PETRODORADO
Excellence with Agility

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

PETRODORADO ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in U.S. Dollars)	**March 31, 2014**	December 31, 2013
Assets		
Current Assets		
Cash and cash equivalents	**$ 784,041**	$ 3,102,848
Short-term investments	**16,443,370**	18,240,637
Accounts receivable (Note 5)	**409,659**	409,904
Prepaid expenses and deposits	**248**	545
Restricted cash (Note 6)	**3,743,522**	259,513
	21,380,840	22,013,447
Non-current Assets		
Restricted cash (Note 6)	**4,191,440**	7,625,757
Exploration and evaluation assets (Note 8)	**65,164,805**	63,907,290
Property, plant and equipment (Note 9)	**58,776**	67,603
Property, plant and equipment - held for disposal (Note 10)	**3,578,113**	3,578,113
	$ 94,373,974	$ 97,192,210
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	**$ 4,794,071**	$ 5,827,444
Equity tax payable (Note 11)	**706,887**	706,396
	5,500,958	6,533,840
Non-current Liabilities		
Decommissioning obligations	**864,955**	949,009
	6,365,913	7,482,849
Shareholders' Equity		
Share capital (Note 12)	**102,918,335**	102,918,335
Contributed surplus	**29,534,525**	29,223,332
Deficit	**(41,999,228)**	(40,789,752)
Accumulated other comprehensive loss	**(2,445,571)**	(1,642,554)
	88,008,061	89,709,361
	$ 94,373,974	$ 97,192,210

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE LOSS

For the three months ended March 31

(Unaudited, expressed in U.S. Dollars)		**2014**		2013
Revenue:				
Interest and other	**$**	**78,225**	$	139,463
Expenses:				
General and administrative		**1,023,049**		580,900
Foreign exchange gain		**(75,362)**		(1,704,565)
Stock-based compensation		**311,193**		128,620
Depletion and depreciation		**8,827**		24,000
Finance costs		**19,994**		34,002
		1,287,701		(937,043)
Income (loss) for the period	**$**	**(1,209,476)**	$	1,076,506
Other comprehensive income:				
Currency translation adjustment		**(803,017)**		(2,367,048)
Comprehensive loss for the period	**$**	**(2,012,493)**	$	(1,290,542)
Income (loss) per share – basic and diluted (Note 12)	**$**	**(0.00)**	$	0.00
Weighted average number of common shares outstanding		**482,547,066**		482,547,066

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31

(Unaudited, expressed in U.S. Dollars)		**2014**		2013
Cash flows provided by (used in):				
Operating activities				
Income (loss)	**$**	**(1,209,476)**	$	1,076,506
Adjustments for:				
Unrealized foreign exchange gain		**(121,521)**		(1,746,299)
Stock-based compensation		**311,193**		128,620
Depletion and depreciation		**8,827**		24,000
Finance costs		**19,994**		34,002
Abandonment costs paid		**(80,781)**		-
Change in non-cash working capital (Note 15)		**(170,810)**		(176,398)
		(1,242,574)		(659,569)
Investing activities				
Acquisition of exploration and evaluation assets		**(1,266,734)**		(4,003,115)
Short-term investments		**1,131,265**		1,883,270
Change in restricted cash		**(51,055)**		8,144,560
Change in non-cash working capital (Note 15)		**(862,021)**		(6,109,952)
		(1,048,545)		(85,237)
Cash from operating and investing activities		**(2,291,119)**		(744,806)
Effect of exchange rate on cash		**(27,688)**		(20,990)
Change in cash		**(2,318,807)**		(765,796)
Cash, beginning of period		**3,102,848**		2,700,529
Cash, end of period	**$**	**784,041**	$	1,934,733

Cash is defined as cash and cash equivalents.

As at March 31, 2014, cash and cash equivalents and short-term investments include CDN$7.0 million, COP$84.7 million and USD$10.6 million (CDN$30.0 million, COP$64.8 million, and USD$9.7 million - March 31, 2013).

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, expressed in U.S. Dollars)	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2012	482,547,066	$ 102,918,335	$ 28,735,976	$ (39,444,311)	$ 2,940,356	$ 95,150,356
Income				1,076,506		1,076,506
Currency translation adjustment					(2,367,048)	(2,367,048)
Stock-based compensation (Note 12)			128,620			128,620
Balance at March 31, 2013	482,547,066	$ 102,918,335	$ 28,864,596	$ (38,367,805)	$ 573,308	$ 93,988,434

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2013	**482,547,066**	**$ 102,918,335**	**$ 29,223,332**	**$ (40,789,752)**	**$ (1,642,554)**	**$ 89,709,361**
Loss				**(1,209,476)**		**(1,209,476)**
Currency translation adjustment					**(803,017)**	**(803,017)**
Stock-based compensation (Note 12)			**311,193**			**311,193**
Balance at March 31, 2014	**482,547,066**	**$ 102,918,335**	**$ 29,534,525**	**$ (41,999,228)**	**$ (2,445,571)**	**$ 88,008,061**

See accompanying notes to the interim condensed consolidated financial statements.

1. REPORTING ENTITY

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. The Company's head office is located at Suite 3100, 250 – 6th Avenue SW, Calgary, Alberta, Canada, T2P 3H7, 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 which is held for disposal, 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, and the ability of the Company to secure adequate sources of financing to fund the development of its assets and put them into production consequently achieving future profitable operations. The outcome of these matters cannot be predicted with certainty at this time.

2. GOING CONCERN

These interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future. The Company has budgeted exploration and development plans for 2014 plus other committed exploration and development expenditures as further outlined in Note 13, that are in excess of those 2014 budgeted amounts, that may require additional financial resources in order to fully finance all of these operational activities. During the period ended March 31, 2014, expenditures were financed principally from proceeds from past share issuances.

During the period ended March 31, 2014, the Company incurred a net loss of $1.2 million and used $1.2 million of cash flow in its operating activities. As at March 31, 2014, the Company only had working capital of $15.9 million which is not considered sufficient to fund the remaining 2014 budgeted capital and administrative costs estimated at $18.8 million, in addition to other potential capital commitments during the upcoming year and beyond. The Company anticipates during the remainder of 2014 that $1.6 million of the non-current restricted cash balance of $4.2 million will also become available, and that it will be released from its $2.2 million accounts payable related to the conditional sale of the Moriche Block, which would increase working capital; however, there is no certainty regarding these matters. As the Company will use the majority of its financial resources to fund the remaining 2014 capital and administrative budget there is considerable uncertainty as to the future operating ability of the Company as it will be contingent upon the successful identification of hydrocarbons on these exploration blocks during 2014.

The Company also has other committed exploration and development amounts as further outlined in Note 13. The most significant of these commitments relates to the Tacacho Block totaling $18.2 million, which is presently contractually required to be incurred in 2015. However, as the Company is not the operator of the Tacacho Block there can be no certainty of the timing of these capital commitments, which may occur sometime in 2014, leaving the Company potentially cash deficient, depending also on the success and outcome of the 2014 budgeted capital activity. In the event that funds are not available to meet the Tacacho commitment there is approximately $3.2 million of capitalized exploration and evaluation costs that could be subject to impairment. As a result, these conditions may raise significant doubt about the Company's ability to continue as a going concern.

Management believes that the going concern assumption is appropriate for these interim condensed consolidated financial statements and that the Company will be able to meet the remaining 2014 budgeted capital and administrative costs, in addition to other potential capital commitments during the upcoming year and beyond through realized cash flows from the development of producing assets or, alternatively, through the issuance of shares, debt or the sale of assets to fund ongoing operations and exploration and development activities. There is no guarantee that the Company will be successful in these endeavors and no certainty as to the timing of the

Company's impending non-operated exploration commitments, in particular Tacacho. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, these interim condensed consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be significant.

3. BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" under International Financial Reporting Standards ("IFRS") 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, 2013, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted and except as described below. 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, 2013.

These 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 May 28, 2014.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Amendments to IAS 32 "Financial Instruments: Presentation" were published by the IASB clarifying the requirements for offsetting financial instruments. The amendments introduce new disclosure requirements for financial assets and financial liabilities that are offset in the Consolidated Balance Sheets, or are subject to enforceable master netting arrangements or similar agreements. The amendments to IAS 32 are applied retrospectively for annual periods beginning on or after January 1, 2014. The amendments to this standard had no impact on the amounts presented for the periods in these interim condensed consolidated financial statements.

On January 1, 2014, the Company adopted IFRIC 21 Levies. IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that no liability should be recognized before the specified minimum threshold to trigger that levy is reached. The adoption of this standard had no impact on the amounts recorded in the financial balances for the periods presented in these consolidated interim financial statements.

5. CASH CALLS AND JOINT VENTURE RECEIVABLES AND PAYABLES

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 receivables and payables are amounts due from or to partners on account of capital and operating activities in blocks. Amounts that constitute total accounts receivable and accounts payable and accrued liabilities for the periods ended March 31, 2014 and December 31, 2013, are as follows:

	2014	2013
Trade accounts receivable	$ 196,846	$ 127,671
Cash calls receivable	185,572	282,233
Joint venture receivables	27,241	-
Accounts receivable	**$ 409,659**	$ 409,904

Trade accounts payable	$ 1,893,125	$ 1,939,104
Cash calls payable	-	7,417
Joint venture payables	628,248	547,708
Capital accruals	71,220	1,131,737
Moriche payable (Note 10)	2,201,478	2,201,478
Accounts payable and accrued liabilities	**$ 4,794,071**	$ 5,827,444

6. 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. Draws are to be authorized by Petrodorado on this escrow account as certain development milestones are met. As at March 31, 2014, this escrow account had a balance of $1,615,830 (December 31, 2013 - $1,615,697).

As of March 31, 2014, funds totalling $921,987 (December 31, 2013 - $872,428) are also included in restricted cash, which relate to projected exploration activities in the Talora Block. Of this balance, $309,072 constitutes assigned funds of the Company as the operator of the Talora block as well as cash calls paid by a non-operator partner. Another $612,915 is held as term deposits which secure the letters of credit on committed exploration activities in the Talora Block as required by the Agencia Nacional De Hidrocarburos ("ANH") referred to in Note 7 of these statements.

Additionally, term deposits totalling $5,397,145 (December 31, 2013 - $5,397,145), which were established to secure the letters of credit referred to in Note 7 of these statements, are also included in the restricted cash balance.

7. LETTERS OF CREDIT

Letters of credit have been issued through a Colombian bank to the ANH with respect to the Phase I and Phase II exploration obligations on the Talora Block. A $300,000 letter of credit for Phase I obligations was issued to the ANH on May 20, 2011, and is secured by a $312,915 term deposit made at the Colombian bank. Similarly, a $300,000 letter of credit for Phase II obligations was issued to the ANH on October 12, 2013, and is secured by a $300,000 term deposit made at the Colombian bank. The guarantee and the underlying term deposit for the Phase I exploration obligations were released by the ANH subsequent to March 31, 2014.

On December 21, 2010, a $3.0 million letter of credit was issued through a Colombian bank to the ANH with respect to the Phase I drilling obligations on the CPO-5 Block. This letter of credit is secured by a $3,121,535 term deposit made at the Colombian bank. Additionally, on July 8, 2013, a $1,850,000 letter of credit was issued through a Colombian bank to the ANH with respect to Phase II drilling obligations on the CPO-5 Block. This letter of credit is secured by a $1,850,000 term deposit made at the Colombian bank. The guarantee and the underlying term deposit for the Phase I drilling obligations were released by the ANH subsequent to March 31, 2014.

A further $403,920 letter of credit was issued through a Colombian bank on December 20, 2010 to the 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 $425,610 term deposit made at the Colombian bank.

8. EXPLORATION AND EVALUATION ASSETS

As at January 1, 2013	$	49,227,831
Additions		14,679,459
As at December 31, 2013		63,907,290
Additions		1,257,515
As at March 31, 2014	**$**	**65,164,805**

For the period ended March 31, 2014, the Company capitalized $36,503 of general and administrative expenses (March 31, 2013 - $128,203) and nil of stock-based compensation (March 31, 2013 - nil) to exploration and evaluation assets. The Company does not hold any tangible exploration assets.

9. PROPERTY, PLANT AND EQUIPMENT

Cost	**Oil and gas properties**	**Furniture and equipment**	**Total**
As at January 1, 2013	$ 10,066,437	$ 514,573	$ 10,581,010
Reclassified to held for disposal (Note 10)	(10,066,437)	-	(10,066,437)
As at December 31, 2013, and March 31, 2014	**$ -**	**$ 514,573**	**$ 514,573**
Accumulated depletion and depreciation			
As at January 1, 2013	$ 6,488,324	$ 354,613	$ 6,842,937
Additions	-	92,357	92,357
Reclassified to held for disposal (Note 10)	(6,488,324)	-	(6,488,324)
As at December 31, 2013	-	446,970	446,970
Additions	-	8,827	8,827
As at March 31, 2014	**$ -**	**$ 455,797**	**$ 455,797**
Net book value			
As at December 31, 2013	$ -	$ 67,603	$ 67,603
As at March 31, 2014	**$ -**	**$ 58,776**	**$ 58,776**

10. PROPERTY, PLANT AND EQUIPMENT - HELD FOR DISPOSAL

On March 20, 2013, Petrodorado executed a conditional sale agreement with the operating partner of the Moriche Block in which the Company will relinquish its 49.5% working interest held in the Mauritia Este Prospect within the Moriche Block for total consideration of $3.5 million. Under the agreement, the $3.5 million cash consideration will be paid to the Company by way of pre-determined quarterly installment payments over the 2013 and 2014 calendar years, during which the purchaser of the block has the option to return the rights of the Moriche Block, under specific circumstances including government approval, to the operating partner (and to the Company) for a 90% return of considerations paid to date. Final assignment of ownership to the rights to the Moriche Block will not be completed until all conditions of the conditional sale agreement are fulfilled.

As ownership of the Moriche Block has not transferred due to the conditions in the sale agreement, it remains on the Company's statement of financial position as "Property, plant and equipment - held for disposal". Any installment payments received by the Company prior to final assignment of ownership will be reflected as accounts payable to the operating partner. As of March 31, 2014, Petrodorado had received $2.2 million in installment payments with regards to this agreement that are included in accounts payable and accrued liabilities. Subsequent to period end, Petrodorado has also received an additional $0.8 million in installment payments with regards to this agreement.

Cost	$	**10,066,437**
Accumulated depletion		**(6,488,324)**
Net balance	**$**	**3,578,113**

11. EQUITY TAX

The Colombian Congress passed a law, effective January 1, 2011, which imposed a one-time 6% equity tax levied on Colombian operations. In 2011, the Company recognized an equity tax expense of $2,580,852 which was 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, 2013	**$**	**706,396**
Unwinding of discount		**14,048**
Net foreign exchange gain		**(13,557)**
March 31, 2014	**$**	**706,887**

12. SHARE CAPITAL

Common shares

At March 31, 2014, the Company was authorized to issue an unlimited number of common shares, with no par value, with holders of common shares entitled to one vote per share and to dividends, if declared. Outstanding common shares as of March 31, 2014, were 482,547,066 (December 31, 2013 - 482,547,066).

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:

	Stock options	Weighted average exercise price (CDN$)
Balance, January 1, 2013	41,665,000	$ 0.33
Options issued	4,000,000	0.10
Forfeitures	(6,000,000)	0.23
Balance, December 31, 2013	39,665,000	$ 0.32
Options issued	21,075,000	0.07
Expired options	(12,500,000)	0.41
Balance, March 31, 2014	**48,240,000**	**$ 0.19**
Exercisable, March 31, 2014	**29,089,996**	**$ 0.26**

On February 3, 2014, the Company granted 21,075,000 options to acquire common shares to certain directors, officers, employees and consultants of the Company at a price of CDN $0.07 per common share. The options are for a five year term, expiring on February 3, 2019, and vest one-third on February 3, 2014, 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 employees, 12,500,000 expired in January 2014.

The following summarizes information about stock options outstanding as at March 31, 2014:

Exercise prices (CDN$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.07	21,075,000	4.85	7,024,996
0.10	4,000,000	4.45	-
0.17	2,550,000	3.55	1,700,000
0.25	14,115,000	1.82	13,865,000
0.49	6,500,000	0.84	6,500,000
	48,240,000	**3.32**	**29,089,996**

All options were allocated an estimated fair value using the Black-Scholes option pricing model. For options granted during the period ended March 31, 2014, assumptions of an expected forfeiture rate of 10%, a risk-free interest rate of 1.51%, an expected dividend yield of 0%, an expected stock price volatility of 102%, and expected option life of 5 years were used to estimate a fair value of CDN $0.036.

During the period ended March 31, 2014, the Company recognized $311,193 (March 31, 2013 - $128,620) of stock-based compensation expense and capitalized nil (March 31, 2013 - nil) to exploration and evaluation assets, for a total of $311,193 (March 31, 2013 - $128,620) that was recorded as contributed surplus.

Income (loss) per share

For purposes of the income (loss) per share calculations for the periods ended March 31, 2014 and 2013, there is no difference between the basic loss per share and the diluted loss per share amounts. For the period ended March 31, 2014, 48,240,000 options (March 31, 2013 - 41,665,000) were excluded as their impact was anti-dilutive.

13. COMMITMENTS

A summary of the Company's estimated capital commitments (in millions of dollars) are as follows:

Block/Country	Interest	2014	2015	2016	Total
Talora, Colombia (1)	65.0%	-	2.0	-	2.0
Tacacho, Colombia (2)	49.5%	-	18.2	-	18.2
CPO-5, Colombia (3)	30.0%	1.5	-	3.6	5.1
La Maye, Colombia (4)	20.0%	0.8	-	-	0.8
Total		**2.3**	**20.2**	**3.6**	**26.1**

1) Represents Petrodorado's 65% share of the ANH commitment to drill 1 exploration well required by the end of July 2015.
2) Petrodorado's commitment to acquire and process 512 km^2 of 2D seismic data (to pay 100% of costs up to a maximum of $8 million, 49.5% of costs thereafter). Currently, budgeted operations are delayed due to security concerns in the region with current ANH deadlines by 2015 with extensions. The commencement date for seismic acquisition is unknown at this time.
3) Includes Petrodorado's 30% share of the ANH commitment of the workover of the Loto-1 well in 2014 as well as 1 exploration well and a 205 km^2 3D seismic program for the second phase of the exploration program by 2016.
4) Represents Petrodorado's 20% share of the Phase II ANH commitment to drill 1 exploration well or, alternatively, the acquisition and processing of seismic data in the northern area of the block as currently proposed and subject to ANH approval.

The expenditures provided in the above table represent the Company's estimated cost to satisfy contract requirements. Actual expenditures to satisfy these commitments, initiate production or create reserves may differ from these estimates. The expenditures in the above table are based on the latest possible date required per contract and may be incurred at an earlier date which may be out of the control of the Company when they serve in a non-operator partner role. The Company is the non-operator partner on all blocks except Talora.

14. 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 periods ended March 31, 2014 and 2013.

For the period ended March 31, 2014

	Canada	Colombia	United States	Total
Revenue:				
Interest and other	$ 43,359	$ 34,866	$ -	$ 78,225
Expenses:				
General and administrative	628,661	394,265	123	1,023,049
Foreign exchange loss (gain)	(111,383)	36,021	-	(75,362)
Stock-based compensation	311,193	-	-	311,193
Depletion and depreciation	557	8,270	-	8,827
Finance costs	-	19,884	110	19,994
	829,028	458,440	233	1,287,701
Loss for the period	$ (785,669)	$ (423,574)	$ (233)	$ (1,209,476)
Assets, March 31, 2014	$ 17,199,295	$ 74,854,970	$ 2,319,709	$ 94,373,974
Additions to exploration and evaluation assets	$ -	$ 845,506	$ 412,009	$ 1,257,515

For the period ended March 31, 2013

	Canada	Colombia	Total
Revenue:			
Interest and other	$ 119,845	$ 19,618	$ 139,463
Expenses:			
General and administrative	326,404	254,496	580,900
Foreign exchange loss	(1,732,975)	28,410	(1,704,565)
Stock-based compensation	128,620	-	128,620
Depletion and depreciation	2,431	21,569	24,000
Finance costs	-	34,002	34,002
	(1,275,520)	338,477	(937,043)
Loss for the period	$ 1,395,365	$ (318,859)	$ 1,076,506
Assets, March 31, 2013	$ 39,228,954	$ 64,678,937	$ 103,907,891
Additions to exploration and evaluation assets	$ -	$ 4,048,115	$ 4,048,115

15. SUPPLEMENTAL CASH FLOW INFORMATION

For the periods ending March 31	**2014**	2013
Accounts receivable	**$ 245**	$ 53,098
Prepaid expenses and deposits	**297**	(6,434)
Accounts payable and accrued liabilities	**(1,033,373)**	(6,333,014)
Change in non-cash working capital	**(1,032,831)**	(6,286,350)
Relating to:		
Operating activities	**(170,810)**	(176,398)
Investing activities	**(862,021)**	(6,109,952)
Change in non-cash working capital	**$ (1,032,831)**	$ (6,286,350)

16. SUBSEQUENT EVENT – ARBITRATION SETTLEMENT

On October 4, 2013, a JV partner to the Company announced the commencement of an arbitration action through the International Chamber of Commerce against Petrodorado as the Operator of the Talora Block located in the Magdalena Basin of Colombia. The JV partner and Petrodorado entered into a Farm-out Agreement dated October 16, 2011, ("Agreement") to further the exploration and development of the Talora Block. The JV partner contended that Petrodorado committed multiple breaches of the Agreement and is entitled to the return of all amounts paid with regards to the Agreement and associated activity in the Talora Block, which is estimated at approximately $12.0 million. The Company had issued a counterclaim of $2.7 million for the JV partner's unpaid share of the costs related to the drilling of the Verdal-2X well.

On May 27, 2014, the Company reached terms of settlement on the arbitration action with its JV partner, under which both parties have withdrawn their claims against each other. Moreover, both parties have agreed that Petrodorado will not collect for the JV partner's agreed upon 30% working interest in the costs related to the Verdal-2X well that equate to $1.8 million, which have been previously included in exploration and evaluation assets. The Company has also agreed to pay $300,000 towards technical work being performed by the JV partner, which reflects the only additional cost to the Company pursuant to the settlement. Going forward, the JV partner will pay their working interest percentage of all future expenditures. Further, both parties will use reasonable efforts to seek additional farm-out opportunities on the Talora Block, with Petrodorado to receive first rights on any bonus / past cost payments. At this time farm-out partners have not been identified, nor is there any certainty on the type of farm-out arrangement that might be negotiated.