



Perisson Petroleum Corporation

Management Discussion & Analysis ("MD&A")
the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

November 27, 2025

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 years ended December 31, 2024, and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2024 ("**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.sedarplus.ca and www.perisson.com. The Company's shares are listed on the TSX Venture Exchange under the symbol POG.H. but are currently suspended from trading. The Company is under a failure to file cease trade order ("**FFCTO**") issued on July 22, 2021, by the Alberta Securities Commission ("**ASC**").

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

PERISSON PETROLEUM CORPORATION

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

The Company has been involved in the oil and gas industry in both Canada and Columbia over a number of years. The operations in Columbia have historically been in exploration, while the Company had some limited oil and gas exploration, development and production in Canada. Currently the Company has limited interests in oil and gas assets, however, it continues to evaluate and make proposals in the market for new oil and gas asset acquisitions, subject to the ability to secure funding for same. See below for a more detailed description. See also "Liquidity and Capital Resources" below.

Management of the Company currently consists of Gary Chen as CEO and Interim CFO, and Wayne Rousch as President. The Company's former CFO Brad Perry, resigned effective January 26, 2024.

CANADA

Historically, Canadian oil and gas exploration, development and operations have been the primary focus of the Company. Effective January 1, 2022, the Company sold its Twining area assets (Alberta), which comprised its main producing oil and gas assets. These assets were originally acquired by the Company in May 2016.

In press releases issued on March 24, 2022, and November 24, 2022, the Company stated that it had bid on several oil and gas packages ranging in values of approximately \$50 million in the first instance and was in final negotiations for a \$50 million acquisition in the second instance. Unfortunately, neither of these activities resulted in the acquisition of new assets for the Company.

The Company's sole Canadian oil and gas asset currently consists of a minor interest in oil production and wells shut-in pending future abandonment and reclamation. The oil producing asset consists of a 5%-10% interest in the Wainwright Area of Alberta, Canada, which currently produces a net of approximately 2 to 5 barrels per day. The assets contain three producing wells in the McLarin and Colony geological zone located in Wainwright, Alberta.

For further information please refer to the Company's oil and gas disclosure for the year ended December 31, 2024, filed on SEDAR pursuant to National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

COLOMBIA

PERISSON PETROLEUM CORPORATION

By way of background, Perisson had been engaged in the exploration of oil and gas assets in Colombia since late 2012 through the acquisition of its subsidiaries Perisson Petroleum Panama Corporation (incorporated in Panama), Morichal Sinoco, SA (“MSSA”) (incorporated in Venezuela) and the latter’s Colombian branch. MSSA held an exploration and production license granted by the Agencia Nacional de Hidrocarburos (the government regulator) (“ANH”) to the VMM-17 block on March 31, 2009 (the “E&P License”), an area that covers 39,927 hectares located on the western and north western side of the Middle Magdalena Basin, the oldest oil-producing basin in Colombia. The area is approximately 100 km northwest of Bogota, Columbia.

The E&P License had an initial exploration phase with a six-year term commencing from the date of execution. The E&P License was subject to a number of performance conditions, production royalties and was initially set to expire on March 31, 2015. Pursuant to the E&P License, the Company was committed to carrying out a minimum amount of exploration and evaluation work on the property. The E&P License contemplated two phases of development over the 72 months. All first phase work was completed: (i) acquisition, processing and interpretation of 80 KM 2D seismic activities (US\$1,043,478) and (ii) acquisition, processing and interpretation of 23 KM 2D seismic activities (US\$300,000). The second phase work was yet to be completed and consisted of drilling one slim hole test well and three A3 exploratory wells at an estimated cost of US\$1,800,000.

The E&P License was amended on April 12, 2012, to restructure the performance criteria but retained the expiry date of March 31, 2015. The Company was required to obtain an environmental permit from the Autoridad Nacional de Licencias Ambientales in connection with the exploration activities and filed an application on January 29, 2014. While the receipt of the environmental permit was pending, the Company received an extension from ANH on April 23, 2015, for an additional 276 days following receipt of the permit. In April 2015 the ANH issued a suspension order as the environmental permit was still outstanding. On December 17, 2015, the ANH stated the Company had until September 17, 2016, to complete its work obligations. The Company objected and proceeded to negotiate with the ANH. Due to the ongoing uncertainty, Perisson impaired the value of the Colombian assets, writing them down to \$1. In August 2017, ANH extended the E&P License for a period of six months to March 18, 2018. Further negotiations ensued and in February 2019, the E&P License was extended to March 2020. While Perisson was in discussions with ANH concerning the timing to spud a slim hole well required to further extend the E&P License, the COVID-19 pandemic hit and restricted the Company’s activities in Colombia. The Company was forced to declare force majeure in March 2020. ANH then requested a revised work program in order for them to consider an extension of the E&P License.

During Q2 2023, the Company entered into discussions with ANH and a third party interested in acquiring Perisson’s existing operations along with the E&P License. On June 15, 2023, the Company entered into an agreement (the “Offer to Purchase”) to transfer its operations in Colombia and the E&P License to a local company in Bogota, Colombia (the “Purchaser”). The consideration consisted of a small upfront payment and a 3% gross overriding royalty from future production from the licensed area, as well as drilling commitments to further delineate two discovery oil pools first identified by Perisson seismic operations several years ago. Conditions to the Offer to Purchase included the assignment of the legal representative in Colombia to the Purchaser, and the filing and acceptance by ANH of a revised work program in order to extend the E&P License. Due to delays associated with negotiation and extension of the E&P License, the Offer to Purchase was amended on June 4, 2024 and January 20, 2025.

PERISSON PETROLEUM CORPORATION

On January 24, 2025, Perisson announced that the ANH granted a three-year extension to the E&P License from April 15, 2024 to August 22, 2027, allowing it to proceed to closing the Purchase Agreements. Perisson noted that the terms of the Offer to Purchase were amended to consist of a payment of US\$125,000 and a 4% gross overriding royalty from future production from the licensed area up to a maximum of US\$5,000,000. Pursuant to the Offer to Purchase, share purchase agreements dated February 21, 2025, were completed and the Company currently only holds the 4% gross overriding royalty as its assets in Columbia.

Twelve months ended December 31

<i>Cnd\$, except per BOE, BOEd and per share amounts)</i>	2024	2023	2022
Petroleum and natural gas sales, net of royalties	27,418	69,678	151,512
Cash used in Operating Activities	(1,439)	(860,871)	(1,514,945)
Net loss	(6,798,972)	(6,378,497)	(667,659)
per share, basic and diluted	0.007	0.007	-
General and administrative	837,039	1,200,198	1,171,702
Total assets	184,873	132,782	877,016
Surplus working capital (net debt)*	(23,337,729)	(18,203,489)	(14,652,877)
Production (BOEd)	1	2	4
Oil and gas average price (\$ per BOE)	113.52	95.36	93.22

Summary of Quarterly Results

The following table contains selected financial information for the last eight quarters.

Selected quarterly information	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Oil Production bopd	-	1	1	1	1	1	3	2
Natural Gas Production mcf/d	-	-	-	-	-	-	-	-
Total Production BOE/d	-	1	1	1	1	1	3	2
Revenue, net of royalty	5,012	4,018	10,118	8,270	10,826	20,219	22,294	16,339
Operating costs (recovery)	10,152	10,018	34,419	14,602	14,714	13,697	54,624	33,037
Netback	(5,140)	(6,000)	(24,301)	(6,332)	(3,888)	6,522	(32,330)	(16,698)
General and administrative	283,543	209,152	155,323	189,021	291,587	275,566	385,232	245,813
Cash from (used in) operating activities	(540)	6,126	(7,139)	114	437,422	(273,840)	(499,761)	(524,692)
Loss and comprehensive (income) loss	2,555,983	1,532,056	1,358,437	1,352,496	2,399,922	1,296,309	1,339,942	1,342,324
Per share – basic and diluted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Net production in Q4 2022 has reduced to 1 bpd due to the shut-in of two of the three producing wells. The best-producing well was reactivated in late November 2022, which should add 1-2 bpd to the Company's production in future periods. The majority of the property tax fees and surface lease fees are booked in Q1 2023 and Q2 2023, which increases the operating cost. The production dropped in Q3 of 2023 due to one of the producing wells being shut-in. In Q4 of 2023, the company recorded a bad debt expense of \$483,995 related to accounts receivable from joint venture partners, which caused a higher net loss. Furthermore, in Q1 2024, another well experienced a broken rod, which caused a drop in production. The majority of the property tax fees, surface lease fees and insurance fees are booked in Q2 2024, which increases the operating cost. The inventory in the tank was higher than normal in Q3 2024,

PERISSON PETROLEUM CORPORATION

which caused the revenue to go down. In Q4 of 2023, the company recorded a bad debt expense of \$182,888 related to accounts receivable from joint venture partners and audit fees, which caused a higher net loss.

Netbacks	Three months ended Dec. 31		Year ended Dec. 31	
	2024	2023	2024	2023
Revenue				
Oil	\$ 5,489	\$ 11,359	\$ 31,037	\$ 67,896
Natural gas	-	-	(955)	-
Revenue	5,489	11,359	30,082	67,896
Royalty expense	(477)	(533)	(2,664)	1,782
Revenue, net of royalty	5,012	10,826	27,418	69,678
Operating expense	(10,152)	(14,714)	(69,191)	(116,072)
Netback	\$ (5,140)	\$ (3,888)	\$ (41,773)	\$ (46,394)

Production				
Oil bopd	-	1	1	2
Gas mcf/d	-	-	-	-
BOE/d	-	1	1	2

Revenue per BOE				
Oil \$/barrel	\$ 127.65	\$ 101.42	\$ 117.12	\$ 95.36
Natural gas \$/mcf	-	-	-	-
\$/BOE	127.65	101.42	113.52	95.36
Royalty expense per BOE	(11.09)	(4.76)	(10.05)	2.50
Net Revenue per BOE	116.56	96.66	103.47	97.86
Operating expense per BOE	(236.09)	(131.38)	(261.10)	(163.02)
Netback per BOE	\$ (119.53)	\$ (34.72)	\$ (157.63)	\$ (65.16)

In Q3 2023, two wells were in production. However, in Q1 2024, another well experienced a broken rod, leading to a decline in production in the YTD 2024. Operating costs per boe appear very high but result from current low production levels combined with high surface lease and municipal tax costs for non-producing areas.

General & administrative expense	Three months ended Dec. 31		Year ended Dec. 31	
	2024	2023	2024	2023
Salaries	\$ 49,999	\$ 73,997	\$ 199,994	\$ 295,996
Professional and consulting fees	194,818	137,828	435,923	378,024
Accommodation and travel	28,507	58,651	141,579	395,983
Listing fees	3,316	13,942	13,821	75,506
Office and general	6,903	7,169	45,722	54,689
Total	\$ 283,543	\$ 291,587	\$ 837,039	\$ 1,200,198

Salaries

Starting from Q1 2024, the company's CFO was no longer working for the company, which lowered the total salary amount by around \$24,000 in Q3 2024 and \$72,000 in YTD 2024.

Professional and Consulting Fees

PERISSON PETROLEUM CORPORATION

In 2024, professional and consulting fees increased compared to 2023, primarily due to the booking of legal service fees for ASC requirements and audit fees during this period.

Accommodation and Travel Expenses

For Q3 2024, accommodation and travel expenses were higher than in Q3 2023 due to a reduction in regular travel during 2024 compared with 2023.

Listing Fees

For YTD 2023, listing fees of \$75,506 were significantly higher than in YTD 2024 due to fees related to the filing of the 2021 and 2022 financial reports in 2023.

Consolidated Statements of Financial Position

	Year ended Dec. 31, 2024	Year ended Dec. 31, 2023
Current assets	172,415	117,210
Current liabilities	23,510,144	18,320,699
Working capital (deficit)	(23,337,729)	(18,203,489)

Current Assets

Current assets no huge difference between YTD 2024 and YE 2023.

Management believes that cash is available to the Company as it can raise funds through additional debt financing.

Current and Total Liabilities

Current liabilities increased in YTD 2024 compared with YE 2023 as the Company CEO Gary Chen provided the advance funds. See “*Key Management Compensation and Related Party Transactions*” below.

The Company has cash-generating oil and gas assets but relies on debt related financing to fund its operations. As of December 31, 2024, approximately \$1,764,110 of accounts payable (YE 2023 - \$769,615) were over 90 days outstanding.

As of December 31, 2024, the Company has debentures, and accrued interest obligations of \$28,910,074 (YE 2023 - \$23,181,347). Below is a summary of the debentures that are outstanding. See Note 6 to the financial statements for the period ended June 30, 2025, for additional details.

PERISSON PETROLEUM CORPORATION

Debtentures	Year ended December 31	Year ended December 31
	2024	2023
Debtentures outstanding, beginning of year	\$ 8,263,107	\$ 6,926,035
Debtentures issued In period	-	2,460,226
Plus accretion	735,070	568,140
Settlement of Debtenture Series B, D	-	(24,429)
Less debtenture payments	-	(1,678,229)
Principal FX Adjustment for Series "C", "D", "E"	139,381	11,364
	9,137,558	8,263,107
Less: current portion	(3,325,009)	(2,999,999)
Debtentures outstanding, long-term, end of period	\$ 5,812,549	\$ 5,263,108

Interest Payable	Year ended December 31	Year ended December 31
	2024	2023
Interest payable, beginning of year	\$ 14,915,571	\$ 10,821,419
Plus interest expense	4,831,612	4,207,170
Less interest payments	(32,242)	(116,977)
Settlement of Debtenture Series B, D	-	9,415
FX Adjustment for Series "C", "D", "E"	57,575	(5,456)
	19,772,516	14,915,571
Less: current portion	(17,199,577)	(13,352,289)
Interest payable, long-term, end of period	\$ 2,572,939	\$ 1,563,282

The Company is in breach of a number of provisions under the debtentures and certain of the debtentures remain unpaid despite becoming due on their maturity dates. For a complete description of the debtentures outstanding and the various defaults, please refer to Note 6 to the financial statements. The Company maintains a good relationship with the holders of its debtentures, however, it will need to raise considerable capital in order to repay the debtentures and cure any defaults that exist under the debtentures. There is a risk that some or all of the holders of the debtentures may seek remedies for the breach of the debtentures or may seek to enforce repayment of some or all of the debtentures. Without securing additional funds, the Company would not have an ability to cure the defaults or repay the debtentures and such events would have a material adverse effect on the Company's business.

Liquidity and Capital Resources

This MD&A has 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.

The Company incurred a net loss of \$6,798,972 and used cash in operating activities of \$1,439 for the years ended December 31, 2024, and has a working capital deficit of \$23,337,729 as at December 31, 2024. 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 to acquire cashflow generating properties

PERISSON PETROLEUM CORPORATION

or to pay obligations when due, expenditure reductions, and the introduction of new joint venture partners or business combinations. While historically, management was 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.

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 debt offerings. 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.

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 audited consolidated financial statements for the period ended December 31, 2024.

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 directors and officers as its key management personnel.

At December 31, 2024, the balance due to officers and directors totalled approximately \$286,058 (December 31, 2023 – \$234,984) and consisted of salary payable and reimbursement for expenses. This balance is included in accounts payable and accrued liabilities on the consolidated statements of financial position. These balances due to and due from related parties are unsecured, non-interest bearing and due on demand.

During 2017 and 2018, the Company issued an aggregate of \$7 million Canadian-denominated debentures to an entity controlled by the Company's CEO. During 2021, the Company issued a \$500,000 US-denominated debenture to an entity controlled by the Company's CEO. In addition, during 2022 and 2023, the Company issued EUR-denominated debentures to an entity controlled by the Company's CEO. On the Company's balance sheet, CAD \$3,965,137 (2023 YE - CAD \$3,912,137) are included in long-term debentures. The EUR-denominated debentures are unsecured and were issued at market rates. For further details see Note 6.

During 2024, the Company received advances totalling CAD \$780,000 (December 31, 2023 - \$553,000), from the Company's CEO, Gary Chen. These amounts have been included in the Company's accounts payable, however, there is currently no agreement in place covering the repayment of these funds to Mr. Chen.

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 years ended December 31, 2024, see note 5.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the Statements of Financial Position at the time the Company becomes a party to the contractual terms and provisions of the financial instrument.

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i. those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive loss ("FVTOCI"); and
- ii. those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive loss (which designation is made as an irrevocable election at the time of recognition).

PERISSON PETROLEUM CORPORATION

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i. amortized cost;
- ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required
- iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial instruments classified and measured as follows:

Financial Instruments	Category under IFRS 9
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long term debt	Amortized cost
Due from/to related parties	Amortized cost

Convertible preference shares are classified as a non-derivative financial liability based on the terms of the contract. Upon issuance, convertible preference shares are recognized at fair value. Subsequently, they are measured at amortized cost until extinguished through conversion or redemption.

Accounts Receivable and expected credit loss

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit losses reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the creditworthiness of its customers, historical collection experience and length of time the receivables are past due. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

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;

PERISSON PETROLEUM CORPORATION

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.

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 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 \$38,890 (December 31, 2023 – \$28,568). Additional receivable amounts relate to normal oil and gas operations.

As at December 31, 2024, \$38,191 (December 31, 2023 - \$30,288) of the Company's trade receivables are considered past due (more than 31 days old). The remaining balance is expected to be fully collected.

Liquidity and Capital Resource

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.

PERISSON PETROLEUM CORPORATION

At December 31, 2024, the Company has a working capital deficit of \$23,337,729 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. However, due to the disposition of its primary cash generating assets at Twining and the current working capital deficit, management estimates that funds available will not be adequate to meet the Company's requirements and budgeted expenditures through December 31, 2024 (see Note 3 to the financial statements for the period ended December 31, 2024).

The Company is under a failure to file a cease trade order ("FFCTO") issued on July 22, 2021, by the Alberta Securities Commission ("ASC"), which restricts the Company's ability to issue or trade its common shares. The Company submitted an application on October 13, 2023, to have the FFCTO revoked.

Any funding shortfall may be met in a number of ways, including, but not limited to, the issuance of new debt to acquire cashflow generating properties or to pay obligations when due, expenditure reductions, and the introduction of new joint venture partners or business combinations. While management has been successful in securing debt 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.

Contractual undiscounted cash flow requirements for contractual obligations as at December 31, 2024 are due as follows:

	Total	Less Than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More Than 5 Years
Accounts payable and accrued liabilities	\$ 2,945,558	\$ 2,945,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest payable	17,199,577	17,199,577	-	-	-	-	-	-
Accrued interest	2,572,939	-	-	513,401	-	-	2,059,538	-
Current debenture	4,692,288	4,692,288	-	-	-	-	-	-
Long-term debentures	5,318,970	-	-	1,805,740	-	-	3,513,230	-
Total	\$ 32,729,332	\$ 24,837,423	\$ -	\$2,319,141	\$ -	\$ -	\$5,572,768	\$ -

Adoption of new accounting standards

IAS 1 Amendments – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

IAS 7 Amendments – Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024,

PERISSON PETROLEUM CORPORATION

with early adoption permitted. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements

New accounting standards not yet effective

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (MPMs) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Annual Improvements

In July 2024, the IASB issued IFRS Accounting Standards Annual Improvements – Volume 11, which clarifies wording, correcting minor consequences, oversights, or conflicts among requirements in the Standards. The amendments affect IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 7 – Financial Instruments: Disclosures, IFRS 9 - Financial Instruments, IFRS 10 -Consolidated Financial Statements, and IAS 7 - Statement of Cash Flows. These amendments will be effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Outstanding Share Data

As at the date of this document, the Company had 912,156,570 common shares issued and outstanding, 4,000,000 stock options issued and outstanding, and no warrants issued and outstanding.

Subsequent events

Subsequent to the year ended December 31, 2024, an aggregate amount of \$7,392,731, comprising \$717,288 principal and \$6,761,026 interest, owing pursuant to a debenture issued by the Company on February 1, 2017, became due and payable on February 1, 2024. The Company has not paid the amount owing pursuant to this debenture and the debenture remains in default.

Subsequent to the year ended December 31, 2023, Perisson signed an extension to the sale process of its assets in Colombia on January 20, 2025. The sale, originally announced on June 30, 2023, was delayed pending the receipt of formal confirmation of the extension of the Company's exclusive exploration and production license in Colombia on the VMM-17 block (the "E&P License"). With receipt of the extension, Perisson was able to close the transaction with the purchasing company which resulted in Perisson selling the shares of its two subsidiary companies that held the interests in the Block. The consideration consisted of USD125,000 and a 4% overriding royalty interest of the oil produced and commercialized under the license up to the amount of USD 5 million.

PERISSON PETROLEUM CORPORATION

Subsequent to the period ended December 31, 2024, an aggregate amount of \$1,440,000, comprising \$960,000 principal and \$480,000 interest, owing pursuant to Debenture Series A became due on dates ranging from July 1, 2025 (\$760,000) to Aug 18, 2025 (\$200,000). Repayment was not made by the Company and these Debentures are in default. See Note 6(c).

Proposed transactions

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

Risk Factors

Going Concern and Financing

The Company incurred a net loss of \$6,798,972 and used cash in operating activities of \$1,439 for the years ended December 31, 2024, and has a working capital deficit of \$23,337,729 as at December 31, 2024. 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 to acquire cashflow generating properties or to pay obligations when due, expenditure reductions, and the introduction of new joint venture partners or 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 as a going concern.

The Company is currently in default of certain of its debentures. Action taken by debenture holders to enforce their indebtedness would have a material adverse impact on the business of the Company and its ability to continue operations.

Overview

The Company's primary business consists of the exploration and development of oil and gas properties in western Canada and previously in Colombia, however, the Company currently holds limited oil and gas assets. 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 intends to focus its activities within regions of its staff's area of expertise. The Company believes it has access to a slate of full-time professionals, consultants and industry specialists both in Canada and worldwide as required.

The Company considers that, to be able to reduce its risk, it must ensure that it acts as the operator of any of its exploration and producing properties. This will allow 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.

PERISSON PETROLEUM CORPORATION

The Company's operations are currently 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 or obtains 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 pursuing a diversified production base both geographically and by commodity would provide a shelter 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

PERISSON PETROLEUM CORPORATION

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.

PERISSON PETROLEUM CORPORATION

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

Following a disposition of its interests in Columbia in February 2025, the Company retained a 4% gross overriding royalty interest in production associated with the E&P License up to a maximum of US\$5 million. The exploration term of the E&P Licenses combined two phases (Phase 1 and Phase 2) with a duration of 72 months in total, which was extended a number of times, with an additional extension granted to August 2027. The Company's ability to receive any revenue from the royalty is now completely outside of its control and dependent upon a third party's ability to perform the various requirements pursuant to the E&P License.

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.

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

PERISSON PETROLEUM CORPORATION

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.

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

PERISSON PETROLEUM CORPORATION

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*.

AUDIT COMMITTEE

Composition of the Audit Committee

The following are the members of the Committee:

Travis Rhodes, Chair	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Chris Li	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Wayne Rousch	Not Independent ⁽¹⁾	Financially literate ⁽¹⁾

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

Education and Experience

Mr. Travis Rhodes brings to the board significant oil and gas experience from British Columbia, Alberta, and Saskatchewan, as he has served on the board of directors of two private mid-sized oil and gas producers over the last twelve years. Professionally, Mr. Rhodes leads a forward-thinking audiology organization serving southern Alberta and the interior region of British Colombia.

Mr. Chris Li brings to the board a strong background in strategic business management, holding a Bachelor of Information Technology from the University of Queensland, Brisbane, and an M.B.A. from the Southern Taiwan University of Science and Technology. Mr. Li is the general manager of a successful metal forming company in Taiwan, holding several patents and overseeing significant growth during his tenure.

Mr. Wayne Rousch brings over 43 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 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

PERISSON PETROLEUM CORPORATION

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, Kreston GTA LLP 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
2024	\$80,000	Nil	Nil	Nil
2023	\$80,000	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.

CHARTER OF THE AUDIT COMMITTEE

General Objectives

The Audit Committee (the “**Committee**”) of Perisson Petroleum Corporation (the “**Corporation**”) is a Committee of the Board of Directors of the Corporation (the “**Board**”) whose principal responsibilities are to proceed to a complete and detailed review of all audit related questions, to supervise the work of any accounting firm retained to prepare or issue an auditor’s report or to render other audit or evaluation services to the Corporation, to examine and approve the operations with related parties and to offer to external auditors, shareholders and employees of the Corporation a direct link with the directors that are not members of the management. The Committee will help the Board to assume his supervision responsibilities by reviewing the financial information provided to shareholders and other recipients, the structure of internal control, the audit procedure and the compliance with the applicable legislation and regulations. In the course of its duties, the Committee will insure to apply reasonable principles concerning the importance of any matter in question.

1 Composition

- 1.1 The Committee must be composed of a minimum of three (3) members, of which a majority must be independent according to the Canada Business Corporations Act (the “**Act**”) and the *Regulation 52-110 respecting Audit Committees* (the “**Regulation**”). Therefore, a majority of the Committee’s members must not be members of the Corporation’s management nor entertain a relationship that, in the Board’s opinion, could hinder the course of their independent judgement as members of the Committee.
- 1.2 All members of the Committee must be financially literate and have sufficient knowledge of basic financial and accounting practices. At least one (1) member of the Committee must have relevant specialized knowledge in accounting or financial management. The expression « financially literate » is defined as 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 the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. The expression «relevant specialized knowledge in accounting or financial management» is defined as the ability to analyze and interpret a complete array of financial statements, including the notes that accompanying them, in accordance with the generally accepted accounting principles.

2 Organization

- 2.1 The members of the Committee are appointed by the Board during its first meeting following the general meeting of shareholders. Unless the President of the Committee is appointed by the Board, the members of the Committee will be entitled to elect a President for the Committee by way of majority vote of the members of the Committee.
- 2.2 The Committee must meet at least quarterly. No meeting can occur in the absence of a quorum, which is reached by the majority of the members of the Committee. The Committee can request that members of the management or other individuals attend meetings and provide relevant information, if necessary. The meetings can be held in person or by telephone.

3 Responsibilities and roles

3.1 External Auditors

- 3.1.1 The Committee must recommend to the Board the external auditors to be nominated, considering their independence and performance, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation as well as to approve their remuneration, treatment and other compensation to be paid. This exercise includes the annual review of all non-audit services provided by the external auditors, as well as their corresponding professional fees perceived. Within the framework of these evaluations, the Committee must take into consideration the opinions of the management and more particularly of the employees responsible for applying the standards for internal control, prior to presenting its conclusions to the Board.
- 3.1.2 The Committee must determine if the execution by the external auditors of non-audit services is compatible with the independence of the external auditors. To accomplish this, the Committee must review and discuss periodically with the external auditors the relationship between the Corporation and the external auditors in order to analyze the independence and objectivity of the external auditors. The Committee must also require from the external auditors a declaration of independence while filing the annual report and preceding each mandate granted, and examine with the external auditors any written declaration from them pertaining to the external auditors' relations with the Corporation or any other relations that could compromise the external auditors' independence.
- 3.1.3 The Committee must consult at least annually the external auditors, without the attendance of the management, in order to discuss the internal audit control process of the Corporation.
- 3.1.4 The Committee must evaluate the performance of the external auditors and recommend their replacement if the Committee believe it advisable.

PERISSON PETROLEUM CORPORATION

- 3.1.5 The Committee must resolve any important disagreements between the management and the external auditors of the Corporation regarding financial statements.
- 3.1.6 The Committee must review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation, the nomination or dismissal of the Chief Financial Officer, as well as the training and integration of members of the Committee, when needed.
- 3.1.7 Each year, prior to the beginning of the annual audit, the Committee and the external auditors must discuss the nature, the scope and the schedule of the audit and, if more than one accounting firm is involved, the coordination of their services.
- 3.1.8 The Committee must seek information from management, the external auditors, the Chief Financial Officer and the Chief Executive Officer regarding the important risks of loss or liability that the Corporation may be exposed to and examine the measures undertaken by the management to mitigate and manage these risks.
- 3.1.9 The Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services but, this pre-approval must be presented to the Committee at its first scheduled meeting following such pre-approval. The Committee satisfies to the pre-approval requirement if it adopts specific policies and procedures for the engagement of the non-audit services, if: (a) the pre-approval policies and procedures are detailed as to the particular service; (b) the Committee is informed of each non-audit service; and (c) the procedures do not include delegation of the Committee's responsibilities to management.
- 3.1.10 The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3.2 Financial Reporting, disclosure, review of reports and documents

- 3.2.1 Review the integrity of the financial disclosure process in consultation with the external auditors and the management of the Corporation.
- 3.2.2 The Committee must discuss the quality of the accounting principles with the external auditors of the Corporation, including, amongst others, the accuracy of the financial information disclosure, highly judgmental areas such as reserves or estimates and the application of accounting principles by management of the Corporation.
- 3.2.3 In case of changes to accounting principles adopted by the Corporation as suggested by the management and endorsed by the external auditors, review and submit these changes for approval to the Board.

PERISSON PETROLEUM CORPORATION

3.2.4 The Committee must examine, with the external auditors and the Chief Financial Officer, the scope and the budget of the annual audit to assure that its scope is sufficient, that unnecessary efforts are minimized and that the resources for the audit are utilized efficiently.

3.2.5 Regarding the annual external audit of the Corporation, the Committee must examine and review the following elements with the external auditors, the management and the Chief Financial Officer:

- i.* The annual financial statements of the Corporation, as well as their accompanying notes and the relating external auditors' report, the management reports, as well as all other similar disclosures required for purposes of the Corporation's public filings, the press releases pertaining to the annual and interim net earnings of the Corporation prior to their public disclosure, as well as any report or other financial information to be disclosed and filed in compliance with the rules of disclosure set forth by the regulatory authorities or the confidentiality and disclosure policy of the Corporation, the adequacy of the Corporation's internal control procedures, including the evaluation by the management of the confidentiality and disclosure policies and the internal control procedures of the Corporation and the executive management's report pertaining to these policies and procedures, all significant recommendations formulated by the external auditors and the management in order to improve the confidentiality and disclosure policies and internal control procedures, any important elements towards which judgements could be rendered and any significant adjustment resulting from the audit;
- ii.* Any important reserves, increases or estimates that can significantly impact the financial statements, including the mineral reserves;
- iii.* All disagreements or disputes that occur between external auditors and the management during the course of the audit, including all restrictions in regards to the scope of the external auditor's workload or their required access to information, as well as all situations in which the management requires a second opinion;
- iv.* All the written instructions from the management to the external auditors;
- v.* All other questions pertaining to the manner in which the audit is conducted, including the adequacy of the Corporation's internal control procedures and all important facts reported during the year, as well as the management's responses to these;
- vi.* All important transactions between related parties; and
- vii.* The performance of the Corporation's internal accounting department and provide a direct communication line between this department, the external auditors and the Board.

Following its review, the Committee will have to provide to the Committee a recommendation in regards to the inclusion of the Corporation's financial statements in any other document filed for public access, which requires the approval of the Board, including the press releases.

3.2.6 In regards to the Corporation's intermediary non audited reports, the Committee must examine and review the following elements with the management and the Chief Financial Officer:

- i. The intermediary financial statements and their accompanying notes, including the specific disclosures of the Corporation in the management report and in all other similar disclosures required for the Corporation's public filings, the relating press releases, the adequacy of the Corporation's internal control procedures, including the evaluation by the management of the confidentiality and disclosure policies, the internal control procedures of the Corporation and the report of the management in regards to these policies and procedures, all significant recommendations formulated by the management to improve the confidentiality and disclosure policies, the internal control procedures and any important element towards which judgments could be rendered;
- ii. Any important reserves, increases or estimates that can significantly impact the financial statements, including the mineral reserves; and
- iii. All important transactions between related parties.

Following its review, the Committee will have to provide a recommendation regarding the inclusion of the non audited intermediary financial statements in any other document filed for public access that requires the approval of the Board, including the press releases.

- 3.2.7 The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements other than those referred to in the previous paragraphs 3.2.4 et 3.2.6 of the present Charter, and must periodically assess the adequacy of those procedures.
- 3.2.8 The Committee must prepare and recommend annually to the Board a "Summary of the Audit Committee Practices" to be included in the annual report, if applicable, or in the Corporation's management proxy circular in light of the election of the members of the Boards and management of the Corporation. This report will have to contain the information set forth in *Form 52-110F1 Audit committee information required in an AIF*.
- 3.2.9 The Committee must evaluate, with the management and the external auditors, the future impact of any anticipated change in the accounting principles and practices, and of any important change pursuant to the Corporation's accounting policies.
- 3.2.10 The Committee must meet, when needed, with the legal counsels of the Corporation to review the legal and regulatory questions, including any important pending legal action involving the Corporation and any report received from regulatory authorities that could have an important impact on the financial statements of the Corporation, the environmental compliance, the reserves and the financial obligations of the Corporation.

In this respect, the Committee will have the right to obtain, without further approval of the Board, such advice and assistance, including without limitation, the performance of special audits, reviews and other procedures, from independent accounting, legal or other advisors as the Committee determines to be necessary or advisable in connection with the discharge of its duties and responsibilities and to set and pay the compensation for these advisors.

PERISSON PETROLEUM CORPORATION

- 3.2.11 The Committee must meet periodically with the external auditors during the course of distinct closed session meetings, in the absence of the management, in order to discuss any question that the external auditors or the Committee deem appropriate to address in private.
- 3.2.12 The Committee must disclose its actions to the Board and formulate the recommendations that the Committee deems appropriate. Minutes must be prepared for each meeting of the Committee and be approved by the Committee at its following meeting. The Committee must make available to all members of the Board the minutes of its meetings.
- 3.2.13 The Committee must, when needed, review any certificate, report, opinion, letter or correspondence sent by the external auditors of the Corporation and, if applicable, any answers from the management to the said correspondences.
- 3.2.14 The Committee must, when needed, discuss the compensation of the President of the Board and of the upper management with the Corporate Governance Committee.

3.3 Other responsibilities

- 3.3.1 The other responsibilities of the Committee include:
 - i. Review annually the mandates of the Committee and recommend to the Board the amendments to these mandates as determined to be desirable or necessary by the Committee;
 - ii. Evaluate annually the performance of the Committee; and
 - iii. Review, with the external auditors and the management, the future risks the Corporation is exposed to, the measures undertaken by the management to mitigate and manage these risks and the adequacy of disclosing these risks to the public.
- 3.3.2 The Committee must execute all other obligations and assume all other responsibilities that can be attributed, from time to time, by the Board.

4 **Charter**

- 4.1 The Committee will review and evaluate, annually or otherwise, such as determined by the Committee, the relevance and adequacy of the present Charter and will recommend to the Board the appropriate changes.

CORPORATE GOVERNANCE POLICY

- 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,

Travis Rhodes and Chris Li

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

Chien-Yeh (Gary) Chen 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.

PERISSON PETROLEUM CORPORATION

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.

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.sedarplus.ca. For additional information, the Corporation's website can be found at www.perisson.com