**PETROLYMPIC LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**THREE AND SIX MONTHS ENDED JUNE 30, 2015**

**Prepared by:**

**PETROLYMPIC LTD.**

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**Toronto, Ontario**
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**Management's Discussion and Analysis dated August 20, 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 and six months ended June 30, 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 and six months ended June 30, 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 August 20, 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** or on SEDAR at **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.

| Forward-looking statements | Assumptions | Risk factors |
|---|---|---|
| Potential of Petrolympic's interests to contain economic deposits of oil or gas | Financing will be available for future exploration and development of Petrolympic's properties; the actual results of Petrolympic's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Petrolympic's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Petrolympic, and applicable political and economic conditions will be favourable to Petrolympic; the price of oil or gas and applicable interest and exchange rates will be favourable to Petrolympic; no title disputes exist with respect to the Company's properties | Oil or gas price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Petrolympic's expectations; availability of financing for and actual results of Petrolympic's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in .9( En TD .devi25xplor |

- 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 and six months ended June 30, 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 September 1, 2016, 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 and six months ended June 30, 2015. The Company has enough exploration credits from its past exploration activities to cover the minimum

work obligation to keep the St. Lawrence Lowlands permits in good standing until September 1, 2016, 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 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 the evaluation of productivity of the Massé No.2 well and the drilling of three new sites to verify possible extensions to the Massé structure is budgeted to $4.8 million (Petrolympic's share is $1.44 million). 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.

*Exploration and evaluation expenditures*

| Québec | Six Months Ended, June 30, 2015 $ | Six Months Ended, June 30, 2014 $ |
|---|---|---|
| General exploration costs | 9,841 | 69,878 |
| Consulting | 7,800 | nil |
| Geophysical | 17,640 | nil |
| Permits and licences | 6,456 | nil |
| **Net costs incurred** | **41,737** | **69,878** |

| Québec | Three Months Ended, June 30, 2015 $ | Three Months Ended, June 30, 2014 $ |
|---|---|---|
| General exploration costs | 9,841 | 69,878 |
| Geophysical | 17,640 | nil |
| Permits and licences | (1,693) | nil |
| **Net costs incurred** | **25,788** | **69,878** |

### 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.

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.

| Chittim Ranch Property | Six Months Ended, June 30, 2015 $ | Six Months Ended, June 30, 2014 $ |
|---|---|---|
| Development costs | 17,328 | 41,996 |
| Depreciation | 5,344 | 7,634 |
| **Net costs incurred** | **22,672** | **49,630** |

| Chittim Ranch Property | Three Months Ended, June 30, 2015 $ | Three Months Ended, June 30, 2014 $ |
|---|---|---|
| Development costs | 10,986 | 21,584 |
| Depreciation | 2,672 | 3,817 |
| **Net costs incurred** | **13,658** | **25,401** |

## 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 $ [9] |
| June 30, 2015 | 1,549,775 | (147,775) [1] | (0.00) |
| March 31, 2015 | 1,760,111 | (95,971) [2] | (0.00) |
| December 31, 2014 | 611,091 | (247,059) [3] | (0.00) |
| September 30, 2014 | 813,609 | (170,762) [4] | (0.00) |
| June 30, 2014 | 952,737 | (718,558) [5] | (0.01) |
| March 31, 2014 | 968,464 | (90,161) [6] | (0.00) |
| December 31, 2013 | 448,221 | (465,078) [7] | (0.01) |
| September 30, 2013 | 278,175 | (225,566) [8] | (0.00) |
| | | | |

Notes:

(1) Net loss of $147,775 principally relates to exploration and evaluation expenditures of $39,446, and operating expenses related to general working capital purposes.

(2) Net loss of $95,971 principally relates to exploration and evaluation expenditures of $24,963, and operating expenses related to general working capital purposes.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) 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 $9,197, salaries and benefits of $8,273 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

Six months ended June 30, 2015, compared with the six months ended June 30, 2014

Petrolympic's net loss totaled $243,746 for the six months ended June 30, 2015, with basic and diluted loss per share of $0.00. This compares with a net loss of $808,719 with basic and diluted loss per share of $0.01 for the six months ended June 30, 2014. The decrease in the net loss of $564,973 was principally because:

- Exploration and evaluation expenditures for the six months ended June 30, 2015, were $64,409 (six months ended June 30, 2014 - $119,508). See "Exploration Activities in Québec" and "Chittim Ranch Property Activities" above.

- During the six months ended June 30, 2015, the Company recognized revenue from the sale of oil of $nil (six months ended June 30, 2014 - $16,307) 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 $186,965 for the six months ended June 30, 2015 (six months ended June 30, 2014 - $95,903). 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.

- On May 20, 2014, the Company granted 1,230,000 options of the Company at a price of $0.36 per share, expiring May 20, 2019. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.36; 118% volatility; risk-free interest rate of 1.54%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was $362,850 which was expensed in the unaudited condensed interim consolidated statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options have fully vested.

  On May 20, 2014, the Company granted 100,000 options to purchase common shares of the Company to a consultant of the Company at an exercise price of $0.36 per share, expiring May 20, 2019. These options were valued based on the equity instrument granted as no value could be reasonably determined for the services. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five

year expected average life; share price of $0.36; 118% volatility; risk-free interest rate of 1.54%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was $29,500 which was expensed in the unaudited condensed interim consolidated statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options have fully vested.

On June 20, 2014, the Company granted 750,000 options of the Company at a price of $0.37 per share, expiring June 20, 2019. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.35; 117% volatility; risk-free interest rate of 1.60%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was $213,000 which was expensed in the unaudited condensed interim consolidated statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options have fully vested.

No options were granted in 2015.

Three months ended June 30, 2015, compared with the three months ended June 30, 2014

Petrolympic's net loss totaled $147,775 for the three months ended June 30, 2015, with basic and diluted loss per share of $0.00. This compares with a net loss of $718,558 with basic and diluted loss per share of $0.01 for the three months ended June 30, 2014. The decrease in the net loss of $570,783 was principally because:

- Exploration and evaluation expenditures for the three months ended June 30, 2015, were $39,446 (three months ended June 30, 2014 - $95,279). See "Exploration Activities in Québec" and "Chittim Ranch Property Activities" above.

- During the three months ended June 30, 2015, the Company recognized revenue from the sale of oil of $nil (three months ended June 30, 2014 - $8,450) 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 $115,957 for the three months ended June 30, 2015 (three months ended June 30, 2014 - $26,379). 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.

- On May 20, 2014, the Company granted 1,230,000 options of the Company at a price of $0.36 per share, expiring May 20, 2019. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.36; 118% volatility; risk-free interest rate of 1.54%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was $362,850 which was expensed in the unaudited condensed interim consolidated statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options have fully vested.

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No options were granted in 2015.

## 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 six months ended June 30, 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 capacity to meet ongoing operating activities. As of June 30, 2015, the Company had 105,505,199 common shares issued and outstanding, 9,630,002 options that would raise $1,635,800 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 $271,711 for the six months ended June 30, 2015. Operating activities were affected by the net decrease in non-cash working capital balances of $29,809 because of a decrease in amounts receivable and other assets of $36,292, a decrease in accounts payable and accrued liabilities of $65,393 and an increase of $708 in reclamation bond. The Company also recorded depreciation of equipment of $5,344, income from premium of flow-through shares of $7,628 and a change in unrealized foreign exchange loss of $4,128.

Cash and cash equivalents provided by financing activities was $1,251,323 for the six months ended June 30, 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 June 30, 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 $277,115 at June 30, 2015, from $148,416 at December 31, 2014, primarily due to the premium on flow through shares of $201,720 of which, $194,092 remains outstanding as of June 30, 2015.

Currently, the Company's operating expenses are approximately $15,000 to $50,000 per month for management fees, month-to-month professional fees and other working capital related expenses. The Company's cash and cash equivalents as at June 30, 2015 is sufficient to satisfy current liabilities and general and administrative costs up to June 30, 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 their 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 the evaluation of productivity of the Massé No.2 well and the drilling of three new sites to verify possible extensions to the Massé structure is budgeted to $4.8 million (Petrolympic's share is $1.44 million). 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 six months ended June 30, 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 ("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 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. 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 June 30, 2015, the Company had cash and cash equivalents of $1,244,967 (December 31, 2014 - $265,355) to settle current liabilities of $277,115 (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 six 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 $12,800 gain/loss in the reported net loss and comprehensive loss for the six months ended June 30, 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 |
| **9,630,002** | | |

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

| Warrants | Expiry Date | Exercise Price |
|---|---|---|
| 877,066 | August 7, 2015 | $0.15 |
| (a) 6,300,000 | March 13, 2016 | $0.25 |
| (b) 2,470,666 | April 7, 2016 | $0.25 |
| 192,300 | September 27, 2016 | $0.45 |
| 126,075 | September 27, 2016 | $0.37 |
| 19,230 | September 27, 2016 | $0.325 |
| **9,985,337** | | |

(a) On July 9, 2015, the Company announced that it received Exchange acceptance to extend the expiry date of 6,300,000 warrants to March 13, 2016 from July 13, 2015.

(b) On July 9, 2015, the Company announced that it received Exchange acceptance to extend the expiry date of 2,470,666 warrants to April 7, 2016 from August 7, 2015.

## Disclosure of Internal Controls

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

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

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 June 30, 2015, Mendel Ekstein, an officer and director of the Company, controls or indirectly controls 26,435,736 common shares of the Company, or approximately 25% of the total common shares outstanding. As at June 30, 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 June 30, 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 | Six Months Ended June 30, 2015 $ | Six Months Ended June 30, 2014 $ |
|---|---|---|
| Marrelli Support Services Inc. ("Marrelli Support") [(i)] | 14,109 | 12,024 |
| DSA Corporate Services Inc. ("DSA") [(ii)] | 5,662 | 10,121 |
| Fogler Rubinoff LLP ("Fogler") [(iii)] | 16,742 | nil |
| Andreas Jacob [(iv)] | nil | 51,478 |
| **Total** | **36,513** | **73,623** |

| Names | Three Months Ended June 30, 2015 $ | Three Months Ended June 30, 2014 $ |
|---|---|---|
| Marrelli Support [(i)] | 6,461 | 5,906 |
| DSA [(ii)] | 3,312 | 7,551 |
| Fogler [(iii)] | 16,742 | nil |
| **Total** | **26,515** | **13,457** |

(i) For the three and six months ended June 30, 2015, the Company expensed $6,461 and $14,109, respectively (three and six months ended June 30, 2014 - $5,906 and $12,024, respectively) 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 June 30, 2015, Marrelli Support was owed $2,510 (December 31, 2014 - $4,296) and this amount was included in accounts payable and accrued liabilities.

(ii) For the three and six months ended June 30, 2015, the Company expensed $3,312 and $5,662, respectively (three and six months ended June 30, 2014 - $7,551 and $10,121, respectively) 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 June 30, 2015, DSA was owed $1,921 (December 31, 2014 - $2,720) and this amount was included in accounts payable and accrued liabilities.

(iii) For the three and six months ended June 30, 2015, the Company expensed $16,742 (three and six months ended June 30, 2014 - $nil) to Fogler for legal services. Adam Szweras, the Corporate Secretary of Petrolympic, is a partner at Fogler. As at June 30, 2015, Fogler was owed $18,037 (December 31, 2014 - $nil).

(iv) During the six months ended June 30, 2014, Andreas Jacob, Vice-President and a director of the Company was paid $51,478 as a bonus.

(v) During the first quarter of 2014, the Company repaid the loan in full it owed to the President and CEO of the Company.

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

| Salaries and Benefits | Six Months Ended June 30, 2015 $ | Six Months Ended June 30, 2014 $ |
|---|---|---|
| Mendel Ekstein (CEO) | 39,020 | 32,615 |
| Mendel Ekstein –reversal of amounts owed from prior periods | nil | (60,000) |
| Andreas Jacob (Vice-President and Director) | 40,350 | 30,000 |
| Andreas Jacob – reversal of amounts owed from prior periods | nil | (25,179) |
| **Total** | **79,370** | **(22,564)** |

| Salaries and Benefits | Three Months Ended June 30, 2015 $ | Three Months Ended June 30, 2014 $ |
|---|---|---|
| Mendel Ekstein (CEO) | 20,599 | 20,615 |
| Mendel Ekstein –reversal of amounts owed from prior periods | nil | (60,000) |
| Andreas Jacob (Vice-President and Director) | 25,350 | 22,500 |
| Andreas Jacob – reversal of amounts owed from prior periods | nil | (25,179) |
| **Total** | **45,949** | **(42,064)** |

| Share-based Payment | Six Months Ended June 30, 2015 $ | Six Months Ended June 30, 2014 $ |
|---|---|---|
| Mendel Ekstein (CEO) | nil | 89,250 |
| Andreas Jacob (Vice-President and Director) | nil | 75,050 |
| Alain Fleury (Director) | nil | 60,850 |
| Miles Pittman (Director) | nil | 60,850 |
| Adam Szweras (Officer) | nil | 60,850 |
| Frank Ricciuti (Director) | nil | 60,850 |
| Carmelo Marrelli (CFO) | nil | 32,450 |
| Roger Creamer (Director) | nil | 32,450 |
| Glenn MacNeil (Director) | nil | 103,250 |
| **Total** | **nil** | **575,850** |

| Share-based Payment | Three Months Ended June 30, 2015 $ | Three Months Ended June 30, 2014 $ |
|---|---|---|
| Mendel Ekstein (CEO) | nil | 89,250 |
| Andreas Jacob (Vice-President and Director) | nil | 75,050 |
| Alain Fleury (Director) | nil | 60,850 |
| Miles Pittman (Director) | nil | 60,850 |
| Adam Szweras (Officer) | nil | 60,850 |
| Frank Ricciuti (Director) | nil | 60,850 |
| Carmelo Marrelli (CFO) | nil | 32,450 |
| Roger Creamer (Director) | nil | 32,450 |
| Glenn MacNeil (Director) | nil | 103,250 |
| **Total** | **nil** | **575,850** |

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. As at June 30, 2015, directors and key management personnel of the Company were owed $13,755 (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 June 30, 2015, totaled equity of $1,272,660 (December 31, 2014 – $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 June 30, 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 and six months ended June 30, 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**.

## 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 June 30, 2015, the Company was committed to incurring approximately $932,955, of which approximately $35,300 has been spent, in Canadian Exploration Expenditures by December 31, 2016, arising from the flow-through offerings.

## Subsequent Event

On August 7, 2015, 877,066 warrants with an expiry date of August 7, 2015 expired unexercised.