



INTERIM CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed 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 STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in U.S. Dollars)

September 30, 2019

December 31, 2018

Assets

Current Assets

Cash and cash equivalents	962,897	1,055,536
Accounts receivable	3,555	189
	966,452	1,055,725

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	19,169	24,770
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Shareholders' Equity

Share capital (Note 4)	87,920,755	87,920,755
Warrants (Note 4)	30,259	30,259
Contributed surplus	30,009,241	29,996,313
Deficit	(112,396,462)	(112,269,223)
Accumulated other comprehensive loss	(4,616,510)	(4,647,149)
	947,283	1,030,955
	966,452	1,055,725

See accompanying notes to the interim condensed financial statements.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED 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	
	2019	2018	2019	2018
Revenue:				
Interest and other	3,394	3,123	10,297	10,909
Expenses:				
General and administrative	30,224	5,115	113,384	74,967
Business development	7,958	4,022	7,958	265,067
Foreign exchange loss (gain)	657	1,093	3,266	(1,975)
Stock-based compensation (Note 4)	3,620	19,419	12,928	22,121
	42,459	29,649	137,536	360,180
Net loss	(39,065)	(26,526)	(127,239)	(349,271)
Other comprehensive income:				
Currency translation adjustment	(11,620)	18,240	30,639	(45,494)
Comprehensive loss for the period	(50,685)	(8,286)	(96,600)	(394,765)
Loss per share – basic and diluted (Note 4)	(0.00)	(0.00)	(0.01)	(0.02)
Weighted average number of common shares outstanding	23,274,268	23,274,268	23,274,268	23,274,268

See accompanying notes to the interim condensed financial statements.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED 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	
	2019	2018	2019	2018
Cash flows used in:				
Operating activities				
Net loss	(39,065)	(26,526)	(127,239)	(349,271)
Adjustments for:				
Unrealized foreign exchange loss (gain)	(940)	2,499	1,126	(2,085)
Stock-based compensation	3,620	19,419	12,928	22,121
Change in non-cash working capital (Note 7)	17,105	(12,547)	(8,967)	(42,759)
Change in cash and cash equivalents	(19,280)	(17,155)	(122,152)	(371,994)
Foreign exchange gain (loss) on cash	(10,680)	15,741	29,513	(43,409)
Cash and cash equivalents, beginning of period	992,857	1,121,174	1,055,536	1,535,163
Cash and cash equivalents, end of period	962,897	1,119,760	962,897	1,119,760

Cash is defined as cash and cash equivalents.

See accompanying notes to the interim condensed financial statements.

PETRODORADO ENERGY LTD.

INTERIM CONDENSED 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, 2017	23,274,268	87,920,755	30,259	29,967,591	(111,879,346)	(4,544,792)	1,494,467
Net loss					(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

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	AOCL ⁽¹⁾	Total
Balance at December 31, 2018	23,274,268	87,920,755	30,259	29,996,313	(112,269,223)	(4,647,149)	1,030,955
Net loss					(127,239)		(127,239)
Currency translation adjustment						30,639	30,639
Stock-based compensation				12,928			12,928
Balance at September 30, 2019	23,274,268	87,920,755	30,259	30,009,241	(112,396,462)	(4,616,510)	947,283

See accompanying notes to the interim condensed financial statements.

(1) Accumulated other comprehensive loss

PETRODORADO ENERGY LTD.
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For the periods ended September 30, 2019 and 2018

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 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, 2019, the Company incurred a net loss of \$127,239 and used \$122,152 of cash flows in its operating activities, which were financed principally from proceeds from past share issuances. As at September 30, 2019, the Company maintains working capital of \$947,283.

As the Company has no assets capable of generating net positive 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 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 in the normal course of operations, these interim condensed financial statements would require adjustments to the amounts and classifications of assets and liabilities.

3. BASIS OF PRESENTATION

Statement of compliance

These interim condensed 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 financial statements follow the same accounting policies and method of computation as the Company’s annual financial statements for the year ended December 31, 2018, with the exception of certain disclosures that are normally required to be included in annual financial statements which have been condensed or omitted. These interim condensed financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2018.

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Basis of measurement

These unaudited interim condensed financial statements have been prepared on a going concern basis, under the historical cost methodology, are stated in US dollars, and were authorized for issue by the Board of Directors on November 15, 2019.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. 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 years affected.

Given the current stage of the Company there were no significant estimates or judgments made by management in the preparation of these interim condensed financial statements.

New standards adopted on January 1, 2019

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods.

IFRS 16: Leases

On January 1, 2019, the Company adopted 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. Given that the Company has no leases, no adjustments were required from the adoption of this standard.

4. SHARE CAPITAL

Common shares

At September 30, 2019, 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. As of September 30, 2019 and December 31, 2018 and 2017, the Company had 23,274,268 Class B Shares outstanding for a share capital balance of \$87,920,755.

Warrants

Pursuant to the non-brokered private placement of units in June 2017, 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. A fair value of \$30,259, net of issue costs, was recognized for the issuance of the share purchase warrants.

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

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

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

	Stock options	Weighted average exercise price (C\$)
Balance, December 31, 2017	668,000	\$ 0.65
Options issued	1,500,000	0.10
Balance, December 31, 2018	2,168,000	0.27
Expired options	(108,000)	3.50
Balance, September 30, 2019	2,060,000	\$ 0.10
Exercisable, September 30, 2019	1,560,000	\$ 0.10

The following summarizes information about stock options outstanding as at September 30, 2019:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.10	2,060,000	3.34	1,560,000

No stock options were issued during the nine months ended September 30, 2019. The value of the stock options vesting in the nine months ended September 30, 2019 equated to \$12,928 (September 30, 2018 - \$22,121) in stock-based compensation expense, which was recorded to contributed surplus.

Loss per share

For purposes of the loss per share calculations for the periods ended September 30, 2019 and 2018, there is no difference between the basic loss per share and the diluted loss per share amounts. For the period ended September 30, 2019, 2,060,000 options and 6,666,667 warrants (December 31, 2018 - 2,168,000 options and 6,666,667 warrants) were excluded as their impact was anti-dilutive.

5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations. The carrying amount of cash and cash equivalents and accounts receivable represent the maximum credit exposure. At September 30,

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2019, the Company had \$3,555 in trade accounts receivable (December 31, 2018 - \$189), which consist of refundable tax balances. The Company does not consider any of its receivables presented on these financial statements to be past due. The Company held cash and cash equivalents of \$962,897 as at September 30, 2019 (December 31, 2018 - \$1,055,536). The Company manages the credit exposure related to cash and cash equivalents by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset-backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and describes the Company's ability to access cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash resources in order to finance operations, fund capital expenditures, and to repay debt and other liabilities of the Company as they come due, without incurring unacceptable losses or risking harm to the Company's reputation. The Company's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures, and authorization of contractual agreements. The Company seeks additional financing based on the results of these processes. The budgets are updated when required as conditions change.

The Company's contractual obligations consist of accounts payable and accrued liabilities which are considered current in nature and due within one year.

Market risk

Market risk is the risk or uncertainty that changes in price, such as commodity prices, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. From time to time, the Company may utilize financial derivative contracts to manage market risks in accordance with the risk management policy that has been approved by the Board of Directors. There were no financial contracts or embedded derivatives outstanding at September 30, 2019 or December 31, 2018.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. Some of the Company's business transactions and commitments occur in currencies other than US dollars. The majority of the Company's financing and a portion of the administrative costs will be based and paid in Canadian dollars. Therefore, the Company is exposed to the risk of fluctuations in foreign exchange rates between US dollars and Canadian dollars. As at September 30, 2019 and December 31, 2018, the Company had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations. At September 30, 2019, the Company had balances within its cash in denominations of C\$1.2 million and USD\$0.1 million (December 31, 2018 - C\$1.4 million and USD\$0.1 million).

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and short-term investments that have a floating interest rate. Fluctuations of interest rates for the periods ending September 30, 2019 and December 31, 2018 would not have had a significant impact on the financial statements.

Fair value of financial instruments

The Company's financial instruments as at September 30, 2019, include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in accordance with the following hierarchy:

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Level 1 - inputs are based on quoted market prices in active markets that the Company has the ability to access at the measurement date.

Level 2 - inputs are based on quoted prices in the markets that are not active or based on prices that are observable for the asset or liability.

Level 3 - inputs are based on unobservable market data for the asset or liability.

The Company aims to maximize the use of observable inputs when preparing calculations of fair value. Classification of each measurement into the fair value hierarchy is based on the lowest level of input that is significant to the fair value calculation.

The aforementioned financial instruments of the Company are classified as level 1 based on the nature of their observable inputs for fair value measurement. The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity.

Capital management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity, and flexibility to fund the Company's operations and potential strategic transactions for the foreseeable future (see Note 2). The Company is dependent upon funding these activities through a combination of available cash, debt and equity, which it considers to be the components of its capital structure.

The Company regularly monitors its capital structure and, as necessary, adjusts to changing economic circumstances and the underlying risk characteristics of its assets in order to meet current and upcoming obligations and investments by the Company. The Company frequently reviews alternate financing options and arrangements to meet its current and upcoming commitments and obligations.

The Company's objectives when managing capital are: (i) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and (ii) to maintain investor, creditor and market confidence in order to sustain the future development of the business. The Company's share capital is not subject to external restrictions.

6. SEGMENTED INFORMATION

The Company defines its reportable segments based on geographical locations. Subsequent to the close of Colombian operations in 2017, all remaining assets and liabilities as presented within these financial statements represent those held under the Canada segment.

7. SUPPLEMENTAL CASH FLOW INFORMATION

For the periods ended September 30	Three months ended		Nine months ended	
	2019	2018	2019	2018
Accounts receivable	888	(501)	(3,366)	(2,118)
Accounts payable and accrued liabilities	16,217	(12,046)	(5,601)	(40,641)
Change in non-cash working capital	17,105	(12,547)	(8,967)	(42,759)
Relating to:				
Operating activities	17,105	(12,547)	(8,967)	(42,759)

8. SUBSEQUENT EVENT

Effective October 2019, the Company entered into a share exchange agreement (the "Share Exchange Agreement") with the shareholders of ROK Resources Inc. ("ROK"), a private Saskatchewan oil and gas company, pursuant to which Petrodorado will acquire all of the issued and outstanding shares of ROK. Upon completion of this transaction, the current business of ROK will become the primary business of Petrodorado (the "Transaction"). ROK holds interest in certain undeveloped land located in Saskatchewan on which it wishes to conduct petroleum and natural gas exploratory work.

Pursuant to the Share Exchange Agreement, ROK's shareholders will be issued an aggregate of 20,000,000 common shares of Petrodorado ("Petrodorado Shares"). It is estimated that former ROK shareholders will hold approximately 46% of the current issued and outstanding Petrodorado Shares on a non-diluted basis or approximately 38% on a fully diluted basis (assuming conversion of Petrodorado warrants issued in its most recent financing with a strike price of C\$0.15 and conversion of all outstanding Petrodorado options).

Pursuant to the Share Exchange Agreement, at the closing date of the Transaction, the board of directors of the Company is to be comprised of the existing three directors of Petrodorado and a nominee of ROK. As well, the ROK nominee will become the Chief Executive Officer of Petrodorado. Concurrently with the completion of the Transaction, Petrodorado is expecting to change its name to "ROK Resources Inc." or such other name as the directors may determine in their discretion.

The completion of the Transaction is subject to a number of conditions precedent including, but not limited to: (i) the approval of the Transaction by the Exchange including the listing of the Petrodorado Shares to be issued as consideration to the ROK shareholders pursuant to the Share Exchange Agreement; (ii) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial or operation conditions or the assets of either of Petrodorado or ROK; (iii) completion of satisfactory due diligence by each party on the other; and (iv) certain other conditions customary in a transaction of this nature.