Management's Discussion and Analysis
For the three and six months ended June 30, 2013
Dated August 13, 2013

BUSINESS DESCRIPTION AND READER GUIDANCE

Condor Petroleum Inc. ("Condor" or the "Company") is an international oil and gas company incorporated on October 20, 2006 with activities in the Republic of Kazakhstan ("Kazakhstan"). Additional information relating to the Company, including the Annual Information Form, is available on SEDAR at www.sedar.com.

The following Management's Discussion and Analysis ("MD&A") of Condor should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2013, and the audited consolidated financial statements for the years ended December 31, 2012 and 2011 (the "financial statements"). This MD&A is dated August 13, 2013, the date the Condor Board of Directors approved the financial statements.

All financial amounts are in Canadian dollars, unless otherwise stated.

OVERALL PERFORMANCE

Highlights

Marsel territory

- In April 2013, Condor's wholly owned subsidiary entered into a binding agreement to sell its 66% participating interest in Marsel for US $88.0 million, subject to various waivers and consents from the Government of Kazakhstan. In May 2013 the buyer provided a US $5.0 million loan to fund ongoing Marsel exploration activities. In July 2013 the Company received irrevocable bank guarantees totaling US $83.0 million, further confirming the buyer's intent and ability to complete this transaction.

Zharkamys West 1 territory

- Kazakhstan production increased to 374 bopd in the first half of 2013 compared to 94 bopd in the first half of 2012 due mainly to Shoba trial production. As a result, Company revenues increased 323% to $2.6 million.
- Completion operations on KN-E-201 have finished and the well is now undergoing flow and pressure build up testing to determine deliverability and reservoir properties.
- KN-E-202 was drilled to a total depth of 1,955 meters and encountered similar reservoir and pay intervals to KN-E-201. Approvals are being sought for the completion and testing program.
- Approval for a two year exploration period has been granted which extends the exploration term until August 27, 2015.

Operations

For the six months ended June 30, 2013 as compared to the six months ended June 30, 2012, Kazakhstan production increased 296% to an average of 374 bopd from 94 bopd. The company commenced short-term production at the Zharkamys West 1 territory ("Zharkamys") in Kazakhstan during 2011 and in September 2012 commenced the trial production period related to the Shoba discovery.

Revenues from crude oil sales in Kazakhstan increased to $2.6 million in the first six months of 2013 from $0.6 million for the same period in 2012 as a result of the increase in production; capital expenditures were $10.0 million in 2013 compared to $11.1 million in 2012; net loss attributable to Condor increased to $8.0 million in 2013 from $4.9 million in 2012, due to higher depletion expense associated with greater production in Kazakhstan in 2013, and 2012 loss was lower due to realizing a gain on the sale of Canadian oil and gas properties; cash used in continuing operating activities was $6.4 million in 2013 versus $5.0 million in 2012.

Kazakhstan – Zharkamys

The Company owns a 100% interest in the Zharkamys West 1 territory, which is in the eastern portion of the Pre-Caspian Basin in Kazakhstan ("Zharkamys"). During 2010 and 2011 the Company acquired 2,532 km^2 of high fold, high resolution 3D seismic, covering 87% of Zharkamys. Pre-stack time migration and pre-stack depth migration processing has been completed on the entire dataset, providing excellent subsurface imaging of the Zharkamys territory. The initial 3D seismic interpretation has led to a three phase exploration strategy.

Phase 1

Phase 1 drilling focuses on shallow post-salt prospects (up to 1,500 meters) and is intended to calibrate the seismic responses while also providing early production and cash flow. Since acquiring the 3D seismic, eight Phase 1 exploration wells have been drilled, yielding two commercial oil discoveries at the Company's Shoba and Taskuduk West fields. One other oil discovery at Ebeity is under evaluation.

Phase 2

Phase 2 focuses on deeper (1,500 to 5,000 meters), higher impact post-salt and primary basin prospects that are intended to generate significant reserve additions (refer to reserve and resource advisory). Four Phase 2 wells have been drilled during 2012 – 2013 with the most recent resulting in the KN-E-201 discovery at Kiyaktysai. KN-E-201 was the first primary basin well (totally salt encapsulated) drilled at Zharkamys and reached a total depth of 1,870 meters. The well penetrated a total of 160 meters of net reservoir sands consisting of 74 meters of hydrocarbon pay and 86 meters of residual hydrocarbons as indicated from wireline and mudlog data. KN-E-201 has been completed and tied into temporary production facilities. Completion activities were prolonged due to a deeper, abnormally pressured residual oil zone that required isolation. Initial oil samples retrieved during the completion indicate 43 to 55 degree API oil. Flow and pressure build up testing is being initiated to determine well deliverability and reservoir properties. The 90 day production test will follow.

The first Phase 2 appraisal well, KN-E-202, reached a total depth of 1,955 meters. Based on wireline logs, two pay zones of 23 meters and 57 meters were penetrated below the salt across a 130 meter gross interval. In addition, 93 meters of net residual hydrocarbon pay over a 626 meter gross interval have been interpreted from wireline log analysis. Approvals are being sought for the KN-E-202 completion and testing program.

The Kiyaktysai structure's main pre-drill risks were deemed to be reservoir presence and hydrocarbon migration. Having successfully discovered oil and gas bearing sandstone reservoirs in the KN-E primary basin, these risk elements are mitigated for the remaining primary basin inventory which shares similar geologic and geophysical characteristics. The Company's current primary basin portfolio includes 6 matured prospects which have an internal summed unrisked mean resource potential of 304 MMboe[1]. There are an additional 23 primary basin leads identified from the 3D seismic.

The Company is preparing for a Q1 2014 spud of the next primary basin exploration target. Named KN-501, this well is also located under the Kiyaktysai North salt dome and 8 km from the KN-E discovery. KN-501 has an unrisked mean recoverable resource potential of 50 MMboe[1].

Phase 3

Phase 3 structures range from 5,000 to 7,500 meters and target pre-salt Permian and Devonian formations. Based on a detailed review on analogue fields within the Pre-Caspian basin, the Company believes the Phase 3 targets represent a significant potential resource with volumes that could justify the depth and geologic risk. The Phase 3 drilling program is targeted to begin in 2015, and will apply the Phase 1 and 2 learning's and results.

The internal summed total for the Company's three phased exploration portfolio is 1,515 MMboe unrisked mean recoverable resource potential. This represents 66 prospects, ranging from the shallow Cretaceous to deep Devonian targets. Sproule International has performed a resource audit on the Phase 1 prospects, a portion of the Phase 2 prospects, and those Phase 3 prospects mapped from the 2010 3D seismic area. The internal company resource potential volumes are aligned with Sproule's audit[1].

Shoba trial production commenced in September 2012 which allows for up to five wells to be produced continuously at the Shoba oil field subject to gas flaring restrictions. Total production from Zharkamys in the first half of 2013 averaged 374 bopd. Shoba production is expected to increase as the treatment facilities are optimized and as development wells are drilled, starting in the first quarter of 2014. The trial production period is expected to continue until 2014 and then transition into the commercial development period with forecasted peak production of 1,500 bopd based on the development plan[1]. During each ninety day test period and during the Shoba trial production period, the Company is required to sell all production domestically to refineries within Kazakhstan.

Currently, Shoba wells are produced to individual well-site facilities. Oil is sold at each wellhead and trucked by the buyer to a nearby terminal for treatment and delivery to a local refinery. Construction of the Shoba gauging station is on-going, and once completed, the Shoba wells will flow directly to this facility which will have additional oil treatment and storage capacity, along with water injection and gas utilization capabilities.

The Company has 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. 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 allow the Company to consider alternative oil marketing options.

The timing of future exploration, such as the Phase 3 wells targeted for 2015, continued Shoba development drilling targeted for the first quarter of 2014, the Shoba development contract targeted for 2014, and the

1 See reserve and resource advisory

completion of the Sagiz oil storage terminal acquisition is dependent on a timely closing of the Marsel sale, or receipt of funding from other sources. Refer to the liquidity, capital resources, and going concern section of this MD&A for further discussion.

Kazakhstan – Marsel

The Company owns a 66% participation interest in the Marsel territory in the Chu-Sarysu basin in southeast Kazakhstan ("Marsel") and funds 100% of the Marsel capital program and exploration commitments. The Company has acquired and processed 2,661 km of high resolution 2D seismic and 426 km^2 of 3D seismic since obtaining the Marsel license. The interpretation of the data has generated a portfolio of Devonian sandstone / conglomerates and Carboniferous shoal / pinnacle prospects.

On April 22, 2013, Condor's wholly owned subsidiary, Condor Netherlands Petroleum B.V. entered into a binding sale and purchase agreement (the "Agreement") to sell its 66% participating interest in and certain indebtedness of Marsel for gross proceeds of 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 conditions precedent for completing the sale shall be completed by November 18, 2013, the "Long Stop Date". Unless either Party has breached its obligations under the Agreement, there is an automatic extension of the Long Stop Date until January 17, 2014. In addition, the buyer has the right to further extend the Long Stop Date until April 17, 2014. Completion shall occur within ten business days following the date when the final condition precedent is satisfied.

The buyer was obligated to and has subsequently issued Condor irrevocable bank guarantees totalling US$ 83.0 million for the amount due upon completion and a US$ 5.0 million parent company guarantee for the amount due six months after completion. The buyer was also obligated to and has provided Marsel a US$ 5.0 million loan to fund the on-going Marsel exploration activities which bears interest at 8.0% per annum. The Company has provided a corporate guarantee for the repayment of the loan and accrued interest, which is due on the Long Stop Date should the Marsel sale transaction not conclude.

SELECTED FINANCIAL INFORMATION

For the three months ended June 30 (000's)	**2013**	**2012**
Crude oil sales	706	491
Net loss from continuing operations	(4,611)	(2,734)
Net loss attributable to Condor	(4,586)	(879)
Net loss per share from continuing operations(1)	(0.01)	(0.00)
Net loss per share(1)	(0.01)	(0.00)
Capital expenditures – continuing operations	(6,205)	(6,351)

For the six months ended June 30 (000's)	**2013**	**2012**
Crude oil sales	2,595	614
Net loss from continuing operations	(7,780)	(6,738)
Net loss attributable to Condor	(7,952)	(4,933)
Net loss per share from continuing operations(1)	(0.02)	(0.01)
Net loss per share(1)	(0.02)	(0.01)
Capital expenditures – continuing operations	(10,054)	(10,982)

(1) Basic and diluted

RESULTS OF OPERATIONS

Zharkamys production

Production increased 296% to 67,611 bbls or 374 bopd for the six months ended June 30, 2013 from 17,065 bbls or 94 bopd for the six months ended June 30, 2012. For the three month period ended June 30, 2013, production increased by 15% to 190 bopd from 166 bopd for the same period in 2012. Production has been inconsistent due primarily to local regulations which limit early stage production from exploration to ninety day test periods. The Shoba trial production period, which allows sustained production from up to five Shoba wells for two years, commenced in September 2012. Production in the second quarter of 2013 was lower than the first quarter of 2013 due to the conclusion in March of the ninety day test period of the Taskuduk West 4 well, and local regulations on gas flaring limiting the trial production volumes. The Company is applying for and expects to transition Shoba into a development contract in 2014.

For the three months ended June 30	**2013**	**2012**	**Change**	**Change %**
Barrels	17,334	15,080	2,254	15%
Bopd	190	166	24	15%
For the six months ended June 30	**2013**	**2012**	**Change**	**Change %**
Barrels	67,611	17,065	50,546	296%
Bopd	374	94	280	296%

Zharkamys sales and marketing

Crude oil sales revenue for the six months ended June 30, 2013 amounted to $2.6 million from 72,243 barrels sold at the wellhead at an average price of $35.93 per barrel. For the six month period ended June 30, 2012, 17,519 barrels were sold at an average price of $35.02 for sales revenues of $0.6 million. For the three month period ended June 30, 2013, sales revenue was $0.7 million from 20,415 barrels sold at the wellhead at an average price of $34.59 per barrel. During the same period in 2012 14,060 barrels were sold at an average price of $34.97 per barrel at the wellhead for $0.5 million of sales revenues. Crude oil inventory amounted to 2,162 barrels at June 30, 2013.

For the three months ended June 30	**2013**	**2012**	**Change**	**Change %**
Crude oil sales revenue ($000's)	706	491	215	44%
Crude oil sales volumes (bbls)	20,415	14,060	6,355	45%
Crude oil sales price ($/bbl)	34.59	34.97	(0.38)	(1%)
For the six months ended June 30				
Crude oil sales revenue ($000's)	2,595	614	1,981	323%
Crude oil sales volumes (bbls)	72,243	17,519	54,724	312%
Crude oil sales price ($/bbl)	35.93	35.02	0.91	3%

Royalty expense

Royalty expense was $0.1 million for the six months ended June 30, 2013 (2012 - $0.02 million). For the three month period ended June 30, 2013, royalty expense was $0.03 million (2012 - $0.02 million). Kazakhstani royalties are calculated with reference to local market prices.

Production costs

For the six months ended June 30 production costs increased to $27.35 per barrel in 2013 from $18.14 boe in 2012. For the three months ended June 30, production costs increased to $41.48 per barrel from $17.27 per barrel in 2012. Production costs have increased as field infrastructure, with costs that are largely fixed, has been put in place for the trial production period and as such per barrel costs are dependent on production levels.

General and administrative expenses

The Company's general and administrative expenses decreased to $4.3 million for the six months June 30, 2013 from $4.9 million for the same period in 2012, due primarily to a reduction in employee annual incentive awards. For the three month period ended June 30, 2013, general and administrative expenses were $2.3 million compared to $2.0 million in 2012.

Depletion and depreciation

Depletion and depreciation expenses increased to $2.0 million for the six months ended June 30, 2013 from $0.5 million in the same period in 2012. For the three months ended June 30, 2013, depletion and depreciation increased to $0.7 million from $0.3 million in 2012. The increases are due primarily to depletion related to the increased oil sales in Kazakhstan.

Stock based compensation

Stock based compensation was $2.1 million for the six month periods ended June 30, 2013 and 2012. Stock based compensation expense increased to $1.6 million for the three month period ended June 30, 2013 from $1.1 million in 2012. 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. The expense is recognized on a graded basis and fluctuates based on the timing of the grants and vesting periods.

Finance income, expense and accretion expense

For the six months ended June 30, 2013, finance income decreased to $0.3 million from $0.5 million in the same period in 2012. For the three months ended June 30, 2013 and 2012, finance income was $0.2 million. The decrease is a result of interest income received on higher average cash balances during 2012. Finance income also includes the accretion of value added tax receivables in Kazakhstan.

Finance and accretion expense was $0.2 million for the six months ended June 30, 2013 and 2012, and $0.1 million for the three months ended June 30, 2013 and 2012. The charge is comprised mainly of the impact of the discounting of the Kazakhstan value added tax ("VAT") receivable and accretion expense on historical cost obligations and decommissioning provisions. Decreases from 2012 are primarily due to lower capital spending in 2013 resulting in less VAT paid.

Discontinued operations

Marsel

For the three and six month periods ended June 30, 2013, Marsel incurred $389 and $780 thousand of expenses which have been included in discontinued operations on the statement of comprehensive income (2012: $398 and $876 thousand). Marsel does not have producing assets and as such the impact on continuing operations is limited to a reduction in general and administrative expenses.

Canadian oil and gas properties

The Company disposed of its remaining Canadian producing oil and gas properties during the quarter for net proceeds of $2.0 million. During year ended December 31, 2012, the Company disposed of non-core properties in Canada, for proceeds of $3.6 million.

During the six month period ended June 30, 2013, the properties produced an average 67 boepd for the period prior to the property disposals (2012 – 86 boepd). This decrease in production is due primarily to: the disposal of four additional properties in 2012; natural well decline; but is partially offset by increased production in 2013 at Bashaw which was shut-in for most of 2012 due to pipeline repairs downstream of the Company's operations.

The results of the Canadian operations have been presented as discontinued operations and comprise the following:

For the period ended June 30	Three months 2013(1)	Three months 2012	Six months 2013(1)	Six months 2012
Oil production (bbls)	1,941	3,770	6,777	10,732
Oil production (bopd)	43	41	50	59
Oil sales price ($/bbl)	89.44	73.19	85.47	84.17
Gas production (mcf)	805	1,968	2,320	4,932
Gas production (mcfpd)	108	132	102	162
Gas sales price ($/mcf)	2.86	3.06	2.72	2.78
Oil and natural gas sales (000's)	188	334	627	1,008
Expenses (000's)	(155)	(628)	(533)	(1,229)
Gain on disposals (000's)	249	2,412	249	2,605
	282	2,118	343	2,384

(1) Comprises the 45 and 135 day period prior to sale closing on May 16, 2013

Excluding gains on disposals of these properties, the impact on continuing operations is minimal as these properties were non-core in the Company's portfolio.

QUARTERLY INFORMATION

The following table sets forth selected unaudited financial information of the Company for the eight most recently completed quarters to June 30, 2013:

For the quarter ended (000's except per share amounts)	**Q2 2013**	**Q1 2013**	**Q4 2012**	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**	**Q3 2011**
Oil sales [(1)]	706	1,889	1,106	381	491	122	253	258
Net loss from continuing operations[(2)]	(4,611)	(3,169)	(3,784)	(3,229)	(2,734)	(4,004)	(4,559)	(1,795)
Net loss attributable to Condor	(4,586)	(3,366)	(4,855)	(3,542)	(879)[(3)]	(4,054)	(5,293)	(2,371)
Net loss per share from continuing operations[(4)]	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.02)	(0.01)
Net loss per share[(4)]	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.02)	(0.01)

(1) Production in Kazakhstan has been inconsistent as Kazakhstan regulations limit early stage production from exploration to ninety day test periods. Shoba trial production commenced in September 2012 which allows for up to five wells to be produced continuously at the Shoba oil field subject to gas flaring restrictions.

(2) The net loss for all quarters presented reflects the fact that only a small amount of production has been recognized to date during test production at Zharkamys and the various expenses including general and administrative costs, stock based compensation expense and finance and accretion expense incurred to manage the Company's exploration properties.

(3) In the second quarter of 2012, Condor disposed of the non-core Steelman, Saskatchewan, properties and recognized a $2.4 million gain on disposition.

(4) Basic and diluted.

LIQUIDITY, CAPITAL RESOURCES AND 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.

As at June 30, 2013, cash and cash equivalents were $8.8 million, net working capital, excluding assets and liabilities held for sale, was $5.7 million and there was $5.0 million available on the Company's credit facility (Note 2). The Company has future contractual work commitments related to the Kazakhstan properties of US $9.0 million in 2013 and $24.3 in 2014. (Note 10).

On April 22, 2013, the Company's wholly owned subsidiary entered into a binding sale and purchase agreement for the sale of Marsel for gross proceeds of US$ 88.0 million, subject to certain conditions, waivers and approvals. The buyer has subsequently issued Condor irrevocable bank guarantees totalling US$ 83.0 million for the amount due upon completion and a US$ 5.0 million parent company guarantee for the amount due six months after completion. The buyer has also provided Marsel a US$ 5.0 million loan to fund the on-going exploration activities of Marsel. Should the Marsel sale not be completed as currently anticipated in the fourth quarter of 2013, the Company will require additional funding to meet minimum work program commitments and general and administrative costs for the next twelve months and to carry out any additional exploration and development programs.

In addition to the Marsel disposal, the Company is currently pursuing other funding initiatives including a development loan for the Shoba oilfield within Zharkamys, other debt facilities, a farm down of certain prospects at Zharkamys and drawing on the EurAsia credit facility. 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.

COMMITMENTS AND CONTINGENT LIABILITIES

Work commitments

The Company has contractual work commitments pursuant to the Zharkamys and Marsel exploration contracts in Kazakhstan. During the period, the Company obtained approval for a two year extension to the Zharkamys exploration period and the increase to the contractual work commitments has been included in the table below.

As 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. The Marsel work commitments will be the responsibility of the buyer upon the closing of the transaction.

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 June 30, 2013 are as follows:

Work commitments (in millions of US$)	**2013**	**2014**	**2015**	**Total**
Zharkamys	6.5	9.3	9.6	**25.4**
Marsel(1)	2.5	15.0	15.1	**32.6**
Total(2)	9.0	24.3	24.7	**58.0**

(1) As previously noted, the Company entered into a binding sale and purchase agreement for Marsel and the buyer loaned Marsel US$5.0 million to fund the on-going exploration activities. Upon closing of the sale, the work commitments will be the responsibility of the buyer.
(2) Refer to liquidity, capital resources and going concern section for funding discussion

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 2014 at an expected cost of $2.5 million. Refer to liquidity, capital resources and going concern section for funding discussion.

Contractual obligations

The Company's contractual obligations are as follows:

	Payment due by Period				
	< 1 year	1 – 3 years	4 – 5 years	> 5 years	Total
Accounts payable and accrued liabilities	4,560	-	-	-	4,560
Accounts payable and accrued liabilities[1]	1,034	-	-	-	1,034
Current borrowings[1]	5,284	-	-	-	5,284
Long term debt	-	2,506	-	-	2,506
Other long term liabilities (undiscounted)[2]	-	719	1,133	3,813	5,665

(1) Classified as liabilities held for sale

(2) Continuing operations and held for sale portions

OUTSTANDING SHARE DATA

Common shares

As at June 30, 2013 and the date of this MD&A there were 346,120,871 common shares outstanding.

Stock options

As at June 30, 2013, the Company had 33,448,829 stock options outstanding with a weighted average exercise price of $0.95.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at June 30, 2013.

RELATED PARTY BALANCES AND TRANSACTIONS

Long term borrowings

The Company had 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. Subsequent to period end, the credit facility was amended from $20.0 million to $7.5 million. The Company borrowed $2.5 million on June 13, 2013, and $6.0 thousand of interest expense was incurred during the current period (December 31, 2012 – nil). 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. As at June 30, 2013, EurAsia and its parent company, EurAsia Resource Value SE held 49.9% of the outstanding common shares of Condor.

In July, 2013, the credit facility was amended from $20.0 million to $7.5 million due to certain commodity price and market fluctuations which have caused competing interests for EurAsia cash resources. The reduced facility amount should allow the Company to continue current operations until the closing of the Marsel sale. The Company may require additional financing if the Marsel sale is not completed in a timely manner.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant areas of estimation judgment in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- Impairment testing: estimates include reserves and resources, future commodity prices, future costs, production profiles, discount rates, and fair values of properties. A downward revision in the reserve or resource estimates or an upward revision to future capital could result in an accounting impairment which would reduce future earnings and the associated net book value of assets;
- Decommissioning provisions: estimates include the amount and expected timing of asset retirements, discount and inflation rates and future cash flows. As a result of the long-term nature of the Company's operations, these estimates may change over time which may result in a change in the decommissioning provision and corresponding asset value, and impact future earnings as a result of changes in accretion and depletion expense;
- Other long term assets and liabilities: estimates include the timing and amounts of future receipts and payments, discount rates and related cash flows. A change in the timing of cash flows or discount rates may impact earnings as a result of changes in finance income and expense;
- Depletion: estimates include the amount of reserve and resource volumes and future development capital. A downward revision in the reserve or resource estimates or an upward revision to future capital may result in increased depletion and a reduction in net book value of assets if such a revision results in an accounting impairment. Depletion is charged on a unit-of-production basis and a revision in the productive capacity of the assets may result in increased depletion and a reduced net book value of assets.
- Stock based compensation: estimates include determining appropriate volatilities, expected lives and forfeiture rates;
- Deferred income tax: determining likelihood of income tax assets being realized requires estimates of future taxable income. Changes in the estimate of future taxable income and the recovery of deductible temporary differences may result in the recognition of a deferred tax asset on the statement of financial position and an increase in earnings at the time when the tax recovery is charged.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's President and Chief Executive Officer (CEO) and Vice President, Finance and Chief Financial Officer (CFO) have designed, or caused to be designed under their supervision, disclosure controls and procedures (DC&P) and internal controls over financial reporting ("ICOFR") as defined in National Instrument 52-109 certification of Disclosure in Issuer's Annual and Interim Filings in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

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

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

RESERVE AND RESOURCE ADVISORY

This MD&A 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 Evaluation of the P&NG Reserves of the Company as of December 31, 2012 by Sproule International Limited in their report dated March 7, 2013. Further information related to the Company's reserves can be found in the Annual Information Form available at www.sedar.com.

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 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).

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements under applicable securities legislation. Such statements are generally identifiable by the terminology used, such as "anticipate", "believe", "intend", "expect", "plan", "estimate", "budget", "outlook", "scheduled", "may", "will", "should", "could" , "would" or other similar wording. Forward-looking information in this MD&A includes, but is not limited to, the anticipated completion of the sale of the interests in Marsel; the expected timing for closing of the transaction and the use of the proceeds of the transaction; information concerning the timing and ability to obtain various regulatory approvals; the results, timing and completion of the Company's discovery wells; the timing of planned well testing and drilling operations; results provided are not necessarily indicative of long term performance or ultimate recovery; the expectations, timing and ability of the Company to mature and drill future targets and prospects; the timing and ability of the Company related to the proposed use of seismic data; the timing and ability of the Company to obtain various approvals including production and development contracts; the possible extension of exploration periods; the status of the Sagiz Oil Terminal refurbishment; the anticipated closing of the purchase of the Sagiz Oil Terminal; the anticipated oil transportation cost savings and the potential expansion of oil marketing options; the execution of drilling contracts; excess profit taxes; the potential for additional contractual work commitments; expected costs and the flexibility of capital spending plans and the source of funding therefore; the effect of the Company's risk management program; the Company's ability to pay its creditors, suppliers, and to meet and fund its contractual work commitments; the effect of the Company's risk mitigation policies, systems, processes and insurance program; projections relating to the adequacy of the Company's provision for taxes; projections with respect to natural oil and gas production; the commencement of drilling operations; the target interval and timing thereof; the estimates of resources and future resources relating at Zharkamys in respect of Phase 1, Phase 2 and Phase 3 strategies; the peak production from the Shoba oil field development; and the satisfaction of the work commitments at Zharkamys and Marsel.

By its very nature, such forward-looking information requires Condor to make assumptions that may not materialize or that may not be accurate. Forward-looking information is subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such information. Such factors and assumptions include, but are not limited to: risks that the conditions to the Marsel sale, including the consents and waivers of the Government of Kazakhstan and certain third parties will not be satisfied; regulatory changes; the timing of regulatory approvals; the Company's ability to continue as a going concern; the ability of the Company to obtain financing on terms acceptable to the Company; the ability of the Company to fund its 2013 work program; the results of exploration and development drilling and related activities; imprecision of reserves and resources estimates, ultimate recovery of reserves, prices of oil and natural gas; general economic, market and business conditions; industry capacity; uncertainty related to production, marketing and transportation; competitive action by other companies; fluctuations in oil and natural gas prices; the ability to produce and transport crude oil and natural gas to markets; the effects of weather and climate conditions; fluctuation in interest rates and foreign currency exchange rates; the ability of suppliers to meet commitments; actions by governmental authorities, including increases in taxes; decisions or approvals of administrative tribunals and the possibility that government policies or laws may change or government approvals may be delayed or withheld; changes in environmental and other regulations; risks associated with oil and gas operations, both domestic and international; international political events; expected rates of return; and other factors, many of which are beyond the control of Condor. Capital expenditures may be affected by cost pressures associated with new capital projects, including labour and material supply, project management, drilling rig rates and availability, and seismic costs.

These factors are discussed in greater detail in filings made by Condor with Canadian securities regulatory authorities including the Company's Annual Information Form for the year ended December 31, 2012.

Readers are cautioned that the foregoing list of important factors affecting forward-looking information is not exhaustive. The forward-looking information contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Condor does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

ABBREVIATIONS

The following is a summary of abbreviations used in this MD&A:

bbls	barrels of oil
bopd	barrels of oil per day
boe	barrels of oil equivalent[1]
boepd	barrels of oil equivalent per day[1]
mcf	thousand cubic feet
mmboe	million barrels of oil equivalent[1]
mmcf	million cubic feet
bcf	billion cubic feet

[1] Boe and boepd are measures used in this MD&A which may be misleading, particularly if used in isolation. Boe and boepd amounts have been calculated using an energy equivalency conversion ratio of six thousand mcf of natural gas to one barrel of oil. This conversion method is primarily applicable at the burner tip and does not represent value equivalency at the wellhead.