ANNUAL INFORMATION FORM

For the year ended December 31, 2011

March 26, 2012

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GLOSSARY OF TERMS

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In this annual information form ("AIF"), the terms set forth below have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations thereunder, as amended;

"**Action**" has the meaning given under the heading "Cease Trade Orders, Bankruptcies, Penalties or Sanctions";

"**Agents**" means FirstEnergy Capital Corp., UBS Securities Canada Inc., Raymond James Ltd., Dundee Securities Ltd., Haywood Securities Inc. and Jennings Capital Inc.

"**AIF**" means annual information form;

"**Amalgamation**" means the amalgamation of the Company and New Horizon on August 16, 2010, under the ABCA;

"**Antimonopoly Agency**" means the Kazakhstan Agency for Competition Protection;

"**API**" means American Petroleum Institute, but is generally referred to as a degree of gravity that provides a relative measure of crude oil density compared to water. If API gravity is greater than 10, it is lighter than water and floats on water; if it is less than 10, it is heavier than water and sinks;

"**ARF**" has the meaning given under the heading "Industry Conditions";

"**ASC**" means the Alberta Securities Commission;

"**Associated Rights**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**barrel**" means a stock tank barrel, a standard measure of volume for petroleum corresponding to approximately 159 litres, or 42 U.S. gallons;

"**Board**" or "**Condor Board**" means the board of directors of the Company, as constituted from time to time;

"**CIS**" means the Commonwealth of Independent States;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy and Petroleum;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" or "**Condor**" means Condor Petroleum Inc.;

"**Copenhagen Conference**" has the meaning given under the heading "Industry Conditions";

"Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown;

"**Distribution**" has the meaning given under the heading "Description of Share Capital - Common Shares";

"**EurAsia Lock-Up Agreement**" has the meaning given under the heading "General Development of the Business of Condor - Three Year History";

"**EurAsia RH**" means EurAsia Resource Holdings AG;

"**Fairborne**" means Fairborne Energy Ltd.;

"**Falcon**" means Falcon Oil & Gas Ltd. LLP;

"**First Preferred Shares**" means first preferred shares in the capital of the Company as constituted on the date hereof;

"**GHGs**" means greenhouse gases;

"**Gross**" means:

(a) in relation to the Company's interest in production and reserves, its "Company gross reserves", which are the Company's working interest (operating and non operating) share of gross reserves before deduction of royalties and without including any royalty interest of the Company;

(b) in relation to wells, the total number of wells in which the Company has an interest; and

(c) in relation to properties, the total area of properties in which the Company has an interest;

"**Harvest**" means Harvest Energy Inc.;

"**High Plains**" has the meaning given under the heading "Cease Trade Orders, Bankruptcies, Penalties or Sanctions";

"**Kazakhstan**" means the Republic of Kazakhstan

"**Keyera**" means Keyera Energy Ltd.;

"**Kyoto Protocol**" has the meaning given under the heading "Industry Conditions";

"**Land Petroleum**" means Land Petroleum International Inc.;

"**Local Content Amendments**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**Marsel**" means Marsel Petroleum LLP;

"**Marsel Contract**" means the exploration contract, dated July 27, 2007, between the Government of Kazakhstan and Marsel, as amended on November 18, 2008, March 4, 2009, April 14, 2009, July 7, 2011 and September 12, 2011;

"**Marsel Territory**" means the 18,500 km^2 region in Chu-Sarysu basin in southern Kazakhstan in which Marsel holds oil and gas exploration rights;

"**MEMR**" means the Ministry of Energy and Mineral Resources (Kazakhstan);

"**MINT**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**MOG**" means the Kazakhstan Ministry of Oil and Gas;

"**MWP**" means minimum work program;

"**Net**" means:

(a) in relation to the Company's interest in production and reserves, its "Company net reserves", which are the Company's working interest (operating and non operating) share after deduction of royalty obligations;

(b) in relation to wells, the number of wells obtained by aggregating the Company's current working interest in each of its gross wells; and

(c) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company;

"**New Horizon**" means New Horizon Energy Inc.;

"**New Local Content Rules**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**Nexen**" means Nexen Inc.;

"**NI 51-101**" means National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" of the Canadian Securities Administrators;

"**NI 52-110**" means National Instrument 52-110 - "Audit Committees" of the Canadian Securities Administrators;

"**NRF**" has the meaning given under the heading "Industry Conditions";

"**OGP**" has the meaning given under the heading "Industry Conditions";

"**Old Subsoil Laws**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**Option Plan**" means the Company's stock option plan, dated August 16, 2010;

"**Options**" means options to purchase Common Shares pursuant to the Option Plan;

"**Order**" has the meaning given under the heading "Executive Officers and Directors - Cease Trade Orders, Bankruptcies, Penalties or Sanctions";

"**Original Oil in Place**" or "**OOIP**" (equivalent to Discovered Petroleum Initially-in-Place), means that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of OOIP includes production, reserves and contingent resources; the remainder is defined as unrecoverable.

"**PGP**" has the meaning given under the heading "Industry Conditions";

"**Pre-Amalgamation Agreement**" has the meaning given under the heading "General Development of the Business of Condor - Three Year History";

"**Predecessor Condor**" means Condor Petroleum Inc. as constituted prior to the Amalgamation;

"Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible 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;

"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;

"**Regulatory Framework**" has the meaning given under the heading "Industry Conditions";

"**RV Resource**" means RV Resource Value Holding PLC;

"**Second Preferred Shares**" means second preferred shares in the capital of the Company as constituted on the date hereof;

"**SGER**" has the meaning given under the heading "Industry Conditions";

"**SGRR**" has the meaning given under the heading "Industry Conditions";

"**Signalta**" means Signalta Resources Limited;

"**Spectra**" means Spectra Energy Corp.;

"**Sproule Associates"** means Sproule Associates Limited, independent petroleum engineers and energy advisors of Calgary, Alberta;

"**Sproule International**" means Sproule International Limited, independent petroleum engineers and energy advisors of Calgary, Alberta;

"**Sproule Reports**" means, together, the Sproule Reserve Report in Canada and the Sproule Reserve Report in Kazakhstan.

"**Sproule Reserve Report in Canada**" means the NI 51-101 compliant report prepared by Sproule Associates entitled "Evaluation of the P&NG Reserves of Condor Petroleum Inc. (Canadian Properties) (As of December 31, 2011)" having a preparation date of January through February 2012, and an effective date of December 31, 2011;

"**Sproule Reserve Report in Kazakhstan**" means the NI 51-101 compliant report prepared by Sproule International entitled "Evaluation of the P&NG Reserves of Condor Petroleum Inc. in Kazakhstan (As of

December 31, 2011)" having a preparation date of December 2011 through February 2012, and an effective date of December 31, 2011;

"**Subsoil Law**" has the meaning given under the heading "Risk Factors - Risks Relating to Operating in Kazakhstan";

"**TSX**" means the Toronto Stock Exchange;

"Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned;

"**Zharkamys Contract**" means the exploration contract dated August 27, 2007, between the Government of Kazakhstan and Falcon, as amended on March 4, 2009, November 6, 2009, April 4, 2011, July 15, 2011 and August 9, 2011; and

"**Zharkamys**" means the 2,610 km^2 Zharkamys West 1 territory in the Pre-Caspian basin in western Kazakhstan in which Falcon holds oil and gas exploration rights.

Certain other terms used in this AIF but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

Unless otherwise noted, the Company's production volumes disclosed herein are based on the Company's working interest production before deduction of royalties paid to others.

The estimates of reserves, resources and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves, resources and future net revenue for all properties, due to the effects of aggregation. Words importing the singular number only include the plural and vice versa and words importing any gender include all genders. All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated.

ABBREVIATIONS, TERMS AND CONVERSIONS

Abbreviations

In this AIF, the abbreviations set forth below have the following meanings:

bbl/d	barrels of oil per day	mcf/d	thousand cubic feet per day
Bbl	barrels of oil	mmbbl	million barrels of oil
Bcf	billion cubic feet	mmboe/d	million barrels of oil equivalent per day
boe	barrel of oil equivalent	mmBtu	million British thermal units
boe/d	barrel of oil equivalent per day	mmcf	million cubic feet
Btu	British thermal unit	mmcf/d	million cubic feet per day
Cf	cubic feet	NGL	natural gas liquid
Km	kilometres	$M	thousand dollars
km^2	square kilometres	$MM	million dollars
mbbl	thousand barrels	$/bbl	Cdn dollars per barrel
mboe	thousand barrels of oil equivalent	2D	two dimensional
mbbl/d	thousand barrels of oil per day	3D	three dimensional
mcf	thousand cubic feet		

Conversions

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbl	cubic metres	0.159
cubic metres	bbl	6.290
litre	bbl	0.0063
miles	km	1.609
km	miles	0.621
feet	metres	0.305
metres	feet	3.281
acres	hectares	0.405
hectares	acres	2.471

Note Regarding Barrel of Oil Equivalency

The term "boe" may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas per barrel of oil (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead.

MARKET AND INDUSTRY DATA

This AIF contains certain statistical, market and industry data obtained from government or other industry publications and reports or based on estimates derived from same and management's knowledge of, and experience in, the markets in which the Company operates. Government and industry publications and reports generally indicate that information has been obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Further, certain of these organizations are participants in, or advisors to participants in, the oil and natural gas industry, and they may present information in a manner that is more favourable to the industry than would be presented by an independent source. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying assumptions relied upon by such sources.

NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this AIF and the documents incorporated by reference constitute forward looking statements. These statements may relate to future events or the Company's future performance. All statements other than statements of historical fact are forward looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. No assurance can be given that these expectations will prove to be correct and such forward looking statements included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF. In addition, this AIF may contain forward looking statements and forward looking information attributed to third party industry sources.

Without limitation, this AIF contains forward looking statements pertaining to the following:

- the resource potential of the Company's assets;
- the Company's growth strategy and opportunities;
- the Company's capital expenditure programs;
- the estimated quantity and value of the Company's crude oil, natural gas and NGL reserves and resources;
- the Company's expectations regarding costs and commodity prices;
- the timing of commencement of certain of the Company's operations and the level of production anticipated by the Company;
- the timing of commencement of production at the Marsel Territory and at Zharkamys;
- the potential for production disruption and constraints;
- supply and demand fundamentals for crude oil, natural gas and NGLs;

- the Company's drilling plans;
- the Company's plans for, and results of, exploration and development activities; and
- the Company's treatment under governmental regulatory regimes and tax laws.

With respect to forward looking statements and forward looking information contained in this AIF, assumptions have been made regarding, among other things:

- future commodity prices being consistent with those forecast in the Sproule Reports;
- the Company's ability to obtain qualified staff and equipment in a timely and cost efficient manner;
- the regulatory framework governing royalties, taxes and environmental matters in Canada and Kazakhstan and any other jurisdictions in which the Company may conduct its business in the future;
- the Company's ability to market crude oil, natural gas and NGL production;
- the Company's future production levels meeting those estimated in the Sproule Reports;
- the applicability of technologies for recovery and production of the Company's oil, natural gas and NGL reserves and resources;
- the recoverability of the Company's crude oil, natural gas and NGL reserves and resources;
- future development plans for the Company's assets proceeding substantially as currently envisioned;
- future capital expenditures to be made by the Company;
- future cash flows from production meeting the expectations stated herein;
- the Company's future debt levels;
- operating costs;
- geological and engineering estimates in respect of the Company's resources;
- the geography of the areas in which the Company is exploring;
- the impact of increasing competition on the Company; and
- the Company being able to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth below and included elsewhere in this AIF under the heading "Risk Factors", including:

- general economic, market and business conditions;
- volatility in market prices for crude oil, natural gas and NGLs, marketability and hedging activities related thereto;
- risks related to the exploration, development and production of crude oil, natural gas and NGL reserves and resources;
- risks inherent in the Company's international operations, including security and legal risks in Kazakhstan;
- risks related to the timing of completion of the Company's projects;

- competition for, among other things, capital, the acquisition of resources and skilled personnel;
- actions by governmental authorities, including changes in government regulation and taxation;
- environmental risks and hazards;
- failure to accurately estimate abandonment and reclamation costs;
- failure of third parties' reviews, reports and projections to be accurate;
- the availability of capital on acceptable terms;
- political and security risks;
- the failure of the Company or the holder of certain licenses or leases to meet specific requirements of such licenses or leases;
- adverse claims made in respect of the Company's properties or assets;
- failure to engage or retain key personnel;
- potential losses which could result from disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Company relies to transport crude oil, natural gas and NGLs;
- uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and resources;
- failure to acquire or develop replacement reserves and resources;
- geological, technical, drilling and processing problems, including the availability of equipment and access to properties;
- failure by counterparties to make payments or perform their operational or other obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties;
- current or future financial conditions, including fluctuations in interest rates, foreign exchange rates, inflation, commodity prices, and stock market volatility;
- disruption of production or production not occurring in sufficient quantities;
- reliance on third parties to execute the Company's strategy; and
- increasing regulations affecting the Company's future operations.

In addition, information and statements in this AIF relating to "reserves" and "resources" are deemed to be forward looking information and statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive.

The forward looking statements included in this AIF and the documents incorporated by reference are expressly qualified by this cautionary statement and are made as of the date of this AIF. The Company does not undertake any obligation to publicly update or revise any forward looking statements except as required by applicable securities laws.

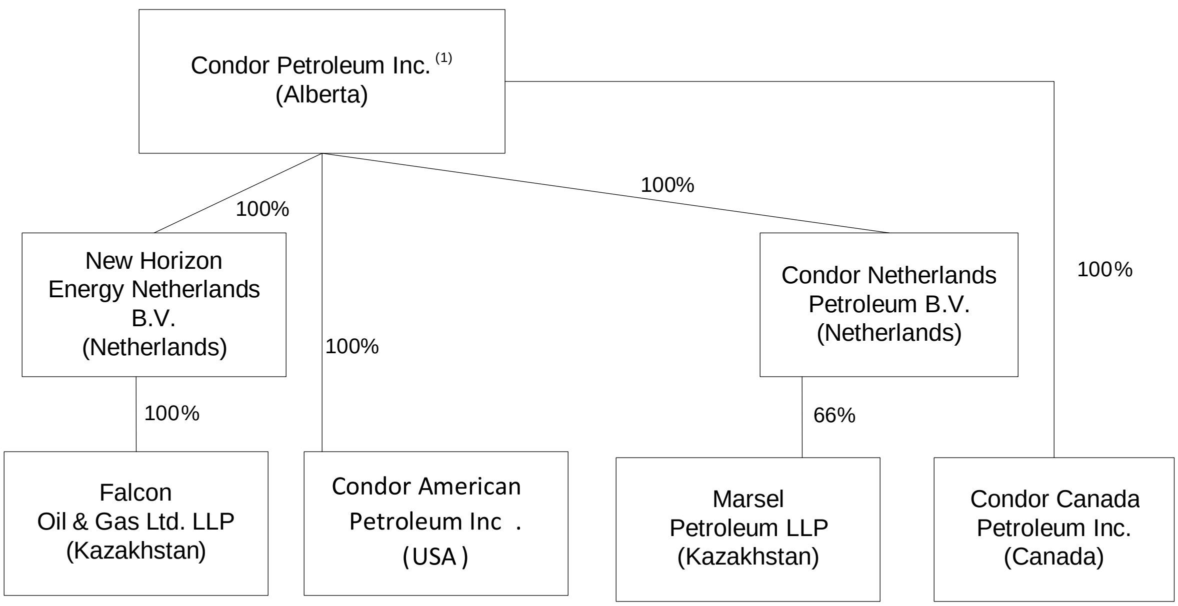
INCORPORATION AND STRUCTURE

Company Structure

Condor Petroleum Inc. was incorporated on October 20, 2006, pursuant to the ABCA. By Articles of Amendment dated September 26, 2007, the share structure of Condor was reorganized by changing the issued and outstanding Class "A" common shares into common shares on a 1:1 basis and removing the authorized Class "B" common shares and Class "C" common shares. By Articles of Amalgamation dated August 16, 2010, Condor and New Horizon amalgamated under the ABCA in accordance with the terms of an amalgamation agreement entered into between New Horizon and Condor on December 28, 2009.

The registered office and head office of Condor is located at 2400, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4.

The following diagram illustrates Condor's subsidiaries, together with their respective jurisdictions of incorporation and the percentage of voting securities beneficially owned or controlled or directed, directly or indirectly, by Condor:



Note:
(1) Approximately 50.9% of Condor is owned, directly and indirectly, by RV Resource, which is incorporated under the laws of Cyprus

INFORMATION CONCERNING CONDOR AND ITS BUSINESS

General Description of the Business

Summary

Condor is an international oil and natural gas company engaged, through its subsidiaries, in the exploration for, and the acquisition, development and production of, crude oil, natural gas and NGLs in Canada and Kazakhstan.

Kazakhstan - Zharkamys

Condor owns a 100% interest in Zharkamys, which is located in western Kazakhstan. The Zharkamys contract was signed on August 27, 2007 with the government of Kazakhstan and provides an exploration period of four years which may, upon approval, be extended twice for two years per extension. On February 16, 2011, approval for the first two year extension was obtained and the minimum work program was increased by US$12.0 million. Upon commercial discovery, the Company has the exclusive right to enter the development period by executing a development contract.

In addition to appraisal and development plans on existing discoveries, Zharkamys offers drilling opportunities on multiple un-drilled structures that have been seismically defined but not yet fully explored and contains several geologic play types that were not previously pursued. Zharkamys is in a region with established infrastructure including oil terminals, oil pipeline and a rail system.

According to the Sproule Reserve Report in Kazakhstan, Zharkamys had Company gross probable reserves of 1,960 mbbl gross (1,878 mbbl net) and Company gross probable plus possible reserves of 5,565 mbbl gross (5,317 mbbl net) as at December 31, 2011. Condor commenced test production at Zharkamys during 2011 and production averaged 66 bbl/d during 2011 before deduction of royalties.

The Company continued with the full block exploration strategy at Zharkamys highlighted by an additional 1,282 km2 3D seismic acquisition program during the year and both pre-stack time migration and pre-stack depth migration processing of the 1,250 km2 3D seismic acquired during 2010. High fold, high resolution 3D seismic now covers 87% of the territory and will allow the Company to focus the future Zharkamys capital program on high impact, low cost drilling exploration and appraisal opportunities.

Kazakhstan – Marsel

The Company operates the Marsel territory in south eastern Kazakhstan ("**Marsel**") in which the Company owns a 66% interest. The Marsel contract was signed on July 27, 2007 with the government of Kazakhstan and provides an exploration period of five years which may be extended, upon approval, twice for two years per extension. On October 18, 2011, approval for the first two year extension at Marsel was granted, however, the related increase to the Marsel minimum work program for the additional two year period has yet to be confirmed. The Company funds 100% of the Marsel capital program and exploration commitments. Upon commercial discovery, Marsel has the exclusive right to enter the development period by executing a development contract.

The Marsel Territory offers exploration drilling opportunities on several structures on a number of previously un-drilled, but either seismically defined or subsurface mapped structures, in known hydrocarbon-producing areas. The Marsel Territory currently has no assigned reserves. The Marsel Territory contains hydrocarbon systems that have been proven but not yet fully explored. Geologic play types have recently been identified that were not previously pursued.

Construction has commenced on a new 500 mmcf/d gas pipeline that is expected to pass within 80 km of the southern border of the Marsel Territory, with a reported targeted completion date of late 2012. The first phase, Turkmenistan-Uzbekistan-Kazakhstan-China, was commissioned in 2009. The second phase pipeline is jointly owned by the China National Petroleum Corporation and KazMunaiGaz, Kazakhstan's national oil and gas company, with each owning a 50% stake.

Canada

Condor operates certain of its properties in Alberta and its one property in Saskatchewan and holds a non-operating working interest and royalty interest in its remaining Alberta properties. According to the Sproule Reserve Report in Canada, the Alberta and Saskatchewan properties had proved plus probable reserves of 468.3 mboe gross (385.9 mboe net) as at December 31, 2011. Condor's working interest share of production before deduction of royalties from its Canadian properties averaged 130 boe/d during 2011 and 148 boe/d during 2010.

GENERAL DEVELOPMENT OF THE BUSINESS OF CONDOR

Three Year History

On December 28, 2009, Condor and New Horizon entered into a pre-amalgamation agreement (the "**Pre-Amalgamation Agreement**"), setting forth the terms upon which Condor and New Horizon would complete the Amalgamation. The Pre-Amalgamation Agreement provided, among other things, that all of the outstanding common shares of Condor would be exchanged on a 3.4 for 1 basis for a Common Share of the amalgamated company and all outstanding common shares of New Horizon will be exchanged on a 1 for 1 basis for a Common Share of the amalgamated company.

On March 11, 2010, the shareholders of each of Condor and New Horizon approved the Amalgamation, pursuant to the terms of the Pre-Amalgamation Agreement.

On March 30, 2010, Condor received $4,000,000 and issued subscription receipts. On August 18, 2010, the subscription receipts were exchanged for 4,000,000 Common Shares at a price of $1.00 per share.

On June 15, 2010 and June 21, 2010, Condor completed a private placement of 18,938,659 subscription receipts at a price of $1.00 per subscription receipt for aggregate gross proceeds of $18,938,659.

On June 28, 2010, Condor received $4,000,000 and issued subscription receipts. On August 18, 2010, the subscription receipts were exchanged for 4,000,000 Common Shares at a price of $1.00 per share.

On July 13, 2010, Condor received $3,000,000 and issued subscription receipts. On August 18, 2010, the subscription receipts were exchanged for 3,000,000 Common Shares at a price of $1.00 per share.

On August 16, 2010, Condor and New Horizon completed the Amalgamation.

On August 18, 2010, Condor issued: (i) 29,938,659 Common Shares upon the conversion of 55,254,275 outstanding Predecessor Condor subscription receipts; (ii) 15,000,000 Common Shares upon the conversion of 14,563,107 New Horizon subscription receipts and (iii) 18,002,592 Common Shares upon the conversion of an aggregate of $18,002,592 in convertible debt pursuant to outstanding loans between Predecessor Condor and EurAsia RH and New Horizon and EurAsia RH.

On December 15, 2010 and December 20, 2010, Condor completed a special warrant financing, pursuant to which it issued an aggregate of 36,000,000 special warrants at a price of $1.25 per special warrant for aggregate gross proceeds of $45,000,000.

On February 16, 2011, the Company received approval for the first two year extension of the Zharkamys contract and the MWP for the contract was increased by US $12.0 million.

On March 31, 2011, the Company entered into an agency agreement (the "**Agency Agreement**") with the Agents pursuant to which the Agents acted as agents in connection with the initial public offering of Common Shares of the Company. On April 12, 2011, the Company completed the initial public offering of 57,142,857 Common Shares at a price of $1.40 per Common Share raising total gross proceeds of CDN$80.0 million and the Common Shares commenced trading on the TSX under the symbol "CPI". The prospectus filed in connection with the initial public offering also qualified for distribution 36,000,000 Common Shares issuable on the deemed exercise of special warrants issued by the Corporation pursuant to a special warrant offering that was completed on December 15, 2010 and December 20, 2010. Pursuant to the Agency Agreement, the Company also granted the Agents an over-allotment option to purchase up to 15% of the number of Common Shares sold under the initial public offering for a period of 30 days after closing.

The Company paid the Agents a fee equal to 6.0% of the gross proceeds of the initial public offering (including the gross proceeds raised from the exercise of the over-allotment option) in accordance with the Agency Agreement and agreed to indemnify the Agents and their affiliates and their respective directors, officers, employees, partners and agents against certain liabilities.

In connection with the initial public offering, EurAsia RH and RV Resource entered into lock-up agreements with the Agents (the "**EurAsia Lock-Up Agreement**" and the "**RV Lock-Up Agreement**", respectively) pursuant to which they agreed not to, subject to certain exceptions, offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Common Shares or securities convertible into or exchangeable or exercisable for any Common Shares, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Shares, or publicly disclose the intention to do any such thing, without, in each case, the prior written consent of the lead Agent (such consent not to be unreasonably withheld or delayed), for a period of 180 days after the closing of the initial public offering.

On May 12, 2011, the Agents partially exercised the over-allotment option granted to them pursuant to the initial public offering and purchased an additional 5,445,563 Common Shares, at a price of CDN$1.40 per Common Share, for gross proceeds to the Company of approximately $7.6 million.

On October 18, 2011, the Company received approval for the first two year extension of the Marsel contract, however, the related increase to the MWP has not yet been determined.

On March 1, 2012, the Company announced that it had signed a Letter of Intent ("**LOI**") to purchase a 90% interest in an existing oil storage terminal located 12 kilometers northwest of Zharkamys. The terminal includes 1,200 m^3 (7,500 barrels) of oil storage capacity and is designed to load 4 rail cars simultaneously. The LOI is subject to certain conditions including facility upgrades and re-licensing of the terminal, and the execution of a definitive purchase and sale agreement.

OIL AND NATURAL GAS RESERVES, PROPERTIES AND PROSPECTS

Condor has producing oil and natural gas properties in Alberta and Saskatchewan, a 100% interest in Zharkamys in the Pre-Caspian basin in western Kazakhstan and a 66% interest in the Marsel Territory in the Chu-Sarysu basin region of south Kazakhstan.

The following paragraphs describe Condor's principal properties. Readers are cautioned that the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. References to reserves in the following property descriptions are to Condor's working interest (operating and non-operating) share of reserves before deducting royalties and without including any royalty interest of Condor.

Kazakhstan Oil and Gas Operations

Information regarding Condor's principal properties in Kazakhstan is summarized below. Unless otherwise stated, operational information provided below for Condor's Kazakhstan principal properties with respect to 2011 is provided for the year-ended December 31, 2011.

The following map depicts the location of the Zharkamys territory and the Marsel Territory in Kazakhstan:

Zharkamys

Condor owns a 100% interest in Zharkamys, which is located in western Kazakhstan. The Zharkamys contract was signed on August 27, 2007 with the government of Kazakhstan and provides an exploration period of four years which may, upon approval, be extended twice for two years per extension. On February 16, 2011, approval for the first two year extension was obtained and the minimum work program was increased by US$12.0 million. Upon commercial discovery, the Company has the exclusive right to enter the development period by executing a development contract.

The Company's exploration portfolio includes play types that range from Cretaceous to Permian targets, including new plays that appear to be fully salt-encapsulated. The Company's exploration strategy has been divided into two phases. Phase 1 of the exploration strategy targets shallow prospects (up to 1,500 meters) that are intended to provide early production and cash flow. Phase 2 focuses on deeper (1,500 to 3,500 meters), higher impact prospects that are intended to generate significant reserve additions. The Phase 2 prospects currently being matured are incorporating Phase 1 well results and insights, including the calibrated 3D seismic responses to help identify trapping geometries (top seals) and reservoir quality sands. The intent is to mitigate Phase 2 geologic risks.

The following table sets forth Condor's probable plus possible reserves and the net present value of reserves as at the year ended December 31, 2011, on its Kazakhstan properties:

	Ranking Of Properties (As of December 31, 2011)					
	Condor Gross Reserves (Probable + Possible)			Before Income Taxes Net Present Value Discounted At:		% Of Total (discounted at 10%)
	Oil	Gas	NGLs	0%	10%	
Property	**mbbl**	**mmcf**	**mbbl**	**M$**	**M$**	**%**
Shoba	5,315	-	-	191	100	94.3
Taskuduk	250	-	-	8	6	5.7
TOTAL	5,565	-	-	199	106	100.0

Marsel

The Company operates the Marsel territory in south eastern Kazakhstan ("Marsel") in which the Company owns a 66% interest. The Marsel contract was signed on July 27, 2007 with the government of Kazakhstan and provides an exploration period of five years which may be extended, upon approval, twice for two years per extension. On October 18, 2011, approval for the first two year extension at Marsel was granted, however, the related increase to the Marsel minimum work program for the additional two year period has yet to be confirmed. The Company funds 100% of the Marsel capital program and exploration commitments. Upon commercial discovery, Marsel has the exclusive right to enter the development period by executing a development contract. No reserves have been as assigned to Marsel as at December 31, 2011.

The Marsel Territory offers exploration drilling opportunities on several structures on a number of previously un-drilled, but either seismically defined or subsurface mapped structures, in known hydrocarbon-producing areas. The Marsel Territory currently has no assigned reserves. The Marsel Territory contains hydrocarbon systems that have been proven but not yet fully explored. Geologic play types have recently been identified that were not previously pursued.

Construction has commenced on a new 500 mmcf/d gas pipeline that is expected to pass within 80 km of the southern border of the Marsel Territory, with a reported targeted completion date of late 2012. The first phase, Turkmenistan-Uzbekistan-Kazakhstan-China, was commissioned in 2009. The second phase pipeline is jointly owned by the China National Petroleum Corporation and KazMunaiGaz, Kazakhstan's national oil and gas company, with each owning a 50% stake.

Canadian Oil and Gas Operations

Information regarding Condor's principal properties in Alberta and Saskatchewan are summarized below. Unless otherwise stated, operational information provided below for Condor's Canadian principal properties with respect to 2011 is provided for the year ended December 31, 2011. References to production in the following Canadian property descriptions are to Condor's working interest (operating and non-operating) share of production before deducting royalties and without including any royalty interest of Condor. The following table sets forth further information in respect of Condor's principal Canadian properties:

Property	Township/ Range/M	Zones of Interest	Operatorship	Gross Acres	Net Acres owned by Condor	Product(s)	# of Wells Producing
Bashaw, Alberta	T41-R23W4	D2	Condor, 100% Working Interest	320	316	Oil	2
Bassano, Alberta	T20-R20W4	Bow Island & Mannville	Non-Operated Working Interest	3,530	1,588	Oil and Natural Gas	5
Ferrybank, Alberta	T44-R27W4	Viking & Mannville	Non-Operated Working Interest	10,133	837	Natural Gas and NGL	13
Mikwan, Alberta	T38-R24W4	D2	Condor, 100% Working Interest	1,280	1,152	Oil	2
Spirit River, Alberta	T78-R7W6	Gething & Belly River	Royalty Interest	4,480	1,100	Oil and Natural Gas	2
Stettler, Alberta	T38-R18W4	Mannville	Non-Operated Working Interest	1,920	1,640	Natural Gas and NGL	1
Steelman, Sask.	T3-R4W2	Midale	Condor, 100% Working Interest	1,760	1,760	Oil	6
TOTAL				**23,423**	**8,393**		**31**

The following table sets forth Condor's proved and probable reserves and the net present value of such reserves as at the year ended December 31, 2011, on its Canadian properties:

	Ranking Of Properties (As of December 31, 2011)					
	Condor Gross Reserves (Proved + Probable)			Before Income Taxes Net Present Value Discounted At:		% Of Total (discounted at 10%)
Property	**Oil mbbl**	**Gas mmcf**	**NGLs mbbl**	**0% M$**	**10% M$**	**%**
Bashaw	139.9	36	6.7	5,736	3,599	35.7
Steelman	127.2	198	0.0	6,005	3,474	34.3
Bassano	94.6	23	0.3	5,705	2,430	24.0
Mikwan	20.3	13	0.9	383	335	3.3
Stettler	0.0	112	7.0	286	214	0.2
Ferrybank	0.0	45	0.5	59	43	2.1
Spirit River	0.0	0	0.0	36	24	0.4
TOTAL	382.0	426	15.3	18,210	10,119	100.0

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Disclosure of Reserves Data

Condor engaged Sproule Associates and Sproule International to prepare reports relating to Condor's interests in oil and gas properties in Canada and Kazakhstan, as of December 31, 2011. The information set forth below relating to Condor's reserves constitutes forward looking information which is subject to certain risks and uncertainties. See "Special Note Regarding Forward-Looking Statements" and "Risk Factors".

The preparation date of the Sproule Reports is December 2011 through February 2012 for Kazakhstan and January through February 2012 for Canada. The pricing used in the forecast price evaluations is set forth in the notes to the tables. Columns and rows may not add in the following tables due to rounding.

The evaluations were prepared in accordance with the standards contained in the COGE Handbook and the reserves definitions contained in NI 51-101. The Reports on Reserves Data by Sproule Associates and Sproule International in Form 51-101F2 and the Report of Management and Directors on Reserves Data and Other Information in Form 51-101F3 are attached as Schedule 2 and Schedule 3 respectively, hereto.

All evaluations of future revenue are after the deduction of royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. It should not be assumed that the estimated future net revenue shown below is representative of the fair market value of Condor's properties. There is no assurance that the forecast price and cost assumptions contained in the Sproule Reserve Reports will be attained and variances could be material. The recovery and reserve estimates of crude oil and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil and natural gas reserves may be greater than or less than the estimates provided herein. Six mcf of natural gas and 1 bbl of NGL are each deemed to be equivalent to 1 bbl of oil. Disclosure provided herein in respect of boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Reserves Data (Forecast Prices and Costs)

Summary of Reserves

Kazakhstan

Summary of Oil and Gas Reserves
as of December 31, 2011
(Forecast Prices & Costs)

	Light & Medium Oil	
Reserves Category	**Gross (mbbl)**	**Net (mbbl)**
TOTAL PROVED	-	-
Probable	1,960	1,878
TOTAL PROVED + PROBABLE	1,960	1,878
Possible	3,605	3,439
TOTAL PROVED + PROBABLE + POSSIBLE	**5,565**	**5,317**

- Reference: Item 2.1(1) of Form 51-101F1
- Values may not add due to rounding
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves

Canada

Summary of Oil and Gas Reserves
as of December 31, 2011
(Forecast Prices & Costs)

Reserves Category	Light & Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (mbbl)	Net (mbbl)	Gross (mmcf)	Net (mmcf)	Gross (mmbl)	Net (mbbl)
PROVED						
Developed Producing	260.0	213.2	312.0	277.0	10.4	8.0
TOTAL PROVED	260.0	213.2	312.0	277.0	10.4	8.0
Probable	122.0	98.0	114.0	100.0	4.9	3.8
TOTAL PROVED + PROBABLE	382.0	311.2	426.0	377.0	15.3	11.8

- Reference: Item 2.1(1) of Form 51-101F1

Total Company

Summary of Oil and Gas Reserves
as of December 31, 2011
(Forecast Prices & Costs)

Reserves Category	Light & Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (mbbl)	Net (mbbl)	Gross (mmcf)	Net (mmcf)	Gross (mmbl)	Net (mbbl)
PROVED						
Developed Producing	260.0	213.2	312.0	277.0	10.4	8.0
TOTAL PROVED	**260.0**	**213.2**	**312.0**	**277.0**	**10.4**	**8.0**
Probable	2,082.0	1,976.0	114.0	100.0	4.9	3.8
TOTAL PROVED + PROBABLE	**2,342.0**	**2,189.2**	**426.0**	**377.0**	**15.3**	**11.8**
Possible	3,605.0	3,439.0	-	-	-	-
TOTAL PROVED + PROBABLE + POSSIBLE	**5,947.0**	**5,628.2**	**426.0**	**377.0**	**15.3**	**11.8**

- Reference: Item 2.1(1) of Form 51-101F1
- Values may not add due to rounding
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves

Kazakhstan

Summary of Net Present Values of Future Net Revenue
as of December 31, 2011
(Forecast Prices & Costs)

Net Present Value of Future Net Revenue

Reserves Category	Before Income Taxes Discounted at (% / Year) ($M CAD) 0	5	10	15	20	After Income Taxes Discounted at (% / Year) ($M CAD) 0	5	10	15	20	Unit Value Before Income Tax Discounted at (10% /Year) ($/boe)
TOTAL PROVED	-	-	-	-	-	-	-	-	-	-	-
Probable	45,403	35,226	27,925	22,538	18,466	45,403	35,226	27,925	22,538	18,466	14.87
TOTAL PROVED + PROBABLE	**45,403**	**35,226**	**27,925**	**22,538**	**18,466**	**45,403**	**35,226**	**27,925**	**22,538**	**18,466**	**14.87**
Possible	153,520	106,670	78,893	61,231	49,325	120,514	84,429	63,120	49,591	40,461	22.94
TOTAL PROVED + PROBABLE + POSSIBLE	**198,923**	**141,896**	**106,818**	**83,769**	**67,791**	**165,917**	**119,655**	**91,045**	**72,129**	**58,927**	**20.09**

- Reference: Item 2.1(2) of 51-101F1
- NPV of future net revenue include all resource income: Sale of oil, gas, by-product reserves, processing third party reserves, other income
- Unit values are based on net reserve volumes
- Values may not add due to rounding
- Income taxes include all resource income, apply appropriate tax calculations, and include prior tax pools
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves

Canada

Summary of Net Present Values of Future Net Revenue
as of December 31, 2001
(Forecast Prices & Costs)

Net Present Value of Future net Revenue

Reserves Category	Before Income Taxes Discounted at (% / Year) ($M CAD) 0	5	10	15	20	After Income Taxes Discounted at (% / Year) ($M CAD) 0	5	10	15	20	Unit Value Before Income Tax Discounted at (10% /Year) ($/boe)
PROVED											
Developed Producing	12,383	9,463	7,689	6,507	5,667	10,442	7,908	6,391	5,392	4,686	28.75
TOTAL PROVED	**12,383**	**9,463**	**7,689**	**6,507**	**5,667**	**10,442**	**7,908**	**6,391**	**5,392**	**4,686**	**28.75**
Probable	5,827	3,545	2,430	1,785	1,368	4,352	2,605	1,751	1,254	930	20.52
TOTAL PROVED + PROBABLE	**18,210**	**13,008**	**10,119**	**8,292**	**7,035**	**14,794**	**10,513**	**8,142**	**6,646**	**5,616**	**26.22**

- See footnotes under 'Total Company', below

Total Company

Summary of Net Present Values of Future Net Revenue
as of December 31, 2001
(Forecast Prices & Costs)

Net Present Value of Future net Revenue

Reserves Category	Before Income Taxes Discounted at (% / Year) ($M CAD)					After Income Taxes Discounted at (% / Year) ($M CAD)					Unit Value Before Income Tax Discounted at (10% /Year) ($/boe)
	0	5	10	15	20	0	5	10	15	20	
PROVED											
Developed Producing	12,383	9,463	7,689	6,507	5,667	10,442	7,908	6,391	5,392	4,686	28.75
TOTAL PROVED	**12,383**	**9,463**	**7,689**	**6,507**	**5,667**	**10,442**	**7,908**	**6,391**	**5,392**	**4,686**	**28.75**
Probable	51,230	38,771	30,355	24,323	19,834	49,755	37,831	26,676	23,792	19,396	15.20
TOTAL PROVED + PROBABLE	**63,613**	**48,234**	**38,044**	**30,830**	**25,501**	**60,197**	**45,739**	**36,067**	**29,184**	**24,082**	**16.81**
Possible	153,520	106,670	78,893	61,231	49,325	120,514	84,429	63,120	49,591	40,461	22.94
TOTAL PROVED + PROBABLE + POSSIBLE	**217,133**	**154,904**	**116,937**	**92,061**	**74,826**	**180,711**	**130,168**	**99,187**	**78,775**	**64,543**	**20.51**

- Reference: Item 2.1(2) of 51-101F1
- NPV of future net revenue include all resource income: Sale of oil, gas, by-product reserves, processing third party reserves, other income
- Unit values are based on net reserve volumes
- Values may not add due to rounding
- Income taxes include all resource income, apply appropriate tax calculations, and include prior tax pools
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable reserves

Kazakhstan

Total Future Net Revenue
(Undiscounted)
as of December 31, 2011
(Forecast Prices & Costs)
($M CAD)

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Well Abandonment and Other Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
TOTAL PROVED	-	-	-	-	-	-	-	-
TOTAL PROVED + PROBABLE	173,713	7,970	100,854	17,955	1,530	45,404	-	45,404
TOTAL PROVED + PROBABLE + POSSIBLE	553,876	26,346	306,023	20,479	2,105	198,923	33,005	165,918

- Reference: Item 2.1(3)(b) of Form 51-101 F1
- Operating costs also includes export rent tax plus customs export duty plus other taxes and fees
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves

Canada

Total Future Net Revenue
(Undiscounted)
as of December 31, 2011
(Forecast prices & Costs)
($M CAD)

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Well Abandonment and Other Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
TOTAL PROVED	27,699	4,905	9,718	-	693	12,383	1,941	10,442
TOTAL PROVED + PROBABLE	41,866	7,620	14,199	969	869	18,209	3,416	14,793

- Reference: Item 2.1(3)(b) of Form 51-101 F1
- Royalties include Saskatchewan Capital Surtax

Total Company

Total Future Net Revenue
(Undiscounted)
as of December 31, 2011
(Forecast Prices & Costs)
($M CAD)

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Well Abandonment and Other Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
TOTAL PROVED	27,699	4,905	9,718	-	693	12,383	1,941	10,442
TOTAL PROVED + PROBABLE	215,579	15,590	115,053	18,924	2,399	63,613	3,416	60,197
TOTAL PROVED + PROBABLE + POSSIBLE	595,742	33,966	320,222	21,448	2,974	217,132	36,421	180,711

- Reference: Item 2.1(3)(b) of Form 51-101 F1
- Kazakhstan Operating costs also includes export rent tax plus customs export duty plus other taxes and fees
- Canadian Royalties include Saskatchewan Capital Surtax
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves

Kazakhstan

Net Present Value of Future Net Revenue By Production Group as of December 31, 2011 (Forecast Prices & Costs)

Reserves Category	Production Group	Future Net Revenue Before Income Taxes (Discounted At 10%/Year)	Unit Value
		($M CAD)	($/boe)
TOTAL PROVED	Light & Medium Crude Oil (including solution gas and associated by-products)	-	-
TOTAL PROVED + PROBABLE	Light & Medium Crude Oil (including solution gas and associated by-products)	27,925	14.87
TOTAL PROVED + PROBABLE + POSSIBLE	Light & Medium Crude Oil (including solution gas and associated by-products)	106,818	20.09

- Reference: Item 2.1(3)(c) of Form 51-101F1
- Unit values are based on net reserve volumes
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves

Canada

Net Present Value of Future Net Revenue By Production Group as of December 31, 2011 (Forecast Prices & Costs)

Reserves Category	Production Group	Future Net Revenue Before Income Taxes (Discounted At 10% /Year)	Unit Value
		($M CAD)	($/boe)
TOTAL PROVED	Light & Medium Crude Oil (including solution gas and associated by-products)	7,527	30.33
	Natural Gas (including associated by-products)	162	8.40
TOTAL PROVED + PROBABLE	Light & Medium Crude Oil (including solution gas and associated by-products)	9,862	27.54
	Natural Gas (including associated by-products)	257	9.24

- Reference: Item 2.1(3)(c) of Form 51-101F1
- Unit values are based on net reserve volumes
- Includes corporate capital GCA, if applicable

Total Company

Net Present Value of Future Net Revenue By Production Group as of December 31, 2011 (Forecast Prices & Costs)

Reserves Category	Production Group	Future Net Revenue Before Income Taxes (Discounted At 10%/Year)	Unit Value
		($M CAD)	($/boe)
TOTAL PROVED	Light & Medium Crude Oil (including solution gas and associated by-products)	7,257	30.33
	Natural Gas (including associated by-products)	162	8.40
TOTAL PROVED + PROBABLE	Light & Medium Crude Oil (including solution gas and associated by-products)	37,787	17.26
	Natural Gas (including associated by-products)	257	9.24
TOTAL PROVED + PROBABLE + POSSIBLE	Light & Medium Crude Oil (including solution gas and associated by-products)	116,680	20.73
	Natural Gas (including associated by-products)	257	9.24

- Reference: Item 2.1(3)(c) of Form 51-101F1
- Unit values are based on net reserve volumes
- Includes corporate capital GCA, if applicable
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves

Summary of Pricing and Inflation Rate Assumptions as of December 31, 2011 (Forecast Prices and Costs)

Year	WTI Cushing Oklahoma ($CAD/bbl)	Edmonton Par Price 40° API ($Cdn/bbl)	UK Brent ($CAD/ bbl)	Russian Urals ($CAD/bbl)	Cromer Medium 29.3° API ($Cdn/bbl)	Natural Gas[3] AECO Gas Prices ($Cdn/m mBtu)	Pentanes Plus FOB Field Gate ($Cdn/bbl)	Butanes F.O.B. Field Gate ($Cdn/bbl)	Inflation Rate[4] (%/Yr)	Exchange Rate[5] ($US/$Cdn)
Historical										
2007	77.29	77.06	77.61	73.49	65.36	6.65	77.33	63.71	2.0	0.935
2008	105.61	102.85	102.93	100.38	93.05	8.15	104.70	75.09	1.0	0.943
2009	70.03	66.20	69.92	68.05	62.77	4.19	68.13	47.07	2.0	0.880
2010	81.80	77.81	81.85	79.94	73.66	4.16	84.21	57.04	1.0	0.971
2011[6]	93.87	95.16	109.90	106.99	87.86	3.72	104.12	70.93	1.5	1.012
Forecast										
2012	96.91	96.87	105.39	103.21	90.09	3.16	103.57	72.20	2.0	1.012
2013	93.77	93.75	100.94	98.73	87.19	3.78	100.23	69.87	2.0	1.012
2014	90.91	90.89	96.54	94.31	84.52	4.13	97.17	67.74	2.0	1.012
2015	96.26	96.23	102.04	99.72	89.50	5.53	102.89	71.73	2.0	1.012
2016	98.19	98.16	104.07	101.72	91.29	5.65	104.94	73.16	2.0	1.012
2017	100.15	100.12	106.16	103.75	93.11	5.77	107.04	74.63	2.0	1.012
2018	102.15	102.12	108.28	105.83	94.08	5.89	109.18	76.12	2.0	1.012
2019	104.20	104.17	110.44	107.94	96.88	6.01	111.37	77.64	2.0	1.012
2020	106.28	106.25	112.65	110.11	98.81	6.14	113.59	79.19	2.0	1.012
2021	108.41	108.38	114.90	112.31	100.79	6.27	115.87	80.78	2.0	1.012

Notes:

(1) Sproule Associates employed the foregoing pricing, inflation rate and exchange rate assumptions in estimating Condor's reserves data using forecast prices and costs as of December 31, 2011.
(2) Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.
(3) This summary table identifies benchmark reference pricing schedules that might apply to a "reporting issuer" (as defined under applicable securities laws).
(4) Inflation rates for forecasting prices and costs.
(5) Exchange rates used to generate the benchmark reference prices in this table.
(6) Condor's weighted average historical prices for its financial year ended December 31, 2011 was $87.98/boe of crude oil sold in Canada and $33.61 per barrel of crude oil sold domestically at the well head in Kazakhstan and $4.28/mcf of natural gas.

Reconciliation of Company Gross Reserves by Principal Product Type based on Forecast Prices and Costs

The following table sets forth a reconciliation of the changes in the Company's light and medium crude oil, heavy oil and associated and non-associated gas (combined) reserves as at December 31, 2011 against such reserves as at December 31, 2010 based on the forecast price and cost assumptions set forth above:

Kazakhstan

	Light and Medium Oil				Associated/Non Associated Gas				Natural Gas Liquids			
	Gross Proved	Gross Probable	Gross possible	Gross Proved, probable plus possible	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved, probable plus possible	Gross Proved	Gross Probable	Gross possible	Gross Proved, probable plus possible
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mmcf)	(mmcf)	(mmcf)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2010	-	-	-	-	-	-	-	-	-	-	-	-
Discoveries	-	1,960	3,605	5,565	-	-	-	-	-	-	-	-
At December 31, 2011	**-**	**1,960**	**3,605**	**5,565**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

- Reference: item 4.1 of Form 51-101 F1
- Gross reserves means the Company's working interest reserves before calculations of royalties, and before considerations of the Company's royalties interests
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves

Canada

	Light and Medium Oil			Associated/Non Associated Gas			Natural Gas Solution			Natural Gas Liquids		
	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable
Factors	(mbbl)	(mbbl)	(mbbl)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2010	**283.8**	**127.5**	**411.2**	**103.0**	**34.0**	**137.0**	**254.0**	**86.0**	**340.0**	**10.1**	**3.9**	**14.0**
Technical Revisions	11.8	(5.5)	6.3	28.0	13.0	41.0	(21.0)	(19.0)	(40.0)	1.8	1.0	2.8
Production	(35.6)		(35.6)	(21.0)	-	(21.0)	(31.0)	-	(31.0)	(1.5)	-	(1.5)
At December 31, 2011	**260.0**	**122.0**	**381.9**	**110.0**	**47.0**	**157.0**	**202.0**	**67.0**	**269.0**	**10.4**	**4.9**	**15.3**

- Reference: item 4.1 of Form 51-101 F1
- Gross reserves means the Company's working interest reserves before calculations of royalties, and before considerations of the Company's royalties interests

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are generally those reserves related to planned infill drilling locations. Such reserves may also relate to wells that have been drilled and not yet tied in because of seasonal access issues, the need for further testing of the wells or construction of pipelines and production facilities for the well.

Kazakhstan Properties

The Company's undeveloped reserves exist in its Shoba and Taskuduk West oilfields, located in West Zharkamys, Kazakhstan. All of these reserves are designated within the undeveloped category because the field is still under appraisal and additional data is required to properly quantify the reserves or Kazakhstan Regulatory Approval for development has not yet been received.

The Company's P&NG reserves in Kazakhstan are located in the Shoba and Taskuduk Fields, located in Zharkamys in the Aktobe Province of Western Kazakhstan.

Plans for future development of these undeveloped reserves (based on Forecast Prices) are summarized below:

Shoba

Condor's wholly owned subsidiary, Falcon discovered Shoba in 2011 with the drilling of three wells. Initial reserves have been volumetrically estimated in the evaluation of reserves as of December 31, 2011. For Shoba, a detailed geologic model has been developed, yielding an original-oil-in-place ("OOIP") estimate of 23.1 mmbbl (13.4 mmbl in the probable and 9.7 mmbl in the possible case). The model uses reservoir rock and fluid properties that were obtained from core analysis, well logs, and PVT data. Recovery factors have been estimated from analytical calculations based on data from the Shoba well's initial production tests, and comparison to analogous reservoirs with established recovery factors and long term production histories. Although probable and possible reserves have been assigned to Shoba, no proved reserves were assigned at this time due to the early stage of development. Company gross Probable reserves of 1.8 million barrels have been calculated based on the preliminary development plan. Company gross probable plus possible reserves of 5.3 million barrels have also been assigned.

The oil contained in the field is a high quality 34 API medium crude. Sproule assigns 1,760 Mbbls (Gross company 100% WI share) probable undeveloped reserves to the main block of the field. An offset fault block was assigned possible reserves and will be further appraised in 2012 with 2 wells. The probable undeveloped volumes are forecast to be recoverable from development of the field by drilling 4 additional wells and production from the existing 3 wells once facilities are constructed and regulatory approval is received. The Probable Undeveloped reserves are planned to be put on stream by a program of 2 additional wells in the Trial Production Phase beginning in 2012, which will also include the existing 3 wells, as well as construction of field production facilities. An additional 2 wells will be drilled as part of the commercial phase in late 2013 or early 2014. This phase will also include installation of gas utilization and water injection facilities.

The development program is structured to conform to the Kazakhstan Subsurface User Law regulations.

Taskuduk West

Condor Petroleum controls the southern portion of the Taskuduk West Field. The main Taskuduk Field is located in the Sagiz Block along the northwest boundary of Zharkamys. The Taskuduk West Field is an extension of the main field into Zharkamys with production from the Triassic Formation. Sagiz Petroleum drilled the Taskuduk West 3 well in late 2008, positioned south of the block boundary line of Zharkamys, and effectively extended the limits of the field. Condor Petroleum drilled a follow up well in 2011.

Reserves for Taskuduk West have been estimated following the same methodology used at Shoba. An OOIP estimate of 1.0 million barrels has been calculated, while company gross probable reserves of 0.2 million barrels and company gross probable plus possible reserves of 0.25 million barrels have been assigned. No proved reserves have been assigned at this time.

The oil within Taskuduk West is characterized as medium gravity crude of 34 API. Sproule has assigned Company gross probable undeveloped reserves of 200 Mbbls. These reserves will be put on stream once regulatory approval for commercial production is received. A joint operating agreement must also be signed between Condor Petroleum and Sagiz Petroleum and a development contract with the government of Kazakhstan before commercial production can begin. Current development plans are to construct field production facilities for Condor's 2 wells in 2012. It is planned to treat the oil production on site and ship produced gas and water to Sagiz facilities for handling and disposal. This is scheduled for mid-2013.

Canadian Properties

There are 42.5 Mbbls assigned for an infill well in the Bashaw field. It is anticipated that this well will be drilled in 2012 or 2013.

Significant Factors or Uncertainties

Condor does not anticipate that any important economic factors or significant uncertainties would affect particular components of the reserves data; however, a number of factors which are beyond Condor's control can significantly affect the reserves, including product pricing, royalty and tax regimes, changing operating and capital costs, surface access issues, availability of services and processing facilities and technical issues affecting well performance. See "Risk Factors".

Future Development Costs

The following table sets forth the development costs deducted in the estimation of future net revenue attributable to each of the following reserves categories contained in the Sproule Reserve Reports:

	Total Proved Future Development Costs Using Forecast Prices and Costs ($M)	**Total Proved Plus Probable Future Development Costs Using Forecast Prices and Costs ($M) (Canada)**	**Total Probable Future Development Costs Using Forecast Prices and Costs ($M) (Kazakhstan)**	**Total Proved Plus Probable Future Development Costs Using Forecast Prices and Costs ($M) (Total Company)**
2012	**-**	969	5,460	**6,429**
2013	**-**	-	12,772	**12,772**
2014	**-**	-	138	**138**
2015	**-**	-	138	**138**
2016	**-**	-	138	**138**
Total for all remaining years	**-**	-	839	**839**
Total, undiscounted	**-**	969	19,485	**20,454**

Future development costs are expected to be funded from a combination of the following: operational cash flow, debt and equity financings and/or farm out arrangements with other companies. The timing of such funding may influence the timing of the developmental work expenditures. There can be no guarantee that funds will be available or that the Board of Directors of the Company will allocate funding to develop all of the reserves requiring development in the Sproule Reports. Failure to develop such reserves could negatively impact future net revenue. See "Special Note Regarding Forward Looking Statements".

Other Oil and Gas Information

Crude Oil and Gas Properties and Wells

The following table sets forth the number of crude oil and natural gas wells in which Condor held a working interest as at December 31, 2011:

	Crude Oil		**Natural Gas**	
	Gross(1)	**Net(1)**	**Gross(1)**	**Net(1)**
Alberta				
Producing	8	5.2	20	3.8
Non-producing	5	4.3	8	3.1
Saskatchewan				
Producing	6	6	-	-
Non-producing	10	10	-	-
Kazakhstan				
Producing	5	5	2	1.3
Non-producing	3	3	-	-
Total	**35**	**33.5**	**30**	**8.2**

Note:

(1) "**Gross Wells**" are the total number of wells in which Condor has an interest. "**Net Wells**" are the number of wells obtained by aggregating Condor's working interest in each of its gross wells.

Kazakhstan – Zharkamys

Condor owns a 100% interest in Zharkamys, which is a 644,931 acre exploration property located in western Kazakhstan. The Zharkamys contract was signed on August 27, 2007 with the government of Kazakhstan and provides an exploration period of four years which may, upon approval, be extended twice for two years per extension. On February 16, 2011, approval for the first two year extension was obtained and the minimum work program was increased by US$12.0 million. Upon commercial discovery, the Company has the exclusive right to enter the development period by executing a development contract.

The Company has a right to explore the Zharkamys West 1 Contract Territory, but does not have a right to produce from the territory until such time as reserves are assigned and determined to be commercial. To commence production in the Zharkamys West 1 Contract Territory, certain approvals will be required from the relevant state authorities. During the exploration period, exploration wells that encounter hydrocarbons may be tested for an initial ninety day period in accordance with approved technical documentation. Testing of exploration wells involves the production of hydrocarbons. After the initial ninety day test period, Condor will be entitled to a further trial production period, subject to project approval by the relevant state authorities. The term and volumes of production during the trial production period depend on the term and inspection level of each exploration well. During these respective test periods, Condor is required to sell one hundred percent of its production to Kazakh refineries.

During, or upon completion of the trial production periods, any field with a commercial discovery may be transferred into the development stage, following which no further approvals will be required for continued production. As a matter of law and pursuant to the terms of Condor's exploration contracts, upon commercial discovery, Condor may enter into the development stage by negotiating and signing a development contract. For a commercial discovery to be approved and a development contract to be executed, a range of project documentation must be prepared by Condor, including: a feasibility study, a technological development plan, pilot commercial development and commercial development project (as applicable). This documentation is subject to approval by the relevant state authorities. If granted, these approvals will provide the grounds upon which Condor will execute a development contract, and will further determine, among other things, any domestic sales obligations and/or any obligations to utilize associated gas imposed on Condor.

The Zharkamys Contract will terminate on August 27, 2013, subject to the availability of extensions, if no commercial discovery is made or no decision to enter into production is announced. Any exploration period extensions or subsequent development periods would likely carry additional contractual work commitments, which could be significant. The violation of certain provisions of the Zharkamys Contract, bankruptcy of Falcon or failure to complete obligations under the exploration work program could lead to fines, suspensions or the premature termination of the Zharkamys Contract by the Government of Kazakhstan. Termination of the Zharkamys Contract for any reason does not release Falcon from its obligation to restore Zharkamys to pre-exploration condition. Upon the expiry of the Zharkamys Contract, all geological information, however acquired, shall become the property of the Government of Kazakhstan. During the term of the Zharkamys Contract, the Government of Kazakhstan has a priority right to purchase oil and natural gas produced by Zharkamys at rates not exceeding world market prices and it has the right to control the transfer of the licence to a third party. See "Risk Factors - Risks Relating to Operating in Kazakhstan".

In fulfillment of the contractual obligations relating to the Zharkamys contract, a MWP must be carried out and completed to the satisfaction of the competent authorities within Kazakhstan. Condor believes it has carried out and fulfilled its MWP obligations to date, and anticipates that it will continue to meet its MWP obligations for the balance of the exploration term of the Zharkamys Contract.

The following table sets forth the MWP for the Zharkamys Contract for the balance of the exploration term of the contract as at December 31, 2011 (including the additional US$12.0 million related to the two year exploration period extension approved on February 16, 2011):

Contract date: August 27, 2007
End of MWP: August 27, 2013
Extensions available: 1 @ 2 years
(USD$ millions)

Description	**2012**	**2013**	**Total**
Wells - Drilling and Testing	2.7	-	2.7
Seismic acquisition and processing	0.6	-	0.6
Equipment & field development	2.6	1.0	3.6
General and administrative, training and social development costs	1.8	1.0	2.8
Total MWP	**7.7**	**2.0**	**9.7**
Well Count	2	-	2

Kazakhstan subsoil users are required to give preference to local companies and domestic products when procuring goods, works and services. Local content deficiencies may be subject to penalties of 30% of the shortfall. Subsoil users are also required to follow prescribed procurement procedures including certain tendering rules and regulations. The Company believes the local content and procurement requirements have been satisfied.

Included within the MWP is a requirement for Falcon to allocate 1% of its annual exploration program budget to the professional training of Kazakh personnel and annual amounts to social development within the exploration region. In addition to the MWP, Falcon is required to allocate 1% of the annual exploration program to a liquidation fund for remediation of the licensed area. The liquidation funds are restricted bank deposits related to mandatory asset retirement obligation funding for exploration territories in

Kazakhstan which are invested in special interest bearing accounts and upon entering the development stage, the funds are available at the Company's discretion for asset retirement obligations. Falcon is also responsible for any restoration expenses associated with damage to the natural environment, geological, archaeological or historic sites within the licensed area or harm to the health of the local population and shall provide additional funding if actual restoration costs exceed the liquidation fund but is entitled to any amount remaining if the liquidation fund exceeds the actual restoration costs.

The Company shall be subject to a commercial discovery bonus of 0.1% of the value of the estimated volume of recoverable reserves as approved by the Government of Kazakhstan, on the signing of a development contract.

The Zharkamys Contract requires Falcon to reimburse the Government of Kazakhstan for historical geological expenditures incurred. Payments are deferred during the exploration period with repayment terms during the subsequent development period to be determined. The liabilities are US$ denominated and are non-interest bearing.

Kazakhstan Tax Code

Condor's subsidiaries, Marsel Petroleum LLP and Falcon Oil & Gas Ltd. LLP, which hold the respective exploration rights to Marsel and Zharkamys, are subject to taxes in Kazakhstan in accordance with the tax legislation effective as of the date of tax origination.

In accordance with the Tax Code of the Republic of Kazakhstan, a mineral extraction tax ("**MET**") is paid by a subsoil user separately for each type of natural resources extracted from Marsel or Zharkamys in a specified tax period. The MET is normally paid in cash unless the Government of Kazakhstan specifically requires payment in kind. Tax base is calculated on the basis of world prices (with certain exceptions). There is no reduction of the tax base by transportation expenses. Tax rates for oil and gas condensate are based on a progressive scale of tax rates depending on the volume of extraction. The higher the volume of annual extraction– the higher is the MET rate. Rates range is 5% - 18 %. 5% is for up to 250,000 tons of extracted oil and 18% is for over 10,000,000 tons of extracted oil.

Value of crude oil and gas condensate (i) transferred for processing/sold to a local refinery or (ii) used for own production needs is taxed at half of the applicable MET rate.

Tax rates for natural gas are of two types: (i) general flat rate of 10% for export; and (ii) a separate tax rate scale is provided for domestically sold natural gas, depending on the volume of production: 0.5% - up to 1 billion cubic metres; 1.5% - up to 2 billion cubic metres.

The rent tax on crude oil and natural gas condensate exports is to be paid by all exporters (except for subsurface users that concluded production sharing agreements). The taxable base for rent tax is the volume of crude oil and natural gas condensate sold for export. The taxable base is determined based on the world price not taking into account the quality discount and certain transportation costs.

As set forth below, rent tax rates for export of crude oil and natural gas condensate are determined by reference to the "world price" and vary from 7% if the market price is above US$40 per barrel, to 32% if the market price is or exceeds US$200 per barrel.

Tax Code of the Republic of Kazakhstan - Export Rent Tax Rates 2011																
Price per bbl (up to US$)	40	50	60	70	80	90	100	110	120	130	140	150	160	170	180	200
Rate	0%	7%	11%	14%	16%	17%	19%	21%	22%	23%	25%	26%	27%	29%	30%	32%

In addition subsoil users in Kazakhstan are subject to excess profit tax ("EPT"). EPT is triggered when the ratio of aggregate annual income to deductions allowable for EPT purposes for the reporting tax year exceeds 1.25. Tax base is that part of net income exceeding 25% of deductions allowable for EPT purposes for the tax year. EPT is paid based on a progressive scale at rates ranging from 0% - 60%. EPT is payable by subsoil users except for those operating under: (i) PSAs; (ii) contracts approved by the President of Kazakhstan, (iii) contracts solely for the production of common mineral resources (sand, clay, etc.), underground waters and therapeutic muds; and (iv) contracts solely for construction and operation of underground facilities.

Customs export duties were introduced on a number of targeted products in 2010. The export custom duties for exported crude oil are currently US$40 per ton.

<u>Canada</u>

Bashaw, Alberta

Condor holds various working interests in 320 gross acres of petroleum and natural gas leases (316 net acres) in the Bashaw region of central Alberta. Condor's properties in this area produce light gravity crude oil and natural gas.

No new wells have been drilled on the Bashaw properties since they were acquired by Condor. Bashaw accounted for 29% of Condor's production for the year ended December 31, 2011. Production at Bashaw averaged 38.5 boe/d in 2011, with 82% of the 2011 production being light gravity crude oil. At December 31, 2011, the Sproule Reserve Report in Canada estimated Condor's gross proved and gross probable crude oil and natural gas reserves at Bashaw to be 85.6 mboe and 67 mmboe, respectively. Condor operates 100% of its production at Bashaw.

The crude oil and natural gas produced at Bashaw is initially sent to a battery operated by Harvest, and then travels via pipeline to a battery operated by Fairborne where the crude oil is separated and sent out on the Interprovincial Pipeline where it is marketed by Nexen.

The natural gas travels via a separate pipeline to the natural gas processing plant operated by Spectra and is processed with the natural gas being marketed by Nexen and gas by-products being purchased by Spectra.

Nexen pays Condor directly for the crude oil and natural gas marketed.

Bassano, Alberta

Condor holds various working interests in 3,530 gross acres of petroleum and natural gas leases (1,588 net acres) in the Bassano region of southern Alberta. This area is rich in both crude oil and natural gas and has been relatively densely drilled. Condor's properties in this area produce light gravity crude oil and natural gas.

In 2007, Condor drilled two gross (0.5 net) wells at Bassano. Bassano accounted for 17% of Condor's production for the year ended December 31, 2011. Production at Bassano averaged 22.7 boe/d in 2011, with 80% of the 2011 production being light gravity crude oil. At December 31, 2011, the Sproule Reserve Report in Canada estimated Condor's gross proved and probable reserves at Bassano to be 78.4 mboe and 20.3 mboe, respectively. Condor does not operate any of its production at Bassano.

The majority of the crude oil and natural gas produced at Bassano is sent to batteries operated by either ConocoPhillips Company or Harvest. The crude oil is separated and sent out for marketing by Nexen. The natural gas is processed with the natural gas being marketed by Nexen and the natural gas by-products being marketed by Harvest.

Nexen pays Condor directly for the crude oil and natural gas marketed.

Ferrybank, Alberta

Condor holds various working interests in 10,133 gross acres of petroleum and natural gas leases (837 net acres) in the Ferrybank region of south-central Alberta. The properties are developed with at least one natural gas well per section.

The Company's lands lie to the east of the Ferrybank field and produce crude oil from various reservoirs within the Cretaceous Belly River group, natural gas from the overlying Edmonton and the Belly River, crude oil and natural gas from various Lower Cretaceous reservoirs, and natural gas from the Mississippian Banff formation. Further west lies the prolific Westerose South field, which produces natural gas. To the east lies the Chigwell field, which produces crude oil from the Viking formation. The area is also undergoing drilling for coalbed methane.

A number of wells on Condor's lands have been completed only in one zone, leaving potential for further multi-zone development. Condor's properties in this area produce light gravity crude oil and natural gas.

Land Petroleum and Signalta pay Condor directly for the crude oil and natural gas marketed.

No new wells have been drilled on the Ferrybank properties since they were acquired by Condor. Ferrybank accounted for 6% of Condor's production for the year ended December 31, 2011. Production at Ferrybank averaged 7.5 boe/d in 2011, with 24% of the 2011 production being light gravity crude oil. At December 31, 2011, the Sproule Reserve Report in Canada estimated Condor's gross proved and probable reserves at Ferrybank to be 6.3 mboe and 1.7 mboe, respectively. Condor does not operate any of its production at Ferrybank.

The crude oil and natural gas wells located at Ferrybank are operated by Land Petroleum and Signalta. The production is transported via pipeline to various batteries where the crude oil is separated and sent out for marketing. The natural gas is piped to a natural gas plant operated by Land Petroleum where it is processed and the by-products are sent to another natural gas plant operated by Keyera.

Mikwan, Alberta

Condor holds various working interests in 1,280 gross acres of petroleum and natural gas leases (1,152 net acres) in the Mikwan area of south-central Alberta. All of the parcels of land have been drilled. Condor's properties in this area produce light gravity crude oil.

No new wells have been drilled on the Mikwan properties since they were acquired by Condor. Mikwan accounted for 17% of Condor's production for the year ended December 31, 2011. Production at Mikwan averaged 21.8 boe/d in 2010, with 89% of the 2011 production being light gravity crude oil. At December 31, 2011, the Sproule Reserve Report in Canada estimated Condor's gross proved and probable reserves at Mikwan to be 17.7 mboe and 5.6 mboe, respectively. Condor operates 100% of its production at Mikwan.

The crude oil and natural gas produced at Mikwan are transported by pipeline to a battery operated by Fairborne. The crude oil is separated and sent out on the Edmonton Inter Pipeline and is marketed by Nexen, which pays Condor directly for the crude oil. The natural gas travels via a separate pipeline to the natural gas processing plant operated by Keyera and is processed with the natural gas being marketed by Nexen and gas by-products being purchased by Keyera.

Nexen pays Condor directly for the crude oil and natural gas marketed.

Spirit River, Alberta

Condor holds a royalty interest in 4,480 gross acres of petroleum and natural gas leases (1,100 net acres) in the Spirit River area of west-central Alberta. Condor does not have a working interest in the production from these properties. Condor's holdings lie within the Rycroft and Spirit River fields in an area rich in both oil and natural gas. Condor's lands have been drilled and reserves have been assigned to several intervals, or offer potential for drilling. Condor's properties in this area produce light gravity crude oil and natural gas.

No new wells have been drilled on the Spirit River properties since they were acquired by Condor. Condor does not operate any of the production at Spirit River.

Stettler, Alberta

Condor holds various working interests in 1,920 gross acres of petroleum and natural gas leases (1,640 net acres) in the Stettler region of south-central Alberta. Condor's properties in this area produce light gravity crude oil.

No new wells have been drilled on the Stettler properties since they were acquired by Condor. Stettler accounted for 4% of Condor's production for the year ended December 31, 2011. Production at Stettler averaged 5.4 boe/d in 2011, with 17% of the 2011 production being light gravity crude oil. At December 31, 2011, the Sproule Reserve Report in Canada estimated Condor's gross proved and probable reserves at Stettler to be 17.0 mboe and 8.6 mboe, respectively.

The crude oil produced at Stettler is transported by truck to the CCS Big Valley pipeline and is marketed by Nexen, which pays Condor directly for the crude oil.

The natural gas is sweet (without by-products) and travels via pipeline to the natural gas processing plant operated by Devon Canada Corp. and is marketed by Nexen, which pays Condor directly for the natural gas.

Steelman, Saskatchewan

Condor holds a 100% working interest in 1,760 gross acres of petroleum and natural gas leases (1,760 net acres) in the Steelman area of southern Saskatchewan. Condor's properties in this area produce medium gravity crude oil.

No new wells have been drilled on the Steelman properties since they were acquired by Condor. Steelman accounted for 27% of Condor's production for the year ended December 31, 2011. Production at Steelman averaged 34.7 boe/d in 2011, with 74% of the 2011 production being medium gravity crude oil. At December 31, 2011, the Sproule Reserve Report in Canada estimated Condor's gross proved and probable reserves at Steelman to be 117.4 mboe and 42.7 mboe, respectively. Condor operates 100% of its production at Steelman.

The crude oil and natural gas produced at Steelman are transported by pipeline to the battery owned by Condor. The oil is separated and transported by truck to a facility operated by Enbridge Inc. and then sent via pipeline to the Cromer Terminal in Manitoba. The crude oil is marketed by Canadian Natural Resources Ltd. and Condor is paid directly for its share.

The gas is sweet (without by-products) and sent by pipeline directly to BP Canada Energy Company and Condor is paid directly for its share.

Properties with no attributed reserves

Marsel

The Company operates the Marsel territory in south eastern Kazakhstan ("Marsel") in which the Company owns a 66% interest in 4,571,350 acre exploration property (3,017,091 net acres). The Marsel contract was signed on July 27, 2007 with the government of Kazakhstan and provides an exploration period of five years which may be extended, upon approval, twice for two years per extension. On October 18, 2011, approval for the first two year extension at Marsel was granted, however, the related increase to the Marsel minimum work program for the additional two year period has yet to be confirmed. The Company funds 100% of the Marsel capital program and exploration commitments. Upon commercial discovery, the Company has the exclusive right to enter the development period by executing a development contract.

The Company shall be subject to a commercial discovery bonus of 0.1% of the value of the estimated volume of recoverable reserves as approved by the Government of Kazakhstan, on the signing of a development contract.

The Marsel Contract requires preferential use of Kazakhstani equipment, companies and personnel throughout the term of the agreement. Included within the MWP is a requirement for Marsel to allocate 1.1% of its annual exploration program budget to the professional training of Kazakh personnel and 3.1% to social development within the exploration region. In addition to the MWP, Marsel is required to allocate 1% of the annual exploration program to a liquidation fund for remediation of the licensed area. The liquidation funds are restricted bank deposits related to mandatory asset retirement obligation funding for exploration territories in Kazakhstan which are invested in special interest bearing accounts and upon entering the development stage, the funds are available at the Company's discretion for asset retirement obligations. Marsel is also responsible for any restoration expenses associated with damage to the natural environment, geological, archaeological or historic sites within the licensed area, or harm to the health of the local population. Marsel is required to provide additional funding if actual restoration costs exceed the liquidation fund, however it is entitled to any amount remaining if the liquidation fund exceeds the actual restoration costs.

The Marsel Contract requires Marsel to reimburse the Government of Kazakhstan for historical geological expenditures incurred in the Marsel Territory. Payments are deferred during the exploration period with repayment terms during the subsequent development period to be determined. The liabilities are US$ denominated and non-interest bearing.

The Marsel Contract will terminate on July 27, 2014, subject to the availability of extensions, if no commercial discovery is made or no decision to enter into production is announced. Any exploration period extensions or subsequent development periods would likely carry additional contractual work commitments, which could be significant. The violation of certain provisions of the Marsel Contract, bankruptcy of Marsel or failure to complete obligations under the exploration work program could lead to fines, suspensions or the premature termination of the Marsel Contract by the Government of Kazakhstan. Termination of the Marsel Contract for any reason does not release Marsel from its obligation to restore the Marsel Territory to pre-exploration condition. Upon the expiry of the Marsel Contract, all geological information, however acquired, shall become the property of the Government of Kazakhstan. During the term of the Marsel Contract, the Government of Kazakhstan has a priority right to purchase oil and natural gas produced by Marsel at rates not exceeding world market prices and it has the right to control the transfer of the licence to a third party. See "Risk Factors - Risks Relating to Operating in Kazakhstan".

Kazakhstan subsoil users are required to give preference to local companies and domestic products when procuring goods, works and services. Local content deficiencies may be subject to penalties of 30% of the shortfall. Subsoil users are also required to follow prescribed procurement procedures including certain tendering rules and regulations. The Company believes the local content and procurement requirements have been satisfied.

In fulfilment of the contractual obligations relating to the Marsel Territory, a MWP must be carried out and completed to the satisfaction of the competent authorities in Kazakhstan. Condor believes it has carried out and fulfilled its MWP obligations to date, and anticipates that it will continue to meet its MWP obligations for the balance of the exploration term of the Marsel Contract.

The following table sets forth the MWP for the Marsel Territory for the balance of the exploration term of the Contract (not including any as yet undetermined additional amounts related to the two year exploration period extension approved on October 18, 2011):

Contract date: July 27, 2007
End of MWP: July 27, 2014[1]
Extensions available: 1 @ 2 years each [1]
(USD $ millions)

Description	**2012**	**Total**
Wells - Drilling and Testing	23.2	23.2
Seismic acquisition and processing	0.1	0.1
Equipment & field development	0.4	0.4
General and administrative, training and social development costs	1.3	1.3
Total MWP	**25.0**	**25.0**
Well Count	6	6

Note:
(1) On October 18, 2011, approval for the first two year extension was granted, however, the related increase to the MWP for the additional two year period has not been determined.

The allocation of anticipated expenditures may be adjusted within the stated categories depending on, among other things, access to equipment and results of exploration initiatives. See "Special Note Regarding Forward Looking Statements" and "Risk Factors".

No reserves have been assigned to the Marsel Territory. Marsel has a right to explore the Marsel Territory, but does not have a right to produce from the territory until such time as reserves are assigned and determined to be commercial. To commence production in the Marsel Territory, certain approvals will be required from the relevant state authorities. During the exploration period, exploration wells that encounter hydrocarbons may be tested for an initial ninety day period in accordance with approved technical documentation. Testing of exploration wells involves the production of hydrocarbons. After the initial ninety day test period, Condor will be entitled to a further trial production period, subject to project approval by the relevant state authorities. The term and volumes of production during the trial production period depend on the term and inspection level of each exploration well. During these respective test periods, Condor is required to sell one hundred percent of its production to Kazakh refineries. See "Special Note Regarding Forward Looking Statements" and "Risk Factors".

During, or upon completion of the trial production periods, any field with a commercial discovery may be transferred into the development stage, following which no further approvals will be required for continued production. As a matter of law and pursuant to the terms of Condor’s exploration contracts, upon commercial discovery, Condor may enter into the development stage by negotiating and signing a development contract. For a commercial discovery to be approved and a development contract to be executed, a range of project documentation must be prepared by Condor, including: a feasibility study, a technological development plan, pilot commercial development and commercial development project (as applicable). This documentation is subject to approval by the relevant state authorities. If granted, these approvals will provide the grounds upon which Condor will execute a development contract, and will further determine, among other things, any domestic sales obligations and/or any obligations to utilize associated gas imposed on Condor.

Exploration, appraisal and development of crude oil and natural gas reserves is speculative and involves a significant degree of risk. There is no guarantee that exploration or appraisal of the Marsel Territory will lead to a discovery of reserves that Marsel will be able to exploit on a commercially profitable basis. See "Risk Factors".

Forward contracts

As at December 31, 2011, the Company was not bound by any agreements which may impact the realization of future market prices for its oil and gas production. The Company has no transportation obligations or commitments for future deliveries which exceed its expected related future production from proved reserves, as estimated using forecast prices and costs.

Additional information concerning abandonment and reclamation costs

Condor follows the Canadian Institute of Chartered Accountants' standard on decommissioning obligations. This standard requires liability recognition for retirement obligations associated with long-lived assets, which would include abandonment of oil and natural gas wells, related facilities, compressors and gas plants, removal of equipment from leased acreage and returning such land to its original condition. Under the standard, the estimated fair value of each asset retirement obligation is recorded in the period a well or related asset is drilled, constructed or acquired. Fair value is estimated using the present value of the estimated future cash outflows for the restoration of the asset at Condor's risk-free interest rate. The obligation is reviewed regularly by management of Condor based upon current regulations, costs, technologies and industry standards. The discounted obligation is recognized as a liability and is accreted against income until it is settled or the property is sold and is included in finance expenses. Actual restoration expenditures are charged to the accumulated obligation as incurred.

As at December 31, 2011, the estimated total undiscounted amount required to settle the decommissioning obligations in respect of Condor's net 41.7 wells and facilities was $3.5 million and the discounted present value was $2.0 million. These obligations are expected to be incurred between 2012 and 2032.

Tax Horizon

Income earned in Canada is not expected to attract taxes until Condor utilizes its accumulated tax pools and loss carry forwards, which exceed $7.7 million as at December 31, 2011. Based on anticipated capital spending, which augment the tax pools, Condor does not expect to pay Canadian income taxes for its fiscal year ended December 31, 2012.

Falcon (Zharkamys) has an estimated $66 million of tax pools and loss carry forwards in Kazakhstan to offset taxes payable in the future. Falcon does not expect to pay tax until after the exploration period, which is expected to be subsequent to the fiscal year ended December 31, 2012.

Costs Incurred

The following table summarizes the capital expenditures made by Condor on acquisition, exploration and development activities for its year ended December 31, 2011.

	Costs incurred ($ thousands)		
	Canada	Zharkamys	Marsel
Property acquisition costs	-	-	-
Exploration costs	-	33,948	11,465
Development costs	34	-	-

Exploration and development activities

Kazakhstan - Zharkamys

Historical Activities

Oil seeps were recognized in Zharkamys as early as 1893 and the area was a focus for hydrocarbon exploration during the Soviet-era. Major geophysical exploration programs were conducted in the 1930s and several structural tests and deep wells were drilled in the early 1940s. Exploration efforts were discontinued with the onset of World War II, but recommenced in 1944 with surface geological mapping expeditions. From 1945-1965, over 900 shallow mapping wells (50-100 m) and 100 structural wells (100-900 m) were drilled to support geologic mapping of the area. Oil shows were recorded in many of these wells, and by the end of this period most of the salt dome features in the area had been identified. Additional geophysical surveys were conducted from the late 1960s to early 1990s although no additional wells were drilled in this period. From 1995-2002, Preussag Energie GmbH (“Preussag”) operated Zharkamys, acquiring 1,189 km of modern 2D seismic data, and reprocessing over 1,900 km of vintage 2D seismic data. Preussag drilled the Korumbet East 1 well in 2001 as a dry hole. After completing their MWP, Preussag exited the Zharkamys in 2002.

Falcon became operator of Zharkamys on August 27, 2007. From late 2007 through 2009, Falcon acquired numerous Soviet-era historical reports of geological and geophysical studies, building an exploration database from previous efforts. Falcon also obtained prior operator Preussag’s geologic data and evaluation of Zharkamys, including the 1,189 km of 1990s vintage 2D seismic data and over 1,900 km of reprocessed, vintage 2D seismic data.

In 2009, New Horizon acquired and subsequently processed 670 km of new 2D data, while also reprocessing several hundred kilometres of historical 2D seismic data. The 670 km of 2D seismic data shot in 2009 focused on five key prospect areas. In 2010, Condor completed a 1,252 km2 3D seismic acquisition program in the north half of Zharkamys.

Interpretation of the historic records and current seismic data, which includes integration of over 1,000 shallow Soviet-era stratigraphic tests, has led to the development of five key play types: post-salt Jurassic and Cretaceous plays, Triassic salt-rim structures (or "horn" plays), sub-salt canopy and, salt flank plays, primary basin plays in the Permian, in addition to pre-salt plays in the lower Permian and Carboniferous.

The Kenkiak-Atyrau oil pipeline operated by KazTransOil runs across the northwest portion of Zharkamys, providing an option for future pipeline tie-in. Short-term sales options include trucking to the KazTransOil-3 crude transfer pipeline terminal located on the Makat-Kenkiak line (90 km west), or to crude transfer rail terminals at Saghyz (70 km northwest) or Baiganin (100 km north). There is also a rail spur 12 km to the northwest of Zharkamys.

Between 2007 and 2010, five post-salt wells were drilled at Zharkamys. All five wells encountered oil and oil shows, within multiple reservoir-quality sands. Taskuduk 3, drilled in late 2008, flowed oil at a rate of over 200 bbl/d from a five metre interval in the mid-Triassic sands. The Zhaman Koblandy well, drilled in 2010, was cased, with 20 meters of gross pay interval based on wireline log and cuttings descriptions. The third well (Dongeleksor Koskol 9) encountered heavy oil but has since been suspended. The other two wells (Kiyaktysay North and Korumbet North), drilled in 2010, encountered hydrocarbons, but were not present in sufficient quantities and the wells were abandoned.

2011 Activities

During 2010 and 2011, the Company acquired 2,532 km2 of high fold, high resolution 3D seismic, covering 87% of Zharkamys. Both pre-stack time migration and pre-stack depth migration processing have recently been completed for the 3D seismic acquired in 2010. For the 3D seismic acquired in 2011, pre-stack time migration processing is expected to the completed in the second quarter of 2012 and pre-stack depth migrated data processing completed in the fourth quarter of 2012. This processed 3D data is a key component to progressing the Company's two phase exploration strategy at Zharkamy's.

Nine Phase 1 wells were drilled in 2011. Five of these wells: Sh-1, Sh-2, Sh-3, (the "Shoba" wells) Eb-1, and TasW-4, have been cased, and four wells have been abandomed (KN-3, TSE-1, Eb-5, Ut-6).

Sh-1 was drilled to a total depth of 899 meters in March 2011 and encountered a 34 meter continuous hydrocarbon column in the Triassic sands. Sh-1 net pay is comprised of 19 meters of oil and 5 meters of gas. This well represented the first structure to be drilled using the newly acquired 3D seismic data. In May 2011, the well was completed and initially flowed 210 barrels per day of 34 API gravity oil from 6.5 meters of perforations.

The Sh-2 appraisal well was drilled to 900 meters in April 2011 and encountered a 58 meter continuous hydrocarbon column. Net pay is comprised of 15 meters of oil and 24 meters of gas. In May 2011, the well was completed and initially flowed 530 barrels per day of 35 API gravity oil from 8.0 meters of perforations.

The Sh-3 appraisal well was drilled to 943 meters in May 2011 and encountered a 48 meter continuous hydrocarbon column. Net pay is comprised of 18.4 meters of oil and 16 meters of gas. To assist with additional reservoir characterization, 46.5 meters of core was recovered. The Sh-3 well was completed and initially flowed 310 barrels per day of 32 API gravity oil from 11.0 meters of perforations.

Upon drilling a well into an undefined geological structure, an operator is entitled to test for the presence of hydrocarbons and assess production potential by producing the well for a short period, typically spanning two or three days. Regulatory approval is then required to perform a subsequent ninety day production test on each well. The ninety day production test on each of the three Shoba wells began in September 2011. During each respective test period, each of the wells was shut in at various times, often for extended periods, to collect additional reservoir data.

KN-3 was drilled to 1,150 meters in June 2011 and encountered 275 meters of Triassic sandstones. Wireline logs identified 4 zones which resulted in 7 meters of net oil pay over a 90 meter interval. However, given the thin nature of the pay zones, KN-3 was deemed to be non-commercial and the well was abandoned. It is believed there was not a thick enough shale interval to create an effective top seal, which prevented sufficient quantities of oil from accumulating.

TSE-1 was drilled to a total depth of 953 meters in July 2011. No indication of oil was identified on wireline logs and the well was abandoned. A post-well review identified that the prospect did not lie on a direct migration pathway to the pre-salt oil source rock, preventing hydrocarbons from charging the TSE-1 trap.

Eb-1 was drilled to a total depth of 1,000 meters in August 2011. The well encountered 8 meters of net oil pay in the Triassic zone. After completing Eb-1 and beginning clean-up flow activities, there was limited inflow to the wellbore as indicated from surface pressure and flow measurements. Given the extensive oil saturation observed in core recovered and porosity (average 16%) derived from wireline logs, the reasons for the low inflow are being further investigated. The well is currently suspended awaiting possible further evaluation and remedial work.

Eb-5 was drilled in September 2011 and reached a total depth of 1,002 meters. Although weak oil shows were encountered on core samples, the well was deemed wet and was abandoned. Like KN-3, Eb-5 did not appear to have a sufficient top seal to accumulate hydrocarbons.

The TasW-4 well was drilled in October 2011 to a total depth of 1,329 meters and penetrated 19 meters of net oil pay within two Triassic intervals. The lower interval encountered 13 meters of net oil pay, which was not present in the original TasW-3 discovery and represents an additional pay zone for the field. This new interval was identified using Condor’s 3D seismic attribute and pre-stack analysis. Based on formation pressure data, the oil gravity at TasW-4 is estimated to be 35 degrees API and the ninety day production test is expected to commence in the second quarter of 2012.

Ut-6 was drilled in November 2011 to a total depth of 1,236 meters but did not encounter commercial hydrocarbon accumulations. This well was abandoned.

The first Phase 2 well, ZhK-2, was spud in December 2011 and was directionally drilled to a depth of 2,200 meters. The well successfully penetrated multiple Triassic sand packages with top seals as predicted using the 3D seismic, including the primary target containing 75 meters of continuous net reservoir. The primary target was water bearing at the point penetrated by ZhK-2, but the wellbore is also 125 meters below the structural culmination. This provides the opportunity for up-dip attic oil that is being evaluated as a future drilling opportunity. ZhK-2 was abandoned and had a total well cost of $1.6 million, almost 30% below the expected cost due to better than expected drilling efficiencies. The preceding Phase 1 wells drilled in 2011 had an average well cost of $1.0 million.

The ninety day production test on the TasW-3 discovery, which was drilled and tested in 2009, began in December 2011. A previously untested interval was perforated and initially flowed at a rate of 280 barrels per day from a 5 meter net pay interval. The well was shut-in for pressure build up in January 2012, which was extended into February 2012 due to extreme weather conditions. Flow testing resumed in February 2012 and the test period was completed in March 2012.

Given the exploration success at Shoba and Taskuduk, initial reserves have been volumetrically estimated in the evaluation of reserves as of December 31, 2011. For Shoba, a detailed geologic model has been developed, yielding an estimate by Sproule of 23.1 million barrels of OOIP in the probable plus possible case (13.4 million barrels of OOIP in the probable case). The model uses reservoir rock and fluid properties that were obtained from core analysis, well logs, and PVT data. Recovery factors have been estimated from analytical calculations based on data from the Shoba well's initial production tests, and comparison to analogous reservoirs with established recovery factors and long term production histories. Although Probable and Possible reserves have been assigned to Shoba, no Proved reserves were assigned at this time due to the early stage of development. Company gross Probable reserves of 1.8 million barrels have been calculated based on the preliminary development plan. Company gross Probable plus Possible reserves of 5.3 million barrels have also been assigned.

Reserves for Taskuduk West have been estimated following the same methodology used at Shoba. An OOIP of 1.0 million barrels has been estimated by Sproule, while Company gross Probable reserves of 0.2 million barrels and Company gross Probable plus Possible reserves of 0.25 million barrels have been assigned. No proved reserves have been assigned at this time. To continue production beyond the ninety day testing programs at Taskuduk the Company will be required to execute a joint production agreement with the adjacent operator and a development contract with the government of Kazakhstan.

An independent resource audit will be performed on the Zharkamys prospect inventory once the 3D seismic pre-stack time migration processing is completed in the second quarter of 2012. The resource audit is expected to be completed in the third quarter of 2012.

As noted above, the Shoba field will be further appraised in 2012 with four additional wells planned and approval is being sought to transition Shoba into the Trial Production Period ("TPP"), which is targeted to commence in the third quarter of 2012. After the ninety day testing of each well, a TPP is required to permit the existing Shoba wells and the upcoming appraisal wells to produce continuously. The Company also intends to construct oil production, processing and storage facilities at Shoba during 2012. During the respective test periods, including the initial well clean up, ninety day test and TPP, Condor is required to sell one hundred percent of its production to Kazakh refineries.

In support of the Shoba TPP, Taskuduk West, and future potential field discoveries, the Company signed the LOI to purchase a 90% interest in an existing oil storage terminal located 12 kilometers northwest of Zharkamys. The terminal includes 1,200 m^3 (7,500 barrels) of oil storage capacity and is designed to load

4 rail cars simultaneously. The terminal has a rail spur which ties directly into the main rail line between Aktobe and Atyrau. In addition to providing expected transportation cost savings, the terminal's existing access to the rail system should expand Condor's future oil marketing options. The LOI is subject to certain conditions, including facility upgrades and re-licensing of the terminal, and the execution of a definitive purchase and sale agreement.

During the second half of 2011 Condor initiated its second 3D survey (1280 Km2), covering the remaining portion of Territory giving effective coverage of 87% of the entire Territory when combined with the 2010 3D survey. The 2011 3D will be used to add to the Prospect Inventory and will results in prospects to be drilled in 2012.

Condor plans to drill up to 14 additional wells during 2012, including 10 exploration wells (five deep and five shallow) and 4 Shoba appraisal wells. A drilling rig is currently mobilizing to initiate the Shoba appraisal program and then continue with the exploration program. A second drilling rig is also envisioned to commence exploration drilling in the second half of 2012.

Kazakhstan - Marsel

Historical activities

Exploration on the Marsel Contract Territory began in the mid-1950s and continued until the mid-1980s. Mapping of subsurface geology and structures included various programs of remote sensing utilizing gravity and aeromagnetic regional surveys followed by regional seismic exploration. These study programs were followed by revised structural mapping and the drilling of a number of structural and stratigraphic test wells, and to date, 34 structures have been identified, 16 of which have been drilled.

A total of thirty exploration wells were drilled on the Marsel Contract Territory between the late 1960s and the mid1980s, and by June 2008, twenty-two of these wells were transferred to Marsel. These exploration wells were tested in open-hole, and in some wells cased-hole, conditions and then abandoned or, in one instance, conserved. Other than exploration testing, the wells were never produced. Of the wells transferred, seven wells tested natural gas. Many large, untested structures remain on the Marsel Contract Territory.

During the Soviet-era, the Chu-Sarysu basin was subject to hydrocarbon exploration, however the area has not been greatly explored since 1984, when focus shifted to the neighbouring Turgay basin following the discovery of the Kumkol oil field. There is currently no commercial oil or natural gas production within the Marsel Contract Territory. Within the Marsel Contract Territory, three exclusion areas have been defined as commercial fields: Pridorozhnaya, West Oppak and Ortalyk.

The Marsel Contract Territory currently has no assigned reserves but provides a large, underexplored block in a known hydrocarbon-producing area and offers exploration drilling opportunities on numerous un-drilled, seismically defined or subsurface mapped structures. Geologic play types have recently been identified that were not previously pursued, providing significant volume add potential.

Construction in Kazakhstan is proceeding on the second phase of a natural gas pipeline infrastructure project designed to deliver one trillion cubic feet of gas to China annually. The second phase of the pipeline is expected to pass within 80 km of the southern border of the Marsel Contract Territory, which could allow connection to both the Chinese and Almaty markets. The first phase, Turkmenistan-Uzbekistan-Kazakhstan-China, was commissioned in 2009. The second phase pipeline is jointly owned by the China National Petroleum Corporation and KazMunaiGaz, Kazakhstan's national oil and gas company, with each owning a 50% stake.

The Amangeldy-Taraz pipeline is located approximately 200 kilometres southeast of the Marsel Contract Territory and links the Amangeldy field to Taraz. From Taraz, gas can enter pipelines to be transported to either the Shymkent or Almaty markets.

In 2008, 451 km of new 2D seismic data was acquired over the Tamgalytar structure and was subsequently processed. In 2009, 700 km of 2D seismic was shot over the northern half of the territory and was subsequently processed. The 2009 program was designed to further explore the Carboniferous shoal play and to evaluate a Devonian sand play. The seismic data and the Tamgalytar-5 well results indicate that the Carboniferous shoal fairway continues to the south and southwest of the Tamgalytar structure. Since these fairways intersect previously mapped structures, they may have large gas reservoir potential. In December 2010, Condor completed the acquisition of 610 km of 2D seismic data and 426 km^2 of 3D seismic data on key structures, focusing on areas mapped as having Carboniferous and Devonian play trends. Condor believes that these seismic programs represent an improvement in seismic quality due to advances in seismic acquisition design and equipment over the previous Soviet-era data. Twenty two Soviet-era well records have been obtained, with the data translated and wireline log information digitized.

Condor drilled two exploration wells prior to 2011. The first exploration well, Kendyrlik 5RD, was drilled in 2008 and reached its target depth of 2,320 meters without significant hydrocarbon shows or reservoir development in the primary zone of interest and was abandoned.

In 2010, Condor drilled the second Marsel exploration well, Tamgalytar-5 and reached 2,550 meters in total depth. The Tamgalytar-5 well targeted the Carboniferous shoal play that had been developed from the high resolution seismic data shot by the Company in 2008 and from re-interpreting results from wells drilled during the Soviet-era. Well testing operations commenced in November 2010, with initial gas flow rates ranging between 0.5 to 2 mmcf/d. The wellbore, based on logs and cutting sample descriptions, appears to have validated the shoal play concept and sets up the opportunity for additional appraisal wells on the structure and exploration wells on additional structures on the Marsel Contract Territory. Down-hole pressure gauge data from the Tamgalytar-5 well was interpreted during the third quarter of 2011. Tamgalytar-5 had encountered a 135 meter Carboniferous carbonate shoal complex, consisting of highly permeable zones (natural fractures, vuggy porosity) within a lower porosity limestone matrix. During flow testing operations, rates of up to 12 million cubic feet per day were recorded. However, due to the lack of connectivity between the natural fractures and lower matrix porosity at the wellbore, test rates greater than 2 million cubic feet per day were not sustainable. Fracture stimulation completion technology, which has recently been successfully applied in this region, is being investigated.

2011 Activities

During 2011, the Company processed the 610 km of 2D seismic data and 426 km^2 of 3D seismic data acquired during 2010. Condor also acquired and commenced processing of 900km of 2D seismic data shot during 2011 in the under-explored south-eastern portion of the Marsel Contract Territory. To date, mapping and corresponding interpretation of the data has generated a portfolio of both Devonian sandstone and Carbonate shoal / pinnacle prospects.

Drilling commenced on the Asa-1 prospect in late November 2011. The well is targeting Devonian sandstone and is expected to reach total depth early in the second quarter of 2012. Mechanical issues with the drilling rig and extreme weather conditions have impacted progress.

An independent resource audit will be performed on the Marsel prospect inventory and is expected to be completed in by the second quarter of 2012.

Production Estimates

The following table sets forth the volume of working interest production, before royalties, estimated for 2012 (in the Sproule Reserve Report) on a gross proved plus probable basis:

	Light/Medium Crude Oil (mbbl)	Natural Gas[(1)] (mmcf)
Kazakhstan – Zharkamys	175	-
Canada	45.1	49

Note:

(1) Figure includes NGL volumes. NGL volumes are insignificant and not tracked separately.

The following table indicates the volume of working interest production, before royalties, estimated for 2012 (in the Sproule Reserve Report) on a gross proved plus probable basis from fields considered to be individually important:

Field	Light/Medium Crude Oil (mbbl)	Natural Gas[(1)] (mmcf)
Bashaw	20.8	5.1
Bassano	6.1	1.0
Mikwan	6.4	3.3
Steelman	11.7	18.6

Note:

(1) Figures include NGL volumes. NGL volumes are insignificant and not tracked separately.

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by Condor for each quarter of the financial year ended December 31, 2011:

Canada

	Three Months Ended March 31, 2011	Three Months Ended June 30, 2011	Three Months Ended September 30, 2011	Three Months Ended December 31, 2011
Average Daily Production				
Light and Medium Oil (bbl/d)	106.2	85.3	97.8	100.1
Natural Gas (mcf/d)[(1)]	185.9	177.3	217.9	217.5
Average Net Prices Received				
Light and Medium Oil ($/bbl)	80.14	98.15	76.87	98.35
Natural Gas ($/mcf)	3.94	4.38	4.38	4.37
Royalties				
Light and Medium Oil ($/bbl)	18.63	22.61	16.94	20.90
Natural Gas ($/mcf)	0.34	0.50	0.83	1.58
Production Costs				
Light and Medium Oil ($/bbl)	15.75	18.75	23.33	34.56
Natural Gas ($/mcf)	13.19	5.00	3.90	4.92
Netback Received				
Light and Medium Oil ($/bbl)	45.76	56.79	36.60	42.89
Natural Gas ($/mcf)	(9.59)	(1.12)	(0.35)	(2.13)

Note:

(1) Figures include NGL volumes. NGL volumes are insignificant and not tracked separately.

The following table indicates Condor's average daily production for the year ended December 31, 2011 from fields considered to be individually important:

Field	Light/Medium Crude Oil (bbl/d)	Natural Gas[1] (mcf/d)
Bashaw	31.5	42.1
Bassano	18.1	27.9
Mikwan	19.3	14.6
Steelman	25.7	54.1
Canada	**94.6**	**138.7**
Kazakhstan	65	-
Company	**159.6**	**138.7**

Note:

(1) Figures include NGL volumes. NGL volumes are insignificant and not tracked separately.

Kazakhstan

	Three Months Ended March 31, 2011	Three Months Ended June 30, 2011	Three Months Ended September 30, 2011	Three Months Ended December 31, 2011
Average Daily Production				
Light and Medium Oil (bbl/d)	-	10	117.6	131.5
Average Net Prices Received				
Light and Medium Oil ($/bbl)	-	26.54	33.04	35.16
Royalties				
Light and Medium Oil ($/bbl)	-	1.39	1.27	1.27
Production Costs				
Light and Medium Oil ($/bbl)	-	-	11.55	9.08
Netback Received				
Light and Medium Oil ($/bbl)	-	25.15	20.22	24.81

Sales in Kazakhstan during 2011 relate to sales of volumes produced during test production. Production during the exploration phase is sold to domestic refineries at a discount to international benchmark prices until such time that the Company has a development contract. As such, prices received, as well as volumes and costs, may not be indicative of future results.

DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital currently consists of an unlimited number of Common Shares, without nominal or par value, an unlimited number of First Preferred Shares, issuable in series, and an unlimited number of Second Preferred Shares, issuable in series, of which as at the date hereof, 346,120,871 Common Shares, no First Preferred Shares and no Second Preferred Shares are issued and outstanding.

Common Shares

Each Common Share entitles the holder thereof to: (i) one vote at all meetings of shareholders of the Company except meetings at which only holders of another class of share are entitled to vote; (ii) subject to the preferences accorded to holders of First Preferred Shares, Second Preferred Shares and any other shares of the Company ranking senior to the Common Shares, the right to receive any dividend on the Common Shares declared by the Company; and (iii) subject to the preferences accorded to holders of First Preferred Shares, Second Preferred Shares and any other shares of the Company ranking senior to the Common Shares, the right to share equally in the remaining property of the Company in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, or any other distribution of its assets among its shareholders for the purpose of winding up its affairs (a "**Distribution**").

First Preferred Shares

Subject to the filing of articles of amendment in accordance with the ABCA: (i) First Preferred Shares are issuable at any time and from time to time in one or more series; and (ii) the Board may fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to each series of First Preferred Shares. The holders of each series of First Preferred Shares shall be entitled, in priority to holders of Common Shares, the Second Preferred Shares and any other shares of the Company ranking junior to the First Preferred Shares with respect to the payment of dividends, to be paid rateably with holders of each other series of First Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series. In the event of a Distribution, holders of each series of First Preferred Shares shall be entitled, in priority to holders of Common Shares, the Second Preferred Shares and any other shares of the Company ranking junior to the First Preferred Shares with respect to the payment on a Distribution, to be paid rateably with holders of each other series of First Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series. Holders of First Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting, except as may be required by law.

Second Preferred Shares

Subject to the filing of articles of amendment in accordance with the ABCA: (i) Second Preferred Shares are issuable at any time and from time to time in one or more series; and (ii) the Board may fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to each series of Second Preferred Shares. The holders of each series of Second Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Company ranking junior to the Second Preferred Shares with respect to the payment of dividends, to be paid rateably with holders of each other series of Second Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series. In the event of a Distribution, holders of each series of Second Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Company ranking junior to the Second Preferred Shares with respect to the payment on a Distribution, to be paid rateably with holders of each other series of Second Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series. Holders of Second Preferred Shares shall be entitled to receive notice of, attend at and vote at all meetings of the shareholders of the Company, except meetings of another class of shares. Each Second Preferred Share shall entitle the holder thereof to one vote.

PRIOR SALES

During the financial year ended December 31, 2011, the Company issued Options to acquire an aggregate of 10,515,000 Common Shares having a weighted average exercise price of $1.40. As of December 31, 2011, there were Options issued and outstanding to purchase 21,334,714 Common Shares. These Options are the only unlisted securities of the Company.

MARKET FOR SECURITIES

The outstanding Common Shares are listed and posted for trading on the TSX under the symbol "CPI". The following table summarizes the high and low trading prices and volume of trading in respect of the Common Shares during the period from April 12, 2011, when the Common Shares commenced trading on the TSX, to December 31, 2011.

Period	High ($)	Low ($)	Volume (000's)
2011			
April 12 - 30	1.55	1.22	3,702,231
May	1.31	1.18	7,580,971
June	1.25	0.90	6,481,226
July	1.11	0.90	1,500,324
August	0.94	0.62	4,064,245
September	0.75	0.54	573,933
October	0.95	0.51	2,936,683
November	0.84	0.60	1,384,377
December	0.61	0.46	3,959,406

DIVIDEND POLICY

The Company has not declared or paid any dividends on the Common Shares to date. The payment of dividends in the future will be dependent on the Company's earnings, financial condition and such other factors as the Board considers appropriate.

DIRECTORS AND OFFICERS

The following are the names and municipality of residence of the current directors and officers of the directors and executive officers of the Company, their respective positions and offices held with the Company, the date they were first appointed to the Board and their principal occupation during the past five years.

Name and Jurisdiction of Residence(6)	Current Positions and Offices Held	Principal Occupation During the Past Five Years	Director Since
Sean Roosen (3)(5) Québec, Canada	Director and Chairman	Chief Executive Officer of Osisko Mining Corporation, a public gold mining company.	October, 2006
John Burzynski (3)(4) Ontario, Canada	Director	Vice-President, Corporate Development of Osisko Mining Corporation, a public gold mining company.	October, 2006
Donald Streu (4) Alberta, Canada	Director and President and Chief Executive	President and Chief Executive Officer of Condor since August 2008, and prior thereto Asset Manager of	March, 2011

Name and Jurisdiction of Residence[6]	Current Positions and Offices Held	Principal Occupation During the Past Five Years	Director Since
	Officer	Chevron Nigeria Limited, a subsidiary of Chevron Corp.	
Walter Dawson [3][5] Alberta, Canada	Director	Executive Chairman and founder of Tuscany International Drilling Inc., a public oilfield services company, since 2009, and prior thereto (2002 – Sept 2008) founder and Chairman of the Board of Saxon Energy Services Inc., an oilfield services company.	March, 2011
Dennis Balderston [1][2] Alberta, Canada	Director	Independent businessman since July 2005, prior thereto a Partner with Ernst & Young LLP, a firm of Chartered Accountants	March, 2011
Werner Zoellner [1] Bavaria, Germany	Director	Founder and Managing Director of Patrimonium Private Equity, an asset management company, since 2009, and prior thereto the founder and managing director of SEED Karlsruhe, a venture capital and business consulting firm.	March, 2011
Donald Wright [1][5] Ontario, Canada	Director	President and CEO of The Winnington Capital Group Inc., since 2005.	March, 2011
Dr. Edward W. Bogle [2][4] Alberta, Canada	Director	President and Chief Executive Officer and Director of Compton Petroleum Corporation since 2011, Chief Strategic Officer of Nexen International Petroleum (a subsidiary of Nexen Inc.), an oil and gas production company from 2005 to 2010.	March, 2011
Stefan Kaltenbach [2] St. Gallen, Switzerland	Director	Managing director and sole limited partner of Orangedental GmBH & Co. KG, a German software company, since 2000.	March, 2011
Sandy Quilty Alberta, Canada	Vice-President of Finance, Chief Financial Officer and Corporate Secretary	Chief Financial Officer of Condor since September 2007 and prior thereto Vice-President of Finance of Arawak Energy Corp., a public oil and gas production company.	Not applicable
William Hatcher California, United States	Sr. Vice-President Asset Development and Operations	Vice-President Operations of Condor since August 2009.	Not applicable
Roger Whittaker Alberta, Canada	Vice-President Exploration	Vice-President Exploration of Condor since September 2009.	Not applicable

Notes:

(1) Member of the Audit Committee, of which Mr. Balderston is the Chairman.
(2) Member of the Disclosure Committee, of which Mr. Balderston is the Chairman.
(3) Member of the Compensation Committee, of which Mr. Roosen is the Chairman.
(4) Member of the Reserves Committee, of which Dr. Bogle is the Chairman.
(5) Member of the Nominating and Corporate Governance Committee, of which Mr. Roosen is the Chairman
(6) The information respecting each individual set out above, not being within the knowledge of Condor, has been furnished by such individual.

The Company's directors shall hold office for a term expiring at the conclusion of the next annual meeting of shareholders of the Company, or until their successors are duly elected or appointed pursuant to the ABCA. Each current director devotes the amount of time that is required to fulfill his obligations to the Company. The Company's officers are appointed by, and serve at the discretion of, the Board.

Share Ownership by Directors and Officers

As a group, the Company's current directors, and its current executive officers beneficially own or exercise control or direction over, directly or indirectly, 21.0 million Common Shares representing approximately 3.2% of the issued and outstanding Common Shares (on an undiluted basis), and no Common Shares of the Company's subsidiaries.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons) is, as of the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Walter Dawson became a director of Action Energy Inc. (formerly High Plains Energy Inc.) ("**Action**") through a reverse take-over by High Plains Energy Inc. in November 2006. On May 2, 2007, Action's request for a management cease trade order was granted by the ASC in connection with a failure to file Action's annual financial statements within the time period prescribed by applicable securities laws. Finalization of the audit of the disclosure documents was delayed as a result of increased audit procedures required by the completion of Action's business combination with High Plains. On May 15, 2007, Action filed its annual audited financial statements. The management cease trade order expired June 4, 2007. Mr. Dawson resigned as a director of Action on October 28, 2009.

Corporate Bankruptcies

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as of the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Walter Dawson became a director of Action in November 2006. On October 28, 2009, Action's senior lender, National Bank of Canada, obtained an order from the Court of Queen's Bench of Alberta appointing Ernst & Young Inc. as receiver and manager over all of the undertakings, property and assets of Action. Mr. Dawson resigned as a director of Action on October 28, 2009.

Penalties or Sanctions

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Walter Dawson was a director of High Plains Energy Inc (now Action Energy Inc.) ("**High Plains**") from March 2005 to November 2006. On February 2, 2009, Mr. Dawson entered into a settlement agreement and undertaking with the ASC in connection with inadequate rectification of incorrect oil and gas production disclosed to the public in press releases issued by High Plains between July 2005 and January 2006. Mr. Dawson admitted to acting contrary to the public interest by failing to disclose in a proper and timely manner the actual production for the period July 2005 to January 2006 with a comparative to the incorrect production that was set out in the previous press releases for that period. The ASC noted that Mr. Dawson was provided with false information by management of High Plains and had no knowledge of the untrue statements at the time of their release. The ASC also noted that upon being made aware of a potential problem with High Plains' reported production, Mr. Dawson made substantial efforts and committed significant amounts of time in a good faith effort to resolve the problem and determine High Plains' actual production. Pursuant to the terms of the settlement agreement, Mr. Dawson agreed to pay to the ASC $20,000 in settlement and to pay to the ASC the amount of $5,000 toward investigative costs.

As a result of the above settlement agreement, Mr. Dawson is required to obtain the written approval of the TSX or the TSX Venture Exchange, as applicable, prior to becoming an officer or director of a listed issuer. In addition, the TSX Venture Exchange required Mr. Dawson to complete a course of study relating to timely disclosure requirements (which Mr. Dawson has completed), and it will require any TSX Venture Exchange listed issuer on whose board Mr. Dawson sits to implement a written disclosure policy.

Conflicts of Interest

Certain of the officers and directors of the Company are also officers and/or directors of other companies engaged in the oil and natural gas business generally. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

Promoter

EurAsia RH may be considered the promoter of the Company pursuant to applicable securities law. EurAsia RH is the registered holder of 146,203,645 Common Shares, representing approximately 42.2% of the outstanding Common Shares, as of the date hereof.

For information concerning transactions between Condor and EurAsia RH and its affiliates see "Interest of Management and Others in Material Transactions".

Audit Committee

Audit Committee Mandate

The Condor Board has established an Audit Committee. The Condor Board has adopted a written mandate for the Audit Committee, which sets out the Audit Committee's responsibility for (among other things) reviewing the Company's financial statements and the Company's public disclosure documents containing financial information and reporting on such review to the Board, ensuring the Company's compliance with legal and regulatory requirements, overseeing qualifications, engagement, compensation, performance and independence of the Company's external auditors, and reviewing, evaluating and approving the internal control and risk management systems that are implemented and maintained by management. A copy of the Charter of the Audit Committee is attached to this AIF as Schedule 1.

Composition of the Audit Committee and Relevant Education and Experience

The Audit Committee consists of Messrs. Balderston, Wright and Zoellner. Each member of the Audit Committee is considered to be "financially literate" within the meaning of NI 52-110 and each member of the Audit Committee is considered to be "independent" within the meaning of NI 52-110.

The Company believes that each of the members of the Audit Committee possesses: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting. For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, see "Audit Committee - Member Biographies".

Member Biographies

<u>Dennis Balderston</u>

Mr. Balderston is a Chartered Accountant and independent businessman with over 38 years of public accounting experience specializing in public and private energy sector companies. Mr. Balderston was a partner with Ernst & Young LLP from 1990 to 2005. He is currently a director of Suroco Energy Inc. and AvenEx Energy Corp.

<u>Donald Wright</u>

Mr. Wright is the President and Chief Executive Officer of The Winnington Capital Group Inc., an investment counsel and portfolio management company. Mr. Wright's career has spanned over 30 years in the investment industry. He has held a number of leadership positions, including President of Merrill

Lynch Canada, Executive Vice-President, director and member of the executive committee of Burns Fry Ltd., Chairman and Chief Executive Officer of TD Securities Inc. and Deputy Chairman of TD Bank Financial Group. Mr. Wright currently serves as Chairman of the board of directors of Cinaport Inc., Equity Financial Holdings Inc. and Richards Packaging Inc., Chairman of the board of trustees of Richards Packaging Income Fund and Lead Director of Tuscany International Drilling Inc. Mr. Wright also serves as a director of Clear Energy Systems, DHX Media Ltd., MaRS Innovation, Public Mobile Inc. and GMP Capital Inc., and he is a former Chairman of the Board of VIA Rail Canada. Mr. Wright actively supports numerous charitable organizations and is a member of the board of trustees of The Hospital for Sick Children, a member of the Royal Ontario Museum Governors' Finance Committee and a member of the Campaign Cabinet of the Centre for Addiction and Mental Health Foundation.

Werner Zoellner

Mr. Zoellner has spent 14 years in the private equity domain, during which time he held positions as an Investment Principal and Partner with Wellington Finanz GmbH, an Investment Partner with the Landes-Bank of the State of Baden-Württemberg and, since 2009, as a Founder and Managing Director of Patrimonium Private Equity in Switzerland. Mr. Zoellner has also served on the boards of directors of several private companies in Germany, Switzerland and the United States. Previously, Mr. Zoellner spent 10 years in senior management positions with various medical technology companies, including 3M / ESPE.

Pre-Approval Policies and Procedures for the Engagement of Non-Audit Services

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, as described in the Charter of the Audit Committee attached hereto as Schedule 1**.**

External Audit Service Fees

The following table summarizes the fees paid by the Company to its auditors, PricewaterhouseCoopers LLP, for external audit and other services provided to the Company in each of the last two fiscal years.

Year	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2011	$240,650	$73,710	$61,422	$66,031[(1)]
2010	$145,400	$66,100	$60,800	$53,500

Note:

(1) All other fess includes services for IFRS advisory and for the French translation of financial documents for inclusion into the Company's preliminary prospectus and final prospectus.

PERSONNEL

As at December 31, 2011, the Company had approximately 139 full time employees in Kazakhstan, the Netherlands and Canada.

INDUSTRY CONDITIONS

Industry Regulation

The oil and natural gas industry in Canada is subject to extensive controls and regulations imposed by various levels of government, and the Company's oil and natural gas operations are subject to various Canadian federal, provincial, territorial, and local laws and regulations, any of which may be changed in response to economic, political or other conditions. These laws and regulations regulate, among other things, land tenure and the exploration, development, production, handling, storage, transportation, and disposal of oil and natural gas, oil and natural gas by-products, and other substances and materials produced or used in connection with oil and natural gas operations.

More particularly, matters subject to current governmental regulation and/or pending legislative or regulatory changes include the licensing for drilling of wells, the method and ability to produce wells, surface usage, transportation of production from wells, conservation matters, the discharge or other release into the environment of wastes and other substances in connection with drilling and production activities (including fracture stimulation operations), bonds or other financial responsibility requirements to cover drilling contingencies and well plugging and abandonment costs, reports concerning the Company's operations, the spacing of wells, unitization and pooling of properties, and royalties and taxation.

Failure to comply with the laws and regulations in effect from time to time may result in the assessment of administrative, civil, and criminal penalties, the imposition of remedial obligations, and the issuance of injunctions that could delay, limit, or prohibit certain of the Company's operations. The Company cannot predict the ultimate cost of compliance with these requirements or their effect on the Company’s operations.

Federal authorities do not regulate the price of oil and natural gas in export trade. Legislation exists, however, that regulates the quantities of oil, natural gas, and NGLs which may be removed from the provinces and exported from Canada in certain circumstances. At various times, regulatory agencies have imposed price controls and limitations on oil and natural gas production. In order to conserve supplies of oil and natural gas, these agencies may also restrict the rates of flow of oil and natural gas wells below actual production capacity. Further, a significant spill from one of the Company’s facilities could have a material adverse effect on the Company’s results of operations, competitive position, or financial condition.

The Company does not expect that any of these regulatory controls and restrictions will affect the Company in a manner significantly different from other oil and natural gas companies of similar size with operations in Canada.

Royalties

General

Each of the provinces in which the Company operates has legislation and regulations governing royalties, land tenure, production rates and taxes, environmental protection, and other matters under their respective jurisdictions. The royalty regime applicable in the provinces in which the Company operates is a significant factor in the profitability of the Company's production. Crown royalties apply to production on Crown lands, are determined by government regulation and are typically calculated as a percentage of the value of production. The value of the production and the rate of royalties payable depend on prescribed reference prices, well productivity, geographical location, and the type of product produced.

Royalties payable on production of privately owned minerals are determined by negotiations between the Company and the mineral rights owners. Other royalty-like interests may also be carved out of a working interest through non-public transactions and are often referred to as overriding royalties, gross overriding royalties, net profit interests or net carried interests.

Governments sometimes adopt incentive programs to stimulate oil and natural gas exploration and development activity in their jurisdictions, which may include royalty rate reductions, drilling credits, royalty holidays, or royalty tax credits. Such programs are often of limited duration and target specified types of oil and natural gas activities.

Alberta

On October 25, 2007, the Government of Alberta released its New Royalty Framework ("**NRF**") proposals, which included significant changes to Alberta's oil and natural gas royalty system applicable to Crown lands. The NRF was implemented on January 1, 2009. On March 11, 2010, the Government of Alberta announced further adjustments to the royalty framework, reducing maximum royalty rates and making certain temporary incentive programs permanent effective January 1, 2011, and re-naming the NRF the Alberta Royalty Framework ("**ARF**").

The NRF established new royalties for conventional oil, natural gas and bitumen that are linked to price and production levels and apply to both new and existing conventional oil and natural gas activities and oil sands projects. Under the NRF (now ARF), the royalties payable for conventional oil and natural gas are derived using sliding rate formulae, which incorporate a market price component and a production volume component.

In November 2008, in connection with the implementation and phase-in of the NRF, the Alberta Government announced a five-year program of "transitional" royalty rates providing for lower royalties at certain price points in the initial years of a qualifying well's life. Under the transitional royalty program, companies drilling new natural gas and conventional deep oil wells at depths between 1,000 meters and 3,500 meters (3,281 feet and 11,483 feet) spud after November 19, 2008 had a one-time option, on a well-by-well basis, to elect for the production from such wells to be subject to the transitional royalty rates or those provided for under the NRF. The option for producers to elect for transitional royalties in respect of qualifying deep wells ended on December 31, 2010. Any wells spudded on or after January 1, 2011 are subject to the royalty rates provided for under the ARF. Wells that are subject to transitional royalty rates will automatically revert to ARF rates on January 1, 2014.

Under the ARF, royalty rates for conventional oil currently range from 0% to 40% and royalty rates for natural gas (methane and ethane) currently range from 5% to 36%. ARF rates for propane and butane are fixed at 30% and for pentane are fixed at 40%. Condensate royalties under the ARF are calculated on a basis similar to royalties for conventional oil and currently range from 0% to 40%.

The Government of Alberta has also introduced a number of royalty reduction and credit incentive programs to encourage oil and natural gas exploration and development in Alberta, which include the following programs:

1. The New Well Royalty Rate, or NWRR, creates incentives for new wells that commence production on or after April 1, 2009. Other wells may also qualify for the NWRR depending on the periods in which they may have previously been shut-in or producing prior to April 1, 2009. Eligible wells under the NWRR are subject to a flat royalty rate of 5% for the first 12 months of production to a maximum of 500 mmcf of natural gas or 50,000 bbls of oil. The NWRR was originally announced in March 2009 as a temporary measure but was made permanent (subject to the same 12-month time and specified volume limitations) on March 11, 2010.

2. The Drilling Royalty Credit applies to new oil, natural gas and non-project oil sands wells that spud after April 1, 2009 and finish drilling before April 1, 2011 and provides a royalty credit of up to $200 per meter ($61 per foot) drilled, a percentage of which can then be applied to offset the company's total net royalties payable. The percentage available as a credit is calculated according to a government formula based on the company's average production level for a prescribed period. A well need not be successful in order to be eligible for the Drilling Royalty Credit.

3. The Deep Oil Exploration Program provides royalty relief of up to $1,000,000 or 12 months of production, whichever comes first, for qualifying deep exploration oil wells with a true vertical depth greater than 2,000 meters (6,562 feet) that spud on or after January 1, 2009. Wells drilled after December 31, 2013 will not qualify for relief under this program and the relief will expire on December 31, 2018.

4. The Natural Gas Deep Drilling Program, as revised effective May 1, 2010, provides for a sliding scale production royalty credit for qualifying deep exploration and development natural gas wells with a true vertical depth greater than 2,000 meters (6,562 feet) that spud on or after May 1, 2010. The production credit is calculated according to the measured (drilled) depth to the bottom of the lowest producing interval of the qualifying wells, and increases at certain trigger depths. The credit ranges from $625 per meter ($191 per foot) to a maximum of $3,000 per meter ($914 per foot) for a qualifying development well and $3,750 per meter ($1,143 per foot) for a qualifying exploration well. A minimum 5% royalty will apply to these natural gas wells.

On May 27, 2010, the Alberta Government announced a number of additional incentive programs for qualifying wells coming on production after May 1, 2010, as follows:

1. the Shale Gas New Well Royalty Rate, which extends the 5% NWRR on qualifying shale gas wells from 12 months to 36 months and removes the 500 mmcf volume limit;

2. the Coalbed Methane New Well Royalty Rate, which extends the 5% NWRR on qualifying coalbed methane wells from 12 months to 36 months and increases the 500 mmcf volume limit to 750 mmcf;

3. the Horizontal Gas New Well Royalty Rate, which extends the 5% NWRR on qualifying horizontal gas wells from 12 months to 18 months and maintains the 500 mmcf volume limit; and

4. the Horizontal Oil New Well Royalty Rate, which extends the 5% NWRR on qualifying horizontal oil wells from 12 months to a minimum of 18 months and increases producing time and volume limits according to the measured depth of the well's qualifying interval to a maximum of 48 months or 100,000 bbls, respectively.

Saskatchewan

Natural gas royalty rates are sensitive to the individual productivity of each well. The rates are applied to the respective portions of each classification of gas ("fourth tier gas", "third tier gas", "new gas" and "old gas") produced from a well. Each month, the royalty rates are adjusted based on the level of the Provincial Average Gas Price ("**PGP**") established by the Province monthly. The PGP represents the weighted average fieldgate price (expressed in $/103m3) received by producers during the month for the sale of all natural gas subject to royalty. Crown royalty on the production volume is calculated on each individual well using the applicable royalty rate to the volume of gas produced by each well on a monthly basis.

The operator must elect to use either the PGP or the Operator Average Gas Price ("**OGP**") for purposes of valuing the Crown's royalty share of the production volume from each well. The OGP is determined each month by the operator and represents the weighted average fieldgate price ($/103m3) received by the operator for sales of natural gas during the month. The Crown royalty share is calculated by multiplying the Crown royalty volume determined for each well by the wellhead value of the natural gas for the month. On June 14, 2010, the Province of Saskatchewan announced that it will eliminate the option of using the OGP for purposes of valuing the Crown's royalty share of the production volume from each well commencing from the fall of 2011, and will require use of the PGP. Proposed changes may require further consultation and there may be modifications introduced prior to the implementation of such changes.

Crude oil royalty rates are sensitive to the individual productivity of each well and the type of oil produced from the well. Each month, royalty rates are adjusted based on the level of the reference price established by the Province for each type of oil. For Crown royalty purposes, crude oil is classified as "heavy oil", "southwest designated oil" or "non-heavy oil other than southwest designated oil". There are separate reference prices established for each type of oil which represent the average wellhead price (in $/m3) received by producers during the month for sales of that oil type in Saskatchewan. The Crown royalty share of production volume is calculated on each individual well using the applicable royalty rate to the volume of oil produced from the well each month. The Crown royalty share is calculated by multiplying the Crown royalty volume determined for each well by the wellhead value of the oil for the month.

The Government of Saskatchewan has introduced a number of oil and natural gas royalty reduction and credit incentive programs to encourage oil and natural gas exploration and development in Saskatchewan. Such programs include:

1. An incentive volume for exploratory gas wells drilled on or after October 1, 2002 and for horizontal gas wells drilled on or after June 1, 2010 and before April 1, 2013. A lower royalty rate applies to natural gas produced from such wells up to 25 million cubic metres.

2. A cost sensitive royalty structure that applies to incremental production from enhanced oil recovery projects that are not waterflood projects. There are different royalty structures for projects that commenced operation prior to April 1, 2005 and for those that commence operation on or after April 1, 2005. There is also another royalty structure that applies to incremental oil produced from new or expanded waterflood projects that are implemented on or after October 1, 2002. Each of these royalty structures incorporates lower royalty and freehold production tax rates before the project reaches payout of investment and operating expenditures.

3. Different incentive volumes for Deep Development Vertical Oil Well, Exploratory Vertical Oil Well, Horizontal Oil Well and Deep Horizontal Oil Well drilled by October 1, 2002. A lower royalty rate applies to oil produced from such wells up to and including the incentive volumes specified for each such well.

4. Individual oil wells or a group of them that are either producing conventional oil at an average water-cut of 95% or greater in the twelve calendar months preceding an application under the program or have been shut-in or suspended for twelve or more consecutive calendar months prior to making investments under the program and produced at an average water-cut of 95% or greater during the three producing months immediately preceding the shut-in or suspension qualify for a royalty incentive that is designed to extend the producing lives and improve the recovery rate of high water-cut oil wells. Oil produced from a well that has an average water-cut of 50% or greater that is part of a group of oil wells that produce at an average water-cut of 95% or greater and benefit from the same qualifying investment also qualifies under this incentive program.

Saskatchewan has introduced a new orphan oil and natural gas well and facility program, funded by oil and natural gas companies to cover the cost of cleaning up abandoned wells and facilities where the owner cannot be located or has gone out of business. The program is composed of a security deposit, based upon a formula considering assets of the well and the facility licensee against the estimated cost of decommissioning the well and facility once it is no longer producing, and an annual levy assessed to each licensee.

Land Tenure

Rights are granted to energy companies to explore for and produce Crown-owned oil and natural gas pursuant to leases, licenses, and permits and regulations as legislated by the respective governments. Lease terms vary in length. Other terms and conditions to maintain a mineral lease are set forth in the relevant legislation or are negotiated.

Jurisdictions in Canada, including the provinces of Alberta and Saskatchewan, have legislation in place for mineral rights reversion to the Crown of formations that cannot be shown to be capable of production at the end of their primary lease term. Such legislation may also include mechanisms available to energy companies to "continue" lease terms for non-productive lands, having met certain criteria as laid out in the relevant legislation.

Oil and natural gas located in the provinces of Alberta and Saskatchewan can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Environmental Regulation

As an operator of oil and natural gas properties in Canada, the Company is subject to stringent federal, provincial, territorial, and local laws and regulations relating to environmental protection as well as controlling the manner in which various substances, including wastes generated in connection with oil and natural gas exploration, production, and transportation operations, are released into the environment. Compliance with these laws and regulations can affect the location or size of wells and facilities, prohibit or limit the extent to which exploration and development may be allowed, and require proper closure of wells and restoration of properties when production ceases. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, or criminal penalties, imposition of remedial obligations, incurrence of capital or increased operating costs to comply with governmental standards, and even injunctions that limit or prohibit exploration and production activities or that constrain the disposal of substances generated by oil field operations.

The Company currently operates or leases, and has in the past operated or leased, a number of properties that for many years have been used for the exploration and production of oil and natural gas.

Although the Company has utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other wastes may have been disposed of or released on or under the properties operated or leased by the Company or on or under other locations where such wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes was not under the Company's control. These properties and the wastes disposed thereon may be subject to laws and regulations imposing joint and several, strict liability without regard to fault or the legality of the original conduct that could require the Company to remove previously disposed wastes or remediate property contamination, or to perform well plugging or pit closure or other actions of a remedial nature to prevent future contamination.

The Company believes that it is reasonably likely that the trend in environmental legislation and regulation will continue toward stricter standards. While the Company believes that it is in substantial compliance with applicable environmental laws and regulations in effect at the present time and that continued compliance with existing requirements will not have a material adverse impact on the Company, the Company cannot give any assurance that the Company will not be adversely affected in the future. The Company has established internal guidelines to be followed in order to comply with environmental laws and regulations in the jurisdictions in which it operates. The Company employs an environmental, health, and safety department whose responsibilities include providing assurance that its operations are carried out in accordance with applicable environmental guidelines and safety precautions. Although the Company maintains pollution insurance against the costs of cleanup operations, public liability, and physical damage, there is no assurance that such insurance will be adequate to cover all such costs or that such insurance will continue to be available in the future.

Greenhouse Gases and Industrial Air Pollutants

Kyoto Protocol and Copenhagen Accord

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol (the "**Kyoto Protocol**") established thereunder to set legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other GHGs. However, the

Government of Canada has concluded that Canada will not meet its commitment to the Kyoto Protocol and has been developing an alternative strategy for reducing Canada's GHG emissions.

From December 6, 2009 to December 18, 2009, government leaders and representatives from approximately 170 countries met in Copenhagen, Denmark (the "**Copenhagen Conference**") to attempt to negotiate a successor to the Kyoto Protocol, which expires in 2012. The primary result of the Copenhagen Conference was the Copenhagen Accord, which represents a broad political consensus rather than a binding international treaty like the Kyoto Protocol and has not been endorsed by all participating countries. The Copenhagen Accord reinforces the commitment to reducing GHG emissions contained in the Kyoto Protocol and promises funding to help developing countries mitigate and adapt to climate change. Although Canada has committed under the Copenhagen Accord to reducing its GHG emissions by 17% from 2005 levels by 2020, the Copenhagen Accord does not establish binding GHG emissions reduction targets. The Copenhagen Accord calls for a review of implementation of its stated goals before 2016.

Federal

The Government of Canada previously released the Regulatory Framework for Air Emissions, updated March 10, 2008 by Turning the Corner: Regulatory Framework for Industrial Greenhouse Gas Emissions (collectively, the "**Regulatory Framework**"), for regulating GHG emissions by proposing mandatory emissions intensity reduction obligations on a sector by sector basis. Legislation to implement the Regulatory Framework had been expected to be put in place, but the federal government has delayed the release of any such legislation and potential federal requirements in respect of GHG emissions are unclear. In 2009, the Government of Canada announced its commitment to work with the provincial governments to implement a North American-wide 'cap and trade' system for GHG emissions, in cooperation with the United States. On January 30, 2010, the Government of Canada announced its new target to reduce overall Canadian GHG emissions by 17% below 2005 levels by 2020, from the previous target of 20% from 2006 levels by 2020, to align itself with U.S. policy.

The Government of Canada currently proposes to enter into equivalency agreements with provinces to establish a consistent regulatory regime for GHGs, but the success of any such plan is uncertain, possibly leaving overlapping levels of regulation. It is uncertain whether either federal GHG regulations or an integrated North American 'cap and trade' system will or will not be implemented, or what obligations might be imposed under any such system. As the details of the implementation of any federal legislation for GHGs have not been announced, the effect on the Company's operations cannot be determined at this time.

Alberta

Alberta currently regulates GHG emissions under the *Climate Change and Emissions Management Act*, the Specified Gas Reporting Regulation (the "**SGRR**"), which imposes GHG emissions reporting requirements, and the Specified Gas Emitters Regulation (the "**SGER**"), which imposes GHG emissions limits. Under the SGRR, GHG emissions of 100,000 tonnes or more from a facility in any year must be reported to Alberta Environment. Alberta Environment has publicly announced its intention to lower this reporting threshold for facilities to 50,000 tonnes of GHG emissions annually. The SGER applies to facilities in Alberta that have produced 100,000 or more tonnes of GHG emissions in 2003 or any subsequent year and requires reductions in GHG emissions intensity (i.e. the quantity of GHG emissions per unit of production) from emissions intensity baselines that are established in accordance with the SGER. The SGER distinguishes between "established" facilities that completed their first year of commercial operation before January 1, 2000, or have completed eight years of commercial operation, and "new" facilities that have completed their first year of commercial operation on December 31, 2000 or a subsequent year and have completed less than eight years of commercial operation. Generally, the baseline for an established facility reflects the average of emissions intensity in 2003, 2004, and 2005, and for a new facility emissions intensity in the third year of commercial operation. For an established facility, the required reduction in GHG emissions is 12% from its baseline, and such reduction must be maintained over time. For a new facility, the reduction requirement from its baseline is phased in by annual 2% increments beginning in the fourth year of commercial operation until the maximum 12% reduction requirement imposed on established facilities is reached.

There are three ways to comply with reduction requirements: (i) actual physical reductions in GHG emissions intensity; (ii) purchase of Alberta based emission offset credits and/or emission performance credits; or (iii) purchase of fund credits at a cost of $15 per tonne of GHG emissions, with the proceeds going to the Government of Alberta's Climate Change and Emissions Management Fund. Compliance reports for facilities subject to the SGER are due to Alberta Environment on March 31 annually. The Government of Alberta has previously announced in its 2008 Provincial Energy Strategy that it may modify the SGER towards stricter standards. In addition, Alberta facilities must currently report emissions of industrial air pollutants and comply with obligations imposed in permits and under environmental regulations.

Saskatchewan

The Management and Reduction of *Greenhouse Gases Act* received Royal Assent in the Province of Saskatchewan on May 20, 2010. However, this Act is still awaiting proclamation. The new legislation will establish a provincial plan for reducing GHG emissions to meet provincial targets and promote investments in low-carbon technologies. The Province has indicated that it intends to enter into an equivalency agreement with the federal government to achieve equivalent environmental outcomes under provincial regulation. A draft of the proposed regulations to accompany the Act calls for a reduction of emissions by 20% below 2006 levels by 2020.

Title to Properties

Title to the Company's oil and natural gas properties may be subject to royalty, overriding royalty, carried, net profits, working, and similar interests customary in the oil and natural gas industry.

The Company’s leases could be subject to prior unregistered agreements or interests, or claims or interests of which the Company is currently unaware. If such an event were to occur, the Company's rights to the production and reserves associated with such leases could be jeopardized, which could have a material adverse effect on the Company's results of operations, financial condition and prospects.

Prior to the commencement of drilling operations, a title examination and, if necessary, curative work is performed. The methods of title examination that the Company has adopted are reasonable in the opinion of management and are designed to ensure that production from the Company's properties, if obtained, will be saleable for the Company’s account.

Competitive Conditions

The oil and natural gas industry is highly competitive. The Company competes for acquisitions and in the exploration, development, production and marketing of oil and natural gas with numerous other participants, some of whom may have greater financial resources, staff and facilities than the Company.

The Company’s ability to increase reserves in the future will depend not only on its ability to develop or continue to develop existing properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, methods and reliability of delivery and availability of imported products.

Environmental and Worker Protection

The Company’s operations are subject to environmental regulations which require environmental impact assessments and permitting in the jurisdictions in which it operates. Such regulations cover a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Under such regulations there are clean-up costs and liabilities for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and legislation relating to exploration and production of natural resources are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Such stricter standards could impact on the Company's costs and have a material adverse effect on the Company's business, financial condition or results of operations. See "Risk Factors".

Specialized Skill and Knowledge

The Company believes its success is largely dependent on the performance of its management and key employees, many of whom have specialized skills and knowledge relating to oil and natural gas operations. The Company believes that it has adequate personnel with the specialized skills and knowledge to successfully carry out the Company's business and operations.

Foreign Operations

A majority of the Company's assets are located in Kazakhstan. Consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability. See "Risk Factors" for a further description of the risk factors affecting the Company's foreign operations.

RISK FACTORS

Risks Relating to the Company

If Condor is unsuccessful in acquiring and developing oil and natural gas properties, it will be prevented from increasing its reserves and its business will be adversely affected because it will eventually deplete its reserves

Condor's future success depends upon its ability to find, develop and acquire additional oil and natural gas reserves that are economically recoverable. Without successful exploration, exploitation or acquisition activities, Condor's reserves, revenues and cash flow will decline. Condor cannot assure shareholders that it will be able to find and develop or acquire additional reserves at an acceptable cost or at all. The successful acquisition and development of oil and natural gas properties requires an assessment of:

- recoverable reserves;
- future oil and natural gas prices and operating and capital costs;
- potential environmental and other liabilities; and
- productivity of new wells drilled.

These assessments are inexact and, if Condor makes them inaccurately, it might not recover the purchase price of a property from the sale of production from the property or might not recognize an acceptable return from properties it acquires. In addition, the costs of exploitation and development could materially exceed Condor's initial estimates.

If Condor is unable to increase its reserves, Condor's business will be adversely affected because it will eventually deplete its reserves.

Uncertainty in Estimates of Reserves and Resources

Undue reliance should not be placed on estimates of reserves and resources, since these estimates are subject to numerous uncertainties. The Company's actual reserves and resources could be lower than any such estimates. There are numerous uncertainties inherent in estimating quantities of proved, probable and possible reserves and quantities of resources and future net revenues to be derived therefrom, including many factors beyond the Company's control. The reserve, resource and future net revenue information set forth herein represents estimates only. The reserves and estimated future net cash flow from the Company's properties have been independently evaluated by Sproule Associates with an effective date of December 31, 2011. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves and 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 reserves and resources. These assumptions were based on prices in use at the date the relevant evaluations were prepared, and many of these assumptions are subject to change and are beyond the Company's control. Actual production and cash flow derived therefrom, if any, will vary from these evaluations, and such variations could be material.

Estimates with respect to reserves and resources that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and analogy to similar types of reserves and resources, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves and resources based upon production history will result in variations, which may be material, in the estimated reserves or resources.

The present value of estimated future net revenue referred to herein should not be construed as the fair market value of estimated crude oil and natural gas reserves and resources attributable to the Company's properties. The estimated discounted future revenue from reserves are based upon price and cost estimates which may vary from actual prices and costs and such variance could be material. Actual future net revenue will also be affected by factors such as the amount and timing of actual production, supply and demand for crude oil and natural gas, curtailments or increases in consumption by purchasers and changes in governmental regulations or taxation.

Condor may not have or be able to obtain necessary capital when required to fund its exploration, development and operations

Condor may not have, or be able to obtain, through financings, asset dispositions or otherwise on terms acceptable to Condor or at all, necessary capital when required to fund its exploration, development and operations. Failure to have or obtain necessary capital when required could result in Condor's inability to develop its existing reserves and resources, discover new reserves and make acquisitions or could result in the termination or reduction of Condor's property interests, either of which may have a material adverse effect on Condor's business, financial condition or results of operations.

Factors beyond Condor's control affect its ability to market production and could adversely affect Condor's business

Condor's ability to market its oil and natural gas depends upon numerous factors beyond its control. These factors include (but are not limited to):

- the availability of processing capacity;
- the availability and proximity of pipeline and railway capacity;
- the supply of, and demand for, oil and natural gas;
- the availability of alternative fuel sources;
- the effects of weather conditions;
- regulation of oil and natural gas marketing; and
- regulation of international oil and natural gas sales or transportation.

Because of these factors, Condor may be unable to market all or a portion of the oil or natural gas it produces. In addition, Condor may be unable to obtain favourable prices for the oil and natural gas it produces.

Drilling activities are subject to many risks and any interruption or lack of success in Condor's drilling activities will adversely affect Condor's business

Drilling activities are subject to many risks, including the risk that no commercially productive reservoirs will be encountered and that Condor will not recover all or any portion of its investment. The cost of drilling, completing and operating wells is often uncertain. Condor's drilling operations could be curtailed, delayed or cancelled as a result of numerous factors, many of which are beyond its control, including, but not limited to:

- weather conditions;
- compliance with governmental requirements; and
- shortages or delays in the delivery of equipment and services.

Condor's future exploration, exploitation and development projects are subject to change

Whether Condor ultimately undertakes an exploration, exploitation or development project will depend upon the following factors among others:

- the availability and cost of capital;
- the receipt of additional seismic data or the reprocessing of existing data;
- current and projected oil or natural gas prices;
- the cost and availability of drilling rigs, other equipment, supplies and personnel necessary to conduct operations;
- access to transportation and processing;
- the success or failure of activities in similar areas;
- changes in the estimates of the costs to complete a project;
- Condor's ability to attract other industry partners to acquire a portion of the working interest so as to reduce Condor's costs and risk exposure;
- the decisions of Condor's joint working interest owners; and
- the ability of joint interest partners to meet financial commitments.

Condor will continue to gather data about Condor's projects and it is possible that additional information will cause Condor to alter its schedule or determine that a project should not be pursued at all. Condor's plans regarding its projects might change.

Oil and natural gas prices are volatile and low prices will adversely affect Condor's business

Fluctuations in the prices of oil and natural gas may affect many aspects of Condor's business, including:

- Condor's revenues, cash flows and earnings;
- Condor's ability to attract capital to finance its operations;
- Condor's cost of capital;
- Condor's level of credit and ability to obtain borrowings; and
- the value of Condor's oil and natural gas properties.

Both oil and natural gas prices are extremely volatile. Oil and natural gas prices have fluctuated widely during recent years and are likely to continue to be volatile in the future. Oil and natural gas prices may fluctuate in response to a variety of factors beyond Condor's control, including:

- global energy policy, including the ability of the Organization of Petroleum Exporting Countries to set and maintain production levels and prices for oil;
- geopolitical conditions;
- global and domestic economic conditions;
- weather conditions;

- the supply and price of imported oil and liquefied natural gas;
- the production and storage levels of North American natural gas;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the proximity of reserves to, and capacity of, transportation facilities;
- the effect of world-wide energy conservation measures; and
- government regulations.

Condor’s operations are highly focused on crude oil and natural gas. Any material decline in oil and natural gas prices could result in a significant reduction of Condor’s production revenue and overall value. Any material decline in oil and natural gas prices could also result in a reduction of Condor’s production revenue and overall value.

The economics of producing from some oil and natural gas wells could change as a result of lower prices. As a result, Condor could elect not to produce from certain wells. Any material decline in oil and/or natural gas prices could also result in a reduction in Condor’s oil and natural gas acquisition and development activities.

Any substantial and extended weakness in the price of oil or natural gas could have a material adverse effect, possibly significant, on Condor’s business, financial condition or results of operations.

Condor operates in a highly competitive industry. Companies and other entities in the industry with greater resources or greater access to capital markets can outbid Condor for acquisitions or secure acquisitions

The oil and natural gas industry is highly competitive. Many of Condor’s competitors have greater financial and personnel resources and/or have greater access to capital markets than Condor does. Condor’s ability to acquire additional properties and to discover reserves depends upon its ability to evaluate and select suitable properties and to complete transactions in a highly competitive and challenging environment.

Complying with environmental and other government requirements could be costly and could negatively affect Condor’s business

Condor’s operations are governed by numerous Canadian and Kazakhstan laws and regulations at the municipal, provincial, state and federal levels. These laws and regulations govern the operation and maintenance of Condor’s facilities, the discharge of materials into the environment, storage, treatment and disposal of wastes, remediation of contaminated sites, reclamation of facilities to be abandoned and other environmental protection issues.

If environmental damage occurs, Condor could be liable for personal injury, clean-up costs, remedial measures and other environmental and property damage, as well as administrative, civil and criminal penalties, and Condor could also be required to cease production.

Changes in environmental laws and policies or newly discovered environmental conditions could negatively affect Condor’s results of operations

The costs of complying with new environmental laws, regulations or guidelines, or changes in enforcement policy, or newly discovered environmental conditions, may have a material adverse effect on Condor’s business, financial condition or results of operations. Future changes in environmental legislation could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on Condor’s business, financial condition or results of operations. Such changes may also apply to Condor’s service providers, who may in turn pass on such compliance costs to Condor. See "Industry Conditions - Greenhouse Gases and Industrial Air Pollutants"

Condor's operations are affected by operating hazards and uninsured risks, and a shutdown or slowdown of its operations will adversely affect Condor's business

There are many operating hazards in exploring for and producing oil and natural gas, including:

- Condor's drilling operations could encounter unexpected formations or pressures that could cause damage to Condor's employees or other persons, equipment and other property or the environment;
- Condor could experience blowouts, accidents, oil spills, fires or incur other damage to a well that could require Condor to re-drill the well or take other corrective action;
- Condor could experience equipment failure that curtails or stops production; and
- Condor's drilling and production operations, such as trucking of oil, are often interrupted by bad weather.

Any of these events could result in damage to, or destruction of, oil and natural gas wells, production facilities or other property. In addition, any of the above events could result in environmental damage or personal injury for which Condor will be liable.

The occurrence of a significant event against which Condor is not fully insured or indemnified could have a material adverse effect on Condor's business, financial condition or results of operations.

Foreign Currency Risk

A significant portion of Condor's foreign activities are transacted in or referenced to foreign currencies and, in particular, United States dollars and Kazakhstan Tenge. To the extent that Condor or its subsidiaries or affiliates hold foreign currency positions, there is a risk from foreign exchange fluctuations. In the period between its introduction in 1993 until 2002, the Tenge depreciated significantly against the U.S. dollar. In the period from 2002 until early February, 2009 the Tenge appreciated approximately 23% versus the U.S. dollar. However, over a period of a few days in February, 2009, the Tenge depreciated against the U.S. dollar almost 23%. No assurance can be given that the Tenge will not experience steady or rapid depreciation against the U.S. dollar in the future. No assurance can be given that Tenge will continue to be freely exchangeable into U.S. dollars. Although expenses incurred inside Kazakhstan and future revenues, if any, generated there are, and will be, in Tenge for domestic sales and in U.S. dollars for export sales, Condor's financial statements are reported in Canadian dollars, and Falcon in Kazakhstan keeps its accounts in Tenge, which is the functional currency of Falcon and Marsel. If the exchange rate of the Tenge fluctuates substantially or the rate of inflation materially increases in Kazakhstan in the future, Condor's financial statements may not be indicative of its future performance and may not accurately reflect the Canadian dollar value of its assets or current operations.

Essential equipment and/or personnel might not be available

Oil and natural gas exploration and development activities depend upon the availability of drilling and related equipment and qualified personnel in the particular areas in which those activities will be conducted. Demand for that equipment or access restrictions may affect the availability of that equipment and delay Condor's exploration and development activities. Likewise, a shortage of qualified personnel may delay Condor's exploration and development activities.

If Condor is unable to access its properties or conduct its operations due to surface conditions, Condor's business will be adversely affected

The exploration for and development of oil and natural gas reserves depends upon access to areas where operations are to be conducted.

Canadian oil and natural gas industry operations are affected by road bans imposed from time to time during the break-up and thaw period in the spring. Road bans are also imposed due to snow, mud and rock slides and periods of high water which can restrict or limit access to Condor's well sites and production facilities.

Condor also operates in remote locations in Kazakhstan where access is often hampered by poor roads, or in some cases, no roads. There are few main hard-surface highways in Kazakhstan with little road maintenance on such hard-surface highways. There are severe pot-holes on many of such highways that could seriously delay or prevent the passage of certain motor vehicles. After exiting the hard-surface highway, some roads are merely sand based trails across desert. Only off-road vehicles with desert tires are able to cross poor sections of such roads. Condor will incur costs to maintain and upgrade existing roads and either establish passable tracks or construct roads to provide field access which could cause severe delays. Road access can also be negatively affected by adverse weather conditions, particularly related to periods of sand storms, blizzards and heavy rain or flooding. Also in Kazakhstan operations can be delayed or shut down due to cold weather in the winter due to insufficient winterizing of drilling rigs, service rigs and support equipment.

Condor's inability to access its properties or to conduct its operations as planned could result in a shutdown or slowdown of its operations, which would have a material adverse effect on Condor's business, financial condition or results of operations.

Share Price Volatility

A number of factors could influence the volatility in the trading price of the Common Shares, including changes in the economy or in the financial markets, industry related developments and the impact of changes in the Company's daily operations. Each of these factors could lead to increased volatility in the market price of the Common Shares. In addition, variations in earnings estimates by securities analysts and the market prices of the securities of the Company's competitors may also lead to fluctuations in the trading price of the Common Shares.

Dividends

The Company has not declared or paid any cash dividends on the Common Shares to date. The payment of dividends in the future will be dependent on the Company's earnings and financial condition and on such other factors as the Board considers appropriate. Unless and until the Company pays dividends, shareholders may not receive a return on their shares.

Condor is highly dependent on certain senior officers

Condor is highly dependent on its senior management team, including its Chief Executive Officer and President and its Chief Financial Officer. The loss of any of its senior officers could impede the achievement of Condor's objectives and could have a material adverse effect on Condor's business, financial condition or results of operations.

Condor does not control all of its operations

Because Condor does not operate all of its properties it has limited influence over the operations of some of its properties. Condor's lack of control could result in the following:

- the operator might initiate exploration or development on a faster or slower pace than Condor prefers;
- the operator might propose to drill more wells or build more facilities on a project than Condor has funds for or that Condor deems appropriate, which could mean that Condor is unable to participate in the project or share in the revenues generated by the project even though Condor paid its share of exploration costs; and
- if an operator refuses to initiate a project, Condor might be unable to pursue the project.

Any of these events could have a material adverse effect on Condor's business, financial condition or results of operations.

Credit Risk

Credit risk on trade receivables is mainly related to joint venture partners and Canadian petroleum and natural gas marketers and the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. A substantial portion of the Company's accounts receivable are with Canadian customers in the energy industry and are subject to normal Canadian industry credit risk. The Company generally grants unsecured credit but routinely assesses the financial strength of its customers.

Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Company derives a substantial portion of petroleum and natural gas sales from a small number of customers and is therefore subject to concentration risk. This risk is mitigated by management's policies and practices related to credit risk. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers.

Joint venture receivables are typically collected within three months of the joint venture bill being issued to the partner. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances is dependent upon normal industry factors.

Royalty rates and regulations are subject to change

If the Government of Alberta modifies the province's royalty regime or if other jurisdictions in which Condor operates change their royalty regimes, such changes could have a material adverse effect on Condor's business, financial condition or results of operations. See "Industry Conditions - Royalties - Alberta".

Aboriginal peoples may make claims regarding the lands on which Condor's operations are conducted

Aboriginal peoples have claimed aboriginal title and rights to a substantial portion of western Canada. If any aboriginal peoples file a claim asserting aboriginal title or rights to the lands on which any of Condor's properties are located, and if any such claim is successful, it could have a material adverse effect on Condor's business, financial condition or results of operations.

Risks Relating to Operating in Kazakhstan

Political, Economic, Legal and Fiscal Instability

Kazakhstan is a former constituent republic of the Soviet Union. At the time of its independence in 1991, it became a member of the CIS. Because Kazakhstan has a relatively short history of political stability as an independent nation, there is significant potential for social, political, economic, legal and fiscal instability.

These risk factors include, among other things:

- inconsistent regulations;
- no court or administrative precedents within the scope of legislative interpretation;
- relatively limited experience of judges in the resolution of commercial disputes;
- lack of a fully independent judicial system and lack of possibilities to enforce court rulings;
- broad powers of Government authorities, which may result in the suspension, change of conditions, revocation or issuance of arbitrary decisions concerning licenses, permits and consents;
- foreign currency controls and availability of foreign currencies;
- amendments to tax regulations;

- changes in subsoil, export and transportation regulations;
- changes in antimonopoly legislation;
- nationalisation or expropriation of property;
- interruption or blockage of oil exports;
- poorly developed bankruptcy law procedures, providing the grounds for possible abuse;
- devaluation of local currency;
- occurrence of social unrest;
- changing local currency exchange rates;
- inflation;
- growth of a "grey area"; and
- occurrence of phenomena limiting the free and secure running of business operations.

The occurrence of any of these factors could have a material adverse effect on Condor's business, financial condition or results of operations.

Further, Kazakhstan also depends on neighbouring states to access world markets for a number of its major exports, including oil, steel, copper, ferro-alloys, iron ore, alumina, coal, lead, zinc and wheat. Kazakhstan is thus dependent upon good relations with its neighbours to ensure its ability to export. In January 1995, Kazakhstan, Russia, the Kyrgyz Republic and Belarus, joined by Tajikistan in 1999, signed a customs union which, among other things, provides for the removal of trade tariffs between these nations, and Kazakhstan has taken other steps to promote regional economic integration. Government policy advocates further economic integration within the CIS, one of the aims of which is to assure continued access to export routes. However, should access to those routes be materially impaired, this could adversely impact the economy of Kazakhstan.

Like other countries in Central Asia, Kazakhstan could be affected by military action taken in the region, including in Afghanistan, and the effect such military action may have on the world economy and political stability of other countries. In particular, countries in Central Asia, such as Kazakhstan, whose economies and state budgets rely in part on the export of oil, oil products and other commodities, the import of capital equipment and significant foreign investments in infrastructure projects, could be adversely affected by any resulting volatility in oil and other commodity prices and by any sustained decrease in commodity prices or by the frustration or delay of any infrastructure projects caused by political or economic instability in countries engaged in such projects.

Economic Conditions in Kazakhstan

Kazakhstan became an independent sovereign state in 1991 as a result of the dissolution of the former Soviet Union. Since then, Kazakhstan has experienced significant change as it emerged from a single-party political system and a centrally-controlled command economy to a market-oriented model. The transition was marked in the earlier years by political uncertainty and tension, a recessionary economy marked by high inflation and instability of the local currency and rapid, but incomplete, changes in the legal environment.

Since 1992, Kazakhstan has actively pursued a program of economic reform designed to establish a free market economy through privatisation of state enterprises and deregulation and is more advanced in this respect than many other countries of the CIS. However, as with any transition economy, there can be no assurance that such reforms will continue or that such reforms will achieve all or any of their intended aims.

In addition, instability in other countries, such as Russia, has affected in the past, and may materially affect in the future, economic conditions in Kazakhstan. Condor's results of operations are significantly dependent on the Kazakhstan economy. Although the Government of Kazakhstan has adopted policies aimed to mitigate any such negative effect, low commodity prices and weak demand in its export markets and economic instability elsewhere in the world may adversely affect Kazakhstan's economy. Adverse economic conditions in Kazakhstan could have a material adverse effect on Condor's business, financial condition or results of operations.

Changes in the Political and Legal Environment in Kazakhstan

Kazakhstan's foreign investment, petroleum, subsoil use, licensing, corporate, tax, customs, currency, banking and antimonopoly laws and legislation are still developing and uncertain. From time to time, including the present, draft laws on these subjects are prepared by government ministries and some have been submitted to Parliament for approval. Legislation in respect of some or all of these areas could be passed. Currently, the regulatory system contains many inconsistencies and contradictions. Many of the laws are structured to provide substantial administrative discretion in their application and enforcement. In addition, the laws are subject to changing and different interpretations. These factors mean that even Condor's best efforts to comply with applicable law may not always result in compliance. Non-compliance may have consequences disproportionate to the violation. The uncertainties, inconsistencies and contradictions in Kazakhstan laws and their interpretation and application could have a material adverse effect on Condor's business, financial condition or results of operations.

Non-observance or non-compliance, by Falcon or Marsel, with binding laws and regulations or post-inspection recommendations of administrative bodies may result in the imposition of penalties, fines or even more stringent sanctions, such as suspension; change of conditions or revocation of licenses and permits granted to such subsoil users; orders to terminate any types of business operations carried out by Marsel or Falcon; loss of stocks of the subsoil user; or imposition of penal and administrative sanctions upon members of management. Moreover, a contract or transaction found to be not in compliance with the law may be invalidated and abrogated by a court decision. The issue of such decisions or orders, application of sanctions or increasing the scope of control powers of regulatory bodies over such operations, could have a material adverse effect on Condor's business, financial condition or results of operations.

Kazakhstan is a candidate country to the Extractive Industries Transparency Initiative promoted by the government of the United Kingdom, and has until August 15, 2013, to complete the validation process. This initiative supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil and natural gas and which also works to build multi-stakeholder partnerships in developing countries in order to increase the accountability of governments. In addition, the Kazakhstan government has stated that it believes in continued reform of the corporate governance processes and will ensure discipline and transparency in the corporate sector to promote growth and stability. However, there can be no assurance that the Kazakhstan government will continue such policy, or that such policy, if continued, will ultimately prove to be successful. Therefore, it is not possible to predict the effect of future legislative developments on Condor's business and prospects.

The operations and property of Falcon and Marsel are subject to inspections carried out by numerous Kazakhstan administration authorities and Government agencies pursuant to the acquisition and extensions of different types of licenses, permits and consents, as well as fulfillment of requirements, ensuing from binding laws, regulations and standards. Administration authorities are vested with considerable powers within the scope of enforcement and interpretation of binding laws, regulations and standards, issue and extension of licenses, permits and consents and control of compliance with the terms and conditions thereof by their holders. Any such future inspections might indicate the violation of laws, decrees or regulations by Falcon and/or Marsel. Falcon and/or Marsel may also be deprived of the possibilities to remedy such violations or to fill the deficiencies.

Each of the Marsel Contract and the Zharkamys Contract will terminate upon the expiration of their respective terms, subject to the availability of extensions, if no commercial discovery is made or no decision to enter into production is announced. The violation of certain provisions of the Marsel Contract or the Zharkamys Contract, the bankruptcy of Marsel or Falcon or the failure by either entity to complete its obligations under its exploration work program could lead to fines, suspensions, revisions to the terms of the Marsel Contract or the Zharkamys Contract, or the premature termination of the Marsel Contract or the Zharkamys Contract by the Government of Kazakhstan. In these circumstances, legal redress may be uncertain, delayed or unavailable. Termination of the Marsel Contract or the Zharkamys Contract for any reason will not release Marsel or Falcon, as applicable, from its obligation to restore the Marsel Territory or Zharkamys to its pre-exploration condition. Upon the expiry of the Marsel Contract or the Zharkamys Contract, as applicable, all geological information, however acquired, shall become the property of the Government of Kazakhstan.

In Kazakhstan, it is often difficult to determine from governmental records whether statutory and corporate actions have been properly completed by the parties or applicable regulatory agencies. Ensuring Marsel's and Falcon's ongoing rights to licences and the Marsel Contract and Zharkamys Contract, respectively, will require a careful monitoring of performance of the terms thereof, and monitoring the evolution under Kazakhstan laws and licensing practices.

The judicial system in Kazakhstan may not be fully independent of outside social, economic and political forces, and court decisions can be difficult to predict.

Risk Associated with the Recent Changes in Kazakhstan Subsoil Law

The new Law of the Republic of Kazakhstan №291-IV "On Subsoil and Subsoil Use" (the "**Subsoil Law**") was adopted on June 24, 2010 and became effective on July 7, 2010. The Subsoil Law replaced the Law of the Republic of Kazakhstan "On Subsoil and Subsoil Use" dated January 27, 1996 and the Law of the Republic of Kazakhstan "On Petroleum" dated June 28, 1995 (the "**Old Subsoil Laws**"). Marsel, the Marsel Contract, the Marsel Territory, Falcon, the Zharkamys Contract and the Zharkamys West 1 Contract Territory are subject to the Subsoil Law, among other Kazakh laws.

The Subsoil Law introduces significant changes in terms of the regulation of the activities of subsoil users. As the text of the Subsoil Law became publicly available only once it became effective, any potential impact it may have on Condor's business operations in Kazakhstan is currently unknown. However, any changes to the laws governing Condor's business operations could have a material adverse effect on Condor's business, financial condition or results of operations.

In particular, under the Old Subsoil Laws, guarantees for subsoil use contract stability did not apply in cases where the legislation of Kazakhstan affecting national security, defence capabilities and environmental or health protection was changed. In addition to maintaining the previous exceptions, the Subsoil Law cancels stability clauses in subsoil use contracts where legislation affecting taxation and customs regulation is changed.

Subsoil users who received the subsoil rights prior to the introduction of the Subsoil Law are required to develop and approve the new project documentation by July 5, 2012. Additionally, subsoil users have to develop and approve a new work program in accordance with the project documentation by January 5, 2013. The Subsoil Law cancelled the annual work programs. Instead, expected exploration and/or production volumes for each year shall be set forth in the newly developed and approved work program.

Under the Subsoil Law a competent authority has a right to unilaterally terminate a subsoil use contract if a subsoil user more than twice failed to rectify violations within the period indicated by a competent authority in its notification. Previously, the only way a subsoil user could renew a subsoil use contract was by way of court application. The Subsoil Law provides that a competent authority may renew a subsoil use contract without a court application in the following cases: (i) the decision to terminate the contract was adopted on the basis of doubtful information; and/or (ii) failure to perform or duly perform contractual obligations occurred due to force-majeure circumstances.

The Subsoil Law retains the provisions of the Oil Subsoil Laws relating to the State pre-emptive right but it also provides for certain exemptions from those provisions for:

1. public market transactions that take place on a recognized securities exchange and are in respect of securities already listed and in circulation, notwithstanding the fact that these transactions would otherwise be subject to the State pre-emptive right;

2. the transfer, in full or in part, of subsoil use rights or objects associated with subsoil use rights to a subsidiary of a subsoil user in which not less than 99% of the equity of such subsidiary is owned directly or indirectly by the subsoil user, provided that such subsidiary is not registered in a country with a preferential tax regime;

3. the transfer, in full or in part, of subsoil use rights or objects associated with subsoil use rights between legal entities in which not less than 99% of the equity of both parties is owned directly or indirectly by the same entity, provided that the acquiring entity is not registered in a country with a preferential tax regime;

4. transactions involving the purchase or sale of securities that would otherwise be subject to the pre-emptive right, but which would result in the transfer of less than 0.1% of the equity of the acquirer.

Pursuant to the Subsoil Law, objects associated with subsoil use right were expanded and now include:

- participatory interests (shares) in a legal entity holding the subsoil use right, as well as a legal entity which may directly and/or indirectly determine and/or influence decisions adopted by a subsoil user if the principal activity of such subsoil user is related to subsoil use in Kazakhstan; and/or
- securities confirming title to shares or securities convertible to shares of a subsoil user as well as a legal entity who may directly and/or indirectly determine the decisions and/or influence the decisions adopted by such a subsoil user if such a legal entity's core activities are associated with subsoil use in Kazakhstan ("**Associated Rights**").

The Old Subsoil Laws provided a list of transactions/cases, other than for the alienation of subsoil use rights and Associated Rights, which required preliminary consent from a competent body. The Subsoil Law expanded this list by stating that the following transactions/cases require preliminary consent from a competent body:

- foreclosure of subsoil use rights and Associated Rights;
- transfer of subsoil use rights and Associated Right to the third parties' charter capital;
- transfer of subsoil use rights and Associated Rights in the course of bankruptcy proceedings;
- obtaining a right to a participatory interest in a subsoil user or its parent company if such right arises as a result of charter capital increase or by accession of a new participant to such legal entity;
- the initial public offering on an organized market of a subsoil user or its parent companies' securities;
- a pledge of participatory interests (shares) in a subsoil user;
- the transfer of subsoil use rights or Associated Rights due to the reorganization of a subsoil user or its parent companies.

Risks Associated with Regulatory Authorities

Prior to March 12, 2010, the MEMR was the principal government authority responsible for supervising and regulating the mining and oil/gas industries in Kazakhstan. On March 12, 2010, MEMR's responsibilities relating to the mining industry were transferred to the reorganized MINT, and MEMR's responsibilities regarding the oil and gas industry were transferred to the newly established Ministry of Oil and Gas (the "MOG").

The new Subsoil Law establishes the general and specific powers of both the MINT and the MOG. The general powers of MINT and MOG regarding relevant subsoil use contracts include, but are not limited to, the authority to: (i) tender subsoil use rights; (ii) supervise subsoil users' compliance with their obligations under relevant subsoil use contracts including the authority to supervise compliance with local content requirements; and (iii) grant regulatory approvals.

Specific powers of MOG include, among other things: the authority to grant permission for flaring of associated gas and natural gas and the determination of the volumes of crude oil to be supplied by subsoil users to the internal Kazakhstani market. Specific powers of MINT include, among other things: maintenance of the register of goods, works and services used in subsoil use operations and the elaboration of legal acts concerning local content.

The Subsoil Law also attempts to specify the roles (and identify specific duties) of other committees and commissions that are involved in the regulation of various aspects of subsoil use operations. However, the Subsoil Law is not yet entirely clear as to which role each ministry, agency and committee will play.

Risks Associated with the Subsoil Use Regulation

Falcon, the Zharkamys Contract, the Zharkamys West 1 Contract Territory, and Marsel, the Marsel Contract and the Marsel Territory are subject to the Subsoil Law, among other Kazakh laws.

Article 12 of the Subsoil Law provides the State of Kazakhstan with a statutory pre-emptive right, exercisable in the event of transfer of any shares or other equity interest in a legal entity which may directly or indirectly make decisions and/or exert influence on decisions adopted by a Kazakh subsoil user. Under Article 12 of the Subsoil Law, the pre-emptive right applies both to Kazakh and overseas entities, including their offshore transactions outside of Kazakhstan.

Under Article 36 of the Subsoil Law, any transfer of subsoil use rights and/or Associated Rights to any third party, in whole or in part, may only be made with the prior consent of the competent authority (for petroleum operations it is the MOG). The consent of the competent authority is valid for a period of six months from the date it is provided. If the transaction is not completed within such six month period, the seller must apply to the competent authority to extend the consent for an additional six month period or to obtain a new consent. A transfer of subsoil use rights or Associated Rights may occur in a number of different manners, including by way of assignment, in whole or in part, of subsoil use rights under a subsoil contract; the disposition of shares in a subsoil user or its parent company at any level; a contribution of the subsoil use rights or Associated Rights to the charter capital of a newly established legal entity; a transfer of subsoil use rights or Associated Rights as part of a transfer of a property complex; the alienation of subsoil use rights or Associated Rights under bankruptcy proceedings; and a pledge of subsoil use rights or Associated Rights. A failure to obtain either the State's waiver of its pre-emptive right or the consent of the competent authority would invalidate a transaction. In addition, the Subsoil Law requires a purchaser to notify the competent authority of the transfer of subsoil use rights within five business days of the completion of the transfer. A failure to do so will constitute grounds to invalidate a transfer.

The State's pre-emptive right waiver and prior consent of the competent authority, which are required for the distribution of Common Shares, Special Warrant Shares, Additional Shares and any Common Shares issued pursuant to the exercise of the Over-Allotment Option, if any, pursuant to the Offering, have been obtained by Condor.

Risks associated with Antimonopoly Regulations

Prior consent from the Antimonopoly Agency is needed for certain transactions, which may reduce or restrict competition in the commodities markets.

Specifically, the consent of the Antimonopoly Agency, among others, is required for an acquisition by a person (or group of persons) of voting shares (or participation interests or unit shares) in the charter capital of a market entity, whereby such person (or group of persons) gains the right to control more than 25% of such voting shares (or participation interests or unit shares), where such person (or group of persons) prior to the purchase did not hold voting shares (or participation interests or unit shares) of that market entity, or held 25% or less of the voting shares (or share participation or unit shares) in the charter capital of such market entity, provided that certain turnover or asset thresholds are met or where one of the parties to the transaction holds a dominant position in a certain market. The consent is required in respect of a transaction involving entities outside Kazakhstan, where such transaction: (i) either directly or indirectly affects fixed or intangible assets, shares (participation interests), property or non-property rights in relation to Kazakh legal entities; or (ii) restricts competition in Kazakhstan.

A transaction which occurs without the Antimonopoly Agency's approval is not void under the law, but may be challenged in a Kazakhstan court. The Company is not aware of any precedent where a transaction involving an offshore company was challenged in Kazakhstan court.

As a general rule, no consent of the Antimonopoly Agency will be required if no person (or group of persons) will acquire more than 25% of a legal entity's shares. Accordingly, it is not anticipated that the consent of the Antimonopoly Agency will be required in connection the Offering. However, the Antimonopoly Agency retains ultimate authority and discretion and may, in certain instances (including instances where consent would not otherwise appear to be required), require an issuer to obtain its consent to a particular transaction.

Risks Associated with the Local Content Regulations

Since 2002, the Government of Kazakhstan has introduced a policy aimed at replacing imports, and promoting greater involvement, support and further stimulation of local producers. This policy was further developed in 2009 and 2010 when the governmental authorities adopted amendments to the legislation (the "**Local Content Amendments**") directed at increasing local content in purchase of goods, work and services by state bodies, national companies and subsoil users. The Local Content Amendments introduce new criterion such as percentage of salary of local employees in payroll fund for calculation of local content. In addition, a centralized system of goods, works and services used in subsoil use operations is required to be established and maintained. Subsoil users must give preference to local producers of goods, works and services provided that such goods, works and services comply with applicable standards. The Subsoil Law supports the local producers by providing a conditional decrease of their bid offers by 20%.

On September 20, 2010, the new local content rules were adopted approving a uniform procedure for calculating local content in relation to the purchase of goods, works and services ("**New Local Content Rules**"). Under the Subsoil Law, all subsoil users must give preference to local companies when procuring goods, works and services for subsoil use operations. The New Local Content Rules provide formulae for local content calculation in supply and service contracts as well as customer purchases.

Risks Associated with the Environmental Protection Regulations

Falcon and Marsel must comply with the environmental requirements of Kazakhstan legislation and regulations when conducting activities. In addition, Falcon and Marsel committed in the Zharkamys Contract and the Marsel Contract, respectively, to conduct operations in accordance with Kazakhstan environmental legislation.

The environmental protection legislation in Kazakhstan has evolved rapidly, especially in recent years. As the subsoil use sector has evolved, there is presently a trend towards greater regulation, heightened enforcement and increased liability for non-compliance with respect to environmental issues. The most significant development was the adoption of the Ecological Code dated January 9, 2007 (and effective from February 3, 2007), which replaced the three main prior laws on environmental protection.

Under the prior and the existing legislative regime, a subsoil user, such as Falcon or Marsel, is obliged to comply with environmental requirements during all stages of a subsoil use project. Kazakhstan environmental legislation requires that a State environmental expert examination precede the making of any legal, organizational and economic decisions with respect to an operation that could impact the environment and public health. One of the documents that the subsoil user must provide in connection with the State environmental expert examination is an environmental impact assessment.

The Ecological Code requires that the subsoil user obtain environmental permits to conduct its operations. A permit certifies the holder's right to discharge emissions into the environment, provided that it introduces the "best available technologies" and complies with specific technical guidelines for the emissions set forth by the environmental legislation. Government authorities and the courts enforce compliance with these permits and violations may result in civil or criminal penalties, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and orders to take preventative steps against possible future violations. In certain situations, the issuing authority may modify, renew or revoke the permits. Both Marsel and Falcon obtained permits for environmental emissions for 2010.

As an industrial company, Falcon and Marsel are also required to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources. The companies must also submit annual reports on pollution levels to the Kazakhstan environmental, tax and statistics authorities.

Recently the Parliament of Kazakhstan has ratified the country's accession to the Kyoto Protocol. The Kyoto Protocol's objective is to limit or capture emissions of greenhouse gases such as carbon dioxide and methane. Kazakhstan has enacted new environmental health and safety requirements to ensure compliance with the Kyoto Protocol by introduction amendments to the Ecological Code to become valid from January 1, 2013. The new requirements could require Marsel and Falcon to incur significant capital expenditures and comply with additional regulatory burdens. Failure to comply with any new legislation could result in fines and other penalties. Meeting such requirements may also bear a negative impact upon the production of oil and natural gas from some reservoirs, resulting in the reduction of overall production of oil and natural gas in Kazakhstan. Condor is unable to foresee the impact of the ratification of the Kyoto Protocol upon its future profits. It is not possible to guarantee that the recent ratification of the Kyoto Protocol and recent amendments of the Ecological Code will not have a material adverse effect on Condor's business, financial condition or results of operations.

Risks Associated with Currency Regulation and Currency Control Laws

In 2009 specific amendments to the Law of the Republic of Kazakhstan "On Currency Regulation and Currency Control" were adopted. These amendments are aimed at preventing possible threats to the economic security and stability of the Kazakh financial system. The President of Kazakhstan was granted the right to establish, by way of a special President's decree, a special currency regime which may include: (i) depositing a certain portion of foreign currency interest free in a resident Kazakhstan bank or the National Bank of Kazakhstan: (ii) obtaining special permission of the National Bank of Kazakhstan for currency transactions; and (iii) restricting foreign currency transfers overseas.

In general, the impact of the special currency regime is that, if imposed, it may potentially result in preventing Kazakh companies, such as Falcon and Marsel, from being able to pay dividends to their shareholders abroad or repatriating profits in foreign currency in full or in part. In addition, extra administrative procedures could be imposed and Kazakh companies could be required to hold a part of their foreign currency in local banks.

Ability to Enforce Judgments

Substantially all of the assets of the Company are owned by subsidiaries of the Company, and a majority of such assets are located outside of Canada. A majority of the Company's subsidiaries are formed under jurisdictions outside of Canada. Some of the directors and officers of the Company, and some of the experts named in this AIF, reside outside of Canada. It may not be possible for Subscribers to collect from the Company or to enforce judgments obtained in Canadian courts predicated upon civil liability provisions of applicable Canadian securities laws against the Company and any of its directors and officers and certain of the experts named in this AIF. Moreover, it may not be possible for Subscribers to effect service of process within Canada upon the directors, officers and experts referred to above.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of the directors or executive officers of the Company, or any shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's outstanding Common Shares, or any known associates or affiliates of such persons, in any transaction within the last three years before the date of this AIF that has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company, except as disclosed below or as otherwise disclosed in this AIF.

Pursuant to a credit and facility agreement made February 1, 2007, as amended, between New Horizon and EurAsia RH, EurAsia RH provided New Horizon with a credit facility of $10.0 million under which no interest was charged until January 31, 2008 and thereafter New Horizon paid annual interest of 7.0% on the amount drawn down from time to time. During 2009, an aggregate of $9.5 million was advanced to New Horizon under the facility. On August 18, 2010, principal totalling $9.5 million and accrued interest of $0.6 million for a total of $10.1 million was converted into 10.1 million Common Shares at $1.00 per share. The credit and facility agreement was cancelled effective August 18, 2010.

Pursuant to a credit and facility agreement made October 10, 2007, as amended, between Condor and EurAsia RH, EurAsia RH provided Condor with a credit facility of $10.0 million under which Condor paid annual interest of 7.0% on the amount drawn down from time to time. During 2009, an aggregate of $7.5 million was advanced to Condor. On August 18, 2010, principal totalling $7.5 million and accrued interest of $0.4 million for a total of $7.9 million was converted into 7.9 million Common Shares at $1.00 per share. The agreement was cancelled effective August 18, 2010.

During 2010, the Company received $26,000,000 and issued subscription receipts pursuant to subscription agreements with EurAsia Holding AG, an affiliate of EurAsia RH. The subscription receipts were subsequently transferred to RV and on August 18, 2010 were exchanged for 26,000,000 Common Shares at a price of $1.00 per share.

Pursuant to a credit and facility agreement dated effective August 18, 2010, between Condor and EurAsia RH, EurAsia RH provided Condor with a credit facility of $30.0 million carrying interest at 5.0% annually on the amount drawn down from time to time, with all amounts due thereunder on December 31, 2012. As at the date hereof, no funds are outstanding under the credit and facility agreement.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, at its offices located at Suite 3100, 111-5th Avenue S.W., Calgary, Alberta, T2P 5L3. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

The Company's transfer agent and registrar is Olympia Transfer Services Inc. at its principal offices in Calgary, Alberta and Toronto, Ontario.

INTEREST OF EXPERTS

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this AIF or referred to in another filing made by the Company under NI 51-102 during or related to the financial year ended December 31, 2011, as having prepared or certified a report, valuation, statement or opinion described or included in this AIF or other filing, has received or shall receive a direct or indirect interest in any securities or other property of the Company or any associate or affiliate of the Company.

Information relating to reserves and resources in this AIF and in such other filings was calculated, respectively, by Sproule Associates and Sproule International, as independent qualified reserves evaluators. The principals of each of Sproule Associates and Sproule International, individually or as a group, neither own nor expect to receive any of the Company's securities, directly or indirectly. See "Auditors, Transfer Agent and Registrar".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, during the financial year ended December 31, 2011 nor is the Company aware of any contemplated legal proceedings which involve a claim for damages, exclusive of interest and costs, that may exceed 10% of the current assets of the Company.

During the year ended December 31, 2011, there were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Company that would be likely considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority. See "Risk Factors".

MATERIAL CONTRACTS

There are no material contracts entered into by Condor during the most recently completed financial year or since January 1, 2012 and which are still in effect, other than contracts entered into in the ordinary course of business and other than:

1. The Marsel Contract. For more information, see "The Company - Oil and Natural Gas Reserves, Properties and Prospects - Kazakhstan Oil and Gas Operations - Marsel";

2. The Zharkamys Contract. For more information, see "The Company - Oil and Natural Gas Reserves, Properties and Prospects - Kazakhstan Oil and Gas Operations - Zharkamys";

3. The credit and facility agreement dated effective August 18, 2010 between EurAsia RH and the Company, respecting the $30.0 million credit facility obtained by the Company from EurAsia RH. For more information, see "Interest of Management and Others in Material Transactions";

4. The EurAsia Lock-Up Agreement referred to under the heading "General Development of the Business Plan of Distribution - Three Year History";

5. The RV Lock-Up Agreement referred to under the heading "General Development of the Business Plan of Distribution - Three Year History"; and

6. The Agency Agreement referred to under the heading "General Development of the Business Plan of Distribution - Three Year History".

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information related to the remuneration of directors and officers, the indebtedness of directors and officers, the principal holders the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Management Proxy Statement and

Information Circular of Condor for its most recent annual meeting of Shareholders that involved the election of directors.

Additional financial information is provided in Condor's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2011.

SCHEDULE 1
CHARTER OF THE AUDIT COMMITTEE

I. PURPOSE

The audit committee (the "Audit Committee") is a committee of the board of directors (the "Board of Directors") of Condor Petroleum Inc. (the "Corporation"). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls of the Corporation by:

1. reviewing the financial reports and other financial information before such reports and other financial information are provided by the Corporation to any governmental body or the public;

2. recommending the appointment and reviewing and appraising the audit efforts of the Corporation’s external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;

3. serving as an independent and objective party to monitor the Corporation’s financial reporting process and internal controls, the Corporation’s processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;

4. encouraging continuous improvement of, and fostering adherence to, the Corporation’s policies, procedures and practices at all levels;

5. creating a culture of honesty and ethical behaviour in order to set the proper tone and to emphasise fraud prevention;

6. overseeing management, including monitoring that management establishes and maintains internal control to provide reasonable assurance regarding reliability of financial reporting;

7. reporting to the board on members’ views of the interim and annual financial statements, including the management’s discussion & analysis ("MD&A"); and

8. deciding, at its discretion, whether or not to establish an internal audit function. If an internal audit function is not established by the Corporation, the Audit Committee shall ensure that effective internal controls, processes and systems are provided.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation’s management which is responsible for preparing the Corporation’s financial statements and it is the Corporation’s external auditors who are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of a minimum of three non-executive directors with sufficient financial literacy, as determined by the Board of Directors, all of whom must be "independent" directors (as such term is defined in Schedule "A"). All members of the Audit Committee must, to the satisfaction of the Board of Directors, be "financially literate" (as such term is defined in Schedule "A").

The members of the Audit Committee must be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and serve until their successors are duly elected. Unless a Chairman is elected by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements in order to review and discuss the unaudited financial results for the preceding quarter and the related MD&A and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may request members of management or others to attend meetings and provide pertinent information as necessary. For the purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is (the presence in person or by telephone or other communication equipment of) a simple majority of the total number of members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine, within or outside Alberta, Canada, upon not less than 48 hours prior notice to each of the members. Meetings of the Audit Committee may be held without 48 hours prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. Any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation’s external auditors, or the Chief Executive Officer or Chief Financial Officer of the Corporation are entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

The Audit Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Audit Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Audit Committee will require the vote of a majority of its members present at a meeting at which quorum is present. Action of the Audit Committee may be taken by an instrument or instruments in writing signed by all of the members of the Audit Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Audit Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

Generally

1. Create an agenda for the ensuing year.

2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.

3. Describe briefly in the Corporation's annual report (if any) and more fully in the Corporation's management information circular or its annual information form ("AIF") the Audit Committee's composition and responsibilities and how they were discharged, and otherwise assist management in providing the information required by applicable securities legislation (including the form requirements under National Instrument 52-110) in the Corporation's AIF.

4. Report periodically to the Board of Directors.

5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.

6. Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Documents/Reports Review

1. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings press releases prior to their publication and/or filing with any governmental body, or the public.

2. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.

3. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 7 of this part, and periodically assess the adequacy of such procedures.

4. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.

5. Provide insight to related party transactions entered into by the Corporation.

External Auditors

1. Recommend to the Board of Directors: (i) the selection of the external auditors, considering independence and effectiveness; and (ii) the fees and other compensation to be paid to the external auditors. The external auditors shall report directly to the Audit Committee.

2. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.

3. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.

4. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.

5. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.

6. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

7. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.

8. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

Financial Reporting Processes

1. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.

2. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.

3. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

1. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

2. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.

3. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on

the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.

4. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.

5. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.

6. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.

7. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

Ethical and Legal Compliance

1. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

2. Review and update periodically a code of business conduct and ethics (the "Code of Conduct") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.

3. Review management's monitoring of the Corporation's systems in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

4. Review, with the Corporation's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation's financial statements.

Risk Management

1. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.

Review

1. The Audit Committee shall review its effectiveness periodically, through self-assessments or independent evaluations.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

SCHEDULE 2
FORM 51-101 F2 - REPORT ON RESERVES
DATA BY INDEPENDENT QUALIFIED EVALUATOR OR AUDITOR

Report on Reserves Data

To the Board of Directors of Condor Petroleum Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2011, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us as of December 31, 2011, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country)	Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate)			
			Audited (M$CDN)	Evaluated (M$CDN)	Reviewed (M$CDN)	Total (M$CDN)
Sproule International Limited	Evaluation of the P&NG Reserves of Condor Petroleum Inc. in Kazakhstan, As of December 31, 2011, prepared December 2011 to February 2012	Kazakhstan	Nil	27,925	Nil	27,925
Sproule Associates Limited	Evaluation of the P&NG Reserves of Condor Petroleum Inc. (Canadian Properties), As of December 31, 2011, prepared January to February 2012	Canada	Nil	10,119	Nil	10,119
Total		**Kazakhstan and Canada**	**Nil**	**38,044**	**Nil**	**38,044**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after its preparation date.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule International Limited and
Sproule Associates Limited
Calgary, Alberta
March 26, 2012

*"Signed"*_________________________
James D. Hudson, P.L. (Eng.)
Senior Petroleum Technologist
And Partner

*"Signed"*_________________________
Barrie F. Jose, P.Geoph.
Manager, Geosciences/
Chief Geophysicist and Partner

*"Signed"*_________________________
Philip W. Pantella, P.Eng.
Manager, Engineering and Partner

*"Signed"*_________________________
Harry J. Helwerda, P.Eng., FEC
Executive Vice-President and Director

SCHEDULE 3
FORM 51-101 F3
REPORT OF MANAGEMENT AND DIRECTORS ON
RESERVES DATA AND OTHER INFORMATION

Management of Condor Petroleum Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2011, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation, and
(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator; and
(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

"Signed"
Don Streu, President and Chief Executive Officer

"Signed"
Sandy Quilty, Vice President Finance and Chief Financial Officer

"Signed"
Dr. Edward Bogle, Director

"Signed"
John Burzynski, Director

March 26, 2012