operations[1]	(6,926)	(2,933)	(2,243)	(1,951)	(4,174)	(4,654)	(1,899)	(931)
Net income (loss) from discontinued operations[1]	1,428	750	872	720	638	137	(3,315)	128
Net loss[1]	(5,498)	(2,183)	(1,371)	(1,231)	(3,536)	(4,517)	(5,214)	(803)
Net loss from continuing operations per share [1]	(0.14)	(0.07)	(0.05)	(0.05)	(0.09)	(0.11)	(0.04)	(0.02)
Net income (loss) from discontinued operations per share [1]	0.02	0.02	0.02	0.02	0.01	0.01	(0.08)	0.003
Net loss per share [2]	(0.12)	(0.05)	(0.03)	(0.03)	(0.08)	(0.10)	(0.12)	(0.02)

1 The net loss in all periods has been impacted by, among other things, production and sales volumes, commodity prices, operating costs, depletion, depreciation and impairment expense, 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: $3.5 million deferred income tax expense in Q2 2018; $3.2 million foreign exchange loss in Q3 2018; $3.8 million impairment expense in Q4 2018 and $4.3 million impairment expense in Q4 2019.

2 Per share amounts are basic and diluted.

3 Prior quarterly information has been restated to reflect discontinued operations.

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 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: 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 (loss) 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 (loss) 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;
- Assets and liabilities held for sale and discontinued operations: the transaction is subject to Government of Kazakhstan approvals, the Company applied judgment in the application of its accounting policies in determining that the transaction met the held for sale criteria at December 31, 2019 and to estimate the Closing date;
- 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

IFRS 16 Leases

Effective January 1, 2019 the Company adopted IFRS 16 "Leases" and International Financial Reporting Interpretation Committee ("IFRIC") 23 "Uncertainty over Income Tax Treatments". The adoption of IFRS 16 and IFRIC 23 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 16 and IFRIC 23 is presented in the Financial Statements.

NEW ACCOUNTING PRONOUNCEMENTS

Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance – in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The new standards and interpretations are not expected to affect significantly the Company's 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 period that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. During the year ended December 31, 2019, 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, 2019 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, 2019.

FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk arises from the possibility that a counterparty to which the Company provides goods or services is unable or unwilling to fulfil their obligations.

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

Carrying amounts as at December 31 (000's)	**2019**	**2018**
Cash and cash equivalents	2,935	1,690
Trade and other receivables	334	843
Other current financial assets	3,911	1,945
Other long term assets	3,610	6,577
	10,790	11,055

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

Credit risk on trade receivables is related mainly to natural gas marketers and the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. During 2019, sales of natural gas and related receivables in Turkey, and sales of condensate in Turkey were each sold to one respective customer and are therefore subject to concentration risk (2018: one respective customer). As at December 31, 2019, the one gas marketer in Turkey represented 100% of outstanding trade receivables (December 31, 2018: one gas marketer in Turkey represented 100%).

Credit risk is mitigated by management's policies and practices. In Kazakhstan, sales are generally made on a 100% pre-payment basis although the Company occasionally extends credit to proven and reliable off-takers on small volumes of crude oil, subject to the off-taker adhering to a strict pre-determined short term payment schedule. 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, 2019 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.

In January 2020, the Company received USD 18.7 million of the Sale Proceeds under the Sale Agreement and repaid all amounts outstanding on the Credit Facility and as of the date of this MD&A, has no long term debt.

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**
As at December 31, 2019					
Accounts payable and accrued liabilities	4,714	-	-	-	4,714
Borrowings including interest until maturity	6,909	-	-	-	6,909
Lease liabilities	47	-	-	-	47
As at December 31, 2018					
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

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, 2019 and 2018.

During the year ended December 31, 2019, the CAD appreciated from 1.36 per 1.00 USD to 1.30, the KZT appreciated from 384.20 per 1.00 USD to 381.18, and TRL depreciated from 5.26 per 1.00 USD to 5.94, which led to a foreign exchange loss of $0.6 million (2018: loss of $3.1 million) related mainly to a portion of USD denominated inter-company loans that are not considered part of the net investment in foreign operations.

During the year ended December 31, 2019, the KZT depreciated from 282 per 1.00 CAD to 292 and TRL depreciated from 3.86 per 1.00 CAD to 4.54 resulting in a $2.2 million translation loss adjustment through equity (2018: loss of $7.0 million).

A $0.01 change in the Canadian dollar to U.S. dollar exchange rate at December 31, 2019 would have changed profit or loss by $0.1 million (2018: $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 and 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, 2019 or 2018.

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;
- potential for prior year tax re-assessments not aligned with previously filled and assessed periods;
- 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;
- medical and health risks inherent with international activities and doing business in foreign countries including travel bans or travel restrictions;
- 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.

OTHER HEALTH RISKS

Condor has offices, activities and operations in various municipalities and rural areas in Canada, the Netherlands, Turkey, Kazakhstan and Uzbekistan. Company personnel are working, stationed and travel to and from these locations on a regular basis. Such personnel are exposed to various concentrated groups of people and locations within and outside the Company for varying lengths of time. Any personnel or visitor becoming infected with a serious illness that has the potential to spread rapidly could place the personnel and the operations of the Company at risk. The 2020 outbreak of the novel coronavirus ("COVID-19") is one example of such an illness. Although the Company takes every precaution to strictly follow industrial hygiene and occupational health guidelines, there can be no assurance that COVID-19 or other infectious illnesses will not negatively impact Condor's personnel or its operations.

RESERVES ADVISORY

This MD&A includes information pertaining to the Evaluation of Crude Oil and Natural Gas Reserves as of December 31, 2019 and as of December 31, 2018 prepared by independent reserves evaluator McDaniel & Associates Consultants Ltd. ("McDaniel"). The reports were prepared by qualified reserves evaluators 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 McDaniel pricing effective December 31, 2019 and 2018, respectively. 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 timing and ability to obtain the signed production contract addendums, the timing and ability to receive the remaining amount due at Closing and the timing and ability to complete the Closing of the Shoba and Taskuduk Sale Agreement; the timing and ability to pursue other growth opportunities; the timing and ability to increase natural gas production and realize commercial gas flow rates for the lower permeability reservoirs; the timing and ability to extend the Heads of Agreement with the Uzbekistan Ministry; the timing and ability to execute a PSA with the Uzbekistan Ministry under favorable terms, or at all; the fields and exploration area to be included in the PSA; the terms and conditions of the PSA including but not limited to royalty rates, cost recovery, profit splits, gas marketing and pricing, governance, baseline production levels and reimbursement methodology; 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 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; 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 the Zharkamys Contract; the timing and ability to obtain a farm-in partner for Yakamoz; the timing and ability to tie the Yakamoz field into the Company's existing gas plant; 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
M	Thousands
scf	Standard cubic feet
scfpd	Standard cubic feet per day
CAD	Canadian dollars
KZT	Kazakhstan tenge
TRL	Turkish lira
USD	United States dollars

* 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.