

PETRODORADO ENERGY LTD.

Suite 1000, Bow Valley Square II
205 – 5 Ave S.W.
Calgary, Alberta, Canada, T2P 2V7
Tel: (403) 930-7544
Fax: (403) 930-7599

PRESS RELEASE

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PETRODORADO DIVESTS PERU BLOCK 135 AND 138, ANNOUNCES SPUD DATE ON TALORA BLOCK, ADOPTS SHAREHOLDER RIGHTS PLAN AND RE-PRICES STOCK OPTIONS

July 12, 2012 – Calgary, Alberta: Petrodorado Energy Ltd. ("Petrodorado" or the "Company") (TSXV-PDQ) is pleased to announce that it has sold its interests in Peru Block 135 and 138, announces a start date for the Dorados-1X exploration well in the Talora block, adopts a shareholders rights plan and re-prices outstanding stock options.

Peru 135 and 138

The Company has reached an agreement with the operator of these blocks to divest its 45% beneficial interest for a sum of US\$15.2Million. This transaction is effective immediately.

Talora

The contracted rig is presently being mobilised to the drilling location, and expects to spud the exploration well Dorados-1X by end July 2012. This well has a planned total depth of 9,500 feet and is targeting the Caballos and Tetuan formations. As previously announced the Company retains 65% operated working interest in the block while paying 35% of the well costs, and the farmee paying 60%, subject to a cap of US\$6.5Million. Costs above the cap are paid proportionally by each partner based on their respective working interests.

Shareholder Rights Plan and Re-pricing of Stock Options

The Company's Board of Directors has approved the adoption of a shareholder rights plan (the "**Plan**"). The Plan is designed to ensure that the Company's shareholders are treated fairly in the event of a take-over bid for the Company's common shares and that the Company's Board of Directors and shareholders will have adequate time to evaluate any unsolicited take-over bid and, if appropriate, to evaluate and pursue other alternatives to maximize shareholder value.

The Plan was not adopted in response to any actual or threatened take-over bid or other proposal from a third party to acquire control of Petrodorado. A similar shareholder rights plan was approved by the Company's Board of Directors in October 2011, but no shareholder meeting was held within six months to ratify such plan, and it therefore expired.

The Plan is effective as of July 12, 2012 (the "**Effective Date**") and has been executed by Petrodorado and the rights agent, Equity Financial Trust Company. However, in accordance with the requirements of the TSX Venture Exchange, Petrodorado's shareholders will be asked to confirm the Plan at the upcoming annual general meeting of shareholders, and in any event not later than December 13, 2013. If approved by shareholders, the Plan will be in effect until the annual meeting of the shareholders in 2014.

At the close of business on the Effective Date, one right (a "**Right**") will be issued and attached to each common share of Petrodorado outstanding at that time. A Right will also attach to each common share of Petrodorado issued after the Effective Date. If shareholders do not confirm the Plan at the upcoming general meeting, the Plan and the Rights will terminate and cease to be effective.

The Plan is similar to shareholder rights plans recently adopted by several other Canadian companies. The Plan is not intended to block take-over bids. The Plan includes "Permitted Bid" provisions which will prevent the dilutive effects of the Plan from operating if a take-over bid is made by way of a take-over bid circular that, among other things, remains open for a minimum of 60 days and is accepted by a specified proportion of the common shares held by independent shareholders. The Plan will be triggered by an acquisition, other than pursuant to a Permitted Bid, of 20% or more of the outstanding common shares of Petrodorado or the commencement of a take-over bid that is not a Permitted Bid. Details of the Plan will be included in the information circular which shall be sent to Petrodorado's shareholders for the upcoming annual general meeting.

The Company has also re-priced 29,980,000 stock options with strike prices ranging from \$0.35 to \$0.55, with a new strike price of \$0.25. This will require ratification by the TSX Venture Exchange, and is subject to disinterested shareholder approval.

Krishna Vathyam, President and CEO of Petrodorado Energy Ltd.

"We have divested our Peru assets due to its increased geological risk and significant cost of drilling, as was evidenced on a recently drilled dry hole in a neighbouring block. After this sale, Petrodorado is well placed with a cash position of US\$64Million to meet its 2012 and 2013 obligations and also actively pursue other opportunities."

About Petrodorado Energy Ltd.

Petrodorado is primarily engaged in petroleum and natural gas exploration and development activities in Colombia, Peru and Paraguay. Its head office is located in Calgary, Alberta, Canada and Petrodorado's common shares are traded on the TSXV under the trading symbol "PDQ".

For further information, please contact:

Krishna Vathyam, President and CEO

Chris Reid, VP of Finance and CFO

(403) 930-7544

Email: info@petrodorado.com

Website: www.petrodorado.com

Cautionary Note Regarding Forward-Looking Statements

Except for the statements of historical fact contained herein, the information presented constitutes "forward-looking statements". Such forward-looking statements, including but not limited to uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned that the assumption used in the preparation of the forward-looking statements, although considered reasonable at the time of preparation may prove to be imprecise and, as such undue reliance should not be placed on forward-looking statements.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, the Company disclaim any intention and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made, by third parties in respect of the matters discussed above.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.