Management's Discussion and Analysis
For the year ended December 31, 2015
Dated March 16, 2016

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 audited consolidated financial statements for the years ended December 31, 2015 and 2014 (the "financial statements"). This MD&A is dated March 16, 2016, the date the Condor Board of Directors approved the financial statements.

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

OVERALL PERFORMANCE

2015 Highlights

- On January 7, 2016 the Company entered into an agreement ("Arrangement Agreement") with Marsa Energy Inc. ("Marsa") for Condor to acquire all of the issued and outstanding common shares of Marsa ("Marsa Shares"). The acquisition will be effected by way of a plan of arrangement ("Arrangement") under the Business Corporations Act (Alberta). Pursuant to the Arrangement Agreement, all of the Marsa Shares will be exchanged for common shares of Condor ("Condor Shares") based on an exchange ratio of 1.84326 Condor Shares for each Marsa Share held. On February 24, 2016 the shareholders of Condor and the shareholders of Marsa each approved the Arrangement. On February 25, 2016 the Arrangement was approved by the Court of Queen's Bench of Alberta. On March 11, 2016 the outside date for completion of the Arrangement was extended from March 11, 2016 to April 11, 2016 in order to obtain the necessary consent of the Government of the Republic of Turkey. Completion of the Arrangement is also subject to certain stock exchange approvals and satisfaction or waiver of other closing conditions customary for a transaction of this nature. Subject to the completion of the Arrangement, Condor intends to undertake a 10-to-1 share consolidation of the Condor Shares immediately following the completion of the Arrangement.

- The Company's gross Proved plus Probable reserves increased 83% to 3,104 Mboe as of December 31, 2015 as per the independent evaluation prepared by McDaniel & Associates Consultants Ltd. ("McDaniel") for the Kazakhstan assets. The increase is due to higher estimated recovery rates related to the positive Shoba horizontal well performance and re-mapped reservoir volumes based on new geologic information.

- Working capital (defined as current assets minus current liabilities) as of December 31, 2015 was $47.3 million and the Company had no debt.

- The Zharkamys exploration period was extended for an additional ten months until December 14, 2016 with no associated increase in the Company's work commitments.

- Shoba operations were suspended on March 15, 2015 due to constraints in local refining capacity and low prices for domestic crude oil and refined crude oil products. Production during the first quarter of 2015 included production from the two Shoba horizontal wells which were drilled in the fourth quarter of 2014 representing the first shallow horizontal wells drilled in Kazakhstan's Pre-Caspian basin. Although flow rates on both wells were restricted to minimize the potential for water and gas coning, the Shoba field produced an average of 424 bopd during the forty nine producing days in the first quarter of 2015 in which both wells were producing. Production is expected to resume in 2016 once Shoba and Taskuduk production contracts are executed and export sales are permitted.
- The KN-501 Primary Basin well was drilled to 3,992 meters and encountered numerous gas shows while drilling the over-pressured main hole section. However, no commercial hydrocarbon reservoirs were identified and the well was abandoned. The target zones appear to have been fully encapsulated in salt before younger, coarser-grained sediments could be deposited and therefore lacked the reservoir quality rock which was encountered in the Company's play opening KN-E Primary Basin discovery. The total cost of drilling KN-501 was $7.7 million.
- The Company recorded net loss from continuing operations of $3.3 million for the year ended December 31, 2015 (2014: $10.8 million).

Kazakhstan operations

There was no production for the three months ended December 31, 2015 as Shoba operations were suspended on March 15, 2015 due to constraints in local refining capacity and low prices for domestic crude oil and refined crude oil products. Construction and commissioning of the Shoba gauging station has been completed, tying in all Shoba wells and providing additional oil treatment and storage capacity. The Company is required to execute respective production contracts with the Government of Kazakhstan before production can re-commence at Shoba and Taskuduk. The production contracts will also provide for a portion of the production at each field to be exported at world oil prices.

Due to factors described above, revenues from crude oil sales decreased to $0.15 million for the year ended December 31, 2015 from $2.54 million in the year ended 2014. There were no sales in the three months ended December 31, 2015. For 2015, the net loss from continuing operations before tax decreased to $1.5 million from $10.8 million in 2014 and was impacted by the $9.9 million foreign exchange gain in 2015 compared to $3.3 million in 2014, lower production costs, general and administrative expenses and depletion charges. Cash used in continuing operations decreased to $9.0 million for 2015 from $12.3 million in 2014.

Capital expenditures for 2015 decreased to $12.1 million from $19.6 million in 2014 as the Company conserved capital, reduced exploration drilling to one well and restricted development spending to facility completions at Shoba and Taskuduk and no new development wells. The Company plans to drill one new Shoba horizontal well during 2016 and further capital programs will depend on the timing of signing the Shoba production contract and available capital.

Kazakhstan exploration program

The Company owns a 100% interest in the 3,777 square km Zharkamys West 1 territory ("Zharkamys"), which is located in the Pre-Caspian Basin in Kazakhstan. The Company has acquired 2,532 square km of high fold, high resolution 3D seismic and completed both pre-stack time migration and pre-stack depth migration processing on the entire dataset which provides excellent deep imaging on nearly the entire original Zharkamys territory of 2,610 square km. The three phased exploration portfolio is comprised of seven play types ranging from shallow Cretaceous to deep Devonian targets. Evaluation of the potential attributable to the 1,167 square km expansion area added to Zharkamys in 2013 has not been completed.

Using KN-501 data, the Company's high resolution 3D seismic has been calibrated to the geological age of Primary Basin sediments. This is extremely beneficial in helping to identify potential reservoir quality rock in subsequent Primary Basin prospects. KN-501 has also confirmed hydrocarbon source, migration, trap and seal are present in this region and that the Company's geologic model is able to accurately predict sedimentary packages within salt. The Company is currently prioritizing the Primary Basin inventory with the newly calibrated 3D seismic data and applying the KN-501 and KN-E seismic interpretation learnings to mature drill-ready targets for 2016. Prospects with favourable attributes, including 4-way closure, top seal, touchdown directly on source rock, and potential for coarser grained reservoirs are being identified. Based on KN-501, the targeted drilling costs range from $6 to $8 million for well depths of 4,000 to 4,500 meters.

The recent Primary Basin geological and operations learnings are also being applied to the Company's Pre-Salt prospect inventory. The geologic model validation from KN-501 now provides a high degree of confidence in predicting structures within the Pre-Salt. The seismic responses within the Primary Basin also confirm the ability to seismically predict the Pre-Salt geology, which is a key element for further developing this play type. Pre-Salt well cost estimates of $21 to 25 million for a 6,500 meter well are considerably less than prior estimates due to the knowledge and experience gained while drilling KN-501's massive salt section and highly over-pressured formations. The Company is discussing Pre-Salt farm-down alternatives.

SUBSEQUENT EVENTS

Turkey

The acquisition of Marsa will provide the Company a 100% interest in the 171 square km Ortakoy licenses which are located in northwest Turkey, providing access to a region with strong domestic gas demand and pricing. Ortakoy contains four continuous production licenses that were awarded in November 2015. On the Ortakoy licenses, 472 km of 2D seismic and 16 square km of 3D seismic has been acquired and 11 wells drilled prior to the acquisition.

Gas has been discovered on five of seven structures drilled, including a significant discovery at the Poyraz Ridge field, with well data and test results indicating approximately 80 metres of net gas pay over a number of stacked reservoirs. Poyraz Ridge gas contains approximately 96% methane and has had no H_2S or CO_2 identified during well tests.

Marsa's gross reserves (working interest, before royalties) for the Poyraz Ridge field as of December 31, 2014 as per the independent appraisal prepared by DeGolyer and McNaughton Ltd. are Proved reserves of 9.8 BCF of gas and 93 Mbbl of condensate, Proved plus Probable reserves of 21.2 BCF of gas and 175 Mbbl of condensate, and Proved plus Probable plus Possible reserves of 35.8 BCF of gas and 290 Mbbl of condensate. As gas-water contacts have not yet been encountered nor water produced during testing operations, development wells planned this year at Poyraz Ridge will be drilled to the base of the reservoir rock to further characterize the upside potential of this gas discovery. Please see the Reserves Advisory

Up to four Poyraz Ridge development wells are planned this year that will compliment gas production from three existing wells. An exploitation well is also planned for 2016 that will test the northern extension of the Poyraz Ridge field. In addition, an exploration well is planned for the NW Poyraz Ridge structure, which is located 2 km north of the existing discovery and appears to have similar geologic attributes. A 17 square km 3D seismic program is expected to be acquired in 2016 for two of the other Ortakoy production licenses to mature additional prospects.

The Poyraz Ridge discovery is 17 km from the 36 inch Interconnect Turkey-Greece-Italy pipeline, which runs through the Ortakoy licences and has unused capacity. A preliminary tie-in approval has been received from the Turkish regulatory authority and multiple gas purchase off-take proposals have been received from midstream companies. Poyraz Ridge facilities are being designed to handle up to 15 MMscf/day and front end engineering and procurement activities are ongoing. First gas is planned for mid-2017.

SELECTED ANNUAL INFORMATION

For the year ended December 31 ($000's)	2015	2014	2013
Crude oil sales	147	2,542	3,987
Net income (loss) from continuing operations	(3,318)	(10,840)	(14,652)
Net income (loss) from continuing operations per share(1)	(0.01)	(0.03)	(0.04)
Gain on property disposal	-	34,546	-
Net income (loss)	(3,318)	23,516	(15,267)
Net income (loss) per share(1)	(0.01)	0.07	(0.05)
Capital expenditures	12,120	19,611	15,272

(1) Basic and diluted

As at December 31 (000's)			
Total assets	141,803	202,742	208,226
Total long term financial liabilities	3,105	4,184	6,611

RESULTS OF OPERATIONS

Reserves

The Company's gross Proved plus Probable reserves increased 83% to 3,104 Mboe as of December 31, 2015 as per the independent evaluation prepared by McDaniel for the Kazakhstan assets. The increase is due to higher estimated recovery rates related to the positive Shoba horizontal well performance and re-mapped reservoir volumes based on new geologic information. Please see the Reserves Advisory.

Gross Company reserves as of December 31, 2015

(in Mboe)	2015	2014	Change	Change %
Proved	1,657	-	1,657	-
Probable	1,448	1,698	(250)	(15%)
Proved plus Probable	3,104	1,698	1,406	83%
Possible	1,354	1,447	(93)	(6%)
Proved plus Probable plus Possible	4,459	3,145	1,314	42%

Production

Production was suspended on March 15, 2015 due to constraints in local refining capacity and low prices for domestic crude oil and refined crude oil products and there was no production for the three months ended December 31, 2015 (three months ended December 31, 2014: 31,583 barrels or 343 bopd). Production for the year ended December 31, 2015 decreased 62% to 28,620 barrels or 78 bopd from 74,694 barrels or 205 bopd in 2014. Although flow rates on the two Shoba horizontal wells drilled in 2014 were restricted to minimize the potential for water and gas coning, the Shoba field produced an average of

424 bopd during the forty nine producing days in the first quarter of 2015 in which both wells were producing.

Production for the year ended	2015	2014	Change	Change %
Barrels	28,620	74,694	(46,074)	(62%)
Bopd	78	205	(127)	(62%)

Sales and marketing

Crude oil sales revenue for the year ended December 31, 2015 decreased to $0.15 million from 17,282 barrels sold at the wellhead at an average price of $8.51 compared to $2.5 million from 70,523 barrels sold at an average price of $36.04 in 2014. Crude oil inventory amounted to 16,510 barrels at December 31, 2015 (2014: 5,684 barrels). During the exploration period, the Company is required to sell all exploration production domestically to refineries within Kazakhstan and to date all crude oil sales in Kazakhstan have been delivered to domestic refineries. The production contracts for Shoba and Taskuduk to be executed with the Government of Kazakhstan are expected to allow the Company access to export sales markets for a portion of the crude oil produced from these fields.

Production costs

For the year ended December 31, 2015 production costs decreased to $20.76 per barrel from $37.59 per barrel in 2014, excluding $0.3 million related to the inventory adjustment from cost to net realizable value in the first quarter of 2015. The cost per barrel decreased mainly as a result of cost reductions and increased production volumes from the horizontal wells at Shoba in the first quarter of 2015.

General and administrative expenses

General and administrative expenses decreased to $8.3 million for the year ended December 31, 2015 from $9.6 million in 2014, due primarily to cost cutting measures in the current period.

Depletion and depreciation

For the year ended December 31, 2015, depletion and depreciation decreased to $1.5 million from $2.4 million in 2014 due mainly to the suspension of production in 2015 but partially offset by the $0.4 million write-down of the depletion cost element of crude oil inventory as part of the inventory adjustment from cost to net realizable value in the first quarter of 2015.

Stock based compensation

Stock based compensation expense decreased to $1.0 million for the year ended December 31, 2015 from $1.4 million in 2014. The decrease is due to increased forfeiture rates and lower share prices at the time of issuance of recent grants. The expense is recognized on a graded basis and fluctuates based on the timing of the grants and vesting periods.

Finance income and expense

For the year ended December 31, 2015, finance income, which includes accretion of Kazakhstan value added tax receivables ("VAT"), increased to $0.7 million compared to $0.4 million in 2014 mainly due to higher discount rates on the VAT assets, which also led to the increase in accretion.

Finance expenses decreased to $0.8 million for the year ended December 31, 2015 from $1.9 million in 2014. The 2014 amount includes interest on short-term and long-term debt, which was repaid in 2014. Finance expenses also include the impact of discounting VAT receivables and accretion expense on historical cost obligations and decommissioning provisions.

Foreign exchange gains increased to $9.9 million in the year ended December 31, 2015 from $3.3 million in 2014 due to the gain on USD denominated current assets, mainly cash and cash equivalents, as the USD appreciated against CAD during 2015.

Deferred tax expense

As at December 31, 2015 the Company recognized deferred tax liability and related deferred tax expense for the year then ended in the amount of $1.8 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 year.

QUARTERLY INFORMATION

The following table sets forth selected unaudited financial information of the Company for the eight most recently completed quarters to December 31, 2015:

For the quarter ended (000's except per share amounts)	**Q4 2015**	**Q3 2015**	**Q2 2015**	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**	**Q1 2014[3]**
Crude oil sales [1]	-	44	-	103	1,108	466	510	458
Net income (loss) from continuing operations[2]	585	(1,382)	(2,481)	(40)	(1,642)	943	(6,174)	(3,967)
Net income (loss) from continuing operations[4] per share	-	-	(0.01)	-	(0.01)	-	(0.02)	(0.01)
Net income (loss)[2]	585	(1,382)	(2,481)	(40)	(1,642)	943	(6,174)	30,389
Net income (loss) per share[4]	-	-	(0.01)	-	(0.01)	-	(0.02)	0.09

(1) Production has been partially constrained and inconsistent due to Kazakhstan regulations limiting initial production from exploration wells to ninety day test periods, trial production and exploration period limitations and restrictions and permitting related to gas flaring. Sales in 2015 were limited due to constraints in local refining capacity and low prices for Kazakhstan domestic crude oil and refined crude oil products.

(2) The net loss from continuing operations for all quarters presented, except Q3 2014 and Q4 2015, reflects the limited production to date during test production at Zharkamys and the various expenses including production costs, general and administrative costs, stock based compensation expense and finance and accretion expense incurred to manage the Company's exploration properties. Net income (loss) in all periods is impacted by foreign exchange gains and losses in the respective periods.

(3) The Company completed the disposal of its 66% interest in the Marsel territory for USD $88.0 million ($98.1 million) in Q1 2014 which resulted in a $34.5 million gain.

(4) Basic and diluted.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2015, cash and cash equivalents were $50.3 million, and working capital was $47.3 million. The Company has sufficient capital to fund its planned exploration and operating activities for at least the next twelve months.

RELATED PARTY TRANSACTIONS

Credit facility

In March, 2014, the Company repaid the outstanding principal and accrued interest of $2.6 million under the credit facility (maximum limit of $7.5 million) provided by EurAsia Resource Holdings AG ("EurAsia"), a wholly owned subsidiary of a significant shareholder of the Company at the time of the loan repayment, and the facility was cancelled.

Personnel services received

General and administration costs for the year ended December 31, 2015 include $0.2 million (2014: $0.6 million) of personnel services provided by affiliates of EurAsia. The amount outstanding at December 31, 2015 was $0.1 million (2014: $0.1 million) and is included in accounts payable and accrued liabilities.

COMMITMENTS AND CONTINGENT LIABILITIES

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 Zharkamys work commitments as at December 31, 2015 for the year 2016 amount to $4.2 million.

The Zharkamys contract with the Government of Kazakhstan is currently in the exploration period until December 14, 2016. The Company is applying for an extension to the exploration period and although the Company expects to receive an extension, there is uncertainty regarding the ability to obtain such an extension and the timing thereof.

Other contractual obligations

The Company's other contractual obligations are as follows:

	Payment due by Period				
(000's)	< 1 year	1 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	3,962	-	-	-	3,962
Non-cancellable operating leases	622	155	-	-	777
Other long term liabilities (undiscounted)	395	1,053	1,053	2,764	5,265

OUTSTANDING SHARE DATA

Common shares

As at December 31, 2015 the Company had 346,120,871 common shares outstanding.

Stock options

The Company has a stock option plan under which the board of directors may grant options for the purchase of common shares to directors, officers, consultants and employees for up to 10% of the outstanding common shares. The board establishes the exercise price of options at the date of grant, provided that such price shall not be less than the volume weighted average trading price of the shares on the TSX for the five trading days immediately preceding the date of grant. The options are granted for a term of five years and fully vest after either two or three years from the date of grant. Each outstanding option is exercisable to acquire one common share of the Company.

The number and weighted average exercise prices of share options are as follows:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2013	29,706,669	0.92
Granted	3,370,000	0.33
Forfeited	(3,406,669)	0.87
Outstanding at December 31, 2014	29,670,000	0.86
Granted	11,280,000	0.15
Forfeited	(1,590,000)	0.76
Expired	(7,180,000)	1.00
Outstanding at December 31, 2015	32,180,000	0.59

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at December 31, 2015.

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 volumes of recoverable reserves and resources, future commodity prices, future operating and capital costs, production profiles, discount rates, and consequently fair values of properties. A downward revision in the reserve or resource estimates or an upward revision to future capital costs could result in an asset 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 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 share price volatility, expected lives, forfeiture rates and risk free 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

There were no new or amended accounting standards or interpretations adopted during the year ended December 31, 2015.

On January 13, 2016, the IASB issued IFRS 16, "Leases" ("IFRS 16"), which requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. IFRS 16 is effective for years beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 "Revenue From Contracts With Customers" has been adopted. The standard may be applied retrospectively or using a modified retrospective approach.

On July 24, 2014, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9") to replace International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The approach is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements; however, where the fair value option is applied to financial liabilities, the change in fair value resulting from an entity's own credit risk is recorded in comprehensive income rather than net earnings, unless this creates an accounting mismatch. In addition, a new expected credit loss model for calculating impairment on financial assets replaces the incurred loss impairment model used in IAS 39. The new model will result in more timely recognition of expected credit losses. IFRS 9 is effective for years beginning on or after January 1, 2018.

On May 28, 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, 2018. The standard may be applied retrospectively or using a modified retrospective approach.

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 that 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.

The CEO and CFO have evaluated the Company's internal controls over financial reporting and disclosure controls and procedures as at December 31, 2015 based on the framework in "Internal Control Over Financial Reporting – Guidance for Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation, the CEO and CFO concluded that the Company's design and operation of internal controls over financial reporting and disclosure controls and procedures were effective as of December 31, 2015.

During 2015, there have been no changes to the Company's ICOFR that have materially, or are reasonably likely to materially affect the ICOFR. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control systems are met.

RISKS AND UNCERTAINTIES

Credit risk

Credit risk arises from the possibility that a counterparty to which the Company provides goods or services is unable or unwilling to fulfil their obligations. The maximum exposure to credit risk at year end is as follows:

Carrying amounts as at December 31(000's)	**2015**	**2014**
Cash and cash equivalents	50,282	64,478
Trade and other receivables	688	1,175
Other current financial assets	590	1,227
Other long term assets	8,295	10,157
	59,855	77,037

The Company limits its exposure to credit risk on cash and cash equivalents by depositing and investing in banks with top credit ratings. As at December 31, 2015 the majority of cash and cash equivalents are invested with Canadian chartered banks ($48.4 million) while $1.8 million is held in the Netherlands and $0.1 is held in Kazakhstan. The Company expects the counterparties to meet their obligations.

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 remained below historic operating levels. Production in 2014 and the first quarter of 2015 was conducted within the exploration period under a trial production license which expired on June 30, 2015 and the Company is required to execute commercial production contracts with the Government of Kazakhstan for each of the Shoba and Taskuduk oilfields before production at the respective fields can re-commence.

Trade and other receivables at December 31, 2015 include $0.6 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 accepted delivery of 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 Company has not made any provision and expects the receivables to be fully collected. Subsequent to the reporting date, the Company received $0.1 million of the past due amounts.

VAT receivable included in other long term assets is collectable from the Government of Kazakhstan and will be either offset against future VAT collected on future domestic sales or refunded on future export sales. Although the VAT recovery process in Kazakhstan is arduous, the Company has not made any provision as the Company considers the amounts to be fully recoverable.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations and commitments and repaying liabilities as they fall due. The Company requires liquidity mainly to satisfy financial obligations and capital and operating requirements related to exploration activities in Kazakhstan.

In Kazakhstan, the Company has certain contractual work commitments related to exploration activities as described in "Commitments and Contingent Liabilities" above. As at December 31, 2015, the Company has sufficient capital to fund the planned exploration and operating activities for the next twelve months.

To manage capital spending, capital budgets are prepared, monitored regularly and updated as required. The Company also utilizes authorizations for expenditures to manage capital spending.

As at December 31, 2015, all current liabilities are contractually due within the next twelve months. The undiscounted other long-term liabilities are expected to become due $1.4 million in the following three years (2016-2018), $1.1 million (2019-2020), and $2.8 million thereafter (as at December 31, 2014: $1.7 million for the years 2015-2017, $1.2 million for 2018-2019, and $3.3 million thereafter respectively).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

Foreign currency exchange risk

Foreign currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. Although the Company's current crude oil sales are derived from the Zharkamys property in Kazakhstan, and are denominated in KZT, the underlying benchmark prices may be impacted by changes in the exchange rate between KZT and USD. The Company had no forward exchange rate contracts in place at or during the years ended December 31, 2015 and 2014.

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 depreciated to 245 KZT per 1.00 CAD at December 31, 2015 from 157 KZT at December 31, 2014. This foreign exchange movement resulted in overall decreases to KZT denominated assets and liabilities and a foreign currency translation adjustment of ($55.7) million for the year ended December 31, 2015 (2014: ($8.2) million).

During the year ended December 31, 2015, the CAD depreciated against the USD from 1.16 CAD per 1.00 USD to 1.38, which led to a foreign exchange gain of $9.9 million (2014: $3.3 million).

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 foreign currencies and, in particular, USD and KZT and a significant portion of its cash and cash equivalents is held in USD to fund its future investments.

The following is a breakdown of the currency denomination of financial instruments in Canadian dollar equivalents:

As at December 31, 2015 (000's)	CAD	USD	KZT	EUR	Total
Cash and cash equivalents	838	49,295	115	34	50,282
Trade and other receivables	14	-	650	24	688
Other current assets	191	-	396	3	590
Accounts payable and accrued liabilities	(787)	(2)	(3,102)	(71)	(3,962)
Net balance sheet equivalents	256	49,293	(1,941)	(10)	47,598

As at December 31, 2014 (000's)	CAD	USD	KZT	EUR	Total
Cash and cash equivalents	1,547	62,749	129	53	64,478
Trade and other receivables	56	-	1,119	-	1,175
Other current assets	313	-	909	5	1,227
Accounts payable and accrued liabilities	(529)	-	(7,153)	(96)	(7,778)
Net balance sheet equivalents	1,387	62,749	(4,996)	(38)	59,102

Exchange rate per CAD $1.00	USD	KZT	EUR
2015 average	0.78	173	0.71
2015 year end	0.72	245	0.67
2014 average	0.91	162	0.68
2014 year end	0.86	157	0.71

A $0.01 change in the Canadian dollar to US dollar rate at December 31, 2015 would have changed profit or loss by $0.5 million (2014: $0.6 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company does not have any debt as at December 31, 2015 and therefore has no current exposure to changes in interest rates, except for interest rates on cash and cash equivalents.

Commodity price risk

The Company is exposed to changes in commodity prices inherent in the oil and natural gas industry. Commodity prices for petroleum and natural gas are impacted by economic events and factors which are beyond the Company's control. Fluctuations in petroleum and natural gas prices may have a significant effect on the Company's results of operations and cash flows from operating activities and, subsequently, may also affect the value of the oil and gas properties and the level of spending for exploration and development. The majority of the Company's petroleum test production is sold under short-term contracts, which exposes the Company to the risk of price movements. The Company had no forward price contracts or derivatives in place at or during the years ended December 31, 2015 or 2014.

Fair value of financial instruments

Loans and receivables include cash and cash equivalents, trade and other receivables, other current assets and other long term assets. Other financial liabilities include accounts payable and accrued liabilities, current and long term borrowings, and other long term liabilities. The fair value of cash and cash equivalents, accounts receivable, other current assets and accounts payable and accrued liabilities approximate their carrying values due to the short term nature of these instruments. The carrying value of other long term assets and other long term liabilities approximate their fair value as they are either discounted at, or carry interest incurred at certain market rates.

Political, regulatory, and economic conditions in Kazakhstan

The economy in the Republic of Kazakhstan continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the use of a currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

Additionally, the oil and gas sector is impacted by political, legislative, fiscal and regulatory developments in Kazakhstan. The prospects for future economic stability in Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory and political developments, which are beyond the Company's control.

The financial condition and future operations of the Company may be adversely affected by continued economic difficulties that are characteristic of an emerging market. Management is unable to predict the extent and duration of the economic difficulties, or quantify the impact, if any, on these consolidated financial statements.

Certain activities in the oil and gas industry can give rise to environmental issues. Environmental regulations are currently in a state of transition in the Republic of Kazakhstan and the Company continually assesses its obligations thereunder. As obligations are determined, they will be provided for over the estimated remaining lives of oil and gas properties or recognized immediately, depending on their nature.

The outcome of environmental liabilities under current or any future environmental legislation cannot reasonably be estimated at present, and could be material. However, Management believes that under existing environmental legislation there are no significant liabilities beyond those amounts, which have already been accrued in these financial statements that will have a materially adverse effect on the operating results or financial position of the Company.

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application, interpretations and enforcement, and in particular, existing subsurface use contracts are under close scrutiny by the tax and other authorities. This could result in unfavorable changes to the Company's tax positions. Non-compliance with Kazakhstani law and regulations as interpreted by the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest.

Kazakhstani tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. Tax periods remain open to retroactive review by the tax authorities for five years. Management believes that its interpretation of the relevant legislation is appropriate and the Company's tax, currency legislation and customs positions will be sustained.

Business risks

In the normal course of business the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to:

- finding oil and natural gas reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is likely dependent upon in order to fully develop the current properties;
- technical problems which could lead to unsuccessful wells, well blowouts and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to wells, access to third party gathering and processing facilities, access to pipeline, railway and other transportation infrastructure;
- fluctuations in commodity prices, interest rates and foreign currency exchange rates;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations;
- relinquishment of land territory in Kazakhstan during and upon the completion of the exploration period;
- regulatory legislation and policies, including the fulfillment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof;
- political risks inherent with international activities and doing business in foreign jurisdictions;
- obtaining comprehensive and appropriate insurance coverage at reasonable rates; and
- obtaining Kazakhstan approval for extensions to exploration periods, and, upon commercial discovery, negotiating and signing development contracts.

Please see the Company's Annual Information Form, filed on SEDAR (www.sedar.com) for further discussion on these risks.

RESERVES ADVISORY

This MD&A includes information pertaining to: the Evaluation of Crude Oil Reserves Shoba and Taskuduk West Fields, Kazakhstan as of December 31, 2015 prepared by independent reserves evaluators McDaniel & Associates Consultants Ltd. ("McDaniel") in their report dated February 23, 2016; the Evaluation of the P&NG Reserves in Zharkamys West 1 Territory, Kazakhstan as of December 31, 2014 prepared by independent reserves evaluators Sproule International Limited ("Sproule") in their report dated March 18, 2015; and the Appraisal Report as of December 31, 2014 on Reserves Attributable to the Poyraz Ridge Field in the Thrace Basin, Turkey prepared by DeGolyer and MacNaughton ("D&M") in their report dated March 6, 2015. Each of these reports was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Reserves presented as of December 31, 2015 are based on the McDaniel forecast pricing effective December 31, 2015 and reserves presented as of December 31, 2014 are based on the respective Sproule and D&M forecast pricing effective December 31, 2014. Additional reserve information as required under NI 51-101 will be included in the Company's Annual Information Form which will be filed on SEDAR.

Statements relating to reserves are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves 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 reserves estimates provided in this MD&A are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may eventually prove to be greater than, or less than, the estimates provided herein.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than Proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable reserves.

"Possible" reserves are those additional reserves that are less certain to be recovered than Probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of Proved plus Probable plus Possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved plus Probable plus Possible reserves.

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", "appear", "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 validation of the geologic model; the ability to predict Pre-Salt geology; the ability to calibrate 3D seismic to the geological age of sediments; the ability to identify potential reservoir quality rock; the ability to confirm that hydrocarbon source, migration, trap and seal are present in Zharkamys; the timing and ability to identify prospects with favorable attributes, including 4-way closure, top seal, touchdown directly on source rock, and potential for coarser grained reservoirs; the ability of the geologic model to accurately predict sedimentary packages within salt and in the Pre-Salt; the timing and ability to mature drill-ready targets; the timing and ability to obtain various approvals including seismic, drilling, production and construction permits; the expectations, timing and costs of exploration, appraisal and development activities including the cost of drilling future wells; the timing and ability to form a strategic partnership for exploration, appraisal and development activities; historical gas prices may not be indicative of future gas prices; the timing and ability to drill to the base of the reservoir rock and reach the gas-water contact; the timing and ability to obtain regulatory, stock exchange and other third party approvals and to satisfy or waive the other conditions in order to complete the Arrangement, the failure to obtain such approvals, or the failure of Condor or Marsa to otherwise satisfy the conditions to the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all; the timing and ability to develop the gas reserves, construct the required infrastructure and deliver first gas; the timing and ability to obtain future funding on favourable terms; the timing and ability to access oil and gas pipelines and oil and gas domestic and export sales markets; the timing and ability to receive pipeline tie-in approval from the Turkish regulatory authority; the timing and ability to obtain exploration and production contract extensions; the timing and ability to bring discoveries into commercial production including the timing and ability to obtain production contracts; the timing and duration of production interruptions; the timing and ability to re-commence production; the timing, uncertainty and proportion of production which will be sold on export markets, if any; the potential for the expanded acreage to contain hydrocarbons; 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; projections relating to the adequacy of the Company's provision for taxes; projections and timing with respect to crude oil production; production results provided may not be indicative of future production rates, capabilities or ultimate recovery; the timing and ability to collect overdue accounts receivables; the timing and ability to collect VAT; and treatment under governmental regulatory regimes and tax laws.

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, which may be accessed through the SEDAR website (www.sedar.com).

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:

Mbbl	Thousands of barrels of oil
Mboe	Thousands of barrels of oil equivalent
BCF	Billion cubic feet
MMscf/day	Million standard cubic feet per day
bopd	Barrels of oil per day
CAD	Canadian dollars
USD	United States dollars
KZT	Kazakhstan Tenge
P&NG	Petroleum and natural gas
km	Kilometer