PETROLYMPIC

PETROLYMPIC LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2014

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Petrolympic Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2014 and 2013 have not been reviewed by the Company's auditors.

Petrolympic Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at March 31, 2014	As at December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	**$ 854,129**	$ 312,028
Tax credit receivable	**14,767**	14,767
Amounts receivable and other assets (note 4)	**43,693**	62,068
Total current assets	**912,589**	388,863
Non-current assets		
Equipment (note 5)	**47,076**	50,893
Reclamation bond	**8,799**	8,465
Total non-current assets	**55,875**	59,358
Total assets	**$ 968,464**	$ 448,221
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 6 and 14(a)(b))	**$ 175,128**	$ 316,288
Loan payable (notes 7 and 14(a)(iv))	**-**	195,735
Total current liabilities	**175,128**	512,023
Equity (deficit)		
Share capital (note 8)	**7,587,143**	6,894,450
Units to be issued	**-**	316,164
Reserves	**1,455,177**	884,407
Deficit	**(8,248,984)**	(8,158,823)
Total equity (deficit)	**793,336**	(63,802)
Total equity (deficit) and liabilities	**$ 968,464**	$ 448,221

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

Nature of operations and going concern (note 1)

On behalf of the Board:

(Signed) Mendel Ekstein
Director

(Signed) Frank Ricciuti
Director

Petrolympic Ltd.

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

Three Months Ended March 31,	2014	2013
Operating expenses		
Exploration and evaluation expenditures (note 12)	**$ 24,229**	$ 54,540
General and administrative (note 13)	**69,524**	247,606
Operating loss	**(93,753)**	(302,146)
Sale of oil	**7,857**	-
Premium on flow-through shares	**-**	13,143
Depreciation	**-**	(38)
Accretion expense (note 7)	**(4,265)**	-
Net loss for the period	**(90,161)**	(289,041)
Other comprehensive (loss) income		
Item that will be reclassified subsequently to income		
Exchange differences on translating foreign operations	**(659)**	304
Net loss and comprehensive loss for the period	**$ (90,820)**	$ (288,737)
Basic and diluted net loss per share (note 11)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding (note 11)	**96,209,733**	86,696,243

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

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

Three Months Ended March 31,	2014	2013
Operating activities		
Net loss for the period	**$ (90,161)**	$ (289,041)
Adjustment for:		
Depreciation	**3,817**	38
Share-based payment (note 9)	**-**	183,333
Change in unrealized foreign exchange	**(659)**	304
Premium on flow-through shares	**-**	(13,143)
Accretion expense (note 7)	**4,265**	-
Non-cash working capital items:		
Amounts receivable and other assets	**18,375**	271,343
Accounts payable and accrued liabilities	**(141,160)**	(75,205)
Reclamation bond	**(334)**	-
Net cash (used in) provided by operating activities	**(205,857)**	77,629
Financing activities		
Loan (repayment) payable (note 7)	**(200,000)**	185,000
Net proceeds from private placement (note 8(b)(i))	**947,958**	-
Net cash provided by financing activities	**747,958**	185,000
Net change in cash and cash equivalents	**542,101**	262,629
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	**-**	(168)
Cash and cash equivalents, beginning of period	**312,028**	101,411
Cash and cash equivalents, end of period	**$ 854,129**	$ 363,872

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

Petrolympic Ltd.

Condensed Interim Consolidated Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited)

			Reserves				
	Share capital	Units to be issued	Contributed surplus	Warrant reserve	Other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2012	**$ 6,792,663**	**$ -**	**$ 2,208,397**	**$ 37,491**	**$ 14,986**	**$ (8,932,533)**	**$ 121,004**
Share-based payment (note 9)	-	-	183,333	-	-	-	183,333
Net loss and comprehensive loss for the period	-	-	-	-	304	(289,041)	(288,737)
Balance, March 31, 2013	**$ 6,792,663**	**$ -**	**$ 2,391,730**	**$ 37,491**	**$ 15,290**	**$ (9,221,574)**	**$ 15,600**
Balance, December 31, 2013	**$ 6,894,450**	**$ 316,164**	**$ 807,769**	**$ 88,384**	**$ (11,746)**	**$ (8,158,823)**	**$ (63,802)**
Common share units issued (note 8(b)(i))	692,693	(316,164)	-	571,429	-	-	947,958
Net loss and comprehensive loss for the period	-	-	-	-	(659)	(90,161)	(90,820)
Balance, March 31, 2014	**$ 7,587,143**	**$ -**	**$ 807,769**	**$ 659,813**	**$ (12,405)**	**$ (8,248,984)**	**$ 793,336**

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

1. Nature of operations and going concern

Petrolympic Ltd. (the "Company" or "Petrolympic") was incorporated under the *Business Corporations Act* (Ontario). Petrolympic is an exploration company, engaged in the acquisition, exploration and development of petroleum and natural gas properties. At the date of these unaudited condensed interim consolidated financial statements, the Company has not yet discovered any deposits, nor has it earned any income. The Company's common shares are listed on the TSX Venture Exchange under the symbol PCQ. The primary office is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C 2C5. The Company's year end is December 31st.

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. In the absence of additional financing or strategic alternatives, these factors cast substantial doubt in the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and was required to realize its assets or discharge its obligations in anything other than the ordinary course of operations. These adjustments could be material.

Petrolympic is at an early stage of development and, as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company had working capital of $737,461 at March 31, 2014 (December 31, 2013 - working capital deficit of $123,160). For the three months ended March 31, 2014, the Company had a net loss and comprehensive loss of $90,820 (three months ended March 31, 2013 - net loss and comprehensive loss of $288,737). For the three months ended March 31, 2014, the Company had cash inflows of $542,101 (three months ended March 31, 2013 - cash inflows of $262,629). These circumstances cast significant doubt as to the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon its obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These 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 as issued by the IASB and interpretations issued by the IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 20, 2014, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2013, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2014 could result in restatement of these unaudited condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Change in accounting policies

IAS 32 - Financial Instruments, Presentation ("IAS 32") was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Future accounting changes

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

3. Cash and cash equivalents

	As at March 31, 2014	As at December 31, 2013
Cash	**$ 844,129**	$ 302,028
Cash equivalents	**10,000**	10,000
Total	**$ 854,129**	$ 312,028

4. Amounts receivable and other assets

	As at March 31, 2014	As at December 31, 2013
Sales tax receivable - (Canada)	**$ 23,066**	$ 28,123
Prepaid expenses	**20,627**	33,945
	$ 43,693	$ 62,068

(Expressed in Canadian Dollars)

5. Equipment

Cost

		Oil and gas equipment
Balance, December 31, 2013 and March 31, 2014	**$**	**56,947**

Accumulated depreciation

		Oil and gas equipment
Balance, December 31, 2013	**$**	**6,054**
Depreciation		3,817
Balance, March 31, 2014	**$**	**9,871**

Carrying amounts

		Oil and gas equipment
At December 31, 2013	**$**	**50,893**
At March 31, 2014	**$**	**47,076**

6. Accounts payable and accrued liabilities

		As at March 31, 2014		As at December 31, 2013
Trade payables	**$**	**56,426**	$	168,611
Accrued liabilities		**118,702**		147,677
	$	**175,128**	$	316,288

(Expressed in Canadian Dollars)

7. Loan payable

The Company entered into a financing arrangement (the "Loan") for the purposes of funding exploration on the Chittim Ranch property and increasing its working capital, whereby the Company borrowed $200,000 (the "Principal") from Mendel Ekstein, the Chief Executive Officer ("CEO") and the President of the Company (the "Lender"), for a term of 12 months, which Principal will bear no interest (but will bear interest at a rate of 30% per annum in the case of a default). In connection with the Loan, Petrolympic has entered into a promissory note and other agreements and executed certain documents, including entering into a share pledge agreement (the "Share Pledge Agreement") with the Lender, providing for the pledge by the Company to the Lender of shares in the capital of Petrolympia Inc. and Petrolympic USA, Inc., upon the terms and conditions set out in the Share Pledge Agreement. The Loan had a settlement date of February 20, 2014 and was repaid in January 2014.

8. Share capital

a) Authorized share capital

At March 31, 2014, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At March 31, 2014, the issued share capital amounted to $7,587,143.

Issued:

	Number of common shares	Amount
Balance, December 31, 2012 and March 31, 2013	**86,696,243**	**$ 6,792,663**
Balance, December 31, 2013	89,274,243	$ 6,894,450
Private placement, net of costs (i)	8,770,666	692,693
Balance, March 31, 2014	**98,044,909**	**$ 7,587,143**

(i) In Q1 2014, the Company issued 8,770,666 units of the Company (the "Units") at a price of $0.15 per Unit for aggregate gross proceeds of $1,315,600. Each Unit consists of one common share of the Company (a "Unit Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share ("a "Warrant Share") at a price of $0.25 per Warrant Share for a period of 18 months from the date of issuance.

Compensation options were also issued to certain finders. The finders received 877,066 compensation options (“Compensation Options”), each Compensation Option being exercisable into one Unit within 18 months of closing, at an exercise price of $0.15.

A value of $526,240 was estimated for the 8,770,666 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 158% using the historical price history of the Company; risk-free interest rate of 1.01%; and an expected average life of 18 months.

Total share issue costs of $51,478 were charged and allocated $30,887 to share capital and $20,591 to warrants.

(Expressed in Canadian Dollars)

8. Share capital (continued)

b) Common shares issued (continued)

(i) (continued) A value of $109,633 was estimated for the 877,066 compensation options on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 158% using the historical price history of the Company; risk-free interest rate of 1.01%; and an expected average life of 18 months. This value charged $65,780 to share capital and $43,853 to warrants as transaction costs.

9. Stock options

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2012	7,800,002	0.34
Expired	(3,333,335)	0.18
Granted (i)	3,333,335	0.10
Balance, March 31, 2013	**7,800,002**	**0.31**

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2013 and March 31, 2014	**8,400,002**	**0.13**

(i) On March 25, 2013, the Company granted 3,333,335 options of the Company at a price of $0.10 per share, expiring March 25, 2018. 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 $0.07; 119% volatility; risk-free interest rate of 1.32%; 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 $183,333 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.

The following table reflects the actual stock options issued and outstanding as of March 31, 2014:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
June 17, 2014	0.295	0.21	750,000	750,000
April 23, 2015	0.280	1.06	100,000	100,000
April 24, 2017	0.120	3.07	1,100,000	1,100,000
March 25, 2018	0.100	3.99	3,333,335	3,333,335
June 26, 2018	0.100	4.24	1,466,667	1,466,667
November 21, 2018	0.175	4.65	800,000	800,000
December 9, 2018	0.150	4.70	850,000	850,000
		3.67	**8,400,002**	**8,400,002**

(Expressed in Canadian Dollars)

10. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Grant date fair value ($)
Balance, December 31, 2012 and March 31, 2013	**1,809,524**	**37,491**

	Number of warrants	Grant date fair value ($)
Balance, December 31, 2013	4,387,524	88,384
Granted (note 8(b)(i))	8,770,666	505,649
Compensation options issued (note 8(b)(i))	877,066	65,780
Balance, March 31, 2014	**14,035,256**	**659,813**

The following table reflects the actual warrants issued as of March 31, 2014:

Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
1,809,524	37,491	0.10	June 28, 2014
2,578,000	50,893	0.10	February 27, 2015
6,300,000	363,209	0.25	July 13, 2015
2,470,666	142,440	0.25	August 7, 2015
877,066	65,780	0.15	August 7, 2015
14,035,256	**659,813**		

11. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2014 was based on the loss attributable to common shareholders of $90,161 (three months ended March 31, 2013 - loss of $289,041) and the weighted average number of common shares outstanding of 96,209,733 (three months ended March 31, 2013 - 86,696,243). Diluted loss per share did not include the effect of 8,400,002 options outstanding (comparative period - 7,800,002 options outstanding) as they are anti-dilutive. Diluted loss per share did not include the effect of 14,035,256 warrants outstanding (comparative period - 1,809,524 warrants outstanding) as they are anti-dilutive.

(Expressed in Canadian Dollars)

12. Exploration and evaluation expenditures

Three Months Ended March 31,	2014	2013
Québec, Canada (a)		
Gross exploration activities		
General exploration costs	**$ -**	$ 32,041
Geophysical	**-**	500
Permits and licenses	**-**	4,921
Net costs	**$ -**	$ 37,462
Texas, USA (b)		
Development costs	**$ 20,412**	$ 17,078
Depreciation	**3,817**	-
Net costs	**$ 24,229**	$ 17,078
Total exploration costs	**$ 24,229**	$ 54,540

(a) Québec Properties, Québec (Canada)

During the three months ended March 31, 2014, the Company's share of exploration and evaluation expenditures on its Québec, Canada property interests amounted to $nil (three months ended March 31, 2013 - $37,462). Total cumulative exploration and evaluation expenditures incurred on its Québec, Canada property interests to March 31, 2014 amounted to $4,447,713 (December 31, 2013 - $4,447,713).

(b) Chittim Ranch Property, Texas (USA)

During the three months ended March 31, 2014, the Company's share of exploration and evaluation expenditures on its Chittim Ranch property in Texas (USA) amounted to $24,229 (three months ended March 31, 2013 - $17,078). Total cumulative exploration and evaluation expenditures incurred on its Chittim Ranch property to March 31, 2014 amounted to $1,731,933 (December 31, 2013 - $1,707,704).

13. General and administrative

Three Months Ended March 31,	2014	2013
Share-based payment (note 9)	**$ -**	$ 183,333
Professional fees	**8,712**	8,524
Management fees	**12,000**	16,500
Administrative and general	**20,031**	15,026
Salaries and benefits	**6,063**	8,809
Investor relations and promotion	**19,949**	7,191
Reporting issuer costs	**2,769**	8,223
	$ 69,524	$ 247,606

(Expressed in Canadian Dollars)

14. Related party balances and transactions

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

As at March 31, 2014, Mendel Ekstein, an officer and director of the Company, controls or indirectly controls 26,215,436 common shares of the Company, or approximately 27% of the total common shares outstanding. As at March 31, 2014, Andreas Jacob, a director of the Company, controls or indirectly controls 11,967,625 common shares of the Company, or approximately 12% of the total common shares outstanding. As at March 31, 2014, the remaining directors and/or officers of the Company collectively control 291,374 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:

	Notes	Three Months Ended March 31, 2014	2013
Marrelli Support Services Inc. ("Marrelli Support")	(i)	**$ 6,118**	$ 11,327
DSA Corporate Services Inc. ("DSA")	(ii)	**2,570**	5,003
Fogler Rubinoff LLP ("Fogler")	(iii)	**-**	12,028
Loan payable - Mendel Ekstein	(iv)	**-**	185,000
Andreas Jacob	(v)	**51,478**	

(i) For the three month ended March 31, 2014, the Company expensed $6,118 (three months ended March 31, 2013 - $11,327) 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. The amounts charged by Marrelli Support are based on what Marrelli Support usually charges its regular clients. The Company expects to continue to use Marrelli Support for an indefinite period of time. As at March 31, 2014, Marrelli Support was owed $4,735 (December 31, 2013 - $15,633) and this amount was included in accounts payable and accrued liabilities.

(ii) For the three months ended March 31, 2014, the Company expensed $2,570 (three months ended March 31, 2013 - $5,003) 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. The amounts charged by DSA are based on what DSA usually charges its regular clients. The Company expects to continue to use DSA for an indefinite period of time. As at March 31, 2014, DSA was owed $3,196 (December 31, 2013 - 7,960) and this amount was included in accounts payable and accrued liabilities.

(iii) For the three months ended March 31, 2014, the Company expensed $nil (three months ended March 31, 2013 - $12,028) to Fogler for professional services. The amounts charged by Fogler are based on what Fogler usually charges its regular clients. The Company expects to continue to use Fogler for an indefinite period of time. Adam Szweras, the Corporate Secretary of Petrolympic, is a partner at Fogler. As at March 31, 2014, Fogler was owed $12,674 (December 31, 2013 - 25,270).

(iv) The total loan balance owed to the President and CEO of the Company as of March 31, 2014 amounted to $nil (December 31, 2013 - $200,000). In Q1 2014, the Company repaid the loan in full. (see note 7).

(Expressed in Canadian Dollars)

14. Related party balances and transactions (continued)

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

(v) In Q1 2014, Andreas Jacob, Vice-President and a director of the Company was paid $51,478 as a finders' fee for assisting in the financing which raised gross proceeds of $1,315,600 (note 8(b)(i)).

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

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Salaries and benefits	**$ 19,500**	$ 20,809
Share-based payment	**-**	183,333
Total remuneration	**$ 19,500**	$ 204,142

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. As at March 31, 2014, directors and key management personnel of the Company were owed $104,679 (December 31, 2013 - $95,742) for remuneration, excluding amounts disclosed in (a) above. The Company is deferring payments to directors and key management.

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.