

PERISSON PETROLEUM CORPORATION**MANAGEMENT PROXY CIRCULAR**

(Unless otherwise stated, the information contained herein is given as of February 7, 2020)

INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING**Solicitation of Proxies**

This management proxy circular ("**Management Proxy Circular**") is furnished in connection with the solicitation of proxies by the management of Perisson Petroleum Corporation (the "**Corporation**" or "**Perisson**") for use at the annual and special meeting of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held at the Main Floor Meeting Room, Standard Life Building, 639 - 5th Avenue S.W., Calgary, Alberta, at 10:00 a.m., on Wednesday, March 18, 2020 (the "**Meeting**"), for the purposes set forth in the notice of annual and special meeting (the "**Notice**") accompanying this Management Proxy Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

Appointment of Proxyholders

Accompanying this Management Proxy Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be mailed so as to reach or be deposited at the offices of the Corporation's registrar and transfer agent, Computershare Trust Company of Canada c/o Computershare Investor Services (Attention: Proxy Department) at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof.** An instrument of proxy may also be voted using a touch-tone telephone at 1-866-732-VOTE (8683). Alternatively, a registered shareholder can complete internet voting by logging on at www.investorvote.com and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy.

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management's nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

Signing of Proxy

The instrument of proxy must be signed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the Corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

Revocability of Proxies

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by a duly authorized officer or attorney of the corporation and deposited either: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the instrument of proxy is to be used; or (ii) with the Chairman of the Meeting

on the day of the Meeting, or any adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

Voting of Proxies and Exercise of Discretion by Proxyholders

All Common Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted "FOR" the proposed resolutions at the Meetings. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Management Proxy Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

Other than as specifically discussed under the heading "Matters to be Acted Upon at the Meeting", no director or officer of the Corporation, past or present, or any associate or affiliate of such persons, or any person on behalf of whom this solicitation is made, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting, except that such persons may be directly involved in the general affairs of the Corporation, with the exception that certain directors and officers have been granted stock options.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting Shares and Record Date

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares. The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is February 3, 2020 (the "**Record Date**"). As at the date hereof, there are 897,656,570 Common Shares issued and outstanding as fully paid and non-assessable.

Common Shares

The holders of Common Shares are entitled to notice of, and to vote at, all annual and special meetings of shareholders and are entitled to one vote per Common Share. The holders of Common Shares are entitled to receive such dividends as the board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") declare and, upon dissolution, to receive such assets of the Corporation as are distributable to holders of Common Shares.

Voting of Common Shares – General

Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on the Record Date and holders of Common Shares issued by the Corporation after the Record Date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he, she or it owns the Common Shares and demands, not later than ten days before the Meeting, that his, her or its name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

Voting of Common Shares – Advice to Non-Registered Holders

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "**Non-Registered Holder**") are registered either:

- (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "**CDS**").

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Management Proxy Circular and the instrument of proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Financial Solutions, Inc. ("**Broadridge**")) to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- (a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvotecanada.com; or
- (b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Trust Company of Canada, c/o Computershare Investor Services at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

Principal Holders of Common Shares

The following table sets forth, to the best of the knowledge of the directors and senior officers of the Corporation, as at the date hereof, the only persons, corporations or other entities (other than securities depositories) who beneficially own, directly or indirectly, or exercise control or discretion over voting securities carrying more than 10% of the voting rights attached to the Common Shares.

<u>Name and Municipality of Residence</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage</u>
Anlian International Holdings (Hong Kong) Co. Ltd.	Indirect ⁽¹⁾	214,776,460	23.9%

Notes:

(1) Held on behalf of Red Mountain Energy Investment Fund LP.

STATEMENT OF EXECUTIVE COMPENSATION

Summary Compensation Table

Executive Compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers of Perisson or any of its subsidiaries at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of Perisson or any of its subsidiaries, nor acting in a similar capacity, at the end of that financial year (the "**Named Executive Officers**"). The Named Executive Officers of Perisson during the most recently completed financial year were Chien-Yeh (Gary) Chen, Chairman and Chief Executive Officer (appointed Chairman and Chief Executive Officer on December 12, 2012), Wayne Rousch, President (appointed as President on August 1, 2014), and Brad Perry (appointed as Chief Financial Officer on May 9, 2017). There were no other Named Executive Officers in 2018, and no other employees earned in excess of \$150,000 in 2018.

Compensation of the Named Executive Officers of Perisson is reviewed annually by Perisson's Board of Directors. The Board of Directors' objective in setting compensation levels is that the aggregate compensation received by Named Executive Officers be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are employed by other companies of corresponding size and stage of development. In setting such levels, the Board relies primarily on their own experience and knowledge of the marketplace, supplemented by independent advisors, as required.

Compensation provided to Named Executive Officers consists of two principal components: (1) base salaries and bonuses; and (2) options granted pursuant to Perisson's stock option plan (the "**Plan**").

Base Salaries and Bonus – Perisson's view of base salaries is that they should be competitive with industry peers, to the extent that can be determined, and with other public companies at similar stages of development and having similar assets, number of employees, market capitalization and profit margin. The employment agreements entered into with Messrs. Chen and Rousch provide that the salary or compensation is subject to normal periodic review on or about the anniversary date of any employment agreement. In addition to the salary, the Board of Directors of Perisson may, from time to time, pay a bonus to Named Executive Officers for either the accomplishment of specific performance criteria or for exceptional performance, as may be applicable in accordance with their respective agreements with Perisson.

Options – Pursuant to Perisson's Plan, the Board of Directors of Perisson, at its discretion, determines all grants of stock options to Named Executive Officers. Such grants are considered incentives intended to align the Named Executive Officers' and shareholders' interests in the long term. Perisson emphasizes stock options in executive compensation as they allow the Named Executive Officers to share in corporate results in a manner that is relatively cost-effective despite the effects of treating stock options as a compensation expense.

Perisson has entered into employment agreements with Messrs. Chen and Rousch for their services as the Chief Executive Officer and President, respectively, which set forth the terms of their compensation. These agreements are reviewed by the Board of Directors on an annual basis.

Compensation of Chien-Yeh (Gary) Chen, Chairman and Chief Executive Officer for 2018

Gary Chen, Chief Executive Officer of Perisson, entered into an employment agreement with Perisson effective December 12, 2012, which governs the terms of his employment with Perisson. Mr. Chen's employment agreement provides for gross annual remuneration of \$200,000 for an indefinite term and such benefits as Perisson may offer to its executive employees, including, but not limited to, coverage under Perisson's director and officer insurance policy and participation in Perisson's stock option plan and payment of reasonable expenses. Mr. Chen is also entitled to receive such additional remuneration, by way of bonus or otherwise, as the Board of Directors may approve, to fairly compensate him for any exceptional performance in discharging the duties and responsibilities of his office. Upon termination, Mr. Chen may be entitled to certain additional payments (see "*Statement of Executive Compensation – Termination and Change of Control Benefits*" herein). In the event of any such termination, for any reason, any unvested stock options held by Mr. Chen would expire and terminate, and any vested options would have to be exercised within a specified period of time. Pursuant to his employment agreement, Mr. Chen has agreed to not compete with Perisson for a period of twelve months from the date of the termination of employment. For a summary of compensation paid to Mr. Chen in respect of the year ended December 31, 2018, please refer to the *Summary Compensation Table* below.

Compensation of Wayne Rousch, President for 2018

Wayne Rousch, President of Perisson, entered into an employment agreement with Perisson effective August 1, 2014, which governs the terms of his employment with Perisson. Mr. Rousch also assumed the duties of Interim Chief Financial Officer following the incumbent's termination on March 23, 2015, until the appointment of Mr. Brad Perry as Chief Financial Officer on May 9, 2017. Mr. Rousch's employment agreement provides for gross annual remuneration of \$125,000 and such benefits as Perisson may offer to its executive employees, including, but not limited to, coverage under Perisson's director and officer insurance policy and participation in Perisson's stock option plan and payment of reasonable expenses. Mr. Rousch is also entitled to receive such additional remuneration, by way of bonus or otherwise, as the Board of Directors may approve, to fairly compensate him for any exceptional performance in discharging the duties and responsibilities of his office. Mr. Rousch's employment agreement continued until August 1, 2018, and thereafter, it automatically renewed for subsequent 2-year terms, subject to either party's right to terminate upon 90 days' written notice (except where it relates to a change of control or termination for cause). Upon termination, Mr. Rousch may be entitled to certain additional payments (see "*Statement of Executive Compensation – Termination and Change of Control Benefits*" herein). In the event of any such termination, for any reason, any unvested stock options held by Mr. Rousch would expire and terminate, and any vested options would have to be exercised within a specified period of time. Pursuant to his employment agreement, Mr. Rousch has agreed to not compete with Perisson for a period of twelve months from the date of the termination of employment. For a summary of compensation paid to Mr. Rousch in respect of the year ended December 31, 2018, please refer to the *Summary Compensation Table* below.

Compensation of Brad R. Perry, Chief Financial Officer for 2018

Brad R. Perry, Chief Financial Officer of Perisson, entered into a consulting arrangement with Perisson effective March 15, 2017. Mr. Brad Perry was appointed as Chief Financial Officer on May 9, 2017. Mr. Perry's agreement provides for gross annual consulting fees of \$125,000 and such benefits as Perisson may offer to its executive employees, including, but not limited to, coverage under Perisson's director and officer insurance policy and participation in Perisson's stock option plan and payment of reasonable expenses. Mr. Perry is also entitled to receive such additional remuneration, by way of bonus or otherwise, as the Board of Directors may approve, to fairly compensate him for any exceptional performance in discharging the duties and responsibilities of his office. In the event of any termination, for any reason, any unvested stock options held by Mr. Perry would expire and terminate, and any vested options would have to be exercised within a specified period of time. For a summary of compensation paid to Mr. Perry in respect of the year ended December 31, 2018, please refer to the *Summary Compensation Table* below.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid during the years ended December 31, 2016, 2017 and 2018 to the Named Executive Officers.

Name and Principal Position	Fiscal Year Ended Dec. 31	Annual Compensation			Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
		Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽³⁾⁽⁵⁾	Annual Incentive Plans	Long-Term Incentive Plans			
Chien-Yeh (Gary) Chen ⁽¹⁾	2018	\$200,000	Nil	\$100,707	Nil	Nil	Nil	Nil	\$300,707
Chief Executive Officer	2017	\$200,000	Nil	\$226,703	Nil	Nil	Nil	Nil	\$426,703
	2016	\$200,000	Nil	\$53,536	Nil	Nil	Nil	Nil	\$253,536
Wayne Rousch ⁽²⁾	2018	\$125,000	Nil	101,197	Nil	Nil	Nil	Nil	\$226,197
President and Interim Chief Financial Officer	2017	\$125,000	Nil	\$228,098	Nil	Nil	Nil	Nil	\$353,098
	2016	\$125,000	Nil	\$57,16	Nil	Nil	Nil	Nil	\$182,161
Brad R. Perry ⁽⁴⁾	2018	\$125,000	Nil	71,647	Nil	Nil	Nil	Nil	\$ 196,647
Chief Financial Officer	2017	\$105,000	Nil	33,800	Nil	Nil	Nil	Nil	\$138,800
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Chen was appointed the Chief Executive Officer of the Corporation on December 12, 2012.
- (2) Mr. Rousch was appointed President of the Corporation on August 1, 2014, and acted as Interim Chief Financial Officer from March 23, 2015 to May 9, 2017.
- (3) In December 2016, Mr. Chen was granted options to acquire 10,000,000 Common Shares at an exercise price of \$0.047 and, subject to the terms of the option agreements, will expire in 2021 and have been valued using the Black-Scholes option-pricing model. In December 2016, Mr. Rousch was granted options to acquire 10,000,000 Common Shares at an exercise price of \$0.047 and, subject to the terms of the option agreements, will expire in 2021 and have been valued using the Black-Scholes option-pricing model. On September 22, 2017, Mr. Perry was granted options to acquire 5,000,000 Common Shares at an exercise price of \$0.025 and, subject to the terms of the option agreement, will expire in 2022 and have been valued using the Black-Scholes option-pricing model.
- (4) Brad R. Perry was appointed as Chief Financial Officer of the Corporation on May 9, 2017.
- (5) Option values were calculated using the Black-Scholes option-pricing model and were based on the following in each year:

Year	Dividend yield	Expected volatility	Risk-free interest rate	Expected life
2018	N/A	N/A	N/A	N/A
2017	0%	283%	1.81%	5
2016	0%	207%	0.74%	5

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

Pursuant to the Stock Option Plan, the Board of Directors of Perisson may, from time to time, in its discretion and in accordance with the TSX Venture Exchange (the "**Exchange**" or the "**TSXV**") requirements, grant to directors, officers, employees and consultants of Perisson or any of its subsidiaries ("**Admissible Person**"), non-transferable options (the "**Options**") to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding Common Shares at the date the Options are granted (on a non-diluted basis), exercisable for a period of up to ten (10) years from the date of grant.

The total number of Common Shares set aside for the exercise of Options on behalf of any beneficiary of Options under the Stock Option Plan shall at no time represent more than five percent (5%) of the issued and outstanding Common Shares, without disinterested shareholder approval and compliance with all requirements of the applicable Exchange. Any individual or company providing services shall be restricted to a maximum of five percent (5%) of the outstanding listed Common Shares.

The number of Options granted to any consultant, whether an individual or legal person, over a twelve (12) month period, must not exceed two percent (2%) of the issued and outstanding listed Common Shares, calculated at the

date the Option is granted to the consultant. This two percent (2%) limit is included within the limitations prescribed in the second paragraph above. Furthermore, subject to the prohibition provided in the second paragraph, the aggregate number of Options granted to an individual or legal person employed to provide investors relation activities must not exceed, over a twelve (12) month period, two percent (2%) of the issued and outstanding listed Common Shares, calculated at the date the Option was granted. This two percent (2%) limit is included within the option limitations prescribed in the second paragraph.

The exercise price and the term of Options are determined by the Board of Directors and are subject to approval by the Exchange. However, the exercise price cannot be lower than the greater of the closing market prices of the Common Shares on the trading day prior to the date of grant of the Options and the date of grant of the Options.

In the event a beneficiary of Options is dismissed as a director, officer, employee or consultant of Perisson or one of its subsidiaries for cause, all unexercised Options rights of such beneficiary under the Stock Option Plan shall terminate immediately upon such dismissal, and such, notwithstanding the expiry date of the Option granted to such beneficiary under the Stock Option Plan.

In the event a beneficiary of Options ceases to be a director, officer, employee or consultant of Perisson or one of its subsidiaries as a result of:

- (a) disability or illness preventing the beneficiary of Options from performing the duties routinely performed by such beneficiary;
- (b) retirement at normal retirement age; or
- (c) such other circumstances as may be approved by the Board of Directors;

then each Option granted to such beneficiary shall be exercisable only to the extent of the number of Options which may be purchased in conformity with the Stock Option Plan (determined as of the date the beneficiary ceases to be an Admissible person) for a period commencing on the date the beneficiary ceases to be an Admissible person and, subject to the expiry of such Option, ending on the greater of ninety (90) days (or thirty (30) days if the beneficiary is providing investor relations services).

In the event of the death of the beneficiary while an Admissible person, the Options granted to such beneficiary may be exercised in whole or in part by the legal representative of the beneficiary, during a period commencing on the date of death and ending twelve (12) months thereafter or the expiry date, whichever comes first. Upon the expiration of such period, all unexercised option rights of the deceased beneficiary shall immediately terminate, notwithstanding the expiry date of the option granted to the deceased beneficiary under the Stock Option Plan.

Subject to Exchange Policies, if any Option granted under the Stock Option Plan shall expire or terminate for any reason without having been exercised in full, such unexercised Options shall become available for future Option grants under the Plan.

If, at any time an Option granted under the Stock Option Plan remains unexercised, an offer to purchase all of the Common Shares of Perisson is made by a third party, Perisson shall use its best efforts to bring such offer to the attention of the Admissible person who hold Options as soon as practicable and Perisson may, at its discretion, require the acceleration of the time for the exercise of the Option rights granted under the Stock Option Plan and of the time for the fulfilment of any conditions or restrictions on such exercise.

The Board of Directors may amend the Stock Option Plan, subject to, as the case may require, the approvals of the Exchange, the Shareholders of Perisson or the optionees who have been granted Options.

As of February 7, 2020, a total of 83,207,300 Options, being 9.3% of the Common Shares of the capital stock of Perisson as at this date, are reserved for the issuance of stock options pursuant to the Stock Option Plan of Perisson.

No share-based (as opposed to option-based) awards have been granted to Perisson's Named Executive Officers. Details of options awarded to Named Executive Officers which were outstanding as of December 31, 2018, are set forth in the following table:

Name and Principal Position	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Chien-Yeh (Gary) Chen Chief Executive Officer	11,707,300	\$0.013	Sept. 28, 2020	\$3,828,287	-	-	-
	10,000,000	\$0.047	Dec. 16, 2021	\$2,930,000	-	-	-
Wayne Rousch President and Interim Chief Financial Officer	12,500,000	\$0.013	Sept. 28, 2020	\$4,087,500	-	-	-
	10,000,000	\$0.047	Dec. 16, 2021	\$2,930,000	-	-	-
Brad Perry Chief Financial Officer	5,000,000	\$0.025	Sept. 22, 2022	\$1,575,000	-	-	-

Note:

- (1) Value is calculated upon the difference between the exercise price of the options and the closing price of the Common Shares on the Exchange on December 31, 2018, which closing price was \$0.34. December 31, 2018, being the last day the Common Shares traded in 2018. The Company completed a 10 for 1 stock split in January 2018. The above option numbers and exercise prices have been adjusted to reflect the affect of the stock split.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of options held by Named Executive Officers that vested during the year ended December 31, 2018:

Name	Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾	Share-Based Awards – Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Chien-Yeh (Gary) Chen	1,689,572	-	Nil
Wayne Rousch	1,754,375	-	Nil
Brad Perry	393,750	-	Nil

Note:

- (1) Value is calculated upon the difference between the exercise price of the options that vested during the 2018 fiscal year and the closing price of the Common Shares on the Exchange on December 31, 2018, which closing price was \$0.34. December 31, 2018, being the last day the Common Shares traded in 2018.

Pension Plan Benefits

Perisson does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

Termination and Change of Control Benefits

Perisson has employment agreements in place with Messrs. Chen and Rousch.

Other than as described below, there are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from Perisson or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of Perisson or any subsidiary thereof or any change in such Named Executive Officer's responsibilities following a change in control, where the Named Executive Officer is entitled to payment or other benefits.

In the event Mr. Chen's employment with Perisson is terminated without cause, Mr. Chen shall be indemnified for an amount equal to a lump sum payment equivalent to one (1) month of Mr. Chen's base salary per worked year considering a minimum of four (4) months of Mr. Chen's base salary at the time of the termination of the employment agreement for any service year before the fifth (5th) year of his employment, payable as a lump sum within one (1) month following Mr. Chen's last day of work. If Mr. Chen resigns, Perisson shall be obliged to pay Mr. Chen his base salary for such remaining part of the period specified in the notice provided by Mr. Chen to Perisson to a maximum of 4 months of Mr. Chen's base salary proportionate to his number of service years worked for Perisson. Mr. Chen's employment contract also contains confidentiality, non-competition and non-solicitation covenants in favour of Perisson but these provisions are not conditional to the granting of an indemnity payment.

In the event Mr. Rousch's employment with Perisson is terminated without cause, Mr. Rousch shall be indemnified for an amount equal to a lump sum payment equivalent to three (3) months of Mr. Rousch's base salary at the time of the termination of the employment agreement. Mr. Rousch's employment contract also contains confidentiality, non-competition and non-solicitation covenants in favour of Perisson, but these provisions are not conditional to the granting of an indemnity payment.

Compensation Risk Assessment and Mitigation

The Board of Directors considers the implications of the risks associated with Perisson's compensation policies and practices when determining rewards for its executives and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Board of Directors does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on Perisson.

Perisson's compensation program includes several mechanisms to ensure risk-taking behaviour falls within reasonable risk tolerance levels, including:

- a balanced compensation mix between fixed and variable (at 0% risk) and between short and long-term incentives that defer award value
- the requirement for Board approval of short-term incentive awards
- establishment of a compensation package within a range of competitive practices (peer group)
- utilizing longer-term incentive plans for diversification and alignment with risk realization periods (option based awards)

Under Perisson's policies, neither officers nor directors are permitted to take any derivative or speculative positions in Perisson's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of Perisson's securities.

Director Compensation

The directors and members of the Board of Directors did not receive any compensation for acting as directors or for serving on Committees of the Board of Directors for the fiscal years ended December 31, 2016, 2017 and 2018.

Each director is eligible to receive stock options of Perisson. Perisson has compensated the directors with stock options.

Perisson has purchased, at its expense, a directors' and officers' liability insurance policy, which expires March 8, 2020. This covers the directors and officers of Perisson against liability incurred by them in their capacities as directors and officers of Perisson. The coverage has an aggregate limit of \$5,000,000. There is a deductible of \$25,000. Premiums paid by Perisson for the directors and officers liability insurance were \$11,500 for a 12 month period.

No compensation was provided to directors (in their capacities as directors) who were not also Named Executive Officers during the year ended December 31, 2018.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of Perisson's most recently completed financial year (December 31, 2018) with respect to compensation plans under which equity securities of Perisson are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by securityholders	74,207,300	\$0.03	15,083,357
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	74,207,300	\$0.03	15,083,357

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as provided in the tables below, none of the directors and officers of Perisson, any proposed management nominee for election as a director of Perisson or any associate of any director, officer or proposed management nominee is or has been indebted to Perisson at any time during the last completed financial year.

Aggregate Indebtedness as of the Record Date

No director, officer, or any of their respective associates or affiliates is or has been, at any time during the fiscal year ended December 31, 2018, been indebted to Perisson.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Management Proxy Circular, none of the directors or senior officers of Perisson at any time since the beginning of Perisson's last financial year, nor any proposed nominee for election as a director of Perisson, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted on, other than the election of directors or the appointment of auditors. Scott Reeves, corporate secretary of Perisson is a partner of TingleMerrett LLP. Fees paid to TingleMerrett LLP totalled \$185,346 for legal services in 2017 and \$224,889 in 2018, as TingleMerrett LLP has been Perisson's primary legal counsel since March 2015.

MANAGEMENT CONTRACTS

There are no management functions of Perisson that are to any substantial degree performed by a person or company other than the directors or officers (or private companies controlled by them, either directly or indirectly) of Perisson.

CORPORATE GOVERNANCE

Please see the attached Schedule "A" for information on the Corporation's Corporate Governance (Form 58-101F2).

AUDIT COMMITTEE

Audit Committee Charter

The Charter of the Corporation's Audit Committee is attached to this Management Proxy Circular as Schedule "B".

Composition of the Audit Committee

The following are the members of the Committee:

Wayne Rousch, Chair	Not Independent ⁽¹⁾	Financially literate ⁽¹⁾
Chien-Yeh (Gary) Chen	Not Independent ⁽¹⁾	Financially literate ⁽¹⁾
Chih Sheng (Victor) Hsu	Independent ⁽¹⁾	Financially literate ⁽¹⁾

Note:

(1) As defined by Multilateral Instrument – *Audit Committees* ("MI 52-110").

Education and Experience

Mr. Wayne Rousch brings over 44 years of experience in developing energy infrastructure and resource projects in both North America and several other countries. He has held strategic leadership roles for large corporations such as Emera Inc., TransCanada and NOVA Corporation, as well as numerous start-up companies over his career. Mr. Rousch has a Bachelor of Science in Chemical Engineering from the University of Calgary and is a registered Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta

Mr. Chih-Sheng Hsu graduated from Tamkang University, with a major in Economics and received a master's degree in Senior Management Business Administration (EMBA) from Shanghai Fudan University. Mr. Hsu is an established and active business person who has a broad network not only in the business world but also in the fields of politics and social work. He is currently serving as an important member of following organizations and entities: President of Shanghai Kang Yu Lica Cosmetics Co., Ltd; Mainland party representative of Chinese Nationalist Party's 18th Plenary Session; Executive Director of Shanghai Taiwan Compatriots Investment Enterprises Association; Vice president of Shanghai Xuhui District, Taiwan Association; and Committee Member of the Shanghai Youth Federation.

Mr. Gary Chen has been Executive Vice President of Morichal Sinoco S.A. since February 2011, and of Igual Holdings Corp. (the parent company of Morichal Sinoco S.A.). Previously, Mr. Chen served as Vice President, Business Development of Noveko International. Before joining Noveko, he was President and founder of Unitam International Management Corporation Inc. From Unitam's inception in 1998 on, Mr. Chen worked with clients in the construction, energy, life sciences and technology sectors to establish sales and distribution activities, joint-venture partnerships and OEM manufacturing operations throughout Asia.

Through such business experience, the members of the Audit Committee review financial statements and gain an understanding of financial reporting controls and procedures.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of MI 52-110 (*De Minimis Non-Audit Services*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation by its external auditors.

External Auditor Service Fees (By Category)

The aggregate fees billed by Perisson's external auditors, Manning Elliot LLP (2018) and Ernst and Young LLP (2017), in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2018	\$90,000	Nil	Nil	Nil
2017	\$90,000	Nil	Nil	Nil

Exemption

The Corporation is relying on the exemption provided in Section 6.1 of MI 52-110 and, as such, the Corporation is exempt from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of MI 52-110.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

The financial statements of the Corporation for the year ended December 31, 2018, and the auditors' report thereon accompanying this Management Proxy Circular will be placed before the Shareholders at the Meeting for their consideration. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to the Corporation. No formal action will be taken at the Meeting to approve the financial statements, which have been approved by the Board of Directors of the Corporation in accordance with applicable corporate and securities legislation.

Election of Directors

The term of office of each of the present directors expires at the Meeting. The number of directors to be elected at the Meeting has been fixed at four. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting to serve until the next annual meeting of the Shareholders of the Corporation unless his office is earlier vacated. All of the nominees are currently members of the Board of Directors of the Corporation.

Approval of the election of directors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the election, as directors, of the proposed slate of nominees whose names are set forth below.** In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors. Management is not currently aware that any such nominees would not be willing to serve as a director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

<u>Name, Residence and Present Office Held</u>	<u>Principal Occupation or Employment</u>	<u>Director Since</u>	<u>Number of Common Shares Beneficially Owned or Controlled⁽¹⁾ and percentage of total issued and outstanding</u>
Chien-Yeh (Gary) Chen ⁽²⁾⁽³⁾ Taiwan, Republic of China <i>Chairman and Chief Executive Officer</i>	Executive Vice President of Morichal Sinoco S.A. since February 2011 and of Igual Holdings Corp. (the parent company of Morichal Sinoco S.A). Mr. Chen served as Vice President, Business Development of Noveko International. Before joining Noveko, he was President and founder of Unitam International Management Corporation Inc.	Dec 12, 2012	4,166,661 0.5%
Wayne Rousch ⁽²⁾⁽³⁾ Calgary, Alberta, Canada <i>President</i>	President of Perisson Petroleum Corporation. Since May 2003, has also been the principal of Cambria Energy Inc. a private investment firm. Prior thereto from May 2000 to May 2003 Mr. Rousch was Senior Vice President of Emera Inc. and from June 1996 to November 1998 Vice President New Ventures and External Affairs for Novagas Clearinghouse Ltd.	September 28, 2016	10,000 0.0%

Name, Residence and Present Office Held	Principal Occupation or Employment	Director Since	Number of Common Shares Beneficially Owned or Controlled⁽¹⁾ and percentage of total issued and outstanding
Chih-Sheng Hsu ⁽²⁾⁽³⁾ Taiwan, Republic of China <i>Director</i>	President of Shanghai Kang Yu Lica Cosmetics Co., Ltd; Mainland party representative of Chinese Nationalist Party's 18th Plenary Session; Executive Director of Shanghai Taiwan Compatriots Investment Enterprises Association; Vice president of Shanghai Xuhui District, Taiwan Association; committee member of the Shanghai Youth Federation.	March 2, 2010	18,750,000 2.1%
Brad Perry ⁽³⁾ Calgary, Alberta, Canada <i>Chief Financial Officer</i>	Chief Financial Officer of the Corporation.	December 19, 2018	1,000 0.0%

Notes:

- (1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Common Shares.
- (2) The Corporation's audit committee will be comprised of Messrs. Rousch, Chen and Hsu.
- (3) The Corporation's executive compensation committee is comprised of the entire Board of Directors.

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity:

- (i) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days; or
- (ii) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

No proposed director of the Corporation is, or has been within the past ten years, a director or executive officer of any other company that, while such person was acting in that capacity, or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority. No proposed director of the Corporation has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Conflicts of Interest

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other oil and gas issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Business Corporations Act* (Alberta).

Appointment of Auditors

Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the appointment of Manning Elliot LLP, Chartered Professional Accountants, as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the Board of Directors of the Corporation. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote "FOR" the resolution.**

Ratification and Re-Approval of Stock Option Plan

Pursuant to Policy 4.4 of the TSXV, corporations that have a rolling stock option plan reserving a maximum of 10% of the issued and outstanding shares of the corporation must receive yearly shareholder approval of the stock option plan. This approval of the Plan is being sought at the Meeting.

For a summary of the Plan, please refer to the section herein entitled "Incentive Awards".

The approval by Shareholders requires a favorable vote of a majority of the Common Shares voted in respect thereof at the Meeting. The TSXV requires such approval before it will allow the adoption of the Plan. Options to purchase Common Shares that were previously granted to directors, officers and employees of the Corporation will be deemed to be granted under the Plan.

The text of the resolution regarding this matter is as follows:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the stock option plan (the "**Plan**") of the Corporation, as described in the Management Proxy Circular of the Corporation dated February 7, 2020, as may be amended by the board of directors as required by applicable securities regulatory authorities or stock exchanges, is hereby ratified, adopted and re-approved;
2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
4. any one director or officer of the Corporation is authorized, on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution."

Re-approval of the Plan will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholder present in person or by proxy at the Meeting. **Unless otherwise directed, the**

persons named in the accompanying instrument of proxy intend to vote such proxies in favour of the resolution re-approving the Plan.

OTHER MATTERS

As of the date of this Management Proxy Circular, the Board of Directors and management know of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, proxies in favour of management nominees will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com. Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation, which can also be accessed at www.sedar.com or which may be obtained upon request from the Corporation at 1250, 639 – 5th Ave. SW, Calgary, Alberta, T2P 0M9.

SCHEDULE "A"

CORPORATE GOVERNANCE POLICY

CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)

- 1. Board of Directors** — Disclose how the board of directors (the "Board") facilitates its exercise of independent supervision over management, including

- (i) the identity of directors that are independent,

Chih-Sheng Hsu

- (ii) the identity of directors who are not independent, and the basis for that determination.

Chien-Yeh Chen, Brad Perry, and Wayne Rousch are not independent as they are members of the management of the Corporation.

In determining whether a director is independent, the Corporation chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's ability to objectively assess the performance of management.

- 2. Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

None.

- 3. Orientation and Continuing Education** — Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.

The Board of the Corporation takes the following measures to ensure that all new directors receive a comprehensive orientation regarding the role of the Board, its committees and its directors, and the nature and operation of the Corporation:

- a. *each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Corporation's business will be necessary and relevant to each new director; and*
- b. *the Corporation is currently drafting a Board policy manual, which will provide a comprehensive introduction to the Board and its committees.*

The Board takes the following measures to provide continuing education for its directors in order that they maintain the skill and knowledge necessary for them to meet their obligation as directors:

- a. *the Board policy manual will be reviewed on an annual basis and a revised copy will be given to each director; and*
- b. *there is a technical presentation at Board meetings, focusing on either a particular property or a summary of various properties. The question and answer portions of these presentations are a valuable learning resource for the non-technical directors.*

- 4. Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

The Board of the Corporation has adopted a written code of business conduct & ethics, a corporate disclosure policy, and an insider trading policy for its directors, officers, employees and consultants (the "Policies") to encourage and promote a culture of ethical business conduct. As one measure to ensure compliance with the proposed Code, the Board has also established a whistleblower policy that details complaint procedures for financial concerns.

The Board must comply with the conflict of interest provisions of the Canada Business Corporations Act as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

5. Nomination of Directors — Disclose what steps, if any, are taken to identify new candidates for Board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

In order to identify new candidates for nomination to the Board, the Board of the Corporation considers the advice and input of the entire Board, regarding:

- a. *the appropriate size of Board, the necessary competencies and skills of the Board as a whole and the competencies and skills of each director individually; and*
- b. *the identification and recommendation of new individuals qualified to become a new Board member. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve.*

6. Compensation — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation; and
- (ii) the process of determining compensation.

The Board of Directors as a whole acts as the compensation committee and decides on the compensation of the Corporation's directors and the CEO which the Board of Directors feels is suitable, primarily by comparison of the remuneration paid by other reporting issuers that the Board of Directors feels are similarly placed within the same business of the Corporation.

7. Other Board Committees — If the Board has standing committees other than the audit and compensation identify the committees and describe their function.

At present, the Board does not feel it necessary to establish any committees other than the audit committee; however, the Board remains open to such a possibility as the Corporation continues to grow in the future. The Board believes that the Corporation's size is sufficiently small to facilitate a direct management structure without the need to delegate decision making or authority to a committee.

8. Assessments — Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

The entire Board will evaluate the effectiveness of the Board, its committees and individual directors. To facilitate this evaluation, each committee will conduct an annual assessment of its performance, consisting of a review of its charter, the performance of the committee as a whole and the performance of the committee chair. In addition, the Board will conduct an annual review of its performance.

SCHEDULE "B"

PERISSON PETROLEUM CORPORATION AUDIT COMMITTEE CHARTER

A. Audit Committee Overview, Purpose and Authority

The Audit Committee (the "Committee") is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities and is responsible to the Board of Directors. The Committee monitors, evaluates, advises or makes recommendations, in accordance with this Charter and any other directions of the Board of Directors, on matters affecting the external, internal or special audits of the financial and operational control policies and practices relating to the Corporation.

The Committee has the authority to investigate any activity of the Corporation. The primary purpose of the Committee includes:

- (a) recommending to the Board of Directors the external auditors to be nominated for the purpose of preparing or issuing audit reports for the Corporation and the compensation for such services;
- (b) directly overseeing the work of the Corporation's external auditors engaged for the purpose of preparing or issuing auditors' reports;
- (c) reviewing the Corporation's financial statements, MD&A and annual and interim earnings press releases prior to public disclosure;
- (d) overseeing and monitoring the integrity of the Corporation's financial reporting process and systems of internal controls regarding finance, accounting, legal and regulatory compliance;
- (e) assessing the processes related to the identification of the Corporation's risks and effectiveness of the Corporation's response to control or otherwise mitigate these risks; and
- (f) providing an avenue of communication among the external auditors, management, internal audit staff and the Board of Directors.

The Committee shall have unrestricted access to Company personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any such advisors and to communicate directly with internal and external auditors.

B. Audit Committee Structure

The Committee shall be composed of three members or such other number of members as may be specified by the Board of Directors. A majority of the Committee members shall be independent directors within the meaning of Multilateral Instrument 52-110 ("MI 52-110"), such that they shall have no direct or indirect material relationship with the Corporation. In addition, a majority of the members of the Committee must be "unrelated directors" – an unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding.

At least one member of the Committee shall be financially literate such that he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those raised in the Corporation's financial statements.

All members of the Board of Directors shall be free to attend any meetings of the Committee and participate, but only those members of the Committee shall be entitled to vote on any questions before the Committee. Other than members of the Board of Directors, entitlement to attend all or a portion of any Committee meetings shall be determined by the Chair of the Committee or its members.

The Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Committee shall be a majority of the members. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting.

The minutes of the Committee meetings shall accurately record the decisions reached by the Committee and shall be distributed to Committee members and Board members, with copies to the Chief Financial Officer (CFO), the external auditors and others as directed by the Committee

C. Audit Committee Duties and Responsibilities

I. Review Procedures – General

Review and assess the adequacy of this Charter at least annually. Submit the Charter to the Board of Directors for approval.

Review the Corporation's audited annual financial statements together with the MD&A thereon before such statements are submitted to the Board of Directors for approval. The review should include a discussion with management and external auditors of significant issues regarding accounting principles, practices and judgments.

In consultation with management, external auditors and internal audit staff, consider the integrity of the Corporation's financial reporting processes and controls. Discuss financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the external auditors and the internal audit staff together with management responses.

Review and recommend for approval by the Board of Directors the quarterly financial statements of the Corporation along with related MD&A communication and any related press releases.

Review the financial content of the Corporation's annual report and any other reports of a financial nature which require approval by the Board of Directors prior to the release thereof.

Review annually with management, the external auditors and, if necessary, legal counsel, any material litigation, claim or other contingency that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these will be disclosed in the financial statements.

Review annually the adequacy of the Corporation's procedures relating to the review of all public disclosure documents containing audited or unaudited financial information before its release, including any prospectus, offering memorandum, annual information form or other reports.

Monitor the appropriateness of accounting policies, especially critical accounting policies and financial reporting used by the Corporation to review any actual and prospective significant changes in financial reporting and accounting policies and practices to be adopted by the Corporation and to review and assess any new or proposed developments in accounting and reporting standards that may affect or have an impact on the Corporation.

Review and approve the Corporation's hiring policies regarding partners, employees, former partners and former employees of its present and any former external auditors.

II. Review Procedures - External Auditors

The external auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the shareholders. Review the annual appointment of external auditors for recommendation to the Board of Directors for approval, giving consideration to matters such as:

- (a) their independence and whether to retain such auditors for each future fiscal year after consultation with appropriate management;
- (b) the fees paid to the external auditors on an annual basis; and
- (c) any non-auditing services performed by the external auditors.

On an annual basis, review and discuss with the external auditors all significant relationships they have with the Corporation that could impair such auditors' independence.

Review the planning and results of the external audit, including:

- (a) the auditors' engagement letter;
- (b) the reasonableness of the estimated audit fees;
- (c) the scope of the audit, including materiality, audit reports required, areas of audit risk, deadlines and coordination with internal audit staff;
- (d) the post-audit management letter together with management's responses; and
- (e) any other matters the external auditors bring to the attention of the Committee.

Meet with the external auditors, at least annually and preferably at each Committee meeting, or as requested by the auditors, without management representatives present.

Receive and review all follow-up action or status reports relating to the recommendations of the external auditors and internal audit staff.

III. Internal Audit Function

The Committee should periodically request from management a review of the need for an internal audit function, and, on the basis of this review, determine whether such a function should be instituted.

IV. Risk Management Oversight

Assess whether management has implemented policies ensuring that the Corporation's risks are identified and that controls are adequate, in place and functioning properly.

V. Legal Compliance

On at least an annual basis, review with the Corporation's counsel any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulators or government agencies.

Review all reports concerning any significant fraud or regulatory non-compliance that occurs at the Corporation. This review should include consideration of the internal controls that should be strengthened to reduce the risk of a similar event in the future.

VI. Non-Audit Services

The Committee must pre-approve all non-audit services to be provided to the Corporation by its external auditors.

VII. Whistle-Blowing

The Committee must annually establish and review procedures relating to the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The Corporation's current policy in this regard is as follows. The Committee will establish the following procedure for the receipt and treatment of any complaint received by the Corporation regarding accounting, internal accounting controls or auditing matters:

- (a) The Corporation will distribute to all of its employees and field contractors the name and contact information of an independent member of the Committee for the purpose of receiving complaints regarding accounting, internal accounting controls or auditing matters;
- (b) Copies of complaints received will be sent to the members of the Committee;
- (c) All complaints will be investigated by the Corporation's finance and legal staff in the normal manner, except as otherwise directed by the Committee. The Committee may request that outside advisors be retained to investigate any complaint; and
- (d) The status of each complaint will be reported on a quarterly basis to the Committee and, if the Committee so directs, to the board of directors.

VIII. Reporting Requirements

The Audit Committee shall include in the Corporation's Information Circular and, if applicable, Annual Information Form, the information required by MI 52-110 and any applicable forms thereto.

IX. Other Responsibilities

Periodically perform a self-assessment of Committee performance.

Review financial and accounting personnel succession planning within the Corporation.

Annually review policies and procedures as well as audit results associated with directors' and officers' expense accounts and perquisites; annually review a summary of director and officers' related party transactions and potential conflicts of interest.

Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law as the Committee or the Board of Directors deems necessary or appropriate.

D. Audit Committee Meetings

Committee meetings may be called by the Committee Chair or by a majority of the Committee members. In addition, the external auditors have the right to call a Committee meeting, usually through the Committee Chair. The Chair of the Committee shall be a voting member and questions will be decided by a majority of votes.

Meetings may be called with one day's notice, which notice may be waived by members. All members of the Committee are entitled to receive notice of every meeting. However, it should be standard practice to give Committee members at least five business days' notice of all meetings.

Meetings are chaired by the Committee Chair or in the Chair's absence, by a member chosen by the Committee amongst themselves.

Agendas will be set by the Chair of the Committee with assistance from management, other Committee members, external auditors and internal audit staff, if requested or required. Agendas should be circulated with the materials for consideration at the meeting to all members, the Chair of the Board of Directors, the President and CEO and the CFO no later than the day prior to the date of the meeting. However, it should be standard practice to deliver the agenda and the materials for consideration at the meeting at least five business days prior to the proposed meeting, except in unusual circumstances.

Except as herein provided, the Chair of the meeting may establish rules of procedures to be followed at meetings.

Meetings may be conducted with the participation of a member by telephone or any other voice and/or video teleconferencing device, which permits all persons participating in the meeting to communicate with each other. A member participating in a meeting by that means is deemed to be present at the meeting.

The duties of the Committee may be exercised at a meeting at which a majority of the members of the Committee are present or by resolution in writing signed by all members of the Committee who would have been entitled to vote on the resolution at the meeting of the Committee. In case of an equality of votes, the person acting as Chair of the Committee meeting shall be entitled to a second or casting vote.

A resolution in writing may be signed and executed in separate counterparts by members and the signing or execution of a counterpart shall have the same effect as the signing or execution of the original. An executed copy of a resolution in writing or counterpart thereof transmitted by any means of recorded electronic transmission shall be valid and sufficient.

Attendance at all or a portion of Committee meetings by Company personnel will be determined by the Committee and may, at the request of the Committee, include the President, CEO, CFO and a recording Secretary.

The Recording Secretary shall keep minutes of the proceedings of all meetings of the Committee which following Committee approval is available to any member of the Board of Directors. All minutes will at a minimum be circulated to the Chair of the Board of Directors and should be circulated to all those receiving the agenda. Minutes will be retained by the Board of Directors.

E. Effective Date

In compliance with clause 9.1 (2) of Multilateral Instrument 51-110, this Charter is made effective June 28, 2005.