Management's Discussion and Analysis
For the three and nine months ended September 30, 2014
Dated November 12, 2014

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, 2014, and the audited consolidated financial statements for the years ended December 31, 2013 and 2012 (the "financial statements"). This MD&A is dated November 12, 2014, the date the Condor Board of Directors approved the financial statements.

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

OVERALL PERFORMANCE

Highlights

- During 2014 the Company completed the sale of its 66% participating interest in the Marsel property for US $88.0 million.
- Working capital at September 30, 2014 was $69.6 million and the Company has no debt.
- Production decreased to an average of 158 bopd in the nine months ended September 30, 2014 compared to 318 bopd for the same period in 2013 due to Kazakhstan regulations limiting initial production during the exploration period.
- Shoba 10 ("Sh-10h"), the first horizontal well at Shoba, was successfully drilled in September 2014 to 1,206 meters inclusive of a 290 meter horizontal section. 98% of the logged horizontal section is oil pay, with porosities averaging 24% and oil saturations averaging 75%. Sh-10h initial test rates include 450 bopd on an 8 millimeter choke. The well is currently flowing 170 bopd on a 6 millimeter choke and being evaluated to assess the optimal flow rate for the zone.
- Shoba 11 ("Sh-11h"), the second horizontal well at Shoba, was successfully drilled in November 2014 to 1,327 meters inclusive of a 398 meter horizontal section. 97% of the logged horizontal section is oil pay with porosities averaging 22% and oil saturations averaging 76%. Sh-11h is being completed and production is expected to begin in December 2014.
- The Shoba field is currently producing 375 bopd under trial production and expected to increase in the fourth quarter of 2014 as the second horizontal well at Shoba is completed and brought online.
- Drilling of the Kiyaktysai North East 205 ("KN-E-205") well is underway to further appraise the KN-E light oil discovery made in 2013 and is expected to reach total depth in December 2014.

- Taskuduk production facilities are being commissioned and production will re-commence upon the execution of the development contract, which is expected in early 2015.
- Net income for the nine months ended September 30, 2014 was $25.2 million or $0.07 per share including a $34.5 million gain on the sale of the Marsel property.
- In November 2014, the Government of Kazakhstan approved a force majeure extension to the Zharkamys exploration period due to extreme weather conditions which impacted exploration activities. The exploration period has been extended for five months until February 6, 2016. The required addendum to the Zharkamys exploration contract is anticipated to be completed in the fourth quarter of 2014 with no expected changes to the minimum work program.

Operations

Production decreased 30% to 13,398 barrels or 146 bopd for the three months ended September 30, 2014 from 19,271 barrels or 209 bopd for the same period in 2013 and decreased 50% to 43,111 barrels or 158 bopd for the nine months ended September 30, 2014 from 86,882 barrels or 318 bopd for the same period in 2013. Production has been partially constrained and inconsistent due to local regulations limiting initial production from exploration wells to ninety day test periods, trial production limitations and restrictions and permitting related to gas flaring. The Shoba field was shut-in from July 1, 2014 until August 5, 2014 while permits were obtained to increase permissible gas flaring volumes. Production in the current quarter is comprised entirely of Shoba trial production while 2013 volumes also include production from the Taskuduk field. Current production of 375 bopd includes production from Sh-10h, the first horizontal well drilled at Shoba, and is expected to increase further in the fourth quarter of 2014 as Sh-11h, the second horizontal well at Shoba, commences production.

Sh-10h, the first horizontal well at Shoba, was successfully drilled to 1,206 meters inclusive of a 290 meter horizontal section. 98% of the logged horizontal section is oil pay, with porosities of averaging 24% and oil saturations averaging 75%. The well cost $2.2 MM to drill and complete. The Sh-10h is being flowed at various choke sizes to assess the optimal flow rate for the zone. The well flowed oil to surface at a rate of 450 bopd on an 8 millimeter choke, with no water. It is currently flowing at 170 bopd on a 6 millimeter choke. Although Shoba vertical wells require pumps to flow, Sh-10h has been producing without a pump to date.

Sh-11h, the second horizontal well at Shoba, was successfully drilled to 1,327 meters inclusive of a 398 meter horizontal section. 97% of the logged horizontal section is oil pay, with porosities of averaging 22% and oil saturations averaging 76%. Completion activities are underway and Sh-11h is planned to begin production in December 2014. The results of the horizontal completions at Sh-10 and Sh-11 will be incorporated into a revised full field development plan for Shoba. The plan will take advantage of the reduced drilling operations and enhanced production capabilities of the horizontal wells to optimize recovery and the economics of the Shoba field.

A second drilling rig was mobilized in September 2014 and began drilling the Kiyaktysai North East 205 ("KN-E-205") appraisal well. This well is a follow-up to the KN-E light oil discovery made in 2013 and is expected to reach total depth in December 2014.

A post-salt exploration well, KNC-3, was drilled to a total depth of 1,130 meters in August 2014. Although sands with residual oil were penetrated based on wireline logs and oil staining on sample cuttings, no commercial oil quantities were encountered and the well was abandoned.

On January 28, 2014, Condor's wholly owned subsidiary, Condor Netherlands Petroleum B.V., completed the sale of its 66% participating interest in the Marsel territory located in the Chu-Sarysu basin in southeast Kazakhstan ("Marsel") including certain indebtedness of Marsel for gross proceeds of US $88.0 million (the "Marsel Sale").

For the nine months ended September 30, 2014, net income increased to $25.2 million from a $11.8 million loss in the same period in 2013 due primarily to the $34.5 million gain related to the Marsel Sale, cash used in continuing operating activities increased to $10.0 million from $7.9 million due primarily to higher financing costs in 2014 on borrowings which were repaid during the year, and capital expenditures decreased to $10.1 million from $11.8 million.

In February, 2014, the Government of Kazakhstan lowered the KZT to US dollar ("US $") exchange rate, which had been fixed in prior periods. As a consequence of this, the KZT to CAD exchange rate depreciated from 143 KZT per CAD at December 31, 2013 to 165 at March 31, 2014 and to 172 at June 30, 2014 but appreciated to 163 at September 30, 2014. These foreign exchange movements overall resulted in significant decreases to KZT denominated assets and liabilities in 2014 and a foreign currency translation adjustment of $13.8 million for the nine months ended September 30, 2014.

Kazakhstan – Zharkamys

The Company owns a 100% interest in the 3,777 km^2 Zharkamys West 1 territory ("Zharkamys"), which is located in the eastern portion of the Pre-Caspian Basin in Kazakhstan. The Company has acquired 2,532 km^2 of high fold, high resolution 3D seismic over Zharkamys, and completed pre-stack time migration and pre-stack depth migration processing on the entire dataset, providing excellent subsurface imaging of the Zharkamys territory which has led to a three phase exploration strategy:

Phase 1

Phase 1 drilling focuses on shallow post-salt prospects (up to 2,000 meters) and is intended to calibrate the seismic responses while also providing early production and cash flow. Since acquiring the 3D seismic, two commercial oil discoveries have been made at the Company's Shoba and Taskuduk West fields.

Phase 2

Phase 2 focuses on deeper, higher impact Primary Basin prospects from 2,000 to 5,000 meters that are intended to generate significant reserve additions. The Company's current Primary Basin portfolio includes eight matured prospects that have an internal estimate of 316 mmboe of unrisked mean prospective resources[1], which does not include any resource potential from the recently expanded territory. There are 23 additional Primary Basin leads identified from the 3D seismic. The Company is currently drilling the KN-E 205 appraisal well and plans to drill the KN 501 exploration well in 2015.

KN-E 205 will evaluate the KN-E light oil discovery made in 2013, appraising potential additional oil-bearing reservoirs that are stratigraphically deeper within the structure in addition to being less deformed than the reservoirs encountered in KN-E 201 and 202. The main pre-drill risks for the KN-E structure were reservoir presence and hydrocarbon migration. Having successfully discovered, for the first time in the Pre-Caspian Basin, oil and gas bearing sandstone reservoirs within a Primary Basin, these risk elements have now been mitigated. The Primary Basin prospects proposed for the next phase of exploration drilling will target structural geometries that are more conventional, with thick salt top-seals and 4-way trap closures, avoiding the steep dips and structural complexities within the KN-E structure.

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 does not contain steeply dipping reservoirs, as in the KN-E structure. In this area there are numerous shallow wells with oil shows indicating active source rocks and hydrocarbon migration. The KN-501 prospect contains 50 mmboe unrisked mean prospective resources[1].

Phase 3

Phase 3 structures target pre-salt Permian and Devonian formations and range from 5,000 to 7,500 meters. 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 justify the depth and geologic risk. The Phase 3 drilling program is targeted to begin in the second half of 2015, and will apply the Phase 1 and 2 learnings and results.

The Company's three phased exploration portfolio of over 1.5 billion boe unrisked mean prospective resources[1] is comprised of 65 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]. The Company has not completed its evaluation of the resources attributable to the 1,167 km^2 expansion area added to the Zharkamys territory in 2013. The expansion area could substantially augment the Company's existing resources[1].

Zharkamys discoveries

At the Shoba oilfield, wells are produced under trial production to individual well site facilities. The trial production license permits production from ten wells including three horizontal wells, allows for water injection at two wells and permits limited gas flaring. The Shoba oil is sold at each well site facility and trucked by the buyer to a nearby terminal for treatment and delivery to one of the local refineries. During trial production, oil is sold domestically to refineries within Kazakhstan. The Shoba field is expected to transition into commercial production in 2015.

Construction and commissioning of the Shoba gauging station has been completed and the facility is operational, providing additional oil treatment and storage capacity. Flow lines from all Shoba wells are being tied into the gauging station which will eliminate in-field oil hauling. Additional storage capacity, water injection wells and gas utilization capabilities will be added in 2015.

The Taskuduk oilfield production facilities are currently being commissioned. The field will remain shut in until it can be transitioned into commercial production by negotiating and executing a development contract with the Government of Kazakhstan. The development contract is expected to be signed in early 2015 with forecasted commercial production up to 200 bopd[1].

(1) See reserve and resource advisory

SELECTED FINANCIAL INFORMATION

For the three months ended September 30 ($000's)	2014	2013
Crude oil sales	466	696
Net income (loss) from continuing operations	943	(3,369)
Net income (loss) attributable to Condor	943	(3,532)
Net income (loss) per share from continuing operations (2)	0.00	(0.01)
Net income (loss) per share (2)	0.00	(0.01)
Capital expenditures	(6,344)	(1,787)

For the nine months ended September 30 ($000's)	2014	2013
Crude oil sales	1,434	3,291
Net income (loss) from continuing operations	(9,197)	(11,149)
Net income (loss) attributable to Condor	25,159	(11,484)
Net income (loss) per share from continuing operations (2)	(0.03)	(0.03)
Net income (loss) per share (2)	0.07	(0.03)
Capital expenditures	(10,060)	(11,842)

(2) Basic and diluted

RESULTS OF OPERATIONS

Production

Production decreased 30% to 13,398 barrels or 146 bopd for the three months ended September 30, 2014 from 19,271 barrels or 209 bopd for the same period in 2013 and decreased 50% to 43,111 barrels or 158 bopd for the nine months ended September 30, 2014 from 86,882 barrels or 318 bopd for the same period in 2013. Production has been partially constrained and inconsistent due to local regulations limiting initial production from exploration wells to ninety day test periods, trial production limitations and restrictions and permitting related to gas flaring. The Shoba field was shut-in from July 1, 2014 until August 5, 2014 while permits were obtained to increase permissible gas flaring volumes. Production in the current quarter is comprised entirely of Shoba trial production while 2013 volumes also include production from the Taskuduk field.

Current production of 375 bopd includes production from Sh-10h, the first horizontal well drilled at Shoba, and is expected to increase further in the fourth quarter of 2014 as Sh-11h, the second horizontal well at Shoba, commences production. Production is expected to increase further in 2015 as additional Shoba horizontal development wells are drilled and commercial production commences at Taskuduk.

For the three months ended September 30	2014	2013	Change	Change %
Barrels	13,398	19,271	(5,873)	(30%)
Bopd	146	209	(63)	(30%)
For the nine months ended September 30				
Barrels	43,111	86,882	(43,771)	(50%)
Bopd	158	318	(160)	(50%)

Sales and marketing

Average sales prices increased to $40.09 per barrel in the three months ended September 30, 2014 from $34.96 per barrel in the same period of 2013 while sales revenues decreased to $0.5 million from $0.7 million and sales volumes decreased to 11,260 barrels versus 19,905 barrels. For the nine months ended September 30, 2014, sales revenue was $1.4 million from 40,569 barrels sold at the wellhead at an average price of $35.34 per barrel as compared to $3.3 million from 92,148 barrels sold at an average price of $35.72 per barrel for the nine months ended September 30, 2013. Despite the recent downward pressure on world oil prices, Shoba wellhead sales prices have increased due to its favorable composition and value as diesel fuel feedstock. Crude oil inventory amounted to 4,056 barrels at September 30, 2014.

For the three months ended September 30	2014	2013	Change	Change %
Crude oil sales ($000's)	466	696	(230)	(33%)
Crude oil sales volumes (bbls)	11,620	19,905	(8,285)	(42%)
Crude oil sales price ($/bbl)	40.09	34.96	5.13	15%
For the nine months ended September 30				
Crude oil sales ($000's)	1,434	3,291	(1,857)	(56%)
Crude oil sales volumes (bbls)	40,569	92,148	(51,579)	(56%)
Crude oil sales price ($/bbl)	35.34	35.72	(0.38)	(1%)

Other income

The Company recognized other income of $1.0 million in 2014 as a result of providing technical and management services. The Company had entered into a technical services agreement with an arms-length third party commencing in November, 2013 and operating until March 31, 2014.

Royalty expense

Royalty expense was $0.06 million for the nine months and $0.02 million for the three months ended September 30, 2014 (2013: $0.13 million and $0.03 million respectively). Kazakhstan 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, 2014 production costs increased to $43.60 from $30.94 per barrel during the same period in 2013. For the three months ended September 30, 2014, production costs decreased to $31.07 per barrel from $43.96 per barrel in 2013. Year to date production costs have increased on a per barrel basis as field infrastructure costs such as labor, field camp, and equipment rentals, put in place for the trial production period, are largely fixed, and therefore result in higher per barrel costs with lower production volumes, as previously discussed. Production costs per barrel are expected to decrease as future production volumes increase.

General and administrative expenses

General and administrative expenses increased to $2.2 million for the three months ended September 30, 2014 compared to $1.8 million for the same period in 2013 and increased to $7.4 million for the nine months ended September 30, 2014 from $6.1 million for the same period in 2013 due mainly to employee bonuses granted in 2014 following the completion of the Marsel Sale (no bonuses in 2013).

Depletion and depreciation

For the three months ended September 30, 2014, depletion and depreciation decreased to $0.4 million from $0.7 million for the same period in 2013 and for the nine months ended September 30, 2014, depletion and depreciation decreased to $1.5 million from $2.7 million for the same period in 2013. The decrease is due primarily to decreased oil production and subsequent reduction in sales volume and the resulting decreased depletion.

Stock based compensation

Stock based compensation expense decreased to $1.1 million for the nine months ended September 30, 2014 from $2.7 million for the same period in 2013. For the three months ended September 30, 2014, stock based compensation was $0.1 million, a decrease from $0.5 million in the same period in 2013. The expense is recognized on a graded basis and fluctuates based on the timing of the grants, vesting periods, forfeitures and cancellations.

Finance income, expense and accretion expense

For the nine months ended September 30, 2014, finance income was $0.5 million (2013: $0.5 million). For the three months ended September 30, 2014, finance income remained constant at $0.2 million as compared to the same period in 2013. Finance income includes interest income on cash balances and the accretion of Kazakhstan value added tax receivables ("VAT").

Finance and accretion expense increased to $1.1 million for the nine months ended September 30, 2014 from $0.4 million for the same period in 2013. The increase is due mainly to interest expense incurred on borrowings, and the amortization of deferred borrowing costs thereon. The charge also includes the impact of discounting VAT receivables and accretion expense on historical cost obligations and decommissioning provisions. For the three month period ended September 30, 2014 the expense was $0.14 million (2013: $0.25 million).

Foreign exchange gain

During the nine months ended September 30, 2014, the Company recognized a $0.9 million foreign exchange gain. The Company holds a significant portion of its cash and cash equivalents in US dollars to fund its future investments, and during the quarter the USD appreciated against the CAD, which led to the foreign exchange gain of $3.5 million in the three months ended September 30, 2014.

Discontinued operations

Marsel

For the nine month period ended September 30, 2014, Marsel incurred $0.2 million of expenses which have been included in discontinued operations on the statement of comprehensive income (2013: $0.6 million). No expenses were incurred subsequent to the disposal of Marsel in the second or third quarters of 2014 (2013: $0.4 million). During the first quarter of 2014, the Company recognized a $34.5 million gain on the disposal of Marsel.

Canadian oil and gas properties

On May 16, 2013, the Company disposed of its remaining Canadian producing oil and gas properties for net proceeds of $2.1 million (the "Canadian disposal") and recognized a $0.2 million gain on the disposal. During the period from January 1, 2013 to May 16, 2013 the Canadian properties provided $0.6 million of revenue and $0.4 million of expenses on production of 6,777 barrels of oil (50 bopd) sold at an average price of $85.47 per barrel, and production of 2,320 mcf of gas (102 mcfpd) sold at an average price of $2.72 per mcf. 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, 2014:

For the quarter ended (000's except per share amounts)	**Q3 2014**	**Q2 2014**	**Q1[(3)] 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**	**Q4 2012**
Crude oil sales [(1)]	466	510	458	696	696	706	1,889	1,106
Net income (loss) from continuing operations [(2)]	943	(6,174)	(3,967)	(3,503)	(3,369)	(4,611)	(3,169)	(3,784)
Net income (loss) attributable to Condor	943	(6,174)	30,389	(3,792)	(3,523)	(4,586)	(3,365)	(4,855)
Net income (loss) per share from continuing operations [(4)]	0.00	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)
Net income (loss) per share [(4)]	0.00	(0.02)	0.09	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)

(1) Production has been partially constrained and inconsistent due to local regulations limiting initial production from exploration wells to ninety day test periods, trial production limitations and restrictions and permitting related to gas flaring.

(2) The net loss for all quarters presented, except Q3 2014, reflects the fact that only a small amount of production has been recognized to date 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) The Company's wholly owned subsidiary completed the disposal of its 66% participating interest and certain indebtedness in the Marsel territory for US $88.0 million in Q1 2014, which resulted in a $34.5 million gain.

(4) Basic and diluted

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014, cash and cash equivalents were $70.9 million, and working capital was $69.6 million. The Company has future contractual work commitments related to Zharkamys of US $8.5 million in 2014 and 2015. The Company has sufficient capital to fund its exploration and operating activities for at least the next twelve months.

COMMITMENTS AND CONTINGENT LIABILITIES

Work commitments

The Company has contractual work commitments pursuant to the Zharkamys territory in Kazakhstan. Contractual work commitments are amended from time to time in accordance with planned exploration and development activities proposed by the Company and approved by the Government of Kazakhstan and the amounts could be significant. In addition, any exploration period extensions or subsequent development periods would likely carry additional contractual work commitments, which could be significant.

Non-fulfilment of contractual work commitments in Kazakhstan could result in punitive actions by the Government of Kazakhstan including suspending or revoking the contract. Financial contractual work commitment shortfalls may be subject to penalties of 30% of the shortfall.

As at September 30, 2014, the remaining work program commitments through February 6, 2016 were US $8.5 million. Subsequent to period end the Government of Kazakhstan has approved a force majeure extension to the Zharkamys exploration period for the period from August 27, 2015 to February 6, 2016 due to extreme weather conditions which delayed the execution of the work program under the Zharkamys exploration contract. The extension requires an addendum to the exploration contract and is expected to be completed in the fourth quarter of 2014. The force majeure extension is not expected to lead to any changes in the minimum work program.

Sagiz oil terminal

The Company signed a letter of intent in 2012 to purchase a 90% interest in the Sagiz oil terminal, located 12 kilometers northwest of Zharkamys. The purchase is subject to the terminal being refurbished, operational and licensed for use and the estimated cost is US $2.5 million. The sellers are targeting commissioning of the terminal to coincide with the start-up of commercial production on the Shoba field.

The sellers have completed construction of a high voltage power line onto the property, as well as a natural gas pipeline to the terminal with enough capacity to allow for the utilization of gas line heaters for the treatment of non-spec crude oil, as required. The sellers have largely completed the construction of a laboratory facility at the terminal. The seller is also working to obtain emissions permitting from the Government of Kazakhstan to be able to operate the facility. Once the emission permit is in place, the rail loading facility will be upgraded to the current safety standards.

Contractual obligations

The Company's contractual obligations are as follows:

	Payment due by Period				
(000's)	< 1 year	1 – 3 years	4 – 5 years	> 5 years	Total
Accounts payable and accrued liabilities	5,220	-	-	-	5,220
Other long term liabilities (undiscounted)	-	1,493	1,194	3,285	5,972

OUTSTANDING SHARE DATA

Common shares

As at September 30, 2014 and the date of this MD&A there were 346,120,871 common shares outstanding.

Stock options

During the nine months ended September 30, 2014, the Company granted 3,170,000 stock options with a weighted average exercise price of $0.34 vesting a third annually, with the first tranche vesting immediately upon grant, and expire five years from the grant date. 2,144,999 stock options with a weighted average exercise price of $0.84 were forfeited during the same period. As at September 30, 2014, 30,731,668 stock options with a weighted average exercise price of $0.87 were outstanding.

RELATED PARTY BALANCES AND TRANSACTIONS

Credit facility

EurAsia Resource Holdings AG ("EurAsia") provided a credit facility to the Company carrying interest at 5% and with interest and principal due January 1, 2015. EurAsia and its parent company held 41.2% of the outstanding common shares of Condor at September 30, 2014. On June 13, 2013, $2.5 million was drawn on the facility. In March, 2014, the Company repaid the $2.5 million principal and $0.1 million accrued interest thereon, and the facility was cancelled.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at September 30, 2014.

CRITICAL ACCOUNTING ESTIMATES

The timely preparation of financial statements requires management to make use of judgments, estimates and assumptions when transactions affecting the current accounting period cannot be finalized until future periods. These estimates will affect assets, liabilities and the disclosure of assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. Such estimates are based on informed judgments made by management. Actual results could differ from those estimates as future confirming events occur. Significant assumptions and estimates about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amount of assets and liabilities, in the event that actual results differ from assumptions made, are outlined below.

- 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;
- 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;

- 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;
- Stock based compensation: estimates include determining appropriate volatilities, expected lives and forfeiture rates; and
- 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, 2014, the Company adopted new accounting standards with respect to impairment of assets (IAS 36), recognition of liabilities for levies imposed by governments (IFRIC 21) and amendments to IAS 32, "Financial Instruments: Presentation" ("IAS 32"). The adoption of these amendments and standards had no impact on the amounts recorded in the consolidated financial statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

On July 24, 2014, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9") to replace International Accounting Standard 39, "Financial Instruments: Recognition and Measurement." IFRS 9 is effective for years beginning on or after January 1, 2018.

In May 2014, the IASB published IFRS 15, "Revenue From Contracts With Customers" ("IFRS 15") replacing IAS 11, "Construction Contracts", IAS 18, "Revenue" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2017. The standard may be applied retrospectively or using a modified retrospective approach.

Early adoption of these standards is permitted and the Company is currently evaluating the impact of these new standards on the financial statements.

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, 2013 by Sproule International Limited in their report dated March 10, 2014.

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 MD&A 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, information concerning: the commencement and timing of planned drilling operations; the timing and ability to execute contracts with drilling equipment suppliers and providers; the timing and ability to obtain various approvals and permits, including production contracts; 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 status of the refurbishment, the expected cost, and the anticipated completion of the Sagiz oil terminal acquisition; the potential for additional contractual work commitments; the Company's ability to meet and fund its contractual work commitments; the satisfaction of the work commitments; the expected costs and the flexibility of capital spending plans and the source of funding therefore; projections relating to the adequacy of the Company's provision for taxes; projections with respect to crude oil production; and the estimates of resources and future resources.

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: regulatory changes; the timing of regulatory approvals; 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, 2013.

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:

bbl	barrel of oil
bopd	barrels of oil per day
mcf	thousand cubic feet
mcfpd	thousand cubic feet per day
mmbbl	million barrels of oil
mmboe	million barrels of oil equivalent[1]

[1] Boe is a measure used in this MD&A which may be misleading, particularly if used in isolation. Boe 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.