



PETROLYMPIC LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2012
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Petrolympic Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Petrolympic Ltd.**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian Dollars)****(Unaudited)**

	As at June 30, 2012	As at December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 338,872	\$ 906,131
Tax credit receivable	98,171	98,171
Amounts receivable and other assets (note 4)	226,659	156,629
	663,702	1,160,931
Non-current assets		
Equipment (note 5)	618	727
	\$ 664,320	\$ 1,161,658
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 94,949	\$ 179,049
Deferred premium on flow-through shares	-	81,050
	94,949	260,099
Equity		
Share capital (note 7)	6,595,297	6,595,297
Reserves	3,954,735	3,862,185
Deficit	(9,980,661)	(9,555,923)
Total equity	569,371	901,559
Total equity and liabilities	\$ 664,320	\$ 1,161,658

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

Subsequent event (note 14)

On behalf of the Board:

(Signed) Mendel Ekstein
Director

(Signed) Frank Ricciuti
Director

Petrolympic Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Operating expenses				
Exploration and evaluation expenditures (note 11)	\$ 75,229	\$ 1,058,982	\$ 176,419	\$ 1,148,828
General and administrative (note 12)	210,047	219,754	329,465	419,970
Operating loss before the following items:	(285,276)	(1,278,736)	(505,884)	(1,568,798)
Premium on flow-through shares	-	-	81,050	-
Interest income	-	2,133	205	4,838
Depreciation	(54)	(636)	(109)	(1,017)
Net loss for the period	\$ (285,330)	\$ (1,277,239)	\$ (424,738)	\$ (1,564,977)
Other comprehensive income				
Exchange differences on translating foreign operations	\$ (18)	\$ 283	\$ 150	\$ 283
Net loss and comprehensive loss for the period	\$ (285,348)	\$ (1,276,956)	\$ (424,588)	\$ (1,564,694)
Basic and Diluted net loss per share (note 10)	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	83,077,195	81,456,195	83,077,195	81,456,195

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

Petrolympic Ltd.**Condensed Interim Consolidated Statements of Cash Flows**
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended	
	June 30,	
	2012	2011
Operating activities		
Net loss	\$ (424,738)	\$ (1,564,977)
Adjustment for:		
Depreciation	109	1,017
Share based payment	92,400	3,855
Change in unrealized foreign exchange	150	283
Premium on flow through shares	(81,050)	-
Non-cash working capital items:		
Tax credit receivable	-	(66,792)
Amounts receivable and other assets	(70,030)	19,326
Accounts payable and accrued liabilities	(84,100)	(16,581)
Net cash used in operating activities	(567,259)	(1,623,869)
Net change in cash and cash equivalents	(567,259)	(1,623,869)
Cash and cash equivalents, beginning of period	906,131	2,587,826
Cash and cash equivalents, end of period	\$ 338,872	\$ 963,957

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

Petrolympic Ltd.**Condensed Interim Consolidated Statement of Changes in Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	Reserves					Total
	Share capital	Equity settled share-based payment reserve	Warrant reserve	Other comprehensive loss	Deficit	
Balance, December 31, 2010	\$ 6,420,777	\$ 2,815,726	\$ 1,022,082	\$ -	\$ (7,340,099)	\$ 2,918,486
Share based payment	-	3,855	-	-	-	3,855
Foreign currency translation adjustment	-	-	-	283	-	283
Net loss for the period	-	-	-	-	(1,564,977)	(1,564,977)
Balance, June 30, 2011	\$ 6,420,777	\$ 2,819,581	\$ 1,022,082	\$ 283	\$ (8,905,076)	\$ 1,357,647
Balance, December 31, 2011	\$ 6,595,297	\$ 2,819,581	\$ 1,022,082	\$ 20,522	\$ (9,555,923)	\$ 901,559
Share based payment	-	92,400	-	-	-	92,400
Foreign currency translation adjustment	-	-	-	150	-	150
Net loss for the period	-	-	-	-	(424,738)	(424,738)
Balance, June 30, 2012	\$ 6,595,297	\$ 2,911,981	\$ 1,022,082	\$ 20,672	\$ (9,980,661)	\$ 569,371

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

Petrolympic Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2012

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Petrolympic Ltd. (the "Company" or "Petrolympic") was incorporated under the *Business Corporations Act* (Ontario). Petrolympic is an exploration company, engaged in the acquisition, exploration and development of petroleum and natural gas properties. At the date of these condensed interim consolidated financial statements, the Company has not yet discovered any deposits, nor has it earned any income. The Company's common shares are listed on the TSX Venture Exchange under the symbol PCQ. The primary office is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C, 2C5. The Company's year end is December 31st.

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

Petrolympic is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company had a working capital balance of \$568,753 at June 30, 2012 (December 31, 2011 - \$900,832). For the three and six months ended June 30, 2012, the Company had a net loss and comprehensive loss of \$285,348 and \$424,588, respectively (three and six months ended June 30, 2011 - \$1,276,956 and \$1,564,694, respectively). For the six months ended June 30, 2012, the company had cash outflows of \$567,259 (six months ended June 30, 2012 - \$1,623,869). These circumstances cast significant doubt as to the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon its obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

These unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 28, 2012, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2011. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2012 could result in restatement of these condensed interim financial statements.

New standards not yet adopted and interpretations issued but not yet effective

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual consolidated statements as at and for the year ended December 31, 2011.

Petrolympic Ltd.**Notes to Condensed Interim Consolidated Financial Statements****Three and Six Months Ended June 30, 2012****(Expressed in Canadian Dollars)****(Unaudited)**

3. Cash and cash equivalents

	As at June 30, 2012	As at December 31, 2011
Cash	\$ 328,872	\$ 896,131
Cash equivalents	10,000	10,000
Total	\$ 338,872	\$ 906,131

4. Amounts receivable and other assets

	As at June 30, 2012	As at December 31, 2011
Sales tax receivable - (Canada)	\$ 71,346	\$ 122,608
Prepaid expenses	155,313	34,021
	\$ 226,659	\$ 156,629

5. Equipment***COST***

	Computers
Balance, December 31, 2011 and June 30, 2012	\$ 5,083

ACCUMULATED DEPRECIATION

	Computers
Balance, December 31, 2011	\$ 4,356
Depreciation for the period	109
Balance, June 30, 2012	\$ 4,465

CARRYING AMOUNTS

	Computers
At December 31, 2011	\$ 727
At June 30, 2012	\$ 618

Petrolympic Ltd.**Notes to Condensed Interim Consolidated Financial Statements****Three and Six Months Ended June 30, 2012****(Expressed in Canadian Dollars)****(Unaudited)**

6. Accounts payable and accrued liabilities

	As at June 30, 2012	As at December 31, 2011
Trade payables	\$ 87,449	\$ 118,003
Accrued liabilities	7,500	61,046
	\$ 94,949	\$ 179,049

7. Share capital

a) Authorized share capital

At June 30, 2012, the authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At June 30, 2012, the issued share capital amounted to \$6,595,297.

Issued:

	Number of common shares	Amount
Balance, December 31, 2010 and June 30, 2011	81,456,195	\$ 6,420,777

	Number of common shares	Amount
Balance, December 31, 2011 and June 30, 2012	83,077,195	\$ 6,595,297

8. Stock options

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2010 and June 30, 2011	8,133,336	0.35

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2011	8,133,336	0.35
Expired	(1,533,334)	0.19
Granted (i)	1,200,000	0.12
Balance, June 30, 2012	7,800,002	0.34

Petrolympic Ltd.**Notes to Condensed Interim Consolidated Financial Statements****Three and Six Months Ended June 30, 2012****(Expressed in Canadian Dollars)****(Unaudited)**

8. Stock options (continued)

(i) On April 24, 2012, the Company granted 1,200,000 options of the Company at a price of \$0.12 per share, expiring April 24, 2017. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of \$0.10; 110.81% volatility; risk free interest rate of 1.68%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was \$92,400 which was expensed to the statement of operations with a corresponding amount allocated to contributed surplus. These options have fully vested.

The following table reflects the actual stock options issued and outstanding as of June 30, 2012:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
February 19, 2013	0.18	0.64	3,333,335	3,333,335
June 16, 2013	0.90	0.96	666,667	666,667
June 23, 2013	0.90	0.98	800,000	800,000
September 12, 2013	0.40	1.20	800,000	800,000
June 17, 2014	0.295	1.96	750,000	750,000
April 23, 2015	0.28	2.81	150,000	150,000
November 22, 2015	0.20	3.40	100,000	100,000
April 24, 2017	0.12	4.82	1,200,000	1,200,000
		1.61	7,800,002	7,800,002

9. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Grant date fair value (\$)
Balance, December 31, 2010	2,500,000	1,022,082
Expired	(2,500,000)	(1,022,082)
Balance, June 30, 2011	-	-
Balance, December 31, 2011 and June 30, 2012	-	-

Petrolympic Ltd.

Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended June 30, 2012 (Expressed in Canadian Dollars) (Unaudited)

10. Net loss per share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2012 was based on the loss attributable to common shareholders of \$285,330 and \$424,738, respectively (three and six months ended June 30, 2011 - \$1,277,239 and \$1,564,977, respectively) and the weighted average number of common shares outstanding of 83,077,195 (three and six months ended June 30, 2011 - 81,456,195). Diluted loss per share did not include the effect of 7,800,002 options outstanding (three and six months ended June 30, 2011 - 8,133,336 options outstanding) as they are anti-dilutive.

11. Exploration and evaluation expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Québec, Canada (a)				
Gross exploration activities				
General exploration costs	\$ -	\$ 34,882	\$ 72,617	\$ 84,401
Geology	-	2,391	-	56,646
Geophysical	-	7,328	2,500	34,703
Permits & licenses	4,920	-	9,841	-
Data compilation	-	6,550	-	13,625
Claim costs	-	1,460	-	1,460
	\$ 4,920	\$ 52,611	\$ 84,958	\$ 190,835
Tax credit receivable at 35%	-	(18,414)	-	(66,792)
Net costs	\$ 4,920	\$ 34,197	\$ 84,958	\$ 124,043
Texas, USA (b)				
Drilling	\$ 20,309	\$ 783,660	\$ 41,461	\$ 783,660
Acquisition costs	-	241,125	-	241,125
Net costs	\$ 20,309	\$ 1,024,785	\$ 41,461	\$ 1,024,785
Michigan, USA (c)				
Acquisition costs	\$ 50,000	\$ -	\$ 50,000	\$ -
Net costs	\$ 50,000	\$ -	\$ 50,000	\$ -
Total Exploration Costs	\$ 75,229	\$ 1,058,982	\$ 176,419	\$ 1,148,828

(a) Québec Properties, Québec (Canada)

During the three and six months ended June 30, 2012, the Company's share of exploration and evaluation expenditures on its Québec, Canada property interests net of related tax credits receivable amounted to \$4,920 and \$84,958, respectively (three and six months ended June 30, 2011 - \$34,197 and \$124,043, respectively). Total cumulative exploration and evaluation expenditures incurred on its Québec, Canada property interests to June 30, 2012 amounted to \$3,983,611 (December 31, 2011 - \$3,898,653).

On December 22, 2011, the Company completed a private placement of 1,621,000 flow-through common shares. In connection with this placement, the Company is obligated to incur \$275,570 (approximately \$190,600 remains to be spent) in exploration expenses by December 31, 2012.

Petrolympic Ltd.

Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended June 30, 2012 (Expressed in Canadian Dollars) (Unaudited)

11. Exploration and evaluation expenditures (continued)

(b) Chittim Ranch Property, Texas (USA)

During the three and six months ended June 30, 2012, the Company's share of exploration and evaluation expenditures on its Chittim Ranch property in Texas (USA) amounted to \$20,309 and \$41,461, respectively (three and six months ended June 30, 2012 - \$1,024,785). Total cumulative exploration and evaluation expenditures incurred on its Chittim Ranch property to June 30, 2012 amounted to \$1,258,016 (December 31, 2011 - \$1,216,555).

On April 10, 2012 Petrolympic USA received notice that the lease for its Chittim Ranch property had been breached by the operator (not by Petrolympic USA). On July 3, 2012, the Company announced that it has resolved the dispute. See subsequent event (note 14) for further details.

(c) Michigan Pinnacle Reef Properties, Michigan (USA)

On May 24, 2012, Petrolympic announced that it has entered into a letter of intent to form a joint venture with Energex Petroleum Inc. ("Energex") through which Petrolympic will acquire 50% indirect working interest in Energex's Michigan Properties ("Michigan Properties").

Deal Terms

To earn 50% of the working interest in the Michigan Properties, Petrolympic will make the following payments:

- \$50,000 on or before June 18, 2012 (completed);
- On or prior to September 28, 2012 ("Closing Date"), an aggregate of \$350,000, of which \$100,000 is payable to Energex and the balance will be used to fund the environmental bonding obligations, closing costs and general working capital purposes, and issue to Energex 1 million common shares in the capital of Petrolympic ("Petrolympic Shares");
- \$300,000 to fund the joint development program ("Joint Development Program") and issue to Energex 500,000 Petrolympic Shares within 60 days of the Closing Date;
- \$300,000 to fund the Joint Development Program and issue to Energex 500,000 Petrolympic Shares within 120 days of the Closing Date;
- \$250,000 to fund the Joint Development Program and issue to Energex 500,000 Petrolympic Shares within 240 days of the Closing Date; and
- \$250,000 to fund the Joint Development Program and issue to Energex 500,000 Petrolympic Shares within 365 days of the Closing Date.

All issuances of Petrolympic Shares are subject to obtaining regulatory approval. Subsequently, Petrolympic and Energex each will be responsible for their pro-rata share of the development costs, based on the working interest held by each party (expected to be maintained at 50-50).

Petrolympic will also have a right of first refusal for a period of one year to earn working interest in the additional properties owned by Energex in Ontario.

Foundation Opportunities Inc. ("FOI"), a merchant bank, has acted as an advisor to Energex in the transaction. Adam Szwera is Corporate Secretary of Petrolympic and is a director and Chairman of FOI, and has an indirect economic interest in FOI.

Petrolympic Ltd.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2012
(Expressed in Canadian Dollars)
(Unaudited)

12. General and administrative

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Management fees	\$ 17,000	\$ 49,045	\$ 36,083	\$ 103,545
Administrative and general	12,541	25,424	26,304	70,493
Professional fees	58,516	92,042	122,875	144,461
Investor relations and promotion	11,825	30,337	19,514	49,996
Reporting issuer costs	6,503	1,063	7,593	10,195
Salaries and benefits	11,262	21,239	24,696	37,425
Share based payment (Note 8)	92,400	604	92,400	3,855
	\$ 210,047	\$ 219,754	\$ 329,465	\$ 419,970

13. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

(a) Petrolympic entered into the following transactions with related parties:

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2012	2011	2012	2011
Marrelli Support Services ("Marrelli Support")	(i)	\$ 18,825	\$ 7,141	\$ 30,719	\$ 29,273
DSA Corporate Services Inc. ("DSA")	(ii)	8,936	3,023	12,186	6,063
Fogler Rubinoff LLP ("Fogler")	(iii)	7,574	4,742	14,632	23,009

(i) For the three and six months ended June 30, 2012, the Company expensed \$18,825 and \$30,719, respectively (three and six months ended June 30, 2011 - \$7,141 and \$29,273, respectively) to Marrelli Support for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Carmelo Marrelli is the president of Marrelli Support. As at June 30, 2012, Marrelli Support was owed \$9,468 (December 31, 2011 - \$2,968) and this amount was included in accounts payable and accrued liabilities.

(ii) The Chief Financial Officer of Petrolympic is an officer of DSA. Fees related to corporate secretarial and filing services provided by DSA. As at June 30, 2012, DSA was owed \$5,689 (December 31, 2011 - \$1,635) and this amount was included in accounts payable and accrued liabilities.

(iii) The Corporate Secretary of Petrolympic is a partner at Fogler. Fees related to professional fees provided by Fogler. As at June 30, 2012, Fogler was owed \$8,435 (December 31, 2011 - \$13,256).

(b) Remuneration of Directors and key management personnel of the Company was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Salaries and benefits	\$ 31,078	\$ 61,990	\$ 59,095	\$ 128,176
Share based payments	\$ 92,400	\$ -	\$ 92,400	\$ -

Payments to Directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to Directors and key management personnel of the Company.

Petrolympic Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2012

(Expressed in Canadian Dollars)

(Unaudited)

14. Subsequent event

On July 3, 2012, the Company announced that it has resolved its dispute with Texas HBP LLC, Big Shell Oil & Gas Inc. and Harvey E. White (the "Big Shell Entities"), pertaining to the Chittim Ranch 80 #2V Well (the "Well") located in the Chittim Ranch Properties.

Settlement Terms

- The Big Shell Entities have consented to the direct assignment to Petrolympic USA Inc. of an 80.25% working interest (net revenue interest of 60.1875%) in the Well and the surrounding 320-acre leasehold estate (the "Petrolympic Property") increased from the originally agreed upon 50% working interest (net revenue interest of 37.5%).
- Upon implementation of settlement with the Big Shell Entities, Petrolympic USA will seek consent from the landowners of a formal assignment of the Petrolympic Property and seek to formally change the operatorship with the Railroad Commission of Texas.
- Big Shell is relinquishing operations over the Petrolympic Property to Oil-Lympia Oil and Gas Inc., a subsidiary company of Petrolympic.
- Petrolympic USA has agreed to satisfy all outstanding invoices to third-party vendors and service providers in relation to prior operations on the Well.
- Petrolympic USA has relinquished any rights under the participation agreement in the balance of the 8,000 acres.
- Once the settlement is complete, Petrolympic USA expects to commence long-term testing of the Well as operator with the objective of testing potential production rates. After testing, Petrolympic USA will consider additional operations on the Petrolympic Property. During drilling of Well, seven potential oil and gas bearing horizons were penetrated, and the settlement agreement will permit additional drilling on the Petrolympic Property. The management believes that Petrolympic Property allows drilling additional wells on the 40 acre spacing.