



Petrolympic Ltd.
Consolidated Financial Statements
Years Ended December 31, 2020 and 2019
(Expressed In Canadian Dollars)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Petrolympic Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Petrolympic Ltd. (the Company), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of \$327,987 during the year ended December 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 30, 2021

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

	As at December 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents (note 6)	\$ 129,207	\$ 24,405
Prepaid expenses	6,494	6,494
Total current assets	135,701	30,899
Non-current assets		
Equipment (note 7)	-	6,629
Reclamation bond	-	10,338
Total non-current assets	-	16,967
Total assets	\$ 135,701	\$ 47,866
SHAREHOLDERS' DEFICIENCY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 8, 14(b) and 17)	\$ 764,366	\$ 607,014
Advances from related party (note 9)	157,268	111,712
Total current liabilities	921,634	718,726
Non-current liabilities		
Loan payable (note 10)	40,000	-
Total liabilities	961,634	718,726
Shareholders' deficiency		
Share capital (note 11)	9,237,076	9,402,939
Reserves	1,119,574	878,183
Deficit	(11,182,583)	(10,951,982)
Total shareholders' deficiency	(825,933)	(670,860)
Total shareholders' deficiency and liabilities	\$ 135,701	\$ 47,866

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

Nature of operations and going concern (note 1)

Commitments and contingencies (note 18)

Subsequent events (note 21)

On behalf of the Board:

(Signed) Mendel Ekstein
Director

(Signed) Miles Pittman
Director

Petrolympic Ltd.**Consolidated Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2020	2019
Operating expenses		
Exploration and evaluation expenditures (note 14)	\$ 7,115	\$ 155,030
General and administrative (note 16)	330,278	344,834
Operating loss	(337,393)	(499,864)
Other income (expenses)		
Foreign exchange loss	(1,610)	(2,579)
Gain on derecognition of subsidiary	34,219	-
Write down of oil and gas equipment (note 7)	(4,192)	-
Net loss for the year	\$ (308,976)	\$ (502,443)
Other comprehensive income (loss)		
Item that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	-	3,998
Exchange differences on derecognition of foreign subsidiary	(19,011)	-
Comprehensive loss for the year	\$ (327,987)	\$ (498,445)
Basic and diluted net loss per share (note 15)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding (note 15)	110,580,787	110,443,894

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

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

	Year Ended December 31,	
	2020	2019
Operating activities		
Net loss for the year	\$ (308,976)	\$ (502,443)
Adjustments for:		
Depreciation (note 7)	2,438	1,926
Share-based payments	77,102	98,573
Change in unrealized foreign exchange	31,250	1,202
Loss on disposition of oil and gas equipment (note 7)	4,192	-
Gain on derecognition of subsidiary	(34,219)	-
Non-cash working capital items:		
Amounts receivable and other assets	-	70,349
Accounts payable and accrued liabilities	157,352	164,478
Reclamation bond	10,338	521
Net cash and cash equivalents used in operating activities	(60,523)	(165,394)
Financing activities		
Advances from related party (note 9)	29,513	87,575
Proceeds from loan payable (note 10)	40,000	-
Net proceeds from private placement (note 11(b))	95,812	-
Net cash and cash equivalents provided by financing activities	165,325	87,575
Effect of exchange rate fluctuations on cash in foreign currency held	-	(367)
Net change in cash and cash equivalents	104,802	(78,186)
Cash and cash equivalents, beginning of year	24,405	102,591
Cash and cash equivalents, end of year (note 6)	\$ 129,207	\$ 24,405

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

Petrolympic Ltd.

Consolidated Statements of Changes in Shareholders' Deficiency (Expressed in Canadian Dollars)

	Reserves						Total
	Share capital	Contributed surplus	Warrant reserve	Other comprehensive income	Deficit		
Balance, December 31, 2018	\$ 9,417,016	\$ 1,156,857	\$ 195,015	\$ 15,013	\$(11,054,889)	\$ (270,988)	
Warrant extension revaluation (note 13(i))	(14,077)	-	14,077	-	-	-	
Share-based payment	-	98,573	-	-	-	98,573	
Reclassification of expired options	-	(605,350)	-	-	605,350	-	
Foreign operations currency translation reserve	-	-	-	3,998	-	3,998	
Net loss for the year	-	-	-	-	(502,443)	(502,443)	
Balance, December 31, 2019	\$ 9,402,939	\$ 650,080	\$ 209,092	\$ 19,011	\$(10,951,982)	\$ (670,860)	
Warrant extension revaluation (note 13(ii)(iii)(iv))	(173,972)	-	173,972	-	-	-	
Private placement (note 11(b))	100,000	-	-	-	-	100,000	
Fair value of warrants issued (note 11(b))	(87,703)	-	87,703	-	-	-	
Cost of issuance	(4,188)	-	-	-	-	(4,188)	
Share-based payment (note 12(ii))	-	77,102	-	-	-	77,102	
Reclassification of cancelled and expired options	-	(78,375)	-	-	78,375	-	
Derecognition of foreign subsidiary	-	-	-	(19,011)	-	(19,011)	
Net loss for the year	-	-	-	-	(308,976)	(308,976)	
Balance, December 31, 2020	\$ 9,237,076	\$ 648,807	\$ 470,767	\$ -	\$(11,182,583)	\$ (825,933)	

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

Petrolympic Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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 gold and petroleum and natural gas properties. At the date of these consolidated financial statements, the Company has not yet discovered any significant deposits, nor has it generated any profit from its activities. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol PCQ and on the OTCQX International under the symbol PCQRF. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1. The Company's year end is December 31st.

Petrolympic is at an early stage of exploration and, as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company had a working capital deficiency of \$785,933 at December 31, 2020 (December 31, 2019 - working capital deficiency of \$687,827). As at December 31, 2020, the Company has a deficit of \$11,182,583 (December 31, 2019 - \$10,951,982). For the year ended December 31, 2020, the Company had a comprehensive loss of \$327,987 (year ended December 31, 2019 - comprehensive loss of \$498,445). For the year ended December 31, 2020, the Company had total cash inflows of \$104,802 (year ended December 31, 2019 - cash outflows of \$78,186). These conditions raise material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company's ability to continue as a going concern is dependent upon its obtaining additional financing and eventually achieving profitable operations 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.

These 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. These 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.

2. Significant accounting policies

(a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2020.

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of December 31, 2020. These financial statements were approved by the Board of Directors on April 30, 2021.

(b) *Basis of presentation*

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

Petrolympic Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(b) Basis of presentation (continued)

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

(c) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from an investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

During the year ended December 31, 2020, the operations in Petrolympic USA, Inc. and Oil-lympia Oil and Gas Inc have ceased and the companies filed Articles of Termination in November 2020. An associated gain on derecognition of subsidiaries is reported in operations. During the year ended December 31, 2019 and for a period during the year ended December 31, 2020, these consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Petrolympia Inc., Petrolympic USA, Inc. and Oil-lympia Oil and Gas Inc.

(d) Foreign currencies

The functional currency of the Company and its subsidiary Petrolympia Inc. is the Canadian Dollar. The functional currency of the subsidiaries Petrolympia USA, Inc. and Oil-lympia Oil and Gas Inc. is the US dollar. For the purpose of these consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot rate at the date of the initial transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

(e) Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Petrolympic Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	FVTPL
Reclamation Bond	Amortized cost

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Amortized cost
Advances from related party	Amortized cost
Loan payable	Amortized cost

Petrolympic Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(e) *Financial instruments (continued)*

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Financial instruments recorded at fair value

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

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

As of December 31, 2020 and December 31, 2019, except for cash and cash equivalents, none of the Company's financial instruments are recorded at fair value in the consolidated statements of financial position. Cash and cash equivalents are classified as Level 1.

(f) *Exploration and evaluation expenditures*

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of petroleum and natural gas properties, property option payments and evaluation activity. Tax credits related to exploration and evaluation expenditures are netted against the related exploration and evaluation expenditures in the period in which they are recognized (see note 2(r)).

All consideration received or receivable for property sales are credited to operations.

Revenue from the sale of property is recognized once the sale is complete and all risks and rewards of ownership have been transferred to the purchaser.

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

Petrolympic Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(g) Finance costs

Costs incurred on the issuance of the Company's equity instruments are charged directly to the respective equity account.

(h) Flow-through shares

The Company, from time to time, finances a portion of its planned exploration and development activities through the issue of flow-through shares. Under the terms of the flow-through agreements, the income tax deductions attributable to the capital expenditures are renounced to the subscribers. The difference between the subscription price of the flow-through shares and the common share prices at the date of issuance is initially recognized as a liability on the consolidated statement of financial position. The liability is then transferred to the consolidated statement of loss and comprehensive loss as other income when the Company has made the required expenditures and renounced to the tax authorities.

(i) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand, and guaranteed investment certificates with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(j) Joint Arrangements

The Company determines whether the joint arrangement entered into by the Company is a joint operation or a joint venture based upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Where the Company determines the joint arrangement represents a joint operation, the Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Where the Company determines the joint arrangement represents a joint venture, the Company recognizes its interest in a joint venture as an investment and accounts for this investment using the equity method, whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Company's share of the net assets of the joint venture. The Company's share of the joint venture's profit or loss and other comprehensive income (loss) is included in Company's profit or loss and other comprehensive income (loss), respectively.

Petrolympic Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(k) Equipment

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

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

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

Detail	Percentage	Method
Oil and gas equipment	30%	Declining balance

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

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the pre-tax time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statements of loss and comprehensive loss.

(l) Provisions

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

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

The Company had no material provisions at December 31, 2020 or December 31, 2019.

(m) Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Petrolympic Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(m) *Share-based payment transactions (continued)*

The fair value of share-based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company is required to measure their value, and the corresponding increase in contributed surplus, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

The fair value of unexercised options is adjusted to deficit on expiry.

(n) *Equity*

In situations where the Company issues units, the value of warrants is bifurcated using the relative fair value method. Proceeds from issuances by the Company of units consisting of shares and warrants are allocated between share capital and reserve for warrants on a relative fair value bases by first determining the relative fair value of the warrants and shares. The relative fair value of the shares and warrants is estimated using the share price at the time of financing and the Black-Scholes option pricing model.

The fair value of unexercised warrants is adjusted to deficit on expiry.

(o) *Income taxes*

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

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

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Petrolympic Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(p) *Restoration, rehabilitation and environmental obligations*

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

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

(q) *Loss per share*

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

(r) *Refundable tax credit for resources*

The Company is eligible for a refundable tax credit for resources for petroleum and natural gas industry companies in relation to eligible expenses incurred in Quebec, Canada. The refundable tax credit for resources represents up to 35% (December 31, 2019 - 35%) of the amount of eligible expenditures incurred. This tax credit is recognized as a credit to eligible exploration and evaluation costs expensed during the year, on cash receipt.

(s) *Significant accounting judgments and estimates*

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

Critical accounting estimates

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

- the inputs used in accounting for share-based payment transactions in profit or loss; and
- As more fully described in notes 12 and 13, calculation of the fair value of stock options and warrants issued requires the use of estimates of inputs in the applicable stock option valuation models.

Petrolympic Ltd.

Notes to Consolidated Financial Statements Years Ended December 31, 2020 and 2019 (Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(s) Significant accounting judgments and estimates (continued)

Critical accounting judgments

- Management assumptions of no material restoration, rehabilitation and environmental provision, are based on the facts and circumstances that existed during the year.
- The categorization of financial assets and liabilities and functional currency determination are accounting policies that require management to make judgments or assessments.
- Management's judgment is used in the method used to establish fair value of flow-through shares. Additionally, management's judgment is applied in determining whether qualified expenditures have been incurred. Differences in judgment between management and regulatory authorities can materially increase the flow-through premium liability and outstanding commitments.
- Management's judgment is used in determining the eligible expenditures used in the recognition of tax credits receivable.
- Management applied judgment in determining the Company's ability to continue as a going concern.

(t) Adoption of New Accounting Standard

IFRS 3, Business combinations (IFRS 3)

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no significant impact on the Company's consolidated financial statements.

IAS 1, Presentation of financial statements ("IAS 1") and IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of materiality and how it should be applied. The amendments also align the definition of materiality across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's consolidated financial statements.

3. Capital risk management

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at December 31, 2020, had a total deficiency of \$825,933 (December 31, 2019 - \$670,860).

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

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Notes to Consolidated Financial Statements Years Ended December 31, 2020 and 2019 (Expressed in Canadian Dollars)

3. Capital risk management (continued)

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 (refer to notes 14(a)) and Policy 2.5 of the TSXV Venture Exchange ("TSXV") 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 December 31, 2020, the Company is not compliant with Policy 2.5.

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

There were no changes in the Company's approach to capital management during the years ended December 31, 2020 or 2019.

4. Financial risk management

(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, foreign currency and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(ii) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil 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, from which management believes the risk of loss to be 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 December 31, 2020, the Company had cash and cash equivalents of \$129,207 (December 31, 2019 - \$24,405) to settle current liabilities of \$921,634 (December 31, 2019 - \$718,726). The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for the loan payable which has a contractual maturity greater than 30 days. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity and the Company's ability to continue as a going concern (see note 1). The Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(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.

Petrolympic Ltd.

Notes to Consolidated Financial Statements Years Ended December 31, 2020 and 2019 (Expressed in Canadian Dollars)

4. Financial risk management (continued)

(iv) Market risk (continued)

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.

5. Categories of financial instruments

	As at December 31, 2020	As at December 31, 2019
Financial assets:		
FVTPL		
Cash and cash equivalents	\$ 129,207	\$ 24,405
Amortized cost		
Reclamation bond	\$ -	\$ 10,338
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	\$ 764,366	\$ 607,014
Advances from related party	\$ 157,268	\$ 111,712
Loan payable	\$ 40,000	\$ -

As at December 31, 2020 and 2019, the fair value of the Company's financial instruments approximates their carrying value due to the short-term or highly-liquid nature of the instruments.

6. Cash and cash equivalents

	As at December 31, 2020	As at December 31, 2019
Cash	\$ 119,207	\$ 14,405
Guaranteed investment certificates	10,000	10,000
Total	\$ 129,207	\$ 24,405

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7. Equipment

Cost

	Oil and gas equipment
Balance, December 31, 2018, December 31, 2019	\$ 56,947
Disposition	\$ (56,947)
Balance, December 31, 2020	\$ nil

Accumulated depreciation

	Oil and gas equipment
Balance, December 31, 2018	\$ 48,392
Depreciation	1,926
Balance, December 31, 2019	50,318
Depreciation	2,438
Disposition	(52,756)
Balance, December 31, 2020	\$ nil

Carrying amounts

	Oil and gas equipment
At December 31, 2019	\$ 6,629
At December 31, 2020	\$ -

During the year ended December 31, 2020, the Company recorded a loss on the write down of oil and gas equipment in the amount of \$4,192 (2019 - \$nil).

8. Accounts payable and accrued liabilities

	As at December 31, 2020	As at December 31, 2019
Trade payables	\$ 59,522	\$ 67,754
Accrued liabilities (note 17(b))	704,844	539,260
	\$ 764,366	\$ 607,014

9. Advances from related party

During the year ended December 31, 2020, the Company received \$29,513 (US\$22,000) in advances from Mendel Ekstein who is a major shareholder and director of the Company. Advances of \$157,268 (US\$123,522) were outstanding at December 31, 2020. The advances are unsecured, do not bear any interest and are due on demand.

During the year ended December 31, 2019, the Company received \$87,575 (US\$66,000) in advances from Mendel Ekstein who is a major shareholder and director of the Company. Advances of \$111,712 (US\$86,012) were outstanding at December 31, 2019. The advances are unsecured, do not bear any interest and are due on demand.

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Notes to Consolidated Financial Statements Years Ended December 31, 2020 and 2019 (Expressed in Canadian Dollars)

10. Loan payable

During the period ended December 31, 2020, the Company applied for the COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account (CEBA). The credit limit of \$40,000 has an interest rate of 0% until December 31, 2020. On January 1, 2021, the operating line of credit will be converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022 of which \$10,000 of the loan will be forgiven if \$30,000 is repaid in full on or before December 31, 2022. If on December 31, 2022 the loan is not repaid, the Company can exercise the option for a 3- year term extension at an interest rate of 5% on the balance over the term extension period.

11. Share capital

a) Authorized share capital

At December 31, 2020, 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 December 31, 2020, the issued share capital amounted to \$9,237,076.

	Number of common shares	Amount
Balance, December 31, 2018	110,443,894	\$ 9,417,016
Extension of warrants (note 13 (i))	-	(14,077)
Balance, December 31, 2019	110,443,894	\$ 9,402,939
Private placement (i)	1,666,667	100,000
Extension of warrants (note 13(ii)(iii)(iv))	-	(173,972)
Warrants issued (i)	-	(87,703)
Costs of issuance - cash	-	(4,188)
Balance, December 31, 2020	112,110,561	\$ 9,237,076

(i) On December 1, 2020, the Company closed a non-brokered private placement, consisting of 1,666,667 units ("Units") at a price of \$0.06 per Unit to raise aggregate gross proceeds of \$100,000. Each Unit consists of one common share of the Company and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase a common share at \$0.10 per share for a period of 36 months from closing, subject to acceleration in the event that the common shares trade at or above \$0.20 for 30 consecutive trading days.

A value of \$87,703 was estimated for the 1,666,667 Warrants on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.065; expected volatility of 164% using the historical price history of the Company; risk-free interest rate of 0.30%; and an expected life of 36 months.

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12. 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, 2018	8,630,000	0.17
Granted (i)	850,000	0.10
Expired	(2,080,000)	0.36
Balance, December 31, 2019	7,400,000	0.11
Granted (ii)	2,250,000	0.10
Expired	(100,000)	0.10
Cancelled	(800,000)	0.105
Balance, December 31, 2020	8,750,000	0.10

(i) On March 12, 2019, the Company granted 850,000 options of the Company at a price of \$0.10 per share, expiring March 12, 2024. 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 \$0.055; 117% volatility; risk-free interest rate of 1.63%; 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 \$35,100. During the year ended December 31, 2020, \$nil (year ended December 31, 2019 - \$35,100) was expensed in the consolidated statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options have fully vested.

(ii) On September 16, 2020, the Company granted 2,250,000 options of the Company at a price of \$0.10 per share, expiring September 16, 2025. 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 \$0.04; 149.90% volatility; risk-free interest rate of 0.36%; 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 \$77,102. During the year ended December 31, 2020, \$77,102 (year ended December 31, 2019 - \$nil) was expensed in the consolidated statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus.

The following table reflects the actual stock options issued and outstanding as of December 31, 2020:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 30, 2022	0.120	1.41	1,000,000	1,000,000
May 28, 2023	0.105	2.41	4,650,000	4,650,000
March 12, 2024	0.100	3.20	850,000	850,000
September 16, 2025	0.100	4.71	2,250,000	2,250,000
		2.96	8,750,000	8,750,000

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Notes to Consolidated Financial Statements Years Ended December 31, 2020 and 2019 (Expressed in Canadian Dollars)

13. Warrants

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

	Number of warrants	Grant date fair value (\$)
Balance, December 31, 2018	4,272,028	195,015
Warrant extension (i)	-	14,077
Balance, December 31, 2019	4,272,028	209,092
Warrant extension (ii)(iii)(iv)	-	173,972
Granted (note 11(i))	1,666,667	87,703
Balance, December 31, 2020	5,938,695	470,767

The following table reflects the actual warrants issued as of December 31, 2020:

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
1,300,000	86,454	0.25	(ii) March 23, 2022
1,818,182	227,410	0.25	(i)(iv) October 2, 2022
1,153,846	69,200	0.25	(iii) June 22, 2023
1,666,667	87,703	0.10	December 1, 2023
5,938,695	470,767	0.22	

(i) In April 2019, the Company extended the expiry dates of 1,818,182 common share purchase warrants from April 3, 2019 to October 2, 2020. Each warrant entitles the holder to purchase one common share of the Company. The Company recorded the incremental difference of \$14,077 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following BlackScholes option pricing model parameters; a risk-free interest rate of between 1.59%, a dividend yield of 0%, a volatility of 120%, and an expected life of 1.50 years.

(ii) On March 22, 2020, the Company extended the expiry dates of 1,300,000 common share purchase warrants from March 23, 2020 to March 23, 2022. Each warrant entitles the holder to purchase one common share of the Company. The Company recorded the incremental difference of \$9,980 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 0.51%, a dividend yield of 0%, a volatility of 136%, and an expected life of 2 years.

(iii) On June 22, 2020, the Company extended the expiry dates of 1,153,846 common share purchase warrants from June 22, 2020 to June 22, 2023. Each warrant entitles the holder to purchase one common share of the Company. The Company recorded the incremental difference of \$37,219 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 0.30%, a dividend yield of 0%, a volatility of 172%, and an expected life of 3 years.

(iv) On September 17, 2020, the Company extended the expiry dates of 1,818,182 common share purchase warrants from October 2, 2020 to October 2, 2022. Each warrant entitles the holder to purchase one common share of the Company. The Company recorded the incremental difference of \$126,773 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 0.24%, a dividend yield of 0%, a volatility of 182%, and an expected life of 2 years.

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14. Exploration and evaluation expenditures

	Year Ended December 31,	
	2020	2019
Québec, Canada (a)		
General exploration costs	\$ 31,204	\$ -
Consulting	2,887	5,724
Option payment	30,000	-
Permits and licenses (recovery)	(84,414)	147,351
Net (recovery) costs	\$ (20,323)	\$ 153,075
Texas, USA (b)		
Development costs	\$ -	\$ 29
Depreciation	2,438	1,926
Net costs	\$ 2,438	\$ 1,955
Ontario, Canada (c)		
Option payment	\$ 25,000	\$ -
Net costs	\$ 25,000	\$ -
Total exploration and evaluation costs	\$ 7,115	\$ 155,030

(a) Québec Properties, Québec (Canada)

On September 29, 2020, the Company announced that it entered into an agreement to acquire a gold property located in the east of the Val d'Or mining camp, Province of Quebec. The property consists of 31 contiguous map-designated claims (cells) covering 1,784 Ha of gold potential geology in the centre of Vauquelin township (NTS 32C03) approximately 40 km east of the town of Val d'Or, a major gold mining centre in Northwestern Quebec. On execution of the purchase agreement between the vendors, the Company paid the vendors an aggregate cash payment of \$30,000 as part of the purchase price. The remainder of the purchase price will be satisfied through the issuance of an aggregate of 500,000 common shares of the Company. Upon completion of the transaction, the Company will have acquired 100% interest in the mineral right of the property. The common shares of the company were issued subsequent to year end. The vendors will also receive a 3.0% NSR ("Net Smelter Return") royalty from all eventual commercial mineral production on the project. Completion of the acquisition remains subject to approval by the TSXV.

During the year ended December 31, 2020, the Company received a total of \$84,414 from Québec Government related to annual fees that were collected without having the right to do so for years 2017 to 2019.

During the year ended December 31, 2020, the Company recorded a recovery of exploration and evaluation expenditures on its Québec, Canada property interest with its partner Squatex Energy and Resources Inc., of \$30,715 (December 31, 2019 - expenses of \$153,075). Total cumulative exploration and evaluation expenditures incurred on these properties to December 31, 2020 amounted to \$6,061,525 (December 31, 2019 - \$6,092,240).

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(Expressed in Canadian Dollars)

14. Exploration and evaluation expenditures (continued)

(b) Chittim Ranch Property, Texas (USA)

During the year ended December 31, 2020, the Company's share of exploration and evaluation expenditures on its Chittim Ranch property in Texas (USA) amounted to \$2,438 (year ended December 31, 2019 - \$1,955). Total cumulative exploration and evaluation expenditures incurred on its Chittim Ranch property to November 2020, when the Company ceased operations amounted to \$1,862,341 (December 31, 2019 - \$1,859,903).

For the year ended December 31, 2020, the Company paid \$nil in royalties to Shell Western E&P Inc. ("SWEPI") (year ended December 31, 2019 - \$nil). During the year ended December 31, 2019, the Company owed \$19,601 (US\$15,092) in royalties to SWEPI. During the year ended December 31, 2020 the Company ceased all operations at Chittim, and the balance owing was written off.

(c) Evangelic Lake Gold Property, Sudbury, Ontario (Canada)

On November 11, 2020, the Company entered into an agreement to acquire a gold property located in the south of the Sudbury mining camp, Province of Ontario (the "Property"). The Property consists of 24 maps designated mining claims (cells) covering 600 Ha property in Southwest of Espanola, Ontario, District of Sudbury approximately 70 km Southwest of the town of Sudbury, a major gold mining center in central Ontario.

On execution of the purchase agreement the Company paid the vendors an aggregate cash payment of \$25,000 as part of the purchase price. The remainder of the purchase price will be satisfied through the issuance of an aggregate of 500,000 common shares of the Company. Upon the completion of the transaction the Company will have acquired 100% interest in the mineral rights of the Property. The common shares of the company were issued subsequent to year end. The vendors will also receive a 2.0% NSR royalty from all eventual commercial mineral production on the project.

15. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2020 was based on the loss attributable to common shareholders of \$308,976 (year ended December 31, 2019 - \$502,443) and the weighted average number of common shares outstanding of 110,580,787 (year ended December 31, 2019 - 110,443,894). Diluted loss per share did not include the effect of 8,750,000 options outstanding (December 31, 2019 - 7,400,000 options outstanding) as they are anti-dilutive. Diluted loss per share did not include the effect of 5,938,695 warrants outstanding (December 31, 2019 - 4,272,028 warrants outstanding) as they are anti-dilutive.

16. General and administrative

	Year Ended December 31,	
	2020	2019
Share-based payment (notes 12)	\$ 77,102	\$ 98,573
Professional fees	57,210	44,448
Management fees (note 17)	146,512	147,681
Administrative and general	20,642	29,842
Investor relations and promotion	11,256	5,647
Reporting issuer costs	17,556	18,643
	\$ 330,278	\$ 344,834

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17. 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 December 31, 2020, Mendel Ekstein, an officer and director of the Company, controls or indirectly controls 26,528,736 common shares of the Company, or approximately 24% of the total common shares outstanding. As at December 31, 2020, 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 December 31, 2020, the remaining directors and/or officers of the Company collectively control 220,874 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. The Company defines key management as its Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Board of Directors:

	Year Ended December 31,	
	2020	2019
Marrelli Support Services Inc. ("Marrelli Support") (i)	\$ 26,590	\$ 24,988
DSA Corporate Services Inc. ("DSA Corp") (ii)	\$ 7,700	\$ 7,879
DSA Filing Services Limited ("DSA Filing") (iii)	\$ 6,402	\$ 5,426
Fogler Rubinoff LLP ("Fogler") (iv)	\$ 10,755	\$ 581

(i) For the year ended December 31, 2020, the Company expensed \$26,590 (year ended December 31, 2019 - \$24,988) to Marrelli Support for the services of Carmelo Marrelli to act as CFO of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Carmelo Marrelli is the Managing Director of Marrelli Support. As at December 31, 2020, Marrelli Support was owed \$11,572 (December 31, 2019 - \$11,682) and this amount was included in accounts payable and accrued liabilities.

(ii) For the year ended December 31, 2020, the Company expensed \$7,700 (year ended December 31, 2019 - \$7,879) to DSA Corp for corporate secretarial services. DSA Corp is affiliated with Marrelli Support through common ownership. As at December 31, 2020, DSA Corp was owed \$1,356 (December 31, 2019 - \$2,940) and this amount was included in accounts payable and accrued liabilities.

(iii) For the year ended December 31, 2020, the Company expensed \$6,402 (year ended December 31, 2019 - \$5,426) to DSA Filing for corporate filing services. DSA Filing is affiliated with Marrelli Support through common ownership. As at December 31, 2020, DSA Filing was owed \$1,187 (December 31, 2019 - \$254) and this amount was included in accounts payable and accrued liabilities.

(iv) For the year ended December 31, 2020, the Company expensed \$10,755 (year ended December 31, 2019 - \$581) to Fogler for legal services. Adam Szweras, the Corporate Secretary of Petrolympic, is a partner at Fogler. As at December 31, 2020, Fogler was owed \$11,694 (December 31, 2019 - \$963) and this amount was included in accounts payable and accrued liabilities.

(v) Advances from related parties are discussed in note 9.

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17. Related party balances and transactions (continued)

(vi) Of the 2,250,000 options issued by the Company on September 16, 2020, 2,050,000 options were issued to officers, and directors of the Company. Please refer to note 12 (ii).

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

	Year Ended December 31,	
	2020	2019
Salaries and benefits	\$ 146,512	\$ 147,681
Share-based payment	70,248	98,573
Total remuneration	\$ 216,760	\$ 246,254

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 December 31, 2020, directors and key management personnel of the Company were owed \$464,718 or US\$365,000 (December 31, 2019 - \$284,725 or US\$245,000) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

Included in accounts payable and accrued liabilities is an amount of \$200,000 bonus payment to management, payable in common shares of the Company at \$0.105 per share for a total of 952,381 common shares to each officer, or 1,904,762 common shares in aggregate, subject to regulatory approval.

18. Commitments and contingencies

The Company's operations are subject to government environmental 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.

19. Segmented information

As at December 31, 2020, the Company operates primarily in two reportable geographical segments, being the exploration for petroleum and natural gas interests in Canada and the USA and the exploration for gold in Canada. The Company maintains a head office in Toronto, Canada.

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Notes to Consolidated Financial Statements Years Ended December 31, 2020 and 2019 (Expressed in Canadian Dollars)

19. Segmented information (continued)

Year Ended December 31, 2020

	Canada	USA	Total
Revenues	\$ -	\$ -	\$ -
Comprehensive loss	\$ 325,549	\$ 2,438	\$ 327,987

Year Ended December 31, 2019

	Canada	USA	Total
Revenues	\$ -	\$ -	\$ -
Comprehensive loss	\$ 493,659	\$ 4,786	\$ 498,445

As at December 31, 2020

	Canada	USA	Total
Current assets	\$ 135,701	\$ -	\$ 135,701
Non-current assets	\$ -	\$ -	\$ -

As at December 31, 2019

	Canada	USA	Total
Current assets	\$ 22,323	\$ 8,576	\$ 30,899
Non-current assets	\$ -	\$ 16,967	\$ 16,967

20. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31, 2020 and 2019 is as follows:

	Year Ended December 31,	
	2020	2019
Loss before income taxes and tax credits	\$ (308,976)	\$ (502,443)
Combined federal and provincial statutory income tax rate	26.50 %	26.50 %
Expected income tax recovery	\$ (81,879)	\$ (133,147)
Share-based payments	20,432	26,004
Impact of derecognition of US subsidiaries	798,280	-
Permanent difference and other	(8,555)	27,357
Reassessed non-capital losses	-	(899,721)
Change in tax benefits not recognized	(728,278)	979,507
Income tax expense (recovery)	\$ -	\$ -

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20. Income taxes (continued)

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	As at December 31, 2020	As at December 31, 2019
Deferred income tax assets and liabilities		
Tax loss carried forward - Canada	\$ 1,800,635	\$ 1,732,398
Tax loss carried forward - U.S.	-	690,406
Petroleum and natural gas properties	534,303	639,003
Property, plant and equipment	-	1,409
Deferred tax assets	2,334,938	3,063,216
Less: deferred tax assets not recognized	(2,334,938)	(3,063,216)
Net deferred tax assets	\$ -	\$ -

The Company's non-capital loss carry forwards expire as noted in the table below. The remaining deductible temporary differences may be carried forward indefinitely.

The Company's non-capital income tax losses will expire as follows:

	Canada
2026	\$ 144,510
2027	70,848
2028	1,137,967
2029	613,803
2030	733,127
2031	859,560
2032	530,266
2033	235,695
2034	214,001
2035	365,693
2036	400,421
2037	412,371
2038	579,644
2039	239,445
2040	257,498
	\$ 6,794,849

The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

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21. Subsequent events

On January 6, 2021, the Company issued 1,000,000 common shares in accordance to the option agreement for the Val d'Or property and Evangelic Lake Gold Property (refer to Note 14 (a)(c)).

On February 22, 2021, the Company approved a settlement of \$100,000 of debt through the issuance of common shares of the company ("Debt Settlement"). Pursuant to the Debt Settlement, the company would issue an aggregate of 1,428,571 common shares of the company at a deemed price of \$0.07 per share to a creditor of the company, who is an officer of the company.

On March 15, 2021, the company announced that it entered into an agreement to acquire a gold property located in the east of the val d'Or mining camp, Province of Quebec (the "Property"). The Property consists of two contiguous map-designated claims (cells) covering 285.9 Acres which are part of a group of six contiguous map-designated claims (cells) to a grand total of 5,263 Acres of gold potential geology in the center of Valuquelin township (NTS 32C03) approximately 40 km east of the town of Val d'Or, a major gold mining centre in northwestern Quebec.

On execution of the purchase agreement the Company paid the vendors an aggregate cash payment of \$15,000 as part of the purchase price. The remainder of the purchase price will be satisfied through the issuance of an aggregate of 900,000 common shares of the Company. Upon the completion of the transaction the Company will have acquired 100% interest in the mineral rights of the Property. The vendors will also receive a 1.5% NSR royalty from all eventual commercial mineral production on the project.

The issuance of the common shares under the transaction shall be subject to applicable securities laws, any securities regulatory authority having jurisdiction, and the policies of the TSXV, and the common shares shall be subject to a four-month hold period in accordance with applicable securities laws and the policies of the TSX Venture Exchange. Completion of the acquisition remains subject to approval by the TSX Venture Exchange.