
PETROLYMPIC LTD.
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Management's Responsibility for Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Petrolympic Ltd. (the "Company" or "Petrolympic") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

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

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "*Mendel Ekstein*"
Mendel Ekstein
Chief Executive Officer

(signed) "*Carmelo Marrelli*"
Carmelo Marrelli
Chief Financial Officer

Toronto, Canada
November 21, 2011

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

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

	As at September 30, 2011	As at December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents (note 6)	\$ 595,011	\$ 2,587,826
Tax credit receivable	325,839	250,809
Accounts receivable and other assets (note 7)	185,820	173,851
	1,106,670	3,012,486
Non-current assets		
Equipment (note 8)	1,038	2,500
	\$ 1,107,708	\$ 3,014,986
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (note 9)	\$ 70,662	\$ 96,500
Equity		
Share capital (note 10)	6,420,777	6,420,777
Reserves	3,932,060	3,837,808
Deficit	(9,315,791)	(7,340,099)
Total equity	1,037,046	2,918,486
Total equity and liabilities	\$ 1,107,708	\$ 3,014,986

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

Contingencies and commitments (note 18)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating expenses				
Exploration and evaluation expenditures (note 14)	\$ 245,104	\$ 121,590	\$ 1,393,932	\$ 281,251
General and administrative (note 15)	165,430	146,376	585,400	509,838
Operating loss before the following items:	(410,534)	(267,966)	(1,979,332)	(791,089)
Interest income	264	812	5,102	1,852
Depreciation	(445)	(381)	(1,462)	(898)
Net loss for the period	\$ (410,715)	\$ (267,535)	\$ (1,975,692)	\$ (790,135)
Other comprehensive income				
Exchange differences on translating foreign operations	90,114	-	90,397	-
Net loss and comprehensive loss for the period	\$ (320,601)	\$ (267,535)	\$ (1,885,295)	\$ (790,135)
Basic and diluted net loss per share (note 12)	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	81,456,195	81,456,195	81,456,195	81,456,195

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

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

**Nine Months Ended
September 30,
2011 2010**

Operating activities

Net loss	\$ (1,975,692)	\$ (790,135)
Adjustment for:		
Depreciation	1,462	898
Share based payment	3,855	33,000
Non-cash working capital items:		
Accounts receivable and other assets	(86,999)	160,965
Accounts payable and accrued liabilities	(25,838)	(191,767)
Net cash used in operating activities	(2,083,212)	(787,039)

Investing activities

Acquisition of equipment	-	(1,639)
Net cash used in investing activities	-	(1,639)
Net change in cash and cash equivalents	(2,083,212)	(788,678)
Cash and cash equivalents, beginning of period	2,587,826	3,716,293
Effect of exchange rate translation of cash held in foreign currencies	90,397	-
Cash and cash equivalents, end of period	\$ 595,011	\$ 2,927,615

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

Petrolympic Ltd.
Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Reserves					Total
	Share capital	Equity settled share-based payment reserve	Warrant reserve	Accumulated other comprehensive income	Deficit	
Balance, January 1, 2010	\$ 6,420,777	\$ 2,777,261	\$ 1,022,082	\$ -	\$ (6,300,464)	\$ 3,919,656
Share-based payment	-	33,000	-	-	-	33,000
Net loss for the period	-	-	-	-	(790,135)	(790,135)
Balance, September 30, 2010	\$ 6,420,777	\$ 2,810,261	\$ 1,022,082	\$ -	\$ (7,090,599)	\$ 3,162,521
Share-based payment	-	5,465	-	-	-	5,465
Net loss for the period	-	-	-	-	(249,500)	(249,500)
Balance, December 31, 2010	\$ 6,420,777	\$ 2,815,726	\$ 1,022,082	\$ -	\$ (7,340,099)	\$ 2,918,486
Exchange differences on translating foreign operations	-	-	-	90,397	-	90,397
Share based payment	-	3,855	-	-	-	3,855
Net loss for the period	-	-	-	-	(1,975,692)	(1,975,692)
Balance, September 30, 2011	\$ 6,420,777	\$ 2,819,581	\$ 1,022,082	\$ 90,397	\$ (9,315,791)	\$ 1,037,046

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

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited)

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 consolidated interim financial statements, the Company has not yet discovered any deposits, nor has it earned any income. The Company's common shares are listed on the TSX Venture Exchange under the symbol PCQ. The primary office is located at 360 Bay Street, Suite 500, Toronto, Ontario, Canada, M5H 2V6. The Company's year end is December 31st.

The unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2011 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 21, 2011.

These unaudited condensed consolidated interim 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.

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 a working capital balance of \$1,036,008 at September 30, 2011 (December 31, 2010 - \$2,915,986). At September 30, 2011, the Company had sufficient funds to finance its current exploration plans and expects to be a going concern for the following twelve months. Further financing may be required for operations beyond the next 12 months. While there is no assurance additional funds can be raised, the Company believes financing will be available as required. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly.

2. Significant accounting policies

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2010 and the Company's condensed consolidated interim financial statements as at and for the three months ended March 31, 2011.

The accounting policies have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements, except for the following new accounting policy:

Foreign currency translation

The presentation currency of the Company is the Canadian dollar, which is the functional and presentation currency of Petrolympia Inc. and Petrolympic Ltd. The functional currency for each subsidiary is the currency of the primary economic environment in which the subsidiary operates. The functional currency for the Company's subsidiary Petrolympic USA Inc., which carries out exploration and development activities located in Texas, USA is the US dollar. Petrolympic USA Inc. was incorporated on May 6, 2011.

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant accounting policies (continued)

(a) *Statement of compliance (continued)*

Transactions in the foreign currency are initially recorded to the functional currency of the entity at the exchange rate in effect at the transaction date. Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized within general and administrative expenses in the interim consolidated statement of loss and comprehensive loss. Non-monetary items, which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. On consolidation, the foreign operation is translated from its functional currency of US dollars into Canadian dollars, the presentation currency. Income and expense items are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Assets and liabilities in the interim consolidated statement of financial position are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the Canadian dollar are recognized as a separate component of equity through other comprehensive income (loss). Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences in other comprehensive income (loss) is recognized within income or loss in the interim consolidated statement of loss and comprehensive loss.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption by the Company on December 31, 2011, the Company's first annual reporting date under IFRS. The Company has made certain assumptions about the accounting policies expected to be adopted when the first IFRS annual financial statements are prepared for the year ended December 31, 2011.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2010 annual financial statements and in consideration of the IFRS transition disclosures included in note 19 to these financial statements and the additional annual disclosures required under IFRS included in the Company's condensed consolidated interim financial statements as at and for the three months ended March 31, 2011.

(b) *Recent Accounting Pronouncements*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant accounting policies (continued)

(b) Recent Accounting Pronouncements (continued)

(ii) IFRS 10 – Consolidated financial statements (“IFRS 10”) was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity’s returns. IFRS 10 is effective for annual period beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint arrangements (“IFRS 11”) was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair value measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity’s net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3 of the fair value hierarchy to significant unobservable inputs;
- and information must be provided on an entity’s valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) IAS 1 – Presentation of financial statements (“IAS 1”) was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited)

3. Capital risk management

Petrolympic manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at September 30, 2011, totalled \$1,037,046 (December 31, 2010 - \$2,918,486).

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.

The Company is not subject to any material externally imposed capital requirements or covenants.

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 three and nine months ended September 30, 2011.

4. Financial risk management

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.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of September 30, 2011. Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal.

(ii) 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 September 30, 2011, the Company had cash and cash equivalents of \$595,011 (December 31, 2010 - \$2,587,826) to settle current liabilities of \$70,662 (December 31, 2010 - \$96,500). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited)

4. Financial risk management (continued)

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. As of September 30, 2011, the Company funds certain operations, exploration and administrative expenses in Texas (United States) on a cash call basis using US Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US Dollar bank accounts in Canada and United States. The Company is subject to gains and losses from fluctuations in the US Dollar.

(c) Price risk

The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices (oil and natural gas), individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

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

(i) The Company has no debt and receives low interest rates on its cash balances. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss and comprehensive loss.

(ii) The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Petrolympic Ltd.**Notes to Condensed Consolidated Interim Financial Statements****Three and nine months ended September 30, 2011****(Expressed in Canadian Dollars)****(Unaudited)**

5. Categories of financial instruments

	As at September 30, 2011	As at December 31, 2010
Financial assets:		
FVTPL		
Cash and cash equivalents	\$ 595,011	\$ 2,587,826
Loans and receivables		
Accounts receivable	\$ 140,163	\$ 138,603
Financial liabilities:		
Other financial liabilities		
Accounts payable and other liabilities	\$ 70,662	\$ 96,500

6. Cash and cash equivalents

	As at September 30, 2011	As at December 31, 2010
Cash	\$ 585,011	\$ 1,554,148
Cash equivalents	10,000	1,033,678
Total	\$ 595,011	\$ 2,587,826

7. Accounts receivable and other assets

	As at September 30, 2011	As at December 31, 2010
Sales tax receivable - (Canada)	\$ 140,163	\$ 138,603
Prepaid expenses	45,657	35,248
	\$ 185,820	\$ 173,851

Petrolympic Ltd.**Notes to Condensed Consolidated Interim Financial Statements****Three and nine months ended September 30, 2011****(Expressed in Canadian Dollars)****(Unaudited)**

8. Equipment***COST***

	Computers	
Balance, January 1, 2010	\$	3,445
Addition		1,638
Balance, September 30, 2010		5,083
Balance, December 31, 2010		5,083
Balance, September 30, 2011	\$	5,083

ACCUMULATED DEPRECIATION

	Computers	
Balance, January 1, 2010	\$	1,304
Depreciation for the period		898
Balance, September 30, 2010		2,202
Depreciation for the period		381
Balance, December 31, 2010		2,583
Depreciation for the period		1,462
Balance, September 30, 2011	\$	4,045

CARRYING AMOUNTS

	Computers	
At January 1, 2010	\$	2,141
At September 30, 2010		2,881
At December 31, 2010		2,500
At September 30, 2011	\$	1,038

9. Accounts payable and other liabilities

	As at September 30, 2011	As at December 31, 2010
Falling due within the year		
Trade payables	\$ 70,662	\$ 96,500

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements
Three and nine months ended September 30, 2011
(Expressed in Canadian Dollars)
(Unaudited)

10. Share capital

a) Authorized share capital

At September 30, 2011, the authorized share capital consisted of 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 September 30, 2011, the issued share capital amounted to \$6,420,777.

Issued:

	Number of common shares	Amount
Balance, September 30, 2010, December 31, 2010 and September 30, 2011	81,456,195	\$ 6,420,777

11. Stock options

The Company has a Stock Option Plan (the "Plan") to provide incentive for the directors, officers, employees, consultants and service providers of the Company. The total number of options granted to any one individual in any 12 month period, will not exceed 10% of the issued and outstanding common shares of the Company for a period of up to five years. In addition, the maximum number of common shares issuable to all consultants under the plan may not exceed 2% of the issued and outstanding shares of the capital stock. Unless indicated otherwise, these options vest immediately upon grant and are therefore, exercisable. The following table reflects the continuity of stock options for the period ended September 30, 2011:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2009	7,983,336	0.35
Granted	150,000	0.28
Expired	(100,000)	0.20
Balance, September 30, 2010	8,033,336	0.35
Granted	100,000	0.20
Balance, December 31, 2010 and September 30, 2011	8,133,336	0.35

The following table reflects the actual stock options issued and outstanding as of September 30, 2011:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
February 19, 2013	0.18	1.39	4,666,669	4,666,669
June 16, 2013	0.90	1.71	666,667	666,667
June 23, 2013	0.90	1.73	800,000	800,000
September 12, 2013	0.40	1.95	800,000	800,000
June 17, 2014	0.295	2.72	950,000	950,000
April 23, 2015	0.28	3.56	150,000	150,000
November 22, 2015	0.20	4.15	100,000	100,000
		1.74	8,133,336	8,133,336

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2011 (Expressed in Canadian Dollars) (Unaudited)

12. Net loss per common share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2011 and 2010 was based on the loss attributable to common shareholders of \$410,715 and \$1,975,692, respectively (three and nine months ended September 30, 2010 - \$267,535 and \$790,135, respectively) and the weighted average number of common shares outstanding of 81,456,195 (three and nine months ended September 30, 2010 - 81,456,195). Diluted loss per share did not include the effect of 8,133,336 options as they are anti-dilutive.

13. Warrants

The following table reflects the continuity of warrants for the period ended September 30, 2011:

	Number of warrants	Grant date fair value (\$)
Balance, December 31, 2009, September 30, 2010 and December 31, 2010	2,500,000	1,022,082
Expired	(2,500,000)	(1,022,082)
Balance, September 30, 2011	-	-

14. Exploration and evaluation expenditures

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Gross exploration activities				
- Texas, USA (b)	\$ 225,162	\$ -	\$ 1,249,947	\$ -
- Quebec, Canada (a)	30,680	187,061	221,515	432,694
Tax credit receivable at 35% (a)	(10,738)	(65,471)	(77,530)	(151,443)
Net exploration activities	\$ 245,104	\$ 121,590	\$ 1,393,932	\$ 281,251

(a) During the three and nine months ended September 30, 2011, the Company's share of exploration and evaluation expenditures on its Quebec, Canada property interests net of related tax credits receivable amounted to \$19,942 and \$143,985, respectively (three and nine months ended September 30, 2010 - \$121,590 and \$281,251, respectively). Total cumulative exploration and evaluation expenditures incurred on its Quebec, Canada property interests to September 30, 2011 amounted to \$3,860,321 (December 31, 2010 - \$3,716,336).

(b) Petrolympic USA Inc., a wholly-owned subsidiary of the Company announced on May 11, 2011 that it has acquired a new property in the Maverick Basin ("the Property"), Texas, as the Company shifts its near term operational focus from gas to liquids.

Petrolympic has entered in to an Exploration Agreement (terms outlined below) with Texas HBP LLC ("HBP") to acquire a portion of its interest in the Property. HBP has an exploration agreement with the original lease owner of the Property, Blue Star Oil & Gas ("Blue Star") which was subsequently acquired by Shell Western E&P ("Shell"). Under the terms of the agreement between HBP and Shell, HBP is required to pay 100% of the costs incurred in the drilling and completion of earning wells. Once each well has been drilled to its objective depth, completed and tested, HBP will own an 87.5% working interest in the property, with Shell retaining the remaining 12.5% interest. Thereafter, each party will be responsible for its proportionate share of operating costs.

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited)

14. Exploration and evaluation expenditures (continued)

(b) (continued) Key terms of the Exploration Agreement are summarized as follows:

(1) \$250,000 will be paid to HBP upon signing of the Exploration Agreement (May 10, 2011), refundable if drilling does not commence on or before May 14, 2011 (completed);

(2) Petrolympic will be responsible for 100% of all actual costs of drilling and completing the first well;

(3) Big Shell Oil & Gas, an affiliate of HBP, will remain as Operator of the property;

(4) In the event that the first well is completed as a producing well with a minimum average of 50 barrels of oil production per day for the first 60 days, Petrolympic will have the obligation to tender to HBP an additional \$3,000,000 ("the Payment") within 20 days of Petrolympic's receipt of confirmation of production volume;

(5) Upon fulfillment of its drilling and payment obligations, Petrolympic will earn an undivided 50% working interest, yielding a 37.5% net revenue interest, in the acreage and depth to the first well. Additionally, Petrolympic will receive the farm-in right to an undivided 50% working interest in the remainder of the subject property, provided that Petrolympic assumed its proportionate shared cost of the carried interest;

(6) In the event that the first well does not produce up to the average of at least 50 barrels of oil per day, Petrolympic will retain the option to make the Payment and thereby acquire a 50% working interest and a 37.5% net revenue interest in the subject property. In the event that Petrolympic elects not to make the Payment under this scenario, it will receive a 50% working interest, yielding a 37.5% net revenue interest, on the first well and the 320 acres surrounding it but will have no further rights under the Exploration Agreement.

15. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Management fees	\$ 42,000	\$ 43,667	\$ 145,545	\$ 189,750
Administrative and general	23,958	41,706	94,451	89,851
Professional fees	42,275	48,161	186,736	148,068
Investor relations and promotion	27,100	2,046	77,096	29,197
Reporting issuer costs	6,537	10,796	16,732	19,972
Salaries and benefits	23,560	-	64,840	33,000
	\$ 165,430	\$ 146,376	\$ 585,400	\$ 509,838

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(Expressed in Canadian Dollars)

(Unaudited)

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

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2011	2010	2011	2010
Marrelli CFO Outsource Syndicate Inc. ("Marrelli")	(i)	\$ 4,500	\$ 4,500	\$ 13,500	\$ 13,500
Marrelli Support Services ("MSSI")	(ii)(v)	6,961	6,731	27,234	20,295
DSA Corporate Services Inc. ("DSA")	(iii)(v)	3,005	-	9,068	-
Fogler Rubinoff LLP ("Fogler")	(iv)(v)	19,812	15,684	42,821	58,594
Mendel Ekstein	(vi)	37,500	37,500	125,000	112,500
Andreas Jacob	(vii)	-	21,250	-	63,750

(i) The Chief Financial Officer ("CFO") of Petrolympic is the president of Marrelli. Fees related to the CFO function performed.

(ii) The CFO of Petrolympic is the president of MSSI. Fees related to accounting services provided by MSSI.

(iii) The CFO of Petrolympic is an officer of DSA. Fees related to corporate secretarial services provided by DSA.

(iv) The corporate secretary of Petrolympic is a partner at Fogler. Fees related to professional fees provided by Fogler.

(v) As at September 30, 2011, MSSI was owed \$2,539 (December 31, 2010 - \$2,414), DSA was owed \$1,135 (December 31, 2010 - \$1,130) and Fogler was owed \$2,354 (December 31, 2010 - \$17,528).

(vi) Chief Executive Officer fees for the period.

(vii) Vice President fees for the period.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Salaries and benefits	\$ 23,560	\$ -	\$ 64,236	\$ -
Share-based payments	-	-	-	33,000

17. Segmented information

	September 30, 2011	December 31, 2010
Total assets	\$	\$
Canada	1,105,952	3,014,986
USA	1,756	-
	1,107,708	3,014,986

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18. Contingencies and commitments

As at September 30, 2011, Petrolympic is holding an interest in a total 752,951 hectares (1,860,542 acres) of oil and gas exploration permits in the Appalachian Basin of Quebec that include holdings in the St. Lawrence Lowlands and Gaspé Peninsula. The Company's holdings in the St. Lawrence Lowlands are a 30% interest in 216,933 hectares (536,041 acres) through a joint venture with Energie Squatex Inc. ("Squatex"); a 12% interest in 8,000 hectares (19,768 acres) through the Farmout and Joint Operating Agreement (the "Agreement") with Canbriam Energy Inc.; as well as a 100% interest in 56,152 hectares (138,752 acres) located over the Lowlands shallow carbonates platform on the south shore of the St. Lawrence River, less than 30 kilometres southwest of Montreal. These properties represent a major position in the Utica-Lorraine and Trenton-Black River plays. Petrolympic also maintains holdings in the Gaspé and Bas-St. Lawrence regions, including a 30% interest in 431,178 hectares (1,065,441 acres) through a joint venture with Squatex and a 100% interest in a block of exploration permits totaling 40,688 hectares (100,540 acres) located between Rimouski and Matane prospective for hydrothermal dolomite hosted light oil.

In order to maintain its petroleum and natural gas permits in good standing, the Company must pay an annual rent of \$0.10 per hectare and incur minimum exploration expenditures equivalent to \$0.50 per hectare in the first year, increasing by \$0.50 per hectare every subsequent year to a maximum of \$2.50. After the first five year period, which will end in September 2014, the Company has the option to renew the permits each year for a maximum of another five years, with the obligation of incurring aggregate minimum annual exploration and rental expenditures of \$3.00 per hectare.

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

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

Minimum annual rental and exploration expenditures to keep all permits (100% interest permits plus 30% of Squatex's permits) are as follows:

2011	\$	29,415
2012		134,198
2013		358,685
2014		494,348
2015		624,420
Thereafter		<u>3,465,050</u>
	\$	<u>5,106,116</u>

The Quebec government has requested an independent commission to study shale gas exploration in the Quebec Lowlands. The commission provided its recommendations at the end of February 2011 and the Quebec government has exempted permits holders from performing the work obligations on their permits for a period of a maximum of three years starting on the adoption of Bill 18 on June 13, 2011. During that period however, the holder of the licence must continue to pay the annual mining rights and after the period, the expiry date of the licence is deferred to the end of the period for performing the work that remains to run after the lifting of the suspension. The Bill also calls for a halt on new drilling and fracking operations, unless certain conditions are met. Therefore, Petrolympic and its partners do not anticipate carrying out exploration activities in the near term on its permit interests in the Quebec Lowlands unless circumstances change.

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Notes to Condensed Consolidated Interim Financial Statements

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19. Conversion to IFRS

(i) Overview

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Company's "Transition Date".

- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply IFRS 2, Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian generally accepted accounting principles ("Canadian GAAP").

The Company's Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited condensed interim statements of financial position in the Company's condensed interim financial statements as at and for the three months ended March 31, 2011.

(ii) Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

Petrolympic Ltd.

Notes to Condensed Consolidated Interim Financial Statements
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19. Conversion to IFRS (continued)

(ii) *Changes to accounting policies (continued)*

(a) Exploration and evaluation

On transition to IFRS, the Company elected to expense acquisition, exploration and evaluation expenditures as incurred. Previously, the Company's Canadian GAAP policy was to capitalize all costs including exploration and evaluation expenditures as incurred. None of the Company's properties have reached the stage where a bankable feasibility study supporting the recoverability of such costs has been received. Therefore there are no deferred exploration and evaluation costs recognized on the interim statement of financial position.

Impact on Condensed Consolidated Interim Statements of Financial Position

	As at September 30, 2010
Adjustment to mineral resource properties	\$ (3,549,188)
Adjustment to deficit	\$ (3,549,188)

Impact on Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

	Three months ended September 30, 2010	Nine months ended September 30, 2010
Adjustment to exploration and evaluation expenditures	\$ 121,590	\$ 281,251
Adjustment to comprehensive loss	\$ (121,590)	\$ (281,251)

Impact on Condensed Consolidated Interim Statements of Cash Flows

	Nine months ended September 30, 2010
Adjustment to comprehensive loss	\$ (281,251)
Mineral resource properties, net of refundable tax credits received	\$ 281,251

(b) Impairment of (non-financial) assets

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

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed consolidated interim financial statements.

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19. Conversion to IFRS (continued)

(ii) *Changes to accounting policies (continued)*

(c) Decommissioning Liabilities (Asset Retirement Obligations)

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

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed consolidated interim financial statements.

(d) Share-based payments

The Company, in adopting IFRS 2, required no restatement of its share-based payments as there are no material adjustments or impact of share-based payments that do not vest immediately.

(e) Flow-through shares

On transition to IFRS, the Company elected to follow generally accepted method under US GAAP whereby flow-through proceeds should be allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A deferred tax liability will be recognized for the premium paid by the investors and will then be recognized as a deferred income tax recovery in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance. The Company reviewed its previously issued flow-through shares and did not identify any material adjustments upon transition to IFRS.

(iii) *Presentation*

Certain amounts in the unaudited condensed consolidated interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

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Notes to Condensed Consolidated Interim Financial Statements
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19. Conversion to IFRS (continued)

(iv) *Reconciliation between IFRS and Canadian GAAP*

The September 30, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	September 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,927,615	\$ -	\$ 2,927,615
Tax credit receivable	213,144	-	213,144
Accounts receivable and other assets	172,199	-	172,199
	3,312,958	-	3,312,958
Equipment	2,881	-	2,881
Mineral resource properties (note 19(ii)(a))	3,549,188	(3,549,188)	-
	\$ 6,865,027	\$ (3,549,188)	\$ 3,315,839
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ 153,318	\$ -	\$ 153,318
Equity			
Share capital	6,420,777	-	6,420,777
Reserves	3,832,343	-	3,832,343
Deficit (note 19(ii)(a))	(3,541,411)	(3,549,188)	(7,090,599)
Total equity	6,711,709	(3,549,188)	3,162,521
Total liabilities and equity	\$ 6,865,027	\$ (3,549,188)	\$ 3,315,839

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19. Conversion to IFRS (continued)

(iv) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP interim statement of loss and comprehensive loss for the nine month period ended September 30, 2010 has been reconciled to IFRS as follows:

	Nine months ended September 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
Exploration and evaluation expenditures (note 19(ii)(a))	\$ -	\$ 281,251	\$ 281,251
General and administrative	509,838	-	509,838
Operating loss before the following items:	(509,838)	(281,251)	(791,089)
Interest income	1,852	-	1,852
Depreciation	(898)	-	(898)
Net loss and compressive loss for the period	\$ (508,884)	\$ (281,251)	\$ (790,135)

The Canadian GAAP interim statement of loss and comprehensive loss for the three month period ended September 30, 2010 has been reconciled to IFRS as follows:

	Three months ended September 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
Exploration and evaluation expenditures (note 19(ii)(a))	\$ -	\$ 121,590	\$ 121,590
General and administrative	146,376	-	146,376
Operating loss before the following items:	(146,376)	(121,590)	(267,966)
Interest income	812	-	812
Depreciation	(381)	-	(381)
Net loss and comprehensive loss for the period	\$ (145,945)	\$ (121,590)	\$ (267,535)

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19. Conversion to IFRS (continued)

(iv) *Reconciliation between IFRS and Canadian GAAP (continued)*

The Canadian GAAP interim statement of cash flows for the nine months ended September 30, 2010 has been reconciled to IFRS as follows:

	Nine months ended September 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating			
Net loss	\$ (508,884)	\$ (281,251) ⁽¹⁾	\$ (790,135)
Adjustment for:			
Share-based payment	33,000	-	33,000
Depreciation	898	-	898
Non-cash working capital items:			
Accounts receivable and other assets	160,965	-	160,965
Accounts payable and accrued liabilities	(191,767)	-	(191,767)
Net used in operating activities	(505,788)	(281,251)	(787,039)
Investing activities			
Acquisition of equipment	(1,639)	-	(1,639)
Deferred exploration costs (note 19(ii)(a))	(281,251)	281,251	-
Net cash (used in) provided by investing activities	(282,890)	281,251	(1,639)
Net change in cash and cash equivalents	(788,678)	-	(788,678)
Cash and cash equivalents, beginning of period	3,716,293	-	3,716,293
Cash and cash equivalents, end of period	\$ 2,927,615	\$ -	\$ 2,927,615

⁽¹⁾ Refer to Canadian GAAP statement of interim comprehensive loss for the nine month period ended September 30, 2010 reconciled to IFRS in note 19(ii)(a) above.