PETROLYMPIC LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2011

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Management's Responsibility for Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Petrolympic Ltd. (the "Company" or "Petrolympic") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed consolidated interim 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 consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) *"Mendel Ekstein"*
Mendel Ekstein
Chief Executive Officer

(signed) *"Carmelo Marrelli"*
Carmelo Marrelli
Chief Financial Officer

Toronto, Canada
June 22, 2011

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2011 and March 31, 2010 have not been reviewed by the Company's auditors.

Petrolympic Ltd.

Condensed Consolidated Interim Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at March 31, 2011	As at December 31, 2010 (note 18)	As at January 1, 2010 (note 18)
ASSETS			
Current assets			
Cash and cash equivalents (note 6)	**$ 2,314,988**	$ 2,587,826	$ 3,716,293
Tax credit receivable	**299,187**	250,809	356,055
Accounts receivable and other assets (note 7)	**172,653**	173,851	190,253
	2,786,828	3,012,486	4,262,601
Non-current assets			
Equipment (note 8)	**2,119**	2,500	2,140
	$ 2,788,947	$ 3,014,986	$ 4,264,741
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and other liabilities (note 9)	**$ 154,948**	$ 96,500	$ 345,085
Equity			
Share capital (note 10)	**6,420,777**	6,420,777	6,420,777
Reserves	**3,841,059**	3,837,808	3,799,343
Deficit	**(7,627,837)**	(7,340,099)	(6,300,464)
Total equity	**2,633,999**	2,918,486	3,919,656
Total equity and liabilities	**$ 2,788,947**	$ 3,014,986	$ 4,264,741

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

Contingencies and commitments (note 17)
Subsequent event (note 19)

Petrolympic Ltd.

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010 (note 18)
Operating expenses		
Exploration and evaluation expenditures (note 14)	**$ 89,846**	$ 60,256
General and administrative (note 15)	**200,216**	129,254
Operating loss before the following items:	**(290,062)**	(189,510)
Interest income	**2,705**	524
Depreciation	**(381)**	(258)
Net loss and comprehensive loss for the period	**$ (287,738)**	$ (189,244)
Basic and Diluted net loss per share (note 12)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding	**81,456,195**	81,456,195

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

Petrolympic Ltd.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010 (note 18)
Operating activities		
Net loss	**$ (287,738)**	$ (189,244)
Adjustment for:		
Depreciation	**381**	258
Share based payment	**3,251**	-
Non-cash working capital items:		
Accounts receivable and other assets	**(47,180)**	27,429
Accounts payable and accrued liabilities	**58,448**	(230,702)
Net cash used in operating activities	**(272,838)**	(392,259)
Cash and cash equivalents, beginning of period	**2,587,826**	3,716,293
Cash and cash equivalents, end of period	**$ 2,314,988**	$ 3,324,034

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

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

		Reserves			
	Share capital	Equity settled share-based payment reserve	Warrant reserve	Deficit	Total
Balance, January 1, 2010 (Note 18)	**$ 6,420,777**	**$ 2,777,261**	**$ 1,022,082**	**$ (6,300,464)**	**$ 3,919,656**
Net loss and comprehensive loss for the period	-	-	-	(189,244)	(189,244)
Balance, March 31, 2010 (Note 18)	**$ 6,420,777**	**$ 2,777,261**	**$ 1,022,082**	**$ (6,489,708)**	**$ 3,730,412**
Share based payment	-	38,465	-	-	38,465
Net loss and comprehensive loss for the period	-	-	-	(850,391)	(850,391)
Balance, December 31, 2010 (Note 18)	**$ 6,420,777**	**$ 2,815,726**	**$ 1,022,082**	**$ (7,340,099)**	**$ 2,918,486**
Share based payment	-	3,251	-	-	3,251
Net loss and comprehensive loss for the period	-	-	-	(287,738)	(287,738)
Balance, March 31, 2011	**$ 6,420,777**	**$ 2,818,977**	**$ 1,022,082**	**$ (7,627,837)**	**$ 2,633,999**

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

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 unaudited condensed consolidated interim 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 360 Bay Street, Suite 500, Toronto, Ontario, Canada, M5H, 2V6. The Company's year end is December 31st.

The unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2011 was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 22, 2011.

These unaudited condensed consolidated interim 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 $2,631,880 at March 31, 2011 (December 31, 2010 - $2,915,986). At March 31, 2011, the Company had sufficient funds to finance its current exploration plans and expects to be a going concern for the following twelve months. Further financing may be required for operations beyond the next 12 months. While there is no assurance additional funds can be raised, the Company believes financing will be available as required. 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.

2. Significant accounting policies

(a) Conversion to International Financial Reporting Standards ("IFRS")

These are the Company's first financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The disclosures required by the provisions of IFRS 1, "First-time adoption of International Financial Reporting Standards", explaining how the transition to IFRS has affected the reported financial performance, cash flows and financial position of the Company, are presented in note 18.

These unaudited condensed consolidated interim 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 the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 (note 18) for the purposes of the transition to IFRS, as required by IFRS 1.

These unaudited condensed consolidated interim financial statements have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption by the Company on December 31, 2011, the Company's first annual reporting date under IFRS. The Company has made certain assumptions about the accounting policies expected to be adopted when the first IFRS annual financial statements are prepared for the year ended December 31, 2011.

2. Significant accounting policies (continued)

(b) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed consolidated interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(o).

(c) Basis of consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly owned Canadian subsidiary Petrolympia Inc. All intercompany transactions and balances have been eliminated. The financial statements of the subsidiary are consolidated from the date that control commences until the date that control ceases.

(d) Financial assets

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash and cash equivalents	Fair value through profit and loss ("FVTPL")
Accounts receivable	Loans and receivables
Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities

Fair value through profit and loss:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of income (loss).

The Company's financial assets classified as FVTPL include cash and cash equivalents. The Company does not currently hold any derivative instruments or apply hedge accounting.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

2. Significant accounting policies (continued)

(d) Financial assets (continued)

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the condensed statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of March 31, 2011, December 31, 2010 and January 1, 2010, except for cash and cash equivalents, none of the Company’s financial instruments are recorded at fair value in the unaudited condensed consolidated interim statement of financial position. Cash and cash equivalents are classified as Level 1.

2. Significant accounting policies (continued)

(e) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(f) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of petroleum and natural gas properties, property option payments and evaluation activity. Tax credits related to exploration and evaluation expenditures are netted against the related exploration and evaluation expenditures in the period in which they are incurred.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for extraction activities. Capitalization ceases when the properties are capable of commercial production, with the exception of development costs that give rise to a future benefit.

(g) Flow-through shares

Flow-through shares are a unique Canadian tax incentive. They are the subject of specific guidance under US GAAP, but there is no equivalent IFRS guidance. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A deferred tax liability is recognized for the premium paid by the investors and is then recognized as a deferred income tax recovery in the period of renunciation if the Company has sufficient unrealized tax losses and deductions.

(h) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and guaranteed investment certificates with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company does not invest in any asset-backed deposits/investments.

(i) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Computer equipment	30%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

2. Significant accounting policies (continued)

(j) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at March 31, 2011, December 31, 2010 and January 1, 2010.

(k) Share based payment transactions

The fair value of share options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(l) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

2. Significant accounting policies (continued)

(m) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate under IFRS. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(n) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

(o) Refundable tax credit for resources

The Company is eligible for a refundable tax credit for resources for petroleum and natural gas industry companies in relation to eligible expenses incurred. The refundable tax credit for resources represents up to 35% (December 31, 2010 - 35%) of the amount of eligible expenditures incurred. This tax credit is recognized as a credit to eligible exploration and evaluation costs expensed during the year, and when the tax credit's collectability is reasonably assured.

(p) Significant accounting judgments and estimates

The preparation of these unaudited condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Significant accounting policies (continued)

(p) Significant accounting judgments and estimates (continued)

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of accounts receivable that are included in the unaudited condensed consolidated interim statements of financial position;
- the inputs used in accounting for share based payment transactions in profit or loss;
- the determination of useful lives of equipment;
- Management assumptions of no material restoration, rehabilitation and environmental provision, based on the facts and circumstances that existed during the period; and
- Management's position that there are no income tax considerations required within these unaudited condensed consolidated interim financial statements.

Critical accounting judgments

How financial assets and liabilities are categorized is an accounting policy that requires management to make judgments or assessments.

(q) Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

(ii) IFRS 10 ‘Consolidated Financial Statements’ – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

(iii) IFRS 11 Joint arrangements (“IFRS 11”) was issued by the IASB in May 2011 and will replace IAS 31 Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

(iv) IFRS 12 ‘Disclosure of Interests in Other Entities’ - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

2. Significant accounting policies (continued)

(q) Recent Accounting Pronouncements (continued)

(v) IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

3. Capital risk management

Petrolympic manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at March 31, 2011, totalled $2,633,999 (December 31, 2010 - $2,918,486 and January 1, 2010 - $3,919,656).

This is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fund raisings.

The Company is not subject to any material externally imposed capital requirements or covenants.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2011.

4. Financial risk management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of March 31, 2011. Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal.

4. Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2011, the Company had cash and cash equivalents of $2,314,988 (December 31, 2010 - $2,587,826 and January 1, 2010 - $3,716,293) to settle current liabilities of $154,948 (December 31, 2010 - $96,500 and January 1, 2010 - $345,085). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

(b) Price risk

The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices (oil and natural gas), individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

(i) The Company has no debt and receives low interest rates on its cash balances. Cash and cash equivalents are subject to floating interest rates. As at March 31, 2011, if interest rates had varied by 1% with all other variables held constant, income for the three months ended March 31, 2011, would have varied by approximately $10,000 as a result of the variance in interest income from cash and cash equivalents due to a 1% variance in interest rates.

(ii) The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(Expressed in Canadian Dollars)

5. Categories of financial instruments

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Financial assets:			
FVTPL			
Cash and cash equivalents	$ 2,314,988	$ 2,587,826	$ 3,716,293
Loans and receivables			
Accounts receivable	$ 140,517	$ 138,603	$ 126,527
Financial liabilities:			
Other financial liabilities			
Accounts payable and other liabilities	$ 154,948	$ 96,500	$ 345,085

6. Cash and cash equivalents

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Cash	$ 1,278,002	$ 1,554,148	$ 2,696,089
Cash equivalents	1,036,986	1,033,678	1,020,204
Total	$ 2,314,988	$ 2,587,826	$ 3,716,293

7. Accounts receivable and other assets

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Sales tax receivable - (Canada)	$ 140,517	$ 138,603	$ 126,527
Prepaid expenses	32,136	35,248	63,726
	$ 172,653	$ 173,851	$ 190,253

8. Equipment

COST

	Computers
Balance, January 1, 2010	$ 3,445
Balance, March 31, 2010	3,445
Addition	1,638
Balance, December 31, 2010	5,083
Balance, March 31, 2011	$ 5,083

(Expressed in Canadian Dollars)

8. Equipment (continued)

ACCUMULATED DEPRECIATION

		Computers
Balance, January 1, 2010	$	1,305
Depreciation for the period		258
Balance, March 31, 2010		1,563
Depreciation for the period		1,020
Balance, December 31, 2010		2,583
Depreciation for the period		381
Balance, March 31, 2011	$	2,964

CARRYING AMOUNTS

		Computers
At January 1, 2010	$	2,140
At March 31, 2010		1,882
At December 31, 2010		2,500
At March 31, 2011	$	2,119

9. Accounts payable and other liabilities

		As at March 31, 2011		As at December 31, 2010		As at January 1, 2010
Falling due within the year						
Trade payables	$	154,948	$	96,500	$	345,085

(Expressed in Canadian Dollars)

10. Share capital

a) Authorized share capital

At March 31, 2011, 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 March 31, 2011, the issued share capital amounted to $6,420,777.

Issued:

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

11. Stock options

The Company has a Stock Option Plan (the "Plan") to provide incentive for the directors, officers, employees, consultants and service providers of the Company. The total number of options granted to any one individual in any 12 month period, will not exceed 10% of the issued and outstanding common shares of the Company for a period of up to five years. In addition, the maximum number of common shares issuable to all consultants under the plan may not exceed 2% of the issued and outstanding shares of the capital stock. Unless indicated otherwise, these options vest immediately upon grant and are therefore, exercisable.

The following table reflects the continuity of stock options for the period ended March 31, 2011:

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

The following table reflects the actual stock options issued and outstanding as of March 31, 2011:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Number of Options Unvested
February 19, 2013	0.18	1.90	4,666,669	4,666,669	-
June 16, 2013	0.90	2.21	666,667	666,667	-
June 23, 2013	0.90	2.23	800,000	800,000	-
September 12, 2013	0.40	2.46	800,000	800,000	-
June 17, 2014	0.295	3.22	950,000	950,000	-
April 23, 2015	0.28	4.07	150,000	150,000	-
November 22, 2015	0.20	4.65	100,000	75,000	25,000
		2.24	8,133,336	8,108,336	25,000

(Expressed in Canadian Dollars)

12. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 and 2010 was based on the loss attributable to common shareholders of $287,738 (three months ended March 31, 2010 - $189,244) and the weighted average number of common shares outstanding of 81,456,195 (three months ended March 31, 2010 - 81,456,195). Diluted loss per share did not include the effect of 2,500,000 warrants and 8,133,336 options as they are anti-dilutive.

13. Warrants

The following table reflects the continuity of warrants for the period ended March 31, 2011:

	Number of warrants	Grant date fair value ($)
Balance, December 31, 2010 and March 31, 2011	2,500,000	1,022,082

The following table reflects the actual warrants issued as of March 31, 2011:

Number of Warrants Outstanding	Grant Date Fair Value ($)	Exercise Price ($)	Expiry Date
2,500,000	1,022,082	1.40	June 26, 2011

14. Exploration and evaluation expenditures

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Gross exploration activities	**$ 138,224**	$ 81,346
Tax credit receivable at 35%	**48,378**	21,090
Net exploration activities (a)	**$ 89,846**	$ 60,256

(a) During the three months ended March 31, 2011, the Company's share of exploration and evaluation expenditures on its property interests net of related tax credits receivable amounted to $89,846 (three months ended March 31, 2010 - $60,256). Total cumulative exploration and evaluation expenditures incurred on its property interests to March 31, 2011 amounted to $3,806,182 (December 31, 2010 - $3,716,336).

15. General and administrative

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Management fees	**$ 54,500**	$ 63,250
Administrative and general	**45,069**	4,766
Professional fees	**52,419**	37,370
Investor relations and promotion	**19,659**	15,050
Reporting issuer costs	**9,132**	8,818
Salaries and benefits	**19,437**	-
	$ 200,216	$ 129,254

(Expressed in Canadian Dollars)

16. 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. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

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

	Notes	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Marrelli CFO Outsource Syndicate Inc. ("Marrelli")	(i)	$ 4,500	$ 4,500
Marrelli Support Services ("MSSI")	(ii)(v)	17,632	6,948
DSA Corporate Services Inc. ("DSA")	(iii)(v)	3,040	-
Fogler Rubinoff LLP ("Fogler")	(iv)(v)	18,267	20,095
Mendel Ekstein	(vi)	50,000	37,500
Andreas Jacob	(vii)	-	21,250

(i) The Chief Financial Officer ("CFO") of Petrolympic is the president of Marrelli. Fees related to the CFO function performed.

(ii) The CFO of Petrolympic is the president of MSSI. Fees related to accounting services provided by MSSI.

(iii) The CFO of Petrolympic is an officer of DSA. Fees related to corporate secretarial services provided by DSA.

(iv) The corporate secretary of Petrolympic is a partner at Fogler. Fees related to professional fees provided by Fogler.

(v) As at March 31, 2011, MSSI was owed $13,577 (December 31, 2010 - $2,414), DSA was owed $1,130 (December 31, 2010 - $1,130) and Fogler was owed $10,275 (December 31, 2010 - $17,528).

(vi) Chief Executive Officer fees for the period.

(vii) Vice President fees for the period.

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Salaries and benefits	$ 16,186	$ -

(Expressed in Canadian Dollars)

17. Contingencies and commitments

At March 31, 2011, Petrolympic holds an interest in a total 753,424 hectares (1,861,711 acres) of oil and gas exploration permits in the Appalachian Basin of Quebec that include holdings in the St. Lawrence Lowlands and Gaspé Peninsula. The Company's holdings in the St. Lawrence Lowlands are a 30% interest in 216,933 hectares (536,041 acres) through the Existing joint venture with Squatex; a 12% interest in 8,000 hectares (19,768 acres) through the Farmout Agreement with Canbriam; as well as a 100% interest in 56,625 hectares (139,920 acres) located over the Lowlands shallow carbonates platform on the south shore of the St. Lawrence River, less than 30 kilometers southwest of Montreal. These properties represent a major position in the Utica-Lorraine and Trenton-Black River plays. Petrolympic also maintains holdings in the Gaspé and Bas-St. Lawrence regions, including a 30% interest in 431,178 hectares (1,065,441 acres) through the Existing joint venture with Squatex and a 100% interest in a block of exploration permits totaling 40,688 hectares (100,540 acres) located between Rimouski and Matane prospective for hydrothermal dolomite hosted light oil.

In order to maintain its petroleum and natural gas permits in good standing, the Company must pay an annual rent of $0.10 per hectare and incur minimum exploration expenditures equivalent to $0.50 per hectare in the first year, increasing by $0.50 per hectare every subsequent year to a maximum of $2.50. After the first five year period, which will end in September 2014, the Company has the option to renew the permits each year for a maximum of another five years, with the obligation of incurring aggregate minimum annual exploration and rental expenditures of $3.00 per hectare.

Minimum annual rentals and exploration expenditures are reduced by past expenditures exceeding the minimum amounts due.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

Minimum annual rental and exploration expenditures to keep all permits (100% interest permits plus 30% of Squatex's permits) are as follows:

2011	$	29,415
2012		134,198
2013		358,685
2014		494,348
2015		624,420
Thereafter		3,465,050
	$	**5,106,116**

18. Conversion to IFRS

(i) Overview

As stated in significant accounting policies (note 2), these are the Company’s first unaudited condensed consolidated interim financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the significant accounting policies section have been applied in preparing the financial statements for the three months ended March 31, 2011 and in the preparation of an opening IFRS balance sheet at January 1, 2010 (the Company’s Transition Date).

18. Conversion to IFRS (continued)

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Company's "Transition Date".

- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply IFRS 2, Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited condensed interim statements of financial position in these financial statements.

(iii) Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

(a) Exploration and evaluation

On transition to IFRS, the Company elected to expense acquisition, exploration and evaluation expenditures as incurred. Previously, the Company's Canadian GAAP policy was to capitalize all costs including exploration and evaluation expenditures as incurred. None of the Company's properties have reached the stage where a bankable feasibility study supporting the recoverability of such costs has been received. Therefore there are no deferred exploration and evaluation costs recognized on the interim statement of financial position.

Impact on Condensed Consolidated Interim Statements of Financial Position

	As at March 31, 2010	As at December 31, 2010	As at January 1, 2010
Adjustment to mineral resource properties	$ (3,328,193)	$ (3,716,336)	$ (3,267,937)
Adjustment to deficit	$ (3,328,193)	$ (3,716,336)	$ (3,267,937)

Impact on Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

	Year ended December 31, 2010	Three months ended March 31, 2010
Adjustment to exploration and evaluation expenditures	$ 448,399	$ 60,256
Adjustment to comprehensive loss	$ (448,399)	$ (60,256)

Impact on Condensed Consolidated Interim Statements of Cash Flows

	Year ended December 31, 2010	Three months ended March 31, 2010
Adjustment to comprehensive loss	$ (448,399)	$ (60,256)
Tax credit receivable	$ 105,246	$ -
Mineral resource properties, net of refundable tax credits received	$ 343,153	$ 60,256

(b) Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed consolidated interim financial statements.

18. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

(c) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed consolidated interim financial statements.

(d) Share-based payments

The Company, in adopting IFRS 2, required no restatement of its share-based payments as there are no material adjustments or impact of share-based payments that do not vest immediately.

(e) Flow-through shares

On transition to IFRS, the Company elected to follow generally accepted method under US GAAP whereby flow-through proceeds should be allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A deferred tax liability will be recognized for the premium paid by the investors and will then be recognized as a deferred income tax recovery in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance. The Company reviewed its previously issued flow-through shares and did not identify any material adjustments upon transition to IFRS.

(iv) Presentation

Certain amounts in the unaudited condensed consolidated interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP

The January 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	January 1, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 3,716,293	$ -	**$ 3,716,293**
Tax credit receivable	356,055	-	**356,055**
Accounts receivable and other assets	190,253	-	**190,253**
	4,262,601	-	**4,262,601**
Equipment	2,140	-	**2,140**
Mineral resource properties (note 18(iii)(a))	3,267,937	(3,267,937)	**-**
	$ 7,532,678	$ (3,267,937)	**$ 4,264,741**
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 345,085	$ -	**$ 345,085**
Equity			
Share capital	6,420,777	-	**6,420,777**
Reserves	3,799,343	-	**3,799,343**
Deficit (note 18(iii)(a))	(3,032,527)	(3,267,937)	**(6,300,464)**
Total equity	7,187,593	(3,267,937)	**3,919,656**
Total liabilities and equity	$ 7,532,678	$ (3,267,937)	**$ 4,264,741**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The December 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	December 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,587,826	$ -	**$ 2,587,826**
Tax credit receivable	250,809	-	**250,809**
Accounts receivable and other assets	173,851	-	**173,851**
	3,012,486	-	**3,012,486**
Equipment	2,500	-	**2,500**
Mineral resource properties (note 18(iii)(a))	3,716,336	(3,716,336)	-
	$ 6,731,322	$ (3,716,336)	**$ 3,014,986**
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	$ 96,500	$ -	**$ 96,500**
Equity			
Share capital	6,420,777	-	**6,420,777**
Reserves	3,837,808	-	**3,837,808**
Deficit (note 18(iii)(a))	(3,623,763)	(3,716,336)	**(7,340,099)**
Total equity	6,634,822	(3,716,336)	**2,918,486**
Total liabilities and equity	$ 6,731,322	$ (3,716,336)	**$ 3,014,986**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The March 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	March 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 3,324,034	$ -	**$ 3,324,034**
Tax credit receivable	356,055	-	**356,055**
Accounts receivable and other assets	162,824	-	**162,824**
	3,842,913	-	**3,842,913**
Equipment	1,882	-	**1,882**
Mineral resource properties (note 18(iii)(a))	3,328,193	(3,328,193)	**-**
	$ 7,172,988	$ (3,328,193)	**$ 3,844,795**
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	$ 114,383	$ -	**$ 114,383**
Equity			
Share capital	6,420,777	-	**6,420,777**
Reserves	3,799,343	-	**3,799,343**
Deficit (note 18(iii)(a))	(3,161,515)	(3,328,193)	**(6,489,708)**
Total equity	7,058,605	(3,328,193)	**3,730,412**
Total liabilities and equity	$ 7,172,988	$ (3,328,193)	**$ 3,844,795**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP interim statement of loss and comprehensive loss for the three month period ended March 31, 2010 has been reconciled to IFRS as follows:

	Three months ended March 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
Exploration and evaluation expenditures (note 18(iii)(a))	$ -	$ 60,256	**$ 60,256**
General and administrative	129,254	-	**129,254**
Operating loss before the following items:	(129,254)	(60,256)	**(189,510)**
Interest income	524	-	**524**
Depreciation	(258)	-	**(258)**
Net loss and compressive loss for the period	$ (128,988)	$ (60,256)	**$ (189,244)**

The Canadian GAAP statement of loss and comprehensive loss for the year ended December 31, 2010 has been reconciled to IFRS as follows:

	Year ended December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
Exploration and evaluation expenditures (note 18(iii)(a))	$ -	$ 448,399	**$ 448,399**
General and administrative	596,592	-	**596,592**
Operating loss before the following items:	(596,592)	(448,399)	**(1,044,991)**
Interest income	6,635	-	**6,635**
Depreciation	(1,279)	-	**(1,279)**
Net loss and comprehensive loss for the period	$ (591,236)	$ (448,399)	**$ (1,039,635)**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP interim statement of cash flows for the three months ended March 31, 2010 has been reconciled to IFRS as follows:

	Three months ended March 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Operating			
Net loss	$ (128,988)	$ (60,256) [1]	**$ (189,244)**
Adjustment for:			
Depreciation	258	-	**258**
Non-cash working capital items:			
Accounts receivable and other assets	27,429	-	**27,429**
Accounts payable and accrued liabilities	(230,702)	-	**(230,702)**
Net used in operating activities	(332,003)	(60,256)	**(392,259)**
Investing activity			
Deferred exploration costs (note 18(iii)(a))	(60,256)	60,256	**-**
Net cash (used in) provided by financing activities	(60,256)	60,256	**-**
Net change in cash and cash equivalents	(392,259)	-	**(392,259)**
Cash and cash equivalents, beginning of period	3,716,293	**-**	**3,716,293**
Cash and cash equivalents, end of period	$ 3,324,034	**$ -**	**$ 3,324,034**

[1] Refer to Canadian GAAP statement of interim comprehensive loss for the three month period ended March 31, 2010 reconciled to IFRS in note 18(iii)(a) above.

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP statement of cash flows for the year ended December 31, 2010 has been reconciled to IFRS as follows:

	Year ended December 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Operating			
Net loss	$ (591,236)	$ (448,399) [1]	**$ (1,039,635)**
Adjustment for:			
Depreciation	1,279	-	**1,279**
Share based payments	38,465	-	**38,465**
Non-cash working capital items:			
Tax credit receivable (note 18(iii)(a))	-	105,246	**105,246**
Accounts receivable and other assets	16,402	-	**16,402**
Accounts payable and accrued liabilities	(248,585)	-	**(248,585)**
Net cash used in operating activities	(783,675)	(343,153)	**(1,126,828)**
Investing activities			
Acquisition of equipment	(1,639)	-	**(1,639)**
Deferred exploration costs (note 18(iii)(a))	(689,845)	689,845	**-**
Refundable tax credits received (note 18(iii)(a))	346,692	(346,692)	**-**
Net cash (used in) provided by investing activities	(344,792)	343,153	**(1,639)**
Net change in cash and cash equivalents	(1,128,467)	-	**(1,128,467)**
Cash and cash equivalent, beginning of period	3,716,293	-	**3,716,293**
Cash and cash equivalents, end of period	$ 2,587,826	$ -	**$ 2,587,826**

[1] Refer to Canadian GAAP statement of interim comprehensive loss for the year ended December 31, 2010 reconciled to IFRS in note 18(iii)(a) above.

19. Subsequent event

Petrolympic USA Inc., a wholly-owned subsidiary of the Company announced on May 11, 2011 that it has acquired a new property in the Maverick Basin ("the Property"), Texas, as the Company shifts its near term operational focus from gas to liquids.

Petrolympic has entered in to an Exploration Agreement (terms outlined below) with Texas HBP LLC ("HBP") to acquire a portion of its interest in the Property. HBP has an exploration agreement with the original lease owner of the Property, Blue Star Oil & Gas ("Blue Star") which was subsequently acquired by Shell Western E&P ("Shell"). Under the terms of the agreement between HBP and Shell, HBP is required to pay 100% of the costs incurred in the drilling and completion of earning wells. Once each well has been drilled to its objective depth, completed and tested, HBP will own an 87.5% working interest in the property, with Shell retaining the remaining 12.5% interest. Thereafter, each party will be responsible for its proportionate share of operating costs.

Key terms of the Exploration Agreement are summarized as follows:

(1) $250,000 will be paid to HBP upon signing of the Exploration Agreement (May 10, 2011), refundable if drilling does not commence on or before May 14, 2011 (commenced);

(2) Petrolympic will be responsible for 100% of all actual costs of drilling and completing the first well;

(3) Big Shell Oil & Gas, an affiliate of HBP, will remain as Operator of the property;

(4) In the event that the first well is completed as a producing well with a minimum average of 50 barrels of oil production per day for the first 60 days , Petrolympic will have the obligation to tender to HBP an additional $3,000,000 ("the Payment") within 20 days of Petrolympic's receipt of confirmation of production volume;

(5) Upon fulfillment of its drilling and payment obligations, Petrolympic will earn an undivided 50% working interest, yielding a 37.5% net revenue interest, in the acreage and depth to the first well. Additionally, Petrolympic will receive the farm-in right to an undivided 50% working interest in the remainder of the subject property, provided that Petrolympic assumed its proportionate shared cost of the carried interest;

(6) In the event that the first well does not produce up to the average of at least 50 barrels of oil per day, Petrolympic will retain the option to make the Payment and thereby acquire a 50% working interest and a 37.5% net revenue interest in the subject property. In the event that Petrolympic elects not to make the Payment under this scenario, it will receive a 50% working interest, yielding a 37.5% net revenue interest, on the first well and the 320 acres surrounding it but will have no further rights under the Exploration Agreement.

As at June 22, 2011, $480,000 is in escrow for drilling exploration and evaluation expenditures.