Perisson Petroleum Corporation

Management Discussion & Analysis (“MD&A”)
For the year ended December 31, 2018
(Expressed in CDN dollars)

June 27, 2019

The following Management’s Discussion & Analysis (“**MD&A**”) of Perisson Petroleum Corporation (“**Perisson**” or the “**Company**”) is provided by its management and reports on the financial condition and the results of operations for the three and twelve months ended December 31, 2018 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 (“**Statements**”). The Company’s Statements have been prepared in accordance with International Financial Reporting Standard (“**IFRS**”) and all currency amounts are expressed in Canadian dollars except otherwise specifically indicated. Additional information about Perisson can be found at www.sedar.com and www.perisson.com. The Company’s shares are listed and traded on the TSX Venture Exchange under the symbol POG.

Forward looking statements

Certain statements contained in this MD&A constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. The use of any of the words “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “goal”, “predict”, “potential”, “should”, “believe” and similar expressions are intended to identify forward-looking information and statements. The information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information and statements. Such statements reflect the Company’s, as the case may be, current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected.

BOE PRESENTATION

Barrels of oil equivalents (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl (barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly

different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indicated value.

NON-GAAP FINANCIAL MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by GAAP and, therefore, are considered non-GAAP measures. Non-GAAP measures are commonly used in the oil and gas industry and by the Company to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Non-GAAP measures used in this report include the term "Netback" which separately presents royalty which is not shown on the face of the consolidated financial statements. In addition, the Company presents "working capital", "net debt" and "surplus", which is calculated as current liabilities less current assets.

OVERVIEW OF THE BUSINESS

CANADA

In May 2016, the Company acquired a beneficial interest in certain producing oil and gas assets in the Twining area of Alberta. The assets generate oil and gas production of approximately 130 boe/d, which is comprised of 70% oil and 30% liquids rich gas with associated facilities.

In September 2016, the Company acquired a 10% interest in an oil producing asset in the Wainwright Area of Alberta, Canada, which produces approximately 5 bpd.

Canadian operations are the primary focus of the Company.

COLOMBIA

Perisson is engaged in the exploration for oil and gas assets in Colombia through its subsidiaries Perisson Petroleum Panama Corporation (incorporated in Panama), Morichal Sinoco, SA ("MSSA") (incorporated in Venezuela) and the latter's Colombian branch. The Company's oil and gas activities are focused on commercially exploiting resources from its 100% interest in the VMM-17 block. The VMM-17 block covers 39,927 hectares of the Magdalena Basin, the oldest oil-producing basin in Colombia.

In February 2019, the regulator extended the license expiry for the VMM-17 block to March 2020.

Twelve months ended December 31			
Cnd$, except per BOE, BOEd and per share amounts)	**2018**	2017	2016
Petroleum and natural gas sales, net of royalties	**2,305,940**	2,369,360	1,422,788
Cash used in Operating Activities	**(3,143,901)**	(3,083,699)	(1,690,906)
Net loss	**(5,639,914)**	(4,843,393)	(3,561,453)
per share, basic and diluted	**(0.01)**	(0.01)	(0.04)
Exploration expense	**154,290**	529,519	-
General and administrative	**2,424,555**	1,675,541	1,761,090
Property, plant & equipment impairment	**-**	-	-
Total assets	**7,318,179**	7,443,796	6,783,777
Surplus working capital (net debt)*	**(2,112,550)**	423,620	(3,069,953)
Production (BOEd)	**138**	163	101
Oil and gas average price ($ per BOE)	**49.27**	42.82	40.67

Summary of Quarterly Results

The following table contains selected financial information for the last eight quarters. The Company's Canadian oil and gas assets were acquired in May 2016. In January 2018, the Company completed a 1:10 stock split of its common shares. All references to common shares and per share amount in this table reflect this stock split.

Selected quarterly information	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**
Oil Production bopd	101	88	107	108	93	128	127	120
Natural Gas Production mcf/d	173	180	247	306	245	277	308	292
Total Production BOE/d	130	117	148	159	134	174	179	169
Revenue, net of royalty	444,389	585,275	665,236	611,040	538,859	531,809	639,558	659,134
Operating costs	634,919	394,004	474,817	445,761	579,034	595,221	179,203	407,414
Netback	(190,530)	191,271	190,419	165,279	(40,175)	(63,412)	460,355	251,720
General and administrative	862,778	367,774	477,447	716,556	468,815	353,546	431,234	421,946
Cash from (used in) operating activities	(2,028,487)	(150,468)	(727,616)	(516,582)	(698,891)	(662,582)	(622,587)	(1,045,124)
Loss and comprehensive loss	3,097,974	520,170	948,712	1,075,704	2,233,495	928,755	655,190	840,463
Per share – basic and diluted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

In Q1, 2017, field operating costs were reduced from the previous period resulting in a netback from oil & gas operations of $251,720. In Q2 2017, the netback of $431,234 was almost double the previous quarter and resulted from a significant 13th month adjustment received from its operating partner that reduced operation costs by approximately $120,000 in the quarter. During Q3 2017, it was determined that the Company's joint venture partner had withheld charging the Company approximately $185,000 in operating costs that related to Q2 2017. This had a positive effect on Q2 2017 results and a negative effect on Q3 2017 results. In Q4 2017, operating costs were higher than expected due to equipment maintenance, a 13th month adjustment of $22,000, surface rentals, and property taxes. In Q2 2018, the Company had its highest quarterly revenue over the comparative periods of $665,236. In Q3 2018, production was constrained due to additional maintenance initiated by a new operator of the Twining assets; however, operating netbacks were strong due to reduced operating costs and higher oil prices than in previous quarters. Maintenance continued in Q4 2018 contributing to an increase in operating costs; however, revenue during the quarter was significantly lower than previous quarters due to

market factors. Also in Q4 2018, the Company recognized additional management fees and consulting costs related to the Twining property.

Production and oil and gas revenue	Three months ended Dec 31		Year ended Dec 31	
	2018	2017	2018	2017
Production				
Oil bopd	101	93	101	117
Gas mcf/d	173	245	226	280
BOE/d	130	134	138	163
Revenue				
Oil	$ 436,253	$ 531,546	$ 2,334,095	$ 2,302,778
Natural gas	48,272	30,496	154,861	247,745
Total	$ 484,525	$ 562,042	$ 2,488,956	$ 2,550,523
Prices				
Oil $/barrel	$ 47.11	$ 62.09	$ 63.46	$ 54.10
Natural gas $/mcf	$ 3.03	$ 1.35	$ 1.88	$ 2.43
$/BOE	$ 40.67	$ 45.64	$ 49.27	$ 42.82

Netbacks	Three months ended Dec 31		Year ended Dec 31	
	2018	2017	2018	2017
Revenue				
Oil	$ 436,253	$ 531,546	$ 2,334,095	$ 2,302,778
Natural gas	48,272	30,496	154,861	247,745
Revenue	484,525	562,042	2,488,956	2,550,523
Royalty expense	(40,136)	(23,183)	(183,016)	(181,163)
Revenue, net of royalty	444,389	538,859	2,305,940	2,369,360
Operating expense	(634,919)	(579,034)	(1,949,501)	(1,760,872)
Netback	$ (190,530)	$ (40,175)	$ 356,439	$ 608,488
Production				
Oil bopd	101	93	101	117
Gas mcf/d	173	245	226	280
BOE/d	130	134	138	163
Revenue per BOE				
Oil $/barrel	$ 47.11	$ 62.09	$ 63.46	$ 54.10
Natural gas $/mcf	3.03	1.35	1.88	2.43
$/BOE	40.67	45.64	49.27	42.82
Royalty expense per BOE	(3.37)	(1.88)	(3.62)	(3.04)
Net Revenue per BOE	37.30	43.76	45.65	39.78
Operating expense per BOE	(53.29)	(47.02)	(38.59)	(29.56)
Netback per BOE	$ (15.99)	$ (3.26)	$ 7.06	$ 10.22

Revenue and revenue per BOE were lower in Q4 2018 than in Q4 2017 partially offset by reduced operating costs. For 2018, higher oil prices per BOE offset by lower production rates and an increase in operating costs per BOE compared with operating costs and sales prices in 2017, resulting in an overall lower netback compared with 2017.

The Company expects netbacks in subsequent quarters to continue to be approximately $15.00 per BOE.

General & adminstrative expense	Three months ended Dec 31		Year ended Dec 31	
	2018	2017	2018	2017
Salaries	$ 172,382	$ 150,383	$ 622,163	$ 576,012
Management fees	67,500	(67,691)	180,000	(7,691)
Professional and consulting fees	415,327	308,264	877,836	645,555
Accommodation and travel	155,396	92,310	472,163	209,363
Listing fees	2,313	11,885	98,015	49,125
Office and general	36,887	(26,336)	174,378	203,177
Third party recovery	12,973	-		-
Total	$ 862,778	$ 468,815	$ 2,424,555	$ 1,675,541

Salaries

For the three months ended December 31, 2018, salaries totalled $172,382 compared with $150,383 in the prior year period with the primary variance being a withholding tax charge during the quarter related to executive expat time in Canada and Colombia. For 2018, salaries were 6% higher than the prior year reflecting withholding tax charges and staffing changes.

Management Fees

Since May 2016, in conjunction with the two property acquisitions, the Company utilized a third-party operator pursuant to two trust agreements to maintain its Canadian oil and gas assets. In Q2 2017, the third party was put into receivership by the Court of Queen's Bench of Alberta at the request of its primary lender. Perisson has an agreement with the Receiver to transfer title of Perisson's acquired properties from the third party and on management fees to be charged. Additional management fees were recognized in Q4 2018. During the year ended December 31, 2018, the Company received an offer from the Receiver for the settlement of the outstanding claim and has adjusted the amounts receivable and payable to the Receiver in accordance with the offer received. As a result, the Company recognized a loss on settlement of $168,160 related to the receivership process in 2018.

Professional and Consulting Fees

For the three months ended December 31, 2018, the Company incurred $415,327 in professional and consultants' service charges compared with $308,264 in the same period of 2017. For 2018, charges were higher than the prior year as the Company incurred additional legal costs related to the receivership of the third-party operator.

Accommodation and Travel Expenses

For the three and twelve months ended December 31, 2018, accommodation and travel expenses were higher than the prior year comparative periods resulting from extensive travel to and within China as executives worked towards the development of a significant equity financing for the Company.

Listing Fees

For 2018, listing fee expenses totalled $98,015 compared with $49,125 in 2017 resulting from extra charges incurred by the Corporation to complete a 1:10 stock split in January 2018.

Office and General Expenses

For 2018, office and general expenses of $174,378 were reduced by 15% compared with $203,177 in 2017 due to changes in the Company's office rental costs.

Consolidated Statements of Financial Position

	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017
Current assets	3,307,377	2,301,994
Current liabilities	5,419,927	1,878,374
Working capital (deficit)	(2,112,550)	423,620

Current Assets

Current liabilities have increased compared with the comparative period due to increased joint venture charges and the addition of a USD $1,000,000 deposit that is treated as a loan amount to be repaid in the current year.

Cash is available to the Company as it is able to raise new equity or debt financing. The Company's oil and gas properties also generate positive cash flow.

Current and Total Liabilities

At December 31, 2018, total current liabilities of $5.4million were approximately $3.5 million higher than the prior year balance of $1.9 million. Reflecting the addition of a USD $1,000,000 deposit obligation and increased joint venture liabilities. The Company has cash generating oil and gas assets but mostly relies on equity and or debt financing to fund its operations. As of December 31, 2018, approximately $945,000 of accounts payable (2017 - $88,000) were over 90 days outstanding.

As of December 31, 2018, the Company has debentures, accrued interest and deposit obligations of $9,547,397 (2017 - $6,920,947).

Liquidity and Capital Resources

These Statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due.

Perisson's current liabilities exceed its current assets by $2,112,550 at December 31, 2018. The Company must secure sufficient external funding to meet its obligations and commitments on the Colombian exploration and evaluation program and pay ongoing general and administrative costs in Colombia and in Canada. This external funding may be met in a number of ways including, but not limited to, the issuance of new debt or equity instruments, the introduction of joint venture partners; and other business combinations. While management continues to be successful in securing financing, there can be

no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue its operations.

These aforementioned circumstances indicate the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

Historically, the Company has been able to rely on its ability to raise financing in public or privately negotiated equity offerings. Should negotiations result in an environmental license in Colombia being issued, there is no assurance that equity financing will be available when required, or under terms that are favourable to Perisson. The Company may also elect to advance the exploration of its property through joint-venture drilling contracts, which would reduce Perisson's share of the potential future revenues from the project. Currently, however, the project would not be economic under either scenario given world oil prices.

Although the Statements have been prepared assuming Perisson is a going concern, the above-noted facts and circumstances indicate the existence of a material uncertainty that casts significant doubt on its ability to continue as a going concern. The Statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses or financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

See note 3, going concern, in the notes to the consolidated financial statements for 2018.

Off Balance Sheet Instruments

The Company has not entered into any significant off-balance sheet arrangements or commitments.

Key Management Compensation and Related Party Transactions

The Company has identified its director and officer as its key management personnel.

During the year ended December 31, 2018, $571,000 (2017 - $537,250) was paid in salaries to officers of the Company.

Remuneration of Directors and Officers	Year ended Dec 31	
	2018	2017
Salaries, consulting & benefits	$ 571,000	$ 537,250
Other short term compensation		
Share based compensation	430,106	878,051
Gross expenses	1,001,106	1,415,301

At December 31, 2018, the balance due to officers and directors totalled approximately $56,000 (2017 – $109,000) officers and directors. At December 31, 2018, the balance due from officers and directors for advances provided to them totalled approximately $107,277 (2017 – $Nil).

During the year ended December 31, 2017, the Company repaid the shareholder loan outstanding on December 31, 2016, of $941,132.

Significant Accounting Estimates, Judgments and Assumptions

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. These judgments and estimates are continually evaluated and are based on management's experience and knowledge of the relevant facts and circumstances, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the Statements are disclosed in the consolidated financial statements for the year ended December 31, 2017, see note 5.

Financial Instruments

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its cash as a financial asset measured at fair value through profit and loss.

The Company has classified its accounts receivable and restricted assets as a financial asset measured at amortized cost. The Company has classified its accounts payable, debentures and loan payable as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and other information about financial instruments. Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into a fair value evaluation hierarchy. This hierarchy groups financial assets and financial liabilities into three levels according to the significance of the inputs used in the fair value evaluation of the financial assets and financial liabilities. The fair value levels of the hierarchy are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities at the financial reporting date;

Level 2 – Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the assets or liabilities that are not based on observable market data.

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's cash is categorized as Level 1.

Perisson is exposed to various financial risks resulting from both its operations and its investments activities. Perisson has not entered into any financial instrument agreements, including derivative financial instruments.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the Board of Directors. The Company's general risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Market risk

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

Currency risk

Currency risk arises when future recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company does not hedge foreign currency exposures.

The Company operates internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the Colombian peso. Currency risk arises on recognized assets and liabilities, principally cash, restricted assets and accounts payable.

The carrying amounts of the Company's significant foreign-currency-denominated financial assets and financial liabilities as follows:

FX Exposure to PESOS	December 31, 2018	Dec 31, 2017
Cash	21,364,436	198,835,418
AP and Accrued liabilites	(121,321,029)	(292,195,553)
NET exposure	(99,956,593)	(93,360,135)
rate	2,380.0830	2,346.8242
CAD equivalent	(41,997)	(39,781)
10% variance	4,666	4,421

Assuming that all other variables are constant, a variation of 10% in the Colombian peso exchange rate would generate an impact of $4,666 on net loss for the year ended December 31, 2018 (2017 – $4,421).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's current policy is to invest excess cash in certificates of deposit of major Canadian chartered banks. The Company does not consider there to be significant exposure to interest rate risk related to cash or restricted assets due to their short-term nature. The Company's issued debentures are fixed rate financial instruments and therefore are not subject to interest rate risk.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, restricted assets and accounts receivable. The Company limits its exposure to credit loss by depositing its cash and restricted assets with Canadian financial institutions with credit ratings of A+. The Company has limited exposure to credit risk related to its receivables due from Canadian provincial and federal governments of approximately $175,521 (2017 – $111,000). Additional receivable amounts relate to normal oil & gas operations.

As at December 31, 2018, $1,236,417 of the Company's trade receivables are considered past due (more than 31 days old), of this amount $Nil has been collected subsequent to year end, and has $958,168 in accounts payable with the same corporation. The remaining balance is expected to be fully collected.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking harm to its reputation.

At December 31, 2018, the Company has a working capital deficit of $2,112,500 and requires additional financing to meet its short-term obligations.

The Company endeavours to have sufficient working capital available to meet its day-to-day obligations and outstanding commitments, Note 14. Due to the working capital deficit, management estimates that funds available will not be adequate to meet the Company's requirements and budgeted expenditures through December 31, 2019.

Any funding shortfall may be met in a number of ways, including, but not limited to, the issuance of new debt or equity instruments, further expenditure reductions and/or the introduction of joint venture partners and/or business combinations. While management has been successful in securing financing in the past, there can be no assurance it will be able to continue to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

New Accounting Standards Adopted

On January 1, 2018, the Company adopted the requirements of IFRS 9. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected-loss” impairment model. The Company has elected to apply the limited exemption in IFRS 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. IFRS 9 did not impact the Company’s classification and measurement of financial assets and liabilities, and there was no significant impact on the carrying amounts of the Company’s financial instruments at the transition date. The introduction of the new ‘expected credit loss’ impairment model had negligible impact on the Company, given the Company sells its conducts sales with known organizations with no historical level of customer default, and the corresponding receivables from these sales are short-term in nature. The Company currently has no hedging arrangements, and will apply the new accounting requirements under IFRS 9 as required.

The Company’s financial instruments are accounted for and classified as follows under IFRS 9 as compared to the Company’s previous policy in accordance with IAS 39:

January 31, 2018	**IAS 39**	**IFRS 9**
Financial Asset		
Cash	Fair value through profit and loss (“FVTPL”)	FVTPL
Accounts receivable	Loans and receivables	Amortized cost
Restricted assets	Loans and receivables	Amortized cost
Financial Liability		
Accounts payable and accrued liabilities	Other financial liabilities	Other financial liabilities at amortized cost
Debentures and loan payable	Other financial liabilities	Other financial liabilities at amortized cost

On January 1, 2018, the Company adopted a new accounting standard IFRS 15 – *Revenue from Contracts with Customers,* using the retrospective method of adoption. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customer. The Company generates revenue from sale of oil and gas products with various customers. The Company has reviewed its sources of revenue using the guidance found in IFRS 15 and determined that there are no material changes to the timing and measurement of the Company's revenue from there sources as compared to other standards.

Amendments Not Yet Adopted

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date subsequent to January 1, 2019. Certain of these updates are not relevant to the Company and are therefore not discussed herein.

The following new accounting standards have not been applied in these consolidated financial statements. The standards applicable to Perisson are as follows and will be adopted on their respective effective dates:

IFRS 16, "Leases": In January 2016, the IASB issued the standard to replace IAS 17 "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019.

Outstanding Share Data

As at the date of this document, the Company had 892,906,570 common shares issued and outstanding, 84,207,300 stock options issued and outstanding, and no warrants issued and outstanding.

Subsequent events

On April 24, 2019, the Company announced the issuance of 10,000,000 stock options with an exercise price of $0.20 per stock option to an officer of the Company.

Proposed transactions

There are no proposed transactions as at the date of this document.

Risk Factors

Overview

The Company's primary business consists of the exploration and development of oil and gas properties in western Canada and Colombia. There are a number of inherent risks associated with the exploration, development and production of petroleum and gas reserves, many of these risks associated with the exploration, development and production of petroleum and gas reserves, are beyond the control of the Company.

To mitigate these risks the Company continues to focus its activities within regions of its staff's area of expertise. The Company has access to a slate of full-time professionals, consultants and industry specialists that have combined experience of over 300 years both in Canada and worldwide.

The Company considers that, to be able to reduce its risk, it must ensure that it operates its exploration and producing properties. This allows Perisson to manage its capital resources on a monthly and annualized basis, in the most efficient manner necessary, with a focus on insuring that only the most defined opportunities are provided the capital required.

The Company's area of operations are confined to known geological settings that are prospective for oil and gas and exploration activities that are well understood and are within the capacity of Perisson's staff and their associated teams of professionals and services.

Oil and Gas Exploration and Development – General

Exploration, appraisal and development of petroleum and gas reserves are speculative and involve a significant degree of risk. There is no guarantee that exploration or appraisal of the properties in which the Company holds rights will lead to a commercial discovery or, if there is commercial discovery, that the Company will be able to realize such reserves as intended. Few properties that are explored are ultimately developed into new reserves.

The Company believes that its diversified production base both geographically and by commodity shelter it from abrupt events, but if at any stage the Company is precluded from pursuing its exploration or development programmes, or such programmes are otherwise not continued, the Company's business, financial condition and/or results of operations and, accordingly, the trading price of the common shares, is likely to be materially adversely affected.

Oil and gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration or development activities by the Company will result in discoveries of oil, condensate or natural gas that are commercially or economically possible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The Company's operations are subject to the general risks of exploration, development and operation of petroleum condensate and natural gas properties and the drilling of wells thereon, including encountering unexpected formations or pressure, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on the Company. The Company may become subject to liability for pollution, blow-outs or other hazards. The payment of such liabilities could reduce the funds available to the Company or could result in a total loss of its properties and assets.

Petroleum and natural gas exploration and development activities are dependent on the availability of skilled personnel, drilling and related equipment in the particular areas where such activities will be conducted. Demand for such personnel or equipment, or access restrictions, may affect the availability of such equipment to the Company and may delay exploration and development activities.

Uninsurable Risks

In the course of exploration, development and production of petroleum and gas properties, certain risks, and in particular, blowouts, pollution, and premature decline of reservoirs and invasion of water into producing formations may occur. Hazards such as unusual or unexpected geological formations, pressures or other conditions may be encountered in drilling and operating wells as the Company will initially have interests in a limited number of properties, such risk is more significant than if spread over a number of properties. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. Insurance against damages caused by terrorism, and acts of war, is generally not available.

Although the Company intends to obtain insurance to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects. There can be no assurance that insurance will be available in the future.

Industry Risks

The Company's ability to acquire reserves will depend on its ability to select and acquire suitable producing properties or prospects. Competitive factors in the distribution and marketing of petroleum and gas include price methods and reliability of delivery. The marketability of oil and natural gas produced by the Company, if any, will also be affected by numerous other factors beyond the control of the Company. These factors include market fluctuations, the world price of petroleum, the supply and demand for oil and natural gas, the proximity and capacity of petroleum and natural gas pipelines and processing equipment and government regulations, including regulations relating to prices, taxes, royalties, land tenure, production allowable, the import and export of petroleum and natural gas and environmental protection. The effect of these factors cannot be accurately predicted.

Prices and Markets for Crude Oil, Condensate and Natural Gas

Petroleum condensate and natural gas are commodities whose prices are determined based on global demand, supply and other factors all of which are beyond the control of the Company. World prices for oil and condensate have fluctuated widely in recent years. Future price fluctuations in world petroleum prices will have a significant impact upon the projected revenue of the Company and the projected return from and the financial viability of the Company's existing and future reserves.

Alternatives to/Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices will reduce the demand for crude oil and other liquid hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products and any major changes would have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Competition

The petroleum and gas industry is intensely competitive and the Company will compete with a substantial number of other companies, many of which have greater financial resources. Many such companies not only explore for and produce petroleum, condensate and natural gas, but also carry on refining operations and market petroleum and other products on a global basis. There is also competition between the petroleum industry and other industries supplying energy and fuel to industrial, commercial and individual consumers.

There is no assurance that the Company will be able to successfully compete against such competitors.

Governmental Regulation

The petroleum and gas business is subject to regulation and intervention by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possible expropriation or cancellation of contract rights, as well as with respect to prices, taxes, export quotas, royalties and the exportation of petroleum 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 petroleum and gas industry could reduce demand for petroleum and natural gas, increase the Company's costs and have a material adverse effect on the Company.

Permits and Licenses - General

The operations of the Company may require licenses and permits for 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, development and operations of its projects.

Permits and Licenses – Colombia

Although the Company has remained focused on the resolution of the Colombian VMM-17 land block, pursuant to the most recent letter received from ANH on August 14, 2017, work commitments on the property must be satisfied by the Company on or before March 18, 2018 in order to retain ownership of the property. The Company is un current talks to extend the licence further in conjunction with the submission of a revised drilling plan.

Environmental Regulation

The Company's operations are, and its future operations will be, subject to environmental regulations promulgated by the Government of Alberta or other governments from time to time in the regions where the Company carries on business. Current environmental legislation in Canada provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with petroleum, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards and enforcement, and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditures, and breaches of such

regulations may result in the imposition of fines and penalties, any of which may be material. There can be no assurance that these environmental costs will not have a material adverse effect on the Company's financial condition or results of operations in the future.

Going Concern and Financing

The Company recorded a net loss of $5,642,560 and used cash in operating activities of $3,423,153 for the year ended December 31, 2018, and has an accumulated deficit of $44,997,076 as at December 31, 2018. The Company must secure sufficient external funding to meet its obligations and commitments as they come due to pay ongoing general and administrative costs. This external funding may be achieved in a number of ways including, but not limited to, the issuance of new debt or equity instruments and the introduction of joint venture partners. While management continues to be successful in securing financing, there can be no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue as a going concern.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the quoted market price, if any, for the Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of the Company.

Dilution and Future Sales of Common Shares

The Company may issue additional shares in the future, which may dilute a shareholders holding in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series and shareholders will have no pre-emptive rights in connection with further issuances. The directors of the Company have the discretion to determine the provisions attaching to any series of preferred shares and the price and terms of further issuances of Common Shares.

No Assurance of Title

Title to or rights in petroleum and gas properties may involve certain inherent risks due to problems arising from the ambiguous conveyance history characteristic of many such properties. Although the Company will conduct reasonable investigations (including the employment of local legal counsel to inform itself as to the status of properties) with respect to the validity of ownership of and the ability of sellers to transfer interests to it, there can be no assurance that it will hold good and marketable title to all of its properties. If a title defect does exist, it is possible that the Company may lose all or a portion of its interest in properties to which the titles defect relates.

Dependence on Key Personnel

The success of the Company is dependent on the services of a number of members of senior management. The experience of these individuals will be a factor contributing to the Company's

continued success and growth. The Company retains key man insurance valued at $2,000,000 firstly for the associated severance costs concurrent with the death of one key employee and secondly towards the cost of replacing the key employee and the on-going transitional costs for continuing operations of the Corporation. In the unlikely event of this occurrence the Company has established measure contingencies, also for all remaining employees but there remains a risk that the death or departure of one or more of the key individuals could have a material adverse effect on the Company.

Reserve Replacement

The Company's future petroleum and natural gas reserves, production and cash flows to be derived therefrom are highly dependent on the Company successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on the Company's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of petroleum and natural gas. Should the Company not discover additional reserves, current operations may not be sustainable.

Reliance on Strategic Relationships

The Company's existing business relies on relationships with local government bodies and, other petroleum and gas companies. There can be no assurances that these strategic relationships will continue to be maintained, although at present management is not aware of any issues regarding its strategic relationships.

Conflicts of Interest

There are potential conflicts of interest which the directors and officers of the Company may be subject in connection with the operations of the Company. Some of the directors and officers of the Company may be, or may become, engaged in the oil and gas industry, and situations may arise where directors, officers and promoters will be in direct conflict with the Company. All such activities that the Company deems are a conflict have been disclosed in accordance with, and as such if necessary are subject to the procedures and remedies as apply under the *Canada Business Corporations Act*.

Additional information

Further information related to the Corporation is available on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be accessed at www.sedar.com. For additional information, the Corporation's website can be found at www.perisson.com