Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2013

(Unaudited)

Condor Petroleum Inc.

Consolidated Statements of Financial Position (Unaudited)
Stated in thousands of Canadian dollars

As at	Note	September 30, 2013	December 31, 2012
Assets			
Cash and cash equivalents		19,229	19,820
Restricted cash		-	1,836
Trade and other receivables		531	1,431
Other current assets		1,683	1,635
		21,443	24,722
Assets held for sale	2	64,970	-
Total current assets		86,413	24,722
Exploration and evaluation assets	3	105,312	145,005
Property and equipment	4	4,724	7,686
Other long term assets	5	8,474	10,629
Total assets		204,923	188,042
Liabilities			
Accounts payable and accrued liabilities		4,828	6,498
Current borrowings	6	14,523	-
Current portion of provisions	9	-	1,036
		19,351	7,534
Liabilities held for sale	2	8,894	-
Total current liabilities		28,245	7,534
Long term borrowings	7	2,537	-
Other long term liabilities	8	3,799	3,241
Provisions	9	1,489	2,071
Total liabilities		36,070	12,846
Equity			
Share capital		263,035	263,035
Contributed surplus		17,050	14,390
Translation reserve		(2,292)	(5,588)
Deficit		(105,245)	(93,761)
Equity attributable to Condor		172,548	178,076
Non-controlling interest		(3,695)	(2,880)
Total equity		168,853	175,196
Total liabilities and equity		204,923	188,042

Going concern (Note 1)
Commitments and contingent liabilities (Note 11)

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 period ended September 30	Note	Three months 2013	Three months 2012	Nine months 2013	Nine months 2012
Revenue					
Crude oil sales		696	381	3,291	995
Royalty expense		(28)	(15)	(131)	(38)
		668	366	3,160	957
Expenses					
Production costs		875	327	2,851	645
General and administrative		1,818	1,974	6,139	6,855
Depletion and depreciation	3, 4	707	271	2,746	785
Stock based compensation		541	609	2,660	2,712
		(3,273)	(2,815)	(11,236)	(10,040)
Finance income		159	161	484	617
Finance and accretion expense		(250)	(168)	(443)	(409)
Foreign exchange gain (loss)		(5)	(408)	46	(135)
Loss from continuing operations before tax		(3,369)	(3,230)	(11,149)	(9,967)
Current income tax expense		-	(5)	-	(5)
Net loss from continuing operations		(3,369)	(3,235)	(11,149)	(9,973)
Discontinued operations	2	(186)	(427)	(624)	1,080
Net loss		(3,555)	(3,662)	(11,773)	(8,892)
Foreign currency translation adjustment		(5,010)	(7,574)	2,770	(7,799)
Comprehensive income (loss)		(8,565)	(11,236)	(9,003)	(16,691)
Net loss attributable to					
Condor		(3,532)	(3,542)	(11,484)	(8,474)
Non-controlling interest		(23)	(120)	(289)	(418)
Net loss		(3,555)	(3,662)	(11,773)	(8,892)
Comprehensive income (loss) attributable to					
Condor continuing operations		(8,352)	(10,381)	(6,825)	(17,020)
Condor discontinued operations		(178)	(590)	(1,346)	1,002
Non-controlling interest		(35)	(265)	(814)	(673)
Comprehensive income		(8,565)	(11,236)	(9,003)	(16,691)
Basic and diluted loss per share	10				
Net loss from continuing operations		(0.01)	(0.01)	(0.03)	(0.02)
Discontinued operations	2	(0.00)	(0.00)	(0.00)	(0.00)
Net loss		(0.01)	(0.01)	(0.03)	(0.02)

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

Condor Petroleum Inc.

Consolidated Statements of Changes in Equity (Unaudited)
Stated in thousands of Canadian dollars (except for number of common shares)

	Number of common shares	Share capital	Contributed surplus	Translation reserve	Deficit	Equity attributable to Condor	Non-controlling interest	Total equity
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	-	-	2,712	-	-	2,712	-	2,712
Foreign currency translation adjustment	-	-	-	(7,544)	-	(7,544)	(255)	(7,799)
Net loss	-	-	-	-	(8,474)	(8,474)	(418)	(8,892)
As at September 30, 2012	**346,120,871**	**263,035**	**13,837**	**(7,656)**	**(88,906)**	**180,310**	**(2,506)**	**177,804**
Stock based compensation expense	-	-	553	-	-	553	-	553
Foreign currency translation adjustment	-	-	-	2,068	-	2,068	(28)	2,040
Net loss	-	-	-	-	(4,855)	(4,855)	(346)	(5,201)
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	-	-	2,660	-	-	**2,660**	-	**2,660**
Foreign currency translation adjustment	-	-	-	3,296	-	**3,296**	(526)	**2,770**
Net loss	-	-	-	-	(11,484)	**(11,484)**	(289)	**(11,773)**
As at September 30, 2013	**346,120,871**	**263,035**	**17,050**	**(2,292)**	**(105,245)**	**172,548**	**(3,695)**	**168,853**

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 period ended September 30	Note	Three months 2013	Three months 2012	Nine months 2013	Nine months 2012
Operating activities:					
Net loss from continuing operations		(3,369)	(3,235)	(11,149)	(9,973)
Items not affecting cash:					
Depletion and depreciation	3, 4	707	271	2,746	785
Stock based compensation		541	609	2,660	2,712
Non-cash finance income		(145)	(92)	(425)	(255)
Non-cash finance expense		207	168	394	409
Unrealized exchange (gain) loss		(36)	263	(344)	180
Decommissioning costs	9	(175)	-	(494)	-
		(2,270)	(2,016)	(6,612)	(6,142)
Changes in non-cash working capital		738	1,132	(1,334)	249
Cash used in continuing operations		(1,532)	(884)	(7,946)	(5,893)
Cash used in discontinued operations	2	(407)	(4,506)	(775)	(3,830)
Cash used in operating activities		(1,939)	(5,390)	(8,721)	(9,723)
Investing activities:					
Exploration and evaluation expenditures	3	(1,497)	(8,579)	(11,134)	(18,961)
Property and equipment expenditures	4	(290)	(842)	(708)	(1,443)
Value added tax paid	5	(236)	(859)	(961)	(1,842)
Liquidation fund deposits		-	(111)	-	(111)
Changes in non-cash working capital		(599)	1,283	1,396	(2,257)
Cash used in continuing investing activities		(2,622)	(9,108)	(11,407)	(24,614)
Cash used in discontinued investing activities	2	(2,924)	(908)	(2,178)	(4,607)
Cash used in investing activities		(5,546)	(10,016)	(13,585)	(29,221)
Financing activities:					
Proceeds from borrowings, net of costs	6, 7	14,430	-	16,930	-
Cash from continuing financing activities		14,430	-	16,930	-
Cash from discontinued financing activities	2	-	-	5,235	-
Cash from financing activities		14,430	-	22,165	-
Change in cash		6,945	(15,406)	(141)	(38,944)
Effect of foreign exchange on cash		74	(447)	348	(466)
Cash and cash equivalents, beginning		13,007	44,988	19,819	68,545
Cash and cash equivalents held for sale	2	(797)	-	(797)	-
Cash and cash equivalents, ending		19,229	83,194	19,229	83,194

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

1. Corporate information:

Reporting entity:

Condor Petroleum Inc. ("Condor" or the "Company") is a publicly traded company with activities in 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 September 30, 2013 and December 31, 2012 and for the three and nine months ended September 30, 2013 and 2012 comprise the Company and its subsidiaries. The financial statements were approved and authorized for issue on November 12, 2013 by the Board of Directors.

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.

During the quarter, Zharkamys was expanded by 1,167 km^2 to a total area of 3,777 km^2. The expansion has been approved by the Ministry of Oil and Gas of the Republic of Kazakhstan in a letter and requires an addendum to the current exploration contract which is expected to include a proposed minimum work program of an additional US $2.9 million (Note 11). The Company will be required to reimburse the Government of Kazakhstan for historical geological and exploration expenditures incurred in the expansion territory (Note 8). The additional undiscounted US $3.9 million historical cost liability is deferred during the exploration period and is to be repaid during the development period with repayment terms to be determined.

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 2).

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 ("IFRS") 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 September 30, 2013, cash and cash equivalents were $19.2 million, net working capital, excluding assets and liabilities held for sale, was $2.1 million and there was $5.0 million available on the Company's credit facility (Note 7). Working capital includes a senior unsecured note in the principal amount of $15 million (Note 6) which is due on the earlier of September 15, 2014 and receipt of proceeds from the Marsel Transaction. The Company has future contractual work commitments related to the Kazakhstan properties of US $30.1 million in 2014 (Note 11).

As described in Note 2, 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 consents. The buyer has subsequently issued Condor bank guarantees totaling US$ 83.0 million for the amount due upon completion of the sale and a US$ 5.0 million parent company guarantee for the amount due six months after sale completion. The buyer has also provided Marsel a US$ 5.0 million loan to fund the on-going exploration activities of Marsel. The Company will require additional funding to repay current borrowings, 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 should the Marsel transaction not be completed in a timely manner.

In addition to the Marsel disposal, the Company is currently pursuing other funding initiatives including a farm out of certain prospects at Zharkamys and drawing on the EurAsia credit facility. Although management believes that the Marsel Transaction will close or alternately necessary financing will be obtained, these uncertainties 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 International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard ("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 except as noted below.

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 functional currency.

The financial statements have been prepared on the historical cost basis, except for held for trading financial assets and long term borrowings, inclusive of embedded derivatives, 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 translation reserve 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, restricted cash, trade and other receivables, other current assets and other long term assets. Other financial liabilities include accounts payable and accrued liabilities, current and long term borrowings, 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.

2. Assets held for sale and discontinued operations:

Marsel territory

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 "Marsel Transaction"). The Marsel 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 issued Condor bank guarantees totaling US$ 83.0 million for the amount due upon completion of the sale and a US$ 5.0 million parent company guarantee for the amount due six months after sale completion. The buyer has also 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 Transaction not conclude.

The net assets and liabilities of Marsel were reclassified as held for sale following the execution of the Agreement in the second quarter and are currently comprised of the following:

As at (000's)	**September 30, 2013**	**December 31, 2012**
Cash and cash equivalents	797	-
Restricted cash	2,265	-
Other current assets	315	-
Exploration and evaluation assets	57,647	-
Property and equipment	709	-
Other long term assets	3,237	-
Assets held for sale	64,970	-
Accounts payable and accrued liabilities	(694)	-
Current portion of provisions(1)	(454)	-
Current borrowings(2)	(5,155)	-
Other long term liabilities	(2,267)	-
Provisions	(324)	-
Liabilities held for sale	(8,894)	-
Net assets and liabilities held for sale	56,076	-

For the three and nine months ended September 30, 2013, Marsel incurred $0.2 million and $1.0 million of expenses which have been included in discontinued operations on the statement of comprehensive income (2012: $0.4 million and $1.2 million). At September 30, 2013 the translation reserve included a $1.7 million accumulated gain.

(1) The Company received approval to use $0.5 million held in bank deposits restricted for mandatory decommissioning obligations to fund amounts related to current site reclamation work required on the Marsel territory, the balance of which is included in restricted cash.

(2) US$ 5.0 million loan to fund the on-going Marsel exploration activities.

Canadian oil and gas properties

During the second quarter, the Company disposed of substantially all of its remaining non-core oil and gas properties in Canada 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. As the Company no longer has significant operations in Canada, the results of the Canadian operations, previously presented as the Canadian segment, have been presented as discontinued operations and comprise the following:

For the period ended September 30 (000's)	**Three months 2013**	**Three months 2012**	**Nine months 2013**	**Nine months 2012**
Oil and natural gas sales	21	230	648	1,238
Expenses	(29)	(352)	(562)	(1,581)
Gain on disposals	-	47	249	2,652
	(7)	(75)	335	2,309

3. Exploration and evaluation assets:

Exploration and evaluation assets is comprised of the Zharkamys property in Kazakhstan.

For the period ended (000's)	**September 30, 2013**	**December 31, 2012**
Cost		
Balance, beginning of period	146,475	117,186
Capital expenditures	11,134	26,488
Capital expenditures of discontinued operations prior to reclassification	2,649	7,715
Increase to historical cost obligation (Notes 1, 8)	2,472	-
Change in decommissioning provision and other	114	780
Foreign currency translation adjustment	4,362	(5,694)
Reclassified as assets held for sale	(58,189)	-
Balance, end of period	109,017	146,475
Accumulated depletion		
Balance, beginning of period	(1,470)	(297)
Depletion	(2,223)	(1,228)
Foreign currency translation adjustment	(12)	55
Balance, end of period	(3,705)	(1,470)
Net book value, end of period	105,312	145,005

For the nine month period ended September 30, 2013, capital expenditures included $3.3 million of general and administrative costs directly attributable to exploration and evaluation of Zharkamys and Marsel (September 30, 2012 – $3.9 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 (Note 2)	(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	-	714	714
Disposal of assets (Note 2)	(5,822)	(191)	(6,013)
Foreign currency translation adjustment	-	133	133
Reclassified as assets held for sale	-	(1,249)	(1,249)
As at September 30, 2013	-	6,547	6,547
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 (Note 2)	(3,860)	(61)	(3,921)
Foreign currency translation adjustment	-	(36)	(36)
As at December 31, 2012	3,524	1,752	5,276
Depletion and depreciation	89	555	644
Disposal of assets (Note 2)	(3,613)	(34)	(3,647)
Foreign currency translation adjustment	-	46	46
Reclassified as assets held for sale	-	(496)	(496)
As at September 30, 2013	-	1,823	1,823
Net book value			
As at December 31, 2012	2,298	5,388	7,686
As at September 30, 2013	-	4,724	4,724

5. Other long term assets:

As at (000's)	September 30, 2013	December 31, 2012
Value added tax receivable	7,537	9,072
Non-current bank deposits	937	1,557
	8,474	10,629

Undiscounted value added tax ("VAT") receivables of $9.2 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 5.2% (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.

Other long term assets of Marsel have been presented as held for sale at September 30, 2013 (Note 2).

6. Current borrowings:

On September 16, 2013, the Company issued a senior unsecured note with a principal amount of $15.0 million (the "Note") and bearing interest at 16% per annum with 1% paid upon closing and the remaining 15% accruing daily and payable quarterly in arrears. The Note is due on the earlier of September 15, 2014 and the receipt of the proceeds from the Marsel Transaction (Note 2). Any proceeds from capital market transaction in excess of $5.0 million or from other asset dispositions in excess of $1.0 million shall be applied to the Note. If the Marsel Transaction proceeds are received on or before June 16, 2014, the equivalent of nine months interest, less interest paid to date, shall be due and payable with the principal. If the Marsel Transaction is not completed, the interest rate shall increase to 19% commencing sixty days after the Marsel Transaction is terminated. The Note is carried net of $0.6 million in deferred financing costs which includes the 1% interest paid upon closing, agent fees and other direct transaction costs. The deferred financing costs are amortized using the effective interest method and included in finance expense.

7. Long term borrowings:

The Company has a credit facility provided by EurAsia Resource Holdings AG ("EurAsia"), the Company's largest shareholder, carrying interest at 5.0% with principal and interest due January 1, 2015. During the third quarter of 2013, the credit facility was decreased to $7.5 million from $20.0 million. On June 13, 2013, $2.5 million was drawn on the facility and related interest expense of $0.04 million has been recognized in the nine months ended September 30, 2013 (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. The conversion option is considered an embedded derivative and the company has elected to account for the entire contract at fair value through profit or loss.

8. 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. The liabilities are deferred during the exploration period and are to be repaid during the development period with repayment terms to be determined. Undiscounted historical cost obligations increased by US$ 3.9 million during the three months ended September 30, 2013 related to the Zharkamys territory expansion, as described in Note 1. The liabilities are non-interest bearing and the undiscounted amount at September 30, 2013 of $6.0 million (December 31, 2012 – $5.7 million) has been discounted to a value of $3.7 million (December 31, 2012 – $3.2 million) based on the estimated timing of future payments and a weighted average 8% discount rate. Prior period liabilities included those of Marsel which have been presented as held for sale in the current period (Note 2).

9. Provisions:

For the period ended (000's)	**September 30, 2013**	**December 31, 2012**
Decommissioning obligations, beginning of period	2,071	2,047
Increase in liabilities	183	1,419
Change in estimates	(19)	742
Accretion expense	60	73
Foreign currency translation adjustment	25	(31)
Decommissioning costs	-	(104)
Dispositions	(558)	(1,039)
Transferred to current portion of provisions	-	(1,036)
Transferred to liabilities held for sale	(273)	-
Decommissioning obligations, end of period	1,489	2,071
Current portion of provisions, beginning of period	1,036	-
Change in liabilities	(97)	1,036
Decommissioning costs	(494)	-
Foreign currency translation adjustment	22	-
Transferred to current liabilities held for sale	(467)	-
Current portion of provisions, end of period	-	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 September 30, 2013 the estimated total undiscounted cash flows required to settle the current and non-current liabilities is $2.0 million (December 31, 2012 - $4.0 million) which are expected to be incurred between 2015 and 2029.

The calculation of the net present value of the decommissioning obligations included a weighted average inflation rate of 5.4% (December 31, 2012 – 4.0%) and weighted average risk free rate associated with the assets of 5.9% (December 31, 2012 – 5.1%).

10. Loss per share:

Per share amounts are calculated using 346,120,871 weighted average common shares for the periods ended September 30, 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.

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. During the nine months ended September 30, 2013, 230,000 stock options with a weighted average exercise price of $0.86 were forfeited and 2,641,184 stock options with a weighted average exercise price of $1.44 expired. As at September 30, 2013, 31,740,000 stock options were outstanding.

11. Commitments and contingent liabilities:

Work commitments

The Company has contractual work commitments pursuant to the Zharkamys and Marsel exploration contracts in Kazakhstan. During 2013, the Zharkamys exploration period was extended for an additional two years until August 27, 2015 and the increase to the contractual work commitments has been included in the table below. As described in Note 1, the Zharkamys territory was expanded during the quarter. The work program for the expansion is expected to be US$ 2.9 million and has been included in the following commitment table. The work program addition has yet to be approved and the actual work program could be different from the requested amount.

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 Company will not be responsible for Marsel work commitments following the completion of the Marsel Transaction (Note 2). The remaining work commitments, as at September 30, 2013 are as follows:

Work commitments (in millions of US$)	**2013**	**2014**	**2015**	**Total**
Zharkamys	-	15.5	9.7	**25.2**
Marsel (Note 2)	-	14.6	15.1	**29.7**
Total	-	30.1	24.8	**54.9**

Sagiz oil terminal

The Company signed a letter of intent in 2012 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 estimated cost of $2.5 million.