



**PETROLYMPIC LTD.**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**THREE AND SIX MONTHS ENDED JUNE 30, 2017**

**EXPRESSED IN CANADIAN DOLLARS**

**Prepared by:**

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## **Introduction**

The following interim Management's Discussion & Analysis ("Interim MD&A") of Petrolympic Ltd. ("Petrolympic" or the "Company") for the three and six months ended June 30, 2017 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2016. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2016, and December 31, 2015, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 29, 2017, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, (the "Board") considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Petrolympic common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Petrolympic's website at [www.petrolympic.com](http://www.petrolympic.com) or on the System for Electronic Documents Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

## **Caution Regarding Forward-looking Statements**

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in

**Petrolympic Ltd.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**Three and Six Months Ended June 30, 2017**  
**Dated – August 29, 2017**

this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of Petrolympic's interests to contain economic deposits of oil or gas	Financing will be available for future exploration and development of Petrolympic's properties; the actual results of Petrolympic's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Petrolympic's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Petrolympic, and applicable political and economic conditions will be favourable to Petrolympic; the price of oil or gas and applicable interest and exchange rates will be favourable to Petrolympic; no title disputes exist with respect to the Company's properties	Oil or gas price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Petrolympic's expectations; availability of financing for and actual results of Petrolympic's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
The Company's cash balance at June 30, 2017, is not sufficient to fund its consolidated operating expenses at current levels. At the date hereof, the Company's consolidated cash balance has diminished as a result of normal business operations and management is attempting to defer payments, to the extent practical	The operating and exploration activities of the Company for the twelve-month period ending June 30, 2018, and the costs associated therewith, will be dependent on raising sufficient capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Petrolympic	Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions

**Petrolympic Ltd.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**Three and Six Months Ended June 30, 2017**  
**Dated – August 29, 2017**

Management's outlook regarding future trends (see "Trends")	Financing will be available for the Company's exploration and operating activities; the price of oil and/or gas will be favourable to the Company	The volatility of the price of oil and/or gas; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
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Inherent in forward-looking statements are risks, uncertainties and other factors beyond Petrolympic's ability to predict or control. Please refer to those risk factors included in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Petrolympic's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

**Description of Business**

Petrolympic is incorporated under the Business Corporations Act (Ontario). The Company is primarily engaged in petroleum and natural gas exploration and development activities. It has not yet determined whether its properties contain reserves that are economically recoverable.

The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol PCQ and on the OTCQX International under the symbol PCQRF.

**Operational Highlights**

**Corporate**

On March 24, 2017, the Company closed a non-brokered private placement, consisting of 1,300,000 units ("Units") at a price of \$0.135 per Unit to raise aggregate gross proceeds of \$175,500. Each Unit consists of one common share ("Common Share") of the Company and one Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase a Common Share at \$0.25 per share for a period of 36 months from closing, subject to acceleration in the event that the Common Shares trade at or above \$0.40 for 30 consecutive trading days.

During the six months ended June 30, 2017, the Company received \$2,404 (2,012USD) in advances from Mendel Ekstein who is a major shareholder of the Company. The advances do not bear any interest and are due on demand.

**Petrolympic Ltd.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**Three and Six Months Ended June 30, 2017**  
**Dated – August 29, 2017**

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At June 30, 2017, the Company had assets of \$137,478 (December 31, 2016 - \$431,032) and a deficit of \$67,033 (December 31, 2016 – equity of \$5,243). At June 30, 2017, the Company had current liabilities of \$204,511 (December 31, 2016 - \$425,789). The Company had net exploration and evaluation expenditures of \$49,128 during the six months ended June 30, 2017 (six months ended June 30, 2016 - \$222,267) on its petroleum and gas interests.

### **Exploration Update**

#### Current and Future Plans Related to Exploration Activities in Quebec

Petrolympic holds an interest in a total of 752,933 hectares (1,860,530 acres) of oil and gas exploration permits in the Province of Quebec, Canada, that include holdings in the St. Lawrence Lowlands and Gaspé Peninsula. The Company's holdings in the St. Lawrence Lowlands consist of a 30% interest in 216,933 hectares (536,051 acres) through a joint venture with Ressources et Energie Squatex ("Squatex"), a 12% interest in 8,000 hectares (19,768 acres) through the Farmout Agreement with Canbriam Energy Inc., and a 100% interest in 56,152 hectares (138,754 acres). Petrolympic also maintains holdings in the Gaspé and Lower St. Lawrence regions, including a 30% interest in 431,160 hectares (1,065,415 acres) through a joint venture with Squatex and a 100% interest in a block of exploration permits referred to as the Mitis and the Matapedia properties and totaling 40,688 hectares (100,542 acres).

Throughout 2016, the Company has undertaken a series of geophysical, geochemical and laboratory studies to de-risk the various conventional plays and drilling targets identified in its two 100% owned properties in the Gaspé and Lower St. Lawrence regions. The results confirmed the validity of the exploration strategy and helped further refining the nature and location of the drilling targets. Subject to permitting, equipment availability and funding, the Company intends to initiate a seismic and drilling campaign in the field as soon as possible. In anticipation of the future Petroleum Resources Act (which was voted in December 2016), Petrolympic has also undertaken a round of meetings and consultations with the local and regional stakeholders.

During the three and six months ended June 30 2017, activities included on-going planning for the seismic survey and drilling campaign meant to validate the conventional exploration targets identified in the 100% owned Matapedia and Mitis properties. The Company anticipates spending \$8.6 million on the Mitis and Matapedia properties as a Phase I exploration program, subject to positive results.

In the joint venture property of the Lower St. Lawrence – Gaspé area, a re-evaluation of the resource assessment for the Masse Structure has been performed by Sproule Associates Limited ("Sproule"). The report has been received by the partners on May 6, 2016, and the results have been announced in a press release dated May 17, 2016 (the full version of which can be found on [www.sedar.com](http://www.sedar.com) under Petrolympic's profile). The partners provided as follows: "The potential resources evaluated by Sproule are related to porous levels in the St. Leon and Sayabec Formations encountered in the wells drilled in the eastern part of the Massé structure. The results of the study point out to a potential of 53.6 BCF of gas and 52.2 million barrels of oil over a probable average area of 5.2 km<sup>2</sup>, an oil equivalent total of 61.1 million barrels (MMBOE). Resource volumes for Massé have been increased significantly compared to the previous estimate done in 2014 with the addition of a very important oil volume. Gas resources are also improved considerably following the analysis based on the logs recorded in the Massé No.2 well."

The Company anticipates spending \$0.9 million on the joint venture property, subject to positive results. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly.

### **Technical Disclosure**

The above technical disclosure under the heading "Current and Future Plans Related to Exploration Activities in Quebec" has been prepared under the supervision of Stephan Sejourne, Ph.D., P. Geo., and a "qualified person" within the meaning of National Instrument 51-101.

#### Current and Future Plans Related to Exploration Activities in Chittim Ranch, Texas, USA

The Company anticipates spending \$100,000 on well activities at the Chittim Ranch property, subject to positive results.

### **Financial Highlights**

#### **Financial Performance**

##### Three months ended June 30, 2017, compared with the three months ended June 30, 2016

Petrolympic's net loss totaled \$238,011 for the three months ended June 30, 2017, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$258,558 with basic and diluted loss per share of \$0.00 for the three months ended June 30, 2016. The decrease in the net loss of \$20,547 was principally because:

- Exploration and evaluation expenditures for the three months ended June 30, 2017 were \$38,344 (three months ended June 30, 2016 - \$187,847). See subheading "Exploration Update" under the heading "Operational Highlights" above for details.
- Operating expenses such as management fees, administrative and general, professional fees, investor relations and promotion and reporting issuer costs totaled \$185,892 for the three months ended June 30, 2017 (three months ended June 30, 2016 - \$100,759). The increase of \$85,133 is primarily due to the issuance of 1,100,000 stock options valued at \$92,158.

#### **Cash Flow**

The Company had cash and cash equivalents of \$91,486 at June 30, 2017 (December 31, 2016 - \$297,512). The decrease in cash and cash equivalents during the six months ended June 30, 2017 was primarily due to the cash used in operating activities, which was offset by cash received from the private placement completed.

Cash and cash equivalents used in operating activities was \$377,789 for the six months ended June 30, 2017. Operating activities were affected by the net decrease in non-cash working capital balances of \$138,772 because of a decrease in amounts receivable and other assets of \$84,552, a decrease in accounts payable and accrued liabilities of \$223,682 and a decrease of \$358 in reclamation bond. The Company also recorded depreciation of equipment of \$2,618, share-based payment of \$92,158 and a change in unrealized foreign exchange loss of \$693.

Cash and cash equivalents provided by financing activities was \$174,607 for the six months ended June 30, 2017 primarily because of net proceeds of \$172,203 received from a private placement.

Additional measures have been undertaken or are under consideration to further reduce cash expenditures.

### **Liquidity and Capital Resources**

The activities of the Company, principally the acquisition and exploration of properties prospective for petroleum and natural gas, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants.

The Company has no operating revenues, and therefore must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. As of June 30, 2017, the Company had 106,805,199 common shares issued and outstanding, 9,730,002 options that would raise \$1,645,800 and 1,300,000 warrants outstanding that would raise \$325,000, if exercised in full. This is not anticipated until the market price of the Company's traded common shares increases.

At June 30, 2017, the Company had a working capital deficiency of \$92,202 (December 31, 2016 – working capital deficiency of \$22,902). Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements.

The Company has no debt, other than advances from Mendel Ekstein who is a major shareholder of the Company. Advances of \$8,580 (USD6,612) were outstanding at June 30, 2017. Advances of \$6,176 (USD4,600) were outstanding at December 31, 2016. The advances do not bear any interest and are due on demand. The Company's credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

Currently, the Company's operating expenses are approximately \$15,000 to \$50,000 per month for management fees, month-to-month professional fees and other working capital related expenses. The Company's cash and cash equivalents as at June 30, 2017 is not sufficient to satisfy current liabilities and general and administrative costs up to June 30, 2018. The Company is also expected to receive net revenue from its Chittim Ranch activities in the range of \$3,000 to \$10,000 per quarter although the Company had no oil proceeds in fiscal 2016 and 2015 and for the six months ended June 30, 2017. Meanwhile on its 100% owned Mitis and Matapedia properties, the Company intends to unfold a seismic and drilling campaign to validate the exploration targets recently identified within both properties. The cost for the Phase I program is estimated to amount to about \$8.6 million. Petrolympic and Squatex are also actively preparing to move forward with the pursuit of a deep stratigraphic coring program to validate several other prospective structures with promising hydrocarbon potential across its joint property. The cost of the deep stratigraphic coring program, including drilling is approximately \$3 million (Petrolympic's share is \$900,000). In addition, the Company anticipates spending \$100,000 on well activities at the Chittim Ranch property, subject to positive results. Subject to these activities, the Company needs to secure additional financing to carry on business activities. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. See "Risk Factors" below.

### **Trends**

The general concern over the exploitation of shale gas by the Province of Québec could delay some of the expected or proposed exploration work. Management, in conjunction with the Board, will continue to monitor these developments and their effect on the Company's business.

Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risk Factors" below.

### **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Related Party Balances and Transactions**

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

**Petrolympic Ltd.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**Three and Six Months Ended June 30, 2017**  
**Dated – August 29, 2017**

As at June 30, 2017, Mendel Ekstein, an officer and director of the Company, controls or indirectly controls 26,528,736 common shares of the Company, or approximately 25% of the total common shares outstanding. As at June 30, 2017, Andreas Jacob, a director of the Company, controls or indirectly controls 11,967,625 common shares of the Company, or approximately 11% of the total common shares outstanding. As at June 30, 2017, the remaining directors and/or officers of the Company collectively control 276,874 common shares of the Company or less than 1% of the total common shares outstanding. To the knowledge of directors and officers of Petrolympic, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time at the discretion of the owner.

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

Names	Six Months Ended June 30, 2017 \$	Six Months Ended June 30, 2016 \$
Marrelli Support Services Inc. ("Marrelli Support") <sup>(i)</sup>	15,215	13,562
DSA Corporate Services Inc. ("DSA Corp") <sup>(ii)</sup>	4,087	4,045
DSA Filing Services Limited ("DSA Filing") <sup>(iii)</sup>	1,238	nil
Fogler Rubinoff LLP ("Fogler") <sup>(iv)</sup>	500	4,303
Mendel Ekstein <sup>(v)</sup>	2,404	nil
Borden Ladner Gervais LLP ("Borden") <sup>(vi)</sup>	nil	nil
<b>Total</b>	<b>23,444</b>	<b>21,910</b>

Names	Three Months Ended June 30, 2017 \$	Three Months Ended June 30, 2016 \$
Marrelli Support <sup>(i)</sup>	6,392	6,140
DSA Corp <sup>(ii)</sup>	2,086	1,977
DSA Filing <sup>(iii)</sup>	1,238	nil
Fogler <sup>(iv)</sup>	250	(928)
Mendel Ekstein <sup>(v)</sup>	(6,397)	nil
Borden <sup>(vi)</sup>	nil	nil
<b>Total</b>	<b>3,569</b>	<b>7,189</b>

(i) For the three and six months ended June 30, 2017, the Company expensed \$6,392 and \$15,215, respectively (three and six months ended June 30, 2016 - \$6,140 and \$13,562, 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, 2017, Marrelli Support was owed \$4,876 (December 31, 2016 - \$5,353) and this amount was included in accounts payable and accrued liabilities.

**Petrolympic Ltd.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**Three and Six Months Ended June 30, 2017**  
**Dated – August 29, 2017**

(ii) For the three and six months ended June 30, 2017, the Company expensed \$2,086 and \$4,087, respectively (three and six months ended June 30, 2016 - \$1,977 and \$4,045, respectively) to DSA Corp for corporate secretarial services. DSA Corp is affiliated with Marrelli Support through common ownership. As at June 30, 2017, DSA Corp was owed \$1,611 (December 31, 2016 - \$1,785) and this amount was included in accounts payable and accrued liabilities.

(iii) For the three and six months ended June 30, 2017, the Company expensed \$1,238 (three and six months ended June 30, 2016 - \$nil) to DSA Filing for corporate filing services. DSA Filing is affiliated with Marrelli Support through common ownership. As at June 30, 2017, DSA Filing was owed \$531 (December 31, 2016 - \$nil) and this amount was included in accounts payable and accrued liabilities.

(iv) For the three and six months ended June 30, 2017, the Company expensed \$250 and \$500, respectively (three and six months ended June 30, 2016 - \$(928) and \$4,303, respectively) to Fogler for legal services. Adam Szweras, the Corporate Secretary of Petrolympic, is a partner at Fogler. As at June 30, 2017, Fogler was owed \$3,432 (December 31, 2016 - \$6,722) and this amount was included in accounts payable and accrued liabilities.

(v) The total loan balance owed to the President and CEO of the Company as of June 30, 2017 amounted to \$8,580 (December 31, 2016 - \$6,176).

(vi) For the three and six months ended June 30, 2017, the Company expensed \$nil (three and six months ended June 30, 2016 - \$nil) to Borden for legal services. Miles Pittman, a director of Petrolympic, is a partner at Borden. As at June 30, 2017, Borden was owed \$22,740 (December 31, 2016 - \$nil) and this amount was included in accounts payable and accrued liabilities.

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

	Six Months Ended June 30, 2017 \$	Six Months Ended June 30, 2016 \$
<b>Salaries and Benefits</b>		
Mendel Ekstein (CEO)	39,408	39,813
Mendel Ekstein - amounts owed from prior periods	nil	13,724
Andreas Jacob (Vice-President and Director)	33,431	40,278
<b>Total</b>	<b>72,839</b>	<b>93,815</b>

	Three Months Ended June 30, 2017 \$	Three Months Ended June 30, 2016 \$
<b>Salaries and Benefits</b>		
Mendel Ekstein (CEO)	19,466	19,227
Andreas Jacob (Vice-President and Director)	12,977	19,692
<b>Total</b>	<b>32,443</b>	<b>38,919</b>

Petrolympic Ltd.  
Interim Management's Discussion & Analysis – Quarterly Highlights  
Three and Six Months Ended June 30, 2017  
Dated – August 29, 2017

	Six Months Ended June 30, 2017 \$	Six Months Ended June 30, 2016 \$
<b>Option-based payments <sup>(i)</sup></b>		
Mendel Ekstein (CEO)	16,756	nil
Andreas Jacob (Vice-President and Director)	12,567	nil
Alain Fleury (Director)	8,378	nil
Miles Pittman (Director)	8,378	nil
Frank Ricciuti (Director)	8,378	nil
Adam Szweras (Director and Corporate Secretary)	8,378	nil
Roger Creamer (Director)	29,323	nil
<b>Total</b>	<b>92,158</b>	<b>nil</b>

	Three Months Ended June 30, 2017 \$	Three Months Ended June 30, 2016 \$
<b>Option-based payments <sup>(i)</sup></b>		
Mendel Ekstein (CEO)	16,756	nil
Andreas Jacob (Vice-President and Director)	12,567	nil
Alain Fleury (Director)	8,378	nil
Miles Pittman (Director)	8,378	nil
Frank Ricciuti (Director)	8,378	nil
Adam Szweras (Director and Corporate Secretary)	8,378	nil
Roger Creamer (Director)	29,323	nil
<b>Total</b>	<b>92,158</b>	<b>nil</b>

(i) The dollar values in respect of the options were arrived at using the Black-Scholes valuation model.

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. As at June 30, 2017, directors and key management personnel of the Company were owed \$32,443 (December 31, 2016 - \$6,714) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

### Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future

are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended December 31, 2016, available on SEDAR at [www.sedar.com](http://www.sedar.com).