



Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016

(Unaudited)

Condor Petroleum Inc.

Consolidated Statements of Financial Position (Unaudited)

Stated in thousands of Canadian dollars

As at		March 31, 2017	December 31, 2016
	Note		
Assets			
Cash and cash equivalents		22,629	21,531
Trade and other receivables		2,202	1,061
Other current assets	3	2,743	2,132
Total current assets		27,574	24,724
Exploration and evaluation assets	4	-	57,415
Property, plant and equipment	5	53,635	46,181
Other long term assets	6	9,741	9,637
Total assets		90,950	137,957
Liabilities			
Accounts payable and accrued liabilities		3,376	4,526
Current portion of long-term borrowings	7	1,967	-
Current portion of other long-term liabilities	8	503	495
Current portion of provisions	9	824	264
Total current liabilities		6,670	5,285
Long-term borrowings	7	10,269	-
Other long term liabilities	8	2,978	2,980
Provisions	9	3,405	3,972
Total liabilities		23,322	12,237
Equity			
Share capital	10	271,688	271,688
Contributed surplus		21,305	20,229
Translation reserve		(64,736)	(65,475)
Deficit		(160,629)	(100,722)
Total equity		67,628	125,720
Total liabilities and equity		90,950	137,957

Commitments and contingent liabilities (Note 13)

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

Condor Petroleum Inc.

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

Stated in thousands of Canadian dollars

(except for per share amounts)

For the three months ended March 31		2017	2016
	Note		
Revenue			
Crude oil sales		947	-
Total revenue		947	-
Expenses			
Production costs		348	-
Royalty expense		29	-
Transaction costs	2	-	1,375
General and administrative		2,495	1,987
Exploration and evaluation expense	4	56,615	-
Depletion and depreciation		601	105
Stock based compensation		294	111
Total expenses		(60,382)	(3,578)
Finance income		104	131
Finance and accretion expenses		(466)	(102)
Foreign exchange gain (loss)	14	(110)	(2,319)
Net loss before tax		(59,907)	(5,868)
Deferred income tax recovery		-	1,803
Net loss		(59,907)	(4,065)
Foreign currency translation adjustment	14	739	(7,332)
Comprehensive income (loss)		(59,168)	(11,397)
Basic and diluted loss per share			
Net loss per share	11	(1.38)	(0.12)

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 three months ended March 31		2017	2016
	Note		
Operating activities:			
Net loss		(59,907)	(4,065)
Items not affecting cash:			
Depletion and depreciation		601	105
Exploration and evaluation expenses	4	56,615	-
Deferred income tax recovery		-	(1,803)
Stock based compensation		294	111
Non-cash finance income		(32)	(90)
Non-cash finance expenses		466	102
Unrealized foreign exchange (gain) loss		261	3,232
Changes in non-cash working capital		(531)	88
Cash used in operating activities		(2,233)	(2,320)
Investing activities:			
Exploration and evaluation expenditures	4	-	(579)
Property, plant and equipment expenditures	5	(8,298)	(21)
Changes in non-cash working capital		(580)	(1,257)
Cash used in investing activities		(8,878)	(1,857)
Financing activities:			
Net proceeds from borrowings	7	12,403	-
Cash from financing activities		12,403	-
Change in cash		1,292	(4,177)
Effect of foreign exchange on cash		(194)	(3,247)
Cash and cash equivalents, beginning of period		21,531	50,282
Cash and cash equivalents, end of period		22,629	42,858

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

Condor Petroleum Inc.

Consolidated Statements of Changes in Equity (Unaudited)

Stated in thousands of Canadian dollars (except for number of common shares)

	Number of common shares¹	Share capital	Contributed surplus	Translation reserve	Deficit	Total
As at December 31, 2015	34,612,087	263,035	19,380	(62,999)	(88,830)	130,586
Issued on business combination (Note 2)	8,653,013	8,653	-	-	-	8,653
Stock based compensation expense	-	-	111	-	-	111
Foreign currency translation adjustment	-	-	-	(7,332)	-	(7,332)
Net loss	-	-	-	-	(4,065)	(4,065)
As at March 31, 2016	43,265,100	271,688	19,491	(70,331)	(92,895)	127,953
As at December 31, 2016	43,265,100	271,688	20,229	(65,475)	(100,722)	125,720
Stock based compensation expense	-	-	294	-	-	294
Warrants issued (Note 7)	-	-	782	-	-	782
Foreign currency translation adjustment	-	-	-	739	-	739
Net loss	-	-	-	-	(59,907)	(59,907)
As at March 31, 2017	43,265,100	271,688	21,305	(64,736)	(160,629)	67,628

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

¹ On March 24, 2016, the Company's shares were consolidated on a ten-to-one basis. The share consolidation has been applied retrospectively.

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2017

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") and the Republic of Turkey ("Turkey"). 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 March 31, 2017 and December 31, 2016 and for the three months ended March 31, 2017 and 2016 comprise the Company and its subsidiaries. The financial statements were approved and authorized for issue on May 15, 2017 by the Board of Directors.

Nature of operations

Condor has a 100% interest in and operates the Poyraz Ridge and Destan operating licenses located at Ortakoy in the Gallipoli Peninsula in Turkey (the "Ortakoy Properties"). The operating licenses were converted in 2015 from an exploration license which had been originally awarded in 2004. The Poyraz Ridge operating license was awarded for an initial eight year term and the Destan operating license was awarded for an initial five year term and each of these licenses may be extended for up to twenty years including the initial term.

The Company also has 100% interest in and operates the Shoba and Taskuduk properties discovered within Zharkamys in Kazakhstan. The Shoba production contract, which provides for a term of 12 years, and the Taskuduk production contract, which provides for a term of 11 years, were both signed in September 2016.

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("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, 2016, 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, 2016 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 company's subsidiary in Netherlands, which has a branch in Turkey, has a Turkish Lira ("TRY") functional currency. The financial statements have been prepared on the historical cost basis, except for acquired net assets as a result of business combinations, which are measured at fair value.

Condor Petroleum Inc.

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For the three months ended March 31, 2017

The Company's Zharkamys exploration contract ("Zharkamys Contract") with the Ministry of Energy of the Government of Kazakhstan ("Ministry") was due to expire on December 14, 2016. Prior to this date, the Kazakhstan Chamber of International Commerce and subsequently the Kazakhstan Civil Court ("Civil Court") confirmed that a force majeure event had occurred which, under Kazakhstan subsurface use law, can be the basis for the Zharkamys Contract validity period to be extended for a period of 630 days. In December 2016, the Ministry filed an appeal to the Civil Court's decision. In February 2017, the Kazakhstan Court of Appeal ("Court of Appeal") declined to consider the Ministry's submission due to its formal non-compliance with Kazakhstan civil law procedures. Subsequent to the release of the Company's 2016 year-end financial statements and related disclosures on March 22, 2017, the Company received notice that the Ministry had re-filed their appeal. In May 2017, the Court of Appeal released its ruling that the force majeure event was not recognized and reversed the decision of the Civil Court. As a result of the Court of Appeal ruling there is uncertainty regarding the Company's legal rights to have the Zharkamys Contract extended and the related exploration and evaluation assets in the amount of \$56.6 million were derecognized as at March 31, 2017. The Company is in the process of referring the case to the Kazakhstan Supreme Court.

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 months ended March 31, 2017. 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, 2016.

2. Business combination:

On January 7, 2016 the Company entered into an agreement with Marsa Energy Inc. ("Marsa") to acquire all of the issued and outstanding common shares of Marsa based on an exchange ratio of 1.84326 Condor common shares for each Marsa common share (the "Marsa Transaction"). On March 24, 2016 the Marsa Transaction was completed and Condor issued 8,653,013 common shares to the Marsa shareholders. Based on the \$1.00 closing price of Condor common shares listed on the Toronto Stock Exchange on the completion date on the post share consolidation basis, the total purchase price for the Marsa Transaction is \$8,653,013. Marsa owned a 100% interest in the Ortakoy Properties in Turkey and the purchase price has been allocated to the fair value of the net assets acquired as follows (000's):

Other current assets	64
Property and equipment	9,197
Other long term assets	890
Accounts payable and accrued liabilities	(306)
Provisions	(1,192)
Total net assets acquired	8,653

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2017

3. Other current assets:

As at (000's)	March 31, 2017	December 31, 2016
Supplies inventory	290	266
Crude oil inventory	516	307
Prepaid expenses and deposits	1,446	849
Current portion of value added tax ("VAT") receivable (Note 6)	491	710
Total	2,743	2,132

Prepaid expenses and deposits as at March 31, 2017 include \$0.6 million of deposits reclassified from other long term assets (Note 6), which are invested in special interest bearing bank accounts and reserved for decommissioning obligations related to the Zharkamys Contract.

4. Exploration and evaluation assets:

Exploration and evaluation assets are comprised of the Zharkamys Contract in Kazakhstan.

As at (000's)	March 31, 2017	December 31, 2016
Cost		
Beginning balance	57,415	82,962
Capital expenditures	-	1,019
Transfers to property and equipment (Note 5)	(800)	(23,128)
Exploration and evaluation expense	(56,615)	-
Change in decommissioning costs and other	-	(192)
Foreign currency translation adjustment	-	(3,246)
Ending balance	-	57,415
Accumulated depletion		
Beginning balance	-	(4,286)
Transfers to property and equipment (Note 5)	-	4,041
Foreign currency translation adjustment	-	245
Ending balance	-	-
Ending net book value	-	57,415

The Company derecognized exploration and evaluation assets of \$56.6 million as of March 31, 2017 due to the uncertainty regarding the Company's legal rights to have the Zharkamys Contract extended as described in Note 1.

Capital inventory of \$0.8 million was reclassified as of March 31, 2017 from exploration and evaluation assets to oil and gas properties and comprises drilling equipment and parts to be utilized at the Shoba and Taskuduk oil and gas properties.

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5. Property, plant and equipment:

(000's)	Oil and gas properties	Other equipment	Total
Cost			
As at December 31, 2015	-	5,230	5,230
Acquisition of Marsa (Note 2)	8,842	355	9,197
Capital expenditures	15,578	85	15,663
Net transfers from exploration and evaluation assets (Note 4)	19,087	-	19,087
Other transfers	3,602	(3,602)	-
Change in decommissioning and historical costs	856	-	856
Foreign currency translation adjustment	(591)	(27)	(618)
As at December 31, 2016	47,374	2,041	49,415
Capital expenditures	8,291	7	8,298
Transfers from exploration and evaluation assets (Note 4)	1,030	(230)	800
Change in decommissioning and historical costs	(63)	-	(63)
Foreign currency translation adjustment	(672)	(75)	(747)
As at March 31, 2017	55,960	1,743	57,703
Accumulated depletion and depreciation			
As at December 31, 2015	-	(2,291)	(2,291)
Depletion and depreciation	(798)	(375)	(1,173)
Transfers	(1,228)	1,228	-
Foreign currency translation adjustment	130	100	230
As at December 31, 2016	(1,896)	(1,338)	(3,234)
Depletion and depreciation	(678)	(24)	(702)
Transfers	(130)	130	-
Foreign currency translation adjustment	(103)	(29)	(132)
As at March 31, 2017	(2,807)	(1,261)	(4,068)
Net book value			
As at December 31, 2016	45,478	703	46,181
As at March 31, 2017	53,153	482	53,635

6. Other long term assets:

As at (000's)	March 31, 2017	December 31, 2016
Non-current VAT receivable	8,116	7,369
Non-current bank deposits	1,625	2,268
	9,741	9,637

Undiscounted VAT receivables (including non-current and current portion) of \$9.4 million (2016: \$8.9 million) are available for offset against VAT collected on future domestic sales and available for refund related to future export sales. The VAT receivables in Kazakhstan are discounted from the expected date of receipt using a discount rate of 10.8% (2016: 10.7%), which estimates the market rate of return on a similar instrument. The VAT receivables in Turkey are not discounted given the proximity of the expected date of receipt.

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The non-current bank deposits are denominated in USD and TRY are invested in special interest bearing accounts and the funds are reserved for decommissioning obligations. As of March 31, 2017, the Company reclassified \$0.6 million to other current assets related to the Zharkamys Contract.

7. Long term borrowings:

On January 10, 2017 the Company established a \$13.1 million secured non-revolving credit facility (the "Credit Facility") and on February 1, 2017 (the "Receiving Date") received the loan proceeds from the arm's length lender. The Credit Facility bears interest at 14%, matures three years from the Receiving Date and provides for a one year repayment holiday whereby interest for the first year is due on January 31, 2018 followed by eight payments of USD 1.25 million of principal plus interest due quarterly in arrears commencing March 31, 2018. In conjunction with the Credit Facility, the lender received a warrant certificate exercisable into one million common shares of Condor at \$2.35 per share on or before January 31, 2020 (the "Warrants"). The Warrants have an issue date fair value of \$0.8 million which, along with loan issuance costs of \$0.7 million are amortized over the term of the loan using the effective interest method. The fair value of each warrant is estimated using the Black-Scholes option pricing model assuming: a 3.0 year expected life; a 1.0% risk free interest rate; a 77% expected volatility, which has been based on historical share price volatility of the Company and share price of \$1.80.

The Loan Proceeds are available to fund capital expenditures related to drilling, infrastructure and workovers at Poyraz Ridge and for general corporate purposes. As of March 31, 2017 the current portion of the loan of \$2.0 million is comprised of \$0.3 million in interest payable and \$1.7 million of principal. There are no financial covenants associated with the Credit Facility. The Company is in compliance with all non-financial covenants.

8. Other long term liabilities:

Other long term liabilities are amounts to be reimbursed to the Government of Kazakhstan for historical costs incurred on the Company's properties prior to acquisition 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 \$2.6 million and KZT denominated liabilities of \$2.4 million. The total undiscounted historical costs as at March 31, 2017 is \$5.0 million (2016: \$5.0 million). Excluding the current portion of \$0.5 million (2016: \$0.5 million), the non-current portion of historical costs has been discounted to \$3.0 million (2016: \$3.0 million) based on the estimated timing of future payments and a weighted average 8% discount rate based on historical risk-free rates.

9. Provisions:

Non-current portion of provision, as of December 31, 2016	3,972
Reclassified to current portion of provisions	(560)
Change in estimates	(91)
Accretion expense	76
Foreign currency translation adjustment	8
Non-current portion of provisions as of March 31, 2017	3,405
Current portion of provision, as of December 31, 2016	264
Reclassified from non-current portion of provisions	560
Current portion of provision, as of March 31, 2017	824

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For the three months ended March 31, 2017

Provisions are comprised of decommissioning obligations, which are estimated based on the expected costs to abandon existing wells and facilities and to restore the existing sites in Kazakhstan, Turkey and Canada, along with the estimated timing of future payments. At March 31, 2017 the estimated total undiscounted cash flows required to settle the current and non-current liabilities are \$4.5 million (December 31, 2016: \$4.4 million), which are expected to be incurred between 2017 and 2034.

The net present value of the decommissioning obligations is calculated with a weighted average inflation rate of 7.0% (December 31, 2016: 6.9%) and weighted average risk free rate associated with the assets of 8.1% (December 31, 2016: 7.9%).

10. Share Capital:

The Company has authorized an unlimited number of common shares without nominal or par value and an unlimited number of first and second preferred shares without nominal or par values. As of March 31, 2017 the number of common shares issued is 43,265,100 (December 31, 2016: 43,265,100).

11. Income (loss) per share:

Per share amounts are calculated using a weighted average number of common shares of 43,265,100 for the three months ended March 31, 2017 (2016: 35,277,706 shares). Outstanding stock options have been excluded from the calculations of diluted weighted average common shares as to include them would be anti-dilutive.

12. Stock based compensation:

The Company has a stock option plan under which the Board may grant options for the purchase of common shares to directors, officers 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.

Details of the stock options outstanding as at March 31, 2017 are as follows:

Exercise price	Options outstanding		Options vested	
	Number	Average remaining life in years	Number	Average remaining life in years
\$1.33	1,025,000	4.2	341,669	4.2
\$1.50	708,000	3.4	472,002	3.4
\$1.60	367,500	3.0	367,500	3.0
\$2.10	20,000	2.7	13,334	2.7
\$3.00	30,000	2.2	30,000	2.2
\$3.40	206,500	2.0	206,500	2.0
\$5.00	475,000	0.1	475,000	0.1
\$5.50	540,000	1.0	540,000	1.0
	3,372,000	2.6	2,446,005	2.1

As at March 31, 2017, the Company's outstanding convertible securities are comprised of 3,372,000 stock options with a weighted average exercise price of \$2.73 (December 31, 2016: \$2.73). The 2,446,005 options exercisable at March 31, 2017 had a \$3.24 weighted average exercise price (December 31, 2016: \$3.32). As of March 31, 2017, stock options granted in 2016 had a fair value of \$0.82 (2016: \$1.12), which are subject to shareholder approval. Stock options subject to approval are revalued each period end and had a fair value

Condor Petroleum Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2017

of \$0.8 million as of March 31, 2017. The previous shareholder approval of the stock option plan expired on May 23, 2016 and the renewal of the stock option plan was approved by the shareholders during the annual general meeting of shareholders on June 23, 2016. Since the options were awarded between the expiration and renewal dates of the shareholder approvals, the Company will need to obtain shareholder approval ratifying the grant at next year's shareholders' meeting in the second quarter of 2017. As employee services have commenced, the Company has recognized \$0.2 million in stock based compensation expense in the three months ended March 31, 2017 related to the May 25, 2016 grant. The remaining \$0.1 million of stock based compensation expense relates to the grants issued in prior periods. The fair value of each option awarded is estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life (2016: 3.5 years); a 1.0% risk free interest rate (2016: 1% risk free interest rate); a 74% expected volatility (2016: 76%), which has been based on historical share price volatility of the Company; and share price of \$1.49 (2016: \$1.85). The share based compensation expense is calculated assuming a 17% expected forfeiture rate (2016: 17%);

13. Commitments and contingent liabilities:

The Company has various work commitments related to the respective Shoba and Taskuduk contracts in Kazakhstan. There are no work commitments related to the Poyraz Ridge or Destan operating licenses in Turkey:

(\$ millions)	< 1 year	2-3 years	Total
Shoba	14.6	3.7	18.3
Taskuduk	0.7	0.4	1.1

Shoba and Taskuduk work programs

The Company has contractual work commitments pursuant to the Shoba and Taskuduk production contracts in Kazakhstan. These work commitments may be amended from time to time in accordance with planned development activities proposed by the Company and approved by the Government of Kazakhstan and additional amounts could be significant. Non-fulfillment of work commitments for Shoba or Taskuduk could result in punitive actions including the suspension or revocation of the respective contract in case financial work commitment fulfillment is less than thirty percent for two subsequent years. Financial work commitment shortfalls for development activities at Shoba and Taskuduk are not subject to penalties while shortfalls on the training, social development and scientific research components may be subject to penalties of 1% of the shortfall.

Operating leases

Non-cancellable operating leases are payable \$0.2 million in less than one year (2016: \$0.6 million) and \$0.6 million between one and four years (2016: \$0.6 million).

Excess profit tax

Excess profit tax in Kazakhstan ranging at rates from zero to sixty percent is calculated based on the ratio of revenues versus expenditures in excess of 1.25. The Company has not been subject to excess profit tax to date and accordingly has not accrued any related costs but may be subject to excess profit tax in future periods.

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Kazakhstan local content requirements

Kazakhstan subsoil users are required to give preference to local companies and domestic products when procuring goods, works and services and to follow prescribed procurement procedures including certain tendering rules and regulations. Local content deficiencies may be subject to penalties of 1% of the shortfall under the Shoba and Taskuduk production contracts.

14. Financial risk management:*Credit risk*

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

The Company limits its exposure to credit risk on cash and cash equivalents by depositing and investing in banks with investment grade credit ratings. As at March 31, 2017 the majority of cash and cash equivalents are invested with Canadian chartered banks (\$22.0 million) while \$0.1 million is held in the Netherlands, \$0.1 million is held in Kazakhstan and \$0.4 million in Turkey. The Company expects the counterparties to meet their obligations.

Trade and other receivables as at March 31, 2017 include \$0.3 million of crude oil sales receivables (December 31, 2016: \$0.3 million), which were significantly past due. No related provision for bad debts was recorded and subsequent to period end the full amount was collected.

Other long term assets include Kazakhstan VAT receivable which may be offset against VAT collected on future domestic sales or refunded on future export sales and Turkey VAT receivable which may be offset against VAT collected on future gas sales. The Company has not made any provision and 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 activities in Kazakhstan and Turkey.

As at March 31, 2017, the Company has sufficient capital to fund the planned operating activities for the next twelve months.

As at March 31, 2017, \$5.8 million in current liabilities are contractually due within the next twelve months (2016: \$5.0 million).

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.

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 foreign currencies including USD, KZT and TRY, and a significant portion of the Company's cash and cash equivalents are held in USD. The Company had no forward exchange rate contracts in place at or during the three months ended March 31, 2017 and 2016.

During the three months ended March 31, 2017, the CAD appreciated from 1.34 per 1.00 USD to 1.33, which led to a foreign exchange loss of (\$0.1) million (2016: loss of \$2.3 million) related to USD denominated cash and cash equivalents held by the Company.

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During the three months ended March 31, 2017, the KZT appreciated from 247 per 1.00 CAD to 236 and TRY depreciated from 2.62 per 1.00 CAD to 2.74 resulting in a \$1.8 million translation gain adjustment through equity (2016: loss of \$7.3 million).

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 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 three months ended March 31, 2017 or 2016.

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.

15. Supplementary cash flow information:

The Company received interest income of \$0.1 million for the three months ended March 31, 2017 (2016: \$0.1 million) and did not pay any interest or income tax in 2017 or 2016.

16. Segmented information:

The Company has the following operating and reporting segments related to foreign subsidiaries, and presents the following segmented information:

(000's)	Corporate	Kazakhstan	Turkey	Total
<u>As at March 31, 2017</u>				
Property and equipment	20	25,385	28,230	53,635
Total assets	20,820	39,520	30,610	90,950
Total liabilities	13,915	6,074	3,333	23,322
<u>As at December 31, 2016</u>				
Exploration and evaluation assets	-	57,415	-	57,415
Property, plant and equipment	23	24,006	22,152	46,181
Total assets	22,610	91,924	23,423	137,957
Total liabilities	952	5,875	5,410	12,237

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(000's)	Corporate	Kazakhstan	Turkey	Total
<u>For the three months ended March 31, 2017</u>				
Property, plant and equipment expenditures	-	-	8,298	8,298
Total capital expenditures	-	-	8,298	8,298
Revenue				
Crude oil sales	-	947	-	947
Expenses				
Production costs	-	348	-	348
Royalty expense	-	29	-	29
General and administrative	1,392	468	635	2,495
Exploration and evaluation expense	-	56,615	-	56,615
Depletion and depreciation	3	584	14	601
Stock based compensation	294	-	-	294
Finance income	(104)	-	-	(104)
Finance expense	466	-	-	466
Foreign exchange loss	110	-	-	110
Net loss	(2,161)	(57,097)	(649)	(59,907)
<u>For the three months ended March 31, 2016</u>				
Exploration and evaluation expenditures	-	579	-	579
Property, plant and equipment expenditures	21	-	-	21
Capital acquisitions	-	-	9,197	9,197
Total capital expenditures and acquisitions	21	579	9,197	9,797
Revenue				
Crude oil sales	-	-	-	-
Expenses				
Transaction costs	1,375	-	-	1,375
General and administrative	1,426	561	-	1,987
Depletion and depreciation	5	100	-	105
Stock based compensation	111	-	-	111
Finance income	(131)	-	-	(131)
Finance expense	102	-	-	102
Foreign exchange gain	2,319	-	-	2,319
Net loss, before tax	(5,207)	(661)	-	(5,868)
Deferred tax recovery	1,803	-	-	1,803
Net loss	(3,404)	(661)	-	(4,065)