MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2013

The following Management's Discussion and Analysis ("MD&A") of Iskander Energy Corp. ("Iskander" or the "Company") is dated December 1, 2014 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2013 and 2012. The consolidated financial statements for the year ended December 31, 2013 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Iskander Energy Corp. is a privately held company, incorporated and domiciled in Canada. Its head office is in Calgary, Alberta. The Company was incorporated on November 29, 2010, under the laws of the Province of Ontario. Effective August 2, 2013, the Company was continued into the Province of Alberta.

All financial amounts are in United States (US) dollars unless otherwise stated.

Significant Events

During the year ended December 31, 2013 and up to the date of this report the following significant events occurred:

Georgia

The Company signed a farm-in agreement in Georgia which provides Iskander with the opportunity to drill and frac 3 wells to earn 50%. On October 24, 2013, the Georgian Ministry of Justice issued a revised Production Sharing Agreement ("PSA"), which closed this transaction and made Iskander a 50% working interest partner in the PSA, subject to fulfilling its capital program commitments of drilling and fracing 3 wells.

On November 1, 2013, the Company spud its first well in Georgia. The well reached its total depth in the middle of November. During 2014, the Company drilled a second well and both wells were fraced in March 2014. The Company completed a total of 13 fracking treatments between the two new wells and one existing well. One of the wells did not result in economic rates while the other two wells remain on production but at relatively low rates.

In October 2014, the Company entered into an extension agreement with the local partner to delay the drilling of the third and final well for a period of 12 months until October 2015 in exchange for the funding of two fracing operations on existing wells to be commenced by the end of 2014.

Poland

During 2013, the Company exercised its rights to acquire an additional 8.75% in the Polish assets for nil consideration as a result of its partner's failure to fund its drilling obligations. As at December 31, 2013, the licenses in Poland were in the process of being renewed but had not been formally received. As such Company reported a $3.1 million impairment loss.

During 2014, the licenses were received from the Polish government and the assets were subsequently sold for $1 million in July, 2014.

Bulgaria

In January 2012, subsequent to the investment in joint venture in RSG, the Government of Bulgaria introduced a moratorium on all fracture stimulation activities until such time that adequate environmental and regulatory processes and approvals can be developed.

As at December 31, 2013, the ban on fracing had not been removed or modified which was considered as an indicator of impairment. The Gradishte and Kilifarevo licenses will expire in July 2015. If the fracing moratorium was removed in the near future, it would not provide sufficient time to complete its work commitments as per agreement. Accordingly, the Company recognized a $9.5 million impairment.

On June 11, 2014, the Company received a Standstill agreement from the Bulgarian Government which delays the implementation of the work program for a period of up to two years or until the ban on fracing is removed. At the end of the Standstill period, the Company will submit a modified work program to reflect the revised development strategy reflecting the regulatory and environmental regulations in effect at the end of the Standstill Agreement.

Ukraine

On October 3, 2013, the Company became the sole shareholder of Karbona Energo LLC. The shares were acquired in exchange for $300,000 cash. The acquisition relinquished the Company from its earn-in drilling commitments and allowed the Company to control the $400,000 of cash in Karbona Energo LLC.

During 2013, the Company drilled and fraced its first well in the South Donbass and completed a re-entry on an existing well. Down hole pumps were installed in early 2014 but the Company was unable to produce economic quantities of hydrocarbons prior to the escalation of violence in the Eastern region of Ukraine. The escalation of violence and political unrest in region presented a physical threat to the security of the Company's personnel and as such, all of the Company's operations and capital investment in Ukraine were ceased and the wells were shut-in.

As a result of this decision and action, an impairment loss of $7.5 million was recorded as at December 31, 2013.

Financial

During 2013 and March 2014, the Company's offering of shares included provisions in the subscription agreements as follows:

- issue additional 0.1 shares for each unit subscribed if there was no liquidity event within 12 months of the completed financing.
- if the Company issued shares for less than the offering price within following 12 months, then additional shares would be issued under a down-round protection formula as follows:

  [Aggregate subscription amount / lower- priced share issue price x 1.05] – Total number of units subscribed

In March 2013, the Company completed a private financing, issuing 7.1 million units at a price of $1.00 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable for until September 2014 with an exercise price of $1.00.

On October 3, 2013, the Company completed a private financing, issuing 3.7 million units at a price of $0.75 per unit including warrants with an exercise price of $1.00, exercisable until March 2015.

The terms of the March financing down-round protection were triggered as a result of the October 2013 financing at a price of $0.75 per unit and an aggregate of an additional 2.8 million penalty shares were issued.

In March 2014, $4.1 million was raised, issuing 5.4 million common shares at a price per unit of $0.75, which included one common share and one warrant with an exercise price of $1.

During September and October 2014 a modified auction process was completed which resulted in the establishment of a price per share of $0.01. The significantly lower price was primarily a reflection of the challenging geopolitical events occurring in Eastern Europe. A series of financings and exercise of warrants was conducted for a total of totaling CAD $5 million and in and the issuance of approximately 400 million shares. As at November 21, 2014 $4.5 million of the financing was completed with the remaining $500,000 committed, awaiting a final closing to be completed by December 5, 2014.

Due to the down-round pricing protection in the March 2014 financings, subscribers in those financings were issued 423.0 million shares which included the adjustment to the lower price.

In October 2014, the Company entered into a memorandum of understanding with a third party to assist in the process of introducing and negotiating a potential transaction with a publicly listed entity. As a result of this transaction, the Company issued 76.6 million common shares.

As at December 1, 2014 the Company has approximately 926 million shares outstanding.

Outlook

The Company will focus its efforts and capital towards exploiting the large scale opportunity in Georgia during the coming 12 month period. With success, a $2.5 million capital program is expected to deliver a net 300 bbl/d which will provide material cash flow to the Company in 2015. The critical activities of this strategy are as follows:

Georgia

- Inexpensive recompletion opportunities on existing wells which have produced in the past;
- Fracing of conventional and unconventional formations which have large scale opportunity;
- Establish stable production and immediate cash flow;
- Complete negotiations of additional acreage, on trend from the Satskhenisi PSA, which will provide an opportunity to increase the Company's resources base.

In Bulgaria the Company will continue to work with the Government to maintain the good standing of the licenses until such time that the ban on fracing is removed. In Ukraine, the Company will continue to focus maintaining the assets and obtaining the required approvals form the Government.

Description of Business

Strategy

The Company is engaged in the acquisition, exploration and ultimately development of oil assets in Georgia. The Company also has assets which target natural gas and coal bed methane properties in Ukraine and Bulgaria. During 2014, the Company disposed of its exploration licenses in Poland. The recoverability of amounts invested in oil and gas properties is dependent upon the discovery of economically recoverable reserves and the ability to obtain the necessary funding to complete exploration and development.

Through various forms of acquisition, Iskander has acquired direct or indirect interests in a development block in Georgia, three permits in Ukraine, two permits in Bulgaria and a non-operated working interest in an exploration permit in Poland, (which was subsequently sold in 2014).

Principal Properties

As at December 1, 2014, the Company's principal land holdings and exploration blocks were as follows:

<table>
<tr><th>Country</th><th>License</th><th>Working Interest</th><th>Royalty</th><th>Operator</th><th>Gross Acreage</th><th>Expiry</th></tr>
<tr><td>Georgia</td><td>Producing Asset</td><td>50%</td><td>Contractor share 75% before payout and 40% after payout.</td><td>Joint[(1)]</td><td>6,500</td><td>December 2025</td></tr>
<tr><td>Ukraine</td><td>Kruto</td><td>90%</td><td rowspan="2">5% gross override and 28% to the state (55% until January 1, 2015 unless legislation is extended)</td><td>Yes</td><td>169,267</td><td>July 2016</td></tr>
<tr><td>Ukraine</td><td>S.Donbass</td><td>95%</td><td>Yes</td><td>106,502</td><td>Exploration license expired December 2013 [(2)]</td></tr>
<tr><td>Ukraine</td><td>Krasno</td><td>100%[(3)]</td><td>28% to the state (55% until January 1, 2015 unless legislation is extended)</td><td>Yes</td><td>58,070</td><td>January 2015 [(4)]</td></tr>
<tr><td>Bulgaria</td><td>Gradishte</td><td rowspan="2">50%[(5)]</td><td rowspan="2">R-factor scale from 4.5% to 32% to the state and 2% gross override</td><td>Yes</td><td>465,794</td><td rowspan="2">In June 2014, a standstill agreement was received which delays the work program for a period of 2 years or until the ban on fracing is removed.</td></tr>
<tr><td>Bulgaria</td><td>Kilifarevo</td><td>Yes</td><td>4,942</td></tr>
</table>

[(1)] Iskander operates earning wells. Once earn-in period is complete, the Company will operate as 50/50 joint operator.
[(2)] A production license has been applied for but has not been approved due to the ongoing violence in the Eastern Region of Ukraine where the license is located.
[(3)] On October 3, 2013, the Company acquired the remaining 49% of the issued and outstanding shares of Karbona Energo, the holder of the Krasno permit. Prior to the acquisition of control, the interest in Karbona Energo was accounted for as an equity investment.
[(4)] The Company has applied for an extension to the license but has not been approved due to the ongoing violence in the Eastern Region of Ukraine where the license is located.
[(5)] Effective June 2014, the working interest was reduced to 50% from 75% as a result of settlement with partners and the removal of the $3 million liability associated with non-performance of the work plan

Georgia Properties

During the second quarter of 2013, the Company entered into a farm-in agreement to earn 50% of a development asset with a private Georgian company. The transaction requires the Company to drill and frac 3 wells by the end of 2014. The estimated capital associated with its commitments is approximately $10.4 million.

As at December 31, 2013, the Company had commenced drilling the first of the three well commitments. Drilling of the second well and the fracing of both wells along with a third existing well were completed in early 2014. In October 2014, the Company entered into an extension agreement with the local partner to delay the drilling of the third and final well for a period of 12 months until October 2015 in exchange for the funding of two fracing operations on existing wells to be commenced by the end of 2014.

Ukraine Properties

Subsequent to December 31, 2013, the economic and political environment in Ukraine deteriorated significantly which caused the Company to cease all operations in the region due to violence and political instability. No further capital expenditures are currently planned for the licenses until geopolitical stability and a favorable investment climate returns. The Company continues to work with Governmental authorities to protect the licences and seek extensions and modifications to the terms of the licenses. Ultimately, such modifications will require the approval of regional legislative bodies which are located in the Donetsk region. The Company currently has no expectations as to the timing of such approvals but will continue to monitor the process.

South Donbass CBM License (Ukraine)

The South Donbass License is valid until December 15, 2013. Pursuant to the terms of the joint activity agreement, Iskander Ukraine II has been designated operator of the South Donbass license and is responsible for funding 100% of the work program during the exploration phase. A production license application was applied for in December 2013 but has not been approved due to the unrest in the Eastern Ukraine region, where certain regional legislative approvals are required.

Kruto License (Ukraine)

The Kruto license is valid until July 13, 2016. Pursuant to the terms of the joint activity agreement, Iskander Ukraine has been designated the operator of the license and is responsible for funding 100% of the work program during the exploration phase.

The work program respecting the Kruto License includes the drilling of up to six wells. The actual number of wells drilled will be determined by well conditions and well performance.

Krasno CBM License (Ukraine)

On October 3, 2013, the Company acquired the remaining 49% interest in this license increasing its indirect working interest in the Krasno License to 100% of Karbona Energo, a private Ukraine Company, which is the registered holder of the license.

The license consists of an initial exploration phase of 5 years which expires on January 1, 2015. The exploration work commitments for the exploration phase include acquisition and interpretation of geological information and the drilling of five wells. The Company has submitted for an extension to the license and modification of the work plan but has not received approval of such as at the date of this report.

Bulgaria Properties

The Bulgarian assets are comprised of an interest in two prospecting and exploration permits in Central Bulgaria: the Gradishte permit and the Kilifarevo permit. Iskander's interest in the licenses is through its indirect ownership of 75% of the issued and outstanding equity of Research and Service Group AD ("RSG"), a privately held company incorporated in Bulgaria and the registered owner of the licenses. As at December 31, 2013 RSG was held 75% by Tzilkaf Investments Limited, a wholly-owned subsidiary of Iskander.

In January 2012, the Government of Bulgaria introduced a moratorium on all fracture stimulation activities. Based on technical analysis completed to date, the Company believes that hydrocarbons cannot be economically produced from the reservoirs without fracing technology. In the event of a permanent moratorium on fracture stimulations or if the Company is unsuccessful in negotiating approval of a modified work program, future oil and gas investment in Bulgaria may be limited.

Iskander is required to fund 100% of the work program on both the Gradishte License and the Kilifarevo License which is estimated to total Euro 27.0 million by 2015. In addition, the terms of the investment in RSG contain a potential penalty of $3 million payable if the entire work program is not fulfilled.

On June 11, 2014, the Company received a standstill agreement from the Bulgarian Government which delays the implementation of the work program for a period of up to two years or until the ban on fracing is removed. At the end of the standstill period, the Company will submit a modified work program to reflect the revised development strategy reflecting the regulatory and environmental regulations in effect at that time.

Subsequent to December 31, 2013, the Company entered into an agreement with the local partner in Bulgaria which eliminates the $3 million penalty noted above in exchange for EUR 122,000, a contingent payment of approximately $150,000 by the end of 2014 and the reduction of the Company's working interest to 50%. The impact of this agreement will be reflected in the 2014 financial statements.

Poland Properties

In Poland, as at December 31, 2013, the Company had an effective 24% participating interest in the Bieszczady Block through its 100% ownership of the outstanding equity of EuroGas Polska Sp. Z.o.o. ("EuroGas Polska") pursuant to the definitive joint operation agreement. During February 2013, the Company exercised its right to acquire the remaining 35% interest in Eurogas Polska, increasing its interest from 65% to 100%, as a result of its partner's failure to make required payments on cash calls issued by the operator of the block.

The current phase of the Bieszczady exploration license in Poland expired in July 2013. An application for a new exploration license was submitted by the operator during the year ended December 31, 2013. As at December 31, 2013, the renewed license had not yet been approved, as such the assets held for sale associated Poland were fully impaired, recognizing an impairment of $3.1 million in discontinued operations.

Subsequent to year-end, on May 6, 2014, the new exploration licences were granted to the operator. Upon receipt of the official licenses, the Company was able to enter into a transaction which resulted in the sale of 100% of the shares held in Eurogas Polska. The purchase price of the transaction was $1 million payable in three installments of which $760,000 has been received to date in accordance with the terms of the transaction. The remaining amount is due by December 31, 2014.

Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due.

The Company is an oil and gas exploration and development company with properties located in Georgia, Ukraine, Bulgaria and Poland. The Company's properties are still in the exploration stage and have no proved reserves or production revenue. To date, the Company's exploration and development operations have been financed by way of equity issuances.

As at December 31, 2013, the Company's cash position was $1.2 million which will not be sufficient to fund the exploration and development program over the next twelve months (see note 22). There are also significant exploration and development commitments in 2015 and 2016. In the absence of additional funding, and the deferral of certain exploration and development commitments, these circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. During 2014, the Company obtained a standstill agreement from the Government of Bulgaria which delays the implementation of the work program for a period of two years or until the ban on fracking is removed. In addition, the Company negotiated the settlement of the $3 million work plan penalty.

Subsequent to December 31, 2013, the Company has raised additional CAD $9.1 million. It is critical that the Company is able to find and develop commercial reserves so as to earn sufficient revenues and cash flows in a time frame that enables the Company to sustain its operations in the future. The Company also intends to continue raising funds through equity financing, divestment or farm-out arrangements to fund the

exploration and development program and there are no guarantees that additional equity or farm-out arrangements will be available when needed.

Unless otherwise noted all financial information is reported in United States dollars.

Effective January 1, 2013, the Company has adopted new and amended standards with respect to presentation of items of other comprehensive income (IAS 1), consolidation (IFRS 10), joint arrangements (IFRS 11), disclosures of interest in other entities (IFRS 12), fair value measurement (IFRS 13) as well as amendments related to investments in associates and joint ventures (IAS 28). The adoption of these standards and amendments had no impact on the amounts recorded in the Financial Statements for the period ended December 31, 2013.

Recent accounting pronouncements

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32, Financial Instruments Presentation. The amended standard requires entities to disclose both gross and net information about both instruments and transactions eligible for offset. The amendments clarify that the right to offset must be available on the current date and cannot be contingent on a future event. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and require retrospective application. The adoption of this amendment is not expected to have a significant impact on the Company.

IAS 36 Impairment of Assets – Amendments to IAS 36. The amended standard requires entities to disclose the recoverable amount of an impaired CGU if the amount is based on fair value less costs of disposal. The amendment is effective January 1, 2014. The adoption of this amendment is not expected to have a significant impact on the Company.

IFRS 9 Financial Instruments. The IASB is finalizing this standard which will eventually replace the IFRS 9 Financial Instruments. The standard will be published in three phases, of which two phases were already published: accounting for financial assets and financial liabilities, and hedge accounting. The third phase will focus on impairment of financial instruments. The full impact of this standard will not be known until all three phases are published. The effective date of this standard was not announced yet.

IFRIC 21 Levies – Interpretation of IAS 37 Provisions, contingent liabilities and assets. This interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. The interpretation is effective January 1, 2014. The Company is currently evaluating the impact of this interpretation.

There have also been revisions made to the following existing standards: IFRS 7 “Financial Instruments: Disclosures”, IAS 39 “Financial Instruments: Recognition and Measurement”, IAS 19 “Employee Benefits”, IAS 16 “Property, Plant and Equipment”, and IAS 27 “Separate Financial Statements”. The following describes the impact as a result of the application of the new and revised standards.

The revisions to existing standards mostly involve amendments to the definitions provided by the standards. Introduction of the new standard, IFRS 13 “Fair Value Measurement”, impacts the following standards for the revised definition of fair value: IAS 39 “Financial Instruments: Recognition and Measurement”, IAS 19 “Employee Benefits”, IAS 16 “Property, Plant and Equipment” and IAS 36 “Impairment of Assets”. IFRS 9 “Financial instruments” and IFRS 7 “Financial instruments: Disclosures” have been amended for the Mandatory Effective Date and Transition Disclosures definitions. IAS 27 “Separate Financial Statements” has been revised to reflect new standards, IFRS 10 “Consolidated Financial Statements” and IFRS 12 “Disclosure of Interests in Other Entities”, in determining to disclose separate financial statements for an investment entity.

The revisions to these standards have no impact on the financial statements

Financial Results

The following table provides selected financial information extracted from the Financial Statements:

	Year Ended December 31,	
	2013	2012
General and administrative	3,532	5,407
Share-based compensation	1,923	3,857
Pre-license expense	162	245
Foreign exchange loss (gain)	(2,211)	(56)
Loss on investment	16,030	292
Asset impairment and depreciation	9,198	12
Other Income	(47)	(78)
Net loss from continuing operations	(28,587)	(9,679)

General and Administrative Expense

	Year Ended December 31,	
	2013	2012
Salaries and wages	1,866	2,401
Consulting fees	275	373
Severance costs	5	296
Travel expenses	245	589
Professional and legal fees	374	1,106
Rent	240	213
Miscellaneous	527	429
General and Administrative expenses	3,532	5,407

General and administrative (“G&A”) costs for period ended December 31, 2013 were $3.5 million (2012 - $5.4 million). The decrease of $1.9 million is mainly attributable to the following:

- $0.4 million of expenses associated with the transition from the prior management team to the current executive management that occurred during the first quarter of 2012;
- $0.5 million on lower salaries as effective March 1, 2013, the members of the Board and the executive officers of the Corporation agreed to a salary reduction;
- $0.4 million on lower professional and legal fees incurred as part of acquisitions during 2012 and 2013;
- $0.3 million related to obtaining a reserve report in late 2012 which was not completed in 2013
- Overall costs reduction of G&A in order to maximize funds available for capital projects.

Share-based Compensation Expense

Share-based compensation for the period ended December 31, 2013 was $1.9 million (2012 - $3.9 million). The decrease is due to new options which were granted to the new management and board which joined the Company in 2012 offset by 462,000 deferred share units granted to the directors and officers in 2013 which were a part of the senior executives and the board of directors change in remuneration to better align compensation with shareholder interests by reducing cash and increasing equity compensation.

Pre-license Expense

The Company recognizes pre-license expense on investment opportunities which occur prior to the closing of a transaction or do not result in an acquisition. For the period ended December 31, 2013 pre-license expense of $162,000 (2012 $245,000) related to costs incurred in the due diligence of the assets in Georgia.

Foreign Exchange (Gain)/Loss

The Company's functional currency is the Canadian dollar, while its reporting currency is the US dollar. The exposure to foreign currency fluctuations is partially secured by referencing selected transactions to US dollars. The operating costs and certain payments in order to comply with local jurisdiction are still made in the local currencies. During the period ended December 31, 2013, the Company incurred unrealized foreign exchange gains on its inter-company balances outstanding, specifically between the parent company and its foreign subsidiaries whose functional currency is USD.

Asset Impairment and Depreciation

	Year Ended December 31,	
	2013	2012
Impairment of drilling rigs	1,688	-
Impairment of Ukraine exploration and evaluation	7,474	
Depreciation	36	12
Total asset impairment and depreciation	9,198	12

During the period ended December 31, 2013, the Company discovered that it had been defrauded by the entity which was storing two rigs owned by the Company. The Company is currently pursuing legal and criminal actions against the involved parties. As a result of the ongoing proceedings the Company recorded an impairment loss on the rigs of $1.7 million.

As a result of the decision to cease operations in Ukraine, the Company recorded an impairment of $7.4 million related to the South Donbass and Kruto licenses. As the Krasno license, prior to the acquisition of control was accounted for as an equity investment, the impairment of those assets are classified as "Loss on Investment".

Loss on Investment

Krasno license
During the first quarter of 2013, the Company recorded a $6.2 million impairment of its investment which represents primarily the $5.6 million incurred on the drilling, completion and testing of the KRA#1 well but also G&G costs associated with the license. The loss is recorded as "Loss on Investment and Joint Ventures" on the Consolidated Statements of Comprehensive Loss.

Bulgaria
The Company did not incur any significant capital expenditures in Bulgaria because of the fracing moratorium which was imposed by the Bulgarian government in January 2012.

As at December 31, 2013, the ban on fracing had not been removed or modified which was considered as an indicator of impairment. The Gradishte and Kilifarevo licenses will expire in July 2015. If the fracing moratorium was removed in the near future, it would not provide sufficient time to complete its work commitments as per agreement. Accordingly, the Company recognized $9.5 million impairment recorded as "Loss on Investment and Joint Ventures" on the Consolidated Statements of Comprehensive Loss.

The current and non-current liabilities associated with work commitments were reversed and instead, a penalty of $3 million was recognized which becomes payable if the entire work program is not fulfilled.

The penalty was recognized at its present value using a 15% discount rate. Subsequent to December 31, 2013, the Company negotiated the settlement of the $3 million penalty, which will be recognized in 2014.

Capital Expenditures

	Capital expenditure	Capital expenditures to settle carried interest liability[1]	Investment in joint ventures [2]	Total capital spending
Georgia	4,108	-	-	4,108
Bulgaria	-	267	113	380
Ukraine:				
- Krasno	28	-	1,110	1,138
- South Donbass	4,666	-	-	4,666
- Kruto	30	-	-	30
other	66	-	-	66
	8,898	267	1,223	10,388

[1] As part of the acquisition of the Krasno and Bulgarian licenses, the Company agreed to pay 100% of certain work programs associated with the licenses. The fair value of this liability, which represents the partners' working interest share of such work programs have been recorded as a carried interest liability on the balance sheet. The Company's working interest share at fulfilling of these obligations is shown as capital expenditures on the consolidated statement of cash flows whereas the partners' working interest carried costs are shown as a reduction of the carried interest liability on the consolidated balance sheet. Costs incurred in excess of original fair value estimates are shown as an investment with no corresponding reduction of the liability.

[2] The Company accounts for its interest in the Krasno license (prior to the acquisition of control on October 3, 2014) and the Bulgarian assets using equity accounting. As such the Company's working interest share of funding the capital programs is not shown as capital expenditures on the consolidated statement of cash flows but rather as further increases in the investment in those joint ventures.

Georgia

During the period ended December 31, 2013, the Company incurred $4.1 million for the purchase of long lead items and the drilling of its first well in Georgia during the fourth quarter of 2013.

During 2014, the Company drilled a second well and both wells were fraced in March 2014. The Company completed a total of 13 fracking treatments between the two new wells and one existing well. One of the wells did not result in oil production while the other two wells remain on production but at relatively low rates.

Ukraine

South Donbass license

During the period ended December 31, 2013, the Company incurred $3.5 drilling and fracing its first CBM well in South Donbass and the fracing of one existing well. In addition, $1.1 million was spent on inventory to be used on completion of existing wells and drilling of additional wells.

Summary of Quarterly Results

($000, except per share amounts)

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue		-	-	-	-	-	-	-
Loss for the period	(16,064)	(3,483)	(1,811)	(7,229)	(10,559)	(2,559)	(547)	(1,780)
Net loss per share - basic	(0.28)	(0.03)	(0.05)	(0.14)	(0.18)	(0.03)	(0.04)	(0.02)

Following is the summary of transactions impacting net loss for the last eight quarters:

- The fourth quarter of 2013 net loss was primarily a result of the impairments recognized in Bulgaria, Ukraine, Poland and related to the drilling rigs.
- The third quarter of 2013 net loss was a result of $2.2 million of accretion posted on fair valuation of liability on work commitments in Bulgaria.
- The second quarter of 2013 net loss was mainly impacted by $1.0 million impairment loss on its two drilling rigs;
- During the first quarter of 2013, the Company recognized $6.2 million impairment loss on its investment in Krasno license;
- The fourth quarter of 2012 net loss was mainly impacted by impairment loss of $5.5 million associated with discontinued operations in Poland, and by recognized share-based compensation expense of $3.0 million associated with options vested;
- During the third quarter of 2012, the net loss was mainly impacted by the foreign exchange loss of $0.7 million;
- The second quarter of 2012 net loss was significantly lower than in any other quarter which was primarily a result of lower share-based expense and a foreign exchange gain of $0.5 million;
- During the first quarter of 2012, net loss decreased if compared to previous quarters which was a result of lower administrative expenses as many agreements with the previous consultants were terminated;

Liquidity and Capital Resources

As at December 31, 2013, the Company's net working capital deficit was ($0.4) million (December 31, 2012 – net working capital of $2.6 million). Iskander is exposed to the risk of not being able to meet all the financial obligations associated with the work commitments as they come due.

As at December 31, 2013, the Company's cash position was $1.2 million which will not be sufficient to fund the exploration and development program over the next twelve months. The Company will continue to adjust the scope of its operations and anticipated expenditures to match the capital available.

Subsequent to December 31, 2013, the Company completed two private financings for CAD $9.1 million. Iskander has the ability to adjust its capital structure and intends to continue raising funds through equity financing, divestment or farm-out arrangements to fund the exploration and development program and there are no guarantees that additional equity or farm-out arrangements will be available when needed.

The Company has no bank debt and considers its capital structure at this time to include shareholders equity.

Outstanding Share Data

Iskander is authorized to issue an unlimited number of voting common shares without nominal or par value. As at December 31, 2013 Iskander had 74,314,510 common shares outstanding.

	Number of shares	Amount
Balance, December 31, 2012	60,053,489	44,966
Issued for cash via subscription agreements	13,688,333	8,070
Issued for consulting services	78,063	64
Issued for cash – exercise of warrants	492,000	164
Share issuance costs	-	(639)
Other	2,625	-
Balance, December 31, 2013	74,314,510	50,067

Issued for cash

During 2013 and March 2014, the Company offering of shares included provisions in the subscription agreements as follows:

- issue additional 0.1 shares for each unit subscribed, if there is no liquidity event within 12 months of the completed financing.
- if the Company issues shares for less than the offering price within following 12 months, then additional shares will be issued (down-round protection) as follows:

  [Aggregate subscription amount / lower- priced share issue price x 1.05] – Total number of units subscribed

In March 2013, the Company completed a private financing, issuing 7.1 million units at a price of $1.00 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for until September 2014 with an exercise price of $1.00.

The terms of the March financing down-round protection were triggered as a result of the October 2013 financing at a price of $0.75 per unit and an aggregate of an additional 2.8 million penalty shares were issued.

On October 3, 2013, the Company completed a private financing, issuing 3.7 million units at a price of $0.75 per unit including warrants with an exercise price of $1.00, exercisable until March 2015.

In March 2014, $4.1 million was raised, issuing 5.4 million common shares at a price per unit of $0.75, which included one common share and one warrant with an exercise price of $1.

During September and October 2014 a modified auction process was completed which resulted in the establishment of a price per share of $0.01. The significantly lower price was primarily a reflection of the challenging geopolitical events occurring in Eastern Europe. A series of financings and exercise of warrants was conducted for a total of totaling CAD $5 million and in and the issuance of approximately 400 million shares. As at December 1, 2014 $4.5 million of the financing was completed with the remaining $500,000 committed, awaiting a final closing to be completed by December 5, 2014.

Due to the down-round pricing protection in the March 2014 financings, subscribers in those financings were issued 423.0 million shares.

In October 2014, the Company entered into a memorandum of understanding with a third party to assist in the process of introducing and negotiating a potential transaction with a publicly listed entity. As a result of this transaction, the Company issued 76.6 million common shares.

As at December 1, 2014 the Company has approximately 926 million shares outstanding.

Stock option plan

The Company has a stock option plan. The plan provides for the issuance of options to the Company's directors, officers, employees and consultants to acquire common shares. The maximum number of options reserved for issuance under the stock option plan may not exceed 13.0 million. As at December 31, 2013 there were 13.0 million options outstanding.

Warrants

The Company has issued warrants in connection with financing during 2011-2013. As at December 31, 2013, there were 11.4 million warrants outstanding with an average exercise price of $1.51 and an average remaining life of 0.88 years.

Deferred share unit plan

On May 27, 2013, the Company established the Deferred Share Unit ('DSU') Plan to provide a compensation system for the members of the Board of Directors and senior executives which is compatible with shareholder interests and designed to reward significant performance achievements. Each DSU granted permits the holder to receive a cash payment equal to the volume of DSU's multiplied by the fair market value share price which shall be determined by the Corporate Governance Committee of the Board. DSU's vest immediately upon grant but are not exercisable until resignation or termination from the Board of Directors or employment. As at December 31, 2013, there were 462,000 DSU's outstanding with a fair value of $0.3 million.

Contractual Obligations, Commitments and Guarantees

In the normal course of business, Iskander has entered into arrangements and incurred obligations that will impact the Company's future operations and liquidity. These commitments primarily relate to exploration work commitments including seismic and drilling activities. The Company has some discretion regarding the timing of capital spending for exploration work commitments, provided that the work is completed by the end of the exploration periods specified in the contracts. The Company's exploration commitments are described under "Description of Business – Principal Properties". These obligations and commitments are considered in assessing cash requirements in the discussion of future liquidity. Failure to not perform work commitments in the South Donbass, Kruto licenses and Georgia PSA will result in the forfeiture of the licenses or the PSA. In Bulgaria, the Interest in RSG would be forfeited in the event that a contingent payment of approximately $150,000 is not made by the end of 2014.

Business Environment and Risks

Iskander is exposed to a variety of risks including, but not limited to, operational, financial, competitive, political and environmental risks.

Oil and natural gas exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when oil and natural gas is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable oil and natural gas reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will be successful.

The Company has no commercial reserves. Its future value is therefore dependent, on the success or otherwise of the Company's activities which are principally directed towards the further exploration, appraisal and development of its assets in Georgia. Exploration, appraisal and development of oil and gas reserves are speculative and involve a high degree of risk. There is no guarantee that exploration or appraisal of the properties in which the Company holds rights will lead to a commercial discovery or, if there is a commercial discovery, that the Company will be able to realize such reserves as intended.

The Company operates in foreign jurisdiction and is therefore subject to political, economic and other risks and uncertainties. The Company has taken steps to verify title to properties but these procedures do not guarantee the Company's title.

The Company is dependent on various governmental authorities to obtain licenses and permits in order to carry out its planned exploration and development and production activities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits when required.

The Company operates in countries with different legal systems. The Company's ability to exercise or enforce its rights and obligations may differ between countries. Moreover, the jurisdictions in which the Company and its subsidiaries operate may have less developed legal systems which may result in additional risks such as but not limited to higher degrees of discretion on the part of governmental authorities, inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions.

The Company is required to comply with the Canadian Corruption of Foreign Public Officials Act and applicable laws in other jurisdictions which prohibit Canadian companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Although the Company has and will continue to take steps to communicate its policies to associated entities and has completed due diligence on all significant transactions, there is no assurance that the Company's agents or industry partners have not engaged in such illegal conduct.

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company's activities increase, the need for skilled labour will increase and risks exist that the Company will be unable to recruit the appropriately skilled labour to conduct its activities.

The marketability of oil and natural gas that may be acquired or discovered by the Company is and will continue to be affected by numerous factors beyond its control. The Company's ability to market is hydrocarbons may depend upon its ability to access pipelines that deliver hydrocarbons to commercial markets. Prices of hydrocarbons may be volatile and subject to fluctuation. Any material decline in prices could result in a reduction of the net production revenues.

Some of the Company's financial obligations are denominated in foreign currencies. Fluctuations in currency exchange rates may have a material impact on the Company's operational performance and ability to fund obligations.

Off-Balance-Sheet Arrangements

As at December 31, 2013 and 2012 the Company had no off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company did not utilize financial instruments such as hedges or swaps in the periods ended December 31, 2013 and 2012.

Critical Accounting Estimates

The preparation of Financial Statements in accordance with IFRS requires management to make judgments, assumptions and estimates that affect the financial results of the Company. Management reviews its estimates regularly but new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. The Company believes the following are the most critical accounting estimates in preparing its Financial Statements which are in detail described in the notes to those Financial Statements as at and for the period ended December 31, 2013:

- Note 7 - Assets Held for Sale and Discontinued Operations
- Note 8 – Exploration and Evaluation Assets
- Note 9 - Property, Plant and Equipment
- Note 10 - Investments in Joint Ventures
- Note 11 – Impairment
- Note 14 – Decommissioning Liabilities
- Note 16 c) - Stock Options
- Note 16 d) - Deferred Share Unit Plan
- Note 16 e) - Warrants

Advisory on Forward-Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "will", "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "may", "project", "should", "considers", "opportunity", "focused", "potential", "goal", "possible" and variations of such words and similar expressions and are intended to identify forward-looking statements. These statements and information are only predictions. Actual events or results may differ materially from the events and results expressed in the forward-looking statements.

Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur.

Specific forward-looking statements contained in this MD&A include, among others, statements regarding: expectations as to potential resources; expectations as to the timing of, and results related to, the Company's capital programs in Georgia, including, potential timing of production in Georgia and the related cash flows; the potential withdrawal or revision of a temporary fracing moratorium in Bulgaria; the approval of license applications in Ukraine; the outcome of legal proceedings related to the drilling rigs; farm-out opportunities in Bulgaria; and expectations as to the Company's capital program for 2014.

Statements relating to "resources" are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated, and can be profitably produced in the future.

With respect to forward-looking statements contained in this MD&A, the Company made assumptions regarding, among other things: those referred to in the Critical Accounting estimates section; timing and progress of work relating to the Company's assets; capital expenditures and business plans and the ability to raise sufficient capital to fund such plans and that the current fracing moratorium in Bulgaria is not permanent in nature.
These assumptions are based on certain factors and events that are not within the control of the Company and there is no assurance they will prove to be correct. The forward-looking statements are 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 in the forward-looking statements.

The Company's forward-looking statements speak only as of the date made, and the Company undertakes no obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

DIRECTORS

Kent Jespersen
Chairman of the Board
Roger McMechan

Dave Berry

Michael Hibberd

Wayne Thomson

Luis Vazquez

Carl Calandra

OFFICERS AND SENIOR EXECUTIVES

Roger McMechan
Chief Executive Officer
Chief Operating Officer
Bradley Giblin
Chief Financial Officer
Jaroslav Kinach
President

CORPORATE HEADQUARTERS

Iskander Energy Corp.
127 Chapala Pt SE T2X0B3
Calgary, Alberta, Canada

Tel: 403-460-0647
E-mail: info@Iskanderenergy.com

OPERATING OFFICES

Ukraine office
4 Muzeynyi Provulok
01001, kyiv
Tel/Fax: 380-44-490-7040

Bulgaria office
9 Fridtjof Nansen Blvd., Floor 8
Sofia 1000, Bulgaria

Georgia office
5th floor, 2nd entrance, 4A Freedom Square, Tbilisi, Georgia
Fax: +995-32-2-999-492

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

LEGAL COUNSEL

Norton Rose LLP
Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

Computershare Canada
Calgary, Alberta

RESERVES EVALUATORS

RPS Energy Canada
Calgary, Alberta

WEBSITE

www.iskanderenergy.com