



Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2013

(unaudited)

Condor Petroleum Inc.

Consolidated Statements of Financial Position (unaudited)

Stated in thousands of Canadian dollars

As at		March 31, 2013	December 31, 2012
	Note		
Assets			
Cash and cash equivalents		10,982	19,820
Restricted cash		1,148	1,836
Trade and other receivables		1,380	1,431
Other current assets	2	1,705	1,635
Total current assets		15,215	24,722
Exploration and evaluation assets	3	152,296	145,005
Property and equipment	4	7,685	7,686
Other long term assets	5	11,315	10,629
Total assets		186,511	188,042
Liabilities			
Accounts payable and accrued liabilities		4,295	6,499
Current portion of provisions	8	1,045	1,036
Total current liabilities		5,340	7,535
Other long term liabilities	7	3,385	3,241
Provisions	8	2,098	2,071
Total liabilities		10,823	12,847
Equity			
Share capital		263,035	263,035
Contributed surplus		14,952	14,390
Translation reserve		(2,054)	(5,588)
Deficit		(97,126)	(93,761)
Equity attributable to Condor		178,807	178,076
Non-controlling interest		(3,119)	(2,880)
Total equity		175,688	175,196
Total liabilities and equity		186,511	188,042

Going concern (Note 1)

Commitments and contingent liabilities (Note 10)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condor Petroleum Inc.

Consolidated Statements of Comprehensive Income (unaudited)

Stated in thousands of Canadian dollars

(except for per share amounts)

For the three months ended March 31		2013	2012
	Note		
Revenue			
Oil and natural gas sales		2,328	796
Royalty expense		(197)	(163)
		<u>2,131</u>	<u>633</u>
Expenses			
Production costs		1,271	320
Transportation costs		18	13
General and administrative		2,406	3,199
Depletion and depreciation	3, 4	1,506	386
Stock based compensation		562	944
Gain on disposals		-	(193)
Operating loss		<u>(3,632)</u>	<u>(4,036)</u>
Finance income		194	313
Finance and accretion expenses		(150)	(305)
Foreign exchange gain (loss)		89	(188)
Net loss for the period		<u>(3,499)</u>	<u>(4,216)</u>
Foreign currency translation adjustment		3,429	(2,527)
Comprehensive loss for the period		<u>(70)</u>	<u>(6,743)</u>
Net loss attributable to			
Condor		(3,365)	(4,054)
Non-controlling interests		(134)	(162)
Net loss for the period		<u>(3,499)</u>	<u>(4,216)</u>
Comprehensive loss attributable to			
Condor		169	(6,614)
Non-controlling interests		(239)	(129)
Comprehensive loss for the period		<u>(70)</u>	<u>(6,743)</u>
Basic and diluted loss per share		<u>(0.01)</u>	<u>(0.01)</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condor Petroleum Inc.

Consolidated Statements of Changes in Equity (Unaudited)

Stated in thousands of Canadian dollars (except for per share amounts)

	Number of common shares	Share capital	Contributed surplus	Translation reserve	Deficit	Equity attributable to Condor	Non- controlling interest	Total
As at December 31, 2011	346,120,871	263,035	11,125	(112)	(80,432)	193,616	(1,833)	191,783
Stock based compensation expense	-	-	944	-	-	944	-	944
Foreign currency translation adjustment	-	-	-	(2,560)	-	(2,560)	33	(2,527)
Net loss	-	-	-	-	(4,054)	(4,054)	(162)	(4,216)
As at March 31, 2012	346,120,871	263,035	12,069	(2,672)	(84,486)	187,946	(1,962)	185,984
Stock based compensation expense	-	-	2,321	-	-	2,321	-	2,321
Foreign currency translation adjustment	-	-	-	(2,916)	-	(2,916)	(316)	(3,232)
Net loss	-	-	-	-	(9,275)	(9,275)	(602)	(9,877)
As at December 31, 2012	346,120,871	263,035	14,390	(5,588)	(93,761)	178,076	(2,880)	175,196
Stock based compensation expense	-	-	562	-	-	562	-	562
Foreign currency translation adjustment	-	-	-	3,534	-	3,534	(105)	3,429
Net loss	-	-	-	-	(3,365)	(3,365)	(134)	(3,499)
As at March 31, 2013	346,120,871	263,035	14,952	(2,054)	(97,126)	178,807	(3,119)	175,688

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condor Petroleum Inc.

Consolidated Statements of Cash Flows (unaudited)

Stated in thousands of Canadian dollars

For the three months ended March 31		2013	2012
	Note		
Operating activities:			
Net loss		(3,365)	(4,054)
Items not affecting cash:			
Loss attributable to non-controlling interest		(134)	(162)
Depletion and depreciation	3, 4	1,506	386
Stock based compensation		562	944
Non-cash finance income		(165)	(122)
Non-cash finance expenses		150	305
Unrealized exchange (gains) losses		(143)	(106)
Gain on disposals		-	(193)
Decommissioning costs	8	(11)	(104)
		(1,598)	(3,106)
Changes in non-cash working capital		(3,293)	2,139
Cash used in operating activities		(4,891)	(967)
Investing activities:			
Exploration and evaluation expenditures	3	(5,425)	(8,544)
Property and equipment expenditures	4	(189)	(287)
Value added tax paid		(343)	(816)
Proceeds on disposal of oil and gas properties		-	225
Changes in non-cash working capital		1,873	(2,516)
Cash used in investing activities		(4,084)	(11,938)
Change in cash			
Change in cash		(8,975)	(12,905)
Effect of foreign exchange on cash		137	(126)
Cash and cash equivalents, beginning of period		19,820	68,545
Cash and cash equivalents, end of period		10,982	55,514

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2013

1. Corporate information:

Reporting entity:

Condor Petroleum Inc. ("Condor" or the "Company") is a publicly traded company with activities in Canada and the Republic of Kazakhstan ("Kazakhstan"). The address of the Company's registered office is 2400, 144 – 4th Ave SW, Calgary, Alberta, Canada, T2P 3N4.

The interim condensed consolidated financial statements (the "financial statements") of the Company as at March 31, 2013 and December 31, 2012 and for the three months ended March 31, 2013 and 2012 comprise the Company and its subsidiaries. The financial statements were approved and authorized for issue on May 10, 2013 by the Board of Directors (the "board").

Nature of operations:

The Company owns a 100% interest in the Zharkamys West 1 territory ("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.

The Company owns a 66% interest in the Marsel territory ("Marsel") in south eastern Kazakhstan. The Marsel contract with the Government of Kazakhstan is currently in the exploration period until March 27, 2015. The Company funds 100% of the Marsel territory capital program and exploration commitments. Upon commercial discovery, Marsel has the exclusive right to enter the development period by executing a development contract (Note 11).

The Company also operates and holds non-operated working interests in certain oil and gas properties in Alberta, Canada.

Going Concern

The Company is in the business of exploring, developing and producing oil and natural gas properties which, by its nature, involves a high degree of risk. The recoverability of amounts capitalized for exploration and evaluation assets is dependent upon a number of factors, including: the discovery of economically recoverable reserves; obtaining necessary financing to meet work program and other obligations; completing the exploration for and development of the reserves; and, ultimately achieving future profitable production. These financial statements have been prepared using International Financial Reporting Standards applicable to the going concern basis, under which the Company is assumed to realize its assets and discharge its liabilities in the normal course of operations.

As at March 31, 2013, cash and cash equivalents were \$11.0 million, net working capital was \$9.9 million and there was no amount drawn on the Company's \$20.0 million credit facility (Note 6). The Company has future contractual work commitments through the next year related to the Kazakhstan properties of US \$9.0 million (Note 10). On April 22, 2013, the Company's wholly owned subsidiary entered into a binding sale and purchase agreement for Marsel, subject to certain conditions and waivers (Note 11), and the buyer shall loan Marsel US\$5.0 million to fund the on-going exploration activities.

While the Company had sufficient working capital and available credit facility at period-end to meet its minimum work program commitments and general and administrative costs for the next 12 months, the Company will require additional sources of funding to carry out additional exploration and development programs and meet its subsequent minimum work commitments.

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2013

The Company is currently seeking: development financing for the development of the Shoba oilfield within Zharkamys; the disposition of Marsel (Note 11); potentially farming down certain prospects at Zharkamys; and, drawing the EurAsia credit facility as potential financing options. Although management believes that necessary financing will be obtained, there is no certainty that such financing will be obtained on terms acceptable to management which may cast significant doubt about the Company's ability to continue as going concern and, accordingly, the appropriateness of the use of accounting principles applicable to going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Basis of presentation

These financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34 'Interim Financial Reporting'. The financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies used to prepare these financial statements are consistent with the policies at December 31, 2012.

The financial statements are reported in Canadian dollars ("CAD"). CAD is the functional currency of all significant subsidiaries of the Company except for the operating companies in Kazakhstan, which have a Kazakhstan Tenge ("KZT") functional currency.

The financial statements have been prepared on the historical cost basis, except for held for trading financial assets which are measured at fair value with changes in fair value recorded in earnings.

Changes in Accounting Policies

On January 1, 2013 the Company adopted new standards with respect to consolidations (IFRS 10), joint arrangements (IFRS 11), disclosure of interests in other entities (IFRS 12), fair value measurements (IFRS 13) and amendments to financial instrument disclosures (IFRS 7) as well as amendments related to investments in associates and joint ventures (IAS 28). The adoption of these amendments and standards had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2013 or on the comparative periods. An amendment to the presentation of financial statements standard (IAS 1) requires the Company to group items within other comprehensive income ("OCI") that will or will not be subsequently reclassified to profit and loss. The Company's amounts recorded in OCI will eventually be reclassified to profit or loss on eventual disposal or sale of the Company's subsidiaries.

Fair value of financial instruments

Loans and receivables include cash and cash equivalents, accounts receivable, other current assets and other long term assets. Other financial liabilities include accounts payable and accrued liabilities and other long term liabilities. The fair value of cash and cash equivalents, accounts receivable, other current assets and accounts payable and accrued liabilities approximate their carrying values due to the short term nature of these instruments. The carrying value of other long term assets and other long term liabilities approximate their fair value.

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2013

2. Other current assets:

As at (000's)	March 31, 2013	December 31, 2012
Supplies inventory	425	214
Crude oil inventory	183	232
Prepaid expenses	1,081	1,168
GST receivable	16	21
	1,705	1,635

3. Exploration and evaluation assets:

Exploration and evaluation properties are comprised of the Zharkamys and Marsel territories in Kazakhstan as described in Note 1.

As at (000's)	March 31, 2013	December 31, 2012
Cost		
Balance, beginning of period	146,475	117,186
Capital expenditures	5,425	34,203
Change in decommissioning provision and other	(17)	780
Foreign currency translation adjustment	3,189	(5,694)
Balance, end of period	155,072	146,475
Accumulated depletion		
Balance, beginning of period	(1,470)	(297)
Depletion	(1,278)	(1,228)
Foreign currency translation adjustment	(28)	55
Balance, end of period	(2,776)	(1,470)
Net book value, end of period	152,296	145,005

During the period ended March 31, 2013, the Company capitalized \$1.1 million of general and administrative costs directly attributable to exploration and evaluation of Zharkamys and Marsel (March 31, 2012 – \$1.7 million).

4. Property and equipment:

(000's)	Oil & gas properties	Other equipment	Total
Cost			
As at December 31, 2011	10,876	5,077	15,953
Capital expenditures	-	2,247	2,247
Disposal of assets	(5,802)	(83)	(5,885)
Change in decommissioning provision and other	748	-	748
Foreign currency translation adjustment	-	(101)	(101)
As at December 31, 2012	5,822	7,140	12,962
Capital expenditures	-	189	189
Disposal of assets	-	(33)	(33)
Foreign currency translation adjustment	-	126	126
As at March 31, 2013	5,822	7,422	13,244

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2013

(000's)	Oil & gas properties	Other equipment	Total
Accumulated depletion and depreciation			
As at December 31, 2011	6,401	1,088	7,489
Depletion and depreciation	983	761	1,744
Disposal of assets	(3,860)	(61)	(3,921)
Foreign currency translation adjustment	-	(36)	(36)
As at December 31, 2012	3,524	1,752	5,276
<hr/>			
Depletion and depreciation	89	217	306
Disposal of assets	-	(31)	(31)
Foreign currency translation adjustment	-	8	8
As at March 31, 2013	3,613	1,946	5,559
<hr/>			
Net book value			
As at December 31, 2012	2,298	5,388	7,686
As at March 31, 2013	2,209	5,476	7,685

During year ended December 31, 2012, the Company disposed of non-core properties in Canada, for proceeds of \$3.6 million.

The oil and gas properties do not include any proved undeveloped reserves, and therefore no future development costs were included in the depletion and depreciation calculations for the three months ended March 31, 2013 and during 2012.

5. Other long term assets:

As at (000's)	March 31, 2013	December 31, 2012
Value added tax receivable	9,716	9,072
Non-current bank deposits	1,599	1,557
	11,315	10,629

Undiscounted value added tax ("VAT") receivables of \$12.7 million (December 31, 2012 - \$12.3 million) are available for offset against VAT collected on future domestic sales and available for refund related to future export sales. The VAT receivables are discounted from the expected date of receipt using a discount rate of 5.65% (2012 - 5.6%), which estimates the market rate of return on a similar instrument.

The non-current bank deposits are invested in special interest bearing accounts and, upon entering the development stage, the funds are available at the Company's discretion for decommissioning obligations.

6. Credit facility:

The Company has a \$20.0 million credit facility provided by EurAsia Resource Holdings AG ("EurAsia"), carrying interest at 5.0% with principal and interest due January 1, 2015. No amounts were drawn on the facility and no interest expense was incurred for the periods ended March 31, 2013 or December 31, 2012. Amounts drawn on the facility are convertible at the request of EurAsia into a variable number of common shares using the twenty day Toronto Stock Exchange volume weighted average trading price preceding the conversion.

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2013

7. Other long term liabilities:

Other long term liabilities comprise obligations to reimburse the Government of Kazakhstan for historical geological and exploration expenditures incurred in Zharkamys and Marsel. The liabilities are deferred during the respective exploration periods and are to be repaid during the development periods with repayment terms to be determined. The liabilities are non-interest bearing and the undiscounted amount at March 31, 2013 of \$5.7 million (December 31, 2012 – \$5.7 million) has been discounted to a value of \$3.4 million (December 31, 2012 – \$3.2 million) based on the estimated timing of future payments and a 10% discount rate.

8. Provisions:

For the period ended (000's)	March 31, 2013	December 31, 2012
Decommissioning obligations, beginning of period	2,071	2,047
Increase in liabilities	-	1,419
Change in estimates	(17)	742
Accretion expense	23	73
Foreign currency translation adjustment	21	(31)
Decommissioning costs	-	(104)
Dispositions	-	(1,039)
Transferred to current portion of provisions	-	(1,036)
Decommissioning obligations, end of period	2,098	2,071
Current portion of provisions, beginning of period	1,036	-
Increase in liabilities	-	1,036
Foreign currency translation adjustment	20	-
Decommissioning costs	(11)	-
Current portion of provisions, end of period	1,045	1,036

Decommissioning obligations are estimated based on the expected costs to abandon existing wells and facilities and to restore the existing sites along with the estimated timing of future payments. At March 31, 2013 and December 31, 2012, the estimated total undiscounted cash flows required to settle the current and non-current liabilities is \$4.0 million which are expected to be incurred between 2013 and 2032.

The calculation of the net present value of the decommissioning obligations included a weighted average inflation rate of 4.0% (December 31, 2012 – 4.0%) and weighted average risk free rate associated with the assets of 5.1%, (December 31, 2012 – 5.1%).

The Company has received approval to use funds held in the Company's restricted bank deposits for mandatory decommissioning obligation funding (Note 5) to cover amounts related to current site reclamation work required on the Marsel territory.

9. Loss per share:

Per share amounts are calculated using 346,120,871 weighted average common shares for the periods ended March 31, 2012 and 2013. Outstanding stock options have been excluded from the calculations of diluted weighted average common shares as to include them would be anti-dilutive. Subsequent to period end, on April 2, 2013 the Company granted 7,720,000 stock options with an exercise price of \$0.55; exercisable one third immediately, one third on April 2, 2014, and one third on April 2, 2015; and, expire on April 2, 2018.

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2013

10. Commitments and contingent liabilities:*Work commitments*

The Company has contractual work commitments pursuant to the Zharkamys and Marsel exploration contracts in Kazakhstan.

Subsequent to period end, on May 2, 2013, the Company obtained approval for a two year extension to the Zharkamys exploration period. The Company has requested a work program increase of US \$12.0 million for the extension period. The work program approval has yet to be received and the actual work program increase could be different from the requested amount.

At the most recent Marsel contract anniversary date of July 27, 2012, the contractual minimum work program had been underspent by US \$15.5 million. 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 and extended the contract period to complete the required performance obligations to March 27, 2015 and the underspent portion was added to the remaining work program obligations.

Non-fulfillment 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. Any exploration period extensions or subsequent development periods would likely carry additional contractual work commitments, which could be significant.

The remaining work commitments, as at March 31, 2013, presented by year are as follows:

Work commitments (in millions of US\$)	2013	2014	2015	Total
Zharkamys	3.6	6.2	5.8	15.6
Marsel (Note 11)	5.4	15.0	15.1	35.5
Total	9.0	21.2	20.9	51.1

Sagiz oil terminal

The Company signed a letter of intent to purchase a 90% interest in the Sagiz oil storage terminal, located 12 kilometers northwest of Zharkamys. The purchase is subject to the terminal being refurbished, operational and licensed for use, and is expected to be completed in 2013 at an expected cost of \$2.5 million.

11. Subsequent events:

On April 22, 2013, Condor's wholly owned subsidiary, Condor Netherlands Petroleum B.V. entered into a binding sale and purchase agreement to sell its 66% participating interest in and certain indebtedness of Marsel for US\$88.0 million. The transaction requires various waivers and consents from the Government of Kazakhstan and is subject to the satisfaction of certain commercial conditions typical for transactions of this nature. The transaction is expected to be completed by the fourth quarter of 2013. In the interim period prior to closing, the buyer shall loan Marsel US \$5.0 million to fund the on-going exploration activities.

Subsequent to period end the Company also entered into an agreement to dispose of certain non-core properties in Canada for net proceeds of \$2.0 million.

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2013

12. Segmented information:

Condor has foreign subsidiaries and the Company's operating and reportable segmented information is provided:

(000's)	Canada	Kazakhstan	Total
For the year ended March 31, 2013			
Exploration and evaluation expenditures	-	5,425	5,425
Property and equipment expenditures	-	189	189
<u>Revenue</u>			
Oil and natural gas sales	439	1,889	2,328
Royalty expense	(124)	(73)	(197)
	315	1,816	2,131
<u>Expenses</u>			
Production costs	(142)	(1,129)	(1,271)
Transportation costs	(18)	-	(18)
	155	687	842
General and administrative			
Depletion and depreciation			2,406
Stock based compensation			1,506
Gain on disposal			562
Finance income			(194)
Finance and accretion expenses			150
Foreign exchange gain			(89)
Net loss for the year			3,499
As at March 31, 2013			
Exploration and evaluation assets	-	152,296	152,296
Property and equipment	2,532	5,153	7,685
Total assets	10,829	175,682	186,511
Total liabilities	1,816	9,007	10,823

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2013

(000's)	Canada	Kazakhstan	Total
For the three months ended March 31, 2012			
Exploration and evaluation expenditures	-	8,544	8,544
Property and equipment expenditures	-	287	287
Revenue			
Oil and natural gas sales	674	122	796
Royalty expense	(160)	(3)	(163)
	514	119	633
Expenses			
Production costs	(256)	(64)	(320)
Transportation costs	(13)	-	(13)
	245	55	300
General and administrative			3,199
Depletion and depreciation			386
Stock based compensation			944
Finance income			(313)
Finance and accretion expense			305
Foreign exchange loss			188
Gain on disposals			(193)
Net loss for the period			(4,216)
As at March 31, 2012			
Exploration and evaluation assets	-	123,170	123,170
Property and equipment	4,934	3,560	8,494
Total assets	60,687	137,741	198,428
Total liabilities	3,617	8,827	12,444