



**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

MARCH 31, 2017

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements of Petrodorado Energy Ltd. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in U.S. Dollars)

March 31, 2017

December 31, 2016

Assets

Current Assets

Cash and cash equivalents	\$ 97,128	\$ 241,804
Short-term investments	802,615	801,522
Accounts receivable	5,074	2,654
	\$ 904,817	\$ 1,045,980

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$ 50,635	\$ 60,247
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Shareholders' Equity

Share capital (Note 6)	87,213,177	87,213,177
Contributed surplus	29,955,571	29,951,681
Deficit	(111,684,615)	(111,538,610)
Accumulated other comprehensive loss	(4,629,951)	(4,640,515)
	854,182	985,733
	\$ 904,817	\$ 1,045,980

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

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

For the three months ended March 31

<i>(Unaudited, expressed in U.S. Dollars)</i>	2017	2016
Revenue:		
Interest and other	\$ 1,296	\$ 14,611
Expenses:		
General and administrative	156,727	380,691
Gain on investment	-	(312,430)
Gain on disposal (Note 5)	(54,005)	-
Foreign exchange loss (gain)	8,978	830,825
Stock-based compensation (Note 6)	3,890	-
	115,590	899,086
Net loss from continued operations	(114,294)	(884,475)
Net loss from discontinued operations (Note 7)	(31,711)	(41,367)
Net loss	\$ (146,005)	\$ (925,842)
Other comprehensive income:		
Currency translation adjustment	10,564	1,068,393
Comprehensive income (loss) for the period	\$ (135,441)	\$ 142,551
Loss per share – basic and diluted (Note 6)	\$ (0.01)	\$ (0.09)
Weighted average number of common shares outstanding	9,940,935	9,925,770

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

<i>(Unaudited, expressed in U.S. Dollars)</i>	2017	2016
Cash flows provided by (used in):		
Operating activities		
Loss	\$ (114,294)	\$ (884,475)
Adjustments for:		
Gain on disposal	(54,005)	-
Loss (gain) on investment	-	(312,430)
Unrealized foreign exchange loss (gain)	7,228	590,229
Stock-based compensation	3,890	
Change in non-cash working capital (Note 10)	(2,347)	(364,981)
Continued operations	(159,528)	(971,657)
Discontinued operations	(35,326)	(76,769)
	(194,854)	(1,048,426)
Investing activities		
Short-term investments	(1,093)	12,433,058
Marketable securities	-	3,584,395
Proceeds from Amerisur	49,401	-
Continued operations	48,308	16,017,453
Discontinued operations	-	49,682
	48,308	16,067,135
Financing activities		
Options exercised	-	13,599
Change in cash during the period		
Continued operations	(111,220)	15,059,395
Discontinued operations	(35,326)	(27,087)
Foreign exchange gain (loss) on cash	1,870	574,218
Cash, beginning of period	241,804	587,725
Cash, end of period	\$ 97,128	\$ 16,194,251

Cash is defined as cash and cash equivalents.

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 Shares	Share Capital	Contributed Surplus	Deficit	AOCL⁽¹⁾	Total
Balance at December 31, 2015	9,920,935	\$ 103,203,242	\$ 29,948,500	\$ (110,732,745)	\$ (5,779,790)	\$ 16,639,207
Net loss from continued operations				(884,475)		(884,475)
Net loss from discontinued operations				(41,367)		(41,367)
Currency translation adjustment					1,068,393	1,068,393
Exercise of stock options	20,000	24,030	(10,431)			13,599
Balance at March 31, 2016	9,940,935	\$ 103,227,272	\$ 29,938,069	\$ (111,658,587)	\$ (4,711,397)	\$ 16,795,357

	Number of Shares	Share Capital	Contributed Surplus	Deficit	AOCL⁽¹⁾	Total
Balance at December 31, 2016	9,940,935	\$ 87,213,177	\$ 29,951,681	\$ (111,538,610)	\$ (4,640,515)	\$ 985,733
Net loss from continued operations				(114,294)		(114,294)
Net loss from discontinued operations				(31,711)		(31,711)
Currency translation adjustment					10,564	10,564
Stock-based compensation (Note 6)			3,890			3,890
Balance at March 31, 2017	9,940,935	\$ 87,213,177	\$ 29,955,571	\$ (111,684,615)	\$ (4,629,951)	\$ 854,182

See accompanying notes to the interim condensed consolidated financial statements.

(1) Accumulated other comprehensive loss

PETRODORADO ENERGY LTD.
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended March 31, 2017 and 2016 (unaudited)

1. REPORTING ENTITY

Petrodorado Energy Ltd. (“Petrodorado” or the “Company”) is a public company that was previously engaged in exploration and development activities in Colombia. The Company’s head office is located in Calgary, Alberta, Canada. The Company’s shares are listed and publicly traded on the TSX Venture Exchange (the “Exchange”) under the trading symbol “PDQ”.

The Company underwent a strategic reassessment during 2015 and 2016 which resulted in the disposal of or withdrawal from virtually all exploration blocks wherein the Company had a participating interest. The Company is currently evaluating future strategic opportunities that may require additional financing to execute.

On September 13, 2016, the Company received final approval from the TSX Venture Exchange, and filed Articles of Amendment in the days that followed, to perform a consolidation of the issued and outstanding Class B common shares of the Company (the “Consolidation”) on a basis of five pre-Consolidation common shares for one post-Consolidation common share. The completed Consolidation follows ratification and approval for the Board of Directors to perform such a Consolidation on a basis of up to ten pre-Consolidation common shares for one post-Consolidation common share as given by the shareholders at the annual general and special meeting of shareholders held on January 27, 2016. Effective at the opening of trading on September 16, 2016, Petrodorado’s shares commenced trading on the TSX Venture Exchange on a consolidated basis. As a result, all share and per share amounts including those related to stock options have been restated for all periods to reflect this five for one consolidation.

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. In 2015, the Company commenced a strategic reassessment which resulted in the aforementioned disposals and/or operational renunciation of the Company’s participating interests in several exploration blocks. These events have enabled the Company to eliminate a significant amount of existing operational obligations and future exploration and development commitments that were well in excess of capital available to the Company and that would have required additional financial resources. However, the instability in the political and legal environment in Colombia creates continued uncertainty regarding potential financial commitments for guarantees on previously owned exploration blocks (see Note 8). Furthermore, in April 2016, the Company completed a return of capital distribution of \$16.0 million (CDN\$20.9 million) to Company shareholders (see Note 4) leaving minimal working capital to sustain future operations.

During the three months ended March 31, 2017, the Company incurred a loss for the period of \$146,005 and used \$194,854 of cash flows in its operating activities, which were financed principally from proceeds from past share issuances. As at March 31, 2017, the Company is left with minimal working capital of \$854,182. As the Company has no assets capable of generating cash flow, it will continue to exhaust its minimal financial resources to fund existing administrative budgets and potential strategic transactions for the foreseeable future. Furthermore, while management continues to work towards eliminating the aforementioned potential financial commitments for guarantees, there is no certainty at this time that this will be achieved. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern as it will be contingent upon the Company’s ability to successfully identify and procure necessary capital, which may be by way of strategic transactions to obtain financing and/or generate profitable operations that are beneficial to the Company and its shareholders, and eliminate the remaining potential financial commitments for guarantees.

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 its budgeted administrative costs and eliminate any potential financial commitments for guarantees during the upcoming year and beyond when considering the

PETRODORADO ENERGY LTD.
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Company's current financial forecast. However, there is no certainty as to the timing and likelihood of realizing a strategic transaction that would provide additional financial resources beyond those currently retained by the Company, nor is there certainty around the potential obligations regarding guarantees. 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, 2016, 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, 2016.

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 29, 2017.

4. SPECIAL DISTRIBUTION

On April 4, 2016, the Company carried out the special distribution of cash by way of a return of capital to the shareholders of the Company (the "Special Distribution") as was previously approved by the shareholders at the annual general and special meeting that was held on January 27, 2016. By way of this Special Distribution, a cash payment of CDN\$0.42 for each of the 49,704,702 common shares (9,940,935 post-Consolidation common shares) existing as of the date that the Special Distribution was realized, resulting in \$16.0 million (CDN\$20.9 million) being distributed to the shareholders of the Company. Directors and officers of the Company received \$1.2 million (CDN\$1.6 million) by way of the Special Distribution.

5. CORPORATE DISPOSAL

In February 2017, the Company closed the sale and transferred the risks and rewards of ownership of its wholly-owned subsidiary Bolivar Energy (Colombia) Inc. and its Colombian branch office to a third party private company purchaser. Under the terms of the sale agreement, the Company received \$50,000 in cash consideration.

Recognized amounts of identifiable assets and liabilities disposed of are as follows:

Cash	\$ 599
Accounts receivable	2,879
Accounts payable	(7,483)
Total net liabilities disposed	(4,005)
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Cash received	50,000
Gain on disposal	\$ 54,005

PETRODORADO ENERGY LTD.
Notes to the Interim Condensed Consolidated Financial Statements
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6. SHARE CAPITAL

Common shares

On April 4, 2016, the Company filed Articles of Amendment which created a new class of common shares and a class of preferred shares and effected an exchange of the existing common shares for new class B common shares (“Class B Shares”) and preferred shares (“Preferred Shares”) on the basis of one Class B Share and one Preferred Share for every common share outstanding. The Preferred Shares were redeemed immediately in exchange for the Special Distribution as previously described in Note 4. The Class B Shares are identical in all respects to the previously existing common shares, save for the fact that all Class B Shares have two votes per share at any shareholders meeting. As a result of the Special Distribution, there are no longer Preferred Shares issued and outstanding and the only class of common shares in the capital of the Company outstanding are Class B Shares.

On September 16, 2016, the Company completed a share consolidation in which one post-consolidation Class B Share replaced five pre-consolidation Class B Shares. All information relating to the weighted average number of common shares outstanding, issued and outstanding common shares, stock options and per share amounts have been adjusted retroactively to reflect the impact of the five for one share consolidation in these interim condensed consolidated financial statements.

At March 31, 2017, the Company was authorized to issue an unlimited number of Class B Shares, with no par value, with holders of Class B Shares entitled to two votes per share and to dividends, if declared. Outstanding Class B Shares as of March 31, 2017 were 9,940,935 (December 31, 2016 - 9,940,935).

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. Options issued typically vest one-third on the date of the grant, one-third after one year following the date of the grant, and one-third after two years following the grant date. Options issued expire five years following the date of the grant.

A summary of the changes in stock options is presented below:

	Stock options	Weighted average exercise price (CDN\$)
Balance, January 1, 2016	370,400	\$ 3.89
Options issued	560,000	0.10
Options exercised	(20,000)	0.90
Expired options	(233,500)	4.21
Balance, December 31, 2016 and March 31, 2017	676,900	\$ 0.73
Exercisable, December 31, 2016 and March 31, 2017	303,566	\$ 1.51

On November 14, 2016, the Company granted 560,000 options to acquire common shares to certain directors and officers of the Company at a price of CDN \$0.10 per common share. The options were for a five-year term, expiring on November 14, 2021, and vesting one-third on November 14, 2016, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant.

The following summarizes information about stock options outstanding as at March 31, 2017:

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Exercise prices (CDN\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.10	560,000	4.63	186,666
3.50	110,900	1.85	110,900
8.50	6,000	0.55	6,000
	676,900	4.14	303,566

All options were allocated an estimated fair value using the Black-Scholes option pricing model. No options were granted during the periods ended March 31, 2017 and 2016.

During the period ended March 31, 2017, the Company recognized \$3,890 (March 31, 2016 - nil) in stock-based compensation expense. Recognized stock-based compensation expense is recorded as contributed surplus.

Loss per share

For purposes of the loss per share calculations for the periods ended March 31, 2017 and 2016, there is no difference between the basic loss per share and the diluted loss per share amounts. For the periods ended March 31, 2017 and 2016, 676,900 and 267,900 options, respectively, were excluded as their impact was anti-dilutive.

7. DISCONTINUED OPERATIONS

During the period ended March 31, 2017, the Company closed the transaction to sell its remaining corporate operations in Colombia through the sale of its wholly-owned subsidiary (see Note 5). Upon closing of the sale, management has ceased operations in Colombia and, as such, has reclassified its entire Colombian segment to discontinued operations.

Income and expenses allocated to net loss from discontinued operations are as follows:

For the periods ending March 31	2017	2016
General and administrative	\$ 30,245	\$ 51,112
Foreign exchange (gain) loss	1,466	(9,745)
Net loss relating to discontinued operations	\$ 31,711	\$ 41,367

8. COMMITMENTS

On account of the aforementioned disposals and withdrawals, the Company's previous commitments relating to exploration activities in Colombia are no longer projected to be the obligation of the Company. However, certain guarantees as originally provided by the Company on behalf of one of its Colombian subsidiaries recognized by the Agencia Nacional de Hidrocarburos (ANH) as the participating party in the associated exploration contracts for two of the blocks in which the Company previously held participating interests (specifically, the CPO-5 and Tacacho Blocks) were still in place as of March 31, 2017. While the Company is in the process of obtaining the release from these guarantees given that the Company is no longer a participating party in these exploration contracts, the Company still had exposure to \$11.9 million of existing exploration responsibilities as of March 31, 2017 in the event that they are not ultimately fulfilled by those parties who carry on the associated exploration activities in these blocks. However, the likelihood that events will transpire that would result in these guarantees being enforced between March 31, 2017, and the moment when the Company is released from these guarantees is considered remote.

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9. SEGMENTED INFORMATION

The Company defines its reportable segments based on geographical locations. With the close of operations in Colombia (see Note 7), net loss from continued operations reflect those results of the Canada segment, while net loss from discontinued operations reflect those results of the Colombia segment. As of March 31, 2017, all remaining assets and liabilities as presented within these financial statements represent those held under the Canada segment.

10. SUPPLEMENTAL CASH FLOW INFORMATION

For the periods ending March 31	2017	2016
Accounts receivable	\$ (3,509)	\$ 1,511,398
Accounts payable and accrued liabilities	1,162	(376,379)
Amerisur payments received through marketable securities	-	(1,500,000)
Change in non-cash working capital	(2,347)	(364,981)
Relating to:		
Operating activities	(2,347)	(364,981)
Change in non-cash working capital	\$ (2,347)	\$ (364,981)