



Leader en exploration pétrolière au Québec



THE SECOND QUARTER

Unaudited interim financial statements

**For the periods of three and six months
ended March 31, 2007**



UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS OF THREE AND SIX MONTHS ENDED MARCH 31, 2007

Declaration concerning the interim financial statements

Management has prepared the interim financial statements of Pétrolia Inc., including the balance sheet as at March 31, 2007, as well as the statements of income, shareholders' equity, deferred exploration expenses, and cash flows for the three and six months periods ending on March 31, 2007. No external auditors' firm examined or verified these interim financial statements.



BALANCE SHEET

	As at March 31 2007 \$	As at September 30 2006 \$
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash	24,005	212,862
Short-term investments	628,796	1,670,542
Accounts receivable	220,984	131,294
Prepaid expenses	9,548	158,200
	883,333	2,172,898
Equity investment (Gastem shares, F.M.V. \$750,000)	100,000	100,000
Fixed Assets	59,463	60,593
Oil and Gas properties (Note 2)	1,544,372	1,521,633
Deferred exploration expenses (Note 2)	6,753,484	5,571,563
	9,340,652	9,426,687
LIABILITIES		
Current liabilities		
Accounts payable	304,132	371,704
Long-term debt falling due during the year	11,549	11,405
	315,681	383,109
Long-term debt	26,034	31,845
Future taxes	1,610,119	1,682,471
	1,951,834	2,097,425
SHAREHOLDERS' EQUITY		
Capital stock	7,673,006	7,379,827
Contributed surplus – Options	334,884	450,057
Contributed surplus – Options expired	195,901	159,596
Deficit	(814,973)	(660,218)
	7,388,818	7,329,262
	9,340,652	9,426,687

On behalf of the Board

(signed) *André Proulx*
Director

(signed) *Clément Duchesne*
Director



STATEMENT OF INCOME

	Periods ended March 31			
	2007	2006	2007	2006
	(three months)	(three months)	(six months)	(six months)
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Interest income	12,212	22,595	34,550	32,524
GENERAL AND ADMINISTRATIVE EXPENSES				
Stock-based compensation	-	130,065	-	130,065
Salaries - Officers	32,458	24,200	66,875	40,450
Salaries and fringe benefits	32,155	24,603	64,575	51,685
Insurance	9,789	4,478	20,432	9,812
Information to shareholders	11,029	9,923	14,272	14,703
Promotion and entertainment	14,925	2,456	38,420	20,573
Office supplies	6,180	3,682	10,854	5,821
Governmental fees	2,319	15,027	13,076	16,709
Rent	8,147	3,750	16,810	8,750
Professional fees	3,837	1,641	12,082	6,255
Telecommunications	4,232	2,262	10,213	4,225
Depreciation of deferred expenses	-	2,625	-	5,250
Depreciation of fixed assets	5,621	770	11,124	1,498
Costs attributable to exploration expenses	(2,284)	(11,560)	(34,671)	(40,612)
Others	8,262	4,504	17,595	6,872
	136,670	218,426	261,657	282,056
LOSS BEFORE INCOME TAXES	(124,458)	(195,831)	(227,107)	(249,532)
Future income taxes	(39,711)	-	(72,352)	-
NET LOSS	(84,747)	(195,831)	(154,755)	(249,532)
BASIC AND DILUTED NET LOSS PER SHARE	(0.0029)	(0.0098)	(0.0053)	(0.0125)



STATEMENT OF SHAREHOLDERS' EQUITY

	Capital Stock		Contributed surplus – Stock options	Contributed surplus – Stock options expired	Deficit	Total
	Shares	Amount				
		\$	\$	\$	\$	\$
Balance at September 30, 2005	17,555,107	4,514,532	140,701	16,827	(182,293)	4,489,767
Issued during period						
Cash	10,818,542	4,646,672	-	-	-	4,646,672
In payment of a loan	25,000	9,000	-	-	-	9,000
Broker warrants exercise	150,000	78,324	(19,324)	-	-	59,000
Share issuing costs						
Future taxes	-	(1,299,448)	-	-	-	(1,299,448)
Other share issuing costs	-	(569,253)	-	-	-	(569,253)
Other activities						
Stock-based compensation	-	-	471,449	-	-	471,449
Expired stock options	-	-	(142,769)	142,769	-	-
Net loss	-	-	-	-	(477,925)	(477,925)
Balance at September 30, 2006	28,548,649	7,379,827	450,057	159,596	(660,218)	7,329,262
Issued during period						
Warrants exercise	101,000	59,750	-	-	-	59,750
Broker warrants exercise	538,603	283,537	(78,868)	-	-	204,669
Share issuing costs	-	(50,108)	-	-	-	(50,108)
Other activities						
Expired stock options	-	-	(27,000)	27,000	-	-
Expired broker warrants	-	-	(9,305)	9,305	-	-
Net loss	-	-	-	-	(154,755)	(154,755)
Balance at March 31, 2007	29,188,252	7,673,006	334,884	195,901	(814,973)	7,388,818

Pétrolia Inc.
(Oil and gas exploration company)



STATEMENT OF DEFERRED EXPLORATION EXPENSES

	Periods ended March 31			
	2007 (three months) \$ <small>(unaudited)</small>	2006 (three months) \$ <small>(unaudited)</small>	2007 (six months) \$ <small>(unaudited)</small>	2006 (six months) \$ <small>(unaudited)</small>
EXPLORATION EXPENSES				
Analyses	-	-	4,410	-
Drilling	16,975	970,630	60,584	2,401,934
Geology	49,448	24,095	145,091	28,056
Geophysical surveys	13,707	9,455	937,165	139,795
General exploration expenses	2,285	8,706	34,671	40,611
Stock-based compensation	-	149,335	-	149,335
INCREASE IN DEFERRED EXPLORATION EXPENSES FOR THE PERIOD	82,415	1,162,221	1,181,921	2,759,731
BALANCE, BEGINNING OF PERIOD / YEAR	6,671,069	3,856,395	5,571,563	2,258,885
BALANCE, END OF PERIOD	6,753,484	5,018,616	6,753,484	5,018,616



STATEMENT OF CASH FLOWS

	Periods ended March 31			
	2007 (three months) \$ <small>(unaudited)</small>	2006 (three months) \$ <small>(unaudited)</small>	2007 (six months) \$ <small>(unaudited)</small>	2006 (six months) \$ <small>(unaudited)</small>
OPERATING ACTIVITIES				
Net loss	(84,747)	(195,831)	(154,755)	(249,532)
Items not affecting cash				
Depreciation of fixed assets	5,621	770	11,124	1,498
Depreciation of deferred expenses	-	2,625	-	5,250
Stock-based compensation	-	130,065	-	130,065
Future income taxes	(39,711)		(72,352)	
	(118,837)	(62,371)	(215,983)	(112,719)
Net change in non-cash operating working capital items	(128,162)	108,907	(24,624)	(35,207)
	(246,999)	46,536	(240,607)	(147,926)
FINANCING ACTIVITIES				
Capital stock issuance	-	172,160	264,419	3,803,160
Share issuing costs	(16,385)	86,421	(50,107)	(447,645)
Refund of the long-term debt	(2,842)	-	(5,667)	-
	(19,227)	258,581	208,645	3,355,515
INVESTING ACTIVITIES				
Acquisition of fixed assets	(4,085)	(795)	(9,994)	(1,695)
Acquisition of oil and gas properties	(22,739)	(5,001)	(22,739)	(68,340)
Increase in deferred exploration expenses net of government subsidies	(760,414)	(1,679,337)	(1,165,908)	(2,575,900)
	(787,238)	(1,685,133)	(1,198,641)	(2,645,935)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,053,464)	(1,380,016)	(1,230,603)	561,654
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,706,265	3,354,108	1,883,404	1,612,438
CASH AND CASH EQUIVALENTS, END OF PERIOD	652,801	2,174,092	652,801	2,174,092
CASH AND CASH EQUIVALENTS OF THE COMPANY ARE AS FOLLOWS:				
Cash	24,005	67,622	24,005	67,622
Short-term investments	628,796	2,106,470	628,796	2,106,470
	652,801	2,174,092	652,801	2,174,092

Pétrolia Inc.
(Oil and gas exploration company)



ADDITIONAL NOTES TO INTERIM FINANCIAL STATEMENTS
March 31, 2007

1) INTERIM FINANCIAL INFORMATION

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are based on the same accounting policies and methods as those used to prepare the Company's most recent annual financial statements. However, they do not include all of the information that must be provided in an annual financial statement. These interim financial statements should therefore be read in parallel with the Company's most recent annual financial statements.

The financial information as at March 31, 2007, and for the periods ending on March 31, 2007, has not been audited. However, in Management's opinion, all the adjustments that are necessary to give a fair presentation of the results for these periods have been included. The adjustments made are of a normal, recurring nature. The interim operating results do not necessarily reflect the expected operating results for the full year.

2) OIL AND GAS PROPERTIES AND DEFERRED EXPLORATION EXPENSES

	March 31, 2007		September 30, 2006	
	Oil and gas properties	Deferred exploration expenses	Oil and gas properties	Deferred exploration expenses
	\$	\$	\$	\$
Edgar	10,002	177,899	5,001	2,196
Gaspésia	137,288	2,363,070	119,550	1,469,658
Gaspé and Gastonguay	1,386,107	4,135,692	1,386,107	4,029,616
Saint-Simon	-	102,707	-	102,564
Dalhousie (New Brunswick)	10,975	6,587	10,975	-
	1,544,372	6,785,955	1,521,633	5,604,034
Less:				
Exploration subsidies - Gaspésia	-	32,471	-	32,471
	1,544,372	6,753,484	1,521,633	5,571,563