



PETROLYMPIC LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2019

EXPRESSED IN CANADIAN DOLLARS

Prepared by:

PETROLYMPIC LTD.

**The Canadian Venture Building
82 Richmond Street East
Toronto, Ontario
M5C 1P1**

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Petrolympic Ltd. ("Petrolympic" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2019 and December 31, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of May 28, 2020, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Petrolympic common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Petrolympic's website at www.petrolympic.com or on SEDAR at www.sedar.com.

Caution Regarding Forward-looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of Petrolympic's interests to contain economic deposits of oil or gas	Financing will be available for future exploration and development of Petrolympic's properties; the actual results of Petrolympic's exploration	Oil or gas price volatility; uncertainties involved in interpreting geological data and confirming title to acquired

Petrolympic Ltd.
Management's Discussion & Analysis
Year Ended December 31, 2019
Dated – May 28, 2020

	<p>and development activities will be favourable; operating, exploration and development costs will not exceed Petrolympic's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Petrolympic, and applicable political and economic conditions will be favourable to Petrolympic; the price of oil or gas and applicable interest and exchange rates will be favourable to Petrolympic; no title disputes exist with respect to the Company's properties</p>	<p>properties; the possibility that future exploration results will not be consistent with Petrolympic's expectations; availability of financing for and actual results of Petrolympic's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff</p>
<p>The Company's cash balance at December 31, 2019, is not sufficient to fund its consolidated operating expenses at current levels. At the date hereof, the Company's consolidated cash balance has diminished as a result of normal business operations and management is attempting to defer payments, to the extent practical</p>	<p>The operating and exploration activities of the Company for the twelve-month period ending December 31, 2020, and the costs associated therewith, will be dependent on raising sufficient capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Petrolympic</p>	<p>Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions</p>
<p>Management's outlook regarding future trends (see "Trends")</p>	<p>Financing will be available for the Company's exploration and operating activities; the price of oil and/or gas will be favourable to the Company</p>	<p>The volatility of the price of oil and/or gas; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions</p>

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Petrolympic's ability to predict or control. Please refer to those risk factors included in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Petrolympic's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Petrolympic is incorporated under the Business Corporations Act (Ontario). The Company is primarily engaged in petroleum and natural gas exploration and development activities. It has not yet determined whether its properties contain reserves that are economically recoverable.

The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol PCQ and on the OTCQX International under the symbol PCQRF.

Overall Performance

Corporate

During the year ended December 31, 2019, the Company received \$87,575 (66,000USD) in advances from Mendel Ekstein who is a major shareholder of the Company. Advances of \$111,712 (86,012USD) were outstanding at December 31, 2019.

At December 31, 2019, the Company had assets of \$47,866 (December 31, 2018 - \$198,848) and deficiency of \$670,860 (December 31, 2018 – 270,988). At December 31, 2019, the Company had current liabilities of \$718,726 (December 31, 2018 - \$469,836). The Company had net exploration and evaluation expenditures of \$155,030 during the year ended December 31, 2019 (December 31, 2018 - \$51,444) on its petroleum and gas interests.

The Company had cash and cash equivalents of \$24,405 at December 31, 2019 (December 31, 2018 - \$102,591). The decrease in cash and cash equivalents during the year ended December 31, 2019 was primarily due to the cash used in operating activities.

At December 31, 2019, the Company had a working capital deficiency of \$687,827 (December 31, 2018 – working capital deficiency of \$290,402). Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements. Materially all of the Company's exploration activities and a portion of the general and administrative costs are discretionary. Therefore, there is considerable

flexibility in terms of the pace and timing of exploration and how expenditures have been, or may be, adjusted, limited or deferred subject to current capital resources and potential to raise further funds.

Exploration Update

Current and Future Plans Related to Exploration Activities in Québec

Petrolympic, in conjunction with its partner Ressources et Energie Squatex ("Squatex"), announced in a press release dated November 4, 2019 (the full version of which can be found on www.sedar.com under Petrolympic's profile) that a lawsuit against the Québec Government was filed in Superior Court, Québec Judicial District. The press release states the following: "Through this procedure, Petrolympic and its partner are asking the Minister of Energy and Natural Resources to return the annual fees it has collected without having the right to do so since 2011, in connection with the oil and gas exploration licenses which they owned since September 1, 2009. The license period has been suspended since the Oil and Gas Limiting Act came into force on June 13, 2011, so that annual fees were not and still are not payable. As these continued to be collected by the Minister in order to maintain the licenses in force, Petrolympic and its partner are now demanding the return of the sums paid, plus interest."

The press release further states the following: "Petrolympic would also like to clarify to its shareholders, that further legal proceedings could be considered against the Government in order to enforce its rights. Indeed, government and ministerial action in recent years has greatly harmed oil and gas exploration and development in Québec by reducing the ability of the industry to finance itself in the markets. Petrolympic's management would like to reassure its shareholders that it is taking all necessary measures to maintain the Company's operating capabilities."

No additional work will be performed on its licenses until Petrolympic has clarity on the outcome of the lawsuit with the Québec Government.

Current and Future Plans Related to Exploration Activities in Chittim Ranch, Texas, USA

No additional work will be performed on its well activities until Petrolympic has clarity on the outcome of the lawsuit with the Québec Government.

Summary of Land Positions

Province of Québec

Petrolympic holds an interest in a total of 753,058 hectares (1,860,839 acres) of oil and gas exploration permits (now termed "exploration licenses") in the Province of Québec, Canada, that include holdings in the St. Lawrence Lowlands and Gaspé Peninsula. The Company's holdings in the St. Lawrence Lowlands consist of a 30% interest in 216,933 hectares (536,051 acres) through a joint venture with Ressources et Energie Squatex ("Squatex"), a 12% interest in 8,000 hectares (19,768 acres) through the Farmout Agreement with Canbriam Energy Inc. (now Pacific Canbriam Energy Ltd.), and a 100% interest in 55,951 hectares (138,247 acres). Petrolympic also maintains holdings in the Gaspé and Lower St. Lawrence regions, including a 30% interest in 431,160 hectares (1,065,415 acres) through a joint venture with Squatex and a 100% interest in a block of exploration licenses referred to as the Mitis and the Matapédia properties and totaling 41,014 hectares (101,347 acres).

During the autumn 2018, the Ministry of Energy and Natural Resources of Québec has informed Petrolympic that it has modified its map projection system, resulting in a slight adjustment to the area of some of its

Petrolympic Ltd.
Management's Discussion & Analysis
Year Ended December 31, 2019
Dated – May 28, 2020

explorations licenses but without any impact on their physical limits. The consequence is an increase of 125 hectares (309 acres) of the total acreage in which Petrolympic holds an interest. The acreages summarized above and detailed in the tables below correspond to the revised numbers.

Gaspé Permits 100% Ownership:

Permit Number	Renewal Date	Area (Hectares)
2009PG573	September 1, 2020	18,861
2009RS305	September 1, 2020	22,153
Subtotal		41,014

St. Lawrence Lowlands Permits 100% Ownership:

Permit Number	Renewal Date	Area (Hectares)
2009RS302	September 1, 2020	21,847
2009RS303	September 1, 2020	14,080
2009RS304	September 1, 2020	20,024
Subtotal		55,951

St. Lawrence Lowlands Permits 30% Ownership:

Permit Number	Renewal Date	Area (Hectares)
2009RS287	September 1, 2020	20,871
2009RS288	September 1, 2020	17,990
2009RS289	September 1, 2020	20,909
2009RS290	September 1, 2020	7,248
2009RS291	September 1, 2020	22,447
2009RS292	September 1, 2020	18,827
2009RS293	September 1, 2020	14,580
2009RS294	September 1, 2020	21,664
2009RS295	September 1, 2020	19,316
2009RS296 (part)	September 1, 2020	20,339 *
2009RS297	September 1, 2020	16,342
2009RS298 (part)	September 1, 2020	24,400 *
Subtotal		224,933

* An 18% interest in over 8,000 hectares was transferred from Petrolympic to Canbriam from these two permits between surface and the top of the Trenton Formation only.

Gaspé Permits 30% Ownership:

Permit Number	Renewal Date	Area (Hectares)
2009PG554	September 1, 2020	15,150
2009PG556	September 1, 2020	23,666
Subtotal		38,816

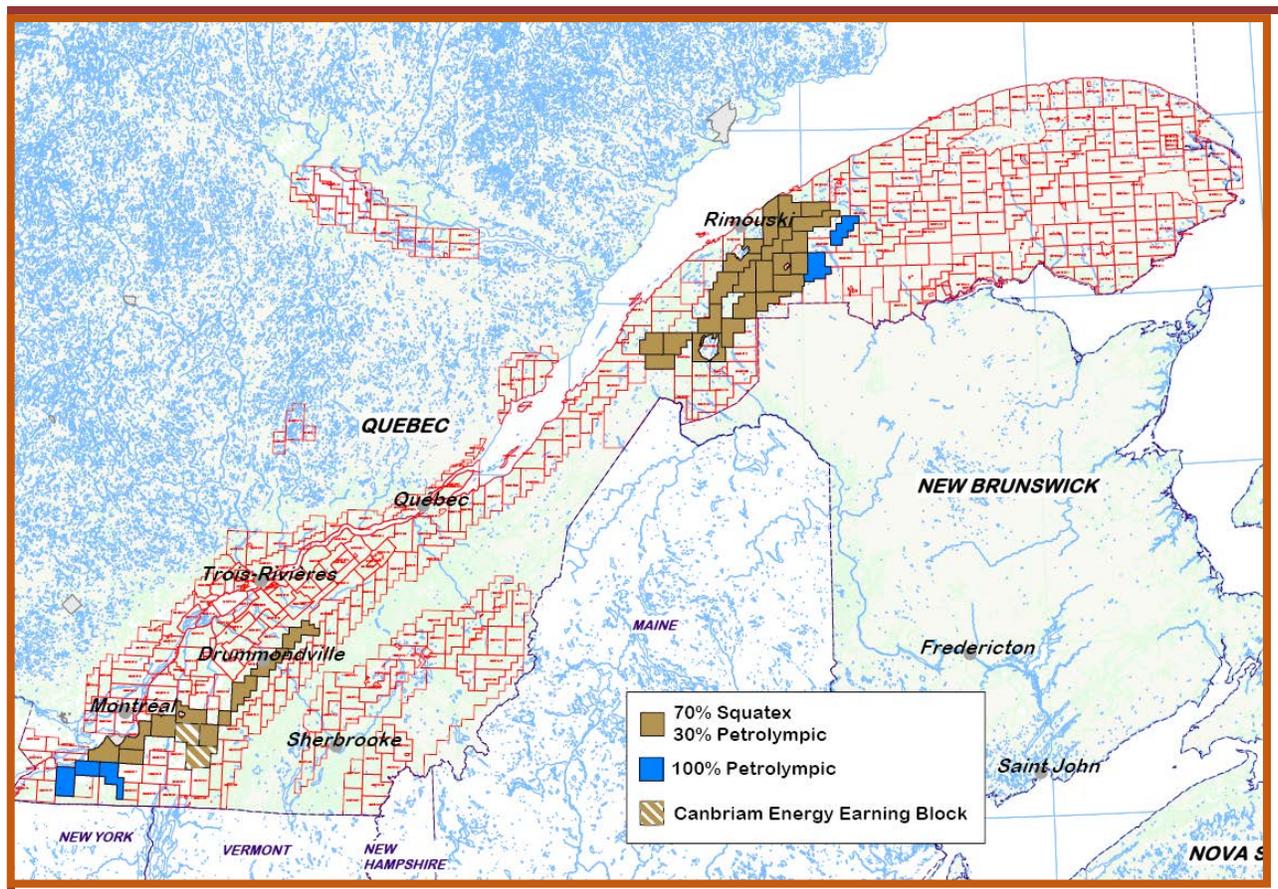
Lower St. Lawrence 30% Ownership:

Permit Number	Renewal Date	Area (Hectares)
2009RS299	September 1, 2020	18,975
2009RS300	September 1, 2020	20,704
2009RS301	September 1, 2020	17,136
2009PG552	September 1, 2020	10,267
2009PG553	September 1, 2020	23,068
2009PG555	September 1, 2020	16,438
2009PG557	September 1, 2020	9,894
2009PG558	September 1, 2020	19,420
2009PG559	September 1, 2020	18,737
2009PG560	September 1, 2020	19,817
2009PG561	September 1, 2020	24,435
2009PG562	September 1, 2020	19,847
2009PG563	September 1, 2020	22,573
2009PG564	September 1, 2020	14,377
2009PG565	September 1, 2020	15,370
2009PG566	September 1, 2020	21,454
2009PG567	September 1, 2020	20,631
2009PG568	September 1, 2020	20,668
2009PG569	September 1, 2020	13,497
2009PG570	September 1, 2020	7,608
2009PG571	September 1, 2020	20,951
2009PG572	September 1, 2020	16,477
Subtotal		392,344

St. Lawrence Lowlands Permits 12% Ownership:

Permit Number	Renewal Date	Area (Hectares)
2009RS296 (part)	September 1, 2020	20,339
2009RS298 (part)	September 1, 2020	24,400
Subtotal		44,739

Map



Exploration Activities in Québec

The government of Québec made several changes in June 2011 to the legislative and regulatory framework for oil and gas exploration and production. The adoption of Bill 18, an Act to limit oil and gas activities, introduced three changes aimed at:

- banning oil and gas activity on islands in the river and estuary portions of the St. Lawrence;
- exempting holders of exploration licenses from performing the work required under the Mining Act until June 2014; and
- extending the validity of all exploration licenses in Québec for the same period as the work exemption.

In June 2014, the government of Québec modified Bill 18 to extend the duration of the exemption from performing the work required under the Mining Act. This exemption is still enforced and the validity of all exploration licenses in Québec have been extended accordingly.

In addition, the Ministère du Développement Durable, de l'Environnement et des Parcs (the "MDDEP") amended the regulation respecting the application of the Environment Quality Act. As a result, an environmental authorization certificate is required for all shale drilling and fracking operations. The amendment also requires companies to hold a public consultation before applying for a certificate for this type of work. Lastly, concerning strategic environmental assessments, the MDDEP has adopted a regulation aimed at providing information on shale drilling and hydraulic fracturing operations.

Some of Petrolympic's exploration activities have and will face delays due to these governmental decisions.

Specifically, the following permits are not directly affected by Bill 18, since shale gas is not the target of exploration:

- Gaspé Permits (100% ownership by Petrolympic);
- St. Lawrence Lowlands Permits (100% ownership by Petrolympic);
- Gaspé Permits (30% ownership by Petrolympic); and
- Lower St. Lawrence (30% ownership by Petrolympic).

The following permits located above the Utica Shale Fairway are directly affected by Bill 18:

- St. Lawrence Lowlands Permits (12% ownership by Petrolympic); and
- St. Lawrence Lowlands Permits (30% ownership by Petrolympic).

A new set of regulations has come to force in Québec on September 20, 2018, thus activating the Petroleum Resources Act which was voted in December 2016. These regulations govern hydrocarbons exploration, production and storage on land and in a body of water, as well as exploration, production and storage licenses and pipeline construction or use authorization. Exploration permits are now referred to as "exploration licenses". Hydraulic fracturation is banned in the shale but authorized in all other types of rocks, such as those considered by the Company in its Lower St. Lawrence/Gaspé and St. Lawrence Lowlands 100% owned exploration licenses as well as in the joint-venture with Squatex in the Lower St. Lawrence. The price for the annual rent of the exploration licenses has been raised by a factor of five. The regulations also include provisions to setup follow-up committees aiming at achieving social acceptability in the territories under exploration.

Petrolympic believes that a stable framework for the development of Québec hydrocarbon resources, previously governed by the Mining Act, is a key step for a Québec-based oil and gas production. Petrolympic's management warmly welcomes the enactment of this modern law for the development of Québec's hydrocarbon resources, after 6 years of environmental consultations, public studies, and consideration of legislations in other jurisdictions.

Management is confident that developing local hydrocarbon resources is a positive step for the Province, as it will balance Québec's energy portfolio and strengthen its economy, while reducing the energy import deficit. Petrolympic is fully committed to securing and maintaining the social license and local support for its operations. Petrolympic seeks the orderly and responsible commercial development of its Québec oil and gas exploration licenses, within the framework of the new Act.

Petrolympic 100% Owned Permits

Gaspé Peninsula

During the summer 2015 Petrolympic has undertaken a systematic reprocessing and reinterpretation of the proprietary and governmental seismic lines available for the two Gaspé 100% owned permits. The reprocessing has significantly improved the quality of the data and the interpretation has revealed several drilling targets in the two permits. The Company has announced, in a press release dated August 31, 2015, (which can be found on www.sedar.com under Petrolympic profile), that “Petrolympic has identified several promising conventional drilling targets on the Property after reprocessing and reinterpreting its proprietary seismic data. Three of these targets are located close to each other in a faulted anticline and are combined in one structure. Each of them corresponds to a seismic anomaly indicating the probable presence of oil and/or gas. The depths for this prospect range from about 2,130 feet deep for the shallow target down to 3,450 feet for the deepest one. At least two of the three targets can be reached by the same well using directional drilling equipment. A drilling program is being prepared and operations in the field would be announced as soon as all permitting, equipment and preparations will be available. Other prospective targets also identified at greater depths within the Property will be considered in the following phases of the exploration program”. In a press release dated November 12, 2015, the company further confirms the progress of the drilling program and announces that “Several additional drilling targets have been also identified in the Mitis and Matapedia Properties and a complete exploration program has been prepared to reveal the full potential of these 100% owned Properties.”

Throughout 2016, the Company has thus undertaken a series of geophysical, geochemical and laboratory studies to de-risk the various plays and drilling targets identified in its two 100% owned Properties. The results confirmed the validity of the exploration strategy and were further analysed throughout 2017 to refine the nature and location of the drilling targets. Subject to permitting, equipment availability and funding, the Company intends to initiate a seismic and drilling campaign in the field as soon as possible. In anticipation of the future Petroleum Resources Act (which was voted in December 2016), Petrolympic has also undertaken a round of meetings and consultations with the local and regional stakeholders.

During the year ended December 31, 2018, activities included on-going planning for the seismic survey and drilling campaign meant to validate the conventional exploration targets identified in the 100% owned Matapedia and Mitis properties. The Company anticipates spending \$8.6 million on the Mitis and Matapedia properties as a Phase I exploration program, subject to positive results. The Company has also started assembling the follow-up committees in compliance with the new regulation.

No additional work was performed on these permits during the year ended December 31, 2019. The Company has enough exploration credits from its past exploration activities to cover the minimum work obligation to keep the Gaspé licenses in good standing until September 1, 2020, and with Bill 18, the licenses are in good standing until further notice as long as annual rents are paid by Petrolympic.

St. Lawrence Lowlands

No additional work was performed on these permits during the year ended December 31, 2019. The Company has enough exploration credits from its past exploration activities to cover the minimum work obligation to keep the St. Lawrence Lowlands permits in good standing until September 1, 2020, and with Bill 18, the permits are in good standing until further notice as long as annual rents are paid by Petrolympic.

Squatex-Petrolympic Joint Venture Lands

Lower St. Lawrence – Gaspé Joint Permits

In the joint venture property of the Lower St. Lawrence – Gaspé area, a re-evaluation of the resource assessment for the Masse Structure has been performed by Sproule Associates Limited ("Sproule"). The report has been received by the partners on May 6, 2016, and the results have been announced in a press release dated May 17, 2016 (the full version of which can be found on www.sedar.com under Petrolympic's profile). The partners provided as follows: "The potential resources evaluated by Sproule are related to porous levels in the St. Leon and Sayabec Formations encountered in the wells drilled in the eastern part of the Massé structure. The results of the study point out to a potential of 53.6 BCF of gas and 52.2 million barrels of oil over a probable average area of 5.2 km², an oil equivalent total of 61.1 million barrels (MMBOE). Resource volumes for Massé have been increased significantly compared to the previous estimate done in 2014 with the addition of a very important oil volume. Gas resources are also improved considerably following the analysis based on the logs recorded in the Massé No.2 well."

In support to these exploration efforts, Squatex previously announced, in a press release dated August 25, 2015, (which can be found on www.sedar.com under Squatex profile), "the conclusion of an academic partnership with the INRS to conduct important geosciences studies in the Lower St. Lawrence area. These studies will provide a 3D modeling and a determination of the reservoir potential of the Sayabec Formation."

As of December 31, 2019, Petrolympic and Squatex capitalize on these technical results to move forward with the pursuit of a deep stratigraphic coring program to develop the potential of the Massé structure and to validate other prospective structures with promising hydrocarbon potential across their joint venture property. The Company anticipates spending \$0.9 million on the joint venture property, subject to positive results. 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. The operator has enough exploration credits from its past exploration activities to cover the minimum work obligation to keep the St. Lawrence Lowlands joint permits in good standing until September 1, 2020, and with Bill 18, the permits are in good standing until further notice as long as annual rents are paid by Squatex.

St. Lawrence Lowlands Joint Permits

No additional work was performed on these permits during the year ended December 31, 2019. The operator has enough exploration credits from its past exploration activities to cover the minimum work obligation to keep the St. Lawrence Lowlands joint permits in good standing until September 1, 2020, and with Bill 18, the permits are in good standing until further notice as long as annual rents are paid by Squatex.

Exploration and evaluation expenditures

Québec	Year Ended, December 31, 2019 \$	Year Ended, December 31, 2018 \$
General exploration costs	Nil	1,243
Consulting	5,724	9,181
Permits and licences	147,351	30,212
Net costs incurred	153,075	40,636
Tax credit receivable at 35%	-	-
Net costs	153,075	40,636

Technical Disclosure

The above technical disclosure under the heading “Exploration Activities in Québec” has been prepared under the supervision of Stephan Sejourne, Ph.D., P. Geo., and a “qualified person” within the meaning of National Instrument 51-101.

Chittim Ranch Property Activities

The Company anticipates spending \$100,000 on well activities at the Chittim Ranch property, subject to positive results.

Chittim Ranch Property	Year Ended, December 31, 2019 \$	Year Ended, December 31, 2018 \$
Development costs	29	7,142
Depreciation	1,926	3,666
Net costs incurred	1,955	10,808

Selected Annual Financial Information

The following is selected financial data derived from the audited annual consolidated financial statements of the Company as at December 31, 2019, 2018 and 2017 and for the years then ended.

	Year ended December 31, 2019 (\$)	Year ended December 31, 2018 (\$)	Year ended December 31, 2017 (\$)
Total revenues	nil	nil	nil
Total loss	(502,443)	(995,366)	(506,844)
Net loss per share – basic	(0.00)	(0.01)	(0.00)
Net loss per share – diluted	(0.00)	(0.01)	(0.00)

Petrolympic Ltd.
Management's Discussion & Analysis
Year Ended December 31, 2019
Dated – May 28, 2020

	As at December 31, 2019 (\$)	As at December 31, 2018 (\$)	As at December 31, 2017 (\$)
Total assets	47,866	198,848	278,115
Total non-current financial liabilities	nil	nil	nil
Distribution or cash dividends	nil	nil	nil

- The net loss for the year ended December 31, 2019, consisted primarily of: (i) general and administrative expenses of \$344,834; (ii) exploration and evaluation expenditures of \$155,030; and (iii) foreign exchange loss of \$2,579.
- The net loss for the year ended December 31, 2018, consisted primarily of: (i) general and administrative expenses of \$929,153; (ii) exploration and evaluation expenditures of \$51,444; and (iii) foreign exchange loss of \$14,769.
- The net loss for the year ended December 31, 2017, consisted primarily of: (i) general and administrative expenses of \$431,005; (ii) exploration and evaluation expenditures of \$76,365.

As the Company has no significant revenue, its ability to fund its operations is dependent upon its securing financing through the sale of equity or assets. See "Risk Factors" below.

Trends

The general concern over the exploitation of shale gas by the Province of Quebec could delay some of the expected or proposed exploration work. Management, in conjunction with the Board, will continue to monitor these developments and their effect on the Company's business.

Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global oil prices;
- Demand for oil and the ability to explore for oil;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian and United States dollars; and
- Ability to obtain funding

At the date of this MD&A, the United States federal government, Canadian federal government and the provincial government of Quebec have not introduced measures that have materially impeded the operational activities of the Company. Although cash in the Company has materially declined,

Petrolympic Ltd.
Management's Discussion & Analysis
Year Ended December 31, 2019
Dated – May 28, 2020

management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risk Factors" below.

Environmental Liabilities

The Company is not aware of any environmental liabilities or obligations associated with its petroleum and natural gas interests. The Company is conducting its operations in a manner consistent with governing environmental legislation.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Summary of Quarterly Results

Three Months Ended	Total Assets \$	Profit or Loss	
		Total \$	Per Share \$ ⁽⁹⁾
December 31, 2019	47,866	(64,600) ⁽¹⁾	(0.00)
September 30, 2019	59,984	(96,422) ⁽²⁾	(0.00)
June 30, 2019	89,762	(135,111) ⁽³⁾	(0.00)
March 31, 2019	149,456	(206,310) ⁽⁴⁾	(0.00)
December 31, 2018	198,848	(202,488) ⁽⁵⁾	(0.00)
September 30, 2018	109,316	(266,388) ⁽⁶⁾	(0.00)
June 30, 2018	157,055	(447,133) ⁽⁷⁾	(0.00)
March 31, 2018	148,033	(79,357) ⁽⁸⁾	(0.00)

Notes:

- (1) Net loss of \$64,600 principally relates to operating expenses related to general working capital purposes of \$52,012, exploration and evaluation expenditures of \$12,576, and foreign exchange loss of \$12.
- (2) Net loss of \$96,422 principally relates to operating expenses related to general working capital purposes of \$61,279, exploration and evaluation expenditures of \$34,337, and foreign exchange loss of \$806.

- (3) Net loss of \$135,111 principally relates to operating expenses related to general working capital purposes of \$77,213 and exploration and evaluation expenditures of \$56,934 and foreign exchange loss of \$964.
- (4) Net loss of \$206,310 principally relates to operating expenses related to general working capital purposes of \$154,330 and exploration and evaluation expenditures of \$51,183, and foreign exchange loss of \$797.
- (5) Net loss of \$202,488 principally relates to operating expenses related to general working capital purposes of \$170,600, exploration and evaluation expenditures of \$17,630, and foreign exchange loss of \$14,258.
- (6) Net loss of \$266,388 principally relates to operating expenses related to general working capital purposes of \$253,266, exploration and evaluation expenditures of \$10,425, and foreign exchange loss of \$2,697.
- (7) Net loss of \$447,262 principally relates to operating expenses related to general working capital purposes of \$436,293 and exploration and evaluation expenditures of \$10,969. These expenses were offset by a foreign exchange gain of \$129.
- (8) Net loss of \$79,357 principally relates to operating expenses related to general working capital purposes of \$68,994 and exploration and evaluation expenditures of \$12,420. These expenses were offset by a foreign exchange gain of \$2,057.
- (9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

The Company's results have fluctuated from period to period due to the timing of exploration expenditures in each period. In addition, administrative expenses have fluctuated from period to period depending on higher or lower support costs for the Company's exploration program in Québec (Canada) and Texas (USA).

Discussion of Operations

Year ended December 31, 2019, compared with the year ended December 31, 2018

Petrolympic's net loss totaled \$502,443 for the year ended December 31, 2019, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$995,366 with basic and diluted loss per share of \$0.01 for the year ended December 31, 2018. The decrease in the net loss of \$492,923 was principally because:

- Exploration and evaluation expenditures for the year ended December 31, 2019 were \$155,030 (year ended December 31, 2018 - \$51,444). See "Exploration Activities in Québec" and "Chittim Ranch Property Activities" above.
- Operating expenses such as management fees, administrative and general, professional fees, investor relations and promotion and reporting issuer costs totaled \$344,834 for the year ended December 31, 2019 (year ended December 31, 2018 - \$929,153). The decrease of \$584,319 is primarily due to a decrease of \$330,954 in share-based payments and a decrease of \$214,736 in management fees, and a decrease in \$13,283 in reporter issuer costs.

Three months ended December 31, 2019, compared with the three months ended December 31, 2018

Petrolympic's net loss totaled \$64,600 for the three months ended December 31, 2019, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$202,488 with basic and diluted loss per share of \$0.00 for the three months ended December 31, 2018. The decrease in the net loss of \$137,888 was principally because:

- Exploration and evaluation expenditures for the three months ended December 31, 2019 were \$12,576 (three months ended December 31, 2018 - \$17,630). See subheading "Exploration Update" under the heading "Operational Highlights" above for details.
- Operating expenses such as share-based payment, management fees, administrative and general, professional fees, investor relations and promotion and reporting issuer costs totaled \$52,012 for the three months ended December 31, 2019 (three months ended December 31, 2018 - \$170,600). The decrease of \$118,588 is primarily due to a decrease of 13,921 in management fees and share based compensation of \$92,869.

At December 31, 2019, the Company had assets of \$47,866 (December 31, 2018 - \$198,848) and deficiency of \$670,860 (December 31, 2018 – deficiency of \$270,988). At December 31, 2019, the Company had current liabilities of \$718,726 (December 31, 2018 - \$469,836).

Liquidity and Capital Resources

The activities of the Company, principally the acquisition and exploration of properties prospective for petroleum and natural gas, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants.

The Company has no operating revenues, and therefore must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. As of December 31, 2019, the Company had 110,443,894 common shares issued and outstanding, 7,400,000 options that would raise \$788,750 and 4,272,028 warrants outstanding that would raise \$1,068,007, if exercised in full. This is not anticipated until the market price of the Company's traded common shares increases.

The Company had cash and cash equivalents of \$24,405 at December 31, 2019 (December 31, 2018 - \$102,591). The decrease in cash and cash equivalents during the year ended December 31, 2019 was primarily due to the cash used in operating activities.

Cash and cash equivalents used in operating activities was \$165,394 for the year ended December 31, 2019. Operating activities were affected by the net increase in non-cash working capital balances of \$235,348 because of a decrease in amounts receivable and other assets of \$70,349, an increase in accounts payable and accrued liabilities of \$164,478 and a decrease of \$521 in reclamation bond. The Company also recorded depreciation of equipment of \$1,926, share-based payment of \$98,573 and a change in unrealized foreign exchange of \$1,202.

Cash and cash equivalents provided by financing activities was \$87,575 the year ended December 31, 2019 primarily because of loan proceeds of \$87,575.

Additional measures have been undertaken or are under consideration to further reduce cash expenditures.

At December 31, 2019, the Company had a working capital deficiency of \$687,827 (December 31, 2018 – working deficiency of \$290,402). Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements.

The Company has no debt, other than advances from Mendel Ekstein who is a major shareholder of the Company. Advances of \$111,712 (86,012 USD) were outstanding at December 31, 2019. Advances of

\$27,300 (USD20,012) were outstanding at December 31, 2018. The advances do not bear any interest and are due on demand. The Company's credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

Currently, the Company's operating expenses are approximately \$15,000 to \$50,000 per month for management fees, month-to-month professional fees and other working capital related expenses. The Company's cash and cash equivalents as at December 31, 2019 is not sufficient to satisfy current liabilities and general and administrative costs up to December 31, 2020. The Company is also expected to receive net revenue from its Chittim Ranch activities in the range of \$3,000 to \$10,000 per quarter although the Company had no oil proceeds in fiscal 2019 and 2018. Meanwhile on its 100% owned Mitis and Matapedia properties, the Company intends to unfold a seismic and drilling campaign to validate the exploration targets identified within both properties. The cost for the Phase I program is estimated to amount to about \$8.6 million. Petrolympic and Squatex are also actively preparing to move forward with the pursuit of a deep stratigraphic coring program to validate several other prospective structures with promising hydrocarbon potential across its joint property. The cost of the deep stratigraphic coring program, including drilling is approximately \$3 million (Petrolympic's share is \$900,000). In addition, the Company anticipates spending \$100,000 on well activities at the Chittim Ranch property, subject to positive results. Subject to these activities, the Company needs to secure additional financing to carry on business activities. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. See "Risk Factors" below.

Financial Instruments

(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 and foreign currency risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee. 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. Management believes that the credit risk concentration with respect to financial instruments is 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, 2019, the Company had cash and cash equivalents of \$24,405 (December 31, 2018 - \$102,591) to settle current liabilities of \$718,726 (December 31, 2018 - \$469,836). 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 of the audited annual consolidated financial statements of the Company for the years ended December 31, 2019). The Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(iv) Market risk

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

(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 with 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:

(a) The Company has no interest-bearing debt at December 31, 2019.

(b) 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 \$16,800 gain/loss in the reported net loss and comprehensive loss for the year ended December 31, 2019.

Share Capital

As at the date of this MD&A, the Company had 110,443,894 issued and outstanding common shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
100,000	August 21, 2020	\$0.10
1,100,000	May 30, 2022	\$0.12
5,350,000	May 28, 2023	\$0.105
850,000	March 12, 2024	\$0.10
7,400,000		

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
1,818,182	October 3, 2020	\$0.25
1,300,000	March 23, 2022	\$0.25
1,153,846	June 22, 2020	\$0.25
4,272,028		

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure 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 periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Related Party Balances and Transactions

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

As at December 31, 2019, Mendel Ekstein, an officer and director of the Company, controls or indirectly controls 26,528,736 common shares of the Company, or approximately 24% of the total common shares

Petrolympic Ltd.
Management's Discussion & Analysis
Year Ended December 31, 2019
Dated – May 28, 2020

outstanding. As at December 31, 2019, Andreas Jacob, a director of the Company, controls or indirectly controls 11,967,625 common shares of the Company, or approximately 11% of the total common shares outstanding. As at December 31, 2019, the remaining directors and/or officers of the Company collectively control 887,541 common shares of the Company or less than 1% of the total common shares outstanding. To the knowledge of directors and officers of Petrolympic, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time at the discretion of the owner.

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

Names	Year Ended December 31, 2019 \$	Year Ended December 31, 2018 \$
Marrelli Support Services Inc. ("Marrelli Support") ⁽ⁱ⁾	24,988	21,939
DSA Corporate Services Inc. ("DSA Corp") ⁽ⁱⁱ⁾	7,879	8,123
DSA Filing Services Limited ("DSA Filing") ⁽ⁱⁱⁱ⁾	5,426	5,538
Fogler Rubinoff LLP ("Fogler") ^(iv)	581	3,649
Mendel Ekstein ^(v)	87,575	14,155
Total	126,449	53,404

(i) For the year ended December 31, 2019, the Company expensed \$24,988 (year ended December 31, 2018 - \$21,939) 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, 2019, Marrelli Support was owed \$11,682 (December 31, 2018 - \$4,673) and this amount was included in accounts payable and accrued liabilities.

(ii) For the year ended December 31, 2019, the Company expensed \$7,879 (year ended December 31, 2018 - \$8,123) to DSA Corp for corporate secretarial services. DSA Corp is affiliated with Marrelli Support through common ownership. As at December 31, 2019, DSA Corp was owed \$2,940 (December 31, 2018 - \$738) and this amount was included in accounts payable and accrued liabilities.

(iii) For the year ended December 31, 2019, the Company expensed \$5,426 (year ended December 31, 2018 - \$5,538) to DSA Filing for corporate filing services. DSA Filing is affiliated with Marrelli Support through common ownership. As at December 31, 2019, DSA Filing was owed \$254 (December 31, 2018 - \$254) and this amount was included in accounts payable and accrued liabilities.

(iv) For the year ended December 31, 2019, the Company expensed \$581 (year ended December 31, 2018 - \$3,649) to Fogler for legal services. Adam Szweras, the Corporate Secretary of Petrolympic, is a partner at Fogler. As at December 31, 2019, Fogler was owed \$963 (December 31, 2018 - \$306) and this amount was included in accounts payable and accrued liabilities.

(v) During the year ended December 31, 2019, the Company received \$87,575 (December 31, 2018 - \$14,155) in advances from Mendel Ekstein who is a major shareholder and director of the Company. The total loan balance owed to the President and CEO of the Company as of December 31, 2019 amounted to \$111,712 (December 31, 2018 - \$27,300).

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

	Year Ended December 31, 2019 \$	Year Ended December 31, 2018 \$
Salaries and Benefits		
Mendel Ekstein (CEO)	73,170	180,384
Andreas Jacob (Vice-President and Director)	74,511	182,032
Total	147,681	362,416

	Year Ended December 31, 2019 \$	Year Ended December 31, 2018 \$
Option-based payments		
Mendel Ekstein (CEO)	9,765	94,812
Andreas Jacob (Vice-President and Director)	44,865	94,812
Alain Fleury (Director)	9,765	53,312
Miles Pittman (Director)	9,765	53,312
Frank Ricciuti (Director)	9,765	53,312
Adam Szweras (Director and Corporate Secretary)	9,765	53,312
Glen MacNeil (Director)	3,487	19,040
Roger Creamer (Director)	698	3,808
Carmelo Marrelli (CFO)	698	3,808
Total	98,573	429,527

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, 2019, directors and key management personnel of the Company were owed US\$245,000 (December 31, 2018 - US\$125,000) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

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

Capital 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, 2019, totaled deficiency of \$670,860 (December 31, 2018 – deficiency of \$270,988).

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 Policy 2.5 of the TSXV Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2019, the Company is not compliant with Policy 2.5.

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

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

Proposed Transactions

The Company routinely evaluates various business development opportunities which could entail farm-ins, farm-outs, acquisitions and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements respecting any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

The Company requires additional capital, which may not be available to it on acceptable terms, or at all. Both the exploration for and development of oil and gas reserves can be capital-intensive businesses. The Company intends to satisfy any additional working capital requirements from cash flow and by raising capital through public or private sales of equity securities, debt financing or short-term loans, or a combination of the foregoing. The Company has no current arrangements for obtaining additional capital, and may not be able to secure additional capital on terms that will not be objectionable to it or its shareholders. Under such circumstances, the Company's failure or inability to obtain additional capital on acceptable terms or at all could have a material adverse effect on the Company.

The Company has a history of losses and a limited operating history as an oil and gas exploration and development company, which make it more difficult to evaluate its future prospects. To date, the Company has incurred significant losses. The Company has a limited operating history upon which any evaluation of it and its long-term prospects might be based. The Company is subject to the risks inherent in the oil and gas industry, as well as the more general risks inherent in the operation of an established business. The Company and its prospects must be considered in light of the risks, expenses and difficulties encountered by all companies engaged in the extremely volatile and competitive oil and gas markets. Any future success the Company might achieve will depend upon many factors, including factors that may be beyond its control. These factors may include changes in technologies, price and product competition, developments and changes in the international oil and gas market, changes in the Company's strategy, changes in expenses, fluctuations in foreign currency exchange rates, general economic conditions, and economic and regulatory conditions specific to the areas in which the Company competes. To address these

risks, the Company must, among other things, comply with environmental regulations, discover and develop petroleum and gas properties and negotiate with prospective partners.

Future operating results are subject to fluctuation based upon factors outside of the Company's control. The Company's operating results may in the future fluctuate significantly depending upon a number of factors including industry conditions, petroleum and gas prices, rate of drilling success, rates of production from completed wells and the timing of capital expenditures. Such variability could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, any failure or delay in the realization of expected cash flows from operating activities could limit the Company's future ability to participate in exploration or to participate in economically attractive oil and gas projects.

Inability to manage the Company's expected growth could have a material adverse effect on its business operations and prospects. The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability to manage growth effectively will require the Company to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability to deal with this growth could have a material adverse impact on the Company's business, operations and prospects.

To compete, the Company must attract and retain qualified personnel. The Company's ability to continue its business and to develop a competitive edge in the marketplace depends, in large part, on its ability to attract and retain qualified management and personnel. Competition for such personnel is intense, and the Company may not be able to attract and retain them, which may negatively impact its share price. The Company does not have key-man insurance on any of its employees, directors or senior officers and it does not have written employment agreements with any of its employees, directors or senior officers.

The Company must continue to institute procedures designed to avoid potential conflicts involving its officers and directors. Some of the Company's directors and officers are or may serve on the board of directors of other companies from time to time. Pursuant to the provisions of the *Business Corporations Act* (Ontario), the Company's directors and senior officers must disclose material interests in any contract or transaction (or proposed contract or transaction) material to the Company. To avoid the possibility of conflicts of interest that may arise out of their fiduciary responsibilities to each of the boards, all such directors have agreed to abstain from voting with respect to a conflict of interest between the applicable companies. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or members of management, may have a conflict.

The Company relies on the expertise of certain persons and must insure that these relationships are developed and maintained. The Company is dependent on the advice and project management skills of various consultants and joint venture partners that it contracts from time to time. The Company's failure to develop and maintain relationships with qualified consultants and joint venture partners may have a material adverse effect on its business and operating results.

The Company must indemnify its officers and directors against certain actions. The Company's articles contain provisions that state, subject to applicable law, that it must indemnify every director or officer, subject to the limitations of the *Business Corporations Act* (Ontario), against all costs, charges and expenses that its directors or officers may sustain or incur in the execution of their duties, if they acted honestly and in good faith with a view to the Company's best interests. Such limitations on liability may reduce the likelihood of litigation against the Company's officers and directors and may discourage or deter its

shareholders from suing its officers and directors based upon breaches of their duties to the Company, though such an action, if successful, might otherwise benefit the Company and its shareholders.

Recent financial conditions have been characterized by increased volatility and access to public financing, particularly for junior petroleum and natural gas companies, has been negatively impacted. These conditions may affect the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all. If such conditions continue, the Company's operations could be negatively impacted.

Possible volatility of stock price. The market price for the Company's common stock may be volatile and is subject to significant fluctuations in response to a variety of factors, including the liquidity of the market for the common stock, variations in the Company's quarterly operating results, regulatory or other changes in the oil and gas industry generally, announcements of business developments by the Company or its competitors, litigation, changes in operating costs and variations in general market conditions. Because the Company has a limited operating history, the market price for its common stock may be more volatile than that of a seasoned issuer. Changes in the market price of the Company's securities may have no connection with its operating results. No predictions or projections can be made as to what the prevailing market price for the Company's common stock will be at any time.

The Company does not anticipate paying dividends on its common stock. The Company plans to retain all available funds for use in its business, and therefore does not plan to pay any cash dividends on its securities in the foreseeable future. Hence, investors in the Company's common stock should not expect to receive any distribution of cash dividends for the foreseeable future.

The Company's shareholders may experience dilution of their ownership interests because of its future issuance of additional shares of common stock. The Company's articles authorize the issuance of an unlimited number of shares of common stock, without par value. In the event that the Company is required to issue additional shares of common stock or securities exercisable for or convertible into additional shares of common stock, enter into private placements to raise financing through the sale of equity securities or acquire additional oil and gas property interests in the future through the issuance of shares of its common stock to acquire such interests, the interests of the Company's existing shareholders will be diluted and existing shareholders may suffer dilution in their net book value per share depending on the price at which such securities are sold. If the Company does issue additional shares, it will cause a reduction in the proportionate ownership and voting power of all existing shareholders.

The Company's future success is dependent upon its ability to locate, obtain and develop commercially viable oil and gas deposits. The Company may not be able to consistently identify viable prospects, and such prospects, if identified, may not be commercially exploitable. The Company's inability to consistently identify and exploit commercially viable hydrocarbon deposits would have a material and adverse effect on its business and financial position.

Exploratory drilling activities are subject to substantial risks. The Company's expected revenues and cash flows will be principally dependent upon the success of any drilling and production from prospects in which it participates. The success of such prospects will be determined by the economical location, development and production of commercial quantities of hydrocarbons. Exploratory drilling is subject to numerous risks, including the risk that no commercially productive oil and gas reservoirs will be encountered. The cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected formation and drilling

conditions, pressure or other irregularities in formations, blowouts, equipment failures or accidents, as well as weather conditions, compliance with governmental requirements or shortages or delays in the delivery of equipment. The Company's inability to successfully locate and drill wells that will economically produce commercial quantities of oil and gas could have a material adverse effect on its business and financial position.

The Company's drilling and exploration plans will be subject to factors beyond its control. A prospect is a property that has been identified based on available geological and geophysical information that indicates the potential for hydrocarbons. Whether the Company ultimately drills on a property may depend on a number of factors including funding; the receipt of additional seismic data or reprocessing of existing data; material changes in oil or gas prices; the costs and availability of drilling equipment; the success or failure of wells drilled in similar formations or which would use the same production facilities; changes in estimates of costs to drill or complete wells; the Company's ability to attract industry partners to acquire a portion of its working interest to reduce exposure to drilling and completion costs; decisions of its joint working interest owners; and restrictions under provincial regulators.

Unforeseen title defects may result in a loss of entitlement to production and reserves. Although the Company conducts title reviews in accordance with industry practice prior to any purchase of resource assets, such reviews do not guarantee that an unforeseen defect in the chain on title will not arise and defeat its title to the purchased assets. If such a defect were to occur, the Company's entitlement to the production from such purchased assets could be jeopardized.

The Company's future success depends upon its ability to find, develop and acquire oil and gas reserves that are economically recoverable. As a result, the Company must locate, acquire and develop new oil and gas reserves. Without successful funding for acquisitions and exploration and development activities, the Company's cash resources may be depleted. The Company may not be able to find and develop reserves at an acceptable cost.

Most of the Company's competitors have substantially greater financial, technical, sales, marketing and other resources than it does. The Company engages in the exploration for and production of oil and gas, industries that are highly competitive. The Company competes directly and indirectly with oil and gas companies in its exploration for and development of desirable oil and gas properties. Many companies and individuals are engaged in the business of acquiring interests in and developing oil and gas properties in Québec, Canada, and the industry is not dominated by any single competitor or a small number of competitors. Many such competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater historical market acceptance than Petrolympic does. The Company will compete with numerous industry participants for the acquisition of land and rights to prospects, and for the equipment and labour required to operate and develop such prospects. Competition could materially and adversely affect the Company's business, operating results and financial condition. Such competitive disadvantages could adversely affect the Company's ability to participate in projects with favourable rates of return.

Shortages of supplies and equipment could delay the Company's operations and result in higher operating and capital costs. The Company's ability to conduct operations in a timely and cost effective manner is subject to the availability of natural gas and crude oil field supplies, rigs, equipment and service crews. Although none is expected currently, any shortage of certain types of supplies and equipment could result in delays in the Company's operations as well as in higher operating and capital costs.

The Company's business is subject to interruption from severe weather. The Company's operations are conducted principally in Québec, Canada. The weather in this area and other areas in which the Company may operate in the future can be extreme and can cause interruption or delays in its drilling and construction operations.

The Company's business is subject to operating hazards and uninsured risks. The oil and gas business involves a variety of operating risks, including fire, explosion, pipe failure, casing collapse, abnormally pressured formations, adverse weather conditions, governmental and political actions, premature reservoir declines, and environmental hazards such as oil spills, gas leaks and discharges of toxic gases. The occurrence of any of these events on any property operated or owned (in whole or in part) by the Company could have a material adverse impact on it. Insurance coverage is not always economically feasible and is not obtained to cover all types of operational risks. The occurrence of a significant event that is not insured or not insured fully could have a material adverse effect on the Company's financial condition.

The Company's business is subject to restoration, safety and environmental risk. The Company's present operations are primarily in Québec, and certain laws and regulations exist that require companies engaged in petroleum activities to obtain necessary safety and environmental permits to operate. Such legislation may restrict or delay the Company from conducting operations in certain geographical areas. Further, such laws and regulations may impose liabilities on the Company for remedial and clean-up costs, or for personal injuries related to safety and environmental damages, such liabilities collectively referred to as "asset retirement obligations". While the Company has been careful in managing such risks, it may not always be successful in protecting itself from the impact of all such risks.

The termination or expiration of any of the Company's permits may have a material adverse effect on its results of operations. The Company's properties are held in the form of permits. If the Company, or the holder of the permit, fails to meet the specific requirement of a permit, the permit may terminate or expire. The Company may not meet the obligations required to maintain each permit. The termination or expiration of the Company's permits may have a material adverse effect on its results of operations and business.

Compliance with new or modified environmental laws or regulations could have a material adverse impact on the Company. The Company is subject to various Canadian federal and provincial laws and regulations relating to the environment. The Company believes that it is currently in compliance with such laws and regulations. However, such laws and regulations may change in the future in a manner that would increase the burden and cost of compliance. The Company could incur significant liability under such laws for damages, clean-up costs and penalties in the event of certain discharges into the environment. In addition, environmental laws and regulations may impose liability on the Company for personal injuries, clean-up costs, environmental damage and property damage as well as administrative, civil and criminal penalties. The Company maintains limited insurance coverage for accidental environmental damages, but does not maintain insurance for the full potential liability that could be caused by such environmental damage. Accordingly, the Company may be subject to significant liability, or may be required to cease production in the event of the noted liabilities.

The oil and natural gas industry (exploration, production, pricing, marketing and transportation) is subject to extensive controls and regulations imposed by various levels of government. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the

oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Company's costs, any of which may have a material adverse effect on the Company's intended business, financial condition and results of operations. The Company's operations require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development on its properties. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted. In particular, in Québec, delays in shale gas development are expected to continue as the province completes a strategic environmental assessment.

Commitments

Quebec, Canada

Effective January 1, 2017 in order to maintain its petroleum and natural gas permits in good standing, the Company must pay an annual fee of \$10.30 per square km. Until further notice from the Québec Government, there are no work obligations to keep the permits. Present exploration expenditures (without hydraulic fracturation in the shale) are allowed and will be cumulated and credited to future permits work obligations.

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact.

At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

Subsequent Events

Subsequent to December 31, 2019, on March 20, 2020, the Company applied to the TSX Venture Exchange to extend the terms of 1,300,000 common share purchase warrants with an exercise price of \$0.25 originally issued on March 23, 2017. Upon the approval of the TSXV, the expiry dates of the March 2017 Warrants will be extended to March 23, 2022.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

Additional Disclosure for Venture Issuers

General and administrative expenses

Detail	Year Ended December 31, 2019 \$	Year Ended December 31, 2018 \$
Share-based payment	98,573	429,527
Professional fees	44,448	56,798
Management fees	147,681	362,417
Administrative and general	29,842	41,423
Investor relations and promotion	5,647	7,062
Reporting issuer costs	18,643	31,926
Total cost incurred	344,834	929,153