



Leader en exploration pétrolière au Québec



FIRST QUARTER

Unaudited interim financial statements

For the three months ended December 31, 2006



UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2006

Declaration concerning the interim financial statements

Management has prepared the interim financial statements of Pétrolia Inc., including the balance sheet as at December 31, 2006 as well as the statements of income, shareholders' equity, deferred exploration expenses, and cash flows for the three-month period ending on December 31, 2006. No auditor has examined or approved these interim financial statements.

BALANCE SHEET



	As at December 31 2006 \$	As at September 30 2006 \$
	(unaudited)	
ASSETS		
Current assets		
Cash	107,696	212,862
Short-term investments	1,598,569	1,670,542
Accounts receivable	161,895	131,294
Prepaid expenses	16,151	158,200
	1,884,311	2,172,898
Equity investment (Gastem shares, F.M.V. \$350,000)	100,000	100,000
Fixed Assets	60,999	60,593
Oil and Gas properties (Note 2)	1,521,633	1,521,633
Deferred exploration expenses (Note 2)	6,671,069	5,571,563
	10,238,012	9,426,687
LIABILITIES		
Current liabilities		
Accounts payable	1,057,807	371,704
Instalments on long-term debt	11,477	11,405
	1,069,284	383,109
Long-term debt	28,948	31,845
Future taxes	1,682,471	1,682,471
	2,780,703	2,097,425
SHAREHOLDERS' EQUITY		
Capital stock	7,689,391	7,379,827
Contributed surplus – Stock options	344,189	450,057
Contributed surplus – Stock options expired	186,596	159,596
Deficit	(762,867)	(660,218)
	7,457,309	7,329,262
	10,238,012	9,426,687

On behalf of the Board

(signed) *André Proulx*

Director

(signed) *Clément Duchesne*

Director



STATEMENT OF INCOME
Three-month period ended December 31

	2006	2005
	\$	\$
	(unaudited)	(unaudited)
REVENUE		
Interest income	22,338	9,929
 GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries - Officers	34,417	16,480
Salaries and fringe benefits	32,420	26,852
Insurance	10,643	5,334
Information to shareholders	3,243	4,780
Promotion and entertainment	23,495	18,117
Office supplies	4,674	2,139
Governmental fees	10,757	1,682
Rent	8,663	5,000
Professional fees	8,245	4,614
Telecommunications	5,981	1,963
Depreciation of fixed assets	5,503	728
Depreciation of deferred expenses	-	2,625
Costs attributable to exploration expenses	(32,387)	(29,052)
Others	9,333	2,368
	124,987	63,630
NET LOSS	(102,649)	(53,701)
 BASIC AND DILUTED NET LOSS PER SHARE	 (0.0036)	 (0.0030)



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	-	(33,723)	-	-	-	(33,723)
Other activities						
Expired stock options	-	-	(27,000)	27,000	-	-
Net loss	-	-	-	-	(102,649)	(102,649)
Balance at December 31, 2006	29,188,252	7,689,391	344,189	186,596	(762,867)	7,457,309



STATEMENT OF DEFERRED EXPLORATION EXPENSES
Three-month period ended December 31

	2006	2005
	\$	\$
	(unaudited)	(unaudited)
EXPLORATION EXPENSES		
Analyses	74,006	-
Drilling	43,608	1,431,304
Geology	95,643	3,961
Geophysics	853,862	130,340
General exploration expenses	32,387	31,905
INCREASE IN EXPLORATION EXPENSES FOR THE PERIOD		
	1,099,506	1,597,510
BALANCE, BEGINNING OF PERIOD		
	5,571,563	2,358,885
BALANCE, END OF PERIOD		
	6,671,069	3,956,395



STATEMENT OF CASH FLOWS
Three-month period ended December 31

	2006	2005
	\$	\$
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Net loss	(102,649)	(53,701)
Items not affecting cash		
Depreciation of fixed assets	5,503	3,353
	(97,146)	(50,348)
Net change in non-cash operating working capital items	103,539	(144,114)
	6,393	(194,462)
FINANCING ACTIVITIES		
Capital stock issuance	264,419	3,631,000
Share issuing costs	(33,723)	(384,731)
Refund of the long-term debt	(2,825)	-
	227,871	3,246,269
INVESTING ACTIVITIES		
Acquisition of fixed assets	(5,909)	(900)
Acquisition of oil and gas properties	-	(63,339)
Increase in deferred exploration expenses net of government subsidies	(405,494)	(1,045,898)
	(411,403)	(1,110,137)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(177,139)	1,941,670
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,883,404	1,612,438
CASH AND CASH EQUIVALENTS, END OF PERIOD	1,706,265	3,554,108
COMPANY'S CASH AND CASH EQUIVALENTS ARE AS FOLLOWS:		
Cash	107,696	2,968,249
Bankers' acceptances, bonds, and guaranteed investment certificates	1,598,569	585,859
	1,706,265	3,554,108



ADDITIONAL NOTES TO INTERIM FINANCIAL STATEMENTS

December 31, 2006

1) INTERIM FINANCIAL INFORMATION

These interim financial statements have been prepared in accordance with generally-recognized Canadian 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 December 31, 2006 and for the period ending on December 31, 2006 has not been audited. However, in Management's opinion, all the adjustments that are necessary to give a fair presentation of the results for this period 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

	December 31, 2006		September 30, 2006	
	Oil and gas properties	Deferred exploration expenses	Oil and gas properties	Deferred exploration expenses
	\$	\$	\$	\$
Edgar	5,001	160,424	5,001	2,196
Gaspésia	119,550	2,345,420	119,550	1,469,658
Gaspé and Gastonguay	1,386,107	4,094,989	1,386,107	4,029,616
Saint-Simon	-	102,707	-	102,564
Dalhousie (New Brunswick)	10,975	-	10,975	-
	1,521,633	6,703,540	1,521,633	5,604,034
Less:				
Exploration subsidies - Gaspésia	-	32,471	-	32,471
	1,521,633	6,671,069	1,521,633	5,571,563