PETROLYMPIC LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED

MARCH 31, 2010

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of 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, 2010. 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 year ended December 31, 2009, as well as the unaudited interim consolidated financial statements for the three months ended March 31, 2010, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for interim financial reporting and, accordingly, do not include all of the information and notes required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 25, 2010, 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 or (ii) a reasonable investor's decision whether or not to buy, sell or hold securities in the Company would likely be influenced or changed if the information in question was omitted or misstated. 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

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future prices of petroleum and natural gas; success of exploration activities; cost and timing of future exploration and development; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; future prices of petroleum and natural gas; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in petroleum and natural gas exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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 the future profitable production.

The Company's common shares are listed on the TSX Venture 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".

Overall Performance

Canbriam Energy Inc. ("Canbriam") has successfully completed the initial exploration program relating to the Farmout and Joint Operating Agreement (the "Agreement") that was entered into among Petrolympic, Ressources & Energie Squatex Inc. ("Squatex") and Canbriam (collectively, the "Partners") in November 2008, and subsequently amended in June 2009, and has confirmed the selection of the first 8,000 hectare block in which it has earned a 60% interest.

On March 30, 2010, Canbriam finalized the selection of two St. Lawrence Lowlands exploration permits, 2006PG864 and 2006PG866, as forming part the farmout lands (the "Farmout Lands") under the Agreement. On April 7, 2010, Canbriam selected its 60% earned interest in a contiguous 8,000-hectare block located within permits 2006PG864 and 2006PG866. This first block includes the Farnham No.1 well site spudded in July 2009 and drilled to a total vertical depth of 2,507 metres through the Utica Formation. The Partners' interests over the 8,000-hectare block are now as follows: Canbriam 60%, Squatex 28% and Petrolympic 12%.

Pursuant to the Agreement, Canbriam maintains the option to earn a 60% interest in up to 24,000 additional hectares within the Farmout Lands by drilling up to six additional vertical/horizontal wells, and by making cash payments of up to $13.5 million ($9.45 million to Squatex and $4.05 million to Petrolympic) prior to November 30, 2011. Canbriam is responsible for all drilling, completion or abandonment costs incurred with respect to the wells described above.

Canbriam has fulfilled its obligations under the Agreement that it was required to meet to date, including the exercise of the first option by accelerating a payment of $3.5 million ($2.45 million to Squatex and $1.05 million to Petrolympic) prior to November 30, 2009. Canbriam has to drill and case or abandon two vertical wells down to the Utica Formation and/or 30 metres into the top of the Trenton Formation before December 31, 2010, to be entitled to a 60% interest over the next 8,000 hectare block.

The Company's current strategy is to continue exploring its petroleum and natural gas properties while seeking out other prospective business opportunities. In addition, the Company expects Canbriam to continue with the Agreement. The Company believes this focused strategy will enable it to create shareholder value.

At March 31, 2010, the Company had assets of $7,172,988 and a net equity position of $7,058,605. This compares with assets of $7,532,678 and a net equity position of $7,187,593 at December 31, 2009. At March 31, 2010, the Company had $114,383 of liabilities and no debt. At March 31, 2010, the Company had unproven petroleum and natural gas properties of $3,328,193, compared to $3,267,937 at December 31, 2009, an increase of about 1%. The increase in unproven petroleum and natural gas properties during the three months ended March 31, 2010, was primarily due to exploration expenditure for geophysical ($30,014), geology ($16,858) and consulting ($8,840).

At March 31, 2010, the Company had working capital of $3,728,530, compared to $3,917,516 at December 31, 2009. The Company had cash and cash equivalents of $3,324,034 at March 31, 2010, compared to $3,716,293 at December 31, 2009, a decrease of about 10%. The decrease in cash and cash equivalents during the three months ended March 31, 2010, was primarily due to cash expenditures for the Company's exploration activities as discussed above and operating expenses incurred during the three months ended March 31, 2010.

See "Exploration Activities" below.

Trends

While general economic conditions continue to improve and stability appears to be returning to financial and commodity markets, significant uncertainty concerning the short and medium term global economic outlook persists. Management, in conjunction with the Board of Directors, will continue to monitor these developments and their effect on the Company's business.

Summary of Land Positions

Petrolympic holds an interest in a total 754,216 hectares (1,863,668 acres) of oil and gas exploration permits in the Appalachian Basin of Quebec that include holdings in the St. Lawrence Lowlands and Gaspé Peninsula. The Company's holdings in the St. Lawrence Lowlands are a 30% interest in 217,370 hectares (536,941 acres) through a joint venture with Squatex; a 12% interest in 8,000 hectares (19,768 acres) through an Agreement with Canbriam; as well as a 100% interest in 56,622 hectares (139,913 acres) located over the Lowlands shallow carbonates platform on the south shore of the St. Lawrence River, less than 30 kilometers southwest of Montreal. These properties represent a major position in the Utica-Lorraine and Trenton-Black River plays. Petrolympic also maintains holdings in the Gaspé and Bas-St. Lawrence regions, including a 30% interest in 431,339 hectares (1,065,839 acres) through a joint venture with Squatex and a 100% interest in a block of exploration permits totaling 40,885 hectares (101,027 acres) located between Rimouski and Matane prospective for hydrothermal dolomite hosted light oil.

Exploration Activities

Petrolympic 100% Owned Permits

Gaspésie Peninsula

Ownership

The Company, through its subsidiary, Petrolympia Inc. ("Petrolympia"), holds 100% interest in two oil and gas permits, 2003RS092 and 2006PG905, with a total of 40,885 hectares (101,027 acres).

The Company, through a joint venture with Squatex, holds a 30% legal and beneficial interest in two oil and gas permits, 2006RS156 and 2006RS158, with a total of 38,816 hectares (95,876 acres).

Petrolympic and Squatex have made an application to the Quebec government to renew all the permits (i.e., the 100% interest and the 30% interest) of both companies until 2019. When granted, the renewal will be effective as of September 1, 2009.

Exploration activity

During the three months ended March 31, 2010, no exploration work was conducted on the Gaspésie Peninsula.

Planned expenditures for calendar year 2010 for the Gaspésie Peninsula are:

Project/Property Name	Plans for Project	Planned Expenditures for calendar 2010	Remaining Commitment	Timing for Completion of Planned Activities
Gaspésie Peninsula	Halted at the present time (1)	$nil	$nil	n/a

(1) Halted until management decides to resume work on the project. The Company will maintain its holding costs (approximately $4,000 a year) to keep the permits in good standing. Miscellaneous costs for the period for the Gaspésie Peninsula amounted to approximately $2,600.

The Company has enough exploration credits from past exploration to cover the obligation to keep the two permits in good standing in 2010.

St. Lawrence Lowlands

In June 2009, Petrolympic conducted a geochemistry program to assist in the evaluation of a drilling location. Calgary-based ChemTerra International Consultants Ltd. ("ChemTerra") was selected to acquire the field program, and evaluated results over some 476 samples collected at either 100-metre or 200-metre spacing. Isotopic analyses - run on selected high reading samples of gas - indicate that the seeping gas is thermogenic in origin with some biogenic contribution.

Near the end of fiscal 2009, Petrolympic began a second phase of geochemical sampling, infilling the coverage over its permits in the St. Lawrence Lowlands. ChemTerra acquired an additional 580 geochemical samples on the permits during the survey. Results of analyzed samples were received at the end of March 2010 and are currently being studied.

Squatex- Petrolympic Joint Venture Lands

In 2009, Squatex proceeded with the interpretation and correlation of field data, and enacted the following exploration program:

LOWER ST. LAWRENCE JOINT PERMITS:

- Additional geological sampling was undertaken during the summer of 2009 to measure the hydrocarbon content and the maturity of the rocks. Samples were sent to the Geological Survey of Canada in Calgary to analyze the hydrocarbon content and the maturity of the rocks.
- GPR International Inc. was awarded a contract in September 2009 to do a 17,000- kilometer survey of high-resolution airborne magnetometry covering the entire block of permits. Results and interpretation of the survey are expected in the second quarter of 2010.
- In early October 2009, Quantec Geosciences was hired to do an 803-station gravity survey to complement local government stations over the entire joint venture landholdings. Results of the survey are currently being interpreted.

ST. LAWRENCE LOWLANDS JOINT PERMITS:

- Canbriam drilled the Farnham No. 1 well to the top of the Trenton Formation at 2,509 metres total depth. The well encountered gas shows in the shale section and was cased. The well is suspended pending future testing.
- An AVO (Amplitude versus Offset) study is being performed by CGGVeritas of Calgary over an east-west seismic line acquired in 2008, over the Utica Fairway, to better understand lateral facies variations within geological formations.
- Near the end of fiscal 2009, Squatex awarded a contract to Calgary-based ChemTerra to perform a 600 sample geochemical survey over three permits situated on the shallow carbonate platform, southwest of the St. Lawrence Lowlands. Results of analyzed samples were received at the end of March 2010 and are currently being studied.

Petrolympic and Squatex have made an application to the Quebec government to renew all the permits (i.e., the 100% interest and the 30% interest) of both companies until 2019. When granted, the renewal will be effective as of September 1, 2009.

Planned expenditures for calendar 2010 for the St. Lawrence Lowlands area are:

Project/Property Name	Plans for Project	Planned Expenditures for calendar 2010 (rounded)	Spent (rounded)	Remaining Commitment (rounded)	Timing for Completion of Planned Activities
St. Lawrence Lowlands (Canbriam) [5]	Subject to Agreement [1]	$nil	$nil	$nil	n/a
St. Lawrence Lowlands (Squatex) [5]	Looking for farm-out partners [2] Data integration	$nil $75,000 [3]	$nil $nil	$nil $75,000 [6]	n/a December 2010
St. Lawrence Lowlands (100%) [4]	Interpretation and analysis	$100,000	$49,000 [7]	$51,000	December 2010

(1) Canbriam is the operator and will pay 100% of expenditures.
(2) Squatex is the operator.
(3) Petrolympic is liable for 30% of the total Squatex budget, which amounts to $22,500.
(4) The Company, through its subsidiary, Petrolympia, holds a 100% interest in three oil and gas permits, 2006PG871 to 2006PG873, with a total of 56,622 hectares (139,856 acres).
(5) The Company's holdings in the St. Lawrence Lowlands are a 30% interest in 217,370 hectares (536,941 acres) through a joint venture with Squatex and a 12% interest in 8,000 hectares (19,768 acres) through an Agreement with Canbriam (located within permits 2006PG864 and 2006PG866)
(6) Squatex has not billed the Company as of March 31, 2010.
(7) Excludes other costs of approximately $8,400. These costs were not included in the Company's budget.

Planned expenditures for calendar 2010 for the Lower St. Lawrence area are:

Project/Property Name	Plans for Project	Planned Expenditures for calendar 2010 (rounded)	Remaining Commitment (rounded)	Timing for Completion of Planned Activities
Lower St. Lawrence (Squatex) (2)	(4)	$1,060,000 (1)	$1,060,000 (3)	December 2010

(1) Petrolympic is liable for 30% of the total Squatex budget, which amounts to $318,000.
(2) The Company, through a joint venture agreement with Squatex, holds a 30% legal and beneficial interest in twenty-two oil and gas permits, 2006PG867 to 2006PG869-2006RS154-2006RS155-2006RS157-2006RS159 to 2006RS174, with a total of 392,523 hectares (969,532 acres).
(3) Squatex has not billed the Company as of March 31, 2010.
(4) Geological sampling, data integration and stratigraphic coring.

Technical Disclosure

The above technical disclosure under the heading "Exploration Activities" has been prepared under the supervision of Paul Laroche, ing, geo, and a "qualified person" within the meaning of NI 51-101.

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 that is 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.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company. However, the Company continues to evaluate properties and corporate entities that it may acquire in the future.

Selected Quarterly Information

Three Months Ended	Net Revenues $	Net Income (Loss) Total $	Net Income (Loss) Per Share $
March 31, 2010	-	(128,988) (1)	(0.00)
December 31, 2009	-	(1,068,038) (2)	(0.02)
September 30, 2009	-	(198,467) (3)	(0.00)
June 30, 2009	-	607,317 (4)	0.01
March 31, 2009	-	(69,766) (5)	(0.00)
December 31, 2008	-	(546,729) (6)	(0.00)
September 30, 2008	-	(380,508) (7)	(0.01)
June 30, 2008	-	(1,300,024) (8)	(0.02)

Notes:

(1) Net loss of $128,988 principally relates to management fees of $63,250, professional fees of $37,370, investor relations expenses of $15,050 and operating expenses related to general working capital purposes.

(2) Net loss of $1,068,038 principally relates to the reallocation of the Q2 2009 farm-out gain of $1,050,000 from Canbriam to unproven petroleum and natural gas properties, professional fees of $62,282 and operating expenses related to general working capital purposes.

(3) Net loss of $198,467 principally relates to management fees of $75,250, professional fees of $85,034 and operating expenses related to general working capital purposes.

(4) Net income of $607,317 was mainly because of a receivable from Canbriam of $1,050,000. Results for the quarter include stock-based compensation of $264,250, professional fees of $72,722, management fees of $53,500 and operating expenses related to general working capital purposes. These expenses were offset by interest income of $2,756 and a gain on the farmout agreement with Canbriam of $1,050,000 as a result of its exercise of the first option under the joint operating agreement, and to the advancement of the drilling program to two wells in the joint venture lands.

(5) Net loss of $69,766 principally relates to management fees of $49,000, professional fees of $15,291 and operating expenses related to general working capital purposes. These expenses were offset by interest income of $20,453.

(6) Net loss of $546,729 principally relates to stock-based compensation of $376,105, management fees of $188,030, professional fees of $156,288 and operating expenses related to general working capital purposes. These expenses were offset by interest and other income of $24,448 and a future income tax recovery of $291,643

(7) Net loss of $380,508 principally relates to stock-based compensation of $307,200, professional fees of $46,759, management fees of $31,429 and operating expenses related to general working capital purposes. These expenses were offset by interest income of $31,865.

(8) Net loss of $1,300,024 principally relates to stock-based compensation of $1,034,134, professional fees of $160,704, management fees of $46,000 and operating expenses related to general working capital purposes. These expenses were offset by interest income of $31,393

Results of Operations

Three months ended March 31, 2010, compared with three months ended March 31, 2009

Petrolympic's net loss totaled $128,988 for the three months ended March 31, 2010, with basic and diluted loss per share of $0.00. This compares with a net loss of $69,766 with basic and diluted loss per share of $0.00 for the three months ended March 31, 2009. The increase in the net loss of $59,222 was principally because:

- Professional fees for the three months ended March 31, 2010, were $37,370 (three months ended March 31, 2009 - $15,291), an increase of $22,079 compared to the same period in 2009. The increase can be attributed to increased corporate activity in Q1 2010 compared to Q1 2009 requiring legal assistance.

- Management fees for the three months ended March 31, 2010, were $63,250 (three months ended March 31, 2009 - $49,000), an increase of $14,250 compared to the same period in 2009. Management fees in Q1 2010 comprised: Mendel Ekstein (Chief Executive Officer) - $37,500; Andreas Jacob (Vice President) - $21,250; and Marrelli CFO Outsource Syndicate Inc. ("Marrelli") (Carmelo Marrelli - Chief Financial Officer) - $4,500. Management fees in Q1 2009 comprised: Mendel Ekstein (Chief Executive Officer) - $25,000; Andreas Jacob (Vice President) - $15,000; and Ambrose Partners Inc. (Ernest Cleave, former Chief Financial Officer) - $9,000.

- Investor relations and promotion expenses for the three months ended March 31, 2010, were $15,050 (three months ended March 31, 2009 – $14,588), an increase of $462 compared to the same period in 2009. The costs related to fees paid to investor relations firms. The amounts incurred remained consistent for both periods presented.

- Reporting issuer costs for the three months ended March 31, 2010, were $8,818 (three months ended March 31, 2009 – $9,475), a decrease of $657 compared to the same period in 2009. These costs related to being a public company. The amounts incurred remained consistent for both periods presented.

- Office and general costs for the three months ended March 31, 2010, were $4,273 (three months ended March 31, 2009 – $13,800), a decrease of $9,527 compared to the same period in 2009. The decrease resulted from lower support costs needed in Q1 2010 compared to Q1 2009 to advance the Company's projects.

- Interest and other income for the three months ended March 31, 2010, was $524 (three months ended March 31, 2009 - $35,402), a decrease of $34,878 compared to the same period in 2009. The decrease is attributable to the Company utilizing cash reserves for working capital requirements instead of investing funds in cash equivalents that generate interest income. This was compounded by a reduction in interest rates on cash equivalents.

- All other expenses related to general working capital purposes.

Liquidity and Financial Position

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, 2010, the Company did not have any equity transactions. There is no assurance that future equity capital 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.

At March 31, 2010, the Company had working capital of $3,728,530, compared to $3,917,516 at December 31, 2009. The Company had cash and cash equivalents of $3,324,034 at March 31, 2010, compared to $3,716,293 at December 31, 2009, a decrease of about 10%. The decrease in cash and cash equivalents during the three months ended March 31, 2010, is primarily due to cash expenditures for the Company's exploration activities, outlined under "Overall Performance", and operating expenses incurred during the period.

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 March 31, 2010, the Company had 81,456,195 common shares issued and outstanding, 2,500,000 warrants outstanding, which would raise $3,500,000 if exercised in full, and 7,983,336 options outstanding, which would raise $2,780,250 if exercised in full. This is not anticipated until the market price of the Company's traded common shares increases.

Accounts payable and accrued liabilities decreased to $114,383 at March 31, 2010, compared to $345,085 at December 31, 2009, primarily due to less accounts payable in the most recent period. The Company's cash and cash equivalents as at March 31, 2010, was more than sufficient to satisfy these liabilities.

Cash used in operating activities was $332,003 for the three months ended March 31, 2010. Operating activities were affected by the net decrease in non-cash working capital balances of $203,273 because of a decrease in prepaid expenses and other assets of $27,429 and a decrease in accounts payable and accrued liabilities of $230,702. The Company also recorded amortization of property and equipment of $258.

Cash used in investing activities was $60,256 for the three months ended March 31, 2010, which relates to additions to deferred exploration costs.

To date, the cash resources of the Company are held with one major Canadian chartered bank. The Company has no debt and 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 excess cash is invested in investment grade term deposit certificates. As of March 31, 2010, excess cash was invested in bank-backed guaranteed investment certificates that amounted to $1,020,693, which was included in cash and cash equivalents.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities. Investing activities include the cash components of the cost of acquisition and exploration of its petroleum and natural gas interests. Currently, the Company's operating expenses are averaging less than $45,000 per month for management fees, month-to-month professional fees and other working capital related expenses. The Company also plans to incur its 30% share of about $22,500 on the St. Lawrence Lowlands (Squatex) area for data integration, $100,000 for its interpretation and analysis on the St.

Lawrence Lowlands (100%) (approximately $49,000 spent), and its 30% share of about $318,000 on the Lower St. Lawrence (Squatex) area for data integration and stratigraphic coring. In addition, the Company has existing discretionary commitments at March 31, 2010, of approximately $1.3 million up to the end of year 2012, representing minimum annual property rental and required exploration expenditures.

Assuming that management is successful in discovering petroleum and natural gas reserves on one of the Company's exploration permits in the Appalachian Basin of Quebec, including holdings in the Gaspésie Peninsula, the St. Lawrence Lowlands and the Lower St. Lawrence, future work plans to develop the petroleum and natural gas reserve will depend upon the Company's assessment of prior results, the condition of the Company financially and the then prevailing economic climate in general.

Regardless of whether or not the Company discovers petroleum and natural gas reserves, its working capital of $3,728,530 at March 31, 2010, is anticipated to be adequate for it to meet its 2010 planned expenditures. However, to meet long-term business plans, discovery of a petroleum and natural gas reserve on one of its exploration permits is an important component of the Company's financial success.

Critical Accounting Estimates

The preparation of the Company's unaudited interim consolidated financial statements requires management to make certain estimates that affect the amounts reported in the consolidated financial statements. The accounting estimates considered to be significant are the valuation of the Company's unproven petroleum and natural gas properties, warrants and stock-based compensation.

The policy of capitalizing exploration costs to date does not necessarily relate to the future economic value of the exploration properties. The valuation of unproven petroleum and natural gas properties is dependent entirely upon the discovery of economic petroleum and natural gas reserves.

The Company uses the Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation and warrants is the stock price volatility used. The Company uses historical price data and comparables in the estimate of the stock price volatility.

Other items requiring estimates for the three months ended March 31, 2010, are accounts payable and accrued liabilities and future income taxes. Changes in the accounting estimates in these items may have a material impact on the financial position of Petrolympic.

Future Accounting Changes

International Financial Reporting Standards

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2011. The Company's 2011 interim and annual financial statements will include comparative 2010 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan

The Company has established a comprehensive IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.	Complete.
Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards.	Complete.
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	In progress, completion expected during Q2 2010
Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.	In progress, completion expected during Q3 2010
Quantification of the financial statement impact of changes in accounting policies.	Throughout 2010
Management and employee education and training.	Throughout the transition process

Impact of Adopting IFRS on the Company's Business

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff and advisers involved in the preparation of the consolidated financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies. Employees of the Company who will be affected by a change to business processes as a result of the conversion to IFRS will also be trained as necessary.

The Board of Directors and the Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has identified the following optional exemptions that it expects to apply in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Company's "transition date":

- To apply IFRS 2 *Share-based Payments* only to equity instruments issued after November 7, 2002, and that had not vested by the transition date.
- To apply IFRS 3 *Business Combinations* prospectively from the transition date, therefore not restating business combinations that took place prior to the transition date.
- To apply the transition provisions of IFRIC 4 *Determining whether an Arrangement Contains a Lease*, therefore determining if arrangements existing at the transition date contain a lease based on the circumstances existing at that date.
- To apply IAS 23 *Borrowing Costs* prospectively from the transition date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

Prior to reporting interim financial statements in accordance with IFRS for the quarter ending March 31, 2011, the Company may decide to apply other optional exemptions contained in IFRS 1.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the transition date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time, however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) *Exploration and Evaluation Expenditures*

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of petroleum and natural gas properties.

The Company expects to establish an accounting policy to expense, as incurred, all costs relating to exploration and evaluation until such time as it has been determined that a property has economically recoverable reserves.

The application of this policy on the adoption of IFRS will have a significant impact on the Company's consolidated financial statements. On adoption of IFRS, the carrying value of the unproven petroleum and natural gas properties will be reduced to zero (at the transition date), with a corresponding adjustment to accumulated deficit. All subsequent exploration and evaluation costs will be expensed as incurred until such time as it has been determined that a property has economically recoverable reserves.

2) *Impairment of (Non-financial) Assets*

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

The Company's accounting policies related to impairment of non-financial assets will be changed to reflect these differences. However, the Company does not expect that this change will have an immediate impact on the carrying value of its assets. The Company will perform impairment assessments in accordance with IFRS at the transition date.

3) *Share-based Payments*

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its consolidated financial statements.

4) *Asset Retirement Obligations (Decommissioning Liabilities)*

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

The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences. However, the Company does not expect this change will have an immediate impact on the carrying value of its assets.

5) Property and Equipment

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to line items within its consolidated financial statements.

6) Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its consolidated financial statements.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- The Company's MD&A for the 2010 interim periods and the year ended December 31, 2010, will include updates on the progress of the transition plan, and, to the extent known, further information regarding the impact of adopting IFRS on key line items in the annual consolidated financial statements.
- The Company's first financial statements prepared in accordance with IFRS will be the interim consolidated financial statements for the three months ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending March 31, 2011, will also include 2010 consolidated financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (at January 1, 2010).

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on adoption. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on adoption. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on adoption.

Financial Instruments

(a) Property Risk

Unless the Company acquires or develops additional significant properties, it will be solely dependent upon its existing projects. If the Company acquires no additional petroleum and natural gas properties, any adverse development affecting its existing projects would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate, foreign exchange rate, and commodity and equity price risk). The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

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 tax credit receivable. Cash and cash equivalents are held with reputable Canadian chartered banks, from which management believes the risk of loss to be minimal.

Financial instruments included in tax credit receivable consist of tax receivable from government authorities in Canada. Management believes that the credit risk concentration with respect to financial instruments included in tax credit receivable is minimal.

Tax credit receivable is in good standing as of March 31, 2010.

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 of matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2010, the Company had a cash and cash equivalents balance of $3,324,034 (December 31, 2009 - $3,716,293) to settle current liabilities of $114,383 (December 31, 2009 - $345,085). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Market Risk

Interest Rate Risk
The Company has significant cash balances. The Company's current policy is to invest excess cash in certificates of deposit or interest bearing accounts at major Canadian chartered banks. The Company periodically monitors its cash management policy.

Foreign Currency Risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars and U.S. dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Commodity Price Risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices as they relate to petroleum and natural gas to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

As of March 31, 2010, both the carrying and fair value amounts of the Company's financial instruments are the same.

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

(i) Cash and cash equivalents are subject to floating interest rates. As at March 31, 2010, if interest rates had varied by one percentage point with all other variables held constant, income for the three months ended March 31, 2010, would have varied by approximately $2,500. Similarly, as at March 31, 2010, shareholders' equity would have varied by $2,500 as a result of the variance in interest income from cash and cash equivalents due to a one percentage point variance in interest rates.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents. Sensitivity to a plus or minus 10% change in foreign exchange rates would affect net income by approximately $200.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of developments depend upon the world market price of petroleum and natural gas. Petroleum and natural gas prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of petroleum and natural gas are produced in the future, a profitable market will exist for them. A decline in the market price of petroleum and natural gas may also require the Company to reduce its resources, which could have a material and adverse effect on the Company's value. As of March 31, 2010, the Company is not a petroleum and natural gas producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Fair value hierarchy and liquidity risk disclosure

Cash of $2,303,341 is considered as Level 1 and cash equivalents of $1,020,693 are considered as Level 2 within the fair value hierarchy as at March 31, 2010.

Share Capital

As at May 25, 2010, the Company had 81,456,195 issued and outstanding common shares.

Warrants outstanding for the Company at May 25, 2010, were as follows:

Warrants	Expiry Date	Exercise Price
2,500,000	June 26, 2011	$1.40
2,500,000		

Stock options outstanding for the Company at May 25, 2010, were as follows:

Options	Expiry Date	Exercise Price
100,000	June 1, 2012	$0.20
4,666,669	February 19, 2013	$0.18
666,667	June 16, 2013	$0.90
800,000	June 23, 2013	$0.90
800,000	September 12, 2013	$0.40
950,000	June 17, 2014	$0.295
150,000	April 23, 2015	$0.28
8,133,336		

Risks Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such 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 management's discussion and analysis for the fiscal year ended December 31, 2009, available on SEDAR at **www.sedar.com**. There have been no significant changes to such risk factors since the date thereof.

Related Parties

For the three months ended March 31, 2010, the Company paid $4,500 to Marrelli for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company (three months ended March 31, 2009, - $nil). Carmelo Marrelli beneficially owns Marrelli. The Chief Financial Officer is also the president of Marrelli Support Services Inc., a firm providing accounting services to the Company. During the three months ended March 31, 2010, the Company expensed $6,948 (three months ended March 31, 2009 - $15,934) for services rendered by this firm. At March 31, 2010, this firm was owed $8,732 (December 31, 2009 - $8,237) and this amount was included in accounts payable and accrued liabilities.

For the three months ended March 31, 2010, the Company paid $20,095 (three months ended March 31, 2009 - $nil) in professional fees to Fogler, Rubinoff LLP, a law firm in which Adam K. Szweras, the corporate secretary of the Company, is a partner. At March 31, 2010, this firm was owed $16,243 (December 31, 2009 - $8,466), which is included in accounts payable and accrued liabilities.

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

Additional Disclosure for Venture Issuers Without Significant Revenue

The following table sets forth a breakdown of material components of unproven petroleum and natural gas properties:

Quebec – Deferred Exploration Costs	March 31, 2010	March 31, 2009
Beginning balance	**1,205,531**	**1,882,105**
Analysis	nil	12,250
Drilling	nil	18,030
Geology	16,858	16,099
Consulting	8,840	nil
Geophysical surveys	nil	nil
Reports	nil	nil
General exploration costs	nil	16,170
Claim costs	nil	nil
Permits and licences	4,544	nil
Geophysical	30,014	nil
Total costs incurred	**60,256**	**62,549**
Ending balance	**$1,265,787**	**$1,944,654**

Quebec – Acquisition Costs	March 31, 2010	March 31, 2009
Beginning balance	**$2,062,406**	**$2,062,406**
Activity during the period	nil	nil
Total costs incurred	**-**	**-**
Ending balance	**$2,062,406**	**$2,062,406**

Disclosure of Internal Controls

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

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), this Venture Issuer Basic Certificate 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 this 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 consolidated financial statements for external purposes in accordance with the issuer's GAAP.

The issuer'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 this 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.

Commitments

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

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

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

Litigation

On January 6, 2010, a statement of claim was filed but not served upon the Company which contains claims for $5,000,000 each for general and special damages, alternative damages, exemplary and punitive damages and damages for interference in contractual relations. The Company believes that the claim is completely without merit. The outcome of this matter is not known and accordingly, no amount has been accrued with respect to this claim.

Subsequent events

(i) On April 7, 2010, in accordance with the Agreement, Canbriam selected the 8,000-hectare parcel (of the 32,000 hectares) of contiguous Farmout Lands for which Canbriam has earned a 60% interest. The existing joint venture holds the remaining 40% interest (Squatex - 28% and Petrolympic - 12%).

(ii) On April 23, 2010, the Company granted incentive stock options to an officer and a consultant of the Company for the purchase of a total of 150,000 common shares of the Company at the exercise price of $0.28 exercisable until April 23, 2015. The options are being granted pursuant to the terms of the Company's stock option plan.

Additional information

Additional information relating to the Company is available on its website at **www.petrolympic.com** or on SEDAR at **www.sedar.com**.