Management's Discussion and Analysis
For the three and nine months ended September 30, 2013
Dated November 12, 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 nine months ended September 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 November 12, 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

- Bank guarantees totaling US$83.0 million have been received pursuant to the binding agreement signed in the second quarter for the sale of the Company's 66% participating interest in the Marsel property for a total of US$88.0 million. All commercial conditions for closing have been satisfied and completion of the transaction is expected in the fourth quarter following receipt of the outstanding waivers and consents from the Government of Kazakhstan.
- The Zharkamys exploration period was extended for an additional two year term until August 27, 2015.
- The Government of Kazakhstan approved the expansion of the Zharkamys territory by 45% or 1,167 km^2.
- Condor raised $15.0 million by issuing a senior unsecured note which allows the Company to accelerate exploration and development activities at Zharkamys during the interim period until the Marsel Transaction is completed.
- Production increased to an average of 318 bopd for the nine months ended September 30, 2013 compared to 98 bopd for the same period of 2012, due mainly to Shoba trial production and as a result, Company revenues increased 231% to $3.3 million from $1.0 million.
- Completion operations on KN-E-201 and KN-E-202 have finished and the wells are now undergoing flow and pressure build up testing to determine deliverability and reservoir properties.

Operations

For the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, Kazakhstan production increased 222% to an average of 318 bopd from 98 bopd due mainly to Shoba trial production commencing in September 2012.

Revenues from crude oil sales in Kazakhstan increased to $3.3 million in the first nine months of 2013 from $1.0 million for the same period in 2012 as a result of the increase in production; capital expenditures were $11.8 million in 2013 compared to $20.4 million in 2012; net loss attributable to Condor increased to $11.5 million in 2013 from $8.5 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 increased $7.9 million in 2013 from $5.9 million in 2012 as a result of decommissioning activities and working capital changes.

Kazakhstan – Zharkamys

The Company owns a 100% interest in Zharkamys, which is in the eastern portion of the Pre-Caspian Basin in Kazakhstan. During the quarter, the Company expanded the Zharkamys territory by 45% or 1,167 km^2 to a total area of 3,777 km^2.

During 2010 and 2011 the Company acquired 2,532 km^2 of high fold, high resolution 3D seismic, covering 87% of the pre-expansion Zharkamys territory. 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. 3D seismic acquisition is planned on the expanded territory in 2014.

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. Drilling of an additional Phase 1 well (KNC-3) is planned to begin in the fourth quarter, depending on rig availability. KNC-3 targets 11 MM barrels unrisked mean prospective resources[1] with an estimated cost of $1.0 million.

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. Four Phase 2 exploration wells have been drilled during 2012 – 2013 with the most recent resulting in the KN-E-201 discovery at Kiyaktysai North East (KN-E). KN-E-201 was identified using 3D seismic and was the first Primary Basin well (totally salt encapsulated) drilled at Zharkamys, reaching a total depth of 1,870 meters. Production testing commenced in September 2013 and the well has averaged 57 bopd on a 4 millimetre choke. Flow rates have fluctuated and been hampered by salt plugs forming in the tubing string. The salt plugs dissolve when exposed to fresh water and steps are being taken to mitigate this issue. The oil gravity is 40 degree API and water cuts have averaged 37%. The water cuts are believed to relate to the returns of the injected fresh water and a deeper water zone that has not been

1 See reserve and resource advisory

totally isolated to date.

The first Phase 2 appraisal well, KN-E-202, was drilled to 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. Production testing commenced in November 2013 and the well has averaged 40 barrels of oil per day on a 2 millimeter choke. The oil gravity is 40 degree API and there is no water is being produced. Preliminary data indicates that flow rates are being impeded by formation damage that occurred during drilling and completion operations.

The initial production rates are impacted in part due to the complex geological configuration of the oil reservoirs. Image log analysis indicates that the wells penetrated a combination of overturned, vertical and upright (but steeply dipping) reservoirs with gas, oil and water contacts occurring within the vertical and overturned sections. For comparison, most oil fields contain horizontally oriented reservoirs. The KN-E geologic configuration complicates the permeability and productivity of the oil zones because the orientation of the preferred permeability is vertical along the folded strata, allowing influxes of water and gas into the perforated oil zones and thereby impeding oil production rates. The Company, while investigating longer term solutions, is addressing this through small choke sizes to limit reservoir drawdown and periodic freshwater flushing.

Analysis indicates that the two KN-E wells, which drilled parallel to geologic bedding and were located only 490 meters apart, have penetrated only a small number of the potential reservoir sands present at the KN-E structure. Additional oil-bearing reservoirs are likely present down dip and along strike of the structure where there is potential to encounter less deformed reservoir configurations. These areas will be evaluated with the planned appraisal program in 2014.

The KN-E structure's main pre-drill risks were reservoir presence and hydrocarbon migration. Having successfully discovered oil and gas bearing sandstone reservoirs for the first time in this basin, these risk elements are mitigated for the remaining Primary Basin inventory which share similar geologic histories. The risk of encountering the steeply dipping reservoir configuration like the KN-E discovery is being mitigated for future exploration targets by prioritizing prospects containing formations that are gently deformed into broad structural closures that are horizontally oriented. The Company's high resolution 3D seismic is an effective tool for this analysis.

The Company's current Primary Basin portfolio includes 6 matured prospects that have an internal estimate of 304 MMboe of unrisked mean prospective resources[1], which doesn't include any resource potential from the recently expanded territory. There are 23 additional Primary Basin leads identified from the 3D seismic. The next planned Primary Basin exploration well, KN-501, will test a 4-way closure within the Kiyaktysai North salt dome. The Kiyaktysai North structure is located 8 km from, and under the same salt dome as, the KN-E discovery, but lacks KN-E's steeply dipping reservoirs. In this area there are numerous shallow wells with oil shows indicating active source rocks and hydrocarbon migration. The prospect contains 50 MMboe unrisked mean prospective resources[1]. KN-501 is expected to spud in 2014.

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

1 See reserve and resource advisory

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 Company's three phased exploration portfolio of 1,515 MMboe unrisked mean prospective resources[1] is comprised of 66 prospects, ranging from 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].

Zharkamys expansion

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. The Company will also be required to reimburse the Government of Kazakhstan for historical geological and exploration expenditures incurred in the expansion territory. 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. This expansion could substantially augment the Company's existing 1,515 MMboe of unrisked mean prospective resources[1].

Zharkamys discoveries

Shoba trial production commenced in September 2012 and only 3 wells are currently producing due to permitting and gas flaring restrictions. Total production from Zharkamys for the nine months ended September 30, 2013 averaged 318 bopd. Shoba production is expected to increase as treatment facilities are optimized and as development wells are drilled in 2014.

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. During the Shoba trial production period, the Company is required to sell all production domestically to refineries within Kazakhstan. 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.

Negotiations with the Ministry of Oil and Gas are underway to obtain a commercial production license for the Taskuduk development. This same process will be performed for Shoba in 2014, once approval is obtained for the Shoba Technical Scheme of Development.

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. 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 activities such as continued Shoba and Taskuduk development, continued appraisal and development of Kiyaktysai North East, further exploration drilling of Phase 2 and Phase 3 wells, and the purchase of the Sagiz oil terminal, is dependent on the timely completion of the Marsel transaction, or

1 See reserve and resource advisory

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" or the "Marsel Transaction") 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.

Bank guarantees totaling US$83.0 million have been received for the amount due upon completion of the sale and the buyer has provided 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 and 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 be completed. All commercial precedents and conditions for closing the transaction have been satisfied and completion of the transaction is expected in the fourth quarter following receipt of the outstanding waivers and consents from the Government of Kazakhstan.

SELECTED FINANCIAL INFORMATION

For the three months ended September 30 ($000's)	2013	2012
Crude oil sales	696	381
Net loss from continuing operations	(3,369)	(3,230)
Net loss attributable to Condor	(3,532)	(3,542)
Net loss per share from continuing operations(1)	(0.01)	(0.01)
Net loss per share(1)	(0.01)	(0.01)
Capital expenditures – continuing operations	(1,787)	(9,421)

For the nine months ended September 30 ($000's)	2013	2012
Crude oil sales	3,291	995
Net loss from continuing operations	(11,149)	(9,973)
Net loss attributable to Condor	(11,484)	(8,474)
Net loss per share from continuing operations(1)	(0.03)	(0.02)
Net loss per share(1)	(0.03)	(0.02)
Capital expenditures – continuing operations	(11,842)	(20,404)

(1) Basic and diluted

RESULTS OF OPERATIONS

Zharkamys production

Production increased 222% to 86,882 barrels or 318 bopd for the nine months ended September 30, 2013 from 26,979 barrels or 98 bopd for the nine months ended September 30, 2012. For the three month period ended September 30, 2013, production increased by 97% to 209 bopd from 106 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. The Company commenced the ninety day test of the KN-E-201 well late in the third quarter and the ninety day test of the KN-E-202 well in November 2013. Production in the second and third quarters 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 Shoba trial production volumes.

Negotiations with the Ministry of Oil and Gas are underway to obtain a commercial production license for the Taskuduk development. This same process will be performed for Shoba in 2014, once approval is obtained for the Shoba Technical Scheme of Development.

For the three months ended September 30	2013	2012	Change	Change %
Barrels	19,271	9,765	9,506	97%
Bopd	209	106	103	97%
For the nine months ended September 30				
Barrels	86,882	26,979	59,903	222%
Bopd	318	98	220	222%

Zharkamys sales and marketing

Crude oil sales revenue for the nine months ended September 30, 2013 amounted to $3.3 million from 92,148 barrels sold at the wellhead at an average price of $35.72 per barrel. For the nine month period ended September 30, 2012, 28,617 barrels were sold at an average price of $34.77 for sales revenues of $1.0 million. For the three month period ended September 30, 2013, sales revenue was $0.7 million from 19,905 barrels sold at the wellhead at an average price of $34.96 per barrel. During the same period in 2012 11,098 barrels were sold at an average price of $34.37 per barrel at the wellhead for $0.4 million of sales revenues. Crude oil inventory amounted to 1,529 barrels at September 30, 2013.

For the three months ended September 30	2013	2012	Change	Change %
Crude oil sales revenue ($000's)	696	381	315	83%
Crude oil sales volumes (barrels)	19,905	11,098	8,807	79%
Crude oil sales price ($/barrel)	34.96	34.37	0.59	2%
For the nine months ended September 30				
Crude oil sales revenue ($000's)	3,291	995	2,296	231%
Crude oil sales volumes (barrels)	92,148	28,617	63,531	222%
Crude oil sales price ($/barrel)	35.72	34.77	0.95	3%

Royalty expense

Royalty expense was $0.13 million for the nine months ended September 30, 2013 (2012 - $0.04 million). For the three month period ended September 30, 2013, royalty expense was $0.03 million (2012 - $0.02 million). Kazakhstani royalties are calculated with reference to local market prices and at rates based on annual production volumes.

Production costs

For the nine months ended September 30 production costs increased to $30.94 per barrel in 2013 from $22.54 boe in 2012. For the three months ended September 30, production costs increased to $43.96 in per barrel in 2013 from $29.50 per barrel in 2012. Production costs have increased on a per barrel basis as field infrastructure costs are largely fixed, such as labor, field camp, and equipment rentals, and have been put in place for the trial production period.

General and administrative expenses

The Company's general and administrative expenses decreased to $6.1 million for the nine months September 30, 2013 from $6.9 million for the same period in 2012, due primarily to a reduction in employee annual incentive awards. For the three month period ended September 30, 2013, general and administrative expenses were $1.8 million compared to $2.0 million in 2012.

Depletion and depreciation

Depletion and depreciation expenses increased to $2.7 million for the nine months ended September 30, 2013 from $0.8 million in the same period in 2012. For the three months ended September 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 expense was $2.7 million for the nine month periods ended September 30, 2013 and 2012. Stock based compensation expense decreased to $0.5 million for the three month period ended September 30, 2013 from $0.6 million in 2012. The expense is recognized on a graded basis and fluctuates based on the timing of the grants and vesting periods.

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.

Finance income, expense and accretion expense

For the nine months ended September 30, 2013, finance income decreased to $0.5 million from $0.6 million in the same period in 2012. For the three months ended September 30, 2013 and 2012, finance income was $0.2 million. The decrease is a result of higher interest income in 2012 received on higher average cash balances. Finance income also includes the accretion of Kazakhstan value added tax ("VAT") receivables.

Finance and accretion expense was $0.4 million for the nine months ended September 30, 2013 and 2012, and $0.2 million for the three months ended September 30, 2013 and 2012. The charge is comprised mainly of the impact of discounting VAT receivables and accretion expense on historical cost obligations and decommissioning provisions. Current period finance expense includes interest expense incurred on the Company's borrowings, and the amortization of deferred borrowing costs. The increases related to the inclusion of these charges in the current period is offset by decreases in VAT discounting charges in 2013 on account of lower capital spending in Kazakhstan during the period.

Discontinued operations

Marsel

For the three and nine month periods 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 $1.2 million). Marsel does not have producing assets and as such the impact on continuing operations of the reclassification is limited to a reduction in general and administrative expenses. The buyer provided Marsel a US$ 5.0 million loan which is currently being used to undertake a 2D seismic program.

Canadian oil and gas properties

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

During the nine month period ended September 30, 2013, the properties produced an average 67 boepd for the period prior to the property disposals (2012 – 67 boepd). The results of the Canadian operations have been presented as discontinued operations and comprise the following:

For the period ended September 30	Three months 2013	Three months 2012	Nine months 2013(1)	Nine months 2012
Oil production (barrels)	-	2,746	6,777	13,478
Oil production (bopd)	-	30	50	49
Oil sales price ($/barrel)	-	74.60	85.47	82.22
Gas production (mcf)	-	6,165	2,320	29,592
Gas production (mcfpd)	-	67	102	108
Gas sales price ($/mcf)	-	4.06	2.72	4.03
Oil and natural gas sales ($000's)	21	230	648	1,238
Expenses ($000's)	(29)	(352)	(562)	(1,581)
Gain on disposals ($000's)	-	47	249	2,652
	(7)	(75)	335	2,309

(1) Comprises the 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 September 30, 2013:

For the quarter ended (000's except per share amounts)	**Q3 2013**	**Q2 2013**	**Q1 2013**	**Q4 2012**	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**
Oil sales (1)	696	706	1,889	1,106	381	491	122	253
Net loss from continuing operations(2)	(3,369)	(4,611)	(3,169)	(3,784)	(3,229)	(2,734)	(4,004)	(4,559)
Net loss attributable to Condor	(3,532)	(4,586)	(3,366)	(4,855)	(3,542)	(879)(3)	(4,054)	(5,293)
Net loss per share from continuing operations(4)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.02)
Net loss per share(4)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.02)

(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 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 (see Related Party Balances and Transactions). Working capital includes a senior unsecured note in the principal amount of $15 million (described below) 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.

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.

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. Any proceeds from capital market transactions in excess of $5.0 million or from other asset dispositions in excess of $1.0 million shall be applied to the repayment of 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.

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 above, 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. 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(1)	-	14.6	15.1	**29.7**
Total(2)	-	30.1	24.8	**54.9**

(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 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. 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				
($000)	< 1 year	1 – 3 years	4 – 5 years	> 5 years	Total
Accounts payable and accrued liabilities	4,828	-	-	-	4,828
Current borrowings	16,800	-	-	-	16,800
Long term debt	-	2,537	-	-	2,537
Other long term liabilities (undiscounted)	-	896	1,194	3,882	5,972
Classified as held for sale					
Accounts payable and accrued liabilities	694	-	-	-	694
Current borrowings	5,155	-	-	-	5,155
Other long term liabilities (undiscounted)	-	534	712	2,313	3,559
Total contractual obligations	27,477	3,967	1,906	6,195	39,545

OUTSTANDING SHARE DATA

Common shares

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

Convertible securities

As at September 30, 2013, the Company had 31,740,000 stock options outstanding with a weighted average exercise price of $0.93.

Common shares are issuable upon conversion of the outstanding portion of the Company's credit facility. See Related Party Balances and Transactions.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY BALANCES AND TRANSACTIONS

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. As at September 30, 2013, EurAsia and its parent company, EurAsia Resource Value SE, held 49.9% of the outstanding common shares of Condor.

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 Marsel Transaction; the expected timing for closing of the Marsel Transaction and the use of the proceeds of the transaction; the anticipated use of proceeds of the Note; 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 impact of salt plugs on current and future production; the expected source of water cuts to date and the future outlook; the potential for other Primary Basin targets to contain reservoir quality rock; the ability to identify salt encapsulated reservoirs using seismic; the potential for the expanded acreage; the addendum to the Zharkamys exploration contract for the territory expansion, the expected increase to the minimum work program and related financial and work obligations thereon; 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 Transaction, including the consents and waivers of the Government of Kazakhstan will not be satisfied; regulatory changes; the timing of regulatory approvals; in the event the Marsel Transaction does not close, Condor may need to pursue other sources of financing, which may or may not be available, in order to fund its on-going operations and repay the Note on the maturity date; 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 2014 work program; risks that the addendum to the Zharkamys exploration contract related to the expansion territory will not be approved or executed; risks that the expansion area will be reduced or changed; risk that the actual minimum work program will exceed the initially estimated amount; 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:

API	American Petroleum Institute
bopd	barrels of oil per day
boe	barrels of oil equivalent[1]
boepd	barrels of oil equivalent per day[1]
mcf	thousand cubic feet
mcfpd	thousand cubic feet per day
mmboe	million barrels of oil equivalent[1]

[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.