Perisson Petroleum Corporation

Management Discussion & Analysis ("MD&A")
For the year ended December 31, 2016
(Expressed in CDN dollars)

May 12, 2017

The following Management's Discussion & Analysis ("**MD&A**") of Perisson Petroleum Corporation ("**Perisson**" or the "**Company**") is provided by its management and reports on the financial condition and the results of operations for the three and twelve months ended December 31, 2016 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 ("**Statements**"). The Company's Statements have been prepared in accordance with International Financial Reporting Standard ("**IFRS**") and all currency amounts are expressed in Canadian dollars except otherwise specifically indicated. Additional information about Perisson can be found at www.sedar.com and www.perisson.com. The Company's shares are listed and traded on the TSX Venture Exchange under the symbol POG.

Forward looking statements

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

BOE PRESENTATION

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

NON-GAAP FINANCIAL MEASURES

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

OVERVIEW OF THE BUSINESS

CANADA

In May 2016, the Company acquired a beneficial interest in certain producing oil and gas assets in the Twining area of Alberta. The assets generate oil and gas production of approximately 175 boe/d, which is comprised of 70% oil and 30% liquids rich gas with associated facilities.

The Canadian operations are the primary focus of the Company.

COLOMBIA

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

The Company considers its VMM-17 activities to be only at the exploration stage since it has not yet determined any proven reserves nor generated any production revenues. Since obtaining its VMM-17 exploration license, the Corporation, including its subsidiary MSSA, has spent approximately $4,071,000 in order to measure the commercial potential of the various drilling targets on its land. The majority of the effort to-date has consisted of analyzing and reviewing seismic and geological data from previously-drilled well locations on the VMM-17 block. Other activities have included filing environmental impact studies, preparing a social management plan and performing all the geology, scientific and engineering work required to choose and prepare a potential drilling location.

Discussion of Operations

Subsequent to the Agencia Nacional de Hidrocarburos ("**ANH**") issuing the VMM-17 Contract to the Company, the Parques Nacionales de Colombia ("**CNNP**") issued three directives to the Company outlining environmental concerns surrounding the proposed oil operations on the majority of the VMM-17 land block.

In April 2015, the ANH issued a suspension order on the VMM-17 land block as the Company has not been able to obtain an environmental license due to environmental concerns of the CNNP and local residents. Notwithstanding the CNNP directives, on December 17, 2015 the ANH advised the Company that it had until September 17, 2016 to complete its work obligations under the VMM-17 Contract. This December 17, 2015 letter came as a complete surprise to the Company. From the period of April 2015 until the December 17, 2015 letter, the Company was involved with negotiations with the CNNP and ANH. The Company believed the discussions and negotiations were quite successful as AHN appeared to be supportive of the Company executing the exploration plan presented in our various required submissions. During these negotiations, ANH also proposed alternative exploration lands not subject to any environmental restrictions such as the CNNP has indicated in the three issued directives. With respect to the ANH December 17, 2015 letter, the Company disagrees with the position taken by the ANH, given the CNNP directives and the resulting inability to obtain an environmental license.

The Company considers this ANH action to be a force majeure under the VMM-17 Contract and is working with the ANH to resolve the situation. Notwithstanding the ongoing negotiations taking place with the ANH and the CNNP, there is no guarantee that the Company will be able to obtain the requisite permits and licenses required to undertake drilling operations on the contract lands. The Company believes that in the event it is not be able to renegotiate the VMM-17 Contract with ANH, the letter of credit will be released to the Company and the deposit will become unrestricted.

As management believes that it is unlikely that the Company could conduct economic operations on the VVM-17 land block given current world oil prices and the uncertainty regarding the Company successfully obtaining the environmental license and realizing on its current investment in the contract lands, the Company considers its exploration and evaluation assets impaired and, as such, wrote down the carrying value to $1 at December 31, 2015. The Company also impaired a sales tax receivable related to the VVM-17 lands.

The Company has remained focused on the resolution of the VMM-17 land block. On May 10, 2016, the Company sent a formal letter to ANH requesting reconsideration of the previous decision outlined in the December 17, 2015 letter.

On May 25, 2016, ANH extended its deadline for work commitments to be satisfied to March 17, 2017 and reduced the letter of credit required as security on the licence from approximately USD $1.1 million to USD $420,000. The released funds of USD $680,000 were used to reduce the Company's outstanding liabilities by approximately USD $465,000 with the remaining funds allocated to working capital.

Since July 2016, the Colombian Government has introduced management changes at the ANH and through the ANH office of the new ANH President, ANH are introducing modified regulations to assist foreign companies to continue investing in Colombia. The Company has issued two subsequent formal letters to ANH and we can report that we have had numerous discussions with ANH regarding a resolution with the VMM-17 land block.

In March 2017, ANH extended the license expiry for 6 months until September 17, 2017.

Cnd$, except per BOE, BOEd and per share amounts)	Twelve months ended December 31 2016	2015	2014
Petroleum and natural gas sales, net of royalties	**1,422,788**	-	-
Cash used in Operating Activities	**(1,690,906)**	(2,477,419)	(1,929,238)
Net loss	**(3,561,453)**	(9,066,339)	(2,031,993)
per share, basic and diluted	**(0.04)**	(0.28)	(0.18)
Exploration expense	**-**	5,205,672	-
General and administrative	**1,761,090**	2,829,203	1,636,209
Property, plant & equipment impairment	**-**	344,750	-
Total assets	**6,783,777**	1,605,731	7,095,375
Surplus working capital (net debt)*	**(3,069,953)**	849,646	1,240,873
Production (BOEd)	**101**	-	-
Oil and gas average price ($ per BOE)	**40.67**	-	-

* See Non-GAAP financial measures

The Company's Canadian oil and gas assets were acquired in May 2016.

Production and oil and gas revenue	Three months ended Dec 31 2016	Three months ended Dec 31 2015	Year ended Dec 31 2016	Year ended Dec 31 2015
Production				
Oil bopd	120	-	71	-
Gas mcf/d	330	-	180	-
BOE/d	175	-	101	-
Revenue				
Oil	$ 571,947	$ -	$ 1,323,126	$ -
Natural gas	104,816	-	186,617	-
Total	$ 676,763	$ -	$ 1,509,743	$ -
Prices				
Oil $/barrel	$ 51.89	$ -	$ 50.63	$ -
Natural gas $/mcf	$ 3.46	$ -	$ 2.83	$ -
$/BOE	$ 42.09	$ -	$ 40.67	$ -

Netbacks	Three months ended Dec 31		Year ended Dec 31	
	2016	2015	2016	2015
Revenue				
Oil	$ 571,947	$ -	$ 1,323,126	$ -
Natural gas	104,816	-	186,617	-
Revenue	676,763	-	1,509,743	-
Royalty expense	(61,409)	-	(86,955)	-
Revenue, net of royalty	615,354	-	1,422,788	-
Operating expense	(577,622)	-	(1,052,750)	-
Netback	$ 37,732	$ -	$ 370,038	$ -

Production				
Oil bopd	120	-	71	-
Gas mcf/d	330	-	180	-
BOE/d	175	-	101	-

Revenue per BOE				
Oil $/barrel	$ 51.89	$ -	$ 50.63	$ -
Natural gas $/mcf	3.46	-	2.83	-
$/BOE	42.09	-	40.67	-
Royalty expense per BOE	(3.82)	-	(2.34)	-
Net Revenue per BOE	38.27	-	38.33	-
Operating expense per BOE	(35.93)	-	(28.36)	-
Netback per BOE	$ 2.34	$ -	$ 9.97	$ -

Operating costs in Q4 2016 were higher than costs in Q3 2016 as the Company received a substantial municipal tax bill related to its producing properties. The Company expects operating costs to be in the range of approximately $18.00 - $22.00 per BOE in subsequent quarters.

General & adminstrative expense	Three months ended		Year ended Dec 31	
	2016	2015	2016	2015
Salaries	$ 146,273	$ 1,272,522	$ 272,803	$ 1,645,064
Management fees	37,420	-	291,411	-
Professional and consulting fees	177,301	226,771	780,821	694,668
Accommodation and travel	141,510	18,302	195,237	63,173
Listing fees	5,584	1,814	79,982	33,783
Office and general	13,197	189,254	140,836	392,515
Total	$ 521,285	$ 1,708,663	$ 1,761,090	$ 2,829,203

Salaries

For the three months ended December 31, 2016, salaries totaled $146,273 compared with $1,272,522 in Q4 2015 resulting from reduced staffing levels at the Company’s Canadian and Colombian offices. For 2016, salaries of $272,803 compared favorably to the prior year total of $1,645,064.

Management Fees

Since May 2016, in conjunction with a property acquisition, the Company utilized a third party through a trust agreement to maintain its Canadian oil and gas assets. Perisson was charged an overhead fee of approximately $60,000 per month for these services from June 2016 to September 2016. Q4 2016 management fees have been reduced to $20,000 per month plus or minus minor adjustments.

Professional and Consulting Fees

During the three months ended December 31, 2016, the Company incurred $177,301 in professional and consultants' service charges compared with $226,771 in Q4 2015. The lower spending during the quarter reflects reduced activity in Colombia compared with the prior year period. For 2016, costs of $780,821 were higher than the prior year period of $694,668 due to increased activity in Canada during Q2 and Q3 2016.

Accommodation and Travel Expenses

For the three months ended December 31, 2016, accommodation and travel expenses totaled $141,510 as compared to $18,302 in Q4 2015. For 2016, expenses of $195,237 were higher than the prior year total of $63,173. Increases were due to additional travel related to the Company's Canadian activities.

Listing fees

For the three months ended December 31, 2016, listing fee expenses totaled $5,584 as compared to $1,814 in Q4 2015. For 2016, expenses of $79,982 were higher than in the prior year. Increased listing fee expenses in the current year resulted from the application and transition of the Company's listing to the TSX Venture Exchange.

Office and General Expenses

For the three months ended December 31, 2016, office and general expenses decreased to $13,197 compared to $189,254 in Q4 2015. For 2016, office and general expenses of $140,836 was significantly lower than the prior years' $392,515. The primary reason for the reduction is lower overall activity in the Colombia office combined with the closing down of the Montreal office after the Company moved to Calgary and sublet the office space in Montreal.

Consolidated Statements of Financial Position

	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Current assets	974,908	1,605,730
Current liabilities	4,044,861	756,084
Working capital (deficit)	(3,069,953)	849,646

Current Assets

$946,679 in restricted assets were released during 2016, offsetting increases in accounts receivable primarily attributable to the oil and gas asset acquisition. Current liabilities have increased compared with the prior year as debentures, a shareholder loan, and a portion of asset retirement obligation have been classified as current.

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

Current and Total Liabilities

Accounts payable and accrued liabilities increased to $1.6 million as of December 31, 2016, (2015 – $756,084). The Company has acquired cash generating assets but mostly relies on equity and or debt financing to fund its operations. Of the December 31, 2016 balance, approximately $572,000 in accounts payable were over 90 days outstanding.

As of December 31, 2016, the Company has convertible debentures of $1,501,985 ($1,415,000 face value) and a shareholder loan of $941,132, see note 13.

Summary of Quarterly Results

The following table contains selected financial information for the last eight quarters. On August 19, 2015, the Company completed a 10:1 consolidation of its common shares. All references to common shares and per share amounts in this table reflect this consolidation.

Selected quarterly information	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Production BOEd	175	165	66	
Revenue, net of royalty	615,354	563,852	243,582	
Operating costs	577,622	301,658	173,470	
Netback	37,732	262,194	70,112	
General and administrative	521,285	636,204	294,018	309,880
Cash from (used in) operating activities	7,023	(724,203)	(970,674)	(97,872)
Loss and comprehensive loss	(593,893)	995,973	512,979	513,267
Per share – basic and diluted	$ (0.01)	$0.01	$ 0.01	$ 0.01

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Production BOEd				
Revenue, net of royalty				
Operating costs				
Netback				
General and administrative	1,719,241	289,101	497,577	323,284
Cash from (used in) operating activities	(1,607,455)	(356,264)	(320,274)	(193,426)
Loss and comprehensive loss	5,562,146	1,890,949	485,264	458,684
Per share – basic and diluted	$ 0.07	$ 0.09	$ 0.04	$ 0.05

The 2015 and 2016 quarterly losses indicated above result from: salaries, professional and consulting fees and general office expenses incurred obtaining the VMM-17 contract and working to obtain the required environmental permit; share-based payments; and impairment of exploration and evaluation assets and property, plant and equipment.

In Q4 2015, the Company recorded impairment totaling $5,502,365 on its Colombia property, plant and equipment and exploration and evaluation assets and continues to expense related costs related to exploration and evaluation assets as part of the Company's office and general expenses and professional and consulting fees.

In Q2 2016, the Company recorded its first oil and natural gas revenues but significant costs of $427,016 relating to the property acquisition resulted in negative cash flow from operating activities and a net loss for the period. During Q3 2016 the Company's oil property had a positive cash flow of approximately $260,000 which reduced to $38,000 in Q4 2016 as operating costs included charges for annual municipal tax expenses.

Liquidity and Capital Resources

Perisson's current liabilities exceed its current assets (excluding restricted assets) by $3,634,524 at December 31, 2016. In addition to funding the current working capital deficit, the Company must secure sufficient external funding to meet its obligations and commitments on the Colombian exploration and evaluation program and pay ongoing general and administrative costs in Columbia and in Canada. This external funding may be met in a number of ways including, but not limited to, the issuance of new debt or equity instruments, the introduction of joint venture partners; and other business combinations. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue its operations.

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

The Company has been able to reduce general and administrative expenses as a result of 2015 restructuring activities, including moving the office from Montreal to Calgary.

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

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

See notes 3 and 19, going concern and subsequent events, in the notes to the consolidated financial statements for the year December 31, 2016.

Off Balance Sheet instruments

On May 25, 2016, ANH extended its deadline for work commitments to be satisfied to March 17, 2017 and reduced the letter of credit required as security on the licence from approximately USD $1.1 million to USD $420,000. The released funds of USD $680,000 have been used to reduce the Company's outstanding liabilities by approximately USD $465,000 with the remaining funds allocated to working capital. The deadline has been further extended to September 17, 2017.

This letter of credit is supported by GIC deposits with a Canadian bank.

Related party transactions

During 2016, the Company had the following transactions with related parties that were carried out in the normal course of operations:

a) Professional and consulting fees include legal fees of $ 354,379 (2015 – 102,282) invoiced by a law firm in which an officer of the Company is a partner in the law firm;

b) Office and general expenses include rent payments of nil (2015 – 16,000) paid to an arms-length oil and gas company, of which a former director of the Company is a director and officer; and

c) Professional and consulting fees include legal fees of nil (2015 - $33,015) invoiced by a law firm in which a former director of the Company is a partner of law firm.

At December 31, 2016, the balance due to related parties, including the amounts outlined above, totaled approximately $522,000 (2015 – $265,456). This amount is subject to the same conditions as those of non-related parties.

The Company's short term shareholder loan of $941,132 (2015 – nil) is provided by a director on an informal, interest-free basis and is to be repaid when the company has secured additional financing (note 19).

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 audited consolidated financial statements for the year ended December 31, 2016, see note 5.

Financial instruments

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. Perisson's main financial risk exposures and its financial risk management policies are disclosed in Note 16 to the Statements.

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

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

FX Exposure to PESOS	Dec 31, 2016	Dec 31, 2015
Cash	198,835,418	18,034,460
AP and Accrued liabilites	(292,195,553)	(228,953,270)
NET exposure	(93,360,135)	(210,918,810)
rate	2,232.1429	2,293.5780
CAD equivalent	(41,825)	(91,961)

Assuming that all other variables are constant, a variation of 10% in the Colombian peso exchange rate would generate an impact of $29,198 on net loss for the year ended December 31, 2016 (2015 – $44,000).

Risk Factors

Overview

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

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

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

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

Oil and Gas Exploration and Development – General

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

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

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

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

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

Uninsurable Risks

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

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

Industry Risks

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

Prices and Markets for Crude Oil, Condensate and Natural Gas

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

Alternatives to/Changing Demand for Petroleum Products

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

Competition

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

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

Governmental Regulation

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

Permits and Licenses - General

The operations of the Company may require licenses and permits for various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and operations of its projects.

Permits and Licenses – Colombia

Although the Company has remained focused on the resolution of the Colombian VMM-17 land block, pursuant to the most recent letter received from ANH, work commitments on the property must be satisfied by the Company on or before March 17, 2017 in order to retain ownership of the property. There is no assurance that, under the current regulatory environment in Colombia, the Company will be able to receive the environmental permits necessary to continue exploration on the property. If such approvals are not received, it is the Company's expectation that, due to force majeure, it will receive the return of the remaining deposit funds, in the current amount of USD$465,000, but there is no guarantee that such a refund will occur.

Environmental Regulation

The Company's operations are, and its future operations will be, subject to environmental regulations promulgated by the Saskatchewan or other governments from time to time in the regions where the Company carries on business. Current environmental legislation in this country provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with petroleum, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards and enforcement, and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditures, and breaches of such regulations may result in the imposition of fines and penalties, any of which may be material. There can be no assurance that these environmental costs will not have a material adverse effect on the Company's financial condition or results of operations in the future.

Going Concern and Financing

The Company recorded a net loss of $3,561,453 for the year ended December 31, 2016 and has an accumulated deficit of $34,513,769 as at December 31, 2016. As at December 31, 2016, the Company had current liabilities in excess of current assets (excluding restricted assets) of $3,634,524. In addition to funding the current working capital deficit, the Company must secure sufficient external funding to meet its obligations and commitments on the Colombian exploration and evaluation program and pay ongoing general and administrative costs. This external funding may be met in a number of ways including, but not limited to, the issuance of new debt or equity instruments and the introduction of joint venture partners. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue its operations.

Price Volatility of Publicly Traded Securities

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

Dilution and Future Sales of Common Shares

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

No Assurance of Title

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

Dependence on Key Personnel

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

Reserve Replacement

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

Reliance on Strategic Relationships

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

Conflicts of Interest

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

Additional information

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