



**PETROLYMPIC LTD.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED MARCH 31, 2015**

**Prepared by:**

**PETROLYMPIC LTD.**

**36 Toronto Street, Suite 1000  
Toronto, Ontario  
M5C 2C5**

**Management's Discussion and Analysis dated May 27, 2015**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Petrolympic Ltd. ("Petrolympic" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2015. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2014 and December 31, 2013, together with the notes thereto, and the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2015, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS. Information contained herein is presented as of May 27, 2015, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, 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 of Directors, 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 SEDAR at [www.sedar.com](http://www.sedar.com).

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

This 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 MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this 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.

**Petrolympic Ltd.**  
**Management's Discussion & Analysis**  
**Three Months Ended March 31, 2015**  
**Dated – May 27, 2015**

Forward-looking statements	Assumptions	Risk factors
<p>Potential of Petrolympic's interests to contain economic deposits of oil or gas</p>	<p>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</p>	<p>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</p>
<p>The Company will be able to carry out anticipated business plans as currently contemplated in relation to the costs and timing for future exploration on its properties, and the Company has sufficient cash resources to meet administrative overhead and maintain its property interests for the next twelve months ending March 31, 2016 (see "Exploration Activities in Quebec", "Chittim Ranch Property Activities", "Trends", and "Liquidity and Capital Resources")</p> <p>The Company expects to incur further losses in the development of</p>	<p>The operating and exploration activities of the Company for the twelve month period ending March 31, 2016, and the costs associated therewith, will be consistent with Petrolympic's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to Petrolympic</p>	<p>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; changes in the operations currently planned for 2015 and 2016</p>

its business		
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

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 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 an exploration stage company and it has not yet determined whether its properties contain reserves that are economically recoverable. The business of exploring for petroleum and natural gas involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable petroleum and natural gas operations.

The underlying value of the Company's interests in petroleum and natural gas properties is dependent upon the existence of such economically recoverable reserves, the Company's ability to obtain the necessary financing to develop the reserves and future profitable production.

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

Petrolympic's goal is to deliver superior returns to shareholders by concentrating on the acquisition of properties that have the potential to contain petroleum and natural gas. The Company plans to do this by focusing on certain properties, as set out below under "Exploration Activities in Québec", and "Chittim Ranch Property Activities".

### **Overall Performance**

On March 27, 2015, the Company issued 2,521,500 "flow-through" shares (the "Flow-Through Shares") at a price of \$0.37 per Flow-Through Share and 384,600 units of the Company ("Units") at a price of \$0.325 per Unit for aggregate gross proceeds of \$1,057,950. Each Unit consists of one common share of the Company (a "Unit Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant entitling the holder thereof to purchase one additional common share (a "Warrant Share") at a price of \$0.45 per Warrant Share for a period of 18 months from the date of issuance.

Finder's warrants were also issued to certain finders. The finders received a cash finder's fees of \$52,898 (5% of the gross proceeds) and 145,305 finder's warrants ("Finder's Warrants") (5% of the total number of Units and Flow-Through Shares), each finder's warrant exercisable into one common share of the Company (a "Finder's Warrant Share") for a period of 18 months from the date of issuance at a price of \$0.325, in the case of Finder's Warrants issued for the subscribed Units and, \$0.37 in the case of Finder's Warrants issued for the subscribed Flow-Through Shares.

The fair value of the common shares was determined to be \$731,235 using the closing trading price on March 27, 2015 of \$0.29. A value of \$26,274 was estimated for the 192,300 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.29; expected volatility of 143% using the historical price history of the Company; risk-free interest rate of 0.52%; and an expected average life of 18 months.

A value of \$24,234 was estimated for the 145,305 Finder's Warrants on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.29; expected volatility of 143% using the historical price history of the Company; risk-free interest rate of 0.52%; and an expected average life of 18 months. This value charged \$23,534 to share capital and \$700 to warrants as transaction costs. The Finder's Warrants were valued based on the equity instrument granted as no value could be reasonably determined for the services. Total share issue costs of \$64,427 were charged and allocated \$62,827 to share capital and \$1,600 to warrants. The remaining \$201,720 was determined to be the premium on flow-through shares.

At March 31, 2015, the Company had assets of \$1,760,111 (December 31, 2014 - \$611,091) and equity of \$1,421,420 (December 31, 2014 - \$462,675). At March 31, 2015, the Company had current liabilities of \$338,691 (December 31, 2014 - \$148,416). The Company had net exploration and evaluation expenditures of \$24,963, during the three months ended March 31, 2015 (three months ended March 31, 2014 - \$24,229) on its petroleum and gas interests.

The Company had cash and cash equivalents of \$1,436,922 at March 31, 2015 (December 31, 2014 - \$265,355). The increase in cash and cash equivalents during the three months ended March 31, 2015, was primarily due to the financing and exercise of warrants in March 2015.

At March 31, 2015, the Company had working capital of \$1,378,372 (December 31, 2014 - working capital of \$417,817). The Company's working capital is sufficient to maintain its general and administrative costs for at least the next 12 months ending March 31, 2016. However, further financings will be required beyond March 31, 2016 for exploration and evaluation expenditures of the Massé Structure as well as for general and administrative costs. Materially all of the Company's exploration activities and a portion of the general and administrative costs are discretionary. Therefore, there is considerable flexibility in terms of

the pace and timing of exploration and how expenditures have been, or may be, adjusted, limited or deferred subject to current capital resources and potential to raise further funds.

### **Summary of Land Positions**

#### **A) Province of Québec**

As at March 31, 2015, Petrolympic had an interest in a total 752,951 hectares (1,860,542 acres) of oil and gas exploration permits in the Appalachian Basin of Québec that include holdings in the St. Lawrence Lowlands and Gaspé Peninsula (see map below). The Company's holdings in the St. Lawrence Lowlands are a 30% interest in 216,933 hectares (536,041 acres) through a joint venture with Squatex Energy and Resources Inc. ("Squatex"); a 12% interest in 8,000 hectares (19,768 acres) through the Farmout and Joint Operating Agreement with Canbriam Energy Inc. ("Canbriam"); as well as a 100% interest in 56,152 hectares (138,752 acres) located over the Lowlands shallow carbonates platform on the south shore of the St. Lawrence River, less than 30 kilometres 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 Lower St. Lawrence regions, including a 30% interest in 431,178 hectares (1,065,441 acres) through a 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. The following are permits in which Petrolympic holds an interest. Please also refer to the map that follows:

#### **Gaspé Permits 100% Ownership:**

<b>Permit Number</b>	<b>Renewal Date</b>	<b>Area (Hectares)</b>
2009PG573	01/09/2015	18,705
2009RS305	01/09/2015	21,983
<b>Subtotal</b>		<b>40,688</b>

#### **St. Lawrence Lowlands Permits 100% Ownership:**

<b>Permit Number</b>	<b>Renewal Date</b>	<b>Area (Hectares)</b>
2009RS302	01/09/2015	21,930
2009RS303	01/09/2015	14,127
2009RS304	01/09/2015	20,095
<b>Subtotal</b>		<b>56,152</b>

**St. Lawrence Lowlands Permits 30% Ownership:**

Permit Number	Renewal Date	Area (Hectares)
2009RS287	01/09/2015	20,871
2009RS288	01/09/2015	17,990
2009RS289	01/09/2015	20,909
2009RS290	01/09/2015	7,248
2009RS291	01/09/2015	22,447
2009RS292	01/09/2015	18,827
2009RS293	01/09/2015	14,580
2009RS294	01/09/2015	21,664
2009RS295	01/09/2015	19,316
2009RS296 (part)	01/09/2015	20,339 *
2009RS297	01/09/2015	16,342
2009RS298 (part)	01/09/2015	24,400 *
<b>Subtotal</b>		<b>224,933</b>

\* An 18% interest in over 8,000 hectares was transferred from Petrolympic to Canbriam from these two permits between surface and the top of the Trenton Formation only.

**Gaspé Permits 30% Ownership:**

Permit Number	Renewal Date	Area (Hectares)
2009PG554	01/09/2015	15,150
2009PG556	01/09/2015	23,666
<b>Subtotal</b>		<b>38,816</b>

**Lower St. Lawrence 30% Ownership:**

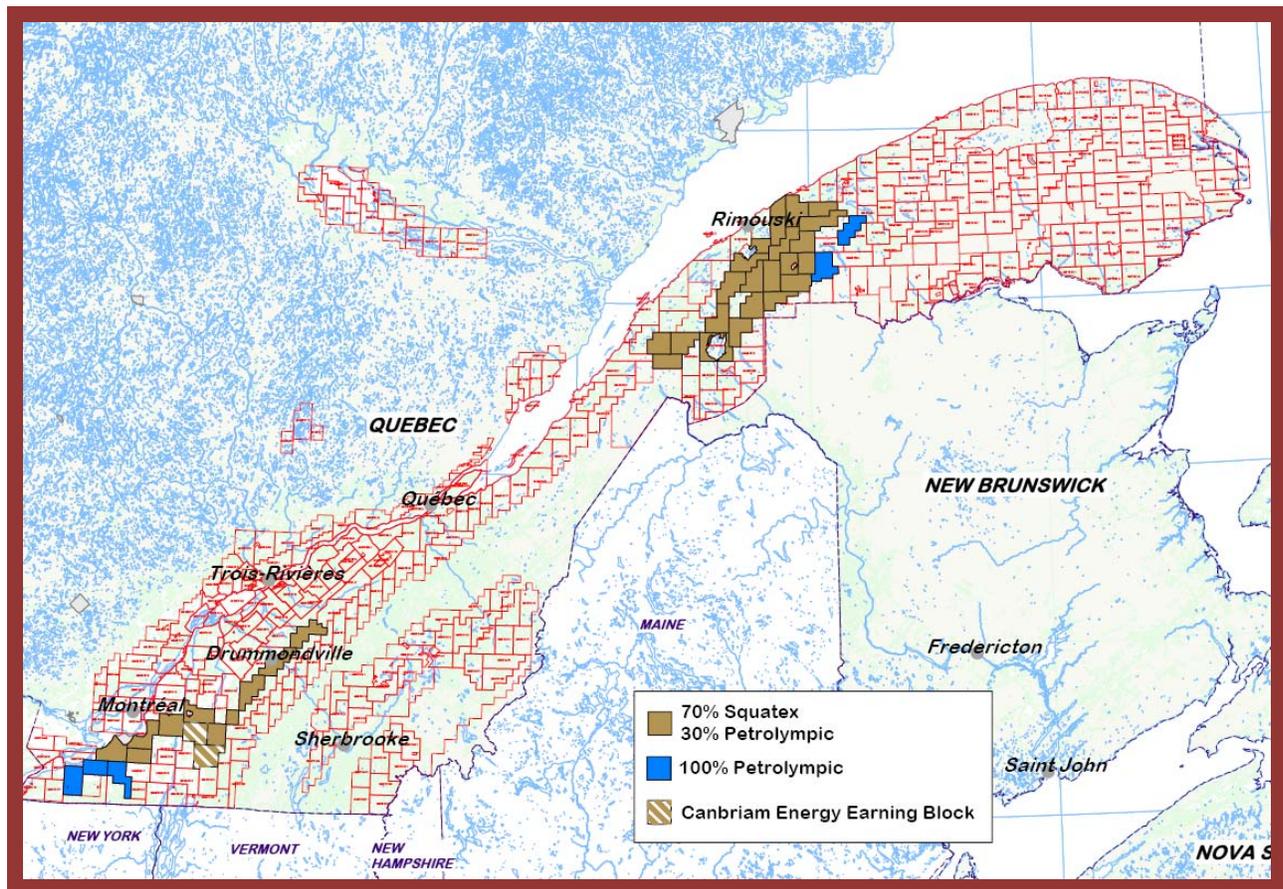
Permit Number	Renewal Date	Area (Hectares)
2009RS299	01/09/2015	18,975
2009RS300	01/09/2015	20,704
2009RS301	01/09/2015	17,136
2009PG552	01/09/2015	10,267
2009PG553	01/09/2015	23,068
2009PG555	01/09/2015	16,438
2009PG557	01/09/2015	9,894
2009PG558	01/09/2015	19,420
2009PG559	01/09/2015	18,737
2009PG560	01/09/2015	19,817
2009PG561	01/09/2015	24,435
2009PG562	01/09/2015	19,847
2009PG563	01/09/2015	22,573
2009PG564	01/09/2015	14,377
2009PG565	01/09/2015	15,370
2009PG566	01/09/2015	21,454
2009PG567	01/09/2015	20,642
2009PG568	01/09/2015	20,668
2009PG569	01/09/2015	17,244
2009PG570	01/09/2015	19,579
2009PG571	01/09/2015	20,951
2009PG572	01/09/2015	16,477
<b>Subtotal</b>		<b>408,073</b>

**St. Lawrence Lowlands Permits 12% Ownership:**

Permit Number	Renewal Date	Area (Hectares)
2009RS296 (part)	01/09/2015	20,339
2009RS298 (part)	01/09/2015	24,400
<b>Subtotal</b>		<b>44,739</b>

Canbriam has earned an interest between the surface and the top of the Trenton Formation of over 8,000 hectares to date and could increase its earning to up to 32,000 of the 44,739 hectares.

Map



**B) Chittim Ranch, Texas, USA**

In the first quarter of 2015, the Company did not generate any revenues from its interest in the Chittim Ranch property in the Maverick Basin, Texas.

The Company cannot quantify what the cash inflows might be from its interest in the Chittim Ranch property. Petrolympic plans to produce the oil from this reservoir for its maximum economic value and subsequently move up the pipe and test other zones encountered during drilling.

**Exploration Activities in Québec**

The government of Québec made several changes in June 2011 to the legislative and regulatory framework for oil and gas production. The adoption of Bill 18, an Act to limit oil and gas activities, introduced three changes aimed at:

- banning oil and gas activity on islands in the river and estuary portion of the St. Lawrence;

- exempting holders of exploration licences from performing the work required under the Mining Act for up to three years from the introduction of the legislation; and
- extending the validity of all exploration licences in Québec for the same period as the moratorium.

In addition, the Ministère du Développement Durable, de l'Environnement et des Parcs (the "MDDEP") amended the regulation respecting the application of the Environment Quality Act. As a result, an environmental authorization certificate is required for all shale drilling and fracking operations. The amendment also requires companies to hold a public consultation before applying for a certificate for this type of work. Lastly, concerning strategic environmental assessments, the MDDEP has adopted a regulation aimed at providing information on shale drilling and fracking operations.

The government announced in the fall of 2013 further changes to come to the Mining Act governing the exploration and exploitation of hydrocarbons and also declared a moratorium on shale gas exploration in the St. Lawrence Lowlands while new studies are taking place by the Bureau d'Audiences Publiques sur l'Environnement.

Some of Petrolympic's exploration activities will face delays due to these government decisions.

Petrolympic and Squatex can renew annually all their exploration permits until September 2019. Bill 18 is now allowing a further extension of the ownership of the permits for up to three more years while the government of Québec completes a strategic environmental assessment on shale gas development.

Specifically, the following permits are not directly affected by Bill 18, since shale gas is not the target of exploration:

- Gaspé Permits (100% ownership by Petrolympic);
- St. Lawrence Lowlands Permits (100% ownership by Petrolympic);
- Gaspé Permits (30% ownership by Petrolympic); and
- Lower St. Lawrence (30% ownership by Petrolympic).

The following permits located above the Utica Shale Fairway are directly affected by Bill 18:

- St. Lawrence Lowlands Permits (12% ownership by Petrolympic); and
- St. Lawrence Lowlands Permits (30% ownership by Petrolympic).

#### *Petrolympic 100% Owned Permits*

##### **Gaspésie Peninsula**

No additional work was performed on these permits during the three months ended March 31, 2015. The Company has enough exploration credits from its past exploration activities to cover the minimum work obligation to keep the Gaspé permits in good standing until August 31, 2015, and with Bill 18, the permits are in good standing for a further period of up to three additional years as long as annual rents are paid by Petrolympic.

##### **St. Lawrence Lowlands**

No additional work was performed on these permits during the three months ended March 31, 2015. The Company has enough exploration credits from its past exploration activities to cover the minimum work

**Petrolympic Ltd.**  
**Management's Discussion & Analysis**  
**Three Months Ended March 31, 2015**  
**Dated – May 27, 2015**

obligation to keep the St. Lawrence Lowlands permits in good standing until August 31, 2015, and with Bill 18, the permits are in good standing for a further period of up to three additional years as long as annual rents are paid by Petrolympic.

*Squatex-Petrolympic Joint Venture Lands*

**Lower St. Lawrence - Gaspé Joint Permits**

Petrolympic and their partner Squatex have a combined budget for a drilling program of approximately \$3 million, where Petrolympic's share is \$900,000.

**St. Lawrence Lowlands Joint Permits**

The last exploration work performed in the St. Lawrence Lowlands by Petrolympic, Squatex and Canbriam was the drilling of the Farnham No. 1 well and the recording and interpretation of a 40-kilometre 2D seismic survey in 2010 to further refine target areas and locate the best sites to be drilled. The resulting data and profiles have been integrated into a database with all other data acquired to plan future work over the area while waiting for the strategic environmental study to be completed by the Québec government. Petrolympic remains confident that shale gas exploration will be allowed soon and will be developed safely in the Québec Lowlands in the near future.

*Exploration and evaluation expenditures*

	<b>Three Months Ended, March 31, 2015 \$</b>	<b>Three Months Ended, March 31, 2014 \$</b>
<b>Québec</b>		
Consulting	7,800	nil
Permits and licences	8,149	nil
<b>Net costs incurred</b>	<b>15,949</b>	<b>nil</b>

For the three months ended March 31, 2015, the Company spent \$15,949 (comparative period – \$nil) on its permit interests. Meanwhile Petrolympic and Squatex are 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 their joint venture property in the Lower St. Lawrence area (the "Property") located in the Appalachian Basin of Quebec. The next selected drilling site, Marleau No 1, is located a few kilometers to the south of the Massé No 2 well and will test a flat spot, i.e. a seismic feature characteristic of the presence of fluids in the subsurface. This new well will mark a significant step out and, if successful, will expand the potential of its Property and enable the Company to test similar targets in another fault compartment block, thus extending the span of the plays already validated farther north. The cost of the deep stratigraphic coring program, including drilling is approximately \$3 million (Petrolympic's share is \$900,000). Specifically, the Company will focus on areas not directly affected by Bill 18. Due to sufficient aggregate historical expenditures, the Company is allowed but not required to incur further costs on its permits in fiscal 2015. Bill 18, voted in June 2011 by the government of Québec, is extending the life of the Company's permits and exempting work obligations for up to an additional three years. 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 "Exploration Activities in Québec" has been prepared under the supervision of Paul Laroche, P. Eng., P. Geo., and a "qualified person" within the meaning of National Instrument 51-101.

### Chittim Ranch Property Activities

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

	Three Months Ended, March 31, 2015 \$	Three Months Ended, March 31, 2014 \$
<b>Chittim Ranch Property</b>		
Development costs	6,342	20,412
Depreciation	2,672	3,817
<b>Net costs incurred</b>	<b>9,014</b>	<b>24,229</b>

### Trends

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

In addition to the risks outlined in this MD&A, the Company has identified the extreme volatility occurring in the financial markets as a significant risk for the Company. As a result, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like Petrolympic are considered risk assets and are highly speculative. The volatility in the markets and investor sentiment may make it difficult for Petrolympic to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

### Environmental Liabilities

The Company is not aware of any environmental liabilities or obligations associated with its petroleum and natural gas interests. The Company is conducting its operations in a manner consistent with governing environmental legislation.

### Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### Summary of Quarterly Results

Three Months Ended	Total Assets \$	Profit or Loss	
		Total \$	Per Share \$ <sup>(9)</sup>
March 31, 2015	1,760,111	(95,971) <sup>(1)</sup>	(0.00)
December 31, 2014	611,091	(247,059) <sup>(2)</sup>	(0.00)
September 30, 2014	813,609	(170,762) <sup>(3)</sup>	(0.00)
June 30, 2014	952,737	(718,558) <sup>(4)</sup>	(0.01)
March 31, 2014	968,464	(90,161) <sup>(5)</sup>	(0.00)
December 31, 2013	448,221	(465,078) <sup>(6)</sup>	(0.01)
September 30, 2013	278,175	(225,566) <sup>(7)</sup>	(0.00)
June 30, 2013	412,960	(151,052) <sup>(8)</sup>	(0.00)

Notes:

- (1) Net loss of \$95,971 principally relates to exploration and evaluation expenditures of \$24,963, and operating expenses related to general working capital purposes.
- (2) Net loss of \$247,059 principally relates to exploration and evaluation expenditures of \$176,886, and operating expenses related to general working capital purposes. These expenses were offset by sale of oil of \$238 and interest income of \$81.
- (3) Net loss of \$170,762 principally relates to exploration and evaluation expenditures of \$135,062, management fees of \$31,256, professional fees of \$22,585 and operating expenses related to general working capital purposes. These expenses were offset by sale of oil of \$9,014 and a net reversal of administrative and general of \$13,337.
- (4) Net loss of \$718,558 principally relates to share-based payment of \$605,350, exploration and evaluation expenditures of \$95,279, professional fees of \$12,356, administrative and general of \$37,965, investor relations and promotion of \$11,639 and operating expenses related to general working capital purposes. These expenses were offset by sale of oil of \$8,450, a net reversal of management fees of \$39,385 and a net reversal of salaries and benefits of \$2,679.
- (5) Net loss of \$90,161 principally relates to exploration and evaluation expenditures of \$24,229, professional fees of \$8,712, accretion expense of \$4,265, management fees of \$12,000, administrative and general of \$20,031, salaries and benefits of \$6,063 and operating expenses related to general working capital purposes. These were offset by sale of oil of \$7,857.
- (6) Net loss of \$465,078 principally relates to share-based payment of \$219,850, exploration and evaluation expenditures of \$190,563, professional fees of \$41,589, accretion expense of \$26,173, management fees of \$12,000, administrative and general of \$5,171, salaries and benefits of \$8,494 and operating expenses related to general working capital purposes. These were offset by a deferred tax recovery of \$33,192, sale of oil of \$13,588 and interest income of \$104.
- (7) Net loss of \$225,566 principally relates to exploration and evaluation expenditures of \$169,025, professional fees of \$20,181, management fees of \$15,000, administrative and general of

**Petrolympic Ltd.**  
**Management's Discussion & Analysis**  
**Three Months Ended March 31, 2015**  
**Dated – May 27, 2015**

- \$9,197, salaries and benefits of \$8,273 and operating expenses related to general working capital purposes.
- (8) Net loss of \$151,052 principally relates to exploration and evaluation expenditures of \$25,223, share-based payment of \$77,734, management fees of \$16,500, professional fees of \$8,852, reporting issuer costs of \$227, administrative and general of \$12,303 and operating expenses related to general working capital purposes.
- (9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

The Company's results have fluctuated from period to period due to the timing of exploration expenditures in each period. In addition, administrative expenses have fluctuated from period to period depending on higher or lower support costs for the Company's exploration program in Québec (Canada) and Texas (USA).

### **Discussion of Operations**

#### Three months ended March 31, 2015, compared with the three months ended March 31, 2014

Petrolympic's net loss totaled \$95,971 for the three months ended March 31, 2015, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$90,161 with basic and diluted loss per share of \$0.00 for the three months ended March 31, 2014. The increase in the net loss of \$5,810 was principally because:

- Exploration and evaluation expenditures for the three months ended March 31, 2015, were \$24,936 (three months ended March 31, 2014 - \$24,229). See "Exploration Activities in Québec" and "Chittim Ranch Property Activities" above.
- During the three months ended March 31, 2015, the Company recognized revenue from the sale of oil of \$nil (three months ended March 31, 2014 - \$7,857) due to low oil prices.
- Operating expenses such as management fees, administrative and general, professional fees, investor relations and promotion, reporting issuer costs and salaries and benefits totaled \$71,008 for the three months ended March 31, 2015 (three months ended March 31, 2014 - \$69,524). The Company had higher support costs for its operations in Quebec, which was offset by reductions in its administration costs due to cost saving initiatives.

### **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. For the three months ended March 31, 2015, the Company raised gross proceeds of \$1,057,950 by issuing 2,521,500 Flow-Through Shares and 384,600 Units. The Company also received \$257,800 from the exercise of warrants.

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, if at all. See "Risk Factors" below.

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

**Petrolympic Ltd.**  
**Management's Discussion & Analysis**  
**Three Months Ended March 31, 2015**  
**Dated – May 27, 2015**

---

capacity to meet ongoing operating activities. As of March 31, 2015, the Company had 105,505,199 common shares issued and outstanding, 9,730,002 options that would raise \$1,663,800 and 9,985,337 warrants outstanding that would raise \$2,463,659, if exercised in full. This is not anticipated until the market price of the Company's traded common shares increases.

Cash and cash equivalents used in operating activities was \$79,755 for the three months ended March 31, 2015. Operating activities were affected by the net increase in non-cash working capital balances of \$8,431 because of a decrease in amounts receivable and other assets of \$20,737, a decrease in accounts payable and accrued liabilities of \$11,444 and an increase of \$862 in reclamation bond. The Company also recorded depreciation of equipment of \$2,672 and a change in unrealized foreign exchange loss of \$5,113.

Cash and cash equivalents provided by financing activities was \$1,251,322 for the three months ended March 31, 2015.

To date, the cash resources of the Company are held with two major Canadian chartered banks. The Company has no debt. Its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

The Company's liquidity risk from financial instruments is minimal as surplus cash is invested in investment grade term deposit certificates. As of March 31, 2015, surplus cash was invested in bank-backed guaranteed investment certificates worth \$10,000, and this amount was included in cash and cash equivalents.

Current liabilities increased to \$338,691 at March 31, 2015, from \$148,416 at December 31, 2014, primarily due to the premium on flow through shares of \$201,720.

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 March 31, 2015 is sufficient to satisfy current liabilities and general and administrative costs up to March 31, 2016. 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. Meanwhile Petrolympic and Squatex are 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 Property. The next selected drilling site, Marleau No 1, is located a few kilometers to the south of the Massé No 2 well and will test a flat spot, i.e. a seismic feature characteristic of the presence of fluids in the subsurface. This new well will mark a significant step out and, if successful, will expand the potential of its Property and enable the Company to test similar targets in another fault compartment block, thus extending the span of the plays already validated farther north. 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 can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company.

The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly. However, to meet long-

term business plans, discovery of a petroleum and natural gas reserve is an important component of the Company's financial success.

### **Change in Accounting Policies**

There were no relevant changes to significant accounting policies during the three months ended March 31, 2015.

### **Future Accounting Changes**

IFRS 9 - Financial Instruments ("IFRS 9") was issued in final form in July 2014 by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement. 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 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures but expects it will not be material.

### **Financial Instruments**

#### **(i) Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign currency risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee. The Board of Directors also provides regular guidance for overall risk management.

#### **(ii) 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 petroleum receivable. Cash and cash equivalents are held with select major Canadian chartered banks. Management believes that the credit risk concentration with respect to financial instruments is minimal.

**(iii) 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, 2015, the Company had cash and cash equivalents of \$1,436,922 (December 31, 2014 - \$265,355) to settle current liabilities of \$338,691 (December 31, 2014 - \$148,416). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for deferred premium on flow-through shares, which will be taken into income by December 31 2016. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company is currently looking for an equity or debt financing transaction to advance its business activities.

**(iv) 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 with 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. The Company is exposed to foreign currency risk with respect to the expenditures incurred by its US subsidiaries.

**(v) 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:

The Company has subsidiaries with balances denominated in US dollars. Sensitivity to a plus or minus 5% change in exchange rates would lead to approximately a \$13,600 gain/loss in the reported net loss and comprehensive loss for the three months ended March 31, 2015.

### Share Capital

As at the date of this MD&A, the Company had 105,505,199 issued and outstanding common shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
1,100,000	April 24, 2017	\$0.12
3,333,335	March 25, 2018	\$0.10
1,466,667	June 26, 2018	\$0.10
800,000	November 21, 2018	\$0.175
850,000	December 9, 2018	\$0.15
1,330,000	May 20, 2019	\$0.36
750,000	June 20, 2019	\$0.37
<b>9,630,002</b>		

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
6,300,000	July 13, 2015	\$0.25
2,470,666	August 7, 2015	\$0.25
877,066	August 7, 2015	\$0.15
192,300	September 27, 2016	\$0.45
126,075	September 27, 2016	\$0.37
19,230	September 27, 2016	\$0.325
<b>9,985,337</b>		

### 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:

**Petrolympic Ltd.**  
**Management's Discussion & Analysis**  
**Three Months Ended March 31, 2015**  
**Dated – May 27, 2015**

- 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 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 of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at March 31, 2015, Mendel Ekstein, an officer and director of the Company, controls or indirectly controls 26,335,736 common shares of the Company, or approximately 25% of the total common shares outstanding. As at March 31, 2015, 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 March 31, 2015, 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	Three Months Ended March 31, 2015 \$	Three Months Ended March 31, 2014 \$
Marrelli Support Services Inc. ("Marrelli Support") <sup>(i)</sup>	7,648	6,118
DSA Corporate Services Inc. ("DSA") <sup>(ii)</sup>	2,350	2,570
Andreas Jacob <sup>(v)</sup>	nil	51,478
<b>Total</b>	<b>9,998</b>	<b>60,166</b>

(i) For the three months ended March 31, 2015, the Company expensed \$7,648 (three months ended March 31, 2014 - \$6,118) to Marrelli Support for the services of Carmelo Marrelli to act as Chief Financial Officer ("CFO") of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Carmelo Marrelli is the president of Marrelli Support. As at March 31, 2015, Marrelli Support was owed \$3,937 (December 31, 2014 - \$4,296) and this amount was included in accounts payable and accrued liabilities.

**Petrolympic Ltd.**  
**Management's Discussion & Analysis**  
**Three Months Ended March 31, 2015**  
**Dated – May 27, 2015**

(ii) For the three months ended March 31, 2015, the Company expensed \$2,350 (three months ended March 31, 2014 - \$2,570) to DSA for corporate secretarial services. DSA is a private company controlled by Carmelo Marrelli, the CFO of the Company. Carmelo Marrelli is also the corporate secretary and sole director of DSA. As at March 31, 2015, DSA was owed \$1,156 (December 31, 2014 - \$2,720) and this amount was included in accounts payable and accrued liabilities.

(iii) During the three months ended March 31, 2015, Andreas Jacob, Vice-President and a director of the Company was paid \$51,478 as a bonus.

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

	<b>Three Months Ended December 31, 2015</b>	<b>Three Months Ended December 31, 2014</b>
<b>Salaries and Benefits</b>	<b>\$</b>	<b>\$</b>
Mendel Ekstein (CEO)	18,421	12,000
Andreas Jacob (Vice-President and Director)	15,000	7,500
<b>Total</b>	<b>33,421</b>	<b>19,500</b>

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 March 31, 2015, directors and key management personnel of the Company were owed \$31,059 (December 31, 2014 - \$25,000) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

### **Capital 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, comprising share capital, reserves and deficit, which at March 31, 2015, totaled equity of \$1,421,420 (December 31, 2013 - \$462,675).

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

The Company is not subject to any material externally imposed capital requirements or covenants other than the obligation to incur eligible expenditures with respect to the flow-through shares issued and Policy 2.5 of the Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2015, the Company believes it is compliant with Policy 2.5.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2015.

### **Proposed Transactions**

The Company routinely evaluates various business development opportunities which could entail farm-ins, farm-outs, acquisitions and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements respecting any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

### **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 MD&A for the fiscal year ended December 31, 2014, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Commitment**

Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares.

As at March 31, 2015, the Company was committed to incurring approximately \$932,955, of which approximately \$nil has been spent, in Canadian Exploration Expenditures by December 31, 2016, arising from the flow-through offerings.

### **Subsequent Events**

Subsequent to March 31, 2015, 100,000 stock options expired unexercised.