ANNUAL INFORMATION FORM

For the year ended December 31, 2013

March 26, 2014

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GLOSSARY OF TERMS

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In this annual information form ("AIF"), the terms set forth below have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations thereunder, as amended;

"**Action**" has the meaning given under the heading "Cease Trade Orders, Bankruptcies, Penalties or Sanctions";

"**Agents**" means FirstEnergy Capital Corp., UBS Securities Canada Inc., Raymond James Ltd., Dundee Securities Ltd., Haywood Securities Inc. and Jennings Capital Inc.;

"**AIF**" means annual information form;

"**Antimonopoly Agency**" means the Kazakhstan Agency for Competition Protection;

"**API**" means American Petroleum Institute, but is generally referred to as a degree of gravity that provides a relative measure of crude oil density compared to water. If API gravity is greater than 10, it is lighter than water and floats on water; if it is less than 10, it is heavier than water and sinks;

"**ASC**" means the Alberta Securities Commission;

"**Associated Rights**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**barrel**" means a stock tank barrel, a standard measure of volume for petroleum corresponding to approximately 159 litres, or 42 U.S. gallons;

"**Board**" or "**Condor Board**" means the board of directors of the Company, as constituted from time to time;

"**CIS**" means the Commonwealth of Independent States;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy and Petroleum;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" or "**Condor**" means Condor Petroleum Inc.;

"Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown;

"**Distribution**" has the meaning given under the heading "Description of Share Capital - Common Shares";

"**EurAsia RH**" means EurAsia Resource Holdings AG;

"EurAsia RV" means EurAsia Resource Value SE, which was incorporated on December 19, 2012, as a result of the amalgamation of RV Resource Value Holding PLC ("**RV Resource**") and EurAsia Holding AG;

"**Falcon**" means Falcon Oil & Gas Ltd. LLP, a wholly-owned subsidiary of the Company;

"**First Preferred Shares**" means first preferred shares in the capital of the Company;

"**Gross**" means:

(a) in relation to the Company's interest in production and reserves, its "Company gross reserves", which are the Company's working interest (operating and non-operating) share of gross reserves before deduction of royalties and without including any royalty interest of the Company;

(b) in relation to wells, the total number of wells in which the Company has an interest; and

(c) in relation to properties, the total area of properties in which the Company has an interest;

"**High Plains**" has the meaning given under the heading "Cease Trade Orders, Bankruptcies, Penalties or Sanctions";

"**Kazakhstan**" means the Republic of Kazakhstan;

"**Local Content Amendments**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**Marsel**" means Marsel Petroleum LLP;

"**Marsel Contract**" means the exploration contract, dated July 27, 2007, between the Government of Kazakhstan and Marsel, as amended from time to time;

"**Marsel Sale**" has the meaning given under the heading "General Development of the Business of Condor - Three Year History";

"**Marsel Territory**" means the 18,500 km^2 region in Chu-Sarysu basin in southern Kazakhstan in which Marsel holds oil and gas exploration rights;

"**MEMR**" means the Ministry of Energy and Mineral Resources (Kazakhstan);

"**MINT**" means the Ministry of Industry and New Technologies (Kazakhstan);

"**MOG**" means the Ministry of Oil and Gas (Kazakhstan);

"**MWP**" means the Company's minimum work program for the Zharkamys or Marsel Contract;

"**Net**" means:

(a) in relation to the Company's interest in production and reserves, its "Company net reserves", which are the Company's working interest (operating and non-operating) share after deduction of royalty obligations;

(b) in relation to wells, the number of wells obtained by aggregating the Company's current working interest in each of its gross wells; and

(c) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company;

"**New Horizon**" means New Horizon Energy Inc.;

"**NI 51-101**" means National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" of the Canadian Securities Administrators;

"**NI 52-110**" means National Instrument 52-110 - "Audit Committees" of the Canadian Securities Administrators;

"**Note**" has the meaning given under the heading "General Development of the Business of Condor - Three Year History";

"**Old Subsoil Laws**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**Option Plan**" means the Company's stock option plan, dated August 16, 2010;

"**Options**" means options to purchase Common Shares pursuant to the Option Plan;

"**Order**" has the meaning given under the heading "Executive Officers and Directors - Cease Trade Orders, Bankruptcies, Penalties or Sanctions";

"**Original Oil in Place**" or "**OOIP**" means that quantity of oil that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of oil that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered;

"Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible 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;

"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;

"**Regulatory Framework**" has the meaning given under the heading "Industry Conditions";

"**Second Preferred Shares**" means second preferred shares in the capital of the Company;

"**Sproule International**" means Sproule International Limited, independent petroleum engineers and energy advisors of Calgary, Alberta;

"**Sproule Reserve Report**" means the NI 51-101 compliant report prepared by Sproule International entitled "Evaluation of the P&NG Reserves of Condor Petroleum Inc. in the Shoba and Taskuduk West Fields, Zharkamys West 1 Territory, Kazakhstan (As of December 31, 2013)" having a preparation date of January 2014 through March 2014, and an effective date of December 31, 2013;

"**Subsoil Law**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**TSX**" means the Toronto Stock Exchange;

"Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned;

"**Zharkamys**" means the 3,777 km^2 Zharkamys West 1 territory in the Pre-Caspian basin in western Kazakhstan in which Falcon holds oil and gas exploration rights;

"**Zharkamys Contract**" means the exploration contract dated August 27, 2007, between the Government of Kazakhstan and Falcon, as amended from time to time;

Certain other terms used in this AIF but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101. Unless otherwise noted, the Company's production volumes disclosed herein are based on the Company's working interest production before deduction of royalties paid to others.

The estimates of reserves, resources and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves, resources and future net revenue for all properties, due to the effects of aggregation. Words importing the singular number include the plural and vice versa and words importing any gender include all genders. All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated.

ABBREVIATIONS, TERMS AND CONVERSIONS

Abbreviations

In this AIF, the abbreviations set forth below have the following meanings:

bopd	barrels of oil per day	mmbbl	million barrels of oil
bbl	barrels of oil	mmcf	million cubic feet
boe	barrel of oil equivalent	mmcf/d	million cubic feet per day
cf	cubic feet	NGL	natural gas liquid
km	Kilometers	$M	thousand dollars
km^2	square kilometers	$MM	million dollars
mbbl	thousand barrels	$/bbl	Cdn dollars per barrel
mboe	thousand barrels of oil equivalent	2D	two dimensional
mcf	thousand cubic feet	3D	three dimensional

Conversions

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
mcf	cubic meters	28.174
cubic meters	cubic feet	35.494
bbl	cubic meters	0.159
cubic meters	bbl	6.290
litre	bbl	0.0063
miles	km	1.609
km	miles	0.621
feet	meters	0.305
meters	feet	3.281

Note Regarding Barrel of Oil Equivalency

The term "boe" may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas per barrel of oil (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead.

MARKET AND INDUSTRY DATA

This AIF contains certain statistical, market and industry data obtained from government or other industry publications and reports or based on estimates derived from same and management's knowledge of, and experience in, the markets in which the Company operates. Government and industry publications and reports generally indicate that information has been obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Further, certain of these organizations are participants in, or advisors to participants in, the oil and natural gas industry, and they may present information in a manner that is more favourable to the industry than would be presented by an independent source. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying assumptions relied upon by such sources.

NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this AIF and the documents incorporated by reference constitute forward looking statements. These statements may relate to future events or the Company's future performance. All statements other than statements of historical fact are forward looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. No assurance can be given that these expectations will prove to be correct and such forward looking statements included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF. In addition, this AIF may contain forward looking statements and forward looking information attributed to third party industry sources.

Without limitation, this AIF contains forward looking statements pertaining to the following:

- the resource potential of the Company's assets;
- the Company's growth strategy and opportunities;
- the Company's capital expenditure programs;
- the estimated quantity and value of the Company's crude oil, natural gas and NGL reserves and resources;
- the Company's expectations regarding costs and commodity prices;
- the timing of commencement of certain of the Company's operations and the level of production anticipated by the Company;
- the potential for production disruption and constraints;
- supply and demand fundamentals for crude oil, natural gas and NGLs;
- the Company's drilling plans;
- the Company's plans for, and results of, exploration and development activities;
- the timing of closing of the Sagiz Oil Terminal purchase;
- the timing and implementation of Phase 2 and Phase 3 plans and strategies at Zharkamys;

- the timing and ability to obtain various approvals, including development contracts, at Zharkamys; and
- the Company's treatment under governmental regulatory regimes and tax laws.

With respect to forward looking statements and forward looking information contained in this AIF, assumptions have been made regarding, among other things:

- future commodity prices being consistent with those forecast in the Sproule Reserve Report;
- the Company's ability to obtain qualified staff and equipment in a timely and cost efficient manner;
- the regulatory framework governing royalties, taxes and environmental matters in Kazakhstan and any other jurisdictions in which the Company may conduct its business in the future;
- the Company's ability to market crude oil, natural gas and NGL production;
- the Company's future production levels meeting those estimated in the Sproule Reserve Report;
- the applicability of technologies for recovery and production of the Company's oil, natural gas and NGL reserves and resources;
- the recoverability of the Company's crude oil, natural gas and NGL reserves and resources;
- the ability to obtain and the timing of regulatory approvals;
- future development plans for the Company's assets proceeding substantially as currently envisioned;
- future capital expenditures to be made by the Company;
- future cash flows from production meeting the expectations stated herein;
- the Company's future debt levels;
- operating costs;
- geological and engineering estimates in respect of the Company's resources;
- the geography of the areas in which the Company is exploring;
- the impact of increasing competition on the Company; and
- the Company being able to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth below and included elsewhere in this AIF under the heading "Risk Factors", including:

- general economic, market and business conditions, including volatility in foreign currency exchange rates in Kazakhstan, which could potentially impact cost of services, the price received for crude oil sales, and the Canadian dollar denominated accounting carrying value of assets and liabilities on the Company's consolidated financial statements;

- volatility in market prices for crude oil, natural gas and NGLs, marketability and hedging activities related thereto;
- risks related to the exploration, development and production of crude oil, natural gas and NGL reserves and resources;
- risks inherent in the Company's international operations, including security and legal risks in Kazakhstan;
- risks related to the timing of completion of the Company's projects;
- competition for, among other things, capital, the acquisition of resources and skilled personnel;
- actions by governmental authorities, including changes in government regulation, re-assessments of environmental obligations and liabilities, and taxation;
- environmental risks and hazards;
- failure to accurately estimate abandonment and reclamation costs, or additional liabilities assessed by regulatory bodies outside of the Company's control;
- failure of third parties' reviews, reports and projections to be accurate;
- the availability of capital on acceptable terms;
- political and security risks;
- the failure of the Company or the holder of certain licenses or leases to meet specific requirements of such licenses or leases;
- adverse claims made in respect of the Company's properties or assets;
- failure to engage or retain key personnel;
- potential losses which could result from disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Company relies to transport crude oil, natural gas and NGLs;
- uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and resources;
- failure to acquire or develop replacement reserves and resources;
- geological, technical, drilling and processing problems, including the availability of equipment and access to properties;
- failure by counterparties to make payments or perform their operational or other obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties;
- current or future financial conditions, including fluctuations in interest rates, foreign exchange rates, inflation, commodity prices, and stock market volatility;
- disruption of production or production not occurring in sufficient quantities;
- reliance on third parties to execute the Company's strategy; and
- increasing regulations affecting the Company's future operations.

In addition, information and statements in this AIF relating to "reserves" and "resources" are deemed to be forward looking information and statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive.

The forward looking statements included in this AIF and the documents incorporated by reference are expressly qualified by this cautionary statement and are made as of the date of this AIF. The Company does not undertake any obligation to publicly update or revise any forward looking statements except as required by applicable securities laws.

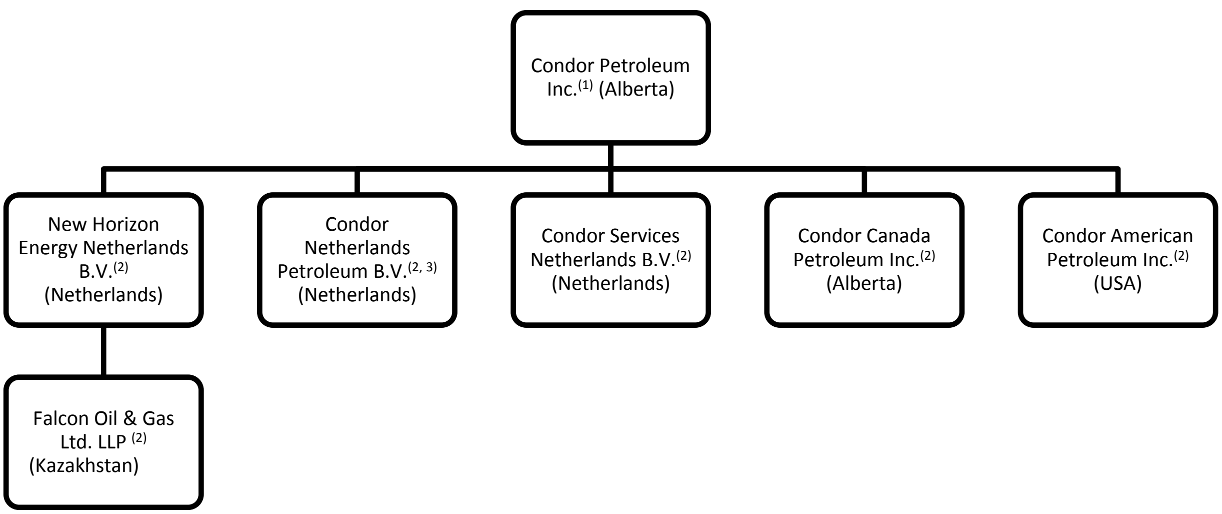
INCORPORATION AND STRUCTURE

Company Structure

Condor Petroleum Inc. was incorporated on October 20, 2006, pursuant to the ABCA. By Articles of Amendment dated September 26, 2007, the share structure of Condor was reorganized by changing the issued and outstanding Class "A" common shares into common shares on a 1:1 basis and removing the authorized Class "B" common shares and Class "C" common shares. By Articles of Amalgamation dated August 16, 2010, Condor and New Horizon amalgamated under the ABCA in accordance with the terms of an amalgamation agreement entered into between New Horizon and Condor on December 28, 2009.

The registered office and head office of Condor is located at 2400, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4.

The following diagram illustrates Condor's subsidiaries, together with their respective jurisdictions of incorporation and the percentage of voting securities beneficially owned or controlled or directed, directly or indirectly, by Condor as of the date hereof:



Notes:

(1) Approximately 49.9% of Condor is owned, directly and indirectly, by EurAsia RV, which is incorporated under the laws of Cyprus
(2) 100% owned
(3) As at December 31, 2013, Condor Netherlands Petroleum B.V. held a 66% participating interest in Marsel Petroleum LLP, which was disposed of, along with certain indebtedness of Marsel, on January 28, 2014, for US $88.0 million.

INFORMATION CONCERNING CONDOR AND ITS BUSINESS

General Description of the Business

Summary

Condor is a publicly traded oil and gas company engaged, through its subsidiaries, in exploration and production activities in Kazakhstan.

Kazakhstan - Zharkamys

Condor owns a 100% interest in the Zharkamys West 1 territory in western Kazakhstan. The Zharkamys Contract with the Government of Kazakhstan is currently in the exploration period until August 27, 2015. Upon commercial discovery, the Company has the exclusive right to enter the development period by executing a development contract.

During 2010 and 2011 the Company acquired 2,532 km^2 of high fold, high resolution 3D seismic, covering 87% of the original Zharkamys Contract Area. Pre-stack time migration ("PSTM") and pre-stack depth migration processing ("PSDM") has been completed on the entire dataset, providing excellent subsurface imaging of the Zharkamys territory.

In addition to appraisal and development plans on existing discoveries, Zharkamys offers drilling opportunities on multiple un-drilled structures that have been seismically defined but not yet fully explored and contains several geologic play types that were not previously pursued on the Contract Area. Zharkamys is in a region with established infrastructure including oil terminals, oil pipeline and a rail system. Thus far, the Company has made two commercial oil discoveries at Zharkamys at Shoba and Taskuduk West and discoveries at Ebiety and Kiyaktisai require further appraisal.

According to the Sproule Reserve Report, Zharkamys had Company gross Probable reserves of 2.2 mmbbl (2.1 mmbbl net) and Company gross Probable plus Possible reserves of 4.0 mmbbl (3.8 mmbbl net) as at December 31, 2013.

The Shoba trial production period commenced in September 2012 permitting continuous production from five wells at the Shoba field. The trial production permit excludes the Shoba 8 well, which produced an average of 147 bopd during eighty two days of testing during 2012 and limits the volume of gas flaring. Shoba production is expected to increase as the treatment facilities are optimized and as development wells are drilled with forecasted peak production of 1,200 bopd based on the development plan, which includes drilling 5 horizontal wells and sidetracking of 1 existing Shoba well, which are expected to be drilled in the second half of 2014 and first half of 2015, and production from 5 existing wells. Development is also expected to include the drilling of 4 water injection wells and a gas reinjection well, and conversion of one existing Shoba well to a water injector.

Kazakhstan – Marsel

The Company's wholly owned subsidiary, Condor Netherlands Petroleum B.V. entered into a sale and purchase agreement on April 22, 2013 to sell its 66% participating interest in and certain indebtedness of Marsel for U.S. $88.0 million and the transaction was completed on January 28, 2014.

At December 31, 2013, the Company owned a 66% interest in the Marsel Territory in south eastern Kazakhstan. The Marsel Contract with the Government of Kazakhstan is currently in the exploration period until March 27, 2015 and provides for, upon approval, an additional two year extension. Upon commercial discovery, Marsel has the exclusive right to enter the development period by executing a development contract. No reserves have been as assigned to the Marsel Territory as at December 31, 2013. The Marsel Territory currently has no assigned reserves.

GENERAL DEVELOPMENT OF THE BUSINESS OF CONDOR

Three Year History

2011

On February 16, 2011, the Company received approval for the first two year extension of the Zharkamys Contract and the related MWP was increased by U.S. $12.0 million.

On March 31, 2011, the Company entered into an agency agreement (the "**Agency Agreement**") with the Agents pursuant to which the Agents acted as agents in connection with the initial public offering of Common Shares of the Company. On April 12, 2011, the Company completed the initial public offering of 57,142,857 Common Shares at a price of $1.40 per Common Share raising total gross proceeds of CDN$80.0 million and the Common Shares commenced trading on the TSX under the symbol "CPI". The prospectus filed in connection with the initial public offering also qualified for distribution 36,000,000 Common Shares issuable on the deemed exercise of special warrants issued by the Corporation pursuant to a special warrant offering that was completed on December 15, 2010 and December 20, 2010. Pursuant to the Agency Agreement, the Company also granted the Agents an over-allotment option to purchase up to 15% of the number of Common Shares sold under the initial public offering for a period of 30 days after closing.

On May 12, 2011, the Agents partially exercised the over-allotment option granted to them pursuant to the initial public offering and purchased an additional 5,445,563 Common Shares, at a price of CDN$1.40 per Common Share, for gross proceeds to the Company of approximately $7.6 million.

On October 18, 2011, the Company received approval for the first two year extension of the Marsel Contract and agreed to increase the MWP by US$17.4 million over the period to July 27, 2014.

2012

The Shoba trial production period commenced in September 2012 permitting continuous production from five wells at the Shoba field within Zharkamys.

During the Marsel Contract year ended July 27, 2012, the Marsel Territory experienced unusually cold weather, well above average precipitation and significant flooding in the region which affected the Company's ability to complete the planned exploration activities. As a result, the Government of Kazakhstan recognized force majeure conditions at the Marsel Territory and extended the contract period to complete the required performance obligations to March 27, 2015.

2013

The Company's wholly owned subsidiary, Condor Netherlands Petroleum B.V., entered into a sale and purchase agreement on April 22, 2013, to sell its 66% participating interest in and certain indebtedness of Marsel for US $88.0 million (the "**Marsel Sale**"). The required Marsel Sale consents and waivers from the Government of Kazakhstan were received and on January 28, 2014 the Marsel Sale was completed. US $83 million was received in February, 2014, and US $5 million is due from the buyer on July 27, 2014.

During 2013, the Company received approval for the second two year extension of the Zharkamys Contract and the MWP for the contract was increased by U.S. $12.0 million.

On August 8, 2013, Zharkamys was expanded by 43% or 1,167 km^2. The expansion area has been added to the current exploration contract and the company is proposing an increase to the MWP of $2.9 million. The MWP approval has yet to be received and the actual increase could be different from the requested amount.

On September 16, 2013, the Company issued a senior unsecured note in the principal amount of $15,000,000 (the "**Note**") bearing interest at 16% per annum with 1% paid on closing and the remaining 15% accruing daily and payable quarterly in arrears. In February, 2014, upon receipt of the Marsel Sale proceeds, the full amount of principal and the equivalent of nine months interest, less interest paid to date, was due and paid to the Note holder.

OIL AND NATURAL GAS RESERVES, PROPERTIES AND PROSPECTS

Condor has a 100% interest in Zharkamys in the Pre-Caspian basin in western Kazakhstan and at December 31, 2013 owned a 66% interest in the Marsel Territory in the Chu-Sarysu basin region of south Kazakhstan. Pursuant to the Marsel Sale, Condor disposed of its interest in Marsel on January 28, 2014.

The following paragraphs describe Condor's principal properties. Readers are cautioned that the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. References to reserves in the following property descriptions are to Condor's working interest (operating and non-operating) share of reserves before deducting royalties and without including any royalty interest of Condor.

Kazakhstan Oil and Gas Operations

Information regarding Condor's principal properties in Kazakhstan is summarized below. Unless otherwise stated, operational information provided below for Condor's Kazakhstan principal properties with respect to 2013 is provided for the year-ended December 31, 2013.

The following map depicts the location of Zharkamys in Kazakhstan:

Zharkamys

The Company owns a 100% interest in Zharkamys in western Kazakhstan. The Zharkamys Contract with the Government of Kazakhstan is currently in the exploration period until August 27, 2015. Upon commercial discovery, the Company has the exclusive right to enter the development period by executing a development contract.

Based on a review of previous operator's 2D seismic data, well results and an understanding of the challenges associated with a mobile salt geological setting, a strategic approach was developed early in the exploration phase of Zharkamys to acquire high-fidelity 3D seismic. This seismic was designed to image below, within, on the flanks and over the top of the salt structures that define the geological framework.

2,532 km^2 of 3D seismic was acquired between 2010 and 2011 and subsequently processed using not only PSTM but also PSDM in order to image the flanks, within and under the salt structures. The PSTM was completed in tranches, between 2010 and 2012, and allowed for early interpretation of the seismic, leading to the recognition of multiple shallow prospects above the salt. The seismic quality exceeded Condor's expectations and in review with outside technical experts, has been affirmed as being superior quality for most on-land sub-salt imaging.

As Zharkamys exploration was tied to the timing of 3D seismic acquisition and processing, a phased exploration strategy was developed for the block which focused early drilling on shallow prospects. This approach allowed for early calibration of the seismic to well information, which was then utilized in the PSDM processing, which was completed in January, 2013.

The phased exploration strategy consists of three phases. Phase 1 targets the shallow Post-Salt with well depths up to 2,000 meters, utilizing the PSTM data sets. Phase 2 requires the use of PSDM and focuses on deeper, higher impact Primary Basin prospects from 2,000 to 5,000 meters. Phase 3 targets structures in the Lower Permian and Upper Devonian formations in the Pre-Salt, with drill depths up to 7,500 meters.

Fifteen Phase 1 exploration wells utilizing the 3D PSTM data set were drilled between 2011 and 2013. The drilling campaign resulted in two new pool discoveries at Shoba and Taskuduk West with a third discovery at Ebeity that is pending further appraisal to assess commerciality. Six appraisal wells have been drilled at Shoba and further drilling is planned on the structure in 2014 as part of the appraisal plan for the field.

Kiyaktysai North East 201 ("KN-E") was the first totally salt encapsulated Phase 2 Primary Basin well drilled at Zharkamys and it resulted in a light oil discovery. The first Phase 2 appraisal well, KN-E-202, was drilled in the second quarter of 2013. These areas will be evaluated with the planned appraisal program in 2014.

The following table sets forth Condor's Probable plus Possible reserves and the net present value of reserves as at the year ended December 31, 2013, on its Kazakhstan properties:

Ranking Of Zharkamys Properties (As of December 31, 2013)

	Condor Gross Reserves (Probable + Possible)			Before Income Taxes Net Present Value Discounted At:		% Of Total (discounted at 10%)
Property	**Oil mbbl**	**Gas mmcf**	**NGLs mbbl**	**0% M$**	**10% M$**	**%**
Shoba	3,761	-	-	102,829	54,764	90%
Taskuduk West	196	-	-	7,116	6,034	10%
TOTAL	**3,957**	**-**	**-**	**109,944**	**60,798**	**100%**

STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION

Disclosure of Reserves Data

Condor engaged Sproule International to prepare reports relating to Condor's interests in oil and gas properties in Kazakhstan, as of December 31, 2013. The information set forth below relating to Condor's reserves constitutes forward looking information which is subject to certain risks and uncertainties. See "Special Note Regarding Forward-Looking Statements" and "Risk Factors".

The preparation date of the Sproule Report is January 2014 through March 2014. The pricing used in the forecast price evaluations is presented in Table 5. Columns and rows may not add in the following tables due to rounding.

The evaluations were prepared in accordance with the standards contained in the COGE Handbook and the reserves definitions contained in NI 51-101. The Reports on Reserves Data by Sproule International in Form 51-101F2 and the Report of Management and Directors on Reserves Data and Other Information in Form 51-101F3 are attached as Schedule 2 and Schedule 3 respectively, hereto.

All evaluations of future revenue are after the deduction of royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. It should not be assumed that the estimated future net revenue shown below is representative of the fair market value of Condor's properties. There is no assurance that the forecast price and cost assumptions contained in the Sproule Reserve Report will be attained and variances could be material. The recovery and reserve estimates of crude oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided herein. Natural gas and natural gas liquids reserves have not been assigned to the Shoba and Taskuduk West Properties. Six mcf of natural gas and 1 bbl of NGL are each deemed to be equivalent to 1 bbl of oil. Disclosure provided herein in respect of boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The following disclosure includes Possible reserves. Possible reserves are those additional reserves that are less certain to be recovered than Probable reserves. There is a 10% probability that the quantities actually recovered will be equal or exceed the sum of Proved, Probable plus Possible reserves. Probable plus Possible reserves is an arithmetic sum of Probable plus Possible reserves, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of each individual class of reserves and appreciate the differing probabilities of recovery associated with each class.

Reserves Data (Forecast Prices and Costs)

Table 1
NI 51-101
Summary of Oil and Gas Reserves
Zharkamys West 1 Territory, Kazakhstan
as of December 31, 2013
Forecast Prices and Costs

Reserves

	Light and Medium Oil		Heavy Oil		Natural Gas (associated and non-associated)		Natural Gas Liquids	
Reserve Category	**Gross Mbbl**	**Net Mbbl**	**Gross Mbbl**	**Net Mbbl**	**Gross MMcf**	**Net MMcf**	**Gross Mbbl**	**Net Mbbl**
Probable	2,217	2,113						
Possible	1,740	1,657						
Total Probable plus Possible	**3,957**	**3,770**						

Reference: Item 2.1(1) of Form 51-101F1
Values may not add due to rounding

Table 2
NI 51-101
Summary of Net Present Values of Future Net Revenue
Zharkamys West 1 Territory, Kazakhstan
as of December 31, 2013
Forecast Prices and costs

	Before Income Taxes Discounted at (%/year)					After Income Taxes Discounted at (%/year)					Unit Value Before Income Tax Discounted at 10%/Year
Reserve Category	**0 (M$US)**	**5 (M$US)**	**10 (M$US)**	**15 (M$US)**	**20 (M$US)**	**0 (M$US)**	**5 (M$US)**	**10 (M$US)**	**15 (M$US)**	**20 (M$US)**	**($US/BOE)**
Probable	**42,164**	**33,074**	**26,138**	**20,752**	**16,504**	**42,164**	**33,074**	**26,138**	**20,752**	**16,504**	12.37
Possible	**67,780**	**47,479**	**34,660**	**26,190**	**20,367**	**65,059**	**45,990**	**33,814**	**25,694**	**20,068**	20.92
Total Probable plus Possible	**109,944**	**80,553**	**60,798**	**46,942**	**36,871**	**107,223**	**79,064**	**59,952**	**46,446**	**36,572**	16.13

Reference Item 2.1(2) of Form 51-101F1
Notes:
NPV of FNR include all resource income:
Sale of oil, gas, by-product reserves
Processing third party reserves
Other income
Income Taxes:
Includes all resource income
Applies appropriate income tax calculations
Includes prior tax pools
Unit Values are based on net reserve volumes
BOE Equivalent: 6 Mcf = 1 BOE

Values may not add due to rounding

Table 3 NI 51-101 Total Future Net Revenue (Undiscounted) Zharkamys West 1 Territory, Kazakhstan as of December 31, 2013 Forecast Prices and Costs								
Reserve Category	**Revenue (M$US)**	**Royalties & Other Burdens (M$US)**	**Operating Costs (M$US)**	**Development Costs (M$US)**	**Well Abandonment & Other Costs (M$US)**	**Future Net Revenue Before Income Tax (M$US)**	**Income Tax (M$US)**	**Future Net Revenue After Income Tax (M$US)**
Probable	210,761	67,860	74,085	25,469	1,182	42,164	0	42,164
Probable plus Possible	398,252	127,277	134,261	25,469	1,300	109,944	2,721	107,223

Reference Item 2.1(3)(b) of Form 51-101F1

Table 4 NI 51-101 Net Present Value of Future Net Revenue by Production Group as of December 31, 2013 Forecast Prices and Costs			
Reserve Category	**Production Group**	**Future Net Revenue Before Income Taxes Discounted at 10%/Year (M$US)**	**Unit Value Before Income Taxes Discounted at 10%/Year ($US/BOE)**
Total Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	26,138	12.37
	Heavy Oil (inclucing solution gas and associated by-products)		
	Coalbed Methane		
	Natural Gas (including associated by-products)		
Total Probable plus Possible	Light and Medium Crude Oil (including solution gas and associated by-products)	60,798	16.13
	Heavy Oil (inclucing solution gas and associated by-products)		
	Coalbed Methane		
	Natural Gas (including associated by-products)		

Reference Item 2.1(3)(c) of Form 51-101F1

Unit Values are based on net reserve volumes

BOE Equivalent: 6 Mcf = 1 BOE

Table 5
NI 51-101
Summary of Selected Price Forecasts and
Cost Inflation Rate Assumptions
As of December 31, 2013
Forecast Prices and Costs

Year	WTI Cushing Oklahoma ($US/bbl)	Russian Urals ($US/bbl)	Domestic Oil Price[2] ($US/bbl)	Inflation Rate[3] (%/Yr)	Exchange Rate[4] ($US/$Cdn)
Historical					
2010	79.43	77.62		1.2	0.971
2011	95.00	108.70		1.6	1.012
2012	94.19	110.50		1.3	1.001
2013	97.98	106.79		0.8	0.971
Forecast					
2014	94.65	107.56	54.40	1.5	0.940
2015	88.37	102.21	55.22	1.5	0.940
2016	84.25	94.19	56.04	1.5	0.940
2017	95.52	105.61	56.88	1.5	0.940
2018	96.96	107.19	57.74	1.5	0.940
2019	98.41	108.80	58.60	1.5	0.940
2020	99.89	110.43	59.48	1.5	0.940
2021	101.38	112.09	60.38	1.5	0.940
2022	102.91	113.77	61.28	1.5	0.940
2023	104.45	115.47	62.20	1.5	0.940
Escalation Rate of 1.5%/Yr Thereafter					

(1) This summary table identifies benchmark reference pricing schedules that might apply to a *reporting issuer*.
(2) Reference price for Zharkamys West 1 crude oil sold to the domestic market. During the period from January 1, 2014 through December 31,2014, crude oil sold domestically in Kazakhstan is expected to be sold at the well site facilities at the price of US $ 35.47 / bbl.
(3) Inflation rates for forecasting prices and costs.
(4) Exchange rates used to generate the benchmark reference prices in this table.

Notes:
Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

Reference Item 3.2 of Form 51-101F

Table 6 **NI 51-101** **Zharkamys West 1 Territory, Kazakhstan: Reconciliation of Company Gross[1] Reserves (Before Royalty)** **by Principal Product Type** **As of December 31, 2013** **Forecast Prices and Costs**												
Factors	Light and Medium Oil			Natural Gas			Natural Gas Liquids			Barrels of Oil Equivalent		
	Gross Probable (Mbbl)	Gross Possible (Mbbl)	Gross Probable plus Possible (Mbbl)	Gross Probable (MMcf)	Gross Possible (MMcf)	Gross Probable plus Possible (MMcf)	Gross Probable (Mbbl)	Gross Possible (Mbbl)	Gross Probable plus Possible (Mbbl)	Gross Probable (Mboe)	Gross Possible (Mboe)	Gross Probable plus Possible (Mboe)
December 31, 2012	2,123	1,635	3,758							2,123	1,635	3,758
Extensions												
Improved Recovery												
Technical Revisions	205	105	310							205	105	310
Discoveries												
Acquisitions												
Dispositions												
Economic Factors												
Production	(111)		(111)							(111)		(111)
December 31, 2013	2,217	1,740	3,957							2,217	1,740	3,957

(1) Gross Reserves means the Company's working interest reserves before calculation of royalties, and before consideration of the Company's royalty interests.

Refernce: Item 4.1 of Form 51-101F1.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are generally those reserves related to planned infill drilling locations. Such reserves may also relate to wells that have been drilled and not yet tied in because of seasonal access issues, the need for further testing of the wells or construction of pipelines and production facilities for the well.

Kazakhstan Properties

The Company's P&NG reserves in Kazakhstan are located in the Shoba and Taskuduk West fields, located in Zharkamys in the Aktobe Province of Western Kazakhstan. These reserves are designated within the Probable category as Kazakhstan regulatory approval for development has not yet been received. Plans for future development of these undeveloped reserves (based on Forecast Prices) are summarized below:

Shoba

The Shoba field was discovered in 2011 with the drilling of the Shoba 1 well and two additional appraisal wells followed in 2011. In 2012, the structure was further delineated with the drilling of four appraisal wells. Reserves have been volumetrically estimated in the evaluation of reserves as of December 31, 2013. For Shoba, a detailed geologic model has been developed, yielding an OOIP estimate of 17.5 mmbbl. The model uses reservoir rock and fluid properties that were obtained from core analysis, well logs, and PVT data. Recovery factors have been estimated from analytical calculations based on data from initial production tests and comparison to analogous reservoirs with established recovery factors and long term production histories. Although Probable and Possible reserves have been assigned to Shoba, no Proved reserves have been assigned at this time as no commercial production contract is currently in place. Company gross Probable reserves of 2,069 mbbls have been calculated based on the preliminary development plan. Company gross Probable plus Possible reserves of 3,761 mbbls have also been assigned, based on the previously mentioned development plan.

The Shoba oil is a high quality 34 API medium crude. The Probable reserves are forecast to be recoverable from the development of the field by drilling 5 horizontal wells and sidetracking 1 existing Shoba well, which are expected to be drilled in the second half of 2014 and first half of 2015, and production from 5 existing wells. Development will also include the drilling of 4 water injection wells and a gas reinjection well. Additionally, 1 existing well is planned to be converted to a water injector. Shoba trial production commenced in September 2012 and allows for continuous production from 5 Shoba wells. The trial production period is permitted to continue until mid-2014. The Company is seeking to extend trial production until 2015 when a production contract is expected to be signed and commercial development will begin.

The development program is structured to conform to the Kazakhstan Subsurface User Law regulations.

Taskuduk West

The Company's portion of Taskuduk West is the southern extension of the main field which is located to the north of the Zharkamys boundary which is owned and operated by a third party. The field was discovered in 2008 with the drilling of the TasWest 3 well. An appraisal well, TasWest 4, was drilled in 2011.

Reserves for Taskuduk West have been estimated following the same methodology used at Shoba. An OOIP estimate of 1.0 million barrels has been calculated, while company gross Probable reserves of 148 mbbls and company gross Probable plus Possible reserves of 196 mbbls have been assigned. No Proved reserves have been assigned at this time. Taskuduk West oil is characterized as medium gravity crude of 35 API.

These reserves are expected be put on stream once regulatory approval for commercial production is received. Current development plans are to construct field production facilities for Condor's two wells in the first half of 2014.

Significant Factors or Uncertainties

The Shoba development plan includes the 5 horizontal development wells and 1 horizontal sidetrack from an existing well. All Shoba wells drilled to date have been vertical wells and as such the productivity of horizontal wells at Shoba has not yet been tested; a number of additional factors which are beyond Condor's control can significantly affect the reserves, including product pricing, royalty and tax regimes, changing operating and capital costs, surface access issues, availability of services and processing facilities and technical issues affecting well performance. See "Risk Factors".

Future Development Costs

The following table sets forth the development costs deducted in the estimation of future net revenue attributable to each of the following reserves categories contained in the Sproule Reserve Report:

	Total Proved Future Development Costs Using Forecast Prices and Costs ($M)	**Total Probable Future Development Costs Using Forecast Prices and Costs ($M)**	**Total Proved Plus Probable Future Development Costs Using Forecast Prices and Costs ($M)**
2014	-	15,586	**15,586**
2015	-	9,883	**9,883**
2016 – 2021	-	-	**-**
Total for all remaining years	-	-	**-**
Total, undiscounted	-	25,469	**25,469**

Future development costs are expected to be funded from a combination of the following: the proceeds of the Marsel Sale, operational cash flow, debt and equity financings and/or farm out arrangements with other companies. The timing of such funding may influence the timing of the developmental work expenditures. There can be no guarantee that funds will be available or that the Board of Directors of the Company will allocate funding to develop all of the reserves requiring development in the Sproule Reserve Report. Failure to develop such reserves could negatively impact future net revenue. See "Special Note Regarding Forward Looking Statements".

Other Oil and Gas Information

Crude Oil and Gas Properties and Wells

The following table sets forth the number of crude oil and natural gas wells in which Condor held a working interest as at December 31, 2013:

	Crude Oil		Natural Gas	
	Gross(1)	**Net(1)**	**Gross(1)**	**Net(1)**
Alberta, Canada				
Producing	1	1	-	-
Non-producing	2	1.8	-	-
Kazakhstan				
Producing	3	3	-	-
Non-producing	11	11	-	-
Total	**17**	**16.8**	**-**	**-**

Note:

(1) "**Gross Wells**" are the total number of wells in which Condor has an interest. "**Net Wells**" are the number of wells obtained by aggregating Condor's working interest in each of its gross wells.

<u>Kazakhstan – Zharkamys</u>

Condor owns a 100% interest in Zharkamys, which is a 3,777 km^2 exploration property located in western Kazakhstan. The Zharkamys Contract was signed on August 27, 2007 with the Government of Kazakhstan and is currently in the exploration period until August 27, 2015 and provides the rights for exploration but requires various further approvals to produce any hydrocarbons encountered. During the exploration period, exploration and appraisal wells that encounter hydrocarbons may, upon approval, be tested and produced for an initial ninety day period for each zone of interest. After the initial ninety day test period or periods, an approved trial production project is required to for continuous production, potentially within certain limitations and restrictions. The term and volumes of production during the trial production period depend on the term and inspection level of each exploration or appraisal well. During these respective test periods, all production is required to be sold and delivered to refineries in Kazakhstan.

During, or upon completion of the trial production periods, any field with a commercial discovery may be transferred into the development period, following which no further approvals are required for continuous production. As a matter of law and pursuant to the terms of the Zharkamys Contract, upon commercial discovery, the Company has the exclusive right to enter the development period by executing a development contract. For a commercial discovery to be approved and a development contract to be executed, a range of project documentation must be prepared including a feasibility study and a technological development plan. This documentation is subject to approval by the relevant state authorities. If granted, these approvals will provide the grounds upon which a development contract will be executed, and will further determine, among other things, any domestic sales obligation and/or any obligations to utilize associated gas imposed on Condor.

The Zharkamys Contract will terminate on August 27, 2015, subject to the availability of extensions, if no commercial discovery is made or no decision to enter into production is announced as a result of exploration activities that commenced prior to August 27, 2015. Any exploration period extensions or subsequent development periods would likely carry additional contractual work commitments, which could be significant. The violation of certain provisions of the Zharkamys Contract, bankruptcy of Falcon or failure to complete obligations under the exploration work program could lead to fines, suspensions or the premature termination of the Zharkamys Contract by the Government of Kazakhstan. Termination of the Zharkamys Contract for any reason does not release Falcon from its obligation to restore Zharkamys to pre-exploration condition. Upon the expiry of the Zharkamys Contract, all geological information, however acquired, shall become the property of the Government of Kazakhstan. During the term of the Zharkamys Contract, the Government of Kazakhstan has a priority right to purchase oil and natural gas produced by Zharkamys at rates not exceeding world market prices and it has the right to control the transfer of the license to a third party. See "Risk Factors - Risks Relating to Operating in Kazakhstan".

Contractual work commitments are amended from time to time in accordance with exploration and development activities proposed by the Company and approved by the Government of Kazakhstan, and the amounts could be significant. In addition, any exploration period extensions or subsequent development periods would likely carry additional contractual work commitments, which could be significant. Non-fulfilment of contractual work commitments in Kazakhstan could result in punitive actions by the Government of Kazakhstan including suspending or revoking the contract. Financial contractual work commitment shortfalls may be subject to penalties of 30% of the shortfall. Condor's MWP fulfillment has not been verified by the Government and remains open for inspection. See "Industry Conditions".

The following table sets forth the MWP for the Zharkamys Contract for the balance of the exploration term of the contract as at December 31, 2013:

	2014	**2015**	**Total**
Zharkamys work commitments (in millions of US$)	9.1	9.7	**18.8**

Properties with no attributed reserves

<u>Marsel</u>

The Company's wholly owned subsidiary, Condor Netherlands Petroleum B.V. entered into a sale and purchase agreement on April 22, 2013 to sell its 66% participating interest in and certain indebtedness of Marsel for U.S. $88.0 million and the transaction was completed on January 28, 2014.

At December 31, 2013, the Company operated the Marsel Territory in south eastern Kazakhstan in which the Company owned a 66% interest in 4,571,350 acre exploration property (3,017,091 net acres). The Marsel Contract with the Government of Kazakhstan is currently in the exploration period until March 27, 2015 and provides for, upon approval, an additional two year extension. No reserves have been assigned to the Marsel Territory.

Forward contracts

As at December 31, 2013, the Company was not bound by any agreements which may impact the realization of future market prices for its oil and gas production. The Company has no transportation obligations or commitments for future deliveries which exceed its expected related future production from Proved reserves, as estimated using forecast prices and costs.

Additional information concerning abandonment and reclamation costs

Condor follows the Canadian Institute of Chartered Accountants' standard on decommissioning obligations. This standard requires liability recognition for retirement obligations associated with long-lived assets, which would include abandonment of oil and natural gas wells, related facilities, compressors and gas plants, removal of equipment from leased acreage and returning such land to its original condition. Under the standard, the estimated fair value of each asset retirement obligation is recorded in the period a well or related asset is drilled, constructed or acquired. Fair value is estimated using the present value of the estimated future cash outflows for the restoration of the asset at Condor's risk-free interest rate. The obligation is reviewed regularly by management of Condor based upon current regulations, costs, technologies and industry standards. The discounted obligation is recognized as a liability and is accreted against income until it is settled or the property is sold and is included in finance expenses. Actual restoration expenditures are charged to the accumulated obligation as incurred.

As at December 31, 2013, the estimated total undiscounted amount required to settle the decommissioning obligations in respect of Condor's 16.8 net wells and facilities was $1.8 million and the discounted present value was $1.7 million. These obligations are expected to be incurred between 2014 and 2029, with $0.5 million estimateded to be incurred in the next three years.

Tax Horizon

Income earned in Canada is not expected to attract taxes until Condor utilizes its accumulated loss carry forwards, which exceed $13 million as at December 31, 2013. Condor does not expect to pay Canadian income taxes for its fiscal year ended December 31, 2014.

Falcon (Zharkamys) has an estimated $117 million of tax pools and loss carry forwards in Kazakhstan to offset taxes payable in the future. Falcon does not expect to pay tax until after the exploration period, which is expected to be subsequent to the fiscal year ended December 31, 2014.

Costs Incurred

The following table summarizes the capital expenditures made by Condor on acquisition, exploration and development activities for its year ended December 31, 2013:

	Costs incurred ($ thousands)	
	Zharkamys	Marsel
Property acquisition costs	-	-
Exploration costs	14,817	2,649
Development costs	455	-

During 2013, the Company drilled 1 oil exploration wells and 1 oil appraisal well at KN-E, discussed below.

Exploration and development activities

Kazakhstan - Zharkamys

Historical Activities

Oil seeps were recognized in Zharkamys as early as 1893 and the area was a focus for hydrocarbon exploration during the Soviet-era. Major geophysical exploration programs were conducted in the 1930s and several structural tests and deep wells were drilled in the early 1940s. Exploration efforts were discontinued with the onset of World War II, but recommenced in 1944 with surface geological mapping expeditions. From 1945-1965, over 900 shallow mapping wells (50-100 m) and 100 structural wells (100-900 m) were drilled to support geologic mapping of the area. Oil shows were recorded in many of these wells, and by the end of this period most of the salt dome features in the area had been identified. Additional geophysical surveys were conducted from the late 1960s to early 1990s although no additional wells were drilled in this period. From 1995-2002, Preussag Energie GmbH ("Preussag") operated Zharkamys, acquiring 1,189 km of modern 2D seismic data, and reprocessing over 1,900 km of vintage 2D seismic data. Preussag drilled the Korumbet East 1 well in 2001 as a dry hole. After completing their MWP, Preussag exited Zharkamys in 2002.

Falcon became operator of Zharkamys on August 27, 2007. From late 2007 through 2009, Falcon acquired numerous Soviet-era historical reports of geological and geophysical studies, building an exploration database from previous efforts. Falcon also obtained prior operator Preussag's geologic data and evaluation of Zharkamys, including the 1,189 km of 1990s vintage 2D seismic data and over 1,900 km of reprocessed, vintage 2D seismic data.

In 2009, New Horizon acquired and subsequently processed 670 km of new 2D data, while also reprocessing several hundred kilometers of historical 2D seismic data. The 670 km of 2D seismic data shot in 2009 focused on five key prospect areas. In 2010, Condor completed a 1,252 km^2 3D seismic acquisition program in the north half of Zharkamys.

Interpretation of the historic records and current seismic data, which includes integration of over 1,000 shallow Soviet-era stratigraphic tests, has led to the development of five key “Post-Salt” play types: Post-Canopy Jurassic and Cretaceous plays, Triassic salt-rim structures (or "horn" plays), Sub-Canopy , Salt Flank and Primary Basin plays, in addition to Pre-Salt plays in the lower Permian and Carboniferous.

Historical exploration drilling focused on Phase 1 shallow, post-salt prospects (up to 2,000 meters). Fifteen Phase 1 exploration wells were drilled and two commercial oil discoveries have been made at the Company’s Shoba and Taskuduk West fields. One other oil discovery at Ebeity requires further evaluation.

The Shoba trial production period commenced in September 2012 permitting continuous production from five wells at the Shoba field.

2013 Activities

During 2013, the Phase 2 exploration program resulted in a discovery with the drilling of the KN-E-201 Primary Basin well. This discovery was followed with a successful appraisal well on the structure, KN-E-202. Both wells encountered gas and oil in Permian Kazanian sediments which were entirely encapsulated within the Kiyaktysai salt dome. This discovery is considered to be proof of concept of a new play type (Primary Basins) for the Pre-Caspian Basin, and demonstrates the potential viability of the play on the block where further prospects have been mapped. The KN-E-201 and 202 wells are currently being evaluated and well stimulation plans are being assessed to improve the performance of the wellbores.

The KN-E well locations were drilled into what is now interpreted as the most structurally complex location on the structure, which is believed to have had a negative impact on the wells’ performance during testing. Appraisal wells planned for the structure will target flank positions that are less structurally complex and will result in reservoirs that are less distorted. Future Primary Basin prospects will target geologically simple structures, focusing on 4-way closures that will have thick salt top-seals.

Transportation and Marketing

The Kenkiak-Atyrau oil pipeline operated by KazTransOil runs across the northwest portion of Zharkamys and provides an option for future pipeline tie-in. Near-term, sales options include trucking oil to the one of several pipeline access points including the KazTransOil-3 pipeline terminal located on the Makat-Kenkiak line (90 km west).

The state owned railway line between Aktobe and Atyrau is located just to the North of Zharkamys and provides numerous oil sales options which include trucking oil to one of several nearby rail terminals including Sagiz (70 km northwest) and Baiganin (100 km north).

During 2012, the Company signed a letter of intent to purchase a 90% interest in the Sagiz Oil Terminal located 12 kilometers northwest of Zharkamys. The Company is expecting to complete the purchase of the terminal once it is fully refurbished, operational and licensed for use. The Sagiz Oil terminal includes 7,500 barrels of oil storage capacity and has a rail spur which ties directly into the main rail line between Aktobe and Atyrau. In addition to providing expected oil transportation cost savings, the terminal’s existing access to the rail system would allow the Company to consider alternative oil marketing options.

Currently, Shoba wells are produced to, and treated at individual well-site facilities. Oil is sold at each well-site facility and trucked by the buyer to a nearby terminal for treatment and delivery to a local refinery. A gauging station is being constructed at Shoba and expected to be commissioned during 2014 and the Shoba wells will flow to a central gathering point with planned additional treatment and storage capacity. Subject to the level of in-field oil treatment at the gauging station and resulting oil quality, if the oil meets specification standards, the oil may be delivered directly to the refinery or sold to export markets without further third party treatment.

Kazakhstan - Marsel

Historical activities

Exploration on the Marsel Territory began in the mid-1950s and continued until the mid-1980s. A total of thirty exploration wells were drilled on the Marsel Territory between the late 1960s and the mid1980s, and by June 2008, twenty-two of these wells were transferred to Marsel. These exploration wells were tested either open or cased hole, and then abandoned or, in one instance, conserved. Other than exploration testing, the wells were never produced. Of the wells transferred, seven wells tested natural gas.

There is currently no commercial oil or natural gas production within the Marsel Territory. Within the Marsel Territory, three exclusion areas have been defined as commercial fields: Pridorozhnaya, West Oppak and Ortalyk.

In 2008, 451 km of new 2D seismic data was acquired over the Tamgalytar structure and was subsequently processed. In 2009, 700 km of 2D seismic was shot over the northern half of the territory and was subsequently processed. In December 2010, Condor completed the acquisition of 610 km of 2D seismic data and 426 km^2 of 3D seismic data on key structures, focusing on areas mapped as having Carboniferous and Devonian play trends. These acquisitions were processed during 2011, as well as the 900km of 2D seismic data shot during 2011 in the under-explored south-eastern portion of Marsel. Condor has drilled four exploration wells at Marsel. The first exploration well, Kendyrlik 5RD, was drilled in 2008 and reached its target depth of 2,320 meters without significant hydrocarbon shows or reservoir development in the primary zone of interest and was abandoned.

In 2010, Condor drilled the second Marsel exploration well, Tamgalytar-5 and reached 2,550 meters in total depth. Well testing operations commenced in November 2010, with initial gas flow rates ranging between 0.5 to 2 mmcf/d. Down-hole pressure gauge data from the Tamgalytar-5 well was interpreted during the third quarter of 2011. During flow testing operations, rates of up to 12 million cubic feet per day were recorded.

The first well drilled on the new 3D seismic data was Asa-1. This well reached a total depth of 2,670 meters in April 2012. The primary Devonian target zone was encountered at 2,408 meters, consisting of fractured conglomerates and breccias. Wireline logging, in combination with two successful open-hole Drill Stem Tests ("**DSTs**"), confirms a continuous 288 meter gas column has been penetrated with an estimated 110 meters of net pay. The DSTs resulted in flow rates ranging between 2.1 and 11.1 mmscf/d. The gas was dry with no formation water indicated during the flow periods. A gas-water contact was not encountered.

Exploration drilling on the Bugudzilskaya structure commenced in December, 2012, and was completed in the second quarter of 2013.

Production Estimates

The following table sets forth the volume of working interest production, before royalties, estimated for 2014 (in the Sproule Reserve Report) on a gross Probable basis:

	Light/Medium Crude Oil (mbbl)	**Natural Gas (mmcf)**
Kazakhstan – Zharkamys	146	-

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by Condor for each quarter of the financial year ended December 31, 2013:

For the three months ended	**Q1 2013**	**Q2 2013**	**Q3 2013**	**Q4 2013**
Average Daily Production (bbl)	559	190	209	210
Average Net Prices Received ($/bbl)	$36.45	$34.59	$34.96	$36.30
Royalties ($/bbl)	($1.29)	($1.31)	($1.40)	($1.41)
Production Costs ($/bbl)	($21.78)	($41.48)	($43.96)	($47.88)
Netback Received ($/bbl)	$13.38	($8.20)	($10.40)	($12.99)

The Company commenced trial production from the Shoba discovery in September, 2012, which allows for continuous production from up to five Shoba wells. Production during the exploration phase is sold to domestic refineries at a discount to international benchmark prices until such time that the Company has a development contract. As such, prices received, as well as volumes and costs, may not be indicative of future results.

DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of Common Shares, without nominal or par value, an unlimited number of First Preferred Shares, issuable in series, and an unlimited number of Second Preferred Shares, issuable in series, of which as at the date hereof, 346,120,871 Common Shares, no First Preferred Shares and no Second Preferred Shares are issued and outstanding.

Common Shares

Each Common Share entitles the holder thereof to: (i) one vote at all meetings of shareholders of the Company except meetings at which only holders of another class of share are entitled to vote; (ii) subject to the preferences accorded to holders of First Preferred Shares, Second Preferred Shares and any other shares of the Company ranking senior to the Common Shares, the right to receive any dividend on the Common Shares declared by the Company; and (iii) subject to the preferences accorded to holders of First Preferred Shares, Second Preferred Shares and any other shares of the Company ranking senior to the Common Shares, the right to share equally in the remaining property of the Company in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, or any other distribution of its assets among its shareholders for the purpose of winding up its affairs (a "**Distribution**").

First Preferred Shares

Subject to the filing of articles of amendment in accordance with the ABCA: (i) First Preferred Shares are issuable at any time and from time to time in one or more series; and (ii) the Board may fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to each series of First Preferred Shares. The holders of each series of First Preferred Shares shall be entitled, in priority to holders of Common Shares, the Second Preferred Shares and any other shares of the Company ranking junior to the First Preferred Shares with respect to the payment of dividends, to be paid rateably with holders of each other series of First Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series. In the event of a Distribution, holders of each series of First Preferred Shares shall be entitled, in priority to holders of Common Shares, the Second Preferred Shares and any other shares of the Company ranking junior to the First Preferred Shares with respect to the payment on a Distribution, to be paid rateably with holders of each other series of First Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series. Holders of First Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting, except as may be required by law.

Second Preferred Shares

Subject to the filing of articles of amendment in accordance with the ABCA: (i) Second Preferred Shares are issuable at any time and from time to time in one or more series; and (ii) the Board may fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to each series of Second Preferred Shares. The holders of each series of Second Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Company ranking junior to the Second Preferred Shares with respect to the payment of dividends, to be paid rateably with holders of each other series of Second Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series. In the event of a Distribution, holders of each series of Second Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Company ranking junior to the Second Preferred Shares with respect to the payment on a Distribution, to be paid rateably with holders of each other series of Second Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series. Holders of Second Preferred Shares shall be entitled to receive notice of, attend at and vote at all meetings of the shareholders of the Company, except meetings of another class of shares. Each Second Preferred Share shall entitle the holder thereof to one vote.

PRIOR SALES

On April 3 2013, the Company issued Options to acquire an aggregate of 7,720,000 Common Shares having a weighted average exercise price of $0.55. As of December 31, 2013, there were Options issued and outstanding to purchase 29,706,669 Common Shares. These Options are the only unlisted securities of the Company.

MARKET FOR SECURITIES

The outstanding Common Shares are listed and posted for trading on the TSX under the symbol "CPI". The following table summarizes the high and low trading prices and volume of trading in respect of the Common Shares during the year ended December 31, 2013.

Period	High ($)	Low ($)	Volume (000's)
January…………………………………….	0.40	0.34	850,952
February……………………………………	0.69	0.42	9,466,860
March……………………………………….	0.67	0.52	1,689,363
April……………………………………….…	0.60	0.39	7,319,191
May………………………………………….	0.60	0.50	1,438,187
June.……………………………………...	0.57	0.46	813,047
July………………………………………….	0.47	0.37	2,444,865
August……………………………………	0.43	0.37	1,788,073
September………………………………….	0.40	0.35	1,584,450
October……………………………………..	0.40	0.31	3,168,901
November…………………………………..	0.36	0.30	2,449,363
December…………………………………..	0.40	0.28	4,283,587

DIVIDEND POLICY

The Company has not declared or paid any dividends on the Common Shares to date. The payment of dividends in the future will be dependent on the Company's earnings, financial condition and such other factors as the Board considers appropriate.

DIRECTORS AND OFFICERS

The following are the names and municipality of residence of the current directors and officers of the directors and executive officers of the Company, their respective positions and offices held with the Company, the date they were first appointed to the Board and their principal occupation during the past five years.

Name and Jurisdiction of Residence[5]	Current Positions and Offices Held	Principal Occupation During the Past Five Years	Director Since
Sean Roosen [2][4] Québec, Canada	Director and Chairman	Chief Executive Officer of Osisko Mining Corporation, a public gold mining company.	October, 2006
John Burzynski [2][3] Ontario, Canada	Director	Vice-President, Corporate Development of Osisko Mining Corporation, a public gold mining company.	October, 2006
Donald Streu [3] Alberta, Canada	Director and President and Chief Executive Officer	President and Chief Executive Officer of Condor since August 2008, and prior thereto Asset Manager of Chevron Nigeria Limited, a subsidiary of Chevron Corp.	March, 2011
Walter Dawson [2][4] Alberta, Canada	Director	President, CEO, and founder of Tuscany International Drilling Inc., a public oilfield services company, since 2009, and prior thereto (2002 – Sept 2008) founder and Chairman of the Board of Saxon Energy Services Inc., an oilfield services company.	March, 2011
Dennis Balderston [1] Alberta, Canada	Director	Independent businessman since July 2005, prior thereto a Partner with Ernst & Young LLP, a firm of Chartered Accountants	March, 2011
Werner Zoellner [1] Bavaria, Germany	Director	Head of Patrimonium Private Equity, an asset management company, since 2009, and prior thereto the founder and managing director of SEED Karlsruhe, a venture capital and business consulting firm.	March, 2011
Donald Wright [1][4] Ontario, Canada	Director	President and CEO of The Winnington Capital Group Inc., since 2005.	March, 2011

Name and Jurisdiction of Residence(5)	Current Positions and Offices Held	Principal Occupation During the Past Five Years	Director Since
Dr. Edward W. Bogle (3) Alberta, Canada	Director	Corporate Director. Formerly President and CEO of Holocene Equity in 2012. Prior thereto President, CEO and Director of Compton Petroleum Corporation from 2011 to 2012, Executive in Residence, Alberta Department of Energy in 2011, Chief Strategic Officer of Nexen International Petroleum (a subsidiary of Nexen Inc.), an oil and gas production company from 2005 to 2010.	March, 2011
Stefan Kaltenbach St. Gallen, Switzerland	Director	Managing director and sole limited partner of Orangedental GmBH & Co. KG, a German software company, since 2000.	March, 2011
Sandy Quilty Alberta, Canada	Vice-President of Finance, Chief Financial Officer and Corporate Secretary	Chief Financial Officer of Condor since September 2007 and prior thereto Vice-President of Finance of Arawak Energy Corp., a public oil and gas production company.	Not applicable
William Hatcher Nevada, United States	Chief Operating Officer	Chief Operating Officer of Condor since November 2012, prior thereto Sr. VP Operations of Condor since 2009	Not applicable
Roger Whittaker Alberta, Canada	Vice-President Exploration	Vice-President Exploration of Condor since September 2009.	Not applicable

Notes:

(1) Member of the Audit Committee, of which Mr. Balderston is the Chairman.
(2) Member of the Compensation Committee, of which Mr. Roosen is the Chairman.
(3) Member of the Reserves, Health, Safety and Environment Committee, of which Dr. Bogle is the Chairman.
(4) Member of the Nominating and Corporate Governance Committee, of which Mr. Roosen is the Chairman
(5) The information respecting each individual set out above, not being within the knowledge of Condor, has been furnished by such individual.

The Company's directors shall hold office for a term expiring at the conclusion of the next annual meeting of shareholders of the Company, or until their successors are duly elected or appointed pursuant to the ABCA. Each current director devotes the amount of time that is required to fulfill his obligations to the Company. The Company's officers are appointed by, and serve at the discretion of, the Board.

Share Ownership by Directors and Officers

As a group, the Company's current directors, and its current executive officers beneficially own or exercise control or direction over, directly or indirectly, 11.3 million Common Shares representing approximately 3.3% of the issued and outstanding Common Shares (on an undiluted basis), and no Common Shares of the Company's subsidiaries.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons) is, as of the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Walter Dawson became a director of Action Energy Inc. (formerly High Plains Energy Inc.) ("**Action**") through a reverse take-over by High Plains Energy Inc. in November 2006. On May 2, 2007, Action's request for a management cease trade order was granted by the ASC in connection with a failure to file Action's annual financial statements within the time period prescribed by applicable securities laws. Finalization of the audit of the disclosure documents was delayed as a result of increased audit procedures required by the completion of Action's business combination with High Plains. On May 15, 2007, Action filed its annual audited financial statements. The management cease trade order expired June 4, 2007. Mr. Dawson resigned as a director of Action on October 28, 2009.

Corporate Bankruptcies

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as of the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Walter Dawson became a director of Action in November 2006. On October 28, 2009, Action's senior lender, National Bank of Canada, obtained an order from the Court of Queen's Bench of Alberta appointing Ernst & Young Inc. as receiver and manager over all of the undertakings, property and assets of Action. Mr. Dawson resigned as a director of Action on October 28, 2009.

Mr. Bogle was a formerly director of Skope Energy Inc. (a public oil and gas company) which commenced proceedings in the Court of Queen's Bench of Alberta under the Companies' Creditors Arrangement Act ("CCAA") to implement a restructuring in November of 2012 which was completed on February 19, 2013.

Donald Wright is Chairman of the Board of Directors of Tuscany International Drilling ("Tuscany") and has been a director since December 2008, and Walter Dawson is President, CEO, and a Director of Tuscany since November 2008. On February 2, 2014, Tuscany announced that it and one of its subsidiaries, Tuscany International Holdings (U.S.A.) Ltd. ("Tuscany USA") have commenced proceedings under Chapter 11 of the United States Bankruptcy Code ("US Code") in the United States Bankruptcy Court for the District of Delaware (the "Chapter 11 Proceedings") to implement a restructuring of the Company's debt obligations and capital structure through a plan of reorganization under the US Code (the "Plan"). The Company and Tuscany USA also intend to commence ancillary proceedings in the Court of Queen's Bench of Alberta under the CCAA to seek recognition of the Chapter 11 Proceedings and certain related relief (the "CCAA Proceedings"). The Chapter 11 Proceedings and the CCAA Proceedings will provide for a stay of proceedings against the Company and Tuscany USA. The Chapter 11 Proceedings and the CCAA Proceedings are ongoing. The Company's common stock has been delisted from the facilities of the Toronto Stock Exchange and trading has been halted on the facilities of the Colombian Stock Exchange.

Penalties or Sanctions

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Walter Dawson was a director of High Plains Energy Inc (now Action Energy Inc.) ("**High Plains**") from March 2005 to November 2006. On February 2, 2009, Mr. Dawson entered into a settlement agreement and undertaking with the ASC in connection with inadequate rectification of incorrect oil and gas production disclosed to the public in press releases issued by High Plains between July 2005 and January 2006. Mr. Dawson admitted to acting contrary to the public interest by failing to disclose in a proper and timely manner the actual production for the period July 2005 to January 2006 with a comparative to the incorrect production that was set out in the previous press releases for that period. The ASC noted that Mr. Dawson was provided with false information by management of High Plains and had no knowledge of the untrue statements at the time of their release. The ASC also noted that upon being made aware of a potential problem with High Plains' reported production, Mr. Dawson made substantial efforts and committed significant amounts of time in a good faith effort to resolve the problem and determine High Plains' actual production. Pursuant to the terms of the settlement agreement, Mr. Dawson agreed to pay to the ASC $20,000 in settlement and to pay to the ASC the amount of $5,000 toward investigative costs.

As a result of the above settlement agreement, Mr. Dawson is required to obtain the written approval of the TSX or the TSX Venture Exchange, as applicable, prior to becoming an officer or director of a listed issuer. In addition, the TSX Venture Exchange required Mr. Dawson to complete a course of study relating to timely disclosure requirements (which Mr. Dawson has completed), and it will require any TSX Venture Exchange listed issuer on whose board Mr. Dawson sits to implement a written disclosure policy.

Conflicts of Interest

Certain of the officers and directors of the Company are also officers and/or directors of other companies engaged in the oil and natural gas business generally. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

Promoter

EurAsia RH may be considered the promoter of the Company pursuant to applicable securities law. EurAsia RH is the registered holder of 142,637,645 Common Shares, representing approximately 41.1% of the outstanding Common Shares, as of the date hereof.

For information concerning transactions between Condor and EurAsia RH and its affiliates see "Interest of Management and Others in Material Transactions".

Audit Committee

Audit Committee Mandate

The Condor Board has established an Audit Committee. The Condor Board has adopted a written mandate for the Audit Committee, which sets out the Audit Committee's responsibility for (among other things) reviewing the Company's financial statements and the Company's public disclosure documents containing financial information and reporting on such review to the Board, ensuring the Company's compliance with legal and regulatory requirements, overseeing qualifications, engagement, compensation, performance and independence of the Company's external auditors, and reviewing, evaluating and approving the internal control and risk management systems that are implemented and maintained by management. A copy of the Charter of the Audit Committee is attached to this AIF as Schedule 1.

Composition of the Audit Committee and Relevant Education and Experience

The Audit Committee consists of Messrs. Balderston, Wright and Zoellner. Each member of the Audit Committee is considered to be "financially literate" within the meaning of NI 52-110 and "independent" within the meaning of NI 52-110.

The Company believes that each of the members of the Audit Committee possesses: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting. For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, see "Audit Committee - Member Biographies".

Member Biographies

Dennis Balderston

Mr. Balderston is a Chartered Accountant and independent businessman with over 38 years of public accounting experience specializing in public and private energy sector companies. Mr. Balderston was a partner with Ernst & Young LLP from 1990 to 2005. He is currently a director of Suroco Energy Inc. and Spyglass Resources Corp.

Donald Wright

Mr. Wright is currently President and Chief Executive Officer of The Winnington Capital Group Inc. He is an active investor in both the private and public equity markets. Mr. Wright's career has spanned over 30 years in the investment industry. He has held a number of leadership positions, including President of Merrill Lynch Canada, Executive Vice-President, director and member of the executive committee of Burns Fry Ltd., Chairman and Chief Executive Officer of TD Securities Inc., and Deputy Chairman of TD Bank Financial Group.

Mr. Wright serves as Chairman of the Board of Equity Financial Holdings Inc. and GMP Capital Inc. He is also Chairman of the Board of Trustees of Richards Packaging Income Fund. Mr. Wright serves as a director of DHX Media Ltd., and Lateral Capital Corporation. As well, he was the past Chairman of the Board of Directors of VIA Rail Canada, and was a past member of the Board of Trustees of the Hospital for Sick Children. He actively supports numerous charitable organizations and is a member of the Royal Ontario Museum Governors Finance Committee, Director of Mars Innovation Inc. and a member of the campaign cabinet of the Centre for Addiction and Mental Health Foundation.

Werner Zoellner

Dr. Zoellner has been in the private equity domain since 1997, during which time he held positions as an Investment Principal and Partner with Wellington Finanz GmbH, an Investment Partner with the Landes-Bank of the State of Baden-Württemberg and, as Partner with Patrimonium Private Equity in Switzerland. Dr. Zoellner has also served on the boards of directors of several companies in Germany, Switzerland and the United States. Previously, Dr. Zoellner spent 10 years in senior management positions with technology companies, including 3M ESPE.

Pre-Approval Policies and Procedures for the Engagement of Non-Audit Services

The Audit Committee pre-approves all audit and non-audit services to be provided to the Company and its subsidiaries by its external auditors, as described in the Charter of the Audit Committee attached hereto as Schedule 1**.**

External Audit Service Fees

The following table summarizes the fees paid by the Company to its auditors, PricewaterhouseCoopers LLP, for external audit and other services provided to the Company in each of the last two fiscal years.

Year	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2013	$253,880	-	$3,286	-
2012	$248,250	-	$9,904	$1,105

PERSONNEL

As at December 31, 2013, the Company had approximately 148 full time employees in Kazakhstan, the Netherlands and Canada, inclusive of 48 full time employees of Marsel.

INDUSTRY CONDITIONS

Kazakhstan

The Company's requirements in Kazakhstan under the sub surface use contract and the country's fiscal regime include the following:

Local content requirements

Kazakhstan subsoil users are required to give preference to local companies and domestic products when procuring goods, works and services. Local content deficiencies may be subject to penalties of 30% of the shortfall. Subsoil users are also required to follow prescribed procurement procedures including certain tendering rules and regulations. The Company believes the local content and procurement requirements have been satisfied.

Training, liquidation fund, and social program obligations

Included within the MWP is a requirement for Falcon to allocate 1% of its annual exploration program budget to the professional training of Kazakh personnel and annual amounts to social development within the exploration region. In addition to the MWP, Falcon is required to allocate 1% of the annual exploration program to a liquidation fund for remediation of the licensed area. The liquidation funds are restricted bank deposits related to mandatory asset retirement obligation funding for exploration territories in Kazakhstan which are invested in special interest bearing accounts and upon entering the development stage, the funds are available at the Company's discretion for asset retirement obligations. Falcon is also responsible for any restoration expenses associated with damage to the natural environment, geological, archaeological or historic sites within the licensed area or harm to the health of the local population and shall provide additional funding if actual restoration costs exceed the liquidation fund but is entitled to any amount remaining if the liquidation fund exceeds the actual restoration costs.

Commercial discovery bonus

The Company shall be subject to a commercial discovery bonus of 0.1% of the value of the estimated volume of recoverable reserves as approved by the Government of Kazakhstan, on the signing of a development contract.

Historical cost obligations

The Zharkamys Contract requires Falcon to reimburse the government for historical geological expenditures incurred. Payments are deferred during the exploration period with repayment terms during the subsequent development period to be determined. The liabilities are US$ denominated and are non-interest bearing.

Tax legislation

Condor's subsidiaries, which hold the respective exploration rights to Marsel and Zharkamys, are subject to taxes in Kazakhstan in accordance with the tax legislation effective as of the date of tax origination.

In accordance with the Tax Code of Kazakhstan, a mineral extraction tax ("**MET**") is paid by a subsoil user separately for each type of natural resources extracted from Marsel or Zharkamys in a specified tax period. The MET is normally paid in cash unless the Government of Kazakhstan specifically requires payment in kind. Tax base is calculated on the basis of world prices (with certain exceptions). There is no reduction of the tax base by transportation expenses. Tax rates for oil and gas condensate are based on a progressive scale of tax rates depending on the volume of extraction. The higher the volume of annual extraction– the higher is the MET rate. On domestic oil sales, MET rates range from 2.5% on the first 250,000 tons produced per annum up to 9.0% on volumes exceeding 10,000,000 tons per annum. On export sales, the MET rates are twice the domestic sales rates and range from 5% to 18%.

Tax rates for natural gas are of two types: (i) general flat rate of 10% for export; and (ii) a separate tax rate scale is provided for domestically sold natural gas, depending on the volume of production: 0.5% - up to 1 billion cubic meters; 1.5% - up to 2 billion cubic meters.

The export rent tax on crude oil and natural gas condensate exports is to be paid by all exporters (except for subsurface users that concluded production sharing agreements). The taxable base for the export rent tax is the volume of crude oil and natural gas condensate sold for export. The taxable base is determined based on the world price not taking into account the quality discount and certain transportation costs.

As set forth below, export rent tax rates for export of crude oil and natural gas condensate are determined by reference to the "world price" and vary from 7% if the market price is above US$40 per barrel, to 32% if the market price is or exceeds US$200 per barrel.

Tax Code of the Republic of Kazakhstan - Export Rent Tax Rates 2012															
Price per bbl in US$ (up to)	40	50	60	70	80	90	100	110	120	130	140	150	160	170	180	200
Rate	0%	7%	11%	14%	16%	17%	19%	21%	22%	23%	25%	26%	27%	29%	30%	32%

Customs export duties were introduced on a number of targeted products in 2010. The export custom duties for exported crude oil are currently US$60 per ton.

In addition subsoil users in Kazakhstan are subject to excess profit tax ("EPT"). EPT is triggered when the ratio of aggregate annual income to deductions allowable for EPT purposes for the reporting tax year exceeds 1.25. Tax base is that part of net income exceeding 25% of deductions allowable for EPT purposes for the tax year. EPT is paid based on a progressive scale at rates ranging from 0% - 60%. EPT is payable by subsoil users except for those operating under: (i) PSAs; (ii) contracts approved by the President of Kazakhstan, (iii) contracts solely for the production of common mineral resources (sand, clay, etc.), underground waters and therapeutic muds; and (iv) contracts solely for construction and operation of underground facilities.

Competitive Conditions

The oil and natural gas industry is highly competitive. The Company competes for acquisitions and in the exploration, development, production and marketing of oil and natural gas with numerous other participants, some of whom may have greater financial resources, staff and facilities than the Company.

The Company’s ability to increase reserves in the future will depend not only on its ability to develop or continue to develop existing properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, methods and reliability of delivery and availability of imported products.

Environmental and Worker Protection

The Company’s operations are subject to environmental regulations which require environmental impact assessments and permitting in the jurisdictions in which it operates. Such regulations cover a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Under such regulations there are clean-up costs and liabilities for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and legislation relating to exploration and production of natural resources are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Such stricter standards could impact on the Company’s costs and have a material adverse effect on the Company’s business, financial condition or results of operations. See "Risk Factors".

Specialized Skill and Knowledge

The Company believes its success is largely dependent on the performance of its management and key employees, many of whom have specialized skills and knowledge relating to oil and natural gas operations. The Company believes that it has adequate personnel with the specialized skills and knowledge to successfully carry out the Company’s business and operations.

Foreign Operations

A majority of the Company’s assets are located in Kazakhstan. Consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability. See "Risk Factors" for a further description of the risk factors affecting the Company’s foreign operations.

RISK FACTORS

Risks Relating to the Company

Exploration and development risks

Condor's future success depends upon its ability to find, develop and acquire additional oil and natural gas reserves that are economically recoverable. Without successful exploration, exploitation or acquisition activities, Condor's reserves, revenues and cash flow will decline. Condor cannot assure shareholders that it will be able to find and develop or acquire additional reserves at an acceptable cost or at all. The successful acquisition and development of oil and natural gas properties requires an assessment of:

- recoverable reserves;
- future oil and natural gas prices and operating and capital costs;
- potential environmental and other liabilities; and
- productivity of new wells drilled.

These assessments are inexact and, if Condor makes them inaccurately, it might not recover the purchase price of a property from the sale of production from the property or might not recognize an acceptable return from properties it acquires. In addition, the costs of exploitation and development could materially exceed Condor's initial estimates.

If Condor is unable to increase its reserves, Condor's business will be adversely affected because it will eventually deplete its reserves.

Reserve and resource estimates

Undue reliance should not be placed on estimates of reserves and resources, since these estimates are subject to numerous uncertainties. The Company's actual reserves and resources could be lower than any such estimates. There are numerous uncertainties inherent in estimating quantities of Proved, Probable and Possible reserves and quantities of resources and future net revenues to be derived therefrom, including many factors beyond the Company's control. The reserve, resource and future net revenue information set forth herein represents estimates only. The reserves and estimated future net cash flow from the Company's properties have been independently evaluated by Sproule International with an effective date of December 31, 2013. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves and resources, timing and amount of capital expenditures, marketability of production, future prices of crude oil and natural gas, operating costs, abandonment and salvage values, royalties and other government levies that may be imposed over the producing life of the reserves and resources. These assumptions were based on prices in use at the date the relevant evaluations were prepared, and many of these assumptions are subject to change and are beyond the Company's control. Actual production and cash flow derived therefrom, if any, will vary from these evaluations, and such variations could be material.

Estimates with respect to reserves and resources that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and analogy to similar types of reserves and resources, 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 and resources based upon production history will result in variations, which may be material, in the estimated reserves or resources.

The present value of estimated future net revenue referred to herein should not be construed as the fair market value of estimated crude oil and natural gas reserves and resources attributable to the Company's properties. The estimated discounted future revenue from reserves are based upon price and cost estimates which may vary from actual prices and costs and such variance could be material. Actual future net revenue will also be affected by factors such as the amount and timing of actual production, supply and demand for crude oil and natural gas, curtailments or increases in consumption by purchasers and changes in governmental regulations or taxation.

Oil prices and marketability

Condor's ability to market its oil and natural gas depends upon numerous factors beyond its control. These factors include (but are not limited to):

- the availability of processing capacity;
- the availability and proximity of pipeline and railway capacity;
- the supply of, and demand for, oil and natural gas;
- the availability of alternative fuel sources;
- the effects of weather conditions;
- regulation of oil and natural gas marketing; and
- regulation of international oil and natural gas sales or transportation.

Because of these factors, Condor may be unable to market all or a portion of the oil or natural gas it produces. In addition, Condor may be unable to obtain favorable prices for the oil and natural gas it produces.

Operational risks

Drilling activities are subject to many risks, including the risk that no commercially productive reservoirs will be encountered and that Condor will not recover all or any portion of its investment. The cost of drilling, completing and operating wells is often uncertain.

There are many operating hazards in exploring for and producing oil and natural gas, including:

- Condor's drilling operations could encounter unexpected formations or pressures that could cause damage to Condor's employees or other persons, equipment and other property or the environment;
- Condor could experience blowouts, accidents, oil spills, fires or incur other damage to a well that could require Condor to re-drill the well or take other corrective action;
- Condor could experience equipment failure that curtails or stops production; and
- Condor's drilling and production operations, such as trucking of oil, are often interrupted by bad weather.

Any of these events could result in damage to, or destruction of, oil and natural gas wells, production facilities or other property. In addition, any of the above events could result in environmental damage or personal injury for which Condor will be liable.

The occurrence of a significant event against which Condor is not fully insured or indemnified could have a material adverse effect on Condor's business, financial condition or results of operations.

Condor's drilling operations could be curtailed, delayed or cancelled as a result of numerous factors, many of which are beyond its control, including, but not limited to:

- weather conditions;
- compliance with governmental requirements; and
- shortages or delays in the delivery of equipment and services.

Future exploration, exploitation and development projects are subject to change

Whether Condor ultimately undertakes an exploration, exploitation or development project will depend upon the following factors among others:

- the availability and cost of capital;
- the receipt of additional seismic data or the reprocessing of existing data;
- current and projected oil or natural gas prices;
- the cost and availability of drilling rigs, other equipment, supplies and personnel necessary to conduct operations;
- access to transportation and processing;
- the success or failure of activities in similar areas;
- changes in the estimates of the costs to complete a project; and
- Condor's ability to attract other industry partners to acquire a portion of the working interest so as to reduce Condor's costs and risk exposure; .

Condor will continue to gather data about Condor's projects and it is possible that additional information will cause Condor to alter its schedule or determine that a project should not be pursued at all. Condor's plans regarding its projects might change.

Oil and natural gas prices

Fluctuations in the prices of oil and natural gas may affect many aspects of Condor's business, including:

- Condor's revenues, cash flows and earnings;
- Condor's ability to attract capital to finance its operations;
- Condor's cost of capital;
- Condor's level of credit and ability to obtain borrowings; and
- the value of Condor's oil and natural gas properties.

Both oil and natural gas prices are extremely volatile. Oil and natural gas prices have fluctuated widely during recent years and are likely to continue to be volatile in the future. Oil and natural gas prices may fluctuate in response to a variety of factors beyond Condor's control, including:

- global energy policy, including the ability of the Organization of Petroleum Exporting Countries to set and maintain production levels and prices for oil;
- geopolitical conditions;
- global and domestic economic conditions;
- weather conditions;
- the supply and price of imported oil and liquefied natural gas;
- the production and storage levels of North American natural gas;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the proximity of reserves to, and capacity of, transportation facilities;
- the effect of world-wide energy conservation measures; and
- government regulations.

Condor's operations are highly focused on crude oil and natural gas. Any material decline in oil and natural gas prices could result in a significant reduction of Condor's production revenue and overall value. Any material decline in oil and natural gas prices could also result in a reduction of Condor's production revenue and overall value.

The economics of producing from some oil and natural gas wells could change as a result of lower prices. As a result, Condor could elect not to produce from certain wells. Any material decline in oil and/or natural gas prices could also result in a reduction in Condor's oil and natural gas acquisition and development activities.

Any substantial and extended weakness in the price of oil or natural gas could have a material adverse effect, possibly significant, on Condor's business, financial condition or results of operations.

Foreign Currency Risk

A significant portion of Condor's foreign activities are transacted in or referenced to foreign currencies and, in particular, United States dollars and Kazakhstan Tenge. To the extent that Condor or its subsidiaries or affiliates hold foreign currency positions, there is a risk from foreign exchange fluctuations.

In February, 2014, the Government of Kazakhstan decided not to maintain the KZT to USD exchange rate, which had been fixed in prior periods. As a result the exchange rate increased to approximately 185 KZT per US $1 or 165 KZT per $1 CAD. This change will impact the foreign currency translation adjustment in future periods, and it is uncertain the extent to which CAD equivalent price decreases will be taken advantage of before local prices escalate. The Company is currently monitoring the situation and the impact on operations.

In the period between its introduction in 1993 until 2002, the Tenge depreciated significantly against the U.S. dollar. In the period from 2002 until early February, 2009 the Tenge appreciated approximately 23% versus the U.S. dollar. However, over a period of a few days in February, 2009, the Tenge depreciated against the U.S. dollar almost 23%.

No assurance can be given that the Tenge will not experience steady or rapid depreciation against the U.S. dollar in the future. No assurance can be given that Tenge will continue to be freely exchangeable into U.S. dollars. Although expenses incurred inside Kazakhstan and future revenues, if any, generated there are, and will be, in Tenge for domestic sales and in U.S. dollars for export sales, Condor's financial statements are reported in Canadian dollars, and Falcon in Kazakhstan keeps its accounts in Tenge, which is the functional currency of Falcon and Marsel. If the exchange rate of the Tenge fluctuates substantially or the rate of inflation materially increases in Kazakhstan in the future, Condor's financial statements may not be indicative of its future performance and may not accurately reflect the Canadian dollar value of its assets or current operations.

Competitive conditions

The oil and natural gas industry is highly competitive. Many of Condor's competitors have greater financial and personnel resources and/or have greater access to capital markets than Condor does. Condor's ability to acquire additional properties and to discover reserves depends upon its ability to evaluate and select suitable properties and to complete transactions in a highly competitive and challenging environment.

Environmental and other regulations

Condor's operations are governed by numerous Kazakhstan laws and regulations at the municipal, provincial, state and federal levels. These laws and regulations govern the operation and maintenance of Condor's facilities, the discharge of materials into the environment, storage, treatment and disposal of wastes, remediation of contaminated sites, reclamation of facilities to be abandoned and other environmental protection issues.

If environmental damage occurs, Condor could be liable for personal injury, clean-up costs, remedial measures and other environmental and property damage, as well as administrative, civil and criminal penalties, and Condor could also be required to cease production.

During the drilling of the Shoba 7 appraisal well in 2012, while tripping out of the hole for core barrels, an uncontrolled gas influx occurred in the wellbore. The gas from the influx was safely flared and the fluids (mud and water) released at surface were contained. In addition, a surface breach of drilling mud and gas has occurred adjacent to the well's drilling location. This area was contained to minimize any environmental impact or fire hazard. The targeted oil bearing zone had not been penetrated and no oil was observed at surface. The Company's clean-up efforts have been completed in accordance with the local environmental legislation. There remains a risk that any assessments could result in additional costs to the Company and could be significant.

Environmental laws and policies

The costs of complying with new environmental laws, regulations or guidelines, or changes in enforcement policy, or newly discovered environmental conditions, may have a material adverse effect on Condor's business, financial condition or results of operations. Future changes in environmental legislation could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on Condor's business, financial condition or results of operations. Such changes may also apply to Condor's service providers, who may in turn pass on such compliance costs to Condor. Examples of this could include local regulators expanding the scope of Condor's abandonment obligations, as Marsel experienced in 2012 when site reclamation work required on inherited wells drilled by past operators and previously abandoned on the Marsel Territory was reevaluated, resulting in additional expense and liability to the Company.

Equipment availability

Oil and natural gas exploration and development activities depend upon the availability of drilling and related equipment and qualified personnel in the particular areas in which those activities will be conducted. Demand for that equipment or access restrictions may affect the availability of that equipment and delay Condor's exploration and development activities. Likewise, a shortage of qualified personnel may delay Condor's exploration and development activities.

Access restrictions

The exploration for and development of oil and natural gas reserves depends upon access to areas where operations are to be conducted.

Condor also operates in remote locations in Kazakhstan where access is often hampered by poor roads, or in some cases, no roads. There are few main hard-surface highways in Kazakhstan with little road maintenance on such hard-surface highways. There are severe pot-holes on many of such highways that could seriously delay or prevent the passage of certain motor vehicles. After exiting the hard-surface highway, some roads are merely sand based trails across desert. Only off-road vehicles with desert tires are able to cross poor sections of such roads. Condor will incur costs to maintain and upgrade existing roads and either establish passable tracks or construct roads to provide field access which could cause severe delays. Road access can also be negatively affected by adverse weather conditions, particularly related to periods of sand storms, blizzards and heavy rain or flooding. Also in Kazakhstan operations can be delayed or shut down due to cold weather in the winter due to insufficient winterizing of drilling rigs, service rigs and support equipment.

Condor's inability to access its properties or to conduct its operations as planned could result in a shutdown or slowdown of its operations, which would have a material adverse effect on Condor's business, financial condition or results of operations.

Cost of New Technologies

The oil industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Company. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost.

One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete. In such case, the Company's business, financial condition and results of operations could be materially adversely affected. If the Company is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could be materially adversely affected.

Issuance of Debt

Depending on future exploration and development plans, the Company may require additional debt financing that may not be available or, if available, may not be available on favourable terms. The level of the Company's indebtedness from time to time, could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive.

Share Price Volatility

A number of factors could influence the volatility in the trading price of the Common Shares, including changes in the economy or in the financial markets, industry related developments and the impact of changes in the Company’s daily operations. Each of these factors could lead to increased volatility in the market price of the Common Shares. In addition, variations in earnings estimates by securities analysts and the market prices of the securities of the Company’s competitors may also lead to fluctuations in the trading price of the Common Shares.

Dividends

The Company has not declared or paid any cash dividends on the Common Shares to date. The payment of dividends in the future will be dependent on the Company’s earnings and financial condition and on such other factors as the Board considers appropriate. Unless and until the Company pays dividends, shareholders may not receive a return on their shares.

Global Financial Markets

Market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader U.S. and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. While there are signs of economic recovery, these factors have negatively impacted company valuations and are likely to continue to impact the performance of the global economy going forward. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions taken by OPEC and the ongoing global credit and liquidity concerns. This volatility may in the future affect the Company's ability to obtain equity or debt financing on acceptable terms

Condor is highly dependent on certain senior officers

Condor is highly dependent on its senior management team, including its Chief Executive Officer and President and its Chief Financial Officer. The loss of any of its senior officers could impede the achievement of Condor’s objectives and could have a material adverse effect on Condor’s business, financial condition or results of operations.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company’s success. The number of persons skilled in the acquisition, exploration, development and operation of oil and gas properties in the jurisdictions in which the Company operates is limited and competition for such persons is intense. As the Company’s business activity grows, it will require additional key financial, administrative, technical and operations staff.

If Condor is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company’s future cash flows, net income, results of operations and financial condition.

Timing of regulatory approvals

The subsoil use laws in Kazakhstan are still evolving and as a result, the process and interpretation involved to obtain approvals for exploration and development activity takes time. Delays in receiving approvals could delay Condor's exploration, development and production activities and have an adverse impact on the Company's business.

Royalty rates and regulations are subject to change

If Kazakhstan change their royalty regimes, such changes could have a material adverse effect on Condor's business, financial condition or results of operations.

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to, but not limited to, personal injuries, property damage, property tax, land rights, the environment and contractual disputes.

The outcome of outstanding, pending or future proceedings including the Lawsuit cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations.

The terms of the Marsel Sale provide that the Company's liability for claims shall not exceed US $5.0 million for claims brought forth on or before January 28, 2017, and in the case of taxes, on or before January 28, 2019. However, should any claim relate to corporate guarantees or contracts which were not disclosed to the Marsel buyer the liability would be for the full amount of the claim if brought forth on or before July 22, 2015 and would be limited to US $10.0 million if brought forth after July 22, 2015 but on or before January 28, 2017. The Company is not aware of any corporate guarantees or contracts that were not disclosed to the Marsel buyer.

Income Taxes

The Company and its subsidiaries file all required income tax returns and the Company believes that it is in full compliance with applicable Canadian, Dutch and Kazakh tax laws; however, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable. Income tax laws relating to the oil and gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Company. Furthermore, tax authorities having jurisdiction over the Company may disagree with how the Company calculates our income for tax purposes or could change administrative practices to the Company's detriment.

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 Company limits its exposure to credit risk on cash and cash equivalents by investing the majority of its cash with Canadian chartered banks that have a good credit rating. Management does not expect the counterparties to fail to meet their obligations.

Credit risk on trade receivables is mainly related to crude oil marketers and the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. A substantial portion of the Company's accounts receivable are with customers in the energy industry and are subject to normal industry credit risk. The Company generally grants unsecured credit but routinely assesses the financial strength of its customers.

100% of Condor's sales in Kazakhstan are from one customer, and is therefore subject to concentration risk. This risk is mitigated by management's policies and practices related to credit risk. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers.

Accounting Adjustments

The presentation of financial information in accordance with IFRS requires that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in the Company's consolidated financial statements. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the consolidated financial statements. Such non-cash charges and write-downs may be viewed unfavourably by the market and may result in an inability to borrow funds and/or may result in a decline in the Common Share price.

Corruption

The Company's operations are governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. The Company has policies in place to prevent any form of corruption or bribery, and enforces policies against giving or accepting money or gifts. It is possible that the Company, or some of its subsidiaries, employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of its employees or contractors. If the Company is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Company could be subject to onerous penalties and reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements. In addition, bribery allegations or bribery or corruption convictions could impair the Company's ability to work with governments or nongovernmental organizations. Such convictions or allegations could result in the formal exclusion of the Company from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

Risks Relating to Operating in Kazakhstan

Political, Economic, Legal and Fiscal Instability

Kazakhstan is a former constituent republic of the Soviet Union. At the time of its independence in 1991, it became a member of the CIS. Because Kazakhstan has a relatively short history of political stability as an independent nation, there is significant potential for social, political, economic, legal and fiscal instability.

These risk factors include, among other things:

- inconsistent regulations;
- no court or administrative precedents within the scope of legislative interpretation;
- relatively limited experience of judges in the resolution of commercial disputes;
- lack of a fully independent judicial system and lack of possibilities to enforce court rulings;
- broad powers of Government authorities, which may result in the suspension, change of conditions, revocation or issuance of arbitrary decisions concerning licenses, permits and consents;
- foreign currency controls and availability of foreign currencies;
- amendments to tax regulations;
- changes in subsoil, export and transportation regulations;
- changes in antimonopoly legislation;
- nationalisation or expropriation of property;
- interruption or blockage of oil exports;
- poorly developed bankruptcy law procedures, providing the grounds for possible abuse;
- devaluation of local currency;
- occurrence of social unrest;

- changing local currency exchange rates;
- inflation;
- growth of a "grey area"; and
- occurrence of phenomena limiting the free and secure running of business operations.

The occurrence of any of these factors could have a material adverse effect on Condor's business, financial condition or results of operations.

Further, Kazakhstan also depends on neighboring states to access world markets for a number of its major exports, including oil, steel, copper, ferro-alloys, iron ore, alumina, coal, lead, zinc and wheat. Kazakhstan is thus dependent upon good relations with its neighbors to ensure its ability to export. In January 1995, Kazakhstan, Russia and Belarus, formally joined by the Kyrgyz Republic in 1996 and Tajikistan in 1999, signed a customs union which, among other things, provides for the removal of trade tariffs between these nations, and Kazakhstan has taken other steps to promote regional economic integration. Government policy advocates further economic integration within the CIS, one of the aims of which is to assure continued access to export routes. However, should access to those routes be materially impaired, this could adversely impact the economy of Kazakhstan.

Like other countries in Central Asia, Kazakhstan could be affected by military action taken in the region, including in Afghanistan, and the effect such military action may have on the world economy and political stability of other countries. In particular, countries in Central Asia, such as Kazakhstan, whose economies and state budgets rely in part on the export of oil, oil products and other commodities, the import of capital equipment and significant foreign investments in infrastructure projects, could be adversely affected by any resulting volatility in oil and other commodity prices and by any sustained decrease in commodity prices or by the frustration or delay of any infrastructure projects caused by political or economic instability in countries engaged in such projects.

Economic Conditions in Kazakhstan

Kazakhstan became an independent sovereign state in 1991 as a result of the dissolution of the former Soviet Union. Since then, Kazakhstan has experienced significant change as it emerged from a single-party political system and a centrally-controlled command economy to a market-oriented model. The transition was marked in the earlier years by political uncertainty and tension, a recessionary economy marked by high inflation and instability of the local currency and rapid, but incomplete, changes in the legal environment.

Since 1992, Kazakhstan has actively pursued a program of economic reform designed to establish a free market economy through privatization of state enterprises and deregulation and is more advanced in this respect than many other countries of the CIS. However, as with any transition economy, there can be no assurance that such reforms will continue or that such reforms will achieve all or any of their intended aims.

In addition, instability in other countries, such as Russia, has affected in the past, and may materially affect in the future, economic conditions in Kazakhstan. Condor's results of operations are significantly dependent on the Kazakhstan economy. Although the Government of Kazakhstan has adopted policies aimed to mitigate any such negative effect, low commodity prices and weak demand in its export markets and economic instability elsewhere in the world may adversely affect Kazakhstan's economy. Adverse economic conditions in Kazakhstan could have a material adverse effect on Condor's business, financial condition or results of operations.

Changes in the Political and Legal Environment in Kazakhstan

Kazakhstan's foreign investment, petroleum, subsoil use, licensing, corporate, tax, customs, currency, banking and antimonopoly laws and legislation are still developing and uncertain. From time to time, including the present, draft laws on these subjects are prepared by government ministries and some have been submitted to Parliament for approval. Legislation in respect of some or all of these areas could be passed. Currently, the regulatory system contains many inconsistencies and contradictions. Many of the laws are structured to provide substantial administrative discretion in their application and enforcement. In addition, the laws are subject to changing and different interpretations. These factors mean that even Condor's best efforts to comply with applicable law may not always result in compliance. Non-compliance may have consequences disproportionate to the violation. The uncertainties, inconsistencies and contradictions in Kazakhstan laws and their interpretation and application could have a material adverse effect on Condor's business, financial condition or results of operations.

Non-observance or non-compliance by Falcon with binding laws and regulations or post-inspection recommendations of administrative bodies may result in the imposition of penalties, fines or even more stringent sanctions, such as suspension; change of conditions or revocation of licenses and permits granted to such subsoil users; orders to terminate any types of business operations carried out by Falcon; loss of stocks of the subsoil user; or imposition of penal and administrative sanctions upon members of management. Moreover, a contract or transaction found to be not in compliance with the law may be invalidated and abrogated by a court decision. The issue of such decisions or orders, application of sanctions or increasing the scope of control powers of regulatory bodies over such operations, could have a material adverse effect on Condor's business, financial condition or results of operations.

Kazakhstan is a candidate country to the Extractive Industries Transparency Initiative promoted by the Government of the United Kingdom; Kazakhstan has been validated as "Close to EITI Compliant" in 2013 and has to complete the revalidation process until October 17, 2016. This initiative supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil and natural gas and which also works to build multi-stakeholder partnerships in developing countries in order to increase the accountability of governments. In addition, the Kazakhstan government has stated that it believes in continued reform of the corporate governance processes and will ensure discipline and transparency in the corporate sector to promote growth and stability. However, there can be no assurance that the Kazakhstan government will continue such policy, or that such policy, if continued, will ultimately prove to be successful. Therefore, it is not possible to predict the effect of future legislative developments on Condor's business and prospects.

The operations and property of Falcon are subject to inspections carried out by numerous Kazakhstan administration authorities and Government agencies pursuant to the acquisition and extensions of different types of licenses, permits and consents, as well as fulfillment of requirements, ensuing from binding laws, regulations and standards. Administration authorities are vested with considerable powers within the scope of enforcement and interpretation of binding laws, regulations and standards, issue and extension of licenses, permits and consents and control of compliance with the terms and conditions thereof by their holders. Any such future inspections might indicate the violation of laws, decrees or regulations by Falcon. Falcon may also be deprived of the possibilities to remedy such violations or to fill the deficiencies.

The Zharkamys Contract will terminate upon the expiration of their respective terms, subject to the availability of extensions, if no commercial discovery is made or no decision to enter into production is announced. The violation of certain provisions of the Zharkamys Contract, or the bankruptcy of Falcon or the failure to complete its obligations under its exploration work program could lead to fines, suspensions, revisions to the terms of the Zharkamys Contract, or the premature termination of the Zharkamys Contract by the Government of Kazakhstan. In these circumstances, legal redress may be uncertain, delayed or unavailable. Termination of the Zharkamys Contract for any reason will not release Falcon from its obligation to restore Zharkamys to its pre-exploration condition. Upon the expiry of the Marsel Contract, all geological information, however acquired, shall become the property of the Government of Kazakhstan.

In Kazakhstan, it is often difficult to determine from governmental records whether statutory and corporate actions have been properly completed by the parties or applicable regulatory agencies. Ensuring Falcon's ongoing rights to licences and the Zharkamys Contract, respectively, will require a careful monitoring of performance of the terms thereof, and monitoring the evolution under Kazakhstan laws and licensing practices.

The judicial system in Kazakhstan may not be fully independent of outside social, economic and political forces, and court decisions can be difficult to predict.

Risk Associated with the Recent Changes in Kazakhstan Subsoil Law

The new Law of the Republic of Kazakhstan №291-IV "On Subsoil and Subsoil Use" (the "**Subsoil Law**") was adopted on June 24, 2010 and became effective on July 7, 2010. The Subsoil Law replaced the Law of the Republic of Kazakhstan "On Subsoil and Subsoil Use" dated January 27, 1996 and the Law of the Republic of Kazakhstan "On Petroleum" dated June 28, 1995 (the "**Old Subsoil Laws**"). Falcon, the Zharkamys Contract and Zharkamys are subject to the Subsoil Law, among other Kazakh laws.

The Subsoil Law introduces significant changes in terms of the regulation of the activities of subsoil users. As the text of the Subsoil Law became publicly available only once it became effective, any potential impact it may have on Condor's business operations in Kazakhstan is currently unknown. However, any changes to the laws governing Condor's business operations could have a material adverse effect on Condor's business, financial condition or results of operations.

In particular, under the Old Subsoil Laws, guarantees for subsoil use contract stability did not apply in cases where the legislation of Kazakhstan affecting national security, defense capabilities and environmental or health protection was changed. In addition to maintaining the previous exceptions, the Subsoil Law cancels stability clauses in subsoil use contracts where legislation affecting taxation and customs regulation is changed.

Subsoil users who received the subsoil rights prior to the introduction of the Subsoil Law are required to develop and approve the new project documentation by July 5, 2012. Additionally, subsoil users have to develop and approve a new work program in accordance with the project documentation by January 5, 2013. The Subsoil Law cancelled the annual work programs. Instead, expected exploration and/or production volumes for each year shall be set forth in the newly developed and approved work program.

Under the Subsoil Law a competent authority has a right to unilaterally terminate a subsoil use contract if a subsoil user more than twice failed to rectify violations within the period indicated by a competent authority in its notification. Previously, the only way a subsoil user could renew a subsoil use contract was by way of court application. The Subsoil Law provides that a competent authority may renew a subsoil use contract without a court application in the following cases: (i) the decision to terminate the contract was adopted on the basis of doubtful information; and/or (ii) failure to perform or duly perform contractual obligations occurred due to force-majeure circumstances.

The Subsoil Law retains the provisions of the Oil Subsoil Laws relating to the State pre-emptive right but it also provides for certain exemptions from those provisions for:

1. public market transactions that take place on a recognized securities exchange and are in respect of securities already listed and in circulation, notwithstanding the fact that these transactions would otherwise be subject to the State pre-emptive right;
2. the transfer, in full or in part, of subsoil use rights or objects associated with subsoil use rights to a subsidiary of a subsoil user in which not less than 99% of the equity of such subsidiary is owned directly or indirectly by the subsoil user, provided that such subsidiary is not registered in a country with a preferential tax regime;
3. the transfer, in full or in part, of subsoil use rights or objects associated with subsoil use rights between legal entities in which not less than 99% of the equity of both parties is owned directly or indirectly by the same entity, provided that the acquiring entity is not registered in a country with a preferential tax regime;
4. transactions involving the purchase or sale of securities that would otherwise be subject to the pre-emptive right, but which would result in the transfer of less than 0.1% of the equity of the acquirer.

Pursuant to the Subsoil Law, objects associated with subsoil use right were expanded and now include:

- participatory interests (shares) in a legal entity holding the subsoil use right, as well as a legal entity which may directly and/or indirectly determine and/or influence decisions adopted by a subsoil user if the principal activity of such subsoil user is related to subsoil use in Kazakhstan; and/or

- securities confirming title to shares or securities convertible to shares of a subsoil user as well as a legal entity who may directly and/or indirectly determine the decisions and/or influence the decisions adopted by such a subsoil user if such a legal entity's core activities are associated with subsoil use in Kazakhstan ("**Associated Rights**").

The Old Subsoil Laws provided a list of transactions/cases, other than for the alienation of subsoil use rights and Associated Rights, which required preliminary consent from a competent body. The Subsoil Law expanded this list by stating that the following transactions/cases require preliminary consent from a competent body:

- foreclosure of subsoil use rights and Associated Rights;
- transfer of subsoil use rights and Associated Right to the third parties' charter capital;
- transfer of subsoil use rights and Associated Rights in the course of bankruptcy proceedings;
- obtaining a right to a participatory interest in a subsoil user or its parent company if such right arises as a result of charter capital increase or by accession of a new participant to such legal entity;
- the initial public offering on an organized market of a subsoil user or its parent companies' securities;
- a pledge of participatory interests (shares) in a subsoil user;
- the transfer of subsoil use rights or Associated Rights due to the reorganization of a subsoil user or its parent companies.

Risks Associated with Regulatory Authorities

Prior to March 12, 2010, the MEMR was the principal government authority responsible for supervising and regulating the mining and oil/gas industries in Kazakhstan. On March 12, 2010, MEMR's responsibilities relating to the mining industry were transferred to the reorganized MINT, and MEMR's responsibilities regarding the oil and gas industry were transferred to the newly established Ministry of Oil and Gas (the "MOG").

The new Subsoil Law establishes the general and specific powers of both the MINT and the MOG. The general powers of MINT and MOG regarding relevant subsoil use contracts include, but are not limited to, the authority to: (i) tender subsoil use rights; (ii) supervise subsoil users' compliance with their obligations under relevant subsoil use contracts including the authority to supervise compliance with local content requirements; and (iii) grant regulatory approvals.

Specific powers of MOG include, among other things: the authority to grant permission for flaring of associated gas and natural gas and the determination of the volumes of crude oil to be supplied by subsoil users to the internal Kazakhstani market. Specific powers of MINT include, among other things: maintenance of the register of goods, works and services used in subsoil use operations and the elaboration of legal acts concerning local content.

The Subsoil Law also attempts to specify the roles (and identify specific duties) of other committees and commissions that are involved in the regulation of various aspects of subsoil use operations. However, the Subsoil Law is not yet entirely clear as to which role each ministry, agency and committee will play.

Risks Associated with the Subsoil Use Regulation

Falcon, the Zharkamys Contract, Zharkamys, are subject to the Subsoil Law, among other Kazakh laws.

Article 12 of the Subsoil Law provides the State of Kazakhstan with a statutory pre-emptive right, exercisable in the event of transfer of any shares or other equity interest in a legal entity which may directly or indirectly make decisions and/or exert influence on decisions adopted by a Kazakh subsoil user. Under Article 12 of the Subsoil Law, the pre-emptive right applies both to Kazakh and overseas entities, including their offshore transactions outside of Kazakhstan.

Under Article 36 of the Subsoil Law, any transfer of subsoil use rights and/or Associated Rights to any third party, in whole or in part, may only be made with the prior consent of the competent authority (for petroleum operations it is the MOG). The consent of the competent authority is valid for a period of six months from the date it is provided. If the transaction is not completed within such six month period, the seller must apply to the competent authority to extend the consent for an additional six month period or to obtain a new consent. A transfer of subsoil use rights or Associated Rights may occur in a number of different manners, including by way of assignment, in whole or in part, of subsoil use rights under a subsoil contract; the disposition of shares in a subsoil user or its parent company at any level; a contribution of the subsoil use rights or Associated Rights to the charter capital of a newly established legal entity; a transfer of subsoil use rights or Associated Rights as part of a transfer of a property complex; the alienation of subsoil use rights or Associated Rights under bankruptcy proceedings; and a pledge of subsoil use rights or Associated Rights. A failure to obtain either the State's waiver of its pre-emptive right or the consent of the competent authority would invalidate a transaction. In addition, the Subsoil Law requires a purchaser to notify the competent authority of the transfer of subsoil use rights within five business days of the completion of the transfer. A failure to do so will constitute grounds to invalidate a transfer.

The State's pre-emptive right waiver and prior consent of the competent authority, which are required for the distribution of Common Shares, Special Warrant Shares, Additional Shares and any Common Shares issued pursuant to the exercise of the Over-Allotment Option, if any, pursuant to the Offering, have been obtained by Condor.

Risks associated with Antimonopoly Regulations

Prior consent from the Antimonopoly Agency is needed for certain transactions, which may reduce or restrict competition in the commodities markets.

Specifically, the consent of the Antimonopoly Agency, among others, is required for an acquisition by a person (or group of persons) of voting shares (or participation interests or unit shares) in the charter capital of a market entity, whereby such person (or group of persons) gains the right to control more than 25% of such voting shares (or participation interests or unit shares), where such person (or group of persons) prior to the purchase did not hold voting shares (or participation interests or unit shares) of that market entity, or held 25% or less of the voting shares (or share participation or unit shares) in the charter capital of such market entity, provided that certain turnover or asset thresholds are met or where one of the parties to the transaction holds a dominant position in a certain market. The consent is required in respect of a transaction involving entities outside Kazakhstan, where such transaction: (i) either directly or indirectly affects fixed or intangible assets, shares (participation interests), property or non-property rights in relation to Kazakh legal entities; or (ii) restricts competition in Kazakhstan.

A transaction which occurs without the Antimonopoly Agency's approval is not void under the law, but may be challenged in a Kazakhstan court. The Company is not aware of any precedent where a transaction involving an offshore company was challenged in Kazakhstan court.

As a general rule, no consent of the Antimonopoly Agency will be required if no person (or group of persons) will acquire more than 25% of a legal entity's shares. Accordingly, it is not anticipated that the consent of the Antimonopoly Agency will be required in connection the Offering. However, the Antimonopoly Agency retains ultimate authority and discretion and may, in certain instances (including instances where consent would not otherwise appear to be required), require an issuer to obtain its consent to a particular transaction.

Risks Associated with the Local Content Regulations

Since 2002, the Government of Kazakhstan has introduced a policy aimed at replacing imports, and promoting greater involvement, support and further stimulation of local producers. This policy was further developed in 2009 and 2010 when the governmental authorities adopted amendments to the legislation (the "**Local Content Amendments**") directed at increasing local content in purchase of goods, work and services by state bodies, national companies and subsoil users. The Local Content Amendments introduce new criterion such as percentage of salary of local employees in payroll fund for calculation of local content. In addition, a centralized system of goods, works and services used in subsoil use operations is required to be established and maintained. Subsoil users must give preference to local producers of goods, works and services provided that such goods, works and services comply with applicable standards. The Subsoil Law supports the local producers by providing a conditional decrease of their bid offers by 20%.

On September 20, 2010, new local content rules were adopted approving a uniform procedure and providing formulae for calculating local content in relation to the purchase of goods, works and services . Under the Subsoil Law, all subsoil users must give preference to local companies when procuring goods, works and services for subsoil use operations. The rules are amended from time to time and changes to the regulations could impact the Company.

Risks Associated with the Environmental Protection Regulations

Falcon must comply with the environmental requirements of Kazakhstan legislation and regulations when conducting activities. In addition, Falcon committed in the Zharkamys Contract to conduct operations in accordance with Kazakhstan environmental legislation.

The environmental protection legislation in Kazakhstan has evolved rapidly, especially in recent years. As the subsoil use sector has evolved, there is presently a trend towards greater regulation, heightened enforcement and increased liability for non-compliance with respect to environmental issues. The most significant development was the adoption of the Ecological Code dated January 9, 2007 (and effective from February 3, 2007), which replaced the three main prior laws on environmental protection.

Under the prior and the existing legislative regime, a subsoil user, such as Falcon, is obliged to comply with environmental requirements during all stages of a subsoil use project. Kazakhstan environmental legislation requires that a State environmental expert examination precede the making of any legal, organizational and economic decisions with respect to an operation that could impact the environment and public health. One of the documents that the subsoil user must provide in connection with the State environmental expert examination is an environmental impact assessment.

The Ecological Code requires that the subsoil user obtain environmental permits to conduct its operations. A permit certifies the holder’s right to discharge emissions into the environment, provided that it introduces the "best available technologies" and complies with specific technical guidelines for the emissions set forth by the environmental legislation. Government authorities and the courts enforce compliance with these permits and violations may result in civil or criminal penalties, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and orders to take preventative steps against possible future violations. In certain situations, the issuing authority may modify, renew or revoke the permits. Falcon obtained permits for environmental emissions for 2010.

As an industrial company, Falcon is also required to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources. The companies must also submit annual reports on pollution levels to the Kazakhstan environmental, tax and statistics authorities.

Recently the Parliament of Kazakhstan has ratified the country’s accession to the Kyoto Protocol. The Kyoto Protocol’s objective is to limit or capture emissions of greenhouse gases such as carbon dioxide and methane. Kazakhstan has enacted new environmental health and safety requirements to ensure compliance with the Kyoto Protocol by introduction amendments to the Ecological Code to become valid from January 1, 2013. The new requirements could require Falcon to incur significant capital expenditures and comply with additional regulatory burdens. Failure to comply with any new legislation could result in fines and other penalties. Meeting such requirements may also bear a negative impact upon the production of oil and natural gas from some reservoirs, resulting in the reduction of overall production of oil and natural gas in Kazakhstan. Condor is unable to foresee the impact of the ratification of the Kyoto Protocol upon its future profits. It is not possible to guarantee that the recent ratification of the Kyoto Protocol and recent amendments of the Ecological Code will not have a material adverse effect on Condor’s business, financial condition or results of operations.

Risks Associated with Currency Regulation and Currency Control Laws

In 2009 specific amendments to the Law of the Republic of Kazakhstan "On Currency Regulation and Currency Control" were adopted. These amendments are aimed at preventing possible threats to the economic security and stability of the Kazakh financial system. The President of Kazakhstan was granted the right to establish, by way of a special President's decree, a special currency regime which may include: (i) depositing a certain portion of foreign currency interest free in a resident Kazakhstan bank or the National Bank of Kazakhstan; (ii) obtaining special permission of the National Bank of Kazakhstan for currency transactions; and (iii) restricting foreign currency transfers overseas.

In general, the impact of the special currency regime is that, if imposed, it may potentially result in preventing Kazakh companies, such as Falcon, from being able to pay dividends to their shareholders abroad or repatriating profits in foreign currency in full or in part. In addition, extra administrative procedures could be imposed and Kazakh companies could be required to hold a part of their foreign currency in local banks.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of the directors or executive officers of the Company, or any shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's outstanding Common Shares, or any known associates or affiliates of such persons, in any transaction within the last three years before the date of this AIF that has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company, except as disclosed below or as otherwise disclosed in this AIF.

Pursuant to a credit and facility agreement ("Credit Facility") dated August 18, 2010, between Condor and EurAsia RH, EurAsia RH provided Condor with a credit facility of $30.0 million carrying interest at 5.0% with all amounts due thereunder on December 31, 2012. On November 12, 2012, the Credit Facility was decreased to $20.0 million and the due date was extended until January 1, 2015. On August 1, 2013, the credit facility was decreased to $7.5 million. On June 13, 2013, $2.5 million was drawn on the facility and related interest expense of $0.07 million has been recognized during the year ended December 31, 2013. Amounts drawn on the facility are convertible at the request of EurAsia into a variable number of common shares using the twenty day TSX volume weighted average trading price preceding the conversion. In March, 2014, the Company repaid the outstanding principal and accrued interest amounts and the facility was cancelled.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, at its offices located at Suite 3100, 111-5th Avenue S.W., Calgary, Alberta, T2P 5L3. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

The Company's transfer agent and registrar is Olympia Transfer Services Inc. at its principal offices in Calgary, Alberta and Toronto, Ontario.

INTEREST OF EXPERTS

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this AIF or referred to in another filing made by the Company under NI 51-102 during or related to the financial year ended December 31, 2013, as having prepared or certified a report, valuation, statement or opinion described or included in this AIF or other filing, has received or shall receive a direct or indirect interest in any securities or other property of the Company or any associate or affiliate of the Company.

Information relating to reserves and resources in this AIF and in such other filings was calculated by Sproule International, as independent qualified reserves evaluators. The principals of Sproule International, individually or as a group, neither own nor expect to receive any of the Company's securities, directly or indirectly. See "Auditors, Transfer Agent and Registrar".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, during the financial year ended December 31, 2013 nor is the Company aware of any contemplated legal proceedings which involve a claim for damages, exclusive of interest and costs, that may exceed 10% of the current assets of the Company.

During the year ended December 31, 2013, there were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Company that would be likely considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority. See "Risk Factors".

MATERIAL CONTRACTS

There are no material contracts entered into by Condor during the most recently completed financial year or since January 1, 2014 and which are still in effect, other than contracts entered into in the ordinary course of business and other than:

1. The Zharkamys Contract. For more information, see "Oil and Natural Gas Reserves, Properties and Prospects - Kazakhstan Oil and Gas Operations - Zharkamys";
2. The credit and facility agreement dated effective November 12, 2012 between EurAsia RH and the Company. For more information, see "Interest of Management and Others in Material Transactions";
3. The Sale and Purchase Agreement for the 66% participating interest in Marsel Petroleum LLP, Loan Assignment Agreement, and Interim Loan Agreement thereto. For further information, see "General Development of the Business of Condor – Three Year History".
4. The Note agreement for the senior unsecured note in the principal amount of $15,000,000. For further information, see "General Development of the Business of Condor – Three Year History".

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information related to the remuneration of directors and officers, the indebtedness of directors and officers, the principal holders the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Management Proxy Statement and Information Circular of Condor for its most recent annual meeting of Shareholders that involved the election of directors.

Additional financial information is provided in Condor's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2013.

RESERVE AND RESOURCE ADVISORY

This AIF includes information pertaining to internal Condor generated estimates of Company resources effective February 8, 2013, which were prepared by a qualified reserves evaluator in accordance with National Instrument 51-101, and the Sproule Reserve Report by Sproule International.

Statements relating to reserves and resources are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. The estimates included in this presentation include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of resources, timing and amount of capital expenditures, marketability of production, future prices of crude oil and natural gas, operating costs, abandonment and salvage values, royalties and other government levies that may be imposed over the producing life of the resources. The reserve assumptions were based on prices in use at the date the Sproule Reserve Report was prepared, and many of these assumptions are subject to change and are beyond the Company's control. The estimated values of future net revenues of Reserves disclosed in theis AIF do not represent fair market value.

The reserve and resource estimates of Condor's properties described herein are estimates only. The actual reserves and resources may be greater or less than those calculated. Estimates with respect to resources that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and analogy to similar types of resources, 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 resources based upon production history will result in variations, which may be material, in the estimated resources.

Prospective Resources disclosed herein are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. These estimates have not been risked for either chance of discovery or chance of development. There is no certainty that any portion of the Prospective Resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources. Unless otherwise stated, any reference to Prospective Resources refers to Gross, Mean Recoverable, Prospective Resources (Unrisked).

SCHEDULE 1
CHARTER OF THE AUDIT COMMITTEE

I. PURPOSE

The audit committee (the "Audit Committee") is a committee of the board of directors (the "Board of Directors") of Condor Petroleum Inc. (the "Corporation"). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls of the Corporation by:

1. reviewing the financial reports and other financial information before such reports and other financial information are provided by the Corporation to any governmental body or the public;

2. recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;

3. serving as an independent and objective party to monitor the Corporation's financial reporting process and internal controls, the Corporation's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;

4. encouraging continuous improvement of, and fostering adherence to, the Corporation's policies, procedures and practices at all levels;

5. creating a culture of honesty and ethical behaviour in order to set the proper tone and to emphasise fraud prevention;

6. overseeing management, including monitoring that management establishes and maintains internal control to provide reasonable assurance regarding reliability of financial reporting;

7. reporting to the board on members' views of the interim and annual financial statements, including the management's discussion & analysis ("MD&A"); and

8. deciding, at its discretion, whether or not to establish an internal audit function. If an internal audit function is not established by the Corporation, the Audit Committee shall ensure that effective internal controls, processes and systems are provided.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee's primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation's management which is responsible for preparing the Corporation's financial statements and it is the Corporation's external auditors who are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of a minimum of three non-executive directors with sufficient financial literacy, as determined by the Board of Directors, all of whom must be "independent" directors (as such term is defined in Schedule "A"). All members of the Audit Committee must, to the satisfaction of the Board of Directors, be "financially literate" (as such term is defined in Schedule "A").

The members of the Audit Committee must be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and serve until their successors are duly elected. Unless a Chairman is elected by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements in order to review and discuss the unaudited financial results for the preceding quarter and the related MD&A and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may request members of management or others to attend meetings and provide pertinent information as necessary. For the purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is (the presence in person or by telephone or other communication equipment of) a simple majority of the total number of members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine, within or outside Alberta, Canada, upon not less than 48 hours prior notice to each of the members. Meetings of the Audit Committee may be held without 48 hours prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. Any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation’s external auditors, or the Chief Executive Officer or Chief Financial Officer of the Corporation are entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

The Audit Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Audit Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Audit Committee will require the vote of a majority of its members present at a meeting at which quorum is present. Action of the Audit Committee may be taken by an instrument or instruments in writing signed by all of the members of the Audit Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Audit Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

Generally

1. Create an agenda for the ensuing year.

2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.

3. Describe briefly in the Corporation's annual report (if any) and more fully in the Corporation's management information circular or its annual information form ("AIF") the Audit Committee's composition and responsibilities and how they were discharged, and otherwise assist management in providing the information required by applicable securities legislation (including the form requirements under National Instrument 52-110) in the Corporation's AIF.

4. Report periodically to the Board of Directors.

5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.

6. Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Documents/Reports Review

1. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings press releases prior to their publication and/or filing with any governmental body, or the public.

2. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, if any, based on terms of reference agreed upon by the external auditors and the Audit Committee.

3. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 7 of this part, and periodically assess the adequacy of such procedures.

4. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.

5. Provide insight to related party transactions entered into by the Corporation.

External Auditors

1. Recommend to the Board of Directors: (i) the selection of the external auditors, considering independence and effectiveness; and (ii) the fees and other compensation to be paid to the external auditors. The external auditors shall report directly to the Audit Committee.

2. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.

3. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.

4. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.

5. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.

6. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

7. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.

8. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

Financial Reporting Processes

1. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.

2. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.

3. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

1. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

2. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.

3. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on

the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.

4. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.

5. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.

6. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.

7. Review activities, organizational structure, and qualifications of the Corporation’s Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

Ethical and Legal Compliance

1. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

2. Review and update periodically a code of business conduct and ethics (the "Code of Conduct") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.

3. Review management’s monitoring of the Corporation’s systems in place to ensure that the Corporation’s financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

4. Review, with management, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation’s financial statements.

Risk Management

1. Review management’s program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors’ opinion of management’s assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.

Review

1. The Audit Committee shall review its effectiveness periodically, through self-assessments or independent evaluations.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

SCHEDULE 2
FORM 51-101 F2 - REPORT ON RESERVES
DATA BY INDEPENDENT QUALIFIED EVALUATOR OR AUDITOR

Report on Reserves Data

To the Board of Directors of Condor Petroleum Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2013. The reserves data are estimates of Probable and Possible reserves and related future net revenue as at December 31, 2013, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to Probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us as of December 31, 2013, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country)	Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate)			
			Audited (M$Cdn)	**Evaluated (M$Cdn)**	**Reviewed (M$Cdn)**	**Total (M$Cdn)**
Sproule International Limited	Evaluation of the P&NG Reserves of Condor Petroleum Inc., As of December 31, 2013, prepared January 2014 to March 2014	Kazakhstan				
Total			**Nil**	**26,138**	**Nil**	**26,138**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after its preparation date.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule International Limited
Calgary, Alberta
March 10, 2014

Original Signed by Magued Bastawross, P.Eng______________________________
Magued Wilson Bastawross, P.Eng.
Supervisor, Engineering and Partner

Original Signed by Suryanarayana Karri, P. Geoph.________________________________
Suryanarayana Karri, P.Geoph.
Manager, Geoscience and Partner

Original Signed by Barrie F. Jose, M.Sc., P. Geoph.
____
Barrie F. Jose, M.Sc., P.Geoph.
Vice-President, Geoscience and Partner

Original Signed by Greg D. Robinson, P. Eng.
____
Greg D. Robinson, P.Eng.
Vice-President, International and Director

SCHEDULE 3
FORM 51-101 F3
REPORT OF MANAGEMENT AND DIRECTORS ON
RESERVES DATA AND OTHER INFORMATION

Management of Condor Petroleum Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and Probable reserves and related future net revenue as at December 31, 2013, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation, and
(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator; and
(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

"Signed"
Don Streu, President and Chief Executive Officer

"Signed"
Roger Whittaker, Vice President Exploration

"Signed"
Dr. Edward Bogle, Director

"Signed"
John Burzynski, Director

March 26, 2014