



**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

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)

September 30, 2018

December 31, 2017

Assets

Current Assets

Cash and cash equivalents	1,119,760	1,535,163
Accounts receivable	3,143	1,025
	1,122,903	1,536,188

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	1,080	41,721
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Shareholders' Equity

Share capital (Note 6)	87,920,755	87,920,755
Warrants (Note 6)	30,259	30,259
Contributed surplus	29,989,712	29,967,591
Deficit	(112,228,617)	(111,879,346)
Accumulated other comprehensive loss	(4,590,286)	(4,544,792)
	1,121,823	1,494,467
	1,122,903	1,536,188

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30

<i>(Unaudited, expressed in U.S. Dollars)</i>	For the three months ended		For the nine months ended	
	2018	2017	2018	2017
Revenue:				
Interest and other	3,123	3,841	10,909	6,546
Expenses:				
General and administrative	5,115	60,281	74,967	339,664
Business development (Note 5)	4,022	-	265,067	-
Foreign exchange loss (gain)	1,093	5,787	(1,975)	32,403
Stock-based compensation (Note 6)	19,419	4,202	22,121	11,963
	29,649	70,270	360,180	384,030
Loss from continuing operations	(26,526)	(66,429)	(349,271)	(377,484)
Income from discontinued operations (Note 7)	-	55,000	-	77,294
Net loss	(26,526)	(11,429)	(349,271)	(300,190)
Other comprehensive income:				
Currency translation adjustment	18,240	64,201	(45,494)	105,793
Comprehensive loss for the period	(8,286)	52,772	(394,765)	(194,397)
Loss per share (Note 6):				
Net loss - basic and diluted	(0.00)	(0.00)	(0.02)	(0.02)
Continuing operations – basic and diluted	(0.00)	(0.00)	(0.02)	(0.03)
Weighted average number of common shares outstanding	23,274,268	23,274,268	23,274,268	14,971,460

See accompanying notes to the interim condensed consolidated financial statements.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30

<i>(Unaudited, expressed in U.S. Dollars)</i>	For the three months ended		For the nine months ended	
	2018	2017	2018	2017
Cash flows provided by (used in):				
Operating activities				
Loss from continuing operations	(26,526)	(66,429)	(349,271)	(377,484)
Adjustments for:				
Unrealized foreign exchange loss (gain)	2,499	(3,877)	(2,085)	20,319
Stock-based compensation	19,419	4,202	22,121	11,963
Change in non-cash working capital (Note 10)	(12,547)	(26,239)	(42,759)	3,719
Continuing operations	(17,155)	(92,343)	(371,994)	(341,483)
Discontinued operations (Note 7)	-	-	-	(35,326)
	(17,155)	(92,343)	(371,994)	(376,809)
Investing activities				
Short-term investments	-	753,795	-	801,522
Continuing operations	-	753,795	-	801,522
Discontinued operations (Note 7)	-	55,000	-	104,401
	-	808,795	-	905,923
Financing activities				
Shares issued, net of cost	-	-	-	707,578
Warrants issued, net of cost	-	-	-	30,259
Change in non-cash working capital (Note 10)	-	14,449	-	-
	-	14,449	-	737,837
Change in cash and cash equivalents				
Continued operations	(17,155)	675,901	(371,994)	1,197,876
Discontinued operations	-	55,000	-	69,075
Foreign exchange gain (loss) on cash	15,741	68,078	(43,409)	84,008
Cash and cash equivalents, beginning of period	1,121,174	793,784	1,535,163	241,804
Cash and cash equivalents, end of period	1,119,760	1,592,763	1,119,760	1,592,763

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	Warrants	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
Shares issued, net of cost	13,333,333	707,578					707,578
Warrants issued, net of cost			30,259				30,259
Net loss from continuing operations					(377,484)		(377,484)
Net income from discontinued operations					77,294		77,294
Currency translation adjustment						105,793	105,793
Stock-based compensation				11,963			11,963
Balance at September 30, 2017	23,274,268	87,920,755	30,259	29,963,644	(111,838,800)	(4,534,722)	1,541,136

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	AOCL ⁽¹⁾	Total
Balance at December 31, 2017	23,274,268	87,920,755	30,259	29,967,591	(111,879,346)	(4,544,792)	1,494,467
Net loss from continuing operations					(349,271)		(349,271)
Currency translation adjustment						(45,494)	(45,494)
Stock-based compensation				22,121			22,121
Balance at September 30, 2018	23,274,268	87,920,755	30,259	29,989,712	(112,228,617)	(4,590,286)	1,121,823

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 September 30, 2018 and 2017

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”.

In recent years, the Company underwent a strategic reassessment which resulted in the disposal of all foreign operations and associated exploration blocks wherein the Company had a participating interest. The Company is currently evaluating future strategic opportunities that may require additional financing to execute.

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. During the nine months ended September 30, 2018, the Company incurred a loss from continuing operations for the period of \$349,271 and used \$371,994 of cash flows in its operating activities, which were financed principally from proceeds from past share issuances. In June 2017, the Company completed a non-brokered private placement for gross proceeds of \$756,400 (C\$1,000,000), which funds are to be used for general corporate purposes of the Company. As at September 30, 2018, the Company maintains working capital of \$1,121,823.

As the Company has no assets capable of generating cash flow, it will continue to exhaust its remaining financial resources to fund existing administrative budgets and potential strategic transactions for the foreseeable future. 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.

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 during the upcoming year and beyond when considering the 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. 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.

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, 2017, 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, 2017.

PETRODORADO ENERGY LTD.
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2018 and 2017

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 November 15, 2018.

New standards and interpretations adopted on January 1, 2018

IFRS 9: Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 "Financial Instruments", which includes a principle-based approach for classification and measurement of financial assets and a forward-looking 'expected credit loss' model. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on 1) the business model in which a financial asset is managed and 2) its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The classification and measurement of financial instruments under IFRS 9 did not have a material impact on the Company's consolidated financial statements.

Impairment of financial assets under IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The application of the expected credit loss model to financial assets classified as amortized cost did not result in a material adjustment on transition.

IFRS 9 was applied retrospectively in accordance with transition requirements with no impact to opening retained earnings or comparative periods. Cash and cash equivalents, and trade and other receivables continue to be measured at amortized cost and are now classified as "amortized cost". The Company's financial liabilities previously classified as "other financial liabilities" being trade and other payables and accrued liabilities continue to be measured at amortized cost and are now classified as "amortized cost". The Company has not designated any financial instruments as FVOCI or FVTPL, nor does the Company use hedge accounting.

IFRS 15: Revenue from Contracts with Customers

The Company adopted IFRS 15 "Revenue from Contracts with Customers" effective January 1, 2018, which establishes a comprehensive framework for determining whether, how much, and when revenue from contracts with customers is recognized. The Company adopted IFRS 15 using the modified retrospective approach to contracts that were not completed at the date of initial application. Under this transitional provision, the cumulative effect of initially applying IFRS 15 is recognized on the date of initial application as an adjustment to retained earnings. No adjustment to retained earnings was required upon adoption of IFRS 15. The adoption of IFRS 15 did not materially impact the timing or measurement of revenue.

In addition, as a result of this adoption, the Company has revised the description of its accounting policy for revenue recognition. Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. The amount of revenue recognized is based on the agreed transaction price with any variability in transaction price recognized in the same period. The costs associated with the delivery, including transportation, are recognized in the same period in which the related revenue is earned and recorded.

Recent Accounting Pronouncements

The following are new IFRS pronouncements that have been issued, although not yet effective and have not been early adopted, and may have an impact on the financial statements in the future as discussed below.

PETRODORADO ENERGY LTD.
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2018 and 2017

IFRS 16: Leases

On January 1, 2019, the Company will be required to adopt IFRS 16 “Leases” to replace the existing guidance of IAS 17 “Leases”. The standard establishes principles and disclosures related to the amount, timing and uncertainty of cash flows arising from a lease. The Company does not expect any material impact from the adoption of this standard.

4. DISPOSALS

Bolivar Sale

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 (Note 7)	\$ 54,005

Royalty Disposal

In September 2017, the Company completed a transaction for the sale of royalties and rights held on certain exploration blocks in Colombia. These royalties had no carrying value, and were sold for proceeds of \$55,000, resulting in a gain on disposal of \$55,000 (see Note 7).

5. BUSINESS DEVELOPMENT EXPENSES

In August 2017, the Company entered into an amalgamation agreement, subsequently amended in November 2017, with Western Atlas Resources Inc. (“WAR”), pursuant to which WAR would amalgamate with Petrodorado’s wholly owned subsidiary, 1128014 B.C. Ltd., which would continue as one corporation wholly owned by the Company. In March 2018, the Company and WAR mutually agreed to terminate the proposed amalgamation. Pursuant to the termination of the amalgamation agreement, the Company made a payment of C\$250,000 to WAR, with no further commitments or responsibilities existing between the two parties thereafter.

Costs incurred in relation to the amalgamation transaction with WAR have been recognized as part of business development expenses for the nine months ended September 30, 2018. These expenses include, among other costs, the aforementioned C\$250,000 payment to WAR upon termination of the amalgamation agreement.

PETRODORADO ENERGY LTD.
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2018 and 2017

6. SHARE CAPITAL

Common shares

In June 2017, the Company closed a non-brokered private placement (the "Private Placement") raising gross proceeds of \$756,400 (C\$1,000,000) through the issuance of 13,333,333 units (each, a "Unit") at an issue price of C\$0.075 per Unit. Each Unit was comprised of one Class B Share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one Class B Share of the Company at a price equal to C\$0.15 per share, until June 2022. The Company has allocated the total proceeds of \$756,400 (C\$1,000,000) to share capital of \$725,380 (C\$958,990) and warrants of \$31,020 (C\$41,010). The warrant fair value was determined based on a Black-Scholes option pricing model (see below). The issue costs on the Private Placement totaling \$18,563 (C\$24,541) were also allocated to share capital of \$17,802 (C\$23,535) and warrants of \$761 (C\$1,006). Of the Units issued, 892,475 Units were issued to directors and officers of the Company.

At September 30, 2018, 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 September 30, 2018 and December 31, 2017, are as follows:

	Common shares	Amount
Balance, January 1, 2017	9,940,935	\$ 87,213,177
Shares issued, net of costs	13,333,333	707,578
Balance, December 31, 2017 & September 30, 2018	23,274,268	\$ 87,920,755

Warrants

Pursuant to the Private Placement discussed previously, the Company issued 6,666,667 share purchase warrants. The warrants are exercisable immediately at a price of C\$0.15 per share until June 2022.

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

Risk-free interest rate	1.17%
Expected dividend yield	0%
Expected stock price volatility	30%
Expected warrant life	5 years
Fair value of warrants granted	C\$0.006

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:

PETRODORADO ENERGY LTD.
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2018 and 2017

	Stock options	Weighted average exercise price (C\$)
Balance, January 1, 2018	668,000	\$ 0.65
Options issued	1,500,000	0.10
Balance, September 30, 2018	2,168,000	\$ 0.27
Exercisable, September 30, 2018	981,333	\$ 0.47

In July 2018, the Company granted 1,500,000 options to acquire common shares to certain directors and officers of the Company at a price of C\$0.10 per common share. The options are for a five-year term, expiring in July 2023, and vesting one-third on date of grant, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant.

Options granted were allocated an estimated fair value using the Black-Scholes option pricing model to estimate the fair value with the following weighted average assumptions:

Expected forfeiture rate	10%
Risk-free interest rate	1.92%
Expected dividend yield	0%
Expected stock price volatility	137%
Expected option life	5 years
Fair value of options granted	\$0.037

The following summarizes information about stock options outstanding as at September 30, 2018:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.10	2,060,000	4.34	873,333
3.50	108,000	0.35	108,000
	2,168,000	4.15	981,333

During the nine months ended September 30, 2018, the Company recognized \$22,121 (September 30, 2017 - \$11,963) 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 September 30, 2018 and 2017, there is no difference between the basic loss per share and the diluted loss per share amounts. For the period ended September 30, 2018, 2,168,000 options and 6,666,667 warrants (September 30, 2017 - 674,000 options and 6,666,667 warrants) were excluded as their impact was anti-dilutive.

7. DISCONTINUED OPERATIONS

Upon closing the divestiture outlined in Note 4, management has ceased operations in Colombia and, as such, has reclassified its entire Colombian segment to discontinued operations. Income and expenses allocated to net income from discontinued operations are as follows:

PETRODORADO ENERGY LTD.
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2018 and 2017

For the periods ended September 30	Three months ended		Nine months ended	
	2018	2017	2018	2017
General and administrative	\$ -	\$ -	\$ -	\$(30,245)
Gain on Bolivar Sale (Note 4)	-	-	-	54,005
Gain on Royalty Disposal (Note 4)	-	55,000	-	55,000
Foreign exchange loss	-	-	-	(1,466)
Net income relating to discontinued operations	\$ -	\$ 55,000	\$ -	\$ 77,294
Earnings per share, discontinued operations - basic and diluted	\$ -	\$ 0.00	\$ -	\$ 0.01

Cash flows related to discontinued operations are as follows:

For the periods ended September 30	Three months ended		Nine months ended	
	2018	2017	2018	2017
Income from discontinued operations	\$ -	\$ 55,000	\$ -	\$ 77,294
Gain on Bolivar Sale (Note 4)	-	-	-	(54,005)
Gain on Royalty Disposal (Note 4)	-	(55,000)	-	(55,000)
Unrealized foreign exchange loss	-	-	-	1,466
Change in non-cash working capital	-	-	-	(5,081)
Cash flows used in operating activities of discontinued operations	\$ -	\$ -	\$ -	\$ (35,326)
Net cash proceeds from Bolivar Sale (Note 4)	\$ -	\$ -	\$ -	\$ 49,401
Net cash proceeds from Royalty Disposal (Note 4)	-	55,000	-	55,000
Cash flows from investing activities of discontinued operations	\$ -	\$ 55,000	\$ -	\$ 104,401

8. COMMITMENTS

On account of the aforementioned disposals and withdrawals, the Company's previous commitments relating to exploration activities in Colombia are no longer the obligation of the Company, including 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) that were still in place subsequent to the disposal of said participating interests. In June 2017, the ANH formally released the Company from these guarantees, liberating the Company from exposure to approximately \$11.9 million of estimated exploration responsibilities.

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 continuing operations reflect those results of the Canada segment, while net loss from discontinued operations reflect those results of the Colombia segment. As of September 30, 2018, all remaining assets and liabilities as presented within these financial statements represent those held under the Canada segment.

PETRODORADO ENERGY LTD.
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2018 and 2017

10. SUPPLEMENTAL CASH FLOW INFORMATION

For the periods ended September 30	Three months ended		Nine months ended	
	2018	2017	2018	2017
Accounts receivable	\$ (501)	\$ 19,953	\$ (2,118)	\$ 1,878
Accounts payable and accrued liabilities	(12,046)	(31,743)	(40,641)	(7,844)
Adjustment for non-cash working capital related to discontinued operations	-	-	-	9,685
Change in non-cash working capital	(12,547)	(11,790)	(42,759)	3,719
Relating to:				
Operating activities	(12,547)	(26,239)	(42,759)	3,719
Financing activities	-	14,449	-	-
Change in non-cash working capital	\$ (12,547)	\$ (11,790)	\$ (42,759)	\$ 3,719