PETRODORADO
Excellence with Agility

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

(UNAUDITED)

PETRODORADO ENERGY LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

(Expressed in U.S. Dollars)	**September 30, 2012**	December 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	**$ 13,747,340**	$ 9,207,878
Short-term investments	**29,500,835**	30,863,984
Accounts receivable (Note 3)	**2,197,080**	182,235
Prepaid expenses and deposits	**21,133**	12,837
Restricted cash (Note 4)	**7,978,379**	-
	53,444,767	40,266,934
Non-current Assets		
Restricted cash (Note 4)	**10,583,202**	13,394,447
Exploration and evaluation assets (Note 8)	**59,741,834**	59,697,822
Property, plant and equipment (Note 9)	**4,032,585**	4,125,180
	$ 127,802,388	$ 117,484,383
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 3)	**$ 10,377,067**	$ 3,727,943
Equity tax payable (Note 10)	**742,537**	703,540
	11,119,604	4,431,483
Non-current Liabilities		
Decommissioning obligations	**727,601**	615,916
Equity tax payable (Note 10)	**687,536**	1,254,599
	12,534,741	6,301,998
Shareholders' Equity		
Share capital (Note 11)	**102,918,335**	102,918,335
Warrants (Note 11)	**19,412,050**	19,412,050
Contributed surplus	**8,982,177**	7,698,893
Deficit	**(20,347,426)**	(19,262,918)
Accumulated other comprehensive income	**4,302,511**	416,025
	115,267,647	111,182,385
	$ 127,802,388	$ 117,484,383

Commitments (Note 12)

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (unaudited)

For the three and nine months ended September 30

(Expressed in U.S. Dollars)	For the three months ended **2012**	2011	For the nine months ended **2012**	2011
Revenue:				
Oil and gas revenue, net of royalties (Note 6)	**$ -**	$ 1,017,249	**$ 111,429**	$ 3,287,411
Interest and other	**140,006**	97,979	**454,141**	245,473
	140,006	1,115,228	**565,570**	3,532,884
Expenses:				
Operating expenses	**(190,105)**	(708,019)	**431,112**	755,875
General and administrative	**615,827**	891,787	**1,737,267**	2,713,592
Gain on divestiture (Note 7)	**(4,752,650)**	-	**(4,752,650)**	-
Impairment of property, plant and equipment	**-**	4,100,000	**-**	4,100,000
Foreign exchange loss (gain)	**3,019,471**	(6,630,845)	**3,009,574**	(3,621,091)
Stock-based compensation	**358,221**	292,706	**932,999**	1,150,071
Equity tax expense	**-**	-	**-**	2,580,852
Depletion and depreciation	**8,916**	291,162	**163,825**	968,989
Finance costs	**39,443**	58,382	**127,951**	175,214
	(900,877)	(1,704,827)	**1,650,078**	8,823,502
Income (loss) for the period	**$ 1,040,883**	$ 2,820,055	**$ (1,084,508)**	$ (5,290,618)
Other comprehensive income:				
Currency translation adjustment	**4,136,876**	(8,801,717)	**3,886,486**	(5,696,104)
Comprehensive income (loss) for the period	**$ 5,177,759**	$ (5,981,662)	**$ 2,801,978**	$ (10,986,722)
Income (loss) per share – basic and diluted (Note 11)	**$ 0.00**	$ 0.01	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding	**482,547,066**	482,527,764	**482,547,066**	468,537,896

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

For the three and nine months ended September 30

(Expressed in U.S. Dollars)	For the three months ended 2012	2011	For the nine months ended 2012	2011
Cash flows provided by (used in):				
Operating activities				
Income (loss)	**$ 1,040,883**	$ 2,820,055	**$ (1,084,508)**	$ (5,290,618)
Adjustments for:				
Gain on divestiture	**(4,752,650)**	-	**(4,752,650)**	-
Impairment of property, plant and equipment	**-**	4,100,000	**-**	4,100,000
Stock-based compensation	**358,221**	292,706	**932,999**	1,150,071
Unrealized foreign exchange loss (gain)	**3,068,533**	(6,813,286)	**2,828,781**	(4,067,841)
Depletion and depreciation	**8,916**	291,162	**163,825**	968,989
Finance costs	**39,443**	58,382	**127,951**	175,214
Equity tax expense	**-**	-	**-**	2,580,852
Equity taxes paid	**(396,092)**	(358,931)	**(788,079)**	(777,921)
Abandonment costs paid	**-**	(150,064)	**-**	(150,064)
Change in non-cash working capital (Note 14)	**261**	108,578	**(246,320)**	214,328
	(632,485)	348,602	**(2,818,001)**	(1,096,990)
Investing activities				
Acquisition of exploration and evaluation assets	**(7,755,971)**	(913,147)	**(10,689,071)**	(18,144,396)
Acquisition of property, plant and equipment	**-**	(66,030)	**(71,230)**	(748,103)
Short-term investments	**(1,779,371)**	7,375,771	**2,348,958**	(23,469,379)
Proceeds on Peru divestiture	**15,253,288**	-	**15,253,288**	-
Change in restricted cash	**(4,151,659)**	-	**(5,012,949)**	-
Change in non-cash working capital (Note 14)	**4,643,348**	73,654	**5,464,509**	5,614,774
	6,209,635	6,470,248	**7,293,505**	(36,747,104)
Financing activities				
Shares issued, net of costs	**-**	-	**-**	33,929,240
Options and warrants exercised, net of costs	**-**	49,893	**-**	4,611,901
	-	49,893	**-**	38,541,141
Cash from operating, investing and financing	**5,577,150**	6,868,743	**4,475,504**	697,047
Effect of exchange rate on cash	**74,154**	(145,540)	**63,958**	(61,881)
Change in cash	**5,651,304**	6,723,203	**4,539,462**	635,166
Cash, beginning of period	**8,096,036**	5,973,837	**9,207,878**	12,061,874
Cash, end of period	**$ 13,747,340**	$ 12,697,040	**$ 13,747,340**	$ 12,697,040

Cash is defined as cash and cash equivalents.

Cash and cash equivalents and short-term investments includes CDN$30,352,172 and $14,884,424 USD for the period ended September 30, 2012 (CDN$31,217,084 and $12,378,341 USD - September 30, 2011).

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)

(Expressed in U.S. Dollars)

	Number of Common Shares		Share capital		Warrants		Contributed Surplus		Deficit		Accumulated Other Comprehensive Income (Loss)		Total
Balance at December 31, 2010	415,589,017	$	62,975,253	$	20,813,991	$	5,178,731	$	(10,516,410)	$	3,651,767	$	82,103,332
Loss									(5,290,618)				(5,290,618)
Currency translation adjustment											(5,696,104)		(5,696,104)
Warrants excercised for cash (Note 11)	13,058,049		4,611,901										4,611,901
Transfer of warrants assigned fair value			1,401,941		(1,401,941)								-
Stock-based compensation (Note 11)							1,495,759						1,495,759
Shares issued, net of costs	53,900,000		33,929,240										33,929,240
Balance at September 30, 2011	482,547,066	$	102,918,335	$	19,412,050	$	6,674,490	$	(15,807,028)	$	(2,044,337)	$	111,153,510

	Number of Common Shares		Share capital		Warrants		Contributed Surplus		Deficit		Accumulated Other Comprehensive Income		Total
Balance at December 31, 2011	**482,547,066**	**$**	**102,918,335**	**$**	**19,412,050**	**$**	**7,698,893**	**$**	**(19,262,918)**	**$**	**416,025**	**$**	**111,182,385**
Loss									**(1,084,508)**				**(1,084,508)**
Currency translation adjustment											**3,886,486**		**3,886,486**
Stock-based compensation (Note 11)							**1,283,284**						**1,283,284**
Balance at September 30, 2012	**482,547,066**	**$**	**102,918,335**	**$**	**19,412,050**	**$**	**8,982,177**	**$**	**(20,347,426)**	**$**	**4,302,511**	**$**	**115,267,647**

See accompanying notes to the interim condensed consolidated financial statements.

Note 1 Corporate Information

Petrodorado Energy Ltd. ("Petrodorado" or the "Company") is a public oil and natural gas exploration company primarily engaged in exploration and development activities in Colombia, Peru and Paraguay. The Company's head office is located at Suite 1000, 205 – 5th Avenue SW, Calgary, Alberta, T2P 2V7, Canada with an additional office located in Bogota, Colombia. The Company's shares are listed and publicly traded on the TSX Venture Exchange under the trading symbol PDQ. The Company's oil and gas interests are principally in the pre-production stage and other than for one block in Colombia, the Company has not yet determined whether all of its petroleum and natural gas properties contain reserves that are economically recoverable. Accordingly, the recoverability of amounts recorded as petroleum and natural gas properties is dependent upon the existence and discovery of economically recoverable oil and gas reserves, confirmation of the Company's interests in the properties, the political stability of Colombia, Peru and Paraguay and the ability of the Company to secure adequate sources of financing to fund the development of its assets and put them into production and then achieving future profitable operations. The outcome of these matters cannot be predicted with certainty at this time.

Note 2 Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, of International Financial Reporting Standards as issued by the International Accounting Standards Board.

These interim condensed consolidated financial statements follow the same accounting policies and method of computation as the Company's annual consolidated financial statements for the year ended December 31, 2011, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2011.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, are presented in U.S. dollars, and were authorized for issue by the Board of Directors on November 22, 2012.

Note 3 Cash Calls and Joint Venture Receivable and Payable

Cash calls receivable are comprised of funds advanced to operating partners with respect to exploration and development activities in blocks in which the Company is a non-operating partner. As these funds are expended by the operating partner, recognition of these expenditures is realized as they are booked to exploration and evaluation assets. Cash calls payable are comprised of funds received from non-operating partners with respect to the same activities in blocks in which the Company is the operating partner. As these funds are expended by the Company, the payable is drawn down. Joint venture receivable and payable are amounts due from or to partners on account of capital and operating activities in blocks. At September 30, 2012, the outstanding accounts receivable balance of $2,197,080 (December 31, 2011 - $182,235) is composed of cash calls receivable of $520,499 (December 31, 2011 – nil), joint venture receivable of $1,488,888 (December 31, 2011 - nil) and trade accounts receivable of $187,693 (December 31, 2011 - $182,235). At September 30, 2012, the outstanding accounts payable and accrued liabilities balance of $10,377,067 (December 31, 2011 - $3,727,943) is composed of cash calls payable of nil (December 31, 2011 - $1,834,666), joint venture payable of $473,432 (December 31, 2011 - $1,205,206), trade accounts payable of $1,502,888 (December 31, 2011 - $688,071), and capital accruals of $8,400,747 (December 31, 2011 - nil).

Note 4 Restricted Cash

On June 12, 2009, the Company entered into a joint farm-in participation agreement with an unrelated company (the La Maye operator) to earn a 20% working interest in four wells in the La Maye Block in the country of Colombia. This agreement required Petrodorado to advance $3,500,000 into an escrow account. Petrodorado authorizes draws on this escrow account as certain development milestones are met. As at September 30, 2012, $1,699,607 (December 31, 2011 - $1,699,582) had been drawn from this account, leaving $1,800,393 (December 31, 2011 - $1,800,418) in the escrow account.

As of September 30, 2012, funds totalling $8,278,379 (December 31, 2011 - $3,182,714) are also included in restricted cash, which relate to projected exploration activities in the Talora Block in the near future. Of this balance, $7,978,379 constitutes assigned funds of the Company as the operator of the Talora block as well as cash calls paid by non-operator partners. These funds are included in the short-term portion of total restricted cash. Another $300,000 is held as a guarantee deposit on committed exploration activities in the Talora Block as required by the Agencia Nacional De Hidrocarburos (“ANH”).

Additionally, term deposits totalling $8,482,809 (December 31, 2011 - $8,411,315), which were established to secure the Credit Facility and the Letters of Credit referred to in Note 5 of these statements, are also included in the restricted cash balance.

Note 5 Credit Facility

The Company has a $5 million revolving demand loan facility (the “Credit Facility”) with a Canadian chartered bank (the “Lender”). The Credit Facility is available by way of account overdraft in US dollars or by letters of credit up to $4.8 million. As at September 30, 2012, no overdrafts were drawn under this Credit Facility. Any outstanding amounts will bear interest at the Lender’s US base rate plus an applicable margin. The Credit Facility is secured by security agreement over cash, credit balances and deposit instruments in the amount of $5,009,380. On July 7, 2010, a letter of credit for $4.8 million was issued under the credit facility to guarantee the Company’s drilling obligations with ONGC Videsh Ltd. on the CPO-5 Block in Colombia, that are required to be completed in 2012.

On December 21, 2010, a further $3.0 million letter of credit was issued through a Colombian bank to Agencia Nacional De Hidrocarburos (“ANH”) in respect of the drilling obligations on this CPO-5 Block. This letter of credit is secured by a $3,060,329 term deposit made at the Colombian bank.

A $403,920 letter of credit was issued through a Colombian bank on December 20, 2010 to ANH to guarantee the Company’s capital expenditure obligations with its partner, Pacific Rubiales, in the Tacacho Block. This letter of credit is secured by a $413,100 term deposit made at the Colombian bank.

Note 6 Oil and Gas Revenue

All oil and gas revenue realized by the Company has been on account of oil and gas production from the ME-1 well of the Moriche Block. During the initial months of 2012, oil and gas production from this well was suspended due to required workover maintenance, with nominal production resuming in the second quarter of 2012. However, this well was shut-in during the third quarter of 2012 on account of the pending sale of the Moriche block.

Note 7 Divestiture of Peru Assets

On July 12, 2012, the Company executed an agreement with the operator of Peru Blocks 135 and 138 to divest its 45% beneficial interest for cash proceeds of $15,253,288. Associated carrying values included exploration and evaluation assets of $11,092,844 and cash call liabilities of $592,206, resulting in a gain of $4,752,650.

Note 8 Exploration and Evaluation Assets

As at December 31, 2010	$ 42,739,226
Additions	22,158,596
Disposals	(5,200,000)
As at December 31, 2011	59,697,822
Additions	11,136,856
Disposals	(11,092,844)
As at September 30, 2012	**$ 59,741,834**

For the nine months ended September 30, 2012, the Company capitalized $200,067 of general and administrative expenses (September 30, 2011 - $407,115) and $350,285 of stock-based compensation (September 30, 2011 - $345,688) to exploration and evaluation assets. The Company does not hold any tangible exploration assets.

The Corporation has applied and is awaiting approval from the Colombian government on an extension to an existing exploration license. In the event the license is not extended $12,170,628 of exploration and evaluation costs incurred would be considered impaired. The current exploration license expired on June 30, 2012, and an official response from the Colombian government regarding the requested license extension has yet to be received. The Colombian government has also not requested that the license be relinquished, as is required should an extension not be granted, indicating the license extension is still being reviewed. The Company still considers it probable that the extension will be granted.

Note 9 Property, Plant and Equipment

Cost	Oil and Gas Properties	Furniture and equipment	Total
As at December 31, 2010	$ 9,882,070	$ 63,552	$ 9,945,622
Additions	184,367	379,791	564,158
As at December 31, 2011	10,066,437	443,343	10,509,780
Additions	-	71,230	71,230
As at September 30, 2012	**$ 10,066,437**	**$ 514,573**	**$ 10,581,010**
Accumulated depletion and depreciation			
As at December 31, 2010	$ 841,042	$ 12,734	$ 853,776
Additions	946,247	184,577	1,130,824
Impairment loss	4,400,000	-	4,400,000
As at December 31, 2011	6,187,289	197,311	6,384,600
Additions	17,035	146,790	163,825
As at September 30, 2012	**$ 6,204,324**	**$ 344,101**	**$ 6,548,425**
Net book value			
As at December 31, 2011	$ 3,879,148	$ 246,032	$ 4,125,180
As at September 30, 2012	**$ 3,862,113**	**$ 170,472**	**$ 4,032,585**

Note 10 Equity Tax

The Colombian Congress passed a law, effective January 1, 2011, which imposed a one-time 6% equity tax levied on Colombian operations. As at December 31, 2011, the Company has recognized an equity tax expense of $2,580,852 which is based on the Company's net worth in Colombia at January 1, 2011 and is payable in eight equal instalments between 2011 and 2014. The amount recognized is calculated by discounting the future net worth tax payments by the credit-adjusted risk-free rate of 8%.

December 31, 2011	$ 1,958,139
Unwinding of discount	113,766
Net foreign exchange loss	146,247
Payments made in this period	(788,079)
September 30, 2012	1,430,073
Current portion	(742,537)
Non-current portion	$ 687,536

Note 11 Share Capital

At September 30, 2012, the Company was authorized to issue an unlimited number of common shares with holders of common shares entitled to one vote per share and to dividends, if declared.

Warrants

There are 180,766,245 warrants valued at $19,412,050 that are exercisable immediately at a price of CDN $0.35 per share until December 3, 2012 when they expire.

Stock Options

The Company has adopted a formal rolling stock option plan whereby options can be granted from time to time to directors, employees and consultants at the discretion of the Board of Directors. The number of options that can be granted is limited to 10% of the total shares issued and outstanding. A summary of the changes in stock options is presented below:

	Number of Options	Weighted Average Exercise Price (CDN$)	
Balance, December 31, 2010	28,666,667	$	0.49
Options issued	10,980,000		0.36
Expired options	(1,000,001)		0.49
Forfeitures	(666,666)		0.49
Balance, December 31, 2011	37,980,000		0.45
Options issued	1,935,000		0.25
Expired options	(666,667)		0.73
Forfeitures	(1,333,333)		0.55
Stock options amended (old price)	(13,980,000)		0.49
Stock options amended (new price)	13,980,000		0.25
Balance, September 30, 2012	37,915,000	$	0.34
Exercisable, September 30, 2012	**30,964,994**	**$**	**0.37**

On February 1, 2012, the Company granted 750,000 options to acquire common shares to a new officer, at a price of CDN $0.25 per common share. The options are for a five year term, expiring on February 1, 2017, and vest one-third on February 1, 2012, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant. On March 30, 2012, the Company granted 435,000 options to acquire common shares to two employees, at a price of CDN $0.25 per common share. The options are for a five year term, expiring on March 30, 2017 and vest one-third on March 30, 2012, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant. On August 29, 2012, the Company granted 750,000 options to acquire common shares to six employees, at a price of CDN $0.25 per common share. The options are for a five year term, expiring on August 29, 2017 and vest one-third on August 29, 2012, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant. Of the options previously granted to exiting officers and consultants, 333,333 were forfeited and another 666,667 expired on January 12, 2012 as well as another 1,000,000 were forfeited on August 12, 2012.

On August 28, 2012, at the Company's annual general meeting, the resolution to re-price 13,980,000 outstanding options to acquire common shares with a price exceeding CDN $0.25 per common share currently held by employees, non-director officers, and consultants, to a price of CDN $0.25 per common share was approved by disinterested shareholders. All other terms for these options (vesting periods, expiry, etc.) were not modified as part of this re-pricing. As such, the amended options had a weighted average expiry term of 2.75 years as of the date of the re-pricing.

The overall weighted average incremental fair value granted on account of this re-pricing was measured using the Black-Scholes option pricing model to estimate the incremental increase in fair value of these options due to the modification of exercise price. Overall, the weighted average fair value calculated for these re-priced options as of the measurement date of August 28, 2012, was CDN $0.089. This fair value was calculated based on the weighted average assumptions of a share price of CDN $0.19, an exercise price of CDN $0.25, expected stock price volatility of 87% (based on volatility of the historical share price to date), risk-free interest rate of 1.18%, expected dividend yield of 0%, and an expected option life of 2.75 years. The incremental fair value granted was computed based on the difference in the modified exercise price (from a weighted average of $0.49 per option to $0.25 per option) while using the same weighted average assumptions that existed as previously mentioned. The resulting weighted average incremental fair value granted on account of this re-pricing was $0.0275 per option, which computed to $384,052 of additional stock-based compensation, $170,823 being expensed and $213,229 being capitalized.

The following summarizes information about stock options outstanding as at September 30, 2012:

Exercise Prices (CDN$)	Number of Options Outstanding	Weighted Average Term to Expiry (Years)	Number of Options Exercisable
0.25	22,915,000	3.29	15,964,994
0.49	15,000,000	2.34	15,000,000
	37,915,000	2.91	30,964,994

The options were allocated a value using the Black-Scholes option pricing model to estimate the fair value with the following weighted average assumptions:

	2012	2011
Expected forfeiture rate	10.00%	10.00%
Risk-free interest rate	1.25% to 1.32%	1.49% to 2.34%
Expected dividend yield	0%	0%
Expected stock price volatility	85% to 88%	79% to 85%
Expected option life	5 years	5 years
Fair value of options granted	CDN $0.112 to $0.162	CDN $0.099 to $0.476

During the nine months ended September 30, 2012, the Company recognized $932,999 (September 30, 2011 - $1,150,071) of stock-based compensation expense and capitalized $350,285 (September 30, 2011 - $345,688) to exploration and evaluation assets, for a total of $1,283,284 (September 30, 2011 - $1,495,759) that was recorded as contributed surplus.

On October 17, 2012, the Company granted 3,750,000 options to acquire common shares to certain directors, officers, employees and consultants, at a price of CDN $0.17 per common share. The options are for a five year term, expiring on October 17, 2017, and vest one-third on October 17, 2012, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant.

Income (Loss) per Share

For purposes of the income (loss) per share calculations for the three and nine months ended September 30, 2012 and 2011, there is no difference between the basic income (loss) per share and the diluted income (loss) per share amounts.

Note 12 Commitments

The expenditures provided in the table below represent the Company's estimated cost to satisfy contractual commitments (in millions of dollars). Actual expenditures to satisfy these commitments, initiate production or create reserves may differ from these estimates.

Block/Country	Interest	2012	2013	2014	2015	Total
Talora, Colombia (1)	65%	-	2.0	-	-	2.0
Tacacho, Colombia (2)	49.5%	-	7.4	-	-	7.4
CPO-5, Colombia (3)	30.0%	4.8	-	-	3.6	8.4
Buganviles(4)	55%	-	-	3.0	-	3.0
Total		**4.8**	**9.4**	**3.0**	**3.6**	**20.8**

1) Net commitment represents 1 well required by 2013.
2) Petrodorado to pay 100% of costs to acquire and process 480 km^2 of 2D seismic data (up to a maximum of USD$8 million).
3) Includes Petrodorado's 30% share of 2 exploration wells in 2012 and 30% share of the second phase of the exploration program by 2015.
4) The operator has submitted a license extension of 2 years to Ecopetrol S.A. with a corresponding work commitment. The present license expired in June 2012 and, assuming the extension is approved, there will be a corresponding work commitment for 35 km^2 of 3D seismic data (up to a maximum of USD$3 million).

Note 13 Segmented Information

The Company defines its reportable segments based on geographical locations and the information for this is reported in the following tables for the three and nine months ended September 30, 2012 and 2011.

For the three months ended September 30, 2012

	Canada	Colombia	Peru	Total
Revenue:				
Oil and gas revenue, net of royalties	$ -	$ -	$ -	$ -
Interest and other	117,013	22,993	-	140,006
	117,013	22,993	-	140,006
Expenses:				
Operating expenses	-	(190,105)	-	(190,105)
General and administrative	494,554	121,273	-	615,827
Gain on divestiture	-	-	(4,752,650)	(4,752,650)
Foreign exchange loss	2,960,424	59,047	-	3,019,471
Stock-based compensation	358,221	-	-	358,221
Depletion and depreciation	2,430	6,486	-	8,916
Finance costs	-	39,443	-	39,443
	3,815,629	36,144	(4,752,650)	(900,877)
Income (loss) for the period	$ (3,698,616)	$ (13,151)	$ 4,752,650	$ 1,040,883
Assets, September 30, 2012	$ 50,571,334	$ 77,231,054	$ -	$ 127,802,388
Additions to exploration and evaluation assets	$ -	$ 8,081,792	$ -	$ 8,081,792
Disposals to exploration and evaluation assets (book value)	$ -	$ -	$ (11,092,844)	$ (11,092,844)
Additions to property, plant and equipment	$ -	$ -	$ -	$ -

For the nine months ended September 30, 2012

	Canada	Colombia	Peru	Total
Revenue:				
Oil and gas revenue, net of royalties	$ -	$ 111,429	$ -	$ 111,429
Interest and other	307,589	146,552	-	454,141
	307,589	257,981	-	565,570
Expenses:				
Operating expenses	-	431,112	-	431,112
General and administrative	1,183,229	554,038	-	1,737,267
Gain on divestiture	-	-	(4,752,650)	(4,752,650)
Foreign exchange loss	2,784,413	225,161	-	3,009,574
Stock-based compensation	932,999	-	-	932,999
Depletion and depreciation	7,040	156,785	-	163,825
Finance costs	-	127,951	-	127,951
	4,907,681	1,495,047	(4,752,650)	1,650,078
Income (loss) for the period	$ (4,600,092)	$ (1,237,066)	$ 4,752,650	$ (1,084,508)
Assets, September 30, 2012	$ 50,571,334	$ 77,231,054	$ -	$ 127,802,388
Additions to exploration and evaluation assets	$ -	$ 10,354,859	$ 781,997	$ 11,136,856
Disposals to exploration and evaluation assets (book value)	$ -	$ -	$ (11,092,844)	$ (11,092,844)
Additions to property, plant and equipment	$ -	$ 71,230	$ -	$ 71,230

For the three months ended September 30, 2011

	Canada	Colombia	Peru	Total
Revenue:				
Oil and gas revenue, net of royalties	$ -	$ 1,017,249	$ -	$ 1,017,249
Interest and other	93,189	4,790	-	97,979
	93,189	1,022,039	-	1,115,228
Expenses:				
Operating expenses	-	(708,019)	-	(708,019)
General and administrative	517,633	374,154	-	891,787
Impairment of property, plant and equipment	-	4,100,000	-	4,100,000
Foreign exchange gain	(5,976,348)	(654,497)	-	(6,630,845)
Stock-based compensation	292,706	-	-	292,706
Depletion and depreciation	2,271	288,891	-	291,162
Finance costs	33,486	24,896	-	58,382
	(5,130,252)	3,425,425	-	(1,704,827)
Income (loss) for the period	$ 5,223,441	$ (2,403,386)	$ -	$ 2,820,055
Assets, September 30, 2011	$ 50,460,328	$ 60,654,694	$ 8,270,564	$ 119,385,586
Additions to exploration and evaluation assets	$ -	$ 1,022,401	$ -	$ 1,022,401
Additions to property, plant and equipment	$ -	$ 66,030	$ -	$ 66,030

For the nine months ended September 30, 2011

	Canada	Colombia	Peru	Total
Revenue:				
Oil and gas revenue, net of royalties	$ -	$ 3,287,411	$ -	$ 3,287,411
Interest and other	237,858	7,615	-	245,473
	237,858	3,295,026	-	3,532,884
Expenses:				
Operating expenses	-	755,875	-	755,875
General and administrative	1,511,417	1,202,175	-	2,713,592
Impairment of property, plant and equipment	-	4,100,000	-	4,100,000
Foreign exchange loss (gain)	(3,724,882)	103,791	-	(3,621,091)
Stock-based compensation	1,150,071	-	-	1,150,071
Equity tax expense	-	2,580,852	-	2,580,852
Depletion and depreciation	6,814	962,175	-	968,989
Finance costs	33,486	141,728	-	175,214
	(1,023,094)	9,846,596	-	8,823,502
Income (loss) for the period	$ 1,260,952	$ (6,551,570)	$ -	$ (5,290,618)
Assets, September 30, 2011	$ 50,460,328	$ 60,654,694	$ 8,270,564	$ 119,385,586
Additions to exploration and evaluation assets	$ -	$ 10,320,996	$ 8,169,088	$ 18,490,084
Additions to property, plant and equipment	$ 8,955	$ 739,148	$ -	$ 748,103

Note 14 Supplemental Cash Flow Information

For periods ending September 30	**Three months ended**		**Nine months ended**	
	2012	2011	**2012**	2011
Accounts receivable	**$ (2,051,948)**	$ (39,622)	**$ (2,014,845)**	$ 2,305,568
Prepaid expenses and deposits	**10,787**	2,602	**(8,296)**	1,485
Inventory	**-**	161,009	**-**	468,421
Accounts payable and accrued liabilities	**6,092,564**	58,243	**6,649,124**	3,053,628
Accounts payable removed with disposition	**592,206**	-	**592,206**	-
Change in non-cash working capital	**4,643,609**	182,232	**5,218,189**	5,829,102
Relating to:				
Operating activities	**261**	108,578	**(246,320)**	214,328
Investing activities	**4,643,348**	73,654	**5,464,509**	5,614,774
Change in non-cash working capital	**$ 4,643,609**	$ 182,232	**$ 5,218,189**	$ 5,829,102