PETROLYMPIC LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

(EXPRESSED IN CANADIAN DOLLARS)

Management's Responsibility for Consolidated Financial Statements

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

The consolidated 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 consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the reporting date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

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 consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the years presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated 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 consolidated 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 consolidated 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
April 26, 2013

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

		As at December 31, 2012		As at December 31, 2011
ASSETS				
Current assets				
Cash and cash equivalents (note 6)	**$**	**101,411**	$	906,131
Tax credit receivable		**11,660**		98,171
Amounts receivable and other assets (note 7)		**303,580**		156,629
		416,651		1,160,931
Non-current assets				
Equipment (note 8)		**509**		727
Reclamation bond		**7,919**		-
Total assets	**$**	**425,079**	$	1,161,658
EQUITY AND LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	**$**	**275,932**	$	179,049
Deferred premium on flow-through shares (note 10(b)(ii))		**13,143**		81,050
		289,075		260,099
Non-current liabilities				
Loan payable (notes 16(a)(iv) and 19)		**15,000**		-
Total liabilities		**304,075**		260,099
Equity				
Share capital (note 10)		**6,792,663**		6,595,297
Reserves		**3,986,540**		3,862,185
Deficit		**(10,658,199)**		(9,555,923)
Total equity		**121,004**		901,559
Total equity and liabilities	**$**	**425,079**	$	1,161,658

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 17)
Subsequent event (note 19)

On behalf of the Board:

(Signed) Mendel Ekstein
Director

(Signed) Frank Ricciuti
Director

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

	Year Ended December 31, 2012	Year Ended December 31, 2011
Operating expenses		
Exploration and evaluation expenditures (note 14)	**$ 665,858**	$ 1,398,872
General and administrative (note 15)	**517,813**	821,521
Operating loss before premium on flow-through shares, interest income and depreciation	**(1,183,671)**	(2,220,393)
Premium on flow-through shares	**81,050**	-
Interest income	**563**	6,342
Depreciation	**(218)**	(1,773)
Net loss for the year	**$ (1,102,276)**	$ (2,215,824)
Other comprehensive income		
Exchange differences on translating foreign operations	**(5,536)**	20,522
Net loss and comprehensive loss for the year	**$ (1,107,812)**	$ (2,195,302)
Basic and Diluted net loss per share (note 13)	**$ (0.01)**	$ (0.03)
Weighted average number of common shares outstanding	**83,106,941**	81,496,165

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, 2012	Year Ended December 31, 2011
Operating activities		
Net loss	**$ (1,102,276)**	$ (2,215,824)
Adjustment for:		
Depreciation	**218**	1,773
Share based payment	**92,400**	3,855
Change in unrealized foreign exchange	**(5,536)**	20,522
Premium on flow-through shares	**(81,050)**	-
Non-cash working capital items:		
Tax credit receivable	**86,511**	152,638
Amounts receivable and other assets	**101,049**	17,222
Accounts payable and accrued liabilities	**96,883**	82,549
Reclamation bond	**(7,919)**	-
Net cash used in operating activities	**(819,720)**	(1,937,265)
Financing Activities		
Loan payable (notes 16(a)(iv))	**15,000**	-
Net proceeds from private placement (note 10(b)(i))	**-**	255,570
Net cash received from financing activities	**15,000**	255,570
Net change in cash and cash equivalents	**(804,720)**	(1,681,695)
Cash and cash equivalents, beginning of year	**906,131**	2,587,826
Cash and cash equivalents, end of year	**$ 101,411**	$ 906,131

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

Petrolympic Ltd.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Reserves				
	Share capital	Equity settled share-based payment reserve	Warrant reserve	Other comprehensive loss	Deficit	Total
Balance, December 31, 2010	**$ 6,420,777**	**$ 2,815,726**	**$ 1,022,082**	**$ -**	**$ (7,340,099)**	**$ 2,918,486**
Flow-through common shares issued (note 10(b)(i))	194,520	-	-	-	-	194,520
Cost of issuance	(20,000)	-	-	-	-	(20,000)
Foreign currency translation adjustment	-	-	-	20,522	-	20,522
Share based payment	-	3,855	-	-	-	3,855
Net loss for the year	-	-	-	-	(2,215,824)	(2,215,824)
Balance, December 31, 2011	**$ 6,595,297**	**$ 2,819,581**	**$ 1,022,082**	**$ 20,522**	**$ (9,555,923)**	**$ 901,559**
Flow-through units issued (note 10(b)(ii))	216,857	-	-	-	-	216,857
Fair value of warrants issued	(36,143)	-	36,143	-	-	-
Common share units issued (note 10(b)(ii))	20,000	-	-	-	-	20,000
Fair value of warrants issued	(1,667)	-	1,667	-	-	-
Cost of issuance	(1,681)	-	(319)	-	-	(2,000)
Foreign currency translation adjustment	-	-	-	(5,536)	-	(5,536)
Share based payment	-	92,400	-	-	-	92,400
Net loss for the year	-	-	-	-	(1,102,276)	(1,102,276)
Balance, December 31, 2012	**$ 6,792,663**	**$ 2,911,981**	**$ 1,059,573**	**$ 14,986**	**$ (10,658,199)**	**$ 121,004**

The notes to the 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 consolidated financial statements, the Company has not yet discovered any deposits, nor has it earned any income. The Company's common shares are listed on the TSX Venture Exchange under the symbol PCQ. The primary office is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C, 2C5. The Company's year end is December 31st.

The consolidated financial statements of the Company for the year ended December 31, 2012 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 26, 2013.

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. In the absence of additional financing or strategic alternatives, these factors cast substantial doubt in the Company's ability to continue as a going concern. These 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 going concern and was required to realize its assets or discharge is obligations in anything other than the ordinary course of operations.

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 $127,576 at December 31, 2012 (December 31, 2011 - $900,832). For the year ended December 31, 2012, the Company had a net loss and comprehensive loss of $1,107,812 (year ended December 31, 2011 - $2,195,302). For the year ended December 31, 2012, the Company had cash outflows of $804,720 (year ended December 31, 2011 - $1,681,695). These circumstances cast significant doubt as to the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon its obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

2. Significant accounting policies

(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 years ended December 31, 2012 and 2011.

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of April 26, 2013, the date the Board of Directors approved the statements.

(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.

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*(r)*.

2. Significant accounting policies (continued)

(c) Basis of consolidation

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. All intercompany transactions and balances have been eliminated. The financial statements of each subsidiary are consolidated from the date that control commences until the date that control ceases.

(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 the 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 recognised 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.

The financial results and position of the US subsidiaries are translated as follows: (i) assets and liabilities are translated at the period end exchange rates prevailing at the reporting date; and (ii) income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation of the US subsidiaries are recognized in other comprehensive loss. These differences are recognized in loss and comprehensive loss in the period in which the operation is disposed.

(e) Financial assets and liabilities

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash and cash equivalents	Fair value through profit and loss ("FVTPL")
Amounts receivable and other assets	Loans and receivables
Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities
Loan payable	Other financial liabilities

Fair value through profit and loss:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of loss and comprehensive loss.

2. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

The Company's financial assets classified as FVTPL include cash and cash equivalents. The Company does not currently hold any derivative instruments or apply hedge accounting.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the instrument or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled, or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

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, 2012 and December 31, 2011, 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.

2. Significant accounting policies (continued)

(f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(g) 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 incurred.

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.

(h) Finance costs

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

(i) Flow-through shares

Flow-through shares are a unique Canadian tax incentive. They are the subject of specific guidance under US GAAP, but there is no equivalent IFRS guidance. Therefore, the Company has adopted a policy whereby flow-through proceeds are 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 premium on flow-through shares liability is recognized for the premium paid by the investors. The liability is reduced with a corresponding increase in deferred income tax recovery in the period of renunciation. A deferred tax liability is recognized in accordance with IAS 12, Income Taxes, for the tax base of the properties less the amount renounced.

(j) 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. The Company does not invest in any asset-backed deposits/investments.

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
Computer equipment	30%	Declining balance

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

(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, 2012 or December 31, 2011.

(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 equity. 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.

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 equity, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

2. Significant accounting policies (continued)

(n) 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.

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.

(o) 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.

(p) 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.

(q) 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, 2011 - 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, and when the tax credit's collectability is reasonably assured.

2. Significant accounting policies (continued)

(r) 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 recoverability of amounts receivable that are included in the consolidated statements of financial position;
- the inputs used in accounting for share based payment transactions in profit or loss; and
- management assumptions of no material restoration, rehabilitation and environmental provision, based on the facts and circumstances that existed during the year.

Critical accounting judgments

The categorization of financial assets and liabilities and functional currency determination is an accounting policy that requires management to make judgments or assessments.

(s) Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after July 1, 2012 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list 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, 2015.

(ii) IFRS 10 ‘Consolidated Financial Statements’ – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

(iii) IFRS 11 Joint arrangements (“IFRS 11”) was issued by the IASB in May 2011 and will replace IAS 31 Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

2. Significant accounting policies (continued)

(s) Recent Accounting Pronouncements (continued)

(iv) IFRS 12 'Disclosure of Interests in Other Entities' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

(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 categorised 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.

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, 2012, totalled $121,004 (December 31, 2011 - $901,559).

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 other than the obligation to incur eligible expenditures with respect to the flow-through shares issued (refer to notes 14(a) and 17).

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 year ended December 31, 2012.

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 fulfill 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, 2012, the Company had cash and cash equivalents of $101,411 (December 31, 2011 - $906,131) to settle current liabilities of $289,075 (December 31, 2011 - $260,099). 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 and the Company's ability to continue as a going concern (see note 1).

(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.

(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 major purchases are transacted in Canadian dollars. The Company is exposed to foreign currency risk with respect to the expenditures incurred by its US subsidiaries.

(v) Sensitivity analysis

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

(i) The Company has no debt other than an outstanding loan to an officer of the Company which bears zero interest, except in the case of default (notes 16(a)(iv) and 19). 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.

4. Financial risk management (continued)

(v) Sensitivity analysis (continued)

(ii) The Company has subsidiaries with balances denominated in US dollars. Sensitivity to a plus or minus five percentage point change in exchange rates would lead to a $510 gain/loss in the reported net loss and comprehensive loss for the year ended December 31, 2012.

5. Categories of financial instruments

	As at December 31, 2012	As at December 31, 2011
Financial assets:		
FVTPL		
Cash and cash equivalents	$ 101,411	$ 906,131
Loans and receivables		
Amount receivable for private placement	$ 250,000	$ -
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 275,932	$ 179,049
Loan payable	$ 15,000	$ -

As at December 31, 2012, the the fair value of the Company's financial instruments approximates the carrying value due to the short-term nature of the instruments.

6. Cash and cash equivalents

	As at December 31, 2012	As at December 31, 2011
Cash	$ 91,411	$ 896,131
Cash equivalents	10,000	10,000
Total	$ 101,411	$ 906,131

7. Amounts receivable and other assets

	As at December 31, 2012	As at December 31, 2011
Sales tax receivable - (Canada)	$ 28,981	$ 122,608
Prepaid expenses	24,599	34,021
Amount receivable for private placement	250,000	-
	$ 303,580	$ 156,629

(Expressed in Canadian Dollars)

8. Equipment

Cost

		Computers
Balance, December 31, 2011 and December 31, 2012	$	5,083

Accumulated depreciation

		Computers
Balance, December 31, 2011	$	4,356
Depreciation for the year		218
Balance, December 31, 2012	$	4,574

Carrying amounts

		Computers
At December 31, 2011	$	727
At December 31, 2012	$	509

9. Accounts payable and accrued liabilities

		As at December 31, 2012		As at December 31, 2011
Trade payables	$	194,517	$	118,003
Accrued liabilities		81,415		61,046
	$	275,932	$	179,049

10. Share capital

a) Authorized share capital

At December 31, 2012, 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.

(Expressed in Canadian Dollars)

10. Share capital (continued)

b) Common shares issued

At December 31, 2012, the issued share capital amounted to $6,792,663.

Issued:

	Number of common shares		Amount
Balance, December 31, 2010	81,456,195	$	6,420,777
Private placement (i)	1,621,000		194,520
Costs of issuance	-		(20,000)
Balance, December 31, 2011	83,077,195	$	6,595,297
Private placement (ii)	3,619,048		199,047
Costs of issuance	-		(1,681)
Balance, December 31, 2012	86,696,243	$	6,792,663

(i) On December 22, 2011, the Company completed a private placement of 1,621,000 flow-through common shares at a price of $0.17 per flow-through share for gross proceeds of $275,570 (net proceeds of $255,570 following payment of $20,000 issuance costs). The fair value of the common shares was determined to be $194,520 using the closing trading price on December 22, 2011 of $0.12. The remaining $81,050 is determined to be the fair value of the premium on flow-through shares and has been recognized in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2012.

(ii) On December 28, 2012, the Company completed a private placement of 3,285,715 flow-through units ("FT Units") at a price of $0.07 per FT Unit and 333,333 common share units ("CS Units") at $0.06 per CS Unit for gross proceeds of $250,000 (net proceeds of $248,000 following payment of $2,000 issuance costs). The proceeds from the private placement were received subsequent to December 31, 2012 and are included in amounts receivable and other assets on the consolidated statement of financial position. Each FT Unit consists of one flow-through common share of the Company and one half of one common share purchase warrant ("Warrant") and each CS Unit consists of one common share of the Company and one half of one Warrant. Each Warrant entitles the holder to purchase additional common share at a price of $0.10 for a period of 18 months from the date of closing.

The fair value of the common shares was determined to be $199,047 using the closing trading price on December 28, 2012 of $0.055. The fair value assigned to the warrants was $37,810, estimated using the Black-Scholes option pricing model with the following assumptions: an 18 month expected average life; share price of $0.10; 121.40% volatility; risk free interest rate of 1.13%; 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 issuance costs of $2,000 were allocated between common shares and warrants as follows: common shares - $1,681; warrants - $319. The remaining $13,143 is determined to be the fair value of the premium on flow through shares and has been recognized as a liability on the consolidated statement of financial position.

(Expressed in Canadian Dollars)

11. Stock options

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

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2011	8,133,336	0.35
Expired or cancelled	(1,533,334)	0.19
Granted (i)	1,200,000	0.12
Balance, December 31, 2012	7,800,002	0.34

(i) On April 24, 2012, the Company granted 1,200,000 options of the Company at a price of $0.12 per share, expiring April 24, 2017. 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 $0.10; 110.81% volatility; risk free interest rate of 1.68%; 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 $92,400 which was expensed on the consolidated statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options have fully vested.

The following table reflects the actual stock options issued and outstanding as of December 31, 2012:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
February 19, 2013	0.18	0.14	3,333,335	3,333,335
June 16, 2013	0.90	0.46	666,667	666,667
June 23, 2013	0.90	0.48	800,000	800,000
September 12, 2013	0.40	0.70	800,000	800,000
June 17, 2014	0.295	1.46	750,000	750,000
April 23, 2015	0.28	2.31	150,000	150,000
November 22, 2015	0.20	2.89	100,000	100,000
April 24, 2017	0.12	4.32	1,200,000	1,200,000
		1.10	7,800,002	7,800,002

12. Warrants

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

	Number of warrants	Grant date fair value ($)
Balance, December 31, 2010	2,500,000	1,022,082
Expired	(2,500,000)	(1,022,082)
Balance, December 31, 2011	-	-
Granted (note 10(b)(ii))	1,809,524	37,491
Balance, December 31, 2012	1,809,524	37,491

(Expressed in Canadian Dollars)

12. Warrants (continued)

The following table reflects the actual warrants issued as of December 31, 2012:

Number of Warrants Outstanding	Grant Date Fair Value ($)	Exercise Price ($)	Expiry Date
1,809,524	37,491	0.10	June 28, 2014
1,809,524	**37,491**	1.10	

13. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2012 was based on the loss attributable to common shareholders of $1,102,276 (year ended December 31, 2011 - $2,215,824) and the weighted average number of common shares outstanding of 83,106,941 (year ended December 31, 2011 - 81,496,165). Diluted loss per share did not include the effect of 7,800,002 options outstanding (year ended December 31, 2011 - 8,133,336 options outstanding) as they are anti-dilutive. Diluted loss per share did not include the effect of 1,809,524 warrants outstanding (year ended December 31, 2011 - nil warrants outstanding) as they are anti-dilutive.

14. Exploration and evaluation expenditures

	Year Ended December 31, 2012	Year Ended December 31, 2011
Québec, Canada (a)		
Gross exploration activities		
General exploration costs	**$ 277,017**	$ 157,820
Geology	**-**	56,646
Geophysical	**2,500**	34,702
Permits & licenses	**29,367**	16,235
Data compilation	**-**	13,625
Claim costs	**-**	1,460
	308,884	280,488
Tax credit receivable at 35%	**(11,660)**	(98,171)
Net costs	**$ 297,224**	$ 182,317
Texas, USA (b)		
Drilling	**$ 65,142**	$ 964,080
Acquisition costs	**132,332**	247,267
General exploration	**106,160**	-
Consulting	**-**	5,208
Net costs	**$ 303,634**	$ 1,216,555
Michigan, USA (c)		
Acquisition costs	**$ 65,000**	$ -
Net costs	**$ 65,000**	$ -
Total Exploration Costs	**$ 665,858**	$ 1,398,872

14. Exploration and evaluation expenditures (continued)

(a) Québec Properties, Québec (Canada)

During the year ended December 31, 2012, the Company's share of exploration and evaluation expenditures on its Québec, Canada property interests net of related tax credits receivable amounted to $297,224 (year ended December 31, 2011 - $182,317). Total cumulative exploration and evaluation expenditures incurred on its Québec, Canada property interests to December 31, 2012 amounted to $4,195,877 (December 31, 2011 - $3,898,653).

On December 28, 2012, the Company completed a private placement of 3,285,715 flow-through units. In connection with this placement, the Company is obligated to incur $230,000 in exploration expenses by December 31, 2013.

(b) Chittim Ranch Property, Texas (USA)

During the year ended December 31, 2012, the Company's share of exploration and evaluation expenditures on its Chittim Ranch property in Texas (USA) amounted to $303,634 (year ended December 31, 2011 - $1,216,555). Total cumulative exploration and evaluation expenditures incurred on its Chittim Ranch property to December 31, 2012 amounted to $1,520,189 (December 31, 2011 - $1,216,555).

On April 10, 2012 Petrolympic USA received notice that the lease for its Chittim Ranch property had been breached by Texas HBP LLC as operator. On July 3, 2012, the Company announced that it has resolved its dispute with Texas HBP LLC, Big Shell Oil & Gas Inc. and Harvey E. White (the "Big Shell Entities"), pertaining to the Chittim Ranch 80 #2V Well (the "Well") located in the Chittim Ranch Properties.

Settlement Terms

- The Big Shell Entities have consented to the direct assignment to Petrolympic USA Inc. of an 80.25% working interest (net revenue interest of 60.1875%) in the Well and the surrounding 320–acre leasehold estate (the "Petrolympic Property") increased from the originally agreed upon 50% working interest (net revenue interest of 37.5%).
- Petrolympic USA is seeking consent from the landowners of a formal assignment of the Petrolympic Property and formally changed the operatorship with the Railroad Commission of Texas.
- Big Shell relinquished operations over the Petrolympic Property to Oil-Lympia Oil and Gas Inc., a subsidiary company of Petrolympic.
- Petrolympic USA satisfied all outstanding invoices to third-party vendors and service providers in relation to prior operations on the Well.
- Petrolympic USA has relinquished any rights under the participation agreement in the balance of the 8,000 acres.

(c) Michigan Pinnacle Reef Properties, Michigan (USA)

On May 24, 2012, Petrolympic announced that it has entered into a letter of intent to form a joint venture with Energex Petroleum Inc. ("Energex") through which Petrolympic will acquire 50% indirect working interest in Energex's Michigan Properties ("Michigan Properties").

(Expressed in Canadian Dollars)

14. Exploration and evaluation expenditures (continued)

(c) Michigan Pinnacle Reef Properties, Michigan (USA) (continued)

Deal Terms

To earn 50% of the working interest in the Michigan Properties, Petrolympic will make the following payments:

- $50,000 on or before June 18, 2012 (completed);
- On or prior to September 28, 2012 ("Closing Date"), an aggregate of $350,000, of which $100,000 is payable to Energex and the balance will be used to fund the environmental bonding obligations, closing costs and general working capital purposes, and issue to Energex 1 million common shares in the capital of Petrolympic ("Petrolympic Shares"); (1)
- $300,000 to fund the joint development program ("Joint Development Program") and issue to Energex 500,000 Petrolympic Shares within 60 days of the Closing Date; (1)
- $300,000 to fund the Joint Development Program and issue to Energex 500,000 Petrolympic Shares within 120 days of the Closing Date; (1)
- $250,000 to fund the Joint Development Program and issue to Energex 500,000 Petrolympic Shares within 240 days of the Closing Date; (1) and
- $250,000 to fund the Joint Development Program and issue to Energex 500,000 Petrolympic Shares within 365 days of the Closing Date. (1)

(1) As of the date of these financial statements, the Company is in discussion with Energex to renegotiate the terms of the agreement. Obligations under the agreement have been suspended.

All issuances of Petrolympic Shares are subject to obtaining regulatory approval. Subsequently, Petrolympic and Energex each will be responsible for their pro-rata share of the development costs, based on the working interest held by each party (expected to be maintained at 50-50).

Petrolympic will also have a right of first refusal for a period of one year to earn working interest in the additional properties owned by Energex in Ontario.

Foundation Opportunities Inc. ("FOI"), a merchant bank, has acted as an advisor to Energex in the transaction. Adam Szweras is Corporate Secretary of Petrolympic and is a director and Chairman of FOI, and has an indirect economic interest in FOI.

15. General and administrative

	Year Ended December 31, 2012	Year Ended December 31, 2011
Professional fees	**$ 218,699**	$ 267,404
Share based payment (note 11)	**92,400**	-
Management fees	**73,083**	190,407
Investor relations and promotion	**38,935**	138,775
Salaries and benefits	**38,493**	86,971
Administrative and general	**37,596**	116,073
Reporting issuer costs	**18,607**	21,891
	$ 517,813	$ 821,521

(Expressed in Canadian Dollars)

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.

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

	Notes		Year Ended December 31, 2012		2011
Marrelli Support Services Inc. ("Marrelli Support")	(i)	**$**	**60,416**	$	59,552
DSA Corporate Services Inc. ("DSA")	(ii)		**25,495**		19,228
Fogler Rubinoff LLP ("Fogler")	(iii)		**22,707**		54,552

(i) For the year ended December 31, 2012, the Company expensed $60,416 (year ended December 31, 2011 - $59,552) 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 December 31, 2012, Marrelli Support was owed $42,936 (December 31, 2011 - $2,968) and this amount was included in accounts payable and accrued liabilities.

(ii) For the year ended December 31, 2012, the Company expensed $25,495 (year ended December 31, 2011 - $19,228) to DSA for corporate secretarial services. DSA is a private company controlled by Carmelo Marrelli, the CFO of the Company. Carmelo Marrelli is also the corporate secretary and sole director of DSA. As at December 31, 2012, DSA was owed $21,155 (December 31, 2011 - $1,635) and this amount was included in accounts payable and accrued liabilities.

(iii) For the year ended December 31, 2012, the Company expensed $22,707 (year ended December 31, 2011 - $54,552) to Fogler for professional services. The Corporate Secretary of Petrolympic is a partner at Fogler. As at December 31, 2012, Fogler was owed $9,036 (December 31, 2011 - $13,256).

(iv) During the year ended December 31, 2012, the Company received $15,000 from Mendel Ekstein, the President and CEO of the Company, as an advance on a loan agreement which the Company and CEO entered into subsequent to the year ended December 31, 2012 (see note 19).

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

		Year Ended December 31, 2012		2011
Salaries and benefits	**$**	**93,841**	$	249,260
Share based payments		**92,400**		-
Total remuneration	**$**	**186,241**	$	249,260

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, 2012, Directors and key management personnel of the Company were owed $20,248 (December 31, 2011 - $nil) for remuneration.

(Expressed in Canadian Dollars)

17. Commitments and contingencies

(a) Québec, Canada

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.

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

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.

Annual rental and minimum exploration expenditures to keep all permits (100% interest permits plus 30% of Squatex's permits) are unknown.

(b) Flow-through shares

Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at December 31, 2012, the Company is committed to incurring approximately $230,000 in Canadian Exploration Expenditures by December 31, 2013, arising from the flow-through offerings (see note 10(b)(ii)).

18. 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, 2012 and 2011 is as follows:

	Year Ended December 31,	
	2012	**2011**
Loss before income taxes	**$ (1,102,276)**	$ (2,215,824)
Combined federal and provincial statutory income tax rate	**26.50 %**	28.25 %
Expected income tax recovery	**(292,103)**	(625,970)
Share-based compensation and non-deductible expenses	**24,688**	1,536
Share issue costs	**(530)**	(5,000)
Effect of higher tax rates in foreign jurisdictions		**(37,188)**
(116,176)		
Change in future tax rate and other	**50,863**	53,386
Effect of flow-through renunciation	**69,286**	-
Effect of premium on flow-through shares	**(21,478)**	-
Change in tax benefits not recognized	**206,462**	692,224
Income tax expense (recovery)	**$ -**	$ -

The 2012 statutory tax rate of 26.5% differs from the 2011 statutory tax rate of 28.25% because of the reduction in federal and provincial substantively enacted tax rates.

(Expressed in Canadian Dollars)

18. 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 amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	As at December 31, 2011	As at December 31 2010
Deferred income tax assets		
Non-capital losses carried forward	**$ 4,175,263**	$ 3,644,966
Petroleum and natural gas properties and other	**3,021,053**	2,808,734
Share issue costs deductible	**13,600**	202,298
Net deferred tax assets	**7,209,916**	6,655,998
Deferred tax assets not recognized	**(7,209,916)**	(6,655,998)
Net deferred income tax assets (liabilities)	**$ -**	$ -

The Company's non-capital loss carry forwards expire as noted in the table below. Share issue and financing costs must be utilized by 2016. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

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

	Canada	USA
2026	$ 184,296	$ -
2027	165,898	-
2028	1,003,131	-
2029	613,803	-
2030	733,127	-
2031	859,560	-
2032	521,707	93,742
	$ 4,081,522	$ 93,742

19. Subsequent event

Subsequent to the year ended December 31, 2012, the Company entered into a financing arrangement (the "Loan") for the purposes of funding exploration on the Chittim Ranch property and increasing its working capital, whereby the Company will borrow up to $200,000 (the "Principal") from Mendel Ekstein, the Chief Executive Officer and the President of the Company ("Lender"), for a term of 12 months, which Principal will bear no interest (but will bear interest at a rate of 30% per annum in the case of a default). In connection with the Loan, Petrolympic has entered into a promissory note (the "Promissory Note") and other agreements and executed certain documents, including entering into a share pledge agreement (the "Share Pledge Agreement") with the Lender, providing for the pledge by the Company to the Lender of shares in the capital of Petrolympia Inc. and Petrolympic USA, Inc., upon the terms and conditions set out in the Share Pledge Agreement.

19. Subsequent event (continued)

Subsequent to the year ended December 31, 2012, 3,333,335 stock options with a price of $0.18 and an expiry date of February 19, 2013 expired unexercised.

Subsequent to the year ended December 31, 2012, the Company granted 3,333,335 stock options to certain officers and directors of the Company at a price of $0.10 per share, expiring on March 25, 2018.