Perisson Petroleum Corporation

Management Discussion & Analysis ("MD&A")
the three months ended March 31, 2022 and 2021
(Expressed in Canadian dollars)

June 5, 2023

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 months ended March 31, 2022 and should be read in conjunction with the audited consolidated financial statements for the three months ended March 31, 2022 ("**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 producing oil and gas assets in the Twining area of Alberta. The assets generate oil and gas production of approximately 145 boe/d, comprised of 70% oil and 30% liquids-rich gas with associated facilities.

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

Canadian operations are the primary focus of the Company.

During 2020, oil prices collapsed due to the effects of COVID-19 on the world economy, resulting in the Company electing to reduce or shut in oil and gas production for a portion of the year.

On January 1, 2022, the Company sold its Twining area assets.

COLOMBIA

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

In February 2019, the regulator extended the license expiry for the VMM-17 block to March 2020. The work remaining is drilling one slim hole test well and three A3 exploratory wells (USD $1,800,000). Perisson is in ongoing discussions with ANH concerning the timing of the slim hole well as the COVID-19 pandemic has restricted the Company's activities in Colombia. While an official extension has not been granted, neither has the licence been cancelled. Based on communication with ANH during June 2022, the Company was anticipating some clarity around the licence status during the late fall of 2022; however, discussions have been delayed as Perisson waits on further communication for ANH concerning its licence status.

Summary of Quarterly Results

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

Selected quarterly information	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Oil Production bopd	7	73	82	59	72	91	32	69
Natural Gas Production mcf/d	17	212	244	207	232	195	191	176
Total Production BOE/d	10	109	123	94	111	123	64	98
Revenue, net of royalty	75,391	551,835	542,416	406,334	405,496	413,602	72,291	152,632
Operating costs (recovery)	(43,143)	248,806	427,037	466,133	149,975	106,283	427,939	227,913
Netback	118,534	303,029	115,379	(59,799)	255,521	307,319	(355,648)	(125,281)
General and administrative	371,048	354,787	197,320	259,126	214,338	415,048	361,061	278,005
Cash from (used in) operating activities	(635,029)	54,945	445,132	(397,666)	(243,008)	(98,965)	(525,019)	(449,724)
Loss and comprehensive (income) loss	(3,334,027)	406,395	1,333,104	1,622,658	1,011,692	1,570,471	2,543,854	1,312,701
Per share – basic and diluted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

In Q2 and Q3 2020, the Company reduced oil production due to a significant reduction in oil prices. The resulting drop in revenue and related operating costs resulted in a net loss from operations of $125,281 and 355,648, respectively. In Q4 2020 and Q1 2021, production rates increased from the prior quarters as more wells were brought back into production, resulting in increased revenues. Also, during Q4 2020 and Q1 2021 the company received significant 13-month adjustments which reduced operating cost during these periods. Commodity pricing and production rates have increased in Q3 2021. In Q4 2021, the company booked bed debt recovery which deducted loss and comprehensive loss. The major non-operated assets in the Twining area was sold on January 1, 2022, which reduced the revenue and operating costs. The sale resulted in a $4,437,709 recovery of the related asset retirement obligation (ARO) which was booked to comprehensive income in Q1 2022.

Netbacks unaudited	Three months ended Mar. 31 2022	Three months ended Mar. 31 2021
Revenue		
Oil	$ 51,902	$ 376,217
Natural gas	7,212	69,715
Revenue	59,114	445,932
Royalty expense	16,277	(40,436)
Revenue, net of royalty	75,391	405,496
Operating expense (recovery)	43,143	(149,975)
Netback	$ 118,534	$ 255,521
Production		
Oil bopd	7	72
Gas mcf/d	17	232
BOE/d	10	111
Revenue per BOE		
Oil $/barrel	$ 84.67	$ 57.99
Natural gas $/mcf	4.71	3.34
$/BOE	68.10	44.73
Royalty expense per BOE	18.75	(4.06)
Net Revenue per BOE	86.85	40.67
Operating expense (recovery) per BOE	49.70	(15.04)
Netback per BOE	$ 136.55	$ 25.63

The major non-operated assets in the Twining area was sold on January 1, 2022, which reduced the production and revenue. Operating costs were a net recovery in Q1 2022, as the Company was refunded prior period surface lease costs paid prior to the sale.

General & adminstrative expense unaudited	Three months ended Mar. 31 2022	Three months ended Mar. 31 2021
Salaries	$ 73,999	$ 76,614
Professional and consulting fees	220,080	36,208
Accommodation and travel	62,377	79,887
Listing fees	2,621	11,966
Office and general	11,971	9,663
Total	$ 371,048	$ 214,338

General and administrative expenses

The majority of G&A expenses for Q1 2022 were similar to the prior year. Professional and consultants' service charges were higher than in Q1 2021 due to financing related consulting fees.

Consolidated Statements of Financial Position

	Three months ended Mar. 31, 2022	Year ended Dec. 31, 2021
Current assets	1,449,012	1,480,685
Current liabilities	16,050,569	16,017,099
Working capital (deficit)	(14,601,557)	(14,536,414)

Current Assets

Current assets increased in Q1 2022 compared with YE 2021 as joint venture account balances declined as the Company sold the non-operated assets in Twining area on January 1, 2022.

Cash is available to the Company as it can raise new equity or through debt financing. In addition, the Company's oil and gas properties also generate positive cash flow.

Current and Total Liabilities

Current liabilities increased in Q1 2022 compared with YE 2021 as the Company paid accrued debenture interest.

The Company has cash-generating oil and gas assets but relies on equity and or debt financing to fund its operations. As of March 31, 2022, approximately $1,673,357 of accounts payable (YE 2021 - $2,147,225) were over 90 days outstanding.

As of December 31, 2021, the Company has debentures, and accrued interest obligations of $16,671,074 (YE 2021 - $16,676,811).

Liquidity and Capital Resources

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

The Company incurred a net income of $3,334,027 and used cash in operating activities of $635,029 for the three months ended March 31, 2022, and has a working capital deficit of $14,601,557 as at March 31, 2022. The Company must secure sufficient external funding to meet its obligations and commitments as they come due to pay ongoing general and administrative costs. This external funding may be achieved in a number of ways, including, but not limited to, the issuance of new debt or equity instruments and the introduction of joint venture partners. While management continues to be successful in securing financing, there can be no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue as a going concern.

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

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

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

See note 3, going concern, in the notes to the unaudited consolidated financial statements for the period ended March 31, 2022.

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 March 31, 2022, the balance due to officers and directors totalled approximately $411,000 (March 31, 2021 – $324,000) officers and directors. This balance is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

The balances due to and due from related parties are unsecured, non-interest bearing and due on demand.

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 three months ended March 31, 2022, see note 5.

Financial Instruments

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

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

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

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

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

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

Fair value

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

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities at the financial reporting date;
>
> Level 2 – Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
>
> Level 3 – Inputs for the assets or liabilities that are not based on observable market data.

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

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

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

Market risk

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

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 $Nil (December 31, 2021 – $15,521). Additional receivable amounts relate to normal oil and gas operations.

As at March 31, 2022, $1,635,320 (December 31, 2021 - $1,000,582) 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 risk

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

At March 31, 2022, the Company has a working capital deficit of $14,601,557 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. Due to the working capital deficit, management estimates that funds available will not be adequate to meet the Company's requirements and budgeted expenditures through March 31, 2022 (Note 3).

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

Contractual undiscounted cash flow requirements for contractual obligations as at March 31, 2022 are due as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable and accrued liabilities	$ 2,402,029	$ 2,402,029	$ -	$ -
Interest payable	8,742,823	8,742,823	-	-
Accrued interest	309,471	-	309,471	-
Current debenture	4,865,717	4,865,717	-	-
Long-term debentures	2,753,063	-	2,753,063	-
Total	$ 19,073,103	$ 16,010,569	$ 3,062,534	$ -

Adoption of new accounting standards

In October 2018, the IASB amended IFRS 3, Business Combinations, seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for acquisition transactions on or after January 1, 2020, although earlier application was permitted. The amended standard has a narrower definition of a business, which could result in the recognition of fewer business combinations than under the previous standard; the implication of this is that amounts which may have been recognized as goodwill in a business combination under the previous standard may now be recognized as allocations to net identifiable assets acquired under the amended standard (with an associated effect in an entity's results of operations that would differ from the effect of goodwill having been recognized).

The Company has applied the standard prospectively from January 1, 2020. The adoption of this standard did not have a material impact on the Company`s consolidated financial statements.

New accounting standards not yet effective

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods on or after January 1, 2022, including amendments to IAS 16 Property, Plant and Equipment – recognition of proceeds during testing before an asset is available for use, IAS 37 Provisions, Contingent Liabilities and Contingent Assets – onerous contracts, amendments to IAS 1 Presentation of Financial Statements – classification of liabilities as current or non-current and IAS 1 Presentation of Financial Statements – IFRS Practice Statement 2 – disclosure of accounting policies. These standards and amendments have not been applied in preparing these consolidated financial statements for the year ended December 31, 2021. These standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements.

Outstanding Share Data

As at the date of this document, the Company had 912,156,570 common shares issued and outstanding, 38,762,146 stock options issued and outstanding, and no warrants issued and outstanding.

Subsequent events

a) During Q4 2022, the Company issued CAD $1,330,962 (EUR $966,500) of debentures. These debentures are subject to 2% compound interest per month for five years.

b) During January to April 2023, the Company issued CAD $1,742,625 (EUR $1,200,000) of debentures. These debentures are subject to 2% compound interest per month for five years.

Proposed transactions

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

Risk Factors

Overview

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

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

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

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

Oil and Gas Exploration and Development – General

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

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

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

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

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

Uninsurable Risks

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

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

Industry Risks

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

Prices and Markets for Crude Oil, Condensate and Natural Gas

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

Alternatives to/Changing Demand for Petroleum Products

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

Competition

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

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

Governmental Regulation

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

Permits and Licenses - General

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

Permits and Licenses – Colombia

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

Environmental Regulation

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

Going Concern and Financing

The Company incurred a net income of $3,334,027 and used cash in operating activities of $635,029 for the three months ended March 31, 2022, and has a working capital deficit of $14,601,557 as at March 31, 2022. The Company must secure sufficient external funding to meet its obligations and commitments as they come due to pay ongoing general and administrative costs. This external funding may be achieved in a number of ways, including, but not limited to, the issuance of new debt or equity instruments and the introduction of joint venture partners. While management continues to be successful in securing financing, there can be no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue as a going concern.

Price Volatility of Publicly Traded Securities

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

Dilution and Future Sales of Common Shares

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

No Assurance of Title

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

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