MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2013

The following Management's Discussion and Analysis ("MD&A") of Iskander Energy Corp. ("Iskander" or the "Company") is dated August 13, 2013, and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2012 and 2011. The interim condensed consolidated financial statements for the three and six months ended June 30, 2013 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting within Financial Reporting Standards ("IFRS").

Iskander Energy Corp. is a privately held company, incorporated and domiciled in Canada. Its head office is at, 400, 333 11th Avenue S.W., Calgary, Alberta T2R 1L9. 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.

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

Highlights

During the six months ended June 30, 2013 and up to the date of this report the following highlights occurred:

Financial

- On March 14, 2013, the Company closed a CAD $7.1 million tranche of financing which resulted in the issuance of 7.1 million units consisting of 1 common share and 1 warrant exercisable at $1.50 for a period of 18 months. The units also contain a 10% penalty, payable in shares, if a liquidity event does not occur within 12 months and provisions to compensate the investors with additional shares in the event of a subsequent offering completed at less than $1 per share during the next 12 months;
- As at June 30, 2013, the Company has approximately net $5.7 million of working capital excluding $2.9 million of exploration and evaluation assets in Poland which are classified as assets held for sale but dependent on the disposal of the assets in Poland in order to become liquid;

Strategic

- The Company signed a farm-in agreement covering an existing producing asset in Georgia. The deal provides Iskander with the opportunity to drill 3 wells to earn 50% in an existing production sharing agreement. Closing of the transaction is subject to receipt of a new Production Sharing Agreement ("PSA") from the government which is expected in August 2013;
- The Company exercised its rights to acquire an additional 8.75% in the Polish assets for $10, as a result of its partner's failure to fund its drilling obligations. Divestiture of the Company's now 24% interest in the Polish assets continued with several interested parties;
- In an effort to better align its interest with shareholders of Iskander, the executive management and the board agreed to, on average, a 25% decrease in the cash compensation which will be paid in the form of equity.

Operational

- On August 2, 2013, the Company spudded its first well on the South Donbass which will be its first evaluation of its coal-bed methane ("CBM") prospects. Drilling is expected to be completed by middle of August with fracking anticipated for September 2013.
- Sourcing of long lead items commenced for the Company's anticipated drilling operations in Georgia scheduled for September 2013, subject to the closing of its farm-in agreement;

2013 Outlook

Subject to obtaining the necessary financing from the current fundraising activities or farm-out transactions, the Company intends to conduct capital expenditures and strategic activities focused on delivering a material increase in value to shareholders. The critical activities of this strategy are as follows:

Ukraine

- Proving up the potential CBM in Ukraine by drilling or recompleting up to six wells in the South Donbass and Kruto licenses. Initial operations have commenced in early August 2013 with the drilling of one new CBM well;

Bulgaria

- Continued discussions with the government on declaring force majeure on obtaining a suspension of work commitments on our two blocks as a result of the current fracking moratorium in Bulgaria;

Poland

- Divest exploration assets in Poland which do not fit with the Company's strategy of operating shallow, lower geological risk opportunities;

Georgia

- Closing the farm-in transaction in Georgia on currently producing light oil assets with low risk development drilling opportunities. Drilling equipment is in place which would allow the Company to commence operations in the third quarter of 2013 with the potential for production during December 2013.

Description of Business

Strategy

The Company is engaged in the acquisition and exploration of, and ultimately development of, oil, natural gas and coal bed methane properties in Ukraine, Poland, Bulgaria and Georgia. 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 three properties in Ukraine, two properties in Bulgaria, is a joint-venture partner on a property in Poland and entered into a farm-in agreement covering one producing development block in Georgia, which is expected to close in August 2013 upon receipt of PSA from the Georgian government.

The Company's business plan is to focus on shallow wells with lower geological risk. The strategy is to take advantage of the high prices of natural gas in Eastern Europe, light oil benchmarked to Brent and the low royalty and tax regimes in the region. Iskander intends on retaining leverage to unconventional/shale upside through farm-out of deep, expensive wells. Iskander's advantage is that it is able to bring proven Western technology to one of the world's largest under-exploited hydrocarbon basins.

Principal Properties

As at June 30, 2013, the Company's principal land holdings and exploration blocks were as follows:

Country	License	Working Interest	Royalty	Operator	Gross Acreage	Expiry
Ukraine	Kruto	90%	5% gross override and 25% to the state	Yes	169,267	July 2016
Ukraine	S.Donbass	95%		Yes	106,502	December 2013
Ukraine	Krasno	51%	25% to the state	Yes	58,070	January 2015
Bulgaria	Gradishte	75%	R-factor scale from 4.5% to 32% to the state and 2% gross override	Yes	465,794	July 2015
Bulgaria	Kilifarevo	75%		Yes	4,942	July 2015
Poland	Bieszczady	24%	5.9 PLN/1000 m^3 Higher rates proposed (up to 40%) effective 2015	No	869,810	July 2013. Extension application submitted
Georgia	Producing Asset[(1)]	50%	Contractor share 75% before payout and 40% after payout.	Joint[(2)]	6,500	December 2025

[(1)] Subject to of new PSA by Georgian government which is expected in August.
[(2)] Iskander operates earning wells. Once earn-in period is complete, the Company will operate as 50/50 joint operator.

<u>Ukraine Properties</u>

South Donbass CBM License (Ukraine)

The Company, through its indirect, wholly-owned subsidiary, Iskander Energy Ukraine II Limited ("Iskander Ukraine II"), has farmed-in on a 95% participating interest in an exploration license for the development of coal bed methane gas. The Company's 95% working interest is pursuant to the terms of a joint activity agreement between Iskander Ukraine II and Industrial Union of Donbas Corporation ("IUD"), the registered owner of title of the South Donbass License. The remaining 5% participating interest is currently held by IUD.

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. The work program respecting the South Donbass license includes the anticipated commencement of drilling up to four wells by the end of 2013 and the possible work-over of existing wells which totals approximately $3.0 - $8.0 million. The capital program during 2013 is focused on proving up economic resources on the South Donbass permit which will be utilized to apply for a production license by the end of 2013.

Kruto License (Ukraine)

The Company, through its indirect, wholly-owned subsidiary, Iskander Energy Ukraine Limited ("Iskander Ukraine") has farmed-in on a 90% participating interest in a subsoil exploration license for the development of coal bed methane gas. The Company's 90% working interest was obtained pursuant to the terms of a joint activity agreement between Iskander Ukraine and EcoMethan LLC, the registered owner of title of the Kruto license. The remaining 10% participating interest is currently held by EcoMethan LLC.

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, of which the first well, subject to having sufficient capital, is expected to occur in late 2013 or early 2014. The actual number of wells drilled will be determined by well conditions and well performance.

Krasno CBM License (Ukraine)

The Company holds an indirect working interest in the Krasno License in Ukraine through its 51% of Karbona Energo, a private Ukraine Company, which is the registered holder of the license. The Company is party to a joint venture agreement and is designated as the operator.

The terms of the farm-in agreement covering the Krasno license commit Iskander to fund 100% of drilling two shallow wells to a minimum depth of 1,000 meters to earn 51%. During Q1, 2013 the Company completed the drilling of its first earn-in well and obtained an extension of up to 1 year to complete the drilling of the second earn-in well as per the terms of the farm-in agreement.

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 which totals approximately $10.0 million.

Bulgaria Properties

The Bulgarian assets are comprised of an interest in two prospecting and exploration permits respecting oil and natural gas blocks 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. RSG is held as to 75% by Tzilkaf Investments Limited, a wholly-owned subsidiary of Iskander.

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.

Subsequent to the investment 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. Based on discussion with government officials and public announcements, the Company currently expects that the moratorium is temporary in nature and that there is a reasonable likelihood of the ban being removed. The Company continues to discuss the implications of the fracking moratorium on the work commitments associated with its licenses but have not been able to obtain modification of its work commitments as at August 13, 2013.

In the event of a permanent moratorium on fracture stimulations or an unsuccessful approval of a modified work program, future oil and gas investment in Bulgaria would be limited and the carrying value of the Company's investment would be reassessed for impairment at that time. Based on technical analysis completed to date, the Company believes that hydrocarbons cannot be economically produced from the reservoirs without fracking technology and therefore a permanent or extended ban on fracking would likely result in a full impairment of its investment in Bulgaria. 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.

Poland Properties

In Poland, as at June 30, 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 exploration permit expired in July 2013. An application for a new exploration permit has been submitted and is expected to be received during the third quarter of 2013.

Georgia Properties

During the second quarter of 2013, the Company entered into a farm-in agreement to earn 50% of a producing asset with a private Georgian company. The transaction is expected to close in the third quarter of 2013 upon receipt of a revised PSA which will include Company as a direct participant to the PSA, subject to completion of a work program.

Basis of Presentation

The Interim Financial Statements of the Company as at and for the three and six month period ended June 30, 2013 have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company's ability to continue as a going concern is dependent upon its ability to fund its work programs and obligations. The Interim Financial Statements do not reflect adjustments in the carrying values of the assets and liabilities, expense and the balance sheet classifications used, that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

In March 2013, the Company closed a tranche of private financing for CAD$7.1 million. The Company 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.

All financial information has been prepared in accordance with IAS 34, Interim Financial Reporting of International Financial Reporting Standards ("IFRS"). Unless otherwise noted all financial information is reported in 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 Interim Financial Statements for the three and six month period ended June 30, 2013.

Financial Results

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

	Three Months Ended June 30		**Six Months Ended June 30**	
	2013	2012	2013	2012
Revenue	-	-	-	-
General and administrative	911	879	1,906	2,365
Share-based compensation	775	108	1,087	445
Pre-license expense	89	-	146	-
Foreign exchange loss (gain)	(1,019)	(484)	(1,411)	(459)
Loss on investment	-	-	6,196	-
Asset impairment	1,012	-	1,012	-
Finance expense (income) and other	(5)	(20)	(9)	(87)
Share of loss from joint venture	48	64	113	63
Net loss from continuing operations	1,811	547	9,040	2,327

Net loss from discontinued operations	213	-	293	-
Net loss	2,024	547	9,333	2,327

General and Administrative Expense

	Three Months Ended June 30		**Six Months Ended June 30**	
	2013	2012	2013	2012
Salaries and wages	436	445	1,006	1,228
Consulting fees	161	42	251	126
Severance costs	5	19	5	219
Travel expenses	47	91	115	187
Professional and legal fees	101	146	212	397
Rent	60	55	120	82
Miscellaneous	101	81	197	126
General and Administrative expenses	911	879	1,906	2,365

General and administrative ("G&A") costs for the three and six months ended June 30, 2013 were $0.9 million and $1.9 million, respectively (2012 - $0.9 million and $2.4 million, respectively). The decrease for the six month period is mainly attributable to $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. Effective March 1, 2013, the members of the Board and the executive officers of the Corporation agreed to a salary reduction which resulted in a decrease of salaries expense by $0.1 million for the six months period ended June 30, 2013.

Share-based Compensation Expense

Share-based compensation for the three and six months ended June 30, 2013 was $0.8 million (2011 - $1.1 million). The share-based compensation expense increased in the current quarter due to 462,000 deferred share units granted to the directors and officers which was part of a senior executives and the board of directors change in remuneration to better align compensation with shareholder interests by utilizing equity and less cash 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 three and six months ended June 30, 2013 pre-license expense was $89,000 and $146,000, respectively (2011 - nil) which related to costs incurred in the due diligence of the assets in Georgia.

Foreign Exchange Loss (gain)

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 three and six month period ended June 30, 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

Subsequent to June 30, 2013, the Company completed the sale of its two drilling rigs for net proceeds of $675,000. As such, drilling rigs were adjusted to its net realizable value and impairment loss of $1,012,000 was recorded in the consolidated statements of the comprehensive income for the six months period ended June 30, 2013.

Discontinued Operations

During the fourth quarter of 2012, the Company appointed a third party agent to divest its assets in Poland. The financial results for the three and six months ended June 30, 2013 are presented as discontinued operations, as determined in accordance with IFRS 5. While the net assets have been classified as assets held for sale.

Capital Expenditures and Loss on Investment

	Capital expenditure	Investment in joint ventures [1]	Capital expenditures to settle carried interest liability[2]	Total capital spending
Bulgaria	-	61	142	203
Ukraine:				
- Krasno	-	1,681	40	1,721
- South Donbass	367	-	-	367
- Kruto	-	-	-	-
Georgia and other	471	-	-	471
	838	1,742	182	2,762

(1) The Company accounts for its interest in the Krasno license 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.

(2) 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 has 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.

<u>*Ukraine*</u>

South Donbass license

During the six months ended June 30, 2013, the Company incurred $0.1 million associated with logging of existing well and $0.3 million for preparation of upcoming CBM.

Krasno license

The Company has negotiated an agreement for a one year extension to its obligation to drill a second well in order to earn an indirect 51% working interest in the Krasno license. The Company is currently re-evaluating its further operations options. Because of this uncertainty, the Company has 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.

Bulgaria

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

Georgia and other

During the quarter, the Company incurred $0.4 million for the purchase of long lead items associated with the expected commencement of operations in Georgia during September 2013.

Summary of Quarterly Results

($000, except per share amounts)

	2013		2012				2011	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenue	-	-	-	-	-	-	-	-
Loss for the period	(3,042)	(8,394)	(10,559)	(2,559)	(547)	(1,780)	(10,421)	(7,110)
Net loss per share - basic	(0.05)	(0.14)	(0.18)	(0.03)	(0.04)	(0.02)	(0.12)	(0.10)

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

- 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;
- In the fourth quarter of 2011, net loss primarily related to transaction costs of $4.1 million which were associated with the investment in Karbona Energo LLC in Ukraine. The Company has also recognized impairment loss of $1.7 million which represented a decrease in fair value of the promissory notes issued to Eurogas Inc. The remaining expenses related to administrative expenses of $3.0 million and share-based compensation expense of $2.2 million related to the granting of options to the new member of the Board of Directors and senior management;
- During the third quarter of 2011, net loss was due to administrative expenses of $2.9 million, $2.2 million of stock-based compensation expense, and $1.2 million of foreign exchange loss.

Liquidity and Capital Resources

As at June 30, 2013 Iskander had $6.2 million of cash on hand. The Company's cash balances reside in current accounts, of which approximately 91% is held on account in Canada.

As at June 30, 2013, net working capital was $5.7 million (December 31, 2012 - $2.6 million). The working capital of $5.7 million does not include $2.9 million associated with exploration and evaluation assets which are a part of assets held for sale, as these assets would become liquid only if sold.

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. Iskander currently does not have sufficient financial resources to fund all of its work commitments based upon the Company's current working capital position. In March 2013, the Company closed a tranche of private financing for CAD$7.1 million. The Company intends to continue raising funds through equity financings, 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.

Outstanding Share Data

Iskander is authorized to issue an unlimited number of voting common shares without nominal or par value. As at June 30, 2013 Iskander had 67,645,489 common shares outstanding.

	Number of shares	Amount
Balance, December 31, 2012	60,053,489	44,966
Issued for cash via subscription agreements	7,100,000	5,666
Issued for cash – exercise of warrants	492,000	164
Share issuance costs	-	(761)
Other	2,625	-
Balance, June 30, 2013	67,648,114	50,035

Issued for cash

In March 2013, the Company completed a tranche of private financing, issuing 7,100,000 units at a price of $1.00 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant shall be exercisable to acquire one common share of the Company at an exercise price equal to $1.50 for a period of 18 months following the closing date. Share issue costs include a cash fee equal to 6% of the gross proceeds of the offering paid to the agents and 284,000 broker warrants with an exercise price of $1.50 and exercisable for a period of 18 months.

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 million. As at June 30, 2013 and August 13, 2013 there were 11.5 million options outstanding.

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. DSUs vest immediately upon grant but are not exercisable until resignation or termination from the Board of Directors or employment. As at June 30, 2013, there were 462,000 DSU's outstanding.

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 and Kruto licenses will result in the forfeiture of the licenses whereas failure to drill two wells on the Krasno block would result in the forfeiture of the Company's 51% interest in Karbona Energo LLC. In Bulgaria, the Interest in RSG would be forfeited along with a potential penalty of $3 million payable in the event that work commitments are not performed. There do not currently exist any penalties related to non-performance of work in Poland.

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 the Ukraine, Bulgaria, Poland and potential 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, 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 June 30, 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 three and six month period ended June 30, 2013 and 2012.

Critical Accounting Estimates

The preparation of Interim 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 Interim Financial Statements which are in detail described in the notes to those Interim Financial Statements as at and for the period ended June 30, 2013:

- Note 4 – Assets Held for Sale and Discontinued Operations
- Note 6 – Property, Plant and Equipment
- Note 7 – Investments in Joint Ventures
- Note 11 c) – Stock Options
- Note 11 d) – Deferred Share Unit Plan
- Note 11 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 drilling programs in Ukraine, Bulgaria, Poland and Georgia, including, potential timing of production in the Ukraine and Georgia; the potential withdrawal or revision of a temporary fracking moratorium in Bulgaria; farm-out opportunities in Bulgaria; divestment opportunities in Poland; completion of a farm-in transaction and receipt of a new PSA in Georgia and expectations as to the Company's capital program for 2013.

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; that the current fracking moratorium in Bulgaria is not permanent in nature; the Company will successfully close the farm-in agreement in respect of the Georgian opportunity and the Company will successfully divest its interest in the Bieszczady block in Poland.

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

Teimour Bagirov

Jay Thornton

Dave Berry

Grant Fagerheim

Michael Hibberd

Wayne Thomson

Luis Vazquez

OFFICERS AND SENIOR EXECUTIVES

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

CORPORATE HEADQUARTERS

Iskander Energy Corp.
400, 333-11th Avenue S.W.,
Calgary, Alberta, Canada T2R 1L9

Tel: 403-460-0647
Fax: 587-352-7713
E-mail: info@Iskanderenergy.com

OPERATING OFFICES

Ukraine office
4 Muzeyniy Provulok, Suite 6-3
01001 Kyiv, Ukraine
Tel/Fax: 380-44-490-7040

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

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