MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2012

The following Management's Discussion and Analysis ("MD&A") of Iskander Energy Corp. ("Iskander" or the "Company") is dated December 7, 2012, and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2011 and 2010 and the interim as at September 30, 2012. The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting within International 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.

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

Highlights

During the nine months ended September 30, 2012 and up to the date of this report the following highlights occurred:

Operational

- Successfully drilled the Company's first well in Ukraine, KRA #1, to a total depth of 1,680 meters and commenced completion and fracing operations during the last week of November 2012. Operations are ongoing with all fracing activities expected to be completed by year-end 2012;
- Completed permitting of the Company's second well, KRA #2, which is expected to spud in early 2013, subject to obtaining additional financing;
- Working with RPS Energy, the Company obtained 51-101 compliant contingent and prospective resources which include best estimate working interest share of unrisked and risked contingent and prospective resources of 1 TCF and 275 BCF respectively within the assets in Poland, Bulgaria and the Krasnoarmeysk snd South Donbass licenses in Ukraine.

Strategic

- The Company was able to renegotiate key terms of the IUD and EcoMethan agreements which materially lowered upfront cash payments required and increased the working interests from 61.75% to 95% and 58.5% to 90% respectively.
- The Company has signed a non-binding memorandum of understanding ("MOU") covering existing producing asset in Georgia. Due diligence is expected to be completed by year-end with potential closing of such transaction in early 2013;
- Iskander is currently in discussions with multiple companies interested in a potential farm-in transaction of its Bulgarian assets, focused on the exploration for shale gas;
- Subsequent to September 30, 2012 the Company has engaged an agent to review potential divestment of its interests in Poland.

Financial

- Iskander has signed an engagement letter with RBC Dominion Securities Inc ("RBC") to act as lead agent in syndication to raise approximately CAD $20 million;

- As at December 7, 2012, the Company has approximately $7.5 million of working capital.

2012 Outlook

Subject to obtaining the necessary financing from the current fundraising activities, the Company intends to conduct capital expenditures and strategic activities which are focused on delivering a material increase in value to shareholders with the expectation of entering into an initial public offering during 2013. The critical activities of this strategy are as follows:

Ukraine

- completion, stimulation and testing of the KRA #1 well in Krasnoarmeysk area;
- Drilling of 2 additional wells in the Krasnoarmeysk area; and
- Drilling and/or recompletion of up to 3 wells in South Donbass license.

Bulgaria

- Continuing negotiations with the goal of concluding a farm-in transaction with large multi-national companies with extensive shale gas experience.

Poland

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

Georgia

- Closing a proposed transaction following completion of satisfactory due diligence review. The Georgian assets are currently producing light to medium oil. Drilling equipment is in place which would allow the Company to commence operations early in 2013 with the potential for near term production.

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 and Bulgaria and surrounding regions. 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.

The Company's vision and strategy is to grow through a combination of exploration, development and acquisition of oil and gas properties in Ukraine, Bulgaria and surrounding regions. Through various forms of acquisition, Iskander has acquired direct or indirect interests in three properties in Ukraine, two properties in Bulgaria and is a joint-venture partner on a property in Poland.

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 and the low royalty and tax regime 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 September 30, 2012, the Company's principal land holdings and exploration blocks were as follows:

Country	License	Working Interest	Operator	Gross Acreage	Expiry
Ukraine	Krasnoarmeysk	51% - 60%	Yes	58,070	January 2015
Ukraine	South Donbass	95%	Yes	106,502	December 2013
Ukraine	Krutoyarivska	90%	Yes	169,267	July 2016
Bulgaria	Gradishte	75%	Yes	465,794	July 2015
Bulgaria	Kilifarevo	75%	Yes	4,942	July 2015
Poland	Bieszczady	15.6 - 24%	No	869,810	July 2013. Extension available upon application

<u>Ukraine Properties</u>

Krasnoarmeysk "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% and the option to fund 100% of an additional well to earn an additional 9%.

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.

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 six wells by the end of 2013 and the possible work-over of existing wells which totals approximately $8.0 million.

Krutoyarivska "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 Krutoyarivska License includes the drilling of up to six wells, which is expected to occur in 2013. The actual number of wells drilled will be determined by well conditions and well performance.

<u>Bulgaria Properties</u>

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.

The terms of the share purchase agreement provide Iskander with the option, which has not been exercised, to purchase for $1.5 million, an additional 8% of the issued and outstanding shares of RSG and therefore increase its ownership in the blocks to 83%.

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 €27.3 million by 2015.

The Company has submitted an extension application to the Government of Bulgaria following the legislative ban on fracture stimulation activities in early 2012. The Company intends to submit a modified work program following approval of its extension which will reflect the current moratorium in place.

<u>Poland Properties</u>

In Poland, the Company has an effective 15.6% participating interest on certain crude oil & natural gas concessions (the "Bieszczady Block"). Iskander holds its interest in the Bieszczady Block by virtue of its ownership of 65% of the issued and outstanding equity of EuroGas Polska Sp. Z.o.o. ("EuroGas Polska"), which holds a 24% working interest in the Bieszczady Block pursuant to the definitive joint operation agreement.

By virtue of convertible promissory notes and options provided by Eurogas Inc, the minority shareholder in Eurogas Polska, Iskander has the right to acquire the remaining 35% ownership in Eurogas Polska and increase its working interest in the Bieszczady Block to 24% for a nominal payment.

The current phase of the exploration permit will expire in July 2013 but an extension for an additional four years is available upon application and submission of a revised work program.

Acquisitions

Investment In Joint Ventures – Karbona Energo LLC (Ukraine)

On April 27, 2012, the Company agreed to enter into a shareholder agreement as part of the transaction to acquire 51% of Karbona Energo LLC, a company registered in Ukraine which holds the Karbona license. The acquisition of Karbona includes rights granted to the vendor which require their agreement on key business decision. As a result of these rights, Iskander's ownership of Karbona was accounted for as a jointly controlled entity by applying equity method of accounting as at September 30, 2012.

Acquisition of Joint Interest - Ukraine

IUD block

On March 20, 2012 the Company acquired a joint interest in the IUD license, as the Operator, from Industrial Union of Donbas Corporation ("IUD"), through a Joint Activity Agreement (JAA) as licenses are non-transferrable in Ukraine until such time that a production license is granted in the name of the Operator.

The terms of the deal are to complete and fund a work program including new wells and work-overs.

EcoMethan block

On June 21, 2012, the Company signed a joint activity agreement on the EcoMethan license. The terms of the deal are to complete and fund a work program including new wells and cash payments which are split between closing of the agreement and upon obtaining a production license. As at September 30, 2012, the Company has paid $612,500 with an additional $250,000 to be paid upon obtaining a production license. As a result of fulfilling the above work program and payments, the Company will earn a 90% interest in the license.

Renegotiation of IUD and EcoMethan MOU's

During the nine months period ended September 30, 2012, the Company was able to renegotiate key terms of the IUD and EcoMethan agreements with an unrelated third party. In exchange for staged payments totaling $750,000 and an agreement to issue 500,000 common shares of Iskander in the fourth quarter of 2012, upon receipt of all final documentation, the Company was able to increase its earned interest in the IUD and EcoMethan licenses from 61.75% to 95% and 58.5% to 90% respectively.

Financial Results

The following table provides selected financial information extracted from the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2012.

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	**2011**	**2012**	**2011**
Revenue	-	-	-	-
General and administrative	1,416	2,861	3,781	6,898
Share-based compensation	397	2,122	842	2,626
Transaction expense	-	198	-	17,573
Exploration expense	21	636	21	1,041
Foreign exchange loss (gain)	738	1,334	279	1,846
Finance expense (income) and other	(14)	(46)	(101)	(78)
Share of loss from joint venture	1	1	64	1
Net loss	2,559	7,106	4,886	29,907

General and Administrative Expense

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2012	**2011**	**2012**	**2011**
Salaries and wages	603	379	1,831	399
Consulting fees	115	824	241	4,034
Travel expenses	135	393	322	664
Professional and legal fees	313	1,227	710	1,721
Miscellaneous	250	38	677	80
General and Administrative expenses	1,416	2,861	3,781	6,898

General and administrative ("G&A") costs for the three and nine months ended September 30, 2012 were $1.4 million and $3.8 million, respectively (2011 - $2.9 million and $6.9 million respectively). The decrease is mainly attributable to lower consulting fees as result of terminating contracts with the former consultants following the change in the board of directors and senior management in December 2011. In addition, professional fees were $1.0 million lower for the nine month period of 2012 compared to 2011 because of asset transactions which occurred in 2011 and resulted in significant legal and professional fees.

Share-based Compensation Expense

Share-based compensation for the three and nine months ended September 30, 2012 was $0.4 million and $0.8 million, respectively (2011 - $2.1 million and $2.6 million, respectively). The share-based compensation expense arises from share options granted to employees, officers, directors and consultants. The expense recognized in the three and nine month periods of 2011 primarily relate to the granting of 6.2 million options granted in the third quarter of 2011, of which 3.2 million vested upon granting and were therefore fully expensed at that time.

Transaction Expense

Transaction expense represents non-recurring expenditures associated with acquisitions of foreign assets. For the three and nine months ended September 30, 2012 transaction expense was nil (2011 – $0.2 million and $17.6 million, respectively).

During the first nine months of 2011, Iskander entered into Memorandum of Understandings ("MOU") and corporate acquisitions which were facilitated by consultants and third parties. Compensation for services to these consultants, that likely meet the definition of a related party under IFRS and third parties was made in the form of issued shares and cash payments which have been expensed. Compensation for services is summarized below:

	Number of shares granted	Fair value of granted shares	Cash payments	Total transaction expense
Corporate acquisition - Bulgaria	6,500,000	10,117	198	10,315
Corporate acquisition - Poland	-	-	199	199
Ukraine property acquisitions	6,750,000	7,059	-	7,059
	13,250,000	17,176	397	17,573

During 2012, the Company was able to renegotiate the terms of certain of these transactions. The impact of these new terms were reflected in the consolidated financial statements as at September 30, 2012 but were not included in the consolidated financial statements as at December 31, 2011.

Exploration Expense

The Company recognizes exploration expense on potential investment opportunities which at the end do not result in acquisition. For the three and nine months ended September 30, 2012 exploration expense was $21,000 (2011 - $0.6 million and $1.0 million). During the first nine months of 2011 extensive technical and legal due diligence was conducted in relation to properties in Ukraine which did not result in acquisitions and therefore the costs expensed.

Foreign Exchange 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 2012, the Company's was primarily exposed to fluctuations of Polish Zloty which resulted in foreign exchange losses.

Capital Expenditures

	Capital expenditure	Investment in joint ventures [1]	Capital expenditures to settle carried interest liability[2]	Total capital spending
Poland	492	-	-	492
Bulgaria	-	184	241	425
Ukraine:				
- Krasnoarmeysk	-	887	1,024	1,911
- South Donbass	1,263	-	-	1,263
- Krutoyarivska	1,505	-	-	1,505
Other	316	-	-	316
	3,576	1,071	1,265	5,912

(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. Fulfilment of these obligations is shown as capital expenditures on the consolidated statement of cash flows and as a reduction of the carried interest liability on the consolidated balance sheet.

Poland

Capital expenditures for the nine month period ended September 30, 2012 were primarily for geological works in Bieszczady area and the completion of testing activities on the N-1 well drilled in 2011.

Ukraine

Krasno license

During the third quarter of 2012, the Company commenced drilling of its first shallow exploration well on the licensed property. As at September 30, 2012, the Company had incurred approximately $1.9 million primarily related to the acquisition of materials and costs incurred in preparing to commence drilling. The well was spud in late September 2012 and was completed drilling and preliminary evaluation work in 34 days. Completion activities were delayed awaiting the arrival of chemicals to commence fracing operations were commenced in late November and are anticipated to be completed by end of year 2012.

South Donbass and Kruto

The Company capitalized approximately $2.8 million of costs associated with acquiring the interest in the Kruto and South Donbass licenses in the form of cash payments of which $1.0 million has been paid with an additional $750,000 accrued and payable in two installments of $375,000 prior to December 2013. In addition, the Company issued 500,000 common shares on November 28, 2012, representing an estimated fair value of $1.0 million.

The Company has also agreed to contingency payments totaling $750,000 upon granting of production licenses covering the Kruto and South Donbass licenses.

Bulgaria

The Company did not incur any significant capital expenditures in Bulgaria because of the fracing moratorium which has been imposed by the Bulgarian government. Capital expenditures during 2012 related to the reprocessing and reinterpretation of existing seismic data.

Summary of Quarterly Results

($000, except per share amounts)

	2012						2011	2010
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenue	-	-	-	-	-	-	-	-
Loss for the period	(2,559)	(547)	(1,780)	(10,421)	(7,110)	(21,622)	(1,178)	(4,650)
Net loss per share - basic	(0.03)	(0.04)	(0.02)	(0.12)	(0.10)	(0.50)	(0.06)	(0.27)

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

- 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.
- The second quarter of 2011 net loss was a result of transaction costs of $17.4 million which related to costs associated with investment in Bulgaria ($10.1 million), assets acquisition in Ukraine ($7.1 million) and corporate acquisition in Poland ($0.2 million).
- In the first quarter of 2011, net loss related to $0.7 million of administrative expenses and $0.4 million of share-based compensation expense on stock options granted.
- During the fourth quarter of 2010, the Company recognized share-based compensation expense of $4,650 associated with 19 million shares issued to the founders of the Company.

Liquidity and Capital Resources

As at September 30, 2012 Iskander had $8.7 million of cash on hand, and $2.5 million of short term investments. The Company's cash balances reside in current accounts, of which approximately 90% is held on account in Canada.

As at September 30, 2012 net working capital was $10.5 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. Iskander currently does not have sufficient financial resources to fund all of its work commitments based upon the Company's current working capital position and continues to seek divestment of its assets in Poland and seek strategic partners to farm-in on its acreage in Bulgaria and is currently raising capital through a syndicated private placement equity offering.

Outstanding Share Data

Iskander is authorized to issue an unlimited number of voting common shares without nominal or par value. As at December 7, 2012 Iskander had 60,053,489 common shares outstanding.

	Number of shares	Amount
Balance, December 31, 2011	**87,645,847**	**66,335**
Issued for cash via subscription agreements	2,370,000	4,682
Issued for consulting services	50,000	100
Issued for nil consideration	996,076	-
Cancelled shares	(31,333,434)	(26,666)
Repurchased shares	(250,000)	(212)
Share issuance costs	-	(352)
Balance, September 30, 2012	59,478,489	43,887

Issued for cash

During the period, the Company raised $4.7 million via subscription agreements at a price of CAD $2 per special warrant.

Issued for nil consideration

Certain issuance in 2011 included a provision for additional 10% common shares, if an initial public offering was not completed by February 2012. As a result of the Company not completing an initial public offering, 996,076 common shares were issued during the first quarter of 2012 for no additional proceeds.

Cancelled shares

Effective December 16, 2011, the Company introduced a new Board of Directors and senior executives. During the nine months ended September 30, 2012, the new Board of Directors and senior executives were able to enter into agreements which resulted in the renegotiation of share-based transaction costs recognized in 2011 and 2010 for services provided, primarily in conjunction with corporate and property acquisitions. As a result, 31.3 million common shares were returned to the Company for nil cash compensation along with an injection of capital of $2.0 million. For financial statements reporting, shares were cancelled at a weighted average price of $0.81 of the issued and outstanding common shares as at December 31, 2011. Total expensed costs related to these shares were $24.6 million. $4.6 million was recorded for the year ended December 31, 2010 and $19.9 million for the year ended December 31, 2011. In addition, 3.3 million stock options, granted during 2011 were returned to the Company.

Repurchased shares

During the nine months ended September 30, 2012, 250,000 shares were repurchased from an unrelated party at a share price of $1.00 which involved a member of the board of directors who facilitated the transaction and therefore constitutes a related party transaction. The excess price paid over the average price per share cancelled during the period has been charged to retained earnings.

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 September 30, 2012 there were $11.4 million options outstanding. As at December 7, 2012 there are 11.3 million options 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 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 EcoMethan 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 company has posted cash security of $250,000 which would be forfeited along with a penalty of $3 million payable to its working interest partner in the event that work commitments are not performed. There do not currently exist 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 and Poland. 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 September 30, 2012 and 2011 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 nine month period ended September 30, 2012 and 2011.

Critical Accounting Estimates

The preparation of condensed interim consolidated 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 condensed interim consolidated financial statements which are in detail described in the notes to those consolidated financial statements as at and for the year ended December 31, 2011:

- Note 4 – Determination of Fair values
- Note 16 – Decommissioning Liabilities
- Note 17 b) – Stock Options
- Note 18 – Income Tax

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 the timing and completion of an IPO; expectations as to potential resources; expectations as to the timing of, and results related to, the Company's drilling programs in Ukraine, Bulgaria and Poland, including, potential timing of production in the Ukraine; the potential withdrawal or revision of a temporary fracing moratorium in Bulgaria; the approval of an extension and modified work programs by the Bulgarian Government; farm-out opportunities in Bulgaria; divestment opportunities in Poland; completion of a farm-in transaction in Georgia and expectations as to the Company's capital program for Q4 2012 and 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 fracing moratorium in Bulgaria will be rescinded in 2013; the Company will successfully enter into farmout arrangements in respect of its Bulgarian shale gas working interests; the Company will successfully enter into farmin arrangements 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.

Resources Disclosure

In this MD&A the Company has disclosed estimated volumes of contingent and prospective resources. Prospective resources and contingent resources do not constitute, and should not be confused with, reserves. There is no certainty that it will be commercially viable to produce any portion of the resources.

Resource estimates provided herein are estimates only. Actual contingent and prospective resources (and any volumes that may be classified as reserves) and future production from such contingent and prospective resources may be greater than or less than the estimates provided herein.

“Contingent resources” means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

“Prospective resources” means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

DIRECTORS

Kent Jespersen
Chairman of the Board

Teimour Bagirov

Jay Thornton

Dave Berry

Grant Fagerheim

Michael Hibberd

Wayne Thomson

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