

PETRODORADO ENERGY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

The following is management's discussion and analysis ("MD&A") of the operating and financial results of Petrodorado Energy Ltd. ("Petrodorado" or the "Company") for the three and nine month periods ended September 30, 2015, as compared to the three and nine month periods ended September 30, 2014, as well as information and expectations concerning the Company's outlook based on currently available information.

The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2015 and 2014, prepared in accordance with IFRS (as defined below), together with the accompanying notes, and the audited consolidated financial statements and related notes and MD&A for the year ended December 31, 2014. Additional information including the Company's annual information form for the year ended December 31, 2014 (the "AIF"), is available on SEDAR at www.sedar.com or on the Company's website at www.petrodorado.com.

All dollar values are expressed in US dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

This MD&A is prepared as of November 27, 2015.

NON-IFRS MEASURES

Funds used in operations include all cash used in operating activities and are calculated before the change in non-cash working capital. A reconciliation of cash used in operating activities to funds used in operations for the three and nine month periods ended September 30, 2015 and 2014, are as follows:

Funds used in operations (\$)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Cash used in operating activities	(751,454)	(988,991)	(1,933,251)	(3,675,112)
Change in non-cash working capital	170,467	225,957	313,295	557,380
Funds used in operations	(580,987)	(763,034)	(1,619,956)	(3,117,732)

The non-IFRS measure referred to above does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. Management uses this non-IFRS measurement for its own performance measures and to provide its shareholders and investors with a measurement of the Company's efficiency and of its ability to fund a portion of its future growth expenditures.

BUSINESS PROFILE AND STRATEGY

The Company is engaged in petroleum and natural gas exploration and development activities in Colombia with one asset in California, USA. Petrodorado's head office is located in Calgary, Alberta, Canada and the Company's shares are traded on the TSX Venture Exchange under the trading symbol "PDQ".

Petrodorado was formed to explore for and develop petroleum assets in South America, with an initial focus on Colombia, Peru and Paraguay. The Company exited Peru and Paraguay in 2012 in order to provide more investment focus on its core properties in Colombia.

The Company has undergone a strategic reassessment which commenced in early 2015 that has resulted in the disposal of the CPO-5 and Tacacho Blocks in Colombia in the third quarter of 2015. These disposals have had a significant effect on the Company's financial position enhancing its working capital position and reducing future commitments. Even though these events have improved the financial condition of the Company, the lack of cash inflow from operations may mean that any future strategic opportunities for the Company may require additional financing to execute. Furthermore, the instability in the political and legal environment in Colombia creates uncertainty regarding possible financial commitments on existing and previously owned exploration blocks. The Board of Directors and management have continued to review all opportunities available to the Company with the mission to identify all viable and lucrative prospects that may provide the best future for the Company and the shareholders, particularly in the existing economic circumstances and outlook within the oil & gas industry, with the ultimate goal to maximize shareholder value.

ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

The Company has scheduled the annual general meeting of the shareholders ("AGM") for January 27, 2016, with the intention to present a potential transaction for the shareholders' consideration as well as to elect directors, appoint the auditors for the ensuing year, and approve the existing stock option plan of the Company, as annually required by the TSX Venture Exchange. As previously mentioned, the continued focus of management has been to present to the shareholders a possible transaction that management believes will provide accretive results to the current share value. Management has continued to narrow its search with the intention to identify specific transactions suitable for shareholder review. However, there is no certainty that any transaction will result from any opportunities brought forth for deliberation at the upcoming AGM.

SHARE CONSOLIDATION

On November 27, 2014, the Company received final approval from the TSX Venture Exchange, and obtained Articles of Amendment in the days that followed, to perform a consolidation of the issued and outstanding common shares of the Company (the "Consolidation") on a basis of ten 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 twenty 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 July 25, 2014. Effective at the opening of trading on December 1, 2014, 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 ten for one consolidation.

DIVESTITURE OF EXPLORATION ASSETS

On June 29, 2015, the Company announced the signing of a definitive agreement with Amerisur Resources PLC (“Amerisur”) that resulted in the divestiture of its participating interest in the CPO-5 and Tacacho Blocks. The transaction closed and the risks and rewards of ownership were transferred subsequently in early July 2015. Under the terms of the agreement, the Company is to receive, at the option of Amerisur, cash or a variable number of common shares of Amerisur totalling to consideration of \$6 million, and a further \$2.4 million in cash for existing term deposits plus accrued interest that are in place for the CPO-5 and Tacacho Blocks. The consideration of \$6 million is to be paid in three installments: one payment of \$3 million, and two payments of \$1.5 million each that are to be received three months and six months after closing. In July 2015, the Company received the cash amount of \$2.4 million from Amerisur for the before mentioned term deposits together with accrued interest, and 5,148,447 common shares of Amerisur representing the first installment payment of \$3 million under the agreement. Subsequent to quarter end, the Company received 4,140,279 common shares of Amerisur representing the second installment of \$1.5 million.

The Company also retains a 2.5% gross overriding royalty (“GORR”) on Amerisur’s percentage of oil production resulting from the CPO-5 and Tacacho Blocks after all applicable government royalties as compensation for the blocks, and a further 2.5% GORR on Amerisur’s percentage of oil production resulting from the CPO-5 Block after all applicable government royalties which was received in exchange for certain seismic costs incurred by the Company on the CPO-5 Block. The Company has valued the GORR’s at \$0.9 million which remains in exploration and evaluation assets as at September 30, 2015.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s approach to managing liquidity is to ensure a balance between capital expenditure requirements and cash provided by operations and working capital. As at September 30, 2015, the Company had working capital of \$15.3 million (up from \$12.4 million at December 31, 2014) comprised primarily of short term investments with the increase in working capital primarily due to consideration received or still to be received on account of the divestiture of the Company’s beneficial interest in the CPO-5 and Tacacho Blocks, partially offset by ongoing operating activities and exploration and evaluation capital expenditures in the exploration blocks within which the Company had or still has a participating interest. This working capital balance still includes a \$3.0 million payable from the Moriche conditional sale, which would be negated upon final assignment of ownership. As at September 30, 2015, the Company also had \$0.3 million of non-current restricted cash.

In light of the significant decline in the global oil price environment, management and the Board of Directors commenced an evaluation of the short and long-term outlook of the Company in early 2015. With the unfavourable oil market conditions persisting, management continues to perform a cautious re-assessment of the Company’s strategy going forward under the mandate of the Board of Directors. This involves the analysis of all opportunities available to the Company, including strategic dispositions, farm-outs or other monetizing transactions with third parties to eliminate and/or reduce the cash outflow budgeted and committed to occur on the Company’s exploration blocks. While the Company has

eliminated a significant amount of its exploration and development obligations by way of the divestiture of its interest in the CPO-5 and Tacacho Blocks, there are still some committed exploration and development expenditures that are still to be fully financed by Company capital resources currently available.

While the Company has sufficient capital resources to fund existing capital commitments and general corporate expenditures, the Company continues to explore all of its strategic alternatives to provide financial stability and optimal growth opportunities; nevertheless, there is no assurance regarding the future success of the Company given the uncertainties in the existing oil and gas market due to volatile global oil prices.

Letters of credit are issued through Colombian banks to the ANH for contractual exploration obligations for each phase on the exploration blocks in which the Company has a participation interest. 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 a Colombian bank.

Letters of credit issued through a Colombian bank to the ANH with respect to Phase II drilling obligations on the CPO-5 Block of \$1,850,000 and with respect to Phase I capital expenditure obligations on the Tacacho Block of \$403,920 were removed as part of the disposal to Amerisur within the period as mentioned previously.

In the event of non-compliance with contractual arrangements, the ANH has the right to draw down on those amounts constituted within the before-mentioned letters of credit.

PETROLEUM AND NATURAL GAS PROPERTIES AND OUTLOOK

At present, Petrodorado has beneficial interests either in the form of participation interests or royalty interests in five oil and gas blocks in Colombia and one block in the San Joaquin basin in California. Multiple drilling prospects and leads have been identified in these blocks.

CPO-5 Block

On June 14, 2010, Petrodorado announced the signing of a farm-in agreement with the operating partner for a 30% participating interest in the CPO-5 Block of Colombia. On October 1, 2010, Petrodorado received official ANH approval of the 30% participation interest assignment. This 492,341 acre block (net 147,702 acres) is located in the Los Llanos basin (Meta Department) and was awarded to the operating partner in the 2008 Agencia Nacional de Hidrocarburos ("ANH") heavy oil bid round. The CPO-5 Block is flanked to the north and northwest by the discoveries of other operators in the blocks of Guatiquia (Yatay-1 discovery with 10,440 barrels per day ("bopd") of 43° API oil and similar performance from the earlier Candelilla discovery), Corcel (Taya discovery with 5,218 bopd of 23.2° API oil), and Cabretero (Kitaro discovery with 1,500 bopd of 32° API oil), all such figures being taken from public disclosure of other reporting issuers operating in the area.

On June 29, 2015, the Company announced the signing of a definitive agreement with Amerisur that resulted in the divestiture of its participating interest in the CPO-5 and Tacacho Blocks. As part of this agreement, the Company has retained a 2.5% GORR on Amerisur's percentage of oil production resulting from the CPO-5 and Tacacho Blocks after all applicable government royalties, and a further 2.5% GORR

on Amerisur's percentage of oil production resulting from the CPO-5 Block after all applicable government royalties received in exchange for certain seismic costs incurred by the Company on the CPO-5 Block. Moreover, Amerisur's participation in the CPO-5 Block also includes the assumption of the rights and responsibilities as technical advisor and the undertaking of those work programs planned under the mandate of the Engineering, Procurement and Construction Agency Contract that was previously finalized between Petrodorado and the CPO-5 operating partner on May 21, 2015. This Contract will provide an opportunity for Amerisur to positively influence the execution of these and future exploration activities in the CPO-5 Block.

Tacacho Block

In January 2010, Petrodorado acquired a 49.5% working interest in the Tacacho Block within the prolific Putumayo area of Colombia, with two (2) large leads being identified on the block. Tacacho measures approximately 598,008 acres (net 296,014 acres) and is located in the foreland basin of the Putumayo mountain range, in the Eastern Cordillera area of Colombia. The operating partner of the block retains the remaining 50.5% working interest. The 24 month-long exploration program includes the acquisition, processing and interpretation of 512 km of 2D seismic data as agreed to with the operating partner. Due to security concerns in the region, the commencement of the seismic acquisition continues to be delayed until such time that the exploration area is declared secure. With security to support operations, the current estimated deadline for this activity is in 2015; however, if the region is not declared secure, the acquisition of the seismic data may occur later.

On June 29, 2015, the Company announced the signing of a definitive agreement with Amerisur that resulted in the divestiture of its participating interest in the CPO-5 and Tacacho Blocks. As part of this agreement, the Company has retained a 2.5% GORR on Amerisur's percentage of oil production resulting from the CPO-5 and Tacacho Blocks after all applicable government royalties.

Talora Block

Petrodorado currently holds a 70% interest in the Talora Block, located in the Upper Magdalena basin of Colombia. The Talora Block consists of 58,905 acres (net 41,234 acres) and is located 64 km to the southwest of the city of Bogota.

The exploration endeavors within the Talora Block has include the acquisition of 122 km of 2D seismic date during Q1 2010, the drilling of the of Verdal-1 exploration well in Q3 2010, the drilling of the Dorados-1X exploration well in Q3 2012, and the drilling of the Verdal-2X exploration well in Q4 2013. From these exploration activities, the Company encountered gas shows within the Tetuan formation during the drilling of the Verdal-1 well which during testing yielded a peak rate of 770 thousand standard cubic feet per day (mscf/d) of gas with indications of associated condensate from further compositional analysis.

Currently, Petrodorado is in Phase II of the Post Exploration Program which includes the commitment of one additional exploration well that was to be drilled by July 30, 2015. However, the effects of declining global market prices that became evident in late 2014 and that have persisted in 2015 created uncertainty regarding the Company's ability to generate substantial cash flows from near-term production that would be sufficient to sustain the Company's continued exploration in the Colombian blocks currently held by Petrodorado, including Talora. These circumstances influenced the decision made in early 2015 to perform a cautious re-assessment of the Company's strategy going forward. Part of the Company's interim strategy was to reduce near-term capital expenditures as much as possible, taking into consideration

existing contractual commitments, until such time that the Company could complete its re-assessment of the Company's future. As such, in Q2 2015 Petrodorado formally requested a 9 month extension on the current Talora Phase II commitments with full expectation by management that this request would be approved by the ANH given initiatives by the Colombian government in 2015 to provide such extensions to oil & gas companies operating in Colombia in light of the existing global oil price environment. However, in an ANH letter received on August 3, 2015, the Company was notified that the request made for an extension was denied. With the deadline for the existing exploration commitment now having lapsed, the Company is currently communicating with the ANH to resolve the existing situation. However, until such time that further clarification is provided by the ANH, the future of this exploration contract is uncertain.

While Petrodorado still believes in the prospects offered by the various exploration opportunities in the Talora block, including the continued evaluation and development of the Verdal field and further exploration efforts in the Dorados exploration area, the Company continues to evaluate all available strategic alternatives, including a farm-out and/or sale, that would allow for the advancement of the Talora project while not compromising Petrodorado's ability to pursue other opportunities that may become available to the Company in the future.

La Maye Block

Petrodorado has an undivided 20% beneficial working interest in an exploration and production contract for the La Maye Block. The La Maye Block is located in the Lower Magdalena Valley of Colombia and consists of approximately 73,956 acres (net 14,791 acres).

The Noelia-1 well was drilled on the La Maye Block in October 2009 with operations being subsequently suspended due to flooding conditions. In January 2014, the operating partner of the block informed the ANH that the Noelia-1 well did not encounter commercial quantities of hydrocarbons and that no further testing would be performed going forward. In September 2014, the La Maye JV partners received approval from the ANH to move forward with a seismic program, which was approved as the new Phase II ANH commitment in place of the original commitment to drill a second exploration well.

Currently, management is concerned with the risks surrounding the potential performance of the operating partner in fulfilling the existing work commitments on the La Maye Block and the possible consequences for non-compliance with stipulated work obligations. There is increasing risk that the block could revert to the ANH for non-compliance by the operating partner. The Company continues to monitor the operating partner's situation and, as circumstances becomes more certain as to the future of the block, the Company will evaluate all options available.

Buganviles Block

Petrodorado has a varying working interest in the Buganviles Block, located in the Upper Magdalena basin of Colombia, obtained through three separate transactions. The Buganviles Block consists of approximately 73,794 acres (net 43,907 acres). Petrodorado's position in the block, pending contract license extension by Ecopetrol (see further below), is as follows: 59.5% in the Visure Prospect, 55% in the Tuqueque Prospect, 30% in the rest of the block.

The explorations activities executed by Petrodorado and the operating partner within the Buganviles Block included the drilling of the Visure-1X exploration well and the Tuqueque-1X exploration well in Q4 2010. Testing of these wells did not result significant economically-viable discoveries with both wells

subsequently suspended with the intention to evaluate alternative completion techniques before further testing and/or development efforts were to be performed.

The operating partner applied to Ecopetrol for a two year extension of the contract when the existing exploration license expired on June 30, 2012. As of November 27, 2015, an official response from Ecopetrol regarding the requested license extension has yet to be received. The Company recognized impairments as of December 31, 2012, in relation to exploration and evaluation costs incurred within this exploration area. If the license extension is eventually received from Ecopetrol, recovery of previously recorded impairments of these exploration and evaluation costs will be analyzed by management.

Moriche Block

Petrodorado acquired an undivided 49.5% working interest in the Mauritia Este Prospect in the Moriche Block.

On March 20, 2013, Petrodorado executed a conditional sale agreement with the operating partner of the Moriche Block in which the Company relinquished 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 were to be paid to the Company by way of pre-determined installments 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 lack of government approval, to the Company for a 90% return of considerations paid to date. Final assignment of ownership of the rights to the Moriche Block will not be completed until all conditions of the sale agreement are fulfilled. As of September 30, 2015, Petrodorado had received \$3.0 million in installment payments with regards to this agreement that are included in accounts payable and accrued liabilities.

California Block

On May 9, 2013, the Company entered into an agreement with a new JV partner regarding a heavy oil opportunity (gross: 1,720 acres) in the San Joaquin basin of California for a non-operated working interest of 15%. On February 3, 2014, an amending agreement was executed that reduced the farm-in commitment and the earned working interest from 15% to 13.5%. This amending agreement also confirmed that Petrodorado would not participate in the second farm-in phase outlined in the original agreement. Petrodorado fulfilled all remaining commitments in the days subsequent to the amendment.

Exploration efforts carried out as part of the initial farm-in commitment resulted in the drilling of the K 2-33 and K 8-33 exploration wells in Q3 2013. Testing results included production rates ranging from 2 to 10 bopd of mainly oil, which was within the range of expected production rates and consistent with previous wells in the region.

In December 2014, the operating partner entity announced the resignation of all of its directors. In January 2015, it was announced by the operating partner entity that it was ceasing all operations as it was unable to appoint additional directors and, furthermore, that the holder of the secured debentures issued by the operating entity had effectively taken control of all company assets. The Company continues to monitor the operating partner's situation and, as circumstances become more certain regarding the future of the block, the Company will evaluate all options available.

COMMITMENT SUMMARY UPDATE

A summary of the Company's estimated capital commitments (in millions of dollar) as of September 30, 2015, are as follows:

Block/Country	Interest	2015	2016	Total
Talora, Colombia ⁽¹⁾	70.0%	2.1	-	2.1
La Maye, Colombia ⁽²⁾	20.0%	0.8	-	0.8
Buganviles, Colombia ⁽³⁾	59.5%	0.4	-	0.4
Total		3.3	-	3.3

- 1) Represents Petrodorado's 70% share of the commitment value stipulated in the ANH block contract to drill 1 exploration well by July 2015.
- 2) Represents Petrodorado's 20% share of the Phase II ANH commitment for the acquisition and processing of 80 km of 2D seismic data or 50 km² of 3D seismic data in the northern area of the block in 2015, pending resolution of operator issues.
- 3) Petrodorado's net share of the commitment value for abandonment and reclamation obligations on existing wells as currently budgeted by the operator of the block.

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.

As a result of the divestiture of the Company's participating interests in the CPO-5 and Tacacho Blocks, exploration commitments related to these exploration blocks are no longer projected to be the obligation of the Company. However, certain guarantees as originally provided by the Company on behalf of its Colombian subsidiary recognized by the ANH as the participating party in the associated exploration contracts for each of these blocks were still in place as of September 30, 2015. 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 September 30, 2015 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 September 30, 2015 and the moment when the Company is released from these guarantees is considered remote.

DISCUSSION OF OPERATING RESULTS

Revenue

Interest and other revenue on cash balances and short-term investments of \$15,905 and \$81,927 was realized for the three and nine months ended September 30, 2015, respectively (\$47,066 and \$177,301 for the three and nine months ended September 30, 2014). Decreases in interest and other revenue are primarily due to the gradual reduction of the average short-term investment principal upon which interest

revenue is generated as these invested funds are withdrawn and used in operating activities as well as exploration and evaluation capital expenditures.

Impairment Loss

During the nine months ended September 30, 2015, the Company determined that impairments of \$6,138,212 (nine months ended September 30, 2014 - \$2,220,892) were to be recognized on its exploration and evaluation assets related to the Company's Colombian exploration blocks.

The Company became aware that a request made in Q2 2015 to the ANH for a 9 month extension on the Talora Block exploration commitments to be completed by July 2015 was denied through a letter received from the ANH in August 2015. The Company is currently communicating with the ANH to resolve the existing situation. However, with the deadline for existing block commitments now having lapsed, uncertainty exists regarding the future viability of this exploration contract as of September 30, 2015, and will continue to exist until such time that a response is received from the ANH. Based on the denial of the requested extension and the resulting uncertainty surrounding the Talora Block exploration contract, an assessed recoverable value of nil was estimated resulting in an impairment loss of \$4.3 million. In the event that existing uncertainties regarding this exploration contract are resolved at a later date, recovery of previously recorded impairments of these exploration and evaluation costs will be analyzed by management.

During the second quarter of 2015, the Company reclassified certain costs related to the CPO-5 and Tacacho Blocks to assets held for sale, which now have been sold. As a result, the related exploration and evaluation assets were transferred at the lower of cost and fair value to which management determined a further impairment loss of \$1.8 million needed to be recognized. The agreement between the Company and Amerisur stipulates that the Company retains an interest of its original participation in the CPO-5 and Tacacho Blocks in the form of gross overriding royalties. The Company has valued these retained interests at \$0.9 million.

General and Administrative Expenses

General and administrative expenses ("G&A") for the three and nine months ended September 30, 2015, were \$715,486 and \$1,890,223, respectively (\$655,576 and \$2,687,714 for the three and nine months ended September 30, 2014, respectively). The decrease in overall G&A for the year to date comparative periods is primarily due to a decrease in overall professional fees incurred in 2015 on account of both the legal expenses of the arbitration and its eventual settlement with one of the Company's JV partners incurred in 2014. Decreased administrative cost in 2015 are due to reduced travel expenses, investor relations costs and general everyday operating expenses incurred in the year when compared to those of the same period in 2014. The departure of certain executive management members in 2015 and the effect of the weakening Canadian dollar for Company compensation have resulted in the reduced wages and salaries as well in 2015. For the remainder of the 2015 year, management currently forecasts a budget of \$0.4 million in G&A expenses.

General and Administrative Expenses (\$)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Professional Fees	318,050	63,903	603,146	922,509
Wages & Salaries ⁽¹⁾	308,225	332,950	807,054	959,541
Fees, Rent, Investor Relations and Other	89,211	258,723	480,023	805,664
Total	715,486	655,576	1,890,223	2,687,714

1) YTD capitalized salaries reduced from \$103,818 in 2014 to \$42,962 in 2015. Q3 capitalized salaries reduced from \$32,803 in 2014 to nil in 2015.

Loss on Investment

The Company on July 10, 2015, received 5,148,447 common shares of Amerisur which trade on the AIM market of the London Stock Exchange (the "AIM"). During the three and nine months ended September 30, 2015, the Company recognized \$972,635 in losses on these shares as a result of the decrease in their value from the date of receipt to September 30, 2015. The shares dropped from their initial value of \$0.5827 (£0.3702) per share to \$0.3791 (£0.2508) per share as of September 30, 2015.

Finance Costs

During the three and nine months ended September 30, 2015, the Company incurred \$5,971 and \$18,286, respectively, in finance costs due to the recording of accretion expense on provisions related to decommissioning obligations and equity tax payable (\$12,921 and \$50,260 for the three and nine months ended September 30, 2014, respectively). The overall decrease in finance costs is due to no accretion being generated on equity tax payable balances in 2015 as the principal of this long-term liability was eliminated by way of statutory payments by the end of 2014.

Finance Costs (\$)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Accretion of decommissioning obligations	5,971	6,498	18,286	18,824
Accretion of equity tax payable	-	6,423	-	31,436
Total	5,971	12,921	18,286	50,260

Foreign Exchange Gain

The Company generated foreign exchange gains of \$990,902 and \$1,970,544 for the three and nine months ended September 30, 2015, respectively (foreign exchange gains of \$517,509 and \$262,166 for the three and nine months ended September 30, 2014, respectively). Foreign exchange gains were realized due to a continual increase overall in the value of the US dollar when compared to the Canadian dollar and Colombian peso in each respective period. During Q3 2015, the recognition of cumulative translation losses of \$279,950 previously recorded in other comprehensive income that related to the disposal of foreign operations to Amerisur mentioned previously partially offset the foreign exchange gain recognized to date in 2015.

Stock-Based Compensation

For the three and nine months ended September 30, 2015, the Company recorded stock-based compensation expense of \$42,200 and \$136,273 (\$105,036 and \$521,680 for the comparative periods to

September 30, 2014). The decrease in stock-based compensation expense is primarily due to the reduced overall effect of stock options still vesting by Q3 2015. With the majority of outstanding options being fully vested prior to the beginning of the 2014 year, the 2,107,500 options granted during Q1 2014 constituted the majority of stock-based compensation expense since the beginning of 2014. As one-third vested immediately in Q1 2014, the entirety of the related stock-based compensation expense for these vested options was recognized in that same period. By 2015, stock-based compensation expense related to the time vesting of the remaining two-thirds of options from this grant (with one-third of the options from this grant vesting in Q1 2015) and the time vesting of new options granted during Q3 2015 (which carried less of an effect on overall stock-based compensation expense than previous option grants) were recognized, thus resulting in a reduced stock-based compensation expense for the three and nine months ended September 30, 2015.

Net Loss and Comprehensive Loss

For the three and nine months ended September 30, 2015, the Company generated net losses of \$737,199 and \$7,126,918, respectively (net losses of \$2,136,344 and \$4,764,676 for the comparative periods to September 30, 2014), and comprehensive losses of \$1,822,488 and \$9,265,504, respectively (comprehensive losses of \$2,839,072 and \$5,712,344 for the same periods to September 30, 2014). The differences in net losses for the periods ended September 30, 2015 and 2014, are primarily due to the effects of impairment losses recognized in each period as well as differing foreign exchange results and general and administrative expenses in each period, as previously described.

Funds used in Operations

For the three and nine months ended September 30, 2015, the Company used funds in operations of \$580,987 and \$1,619,956, respectively (funds used in operations of \$763,034 and \$3,117,732 for the comparative periods to September 30, 2014). The decrease in funds used in operations relates primarily to the decrease in general and administrative expenses incurred during the three and nine months ended September 30, 2015.

CAPITAL EXPENDITURES

For the nine months ended September 30, 2015 and 2014, the Company spent \$2.6 million and \$3.7 million, respectively, in exploration and evaluation capital expenditures. Prior to the divestiture of the CPO-5 and Tacacho Blocks as previously mentioned, in 2015 the Company incurred \$2.4 million in CPO-5 for seismic activities as part of the 2015 work program on the block as performed by the operator as well as on environmental and socialization work, and also incurred \$0.2 million for its portion of environmental and security work performed by the operator of the Tacacho Block in preparation of the planned seismic program.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of the Company's financial instruments, consisting of cash and cash equivalents, short-term investments, restricted cash, accounts receivable, and accounts payable and accrued liabilities, approximate their fair values due to the short-term maturity of such instruments. Marketable securities in the form of Amerisur shares are valued based on their trading price on the AIM. Unless otherwise noted,

it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

SHAREHOLDERS' EQUITY

Common shares

At September 30, 2015, 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 September 30, 2015, were 48,254,707 (December 31, 2014 - 48,254,707).

On November 27, 2014, the Company received final approval from the TSX Venture Exchange, and obtained Articles of Amendment in the days that followed, to perform a consolidation of the issued and outstanding common shares of the Company (the "Consolidation") on a basis of ten 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 twenty 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 July 25, 2014. Effective at the opening of trading on December 1, 2014, 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 ten for one consolidation.

Stock options

The Company has adopted a formal rolling stock option plan whereby options can be granted from time to time to directors, officers, 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, 2014	3,966,500	\$ 3.20
Options issued	2,107,500	0.70
Options forfeited/cancelled	(1,857,833)	3.33
Expired options	(1,265,167)	4.11
Balance, December 31, 2014	2,951,000	\$ 0.95
Options issued	1,450,000	0.18
Options forfeited	(446,333)	0.88
Expired options	(752,667)	1.31
Balance, September 30, 2015	3,202,000	\$ 0.53
Exercisable, September 30, 2015	1,716,334	\$ 0.67

On July 23, 2015, the Company granted 1,450,000 options to acquire common shares to certain directors, officers, and employees of the Company at a price of CDN \$0.18 per common share. The options are for

a five year term, expiring on July 23, 2020, and vest one-third on July 23, 2015, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant.

As of November 27, 2015, outstanding common shares and stock options of the Company were 48,254,707 and 3,202,000, respectively.

USE OF ESTIMATES AND JUDGMENTS

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below.

Critical judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

i) Identification of cash-generating units

The Company's assets are aggregated into cash-generating units, for the purpose of calculating impairment, based on their ability to generate largely independent cash flows. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

ii) Impairment of property, plant and equipment and exploration and evaluation assets

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

iii) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found in assessing economic and technical feasibility.

iv) Income taxes

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Key sources of estimation uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities, where applicable.

i) Reserves

The assessment of reported recoverable quantities of proved and probable reserves include estimates regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It also requires interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if the ability to produce is supported by either actual production or conclusive formation tests. The Company's petroleum and gas reserves are determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

ii) Decommissioning obligations

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

iii) Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of oil and gas properties based upon the estimation of recoverable quantities of proven and probable reserves being acquired.

iv) Share-based payments

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

v) Tax provisions

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

PRINCIPAL BUSINESS RISKS

The Company's business and results of operations are subject to a number of risks and uncertainties which are outlined under the heading "Risk Factors" in the AIF for the year ended December 31, 2014 and also including, but not limited to the following:

Crude Oil and Natural Gas Development

Exploration, development, production of oil and natural gas involves a wide variety of risks which include but are not limited to the uncertainty of finding oil and gas in commercial quantities, securing markets, commodity price fluctuations, exchange and interest rate exposure and changes to government regulations, including regulations relating to prices, taxes, royalties and environmental protection. The oil and gas industry is intensely competitive and the Company competes with a large number of companies with greater resources.

The Company's ability to obtain reserves in the future will depend not only on its ability to develop its current properties but also on its ability to acquire new prospects and producing properties. The acquisition, exploration and development of new properties also require that sufficient capital from outside sources will be available to the Company in a timely manner. The availability of equity or debt financing is affected by many factors many of which are beyond the control of the Company.

Foreign Operations

There are a number of risks associated with conducting foreign operations over which the Company has no control, including political instability, potential and actual civil disturbances, ability to repatriate funds, changes in laws affecting foreign ownership and existing contracts, environmental regulations, oil and gas prices, production regulations, royalty rates, income tax law changes, potential expropriation of property without fair compensation and restriction on exports.

Addition of Reserves and Resources

The Company's future crude oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on the Company successfully discovering and developing or acquiring new reserves and resources. The addition of new reserves and resources will depend not only on the Company's ability to explore and develop properties but also, in the case of reserves, on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company's exploration, development or acquisition efforts will result in the discovery and development of commercial accumulations of oil and natural gas.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond the control of the Company. Estimates of reserves depend in large part upon the reliability of available geological and engineering data and require certain assumptions to be made in order to assign reserve volumes. Geological and engineering data is used to determine the probability that a reservoir of oil and/or natural gas exists at a particular location, and whether, and to what extent, such hydrocarbons are recoverable from the reservoir. Accordingly, the ultimate reserves discovered by the Company may be significantly less than the total estimates.

Exploration Risks

The exploration of the Company's properties may from time to time involve a high degree of risk that no production will be obtained or that the production obtained will be insufficient to recover drilling and completion costs. The costs of seismic operations and drilling, completing and operating wells are uncertain to a degree. Cost overruns can adversely affect the economics of the Company's exploration programs and projects. In addition, the Company's seismic operations and drilling plans may be curtailed, delayed or cancelled as a result of numerous factors, including, among others, equipment failures, weather or adverse climate conditions, shortages or delays in obtaining qualified personnel, shortages or delays in the delivery of or access to equipment, necessary governmental, regulatory or other third party approvals and compliance with regulatory requirements.

Market Risks

The Company's financial results are influenced by fluctuations in the value in marketable securities held during the period. More specifically, the Company is exposed to certain gains and/or losses in the event of changes in the trading price of shares held in Amerisur, which trade on the AIM. In July 2015 and October 2015, the Company received 5,148,447 and 4,140,279 common shares of Amerisur representing the first and second installment payments, respectively, under the divestiture mentioned previously. The fluctuations in fair values are recognized as unrealized gains and losses on marketable securities, and realized when shares are sold.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company are required to file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A offers our assessment of the Company's future plans and operations as of November 27, 2015, and may contain forward-looking information. All statements other than statements of historical fact are

forward-looking statements. Such information is generally identified by the use of words such as "anticipate", "continue", "estimate", "expect", "may", "plan", "will", "project", "should", "believe" and similar expressions. Statements relating to "reserves" or "resources" are also forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the resources and reserves described can be profitably produced in the future. All such statements involve known and unknown risks, uncertainties and assumptions.

Management believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Such forward-looking information included in this MD&A should not be unduly relied upon as the plans, assumptions, intentions or expectations upon which it is based may not occur. Actual results or events may vary from the forward-looking information.

In particular, this MD&A may contain forward-looking information pertaining to the following:

- the resource potential of the Company's assets,
- the Company's growth strategy and opportunities,
- performance characteristics of the Company's oil properties and estimated capital commitments and probability of success,
- crude oil production and recovery estimates and targets,
- the existence and size of the oil reserves and resources,
- the Company's drilling plans,
- capital expenditure programs and estimates, including the timing of activity,
- the Company's plans for, and results of, exploration and development activities,
- projections of market prices and costs,
- the supply and demand for oil,
- expectations regarding the ability to raise equity and debt capital on acceptable terms and to add continually to reserves through acquisitions and development, including the ability to negotiate and complete the agreements contemplated in this MD&A,
- the timing for receipt of regulatory approvals, including ANH approvals, and
- treatment of the Company under governmental regulatory regimes and tax laws.

The purpose of providing any financial outlook in this MD&A is to illustrate how the business of the Company might develop without the benefit of specific historical financial information. Readers are cautioned that this information may not be appropriate for other purposes.

The forward looking information herein is based on certain assumptions and analysis by the management of the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors that it believes are appropriate and reasonable under the circumstances. The forward looking information herein is based on a number of assumptions, including but not limited to:

- the availability on acceptable terms of funds for capital expenditures,
- the availability in a cost-efficient manner of equipment and qualified personnel when required,
- continuing favourable relations with Latin American governmental agencies,
- continuing strong demand for oil,

- the stability of the regulatory framework governing royalties, taxes and environmental matters in Colombia and any other jurisdiction in which the Company may conduct its business in the future,
- the Company's future ability to market production of oil successfully to customers,
- the Company's future production levels and oil prices,
- the applicability of technologies for recovery and production of the Company's oil reserves,
- the existence and recoverability of any oil reserves,
- geological and engineering estimates in respect of the Company's resources and reserves,
- the geography of the areas in which the Company is exploring, and
- the impact of increasing competition on the Company.

The actual results, performance and achievements of the Company could differ materially from those anticipated in these forward-looking statements as a result of the risks and uncertainties set forth elsewhere in the MD&A and the following risks and uncertainties:

- global financial conditions,
- general economic, market and business conditions,
- volatility in market prices for oil and natural gas, the stock market, foreign exchange and interest rates,
- risks inherent in oil and gas operations, exploration, development and production,
- risks inherent in the Company's international operations, including security, political, sovereignty and legal risks in Colombia,
- the failure by counterparties to make payments or perform their operational or other obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties,
- risks related to the timing of completion of the Company's projects and plans,
- uncertainties associated with estimating oil and natural gas reserves and resources,
- competition for, among other things, capital, acquisitions of resources, undeveloped lands and skilled personnel,
- the Company's ability to hold existing leases through drilling or lease extensions or otherwise,
- incorrect assessments of the value of acquisitions or title to properties,
- the failure of the Company or the holder of certain licenses or leases to meet specific requirements of such licenses or leases,
- claims made in respect of the Company's properties or assets,
- geological, technical, drilling and processing problems, including the availability of equipment and access to properties,
- environmental risks and hazards,
- failure to estimate accurately abandonment and reclamation costs,
- the inaccuracy of third parties' reviews, reports and projections,
- rising costs of labour and equipment,
- the failure to engage or retain key personnel,
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry, and
- the other factors discussed under "Principal Business Risks" in this MD&A and "Risk Factors" in the AIF.

Readers are cautioned that the foregoing lists of assumptions, risks and uncertainties are not exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The forward-looking information speaks only as of the date of this MD&A, and the Company does not undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

Disclaimer language for Analogous Information

Analogous Information: Certain information contained herein is considered "analogous information" as defined in National Instrument 51-101 - Standards of Disclosure of Oil and Gas Activities ("NI 51-101"). Such analogous information has not been prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook. In particular, this document notes specific analogous oil discoveries and corresponding details of said discoveries in the Guatiquia, Corcel, and Cabrestero areas and makes certain assumptions about the CPO-5 Block as a result of such analogous information and potential recovery rates in CPO-5 as a result thereof. Such information is based on public data and information obtained from the public disclosure of other issuers who are active in the area, and the Company has no way of verifying the accuracy of such information and cannot determine whether the source of the information is independent. Such information has been presented to help demonstrate that hydrocarbons may be present in commercially recoverable quantities in the Company's area of interest. There is no certainty that such results will be achieved by the Company and such information should not be construed as an estimate of future reserves or resources or future production levels.

SELECTED QUARTERLY INFORMATION

The following table sets out selected unaudited quarterly financial information of Petrodorado and is derived from unaudited quarterly financial data prepared by management in accordance with IFRS.

	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Total revenue	\$ 15,905	\$ 31,733	\$ 34,289	\$ 38,498
Net loss	(737,199)	(6,231,756)	(157,963)	(55,651,782)
Comprehensive loss	(1,822,488)	(5,979,952)	(1,463,064)	(56,216,214)
Net loss per share (basic & diluted)	(0.02)	(0.13)	(0.00)	(1.15)

	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Total revenue	\$ 47,066	\$ 52,010	\$ 78,225	\$ 109,912
Net loss	(2,136,344)	(1,418,856)	(1,209,476)	(1,973,910)
Comprehensive loss	(2,839,072)	(860,779)	(2,012,493)	(2,739,650)
Net loss per share (basic & diluted)	(0.04)	(0.03)	(0.03)	(0.04)

Fluctuations in quarter-to-quarter net income (loss) are primarily the effect of varying foreign exchange rates with resulting foreign exchange gains/losses recorded and/or impairment losses recognized

periodically. In Q4 2013, effects of foreign exchange fluctuations were minimal on account of management's prospective treatment of intercompany loans as permanent in nature, which balances were previously the main source of resulting foreign exchange gains/losses in subsidiaries of opposing functional currencies and of cumulative translation adjustments recognized in other comprehensive income (loss) on account of the translation of financial balances and transactional results of entities with a functional currency that is distinct from the Company's presentation currency. This prospective treatment of intercompany loans resulted in a minimal foreign exchange gain in Q1 2014 and minimal foreign exchange loss in Q2 2014, with general and administrative costs incurred constituting the majority of the net loss realized in each quarter. The net loss realized in Q3 2014 was primarily on account of recognized impairment losses being minimally countered by recorded equity tax recoveries. The Q4 2014 resulting net loss was a reflection of recognized impairment losses and standard general and administrative costs partially offset by a foreign exchange gain in the quarter. Further impairment losses and general and administrative expenses recorded in both Q1 2015 and Q2 2015, contributed to the net losses recorded in each respective quarter, with losses in Q1 2015 being somewhat reduced by the effects of a foreign exchange gain in that accounting period. In Q3 2015, general and administrative expense coupled with losses on investments held in Amerisur shares reduced by foreign exchange gains recognized in the quarter resulted in the net loss for the period.

OUTLOOK

In light of the persisting conditions in the global oil price environment and its adverse effects regarding the financial economics on existing and future exploration operations of the Company, management continues to evaluate the corporate strategy of the Company going forward and to identify and review potential opportunities for the Company's future as per the mandate of the Board of Directors. Management's primary focus is to increase Company value for shareholders. An elaborate and careful review of all available opportunities is considered necessary and prudent in order to make the best strategic decisions for the future of the Company. Management hopes to provide a corporate and operational outlook that will provide further clarity and guidance on the foreseeable path for Petrodorado and present potential transaction opportunities for shareholder consideration at the upcoming AGM.