PETROLYMPIC

Petrolympic Ltd.

Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(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, 2017 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, 2017	As at December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	**$ 136,991**	$ 297,512
Amounts receivable and other assets (note 4)	**85,734**	105,375
Total current assets	**222,725**	402,887
Non-current assets		
Equipment (note 5)	**16,148**	17,457
Reclamation bond	**10,595**	10,688
Total non-current assets	**26,743**	28,145
Total assets	**$ 249,468**	$ 431,032
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 6, 11(b) and 14)	**$ 162,088**	$ 419,613
Advances from related party (note 7)	**8,801**	6,176
Total current liabilities	**170,889**	425,789
Equity		
Share capital (note 8)	**8,823,431**	8,887,828
Reserves	**1,577,026**	1,706,027
Deficit	**(10,321,878)**	(10,588,612)
Total equity	**78,579**	5,243
Total equity and liabilities	**$ 249,468**	$ 431,032

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)
Commitments and contingencies (note 15)
Subsequent events (note 17)

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, 2017	Three Months Ended March 31, 2016
Operating expenses		
Exploration and evaluation expenditures (note 11)	**$ 10,784**	$ 34,420
General and administrative (note 13)	**94,600**	110,116
Operating loss	**(105,384)**	(144,536)
Other Income		
Foreign exchange gain	**8,909**	1,212
Premium on flow-through shares	**-**	5,856
Interest income	**-**	15
Net loss for the period	**(96,475)**	(137,453)
Other comprehensive income		
Item that will be reclassified subsequently to income:		
Exchange differences on translating foreign operations	**(2,392)**	(91)
Net loss and comprehensive loss for the period	**$ (98,867)**	$ (137,544)
Basic and diluted net loss per share (note 12)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding (note 12)	**105,606,030**	105,505,199

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, 2017	Three Months Ended March 31, 2016
Operating activities		
Net loss for the period	**$ (96,475)**	$ (137,453)
Adjustment for:		
Depreciation (note 5)	**1,309**	1,870
Change in unrealized foreign exchange	**680**	66,374
Premium on flow-through shares	**-**	(5,856)
Non-cash working capital items:		
Amounts receivable and other assets	**19,641**	(6,908)
Accounts payable and accrued liabilities	**(257,525)**	(25,943)
Reclamation bond	**93**	678
Net cash and cash equivalents used in operating activities	**(332,277)**	(107,238)
Financing activities		
Loan proceeds (note 7)	**2,625**	(4,844)
Net proceeds from private placement (note 8(b))	**172,203**	-
Net cash and cash equivalents provided by (used in) financing activities	**174,828**	(4,844)
Effect of exchange rate fluctuations on cash in foreign currency held	**(3,072)**	(66,465)
Net change in cash and cash equivalents	**(160,521)**	(178,547)
Cash and cash equivalents, beginning of period	**297,512**	1,076,553
Cash and cash equivalents, end of period (note 3)	**$ 136,991**	$ 898,006

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
(Expressed in Canadian Dollars)
(Unaudited)

		Reserves				
	Share capital	Contributed surplus	Warrant reserve	Other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2015	**$ 8,887,828**	**$ 1,200,789**	**$ 553,857**	**$ (4,527)**	**$ (9,750,062)**	**$ 887,885**
Net loss and comprehensive loss for the period	-	-	-	(91)	(137,453)	(137,544)
Balance, March 31, 2016	**$ 8,887,828**	**$ 1,200,789**	**$ 553,857**	**$ (4,618)**	**$ (9,887,515)**	**$ 750,341**
Balance, December 31, 2016	**$ 8,887,828**	**$ 1,200,789**	**$ 505,649**	**$ (411)**	**$ (10,588,612)**	**$ 5,243**
Common share units issued (note 8(b)	175,500	-	-	-	-	175,500
Fair value of warrants issued (note 8(b)	(236,600)	-	236,600	-	-	-
Cost of issuance (note 8(b)	(3,297)	-	-	-	-	(3,297)
Reclassification of expired warrants	-	-	(363,209)	-	363,209	-
Net loss and comprehensive loss for the period	-	-	-	(2,392)	(96,475)	(98,867)
Balance, March 31, 2017	**$ 8,823,431**	**$ 1,200,789**	**$ 379,040**	**$ (2,803)**	**$ (10,321,878)**	**$ 78,579**

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 significant deposits, nor has it earned any profit from its activities. The Company's common shares are listed on the TSX Venture Exchange 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, Suite 201, Toronto, Ontario, Canada, M5C 1P1. The Company's year end is December 31st.

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 $51,836 at March 31, 2017 (December 31, 2016 - working capital deficiency of $22,902). For the three months ended March 31, 2017, the Company had a net loss and comprehensive loss of $98,867 (three months ended March 31, 2016 - net loss and comprehensive loss of $137,544). For the three months ended March 31, 2017, the Company had total cash outflows of $160,521 (three months ended March 31, 2016 - cash outflows of $178,547).

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. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. 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 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. 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.

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 29, 2017, 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, 2016, 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, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

There were no relevant changes to significant accounting policies during the three months ended March 31, 2017.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Recent Accounting Pronouncements

IFRS 9 - Financial Instruments ("IFRS 9") was issued in final form in July 2014 by the IASB and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures but expects it will not be material.

3. Cash and cash equivalents

	As at March 31, 2017	As at December 31, 2016
Cash	**$ 126,991**	$ 287,512
Guaranteed investment certificates	**10,000**	10,000
Total	**$ 136,991**	$ 297,512

4. Amounts receivable and other assets

	As at March 31, 2017	As at December 31, 2016
Sales tax receivable - (Canada)	**$ 56,253**	$ 61,182
Prepaid expenses	**29,481**	44,193
	$ 85,734	$ 105,375

(Expressed in Canadian Dollars)

5. Equipment

Cost

		Oil and gas equipment
Balance, December 31, 2016 and March 31, 2017	**$**	**56,947**

Accumulated depreciation

		Oil and gas equipment
Balance, December 31, 2016	**$**	**39,490**
Depreciation		1,309
Balance, March 31, 2017	**$**	**40,799**

Carrying amounts

		Oil and gas equipment
At December 31, 2016	**$**	**17,457**
At March 31, 2017	**$**	**16,148**

6. Accounts payable and accrued liabilities

		As at March 31, 2017		As at December 31, 2016
Trade payables	**$**	**137,743**	$	374,031
Accrued liabilities		**24,345**		45,582
	$	**162,088**	$	419,613

7. Advances from related party

During the three months ended March 31, 2017, the Company received $2,625 (2,012USD) in advances from Mendel Ekstein who is a major shareholder of the Company. Advances of $8,801 (USD6,612) were outstanding at March 31, 2017. Advances of $6,176 (USD4,600) were outstanding at December 31, 2016. The advances do not bear any interest and are due on demand.

(Expressed in Canadian Dollars)

8. Share capital

a) Authorized share capital

At March 31, 2017, 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, 2017, the issued share capital amounted to $8,823,431.

Issued:

	Number of common shares	Amount
Balance, December 31, 2015, March 31, 2016 and December 31, 2016	**105,505,199**	**$ 8,887,828**
Private placement	1,300,000	175,500
Fair value of warrants issued	-	(236,600)
Costs of issuance - cash	-	(3,297)
Balance, March 31, 2017	**106,805,199**	**$ 8,823,431**

On March 24, 2017, the Company closed a non-brokered private placement (the "Offering"), consisting of 1,300,000 units ("Units") at a price of $0.135 per Unit to raise aggregate gross proceeds of $175,500. Each Unit consists of one common share ("Common Share") of the Company and one Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase a Common Share at $0.25 per share for a period of 36 months from closing, subject to acceleration in the event that the Common Shares trade at or above $0.40 for 30 consecutive trading days.

A value of $236,600 was estimated for the 1,300,000 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 $0.16; expected volatility of 116% using the historical price history of the Company; risk-free interest rate of 0.89%; and an expected average life of 36 months.

(Expressed in Canadian Dollars)

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, 2015, March 31, 2016, December 31, 2016 and March 31, 2017	**9,730,002**	**0.17**

The following table reflects the actual stock options issued and outstanding as of March 31, 2017:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
April 24, 2017	0.120	0.07	1,100,000	1,100,000
March 25, 2018	0.100	0.98	3,333,335	3,333,335
June 26, 2018	0.100	1.24	1,466,667	1,466,667
November 21, 2018	0.175	1.64	800,000	800,000
December 9, 2018	0.150	1.69	850,000	850,000
May 20, 2019	0.360	2.14	1,330,000	1,330,000
June 20, 2019	0.370	2.22	750,000	750,000
August 21, 2020	0.100	3.39	100,000	100,000
		1.31	**9,730,002**	**9,730,002**

(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, 2015 and March 31, 2016	**9,108,271**	**553,857**

	Number of warrants	Grant date fair value ($)
Balance, December 31, 2016	**8,770,666**	**505,649**
Issued (note 8(b))	1,300,000	236,600
Expired	(6,300,000)	(363,209)
Balance, March 31, 2017	**3,770,666**	**379,040**

The following table reflects the actual warrants issued as of March 31, 2017:

	Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
(a)	2,470,666	142,440	0.25	April 7, 2017
	1,300,000	236,600	0.25	March 23, 2020
	3,770,666	**379,040**		

(a) On March 11, 2016, the Company announced that it received TSX Venture Exchange acceptance to extend the expiry date of 2,470,666 warrants to April 7, 2017 from April 7, 2016 (note 17).

(Expressed in Canadian Dollars)

11. Exploration and evaluation expenditures

	Three Months Ended March 31, 2017	2016
Québec, Canada (a)		
Gross exploration activities		
General exploration costs	**$ -**	$ 8,913
Consulting	**-**	18,173
Permits and licenses	**7,489**	2,445
Net costs	**$ 7,489**	$ 29,531
Texas, USA (b)		
Development costs	**$ 1,986**	$ 3,019
Depreciation	**1,309**	1,870
Net costs	**$ 3,295**	$ 4,889
Total exploration costs	**$ 10,784**	$ 34,420

(a) Québec Properties, Québec (Canada)

During the three months ended March 31, 2017, the Company's share of exploration and evaluation expenditures on its Québec, Canada property interests amounted to $7,489 (three months ended March 31, 2016 - $29,531). Total cumulative exploration and evaluation expenditures incurred on its Québec, Canada property interests to March 31, 2017 amounted to $5,843,714 (December 31, 2016 - $5,836,225).

(b) Chittim Ranch Property, Texas (USA)

During the three months ended March 31, 2017, the Company's share of exploration and evaluation expenditures on its Chittim Ranch property in Texas (USA) amounted to $3,295 (three months ended March 31, 2016 - $4,889). Total cumulative exploration and evaluation expenditures incurred on its Chittim Ranch property to March 31, 2017 amounted to $1,836,374 (December 31, 2016 - $1,833,079).

For the three months ended March 31, 2017, the Company paid $nil in royalties to SWEPI (three months ended March 31, 2016 - $nil). As at March 31, 2017, the Company owed $20,087 (15,092USD) in royalties to SWEPI (December 31, 2016 - $20,264 (15,092USD)) and this amount was included in accounts payable and accrued liabilities. The $20,087 was accrued from oil revenues earned in 2013 and 2014, it however has not been paid because the Company is currently investigating who the royalties are due to.

12. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2017 was based on the loss attributable to common shareholders of $96,475 (three months ended March 31, 2016 - $137,453) and the weighted average number of common shares outstanding of 105,606,030 (three months ended March 31, 2016 - 105,505,199). Diluted loss per share did not include the effect of 9,730,002 options outstanding (March 31, 2016 - 9,730,002 options outstanding) as they are anti-dilutive. Diluted loss per share did not include the effect of 3,770,666 warrants outstanding (March 31, 2016 - 9,108,271 warrants outstanding) as they are anti-dilutive.

(Expressed in Canadian Dollars)

13. General and administrative

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Professional fees	**$ 17,195**	$ 21,997
Management fees	**50,787**	59,013
Administrative and general	**11,244**	13,896
Investor relations and promotion	**9,767**	7,913
Reporting issuer costs	**5,607**	7,297
	$ 94,600	$ 110,116

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, 2017, Mendel Ekstein, an officer and director of the Company, controls or indirectly controls 26,528,736 common shares of the Company, or approximately 25% of the total common shares outstanding. As at March 31, 2017, Andreas Jacob, a director of the Company, controls or indirectly controls 11,967,625 common shares of the Company, or approximately 11% of the total common shares outstanding. As at March 31, 2017, the remaining directors and/or officers of the Company collectively control 276,874 common shares of the Company or less than 1% of the total common shares outstanding. To the knowledge of directors and officers of Petrolympic, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time at the discretion of the owner.

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

		Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Marrelli Support Services Inc. ("Marrelli Support")	(i)	**$ 8,823**	$ 7,422
DSA Corporate Services Inc. ("DSA")	(ii)	**2,001**	2,068
Fogler Rubinoff LLP ("Fogler")	(iii)	**250**	5,231
Mendel Ekstein	(iv)	**8,801**	-
Borden Ladner Gervais LLP ("Borden")	(v)	**-**	-

(i) For the three months ended March 31, 2017, the Company expensed $8,823 (three months ended March 31, 2016 - $7,422) to Marrelli Support for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Carmelo Marrelli is the president of Marrelli Support. As at March 31, 2017, Marrelli Support was owed $7,634 (December 31, 2016 - $5,353) and this amount was included in accounts payable and accrued liabilities.

(ii) For the three months ended March 31, 2017, the Company expensed $2,001 (three months ended March 31, 2016 - $2,068) to DSA for corporate secretarial services. DSA is affiliated with Marrelli Support through common ownership. As at March 31, 2017, DSA was owed $1,608 (December 31, 2016 - $1,785) and this amount was included in accounts payable and accrued liabilities.

(iii) For the three months ended March 31, 2017, the Company expensed $250 (three months ended March 31, 2016 - $5,231) to Fogler for legal services. Adam Szweras, the Corporate Secretary of Petrolympic, is a partner at Fogler. As at March 31, 2017, Fogler was owed $1,555 (December 31, 2016 - $6,722) and this amount was included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

14. Related party balances and transactions (continued)

(iv) The total loan balance owed to the President and CEO of the Company as of March 31, 2017 amounted to $8,801 (December 31, 2016 - $6,176) (see note 7).

(v) For the three months ended March 31, 2017, the Company expensed $nil (three months ended March 31, 2016 - $nil) to Borden for legal services. Miles Pittman, a director of Petrolympic, is a partner at Borden. As at March 31, 2017, Borden was owed $22,740 (December 31, 2016 - $nil) and this amount was included in accounts payable and accrued liabilities.

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Salaries and benefits	**$ 40,396**	$ 54,896
Total remuneration	**$ 40,396**	$ 54,896

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, 2017, directors and key management personnel of the Company were owed $nil (December 31, 2016 - $6,714) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

15. Commitments and contingencies

Québec, Canada

Effective January 1, 2017, in order to maintain its petroleum and natural gas permits in good standing, the Company must pay an annual fee of $10.30 per square km. The Quebec Government has decided to maintain the annual rent obligations until further notice while completing environmental studies and preparing new Quebec oil and gas laws and regulations. Until then, permits owners must only pay the annual rental and have no work obligations to keep their permits. Present exploration expenditures (without hydraulic fracturation) are allowed and will be cumulated and credited to future permits work obligations.

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.

(Expressed in Canadian Dollars)

16. Segmented information

As at March 31, 2017, the Company operates primarily in two reportable geographical segments, being the exploration for petroleum and natural gas interests in Canada and the USA. The Company maintains a head office in Toronto, Canada.

Three Months Ended March 31, 2017

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss and comprehensive loss	$ 92,619	$ 6,248	$ 98,867

Three Months Ended March 31, 2016

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss and comprehensive loss	$ 128,112	$ 9,432	$ 137,544

As at March 31, 2017

	Canada	USA	Total
Current assets	$ 207,077	$ 15,648	$ 222,725
Non-current assets	$ -	$ 26,743	$ 26,743

As at December 31, 2016

	Canada	USA	Total
Current assets	$ 224,213	$ 178,674	$ 402,887
Non-current assets	$ -	$ 28,145	$ 28,145

17. Subsequent events

On April 7, 2017, 2,470,666 warrants with an exercise price of $0.25 expired.

On April 24, 2017, 1,100,000 stock options with an exercise price of $0.12 expired.