Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2015

(unaudited)

Condor Petroleum Inc.

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

As at	Note	**September 30, 2015**	**December 31, 2014**
Assets			
Cash and cash equivalents		53,169	64,478
Trade and other receivables	9	830	1,175
Other current assets	2	1,117	1,722
Total current assets		55,116	67,375
Exploration and evaluation assets	3	96,932	120,243
Property and equipment		3,669	4,967
Other long term assets	4	9,010	10,157
Total assets		164,727	202,742
Liabilities			
Accounts payable and accrued liabilities		4,973	7,778
Current portion of other long-term liabilities	5	428	-
Current portion of provisions		372	633
Total current liabilities		5,773	8,411
Other long term liabilities	5	3,383	4,184
Deferred tax liabilities	7	3,157	-
Provisions		1,168	1,527
Total liabilities		13,481	14,122
Equity			
Share capital		263,035	263,035
Contributed surplus		19,052	18,429
Translation reserve		(41,426)	(7,332)
Deficit		(89,415)	(85,512)
Total equity		151,246	188,620
Total liabilities and equity		164,727	202,742

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

Condor Petroleum Inc.

Consolidated Statements of Comprehensive Income (unaudited)
Stated in thousands of Canadian dollars
(except for per share amounts)

For the period ended September 30	Note	Three months 2015	Three months 2014	Nine months 2015	Nine months 2014
Revenue					
Crude oil sales		44	466	147	1,434
Other income		-	-	-	975
Total revenue		44	466	147	2,409
Expenses					
Production costs		21	361	588	1,769
Royalty expense		5	19	22	64
General and administrative		1,969	2,202	6,375	7,405
Depletion and depreciation		229	393	1,430	1,507
Stock based compensation	6	317	44	623	1,104
Total expenses		(2,541)	(3,019)	(9,038)	(11,849)
		(2,497)	(2,553)	(8,891)	(9,440)
Finance income		158	190	541	491
Finance expense		(167)	(144)	(740)	(1,147)
Foreign exchange gain	9	3,873	3,450	8,344	899
Net income (loss) from continuing operations, before tax		1,367	943	(746)	(9,197)
Deferred tax expense	7	(2,749)	-	(3,157)	-
Net income (loss) from continuing operations		(1,382)	943	(3,903)	(9,197)
Discontinued operations		-	-	-	(190)
Gain on disposal of discontinued operations		-	-	-	34,546
Net income (loss)		(1,382)	943	(3,903)	25,159
Foreign currency translation adjustment (“FCTA”)	9	(39,115)	5,818	(34,094)	(13,811)
Transfer of accumulated FCTA on disposal		-	-	-	(4,042)
Comprehensive income (loss)		(40,497)	6,761	(37,997)	7,306
Comprehensive income (loss) attributable to					
Continuing operations		(40,497)	6,761	(37,997)	(24,831)
Discontinued operations		-	-	-	32,137
Comprehensive income (loss)		(40,497)	6,761	(37,997)	7,306
Basic and diluted income (loss) per share					
Net income (loss) from continuing operations	8	-	-	(0.01)	(0.03)
Net income (loss) from discontinued operations	8	-	-	-	0.10
Net Income (loss)	8	-	-	(0.01)	0.07

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Condor Petroleum Inc.

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

	Number of common shares	Share capital	Contributed surplus	Translation reserve	Deficit	Equity attributable to Condor	Non-controlling interest	Total
As at December 31, 2013	**346,120,871**	**263,035**	**17,064**	**4,919**	**(109,028)**	**175,990**	**(3,926)**	**172,064**
Stock based compensation expense	-	-	1,104	-	-	**1,104**	-	**1,104**
Foreign currency translation adjustment	-	-	-	(13,811)	-	**(13,811)**	-	**(13,811)**
Disposal of non-controlling interest	-	-	-	-	-	-	3,926	**3,926**
Transfer into income on disposal	-	-	-	(4,042)	-	**(4,042)**	-	**(4,042)**
Net income	-	-	-	-	25,159	**25,159**	**-**	**25,159**
As at September 30, 2014	**346,120,871**	**263,035**	**18,168**	**(12,934)**	**(83,869)**	**184,400**	**-**	**184,400**
Stock based compensation expense	-	-	261	-	-	**261**	-	**261**
Foreign currency translation adjustment	-	-	-	5,602	-	**5,602**	-	**5,602**
Net loss	-	-	-	-	(1,643)	**(1,643)**	-	**(1,643)**
As at December 31, 2014	**346,120,871**	**263,035**	**18,429**	**(7,332)**	**(85,512)**	**188,620**	**-**	**188,620**
Stock based compensation expense	-	-	623	-	-	**623**	-	**623**
Foreign currency translation adjustment	-	-	-	(34,094)	-	**(34,094)**	-	**(34,094)**
Net loss	-	-	-	-	(3,903)	**(3,903)**	-	**(3,903)**
As at September 30, 2015	**346,120,871**	**263,035**	**19,052**	**(41,426)**	**(89,415)**	**151,246**	**-**	**151,246**

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

Condor Petroleum Inc.
Consolidated Statements of Cash Flows (unaudited)
Stated in thousands of Canadian dollars

For the period ended September 30	Note	Three months 2015	Three months 2014	Nine months 2015	Nine months 2014
Operating activities:					
Net income (loss) from continuing operations		(1,382)	943	(3,903)	(9,197)
Items not affecting cash:					
Depletion and depreciation		229	393	1,430	1,507
Deferred tax expense	7	2,749	-	3,157	-
Stock based compensation	6	317	44	623	1,104
Non-cash finance income		(125)	(132)	(390)	(401)
Non-cash finance expense		167	144	740	1,147
Unrealized foreign exchange gain		(4,005)	(3,642)	(8,547)	(2,475)
Interest paid		-	-	-	(1,218)
		(2,050)	(2,250)	(6,890)	(9,533)
Changes in non-cash working capital		348	(756)	335	(533)
Cash used in continuing operations		(1,702)	(3,006)	(6,555)	(10,066)
Cash from discontinued operations		-	-	-	30
Cash used in operating activities		(1,702)	(3,006)	(6,555)	(10,036)
Investing activities:					
Exploration and evaluation expenditures	3	(6,210)	(5,676)	(10,280)	(9,115)
Property and equipment expenditures		(67)	(668)	(237)	(945)
Changes in non-cash working capital		2,931	2,333	(2,997)	(988)
Cash used in continuing investing activities		(3,346)	(4,011)	(13,514)	(11,048)
Proceeds on disposal		-	5,426	-	95,980
Cash used in discontinued investing		-	-	-	(167)
Cash from (used in) investing activities		(3,346)	(1,415)	(13,514)	84,765
Financing activities:					
Repayment of borrowings		-	-	-	(17,500)
Cash used in financing activities		-	-	-	(17,500)
Change in cash		(5,048)	(1,591)	(20,069)	57,229
Effect of foreign exchange on cash		4,383	3,646	8,760	1,747
Cash and cash equivalents, beginning		53,834	68,871	64,478	11,950
Cash and cash equivalents, ending		53,169	70,926	53,169	70,926

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

1. Corporate information:

Reporting entity:

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

The interim condensed consolidated financial statements (the "financial statements") of the Company as at September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014 comprise the Company and its subsidiaries. The financial statements were approved and authorized for issue on November 12, 2015 by the Board of Directors.

Nature of operations:

The Company owns a 100% interest in the Zharkamys West 1 territory ("Zharkamys") in western Kazakhstan. The Zharkamys contract with the Government of Kazakhstan is currently in the exploration period until December 14, 2016. For each commercial discovery, the Company has the exclusive right to enter the development period by executing a commercial production contract.

Basis of presentation

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 'Interim Financial Reporting'. The financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies used to prepare these financial statements are consistent with the policies at December 31, 2014 except as noted below.

The financial statements are reported in Canadian dollars ("CAD"), which is the functional currency of the Company. The Company's subsidiary in Kazakhstan has a Kazakhstan Tenge ("KZT") functional currency.

The financial statements have been prepared on the historical cost basis.

Changes in Accounting Policies and new standards and interpretations not yet adopted

There were no new or amended accounting standards or interpretations adopted during the three and nine months ended September 30, 2015. There were no new or amended accounting standards or interpretations issued during the three months and nine months ended September 30, 2015 that are applicable to the Company in future periods. A description of accounting standards and interpretations that will be adopted by the Company in future periods can be found in the notes to the annual Consolidated Financial Statements for the year ended December 31, 2014.

2. Other current assets:

As at (000's)	**September 30, 2015**	**December 31, 2014**
Supplies inventory	227	353
Crude oil inventory	122	142
Prepaid expenses and deposits	592	814
Current portion of VAT receivable (Note 4)	176	413
	1,117	1,722

During the first quarter of 2015 crude oil inventory was written down by $0.7 million from cost to net realizable value comprising $0.3 million of production costs and $0.4 million of depletion and depreciation.

3. Exploration and evaluation assets:

Exploration and evaluation assets comprise the Zharkamys property in Kazakhstan.

For the period ended (000's)	**September 30, 2015**	**December 31, 2014**
Cost		
Balance, beginning of period	126,004	117,124
Capital expenditures	10,280	18,180
Change in decommissioning provision and other	(321)	426
Foreign currency translation adjustment	(33,838)	(9,726)
Balance, end of period	102,125	126,004
Accumulated depletion		
Balance, beginning of period	(5,761)	(4,251)
Depletion	(932)	(1,805)
Foreign currency translation adjustment	1,500	295
Balance, end of period	(5,193)	(5,761)
Net book value, end of period	96,932	120,243

For the nine months ended September 30, 2015, capital expenditures include $1.6 million of general and administrative costs directly attributable to exploration and evaluation of Zharkamys (September 30, 2014: $2.6 million).

4. Other long term assets:

As at (000's)	**September 30, 2015**	**December 31, 2014**
Value added tax receivable	7,412	8,752
Non-current bank deposits	1,598	1,405
	9,010	10,157

Undiscounted value added tax ("VAT") receivables (including non-current and current portion) of $8.9 million (December 31, 2014: $10.8 million) are available for offset against VAT collected on future domestic sales and available for refund related to future export sales. Additions to VAT receivable in the nine months ended September 30, 2015 are discounted from the expected date of receipt using a discount rate of 7.1% (2014: 5.4%), which estimates the market rate of return on a similar instrument.

The non-current bank deposits are invested in special United States dollar ("USD") denominated interest bearing accounts and, upon entering the development stage, the funds are available for the settlement of decommissioning obligations.

5. Other long term liabilities:

Other long term liabilities are amounts to be reimbursed to the Government of Kazakhstan for historical costs incurred in Zharkamys by the Government prior to the Company's acquisition of the Zharkamys exploration rights and include expenditures for drilling, seismic and other geological and geophysical works. The historical cost obligations are non-interest bearing and comprise USD denominated liabilities of $2.7 million related to the initial Zharkamys license acquisition and KZT denominated liabilities of $3.0 million related to the Zharkamys territory expansion. The total undiscounted amount at September 30, 2015 of $5.7 million (December 31, 2014: $6.2 million) has been discounted to a value of $3.8 million (December 31, 2014: $4.2 million) based on the estimated timing of future payments and a weighted average 8% discount rate based on historical risk-free rates.

6. Stock based compensation:

During the nine months ended September 30, 2015, the Company granted 4,200,000 stock options that have an exercise price of $0.16 per share and 7,080,000 stock options at an exercise price of $0.15 per share, vest at a third annually with the first tranche vesting upon grant, expire five years from the grant date and per option grant date fair value of $0.08 each (nine months ended September 30, 2014: 3,170,000 options granted). The fair value of each option granted is estimated using the Black-Scholes option pricing model assuming: 3.5 year expected life; 0.7% risk free interest rate; 74% expected volatility; and 15% expected forfeiture rate. As at September 30, 2015, there were 32,400,000 outstanding stock options with a weighted average exercise price of $0.58 per share.

7. Income taxes:

As at September 30, 2015 the Company recognized deferred tax liabilities of $3.2 million (December 31, 2014: nil) arising from the foreign currency translation adjustment on intercompany loans to foreign subsidiaries denominated in USD as well as foreign exchange gains on cash held in USD due to the appreciation of USD against CAD during the period.

8. Income (loss) per share:

Per share amounts are calculated using the weighted average number of common shares outstanding during the period as follows:

For the period ended September 30	Three months 2015	Three months 2014	Nine months 2015	Nine months 2014
Basic number of shares	346,120,871	346,120,871	346,120,871	346,120,871
Diluted number of shares	346,435,493	346,162,179	346,249,500	346,158,090

Granted stock options are the reconciling items between the weighted average basic and diluted number of common shares, though not all of the outstanding stock options are dilutive.

9. Financial risk management:

Credit risk

In early 2015, a combination of low world prices for oil and an oversupply of refined crude oil products in Kazakhstan, mainly from Russia, caused downward pricing pressures on refined products and crude oil sold domestically. During the first quarter of 2015, refineries in Kazakhstan either reduced or suspended operations and offering prices were below the Company's cost of operations. On March 15, 2015 the Company suspended production due to the constraints in domestic refining capacity and low prices for crude oil and refined crude oil products. The level of refining operations has increased in the third quarter of 2015 but is still below historic operating levels. The Company is required to execute separate commercial production contracts with the Government of Kazakhstan for the Shoba and Taskuduk oilfields before production at each respective field can re-commence.

Trade and other receivables at September 30, 2015 include $0.8 million of crude oil sales receivables, which are past due and relate to sales from November 2014 to January 2015, which have not been fully collected to date. Due to disruptions in the local oil refining market during 2015, the refinery which purchased the Company's crude oil in late 2014 and early 2015 has had cash flow interruptions and has been unable to settle their trade payables on a timely basis. The refinery has reaffirmed assurances that past debts will be honored and the receivables are considered to be collectible.

Foreign currency exchange risk

The Company is exposed to significant foreign currency risk as a substantial portion of the Company's foreign activities are transacted in, or referenced to, USD and KZT and a significant portion of cash and cash equivalents is held in USD.

In August 2015, the Government of Kazakhstan revised its monetary policy to target inflation, cancel the currency band and transition to a floating exchange rate. The KZT to CAD exchange rate subsequently depreciated to 202 KZT per CAD at September 30, 2015 from 152 at June 30, 2015 and 157 KZT at December 31, 2014. These foreign exchange movements resulted in overall decreases to KZT denominated assets and liabilities during the period and a foreign currency translation adjustment of ($34.1) million for the nine months ended September 30, 2015 (nine months ended September 30, 2014: ($13.8) million).

During the nine months ended September 30, 2015, the CAD depreciated against the USD from 1.16 CAD per USD to 1.34, which led to a foreign exchange gain of $8.3 million (nine months ended September 30, 2014: $0.9 million).

A description of the nature and extent of other financial risks, including commodity prices, interest rates and liquidity risks arising from the Company's financial assets and liabilities can be found in the notes to the annual consolidated financial statements as at December 31, 2014. The Company's exposure to these risks has not changed significantly since December 31, 2014.

10. 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.

The remaining work commitments as at September 30, 2015 are as follows:

	2015	2016	Total
Zharkamys work commitments (000's)	-	6,973	6,973

11. Subsequent events:

Subsequent to September 30, 2015, it was determined that no commercial hydrocarbon reservoirs were identified at the Company's KN-501 Primary Basin well and the well has been abandoned. As a result, an indicator of impairment existed subsequent to September 30, 2015 and an impairment test on exploration and evaluation assets will be completed in the fourth quarter.