



Condor Announces 2019 Third Quarter Results and New Country Initiative

CALGARY, Alberta, Nov. 13, 2019 -- Condor Petroleum Inc. ("Condor" or the "Company") (TSX: CPI), a Canadian based oil and gas company focused on exploration and production activities in Turkey and Kazakhstan, is pleased to announce the release of its unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2019 together with the related management's discussion and analysis. These documents will be made available under Condor's profile on SEDAR at www.sedar.com and on the Condor website at www.condorpetroleum.com. Readers are invited to review the latest corporate presentation available on the Condor website. All financial amounts in this news release are presented in Canadian dollars, unless otherwise stated.

Q3 2019 Highlights

- The Company's wholly owned subsidiary, Falcon Oil & Gas Ltd ("Falcon") entered into a binding agreement to sell Falcon's 100% interests in the Shoba and Taskuduk production contracts and associated field equipment in Kazakhstan for USD 24.6 million (CAD 32.7 million at the current exchange rate of 1.33).
- On November 12, 2019 Condor signed a Heads of Agreement with the Ministry of Energy of the Government of Uzbekistan which provides the Company with a 120 day exclusive window to negotiate a definitive production sharing agreement for five producing gas fields.
- The Company has submitted an extension application to the Ministry of Energy of the Government of Kazakhstan and expects the exploration period to the Zharkamys Contract will be extended by 630 days commencing in late 2019.
- Contract preparations are on-going with a farm-in partner to drill the Yakamoz 1 side-track well and a subsequent appraisal well in Turkey. A non-binding letter of intent and term sheet has been signed by both parties.
- The reference natural gas sales prices in Turkey set by BOTAŞ, the state owned pipeline transportation company, were increased in both July and August of 2019 resulting in a Canadian Dollar terms price of \$10.20 per Mscf as of November 1, 2019.

Shoba and Taskuduk Sale

Falcon entered into a binding agreement to sell Falcon's 100% interests in the Shoba and Taskuduk production contracts and associated field equipment in Kazakhstan for USD 24.6 million, or CAD 32.7 million at the current exchange rate of 1.33 (the "Sale Transaction"). The buyer is a non-listed international oil and gas group and has paid an initial deposit of USD 3.8 million (CAD 5.1 million at the current exchange rate of 1.33). The remaining amount ("Completion Payment") is due upon closing of the Sale Transaction ("Closing"), which is expected in the first quarter of 2020. The transaction requires various consents and confirmations from the Government of Kazakhstan and is subject to the satisfaction of certain commercial conditions that are customary for a transaction of this nature.

The Company intends to use the sale proceeds to: pursue larger value growth opportunities within the region; pay down amounts owing under its existing credit facility; conduct additional activities to increase natural gas production in Turkey; and resume Kazakhstan exploration activities once the 630 day exploration extension is formalized for the Zharkamys Contract.

Falcon remains the owner and operator of the oilfields until Closing occurs. At Closing, the Buyer will be entitled to reduce the Completion Payment by the amount of net revenues less costs generated from the production and sale of crude oil from the oilfields commencing sixty days following confirmation that the Buyer has paid the Deposit, provided a proof of funds letter demonstrating available funds to pay the Completion Payment and applied to the relevant authorities for the required Government of Kazakhstan consents.

Heads of Agreement with the Government of Uzbekistan

On November 12, 2019 Condor signed a Heads of Agreement ("HoA") with the Ministry of Energy of the Government of Uzbekistan ("Uzbekistan Ministry") which provides the Company a 120 day window to negotiate a definitive production sharing agreement ("PSA") with the Uzbekistan Ministry. The PSA, if executed, would include five producing gas fields and the associated gathering pipelines and gas treatment infrastructure along with the right to explore and develop certain exploration areas surrounding the current producing gas fields. The fiscal and operating terms expected to be defined in the PSA include royalty rates, cost recovery, profit splits, gas marketing and pricing, governance and steering committee structures and acquisition payments for the immoveable property in the fields.

Don Streu, President and CEO commented "We are excited about the potential investment opportunity in Uzbekistan. The country has been undergoing significant economic, legal, tax and social reforms under the guidance of President Shavkat Mirziyoyev and is ranked by the World Bank as one of the 20 economies where business climates have improved the most

over the past year. It's the 16th largest gas producer in the world with established export routes to Europe and China. We firmly believe that our vast regional experience, application of new technologies and innovations can be successfully deployed in Uzbekistan to significantly increase existing field production."

Zharkamys Contract

The Company's Zharkamys exploration contract ("Zharkamys Contract") with the Ministry of Energy of the Government of Kazakhstan ("Ministry") was due to expire on December 14, 2016. Prior to this date, the Kazakhstan Chamber of International Commerce and subsequently the Kazakhstan Civil Court ("Civil Court") confirmed that a force majeure event had occurred which, under Kazakhstan subsurface use law, can be the basis for the Zharkamys Contract validity period to be extended for a period of 630 days. Pursuant to an appeal filed by the Ministry, the Kazakhstan Court of Appeal ("Court of Appeal") ruled in May 2017 that the force majeure event was not recognized and reversed the decision of the Civil Court. The Company referred the case to the Kazakhstan Supreme Court ("Supreme Court") and in November 2017 the Supreme Court ruling overturned both the Civil Court and the Court of Appeal rulings and referred the case back to the Civil Court for further review by a new panel of judges. In March 2018, the Civil Court ruling confirmed that the force majeure event had occurred. In April 2018, the Ministry appealed the Civil Court ruling and in May 2018 the Court of Appeal ruling upheld that the force majeure event had occurred. The Ministry did not appeal to the Supreme Court and the Company subsequently submitted an application to the Ministry and is in the process of preparing and seeking approvals for the various development projects required for the 630 day extension.

Continuing and Discontinued Operations Classification

Following the execution of the agreement for the Sale Transaction, as of September 30, 2019 the related Shoba and Taskuduk net assets and liabilities have been reclassified to assets and liabilities held for sale and the results of Shoba and Taskuduk operations are presented as discontinued operations for all current and prior periods throughout this news release. For further information relating to discontinued operations, please refer to Note 2 to the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2019 and 2018.

Continuing Operations

Contract preparations are on-going with a farm-in partner to drill the Yakamoz 1 side-track well and a subsequent appraisal well in Turkey. A non-binding letter of intent and term sheet has been signed by both parties. The Company previously drilled Yakamoz 1 and encountered numerous gas shows while drilling. A revised geological model has been created by integrating the Yakamoz 1 well data with recently reprocessed seismic data and has identified up-dip targets for the side-track. These side-track locations target both the proven Miocene and Upper Eocene reservoirs, in addition to the deeper Middle to lower Eocene reservoirs, which have not yet been tested. A successful Yakamoz 1 side-track well would be tied 2km into the existing Poyraz Ridge gas plant for processing and onward sales.

The Company produces natural gas and associated condensate in Turkey. The Company produced 19,267 boe in Turkey or an average of 213 boepd and received an operating netback¹ of \$28.32 per boe for the three months ended September 30, 2019 (three months ended September 30, 2018: produced 59,960 boe or an average of 652 boepd and an operating netback¹ of \$25.22 per boe). A stimulation workover program is being developed that is intended to realize commercial gas flow rates for the lower permeability reservoirs.

Cash used in continuing operations decreased to \$0.8 million for the three months ended September 30, 2019 versus cash from continuing operations of \$0.7 million for the same period in 2018.

Selected Financial Results of Continuing Operations

For the three months ended September 30

(\$000's except per share amounts)	2019	2018
Natural gas and condensate sales	1,097	2,166
Cash from (used in) continuing operations	(805)	748
Net loss from continuing operations	(2,933)	(4,654)
Net loss from continuing operations per share (basic and diluted)	(0.07)	(0.11)
Capital expenditures	108	344

For the nine months ended September 30 (\$000's except per share amounts)

Natural gas and condensate sales	4,274	8,981
Cash from (used in) continuing operations	(1,526)	2,497
Net loss from continuing operations	(7,127)	(7,484)
Net loss from continuing operations per share (basic and diluted)	(0.16)	(0.17)
Capital expenditures	218	2,071

Sales and operating netback¹ for continuing operations for the three months ended September 30

2019

2018

(\$000's)	Gas	Condensate	Total	Gas	Condensate	Total
Sales	1,033	64	1,097	2,166	-	2,166
Royalties	(131)	(9)	(140)	(262)	-	(262)
Production costs	(312)	(14)	(326)	(368)	-	(368)
Transportation and selling	(81)	(15)	(96)	(102)	-	(102)
Operating netback ¹	509	26	535	1,434	-	1,434
(\$/boe)						
Sales	56.92	86.14	58.07	38.09	-	38.09
Royalties	(7.22)	(12.11)	(7.41)	(4.61)	-	(4.61)
Production costs	(17.19)	(18.84)	(17.26)	(6.48)	-	(6.48)
Transportation and selling	(4.46)	(20.19)	(5.08)	(1.78)	-	(1.78)
Operating netback ¹	28.05	35.00	28.32	25.22	-	25.22
Sales volume (boe)	18,149	743	18,892	56,860	-	56,860

Sales and operating netback¹ for continuing operations for the nine months ended September 30

(\$000's)	Gas	Condensate	Total	Gas	Condensate	Total
Sales	4,111	163	4,274	8,716	265	8,981
Royalties	(509)	(22)	(531)	(1,049)	(32)	(1,081)
Production costs	(849)	(21)	(870)	(1,183)	(12)	(1,195)
Transportation and selling	(333)	(35)	(368)	(351)	(62)	(413)
Operating netback ¹	2,420	85	2,505	6,133	159	6,292
(\$/boe)						
Sales	54.91	93.46	55.79	41.90	102.61	42.64
Royalties	(6.80)	(12.61)	(6.93)	(5.05)	(12.31)	(5.13)
Production costs	(11.34)	(12.04)	(11.36)	(5.69)	(4.80)	(5.67)
Transportation and selling	(4.45)	(20.07)	(4.80)	(1.68)	(24.10)	(1.96)
Operating netback ¹	32.32	48.74	32.70	29.48	61.40	29.88
Sales volume (boe)	74,868	1,744	76,612	208,022	2,581	210,603

1. Operating netback is a non-GAAP measure and is a term with no standardized meaning as prescribed by GAAP and may not be comparable with similar measures presented by other issuers. See "Non-GAAP Financial Measures" in this news release. The calculation of operating netback is aligned with the definition found in the Canadian Oil and Gas Evaluation Handbook.

Results of Discontinued Operations

As noted above, the Company's subsidiary Falcon entered into a binding agreement to sell Falcon's 100% interests in the Shoba and Taskuduk production contracts and associated field equipment in Kazakhstan and accordingly the related activities are presented as discontinued operations.

Crude oil production in Kazakhstan increased 76% to 55,547 barrels or an average of 604 bopd for the third quarter of 2019 as compared to the third quarter of 2018 in which the Company produced 31,600 barrels or an average of 343 bopd.

During the third quarter, the Shoba 14 development well was drilled and began producing and the five well workover program at Shoba and Taskuduk was completed. Subsequent production averaged over 800 bopd for a fifteen day period but then decreased due to a well failure. Future workovers have been deferred due to the pending Shoba and Taskuduk Sale Transaction.

Crude oil sales increased to \$2.1 million on 57,062 bbl or \$36.33 per bbl for the three months ended September 30, 2019 (2018: \$1.3 million on 32,174 bbl or \$39.87 per bbl) and to \$6.0 million on 160,878 bbl or \$37.05 per bbl for the nine months ended September 30, 2019 (2018: \$4.2 million on 105,747 bbl or \$39.94 per bbl) due mainly to the higher production and sales volumes.

Overall production costs decreased to \$10.12 per bbl for the three months and to \$8.98 per bbl for the nine months ended September 30, 2019 from \$12.37 per bbl for the three months and \$10.99 per bbl for the nine months ended September 30, 2018 mainly due to the increase in oil production volumes.

NON-GAAP FINANCIAL MEASURES

The Company refers to “operating netback” in this news release, a term with no standardized meaning as prescribed by GAAP and which may not be comparable with similar measures presented by other issuers. This additional information should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. Operating netback is calculated as sales less royalties, production costs and transportation and selling on a dollar basis and divided by the sales volume for the period on a per barrel of oil equivalent basis. The reconciliation of this non-GAAP measure is presented in the “Financial Results” section of this news release. This non-GAAP measure is commonly used in the oil and gas industry to assist in measuring operating performance against prior periods on a comparable basis and has been presented in order to provide an additional measure to analyze the Company’s sales on a per barrel of oil equivalent basis and ability to generate funds.

FORWARD-LOOKING STATEMENTS

Certain statements in this news release constitute forward-looking statements under applicable securities legislation. Such statements are generally identifiable by the terminology used, such as “anticipate”, “appear”, “believe”, “intend”, “expect”, “plan”, “estimate”, “budget”, “outlook”, “scheduled”, “may”, “will”, “should”, “could”, “would”, “in the process of” or other similar wording. Forward-looking information in this news release includes, but is not limited to, information concerning: foreign currency exchange rates, including the Canadian dollar equivalent of the deposit and the expected total proceeds of the Sale Transaction; the timing and ability to obtain the required consents and satisfy the various governmental and commercial conditions of the Sale Transaction, if at all; the timing and ability to receive the Completion Payment; the timing of the Closing of the Sale Transaction; the use of proceeds from the Sale Transaction, including the repayment of amounts owing under the Facility; the timing and ability to pursue other growth opportunities; the timing and ability to increase natural gas production and realize commercial gas flow rates for the lower permeability reservoirs; the timing and ability to execute a PSA with the Uzbekistan Ministry under favorable terms, or at all; the fields and exploration area to be included in the PSA; the terms and conditions of the PSA including but not limited to royalty rates, cost recovery, profit splits, gas marketing and pricing, governance and acquisition payments; the timing and ability to drill new wells and the ability of the drilled wells to become producing wells; projections and timing with respect to crude oil and natural gas production; expected markets, prices and operating netbacks for future oil and gas sales; the timing and ability to increase production and cash flow by executing the planned drilling and workover programs; the timing and ability to obtain various approvals and conduct the Company’s planned exploration and development activities; the timing and ability to access oil and gas pipelines and oil and gas domestic and export sales markets; anticipated capital expenditures and cash flows; sources and availability of financing for potential budgeting shortfalls; the timing and ability to obtain future funding on favorable terms, if at all; general business strategies and objectives; possible outcomes regarding the Zharkamys Contract including the possibility that the term may be extended or, conversely, that it may revert back to the Ministry; the timing and ability to obtain exploration contract, production contract and operating license extensions; the timing and ability to obtain a farm-in partner for Yakamoz; and the timing and ability to tie the Yakamoz field into the Company’s existing gas plant.

By its very nature, such forward-looking information requires Condor to make assumptions that may not materialize or that may not be accurate. Forward-looking information is subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such information. Such risks and uncertainties include, but are not limited to: regulatory changes; the timing of regulatory approvals; the risk that actual minimum work programs will exceed the initially estimated amounts; the results of exploration and development drilling and related activities; imprecision of reserves estimates and ultimate recovery of reserves; historical production and testing rates may not be indicative of future production rates, capabilities or ultimate recovery; the historical composition and quality of oil and gas may not be indicative of future composition and quality; general economic, market and business conditions; industry capacity; uncertainty related to marketing and transportation; competitive action by other companies; fluctuations in oil and natural gas prices; the effects of weather and climate conditions; fluctuation in interest rates and foreign currency exchange rates; the ability of suppliers to meet commitments; actions by governmental authorities, including increases in taxes; decisions or approvals of administrative tribunals and the possibility that government policies or laws may change or government approvals may be delayed or withheld; changes in environmental and other regulations; risks associated with oil and gas operations, both domestic and international; international political events; and other factors, many of which are beyond the control of Condor. Capital expenditures may be affected by cost pressures associated with new capital projects, including labor and material supply, project management, drilling rig rates and availability, and seismic costs.

These risk factors are discussed in greater detail in filings made by Condor with Canadian securities regulatory authorities including the Company’s Annual Information Form, which may be accessed through the SEDAR website (www.sedar.com).

Readers are cautioned that the foregoing list of important factors affecting forward-looking information is not exhaustive. The forward-looking information contained in this news release are made as of the date of this news release and, except as required by applicable law, Condor does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

ABBREVIATIONS

The following is a summary of abbreviations used in this news release:

bbl	Barrels of oil
bopd	Barrels of oil per day
boe	Barrels of oil equivalent *

boepd Barrels of oil equivalent per day
Mscf Thousand standard cubic feet

* Barrels of oil equivalent ("boe") are derived by converting gas to oil in the ratio of six thousand standard cubic feet ("Mscf") of gas to one barrel of oil based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mscf to 1 barrel, utilizing a conversion ratio at 6 Mscf to 1 barrel may be misleading as an indication of value, particularly if used in isolation.

The TSX does not accept responsibility for the adequacy or accuracy of this news release.

For further information, please contact Don Streu, President and CEO or Sandy Quilty, Vice President of Finance and CFO at 403-201-9694.