Perisson Petroleum Corporation

Consolidated Financial Statements
For the six months ended June 30, 2023 and 2022
(Expressed in Canadian dollars)

Perisson Petroleum Corporation
Consolidated Statements of Financial Position
As at June 30, 2023 and December 31, 2022

(Cdn $)(unaudited)	*Note*		Jun. 30, 2023		Dec. 31, 2022
ASSETS					
Current assets					
Cash		$	228,972	$	114,453
Accounts receivable			1,022,970		1,129,472
Prepaid expenses			105,385		105,385
			1,357,327		1,349,310
Non-current assets					
Property, plant and equipment	*8*		17,517		19,464
Exploration and evaluation assets	*9*		1		1
		$	1,374,845	$	1,368,775
LIABILITIES AND SHAREHOLDER'S DEFICIENCY					
Current liabilities					
Accounts payable and accrued liabilities		$	1,812,506	$	2,180,498
Interest payable	*6*		12,358,968		10,897,309
Debentures	*6*		3,837,289		4,607,303
Asset retirement obligation	*10*		40,000		40,000
			18,048,763		17,725,110
Non-current liabilities					
Debentures	*6*		6,075,583		4,142,502
Accrued interest	*6*		985,402		573,207
Asset retirement obligation	*10*		208,150		205,142
			25,317,898		22,645,961
DEFICIENCY					
Share capital	*11*		16,656,678		16,656,678
Contributed surplus			19,490,413		19,474,014
Deficit			(64,252,688)		(61,570,422)
Accumulated other comprehensive income			4,162,544		4,162,544
			(23,943,053)		(21,277,186)
		$	1,374,845	$	1,368,775

Going Concern (Note 3)
Commitments (note 14)

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board of Directors:

"Gary Chen" Director

"Travis Rhodes" Director

Perisson Petroleum Corporation
Consolidated Statement of Loss and Comprehensive Loss
For the periods ended June 30, 2023 and 2022

		Three months ended Jun. 30		Six months ended Jun. 30	
(Cdn $, except per share amounts)(unaudited)	*Note*	2023	2022	2023	2022
Revenues					
Petroleum and natural gas sales, net of royalties	*17*	$ 22,294	$ 37,345	$ 38,633	$ 112,736
Expenses					
Production costs		54,624	54,854	87,661	11,711
General and administrative	*17*	385,232	230,665	633,045	601,713
Share based compensation	*12*	8,246	27,893	16,399	75,558
Finance expense	*17*	1,012,171	780,705	2,009,672	1,605,315
Gain on asset disposition	*8*	-	(15,000)	21,370	(15,000)
Depletion and depreciation	*8*	974	1,212	1,947	2,424
ARO (recovery) expense	*10*	(7,107)	(6,013)	(1,686)	(4,443,722)
Foreign currency exchange loss (gain)		(91,281)	55,364	(46,886)	30,488
Oil and gas abandonment and reclamation		(623)	1,898	(623)	4,455
		1,362,236	1,131,578	2,720,899	(2,127,058)
Net Income (loss)		(1,339,942)	(1,094,233)	(2,682,266)	2,239,794
Other comprehensive income		-	-	-	-
Comprehensive Income (loss)		$ (1,339,942)	$ (1,094,233)	$ (2,682,266)	$ 2,239,794
Net earnings (loss) per share $	*11*				
Basic & diluted		$ (0.001)	$ (0.001)	$ (0.003)	$ 0.002

The accompanying notes are an integral part of these financial statements.

Perisson Petroleum Corporation
Consolidated Statements of Cash Flows
For the periods ended June 30, 2023 and 2022

		Three months ended Jun. 30		Six months ended Jun. 30	
(Cdn $)(unaudited)	*Note*	2023	2022	2023	2022
Cash provided by (Used in):					
OPERATING ACTIVITIES					
Net Income (loss)		$ (1,339,942)	$ (1,094,233)	$ (2,682,266)	$ 2,239,794
Adjustments for items not involving cash:					
Share based compensation	*12*	8,246	27,893	16,399	75,558
Accrued expense payable on debentures		987,134	771,402	1,873,854	1,585,066
Finance expense, accretion: ARO & debentures	*17*	26,225	25,565	65,666	51,130
Depletion and depreciation	*8*	974	1,212	1,947	2,424
ARO (recovery) expense	*10*	(7,107)	(6,013)	(1,686)	(4,443,722)
Unrealized foreign currency exchange (gain)		(83,634)	50,752	(36,877)	27,721
Change in non-cash working capital					
Accounts receivable		169,287	98,939	106,502	174,318
Accounts payable and accrued liabilities		(260,944)	90,013	(367,992)	(381,788)
Cash used in Operating Activities:		(499,761)	(31,739)	(1,024,453)	(666,768)
FINANCING					
Debentures, issued	*6*	720,518	-	2,168,313	-
Debentures, repayment	*6*	(243,898)	(90,830)	(1,029,341)	(912,095)
Cash provided by (used in) Financing Activities:		476,620	(90,830)	1,138,972	(912,095)
INVESTING					
Property and equipment net disposition (acquisition)	*8*	-	-	-	1,500,000
Cash provided by (used in) Investing Activities:		-	-	-	1,500,000
Change in cash		$ (23,141)	$ (122,569)	$ 114,519	$ (78,863)
Cash, beginning of period		252,113	123,118	114,453	79,412
Cash, end of period		$ 228,972	$ 549	$ 228,972	$ 549

Supplemental cash flow information				
Interest paid	$ 17,016	$ 7,969	$ 66,384	$ 13,719

The accompanying notes are an integral part of these financial statements.

Perisson Petroleum Corporation
Consolidated Statements of Changes in Equity
For the periods ended June 30, 2023 and 2022

(Cdn $, except common shares issued)(unaudited)	Common shares issued	Share capital	Subscriptions received	Contributed surplus	Deficit	Accumulated other comprehen-sive income	Total Deficiency
Balance December 31, 2021	912,156,570	16,656,678	-	19,369,564	(61,407,944)	4,162,544	(21,219,158)
Share based payments	-	-	-	104,450	-	-	104,450
Net loss and Other comprehensive income	-	-	-	-	(162,478)	-	(162,478)
Balance December 31, 2022	912,156,570	16,656,678	-	19,474,014	(61,570,422)	4,162,544	(21,277,186)
Share based payments	-	-	-	16,399	-	-	16,399
Net loss and Other comprehensive income	-	-	-	-	(2,680,319)	-	(2,680,319)
Balance June 30, 2023	912,156,570	16,656,678	-	19,490,413	(64,250,741)	4,162,544	(23,941,106)

The accompanying notes are an integral part of these financial statements.

1. Description of Business

Perisson Petroleum Corporation (the "**Company**") is incorporated under the *Canada Business Corporations Act*. The Company's business is the exploration and production of oil and gas in Canada and exploration for oil and gas in the Republic of Colombia ("**Colombia**"). The registered office of the Company is located at 421 7th Avenue S.W., 30th Floor, Calgary, AB T2P 4K9.

Common shares of the Company are listed on the TSX Venture Exchange under the symbol "POG.H"

2. Basis of Presentation

These consolidated financial statements ("Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). Certain prior year comparative figures have been reclassified to conform to the current year presentation.

The Statements have been prepared on a historical cost basis, except for financial instruments which are carried at fair value as disclosed in Note 4.

The Statements were approved and authorized for issue by the Board of Directors on August 25, 2023.

The presentation currency of the Statements is the Canadian dollar.

3. Going Concern

The Statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the ordinary course of business as they come due. In assessing whether the going concern assumption is appropriate, management is aware of material uncertainties related to events and conditions that may raise significant doubt regarding the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph.

The Company incurred a net loss of $2,682,266 and used cash in operating activities of $1,024,453 for the six months ended June 30, 2023, and has a working capital deficit of $16,691,436 as at June 30, 2023. 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 may cast significant doubt on the Company's ability to continue as a going concern. The Statements do not reflect adjustments that would be necessary to the presentation and carrying amounts of assets and liabilities if the going concern assumption were not appropriate. Such adjustments could be material.

4. Significant accounting policies

A) Basis of consolidation

The statements include the accounts of the Company, its subsidiaries Perisson Petroleum Panama Corporation (incorporated in Panama), Morichal Sinoco, SA ("MSSA") (incorporated in Venezuela) and the latter's Colombian branch. The Company controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date the control ceases. All intercompany transactions, balances, income and expenses, and profits and losses are eliminated on consolidation.

B) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the consolidated statements of loss and comprehensive loss under exchange gain or loss.

Foreign operations

Each subsidiary in the group is measured using the currency of the primary economic environment in which the presentation currency using the closing rate for balance sheet accounts and the period average rate for revenue and expense accounts. Resulting exchange differences arising in the period are recognized as other comprehensive income or loss. The functional currency of Perisson Petroleum parent, Perisson Petroleum Panama Corporation (incorporated in Panama) and MSSA is the Canadian dollar. The functional currency of Morichal Sinoco, SA's Colombian branch is the Columbian peso, which is determined to be the currency of the primary economic environment in which the subsidiary operates. The reporting currency used in the preparation of these consolidated financial statements is the Canadian dollar.

C) Joint arrangements

Certain of the Company's crude oil and natural gas activities are conducted jointly with others through unincorporated joint operations. The Statements reflect only the Company's proportionate share of the jointly controlled assets and liabilities and proportionate share of related revenues and costs.

D) Cash

Cash consists of cash on hand and term deposits with banks with original maturities of three months or less.

E) Financial instruments

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

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

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

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

The Company has classified its accounts receivable and restricted assets as a financial asset measured at amortized cost. The Company has classified its accounts payable, interest 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.

F) Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debentures in Canadian dollars that can be converted into common shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have a conversion option. The conversion component is initially recognized at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and conversion components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the discounted cash flows. Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

G) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

H) 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. The Company does not have any other financial instruments measured at fair value on a recurring basis.

I) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs.

J) Share based payment transactions

Employees, directors and consultants of the Company receive remuneration in the form of share-based payment transactions for services rendered. Share-based payments are recorded in the consolidated statement of loss for options granted, except for options granted to personnel directly associated with capital activities which are capitalized to property and equipment, with a corresponding amount credited to contributed surplus. Upon exercise of the stock options, the proceeds received are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are also transferred to share capital.

An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of the services rendered by the employee is determined indirectly by reference to the fair value of the equity instruments granted, measured at the grant date, using the Black-Scholes option pricing model, and is amortized over the vesting period using the graded vesting method. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

K) Exploration and evaluation assets

Pre-exploration expenditures

Costs incurred prior to obtaining the legal rights to explore an area are recognized, as incurred, as expenses in the consolidated statement of loss.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include costs associated with the acquisition of a licence interest, expenditures incurred in the process of determining oil and gas exploration targets, exploration drilling costs, trenching and sampling costs and costs associated with evaluating the technical feasibility and commercial viability of mineral resource extraction. Costs are not amortized prior to the conclusion of appraisal activities but are assessed for indicators of impairment at the asset or cash-generating unit (“CGU”) level at each reporting date. If facts and circumstances suggest the carrying amount of the asset or CGU may exceed its recoverable amount, the recoverable amount is determined at that date (refer to Impairment of non-financial assets).

The exploration and evaluation phase is completed when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. At that point, the related capitalized exploration costs are tested for impairment and classified as oil and gas properties. Where exploration drilling results indicate the presence of hydrocarbons, which are ultimately considered not commercially viable, all related costs are recognized in the consolidated statement of loss.

L) Property, plant and equipment

Items of property and equipment, which include petroleum and natural gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Costs include exploration and evaluation (E&E) expenditures incurred in finding commercial reserves transferred from E&E assets, drilling and completion, production facilities, decommissioning costs, geological and geophysical costs and directly attributable costs related to development and production activities, net of any government incentive programs, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Costs incurred subsequent to the commencement of production that are significant are recognized as oil and gas assets only when they increase the future economic benefits embodied in the specific asset to which they relate.

Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in income as incurred.

When significant parts of an item of property and equipment, including oil and natural gas properties, have different useful lives, they are accounted for as separate items (major components). Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized within the statement of loss.

Depletion and depreciation

The net carrying value of oil and gas properties is depleted using the unit of production method by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated considering the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually. Major development projects are not depleted until production commences.

M) Impairment of non-financial assets

Non-financial assets are reviewed for indicators of impairment at each reporting date. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent of other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. CGUs represent the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An asset's recoverable amount is the higher of fair value, less costs of disposal and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and impairment is recorded in the consolidated statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying amount that would have been determined if no impairment had previously been recognized.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves. Fair value less cost of disposal is assessed utilizing market valuation based on an arm's length transaction between active participants. In the absence of any such transactions, fair value less costs of disposal is estimated by discounting the expected after-tax cash flows of the cash generating unit at an after-tax discount rate that reflects the risk of the properties in the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been an objective change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or depletion, if no impairment loss had been recognized.

N) Asset retirement obligation

The Company's activities give rise to dismantling, decommissioning and reclamation requirements. Costs related to these abandonment activities are estimated by management in consultation with the Company's engineers based on risk-adjusted current costs which take into consideration current technology in accordance with existing legislation and industry practices.

Decommissioning obligations are measured at the present value of the best estimate of expenditures required to settle the obligations at the reporting date. When the fair value of the liability is initially measured, the estimated cost, discounted using a risk-free rate, is capitalized by increasing the carrying amount of the related petroleum and natural gas assets. The increase in the provision due to the passage of time, or accretion, is recognized as a finance expense. Increases and decreases due to revisions in the estimated future cash flows are recorded as adjustments to the carrying amount of the related oil and gas assets.

Actual costs incurred upon settlement of the liability are charged against the obligation to the extent that the obligation was previously established. The carrying amount capitalized in petroleum and natural gas assets is depleted in accordance with the Company's depletion policy. The Company reviews the obligation at each reporting date and revisions to the estimated timing of cash flows, discount rates and estimated costs will result in an increase or decrease to the obligations. Any difference between the actual costs incurred upon settlement of the obligation and recorded liability is recognized on the Statement of Loss and Comprehensive Loss as a gain or loss from abandonment and reclamation expenditures.

O) Revenue recognition

Revenue from the sale of oil and natural gas is recognized when the Company satisfies performance obligations under sales contracts, and the customer obtains control of the goods, which occurs at the point in time of delivery of oil, natural gas and natural gas liquids into a vessel, pipe or other delivery mechanism.

Revenue from sale of oil, natural gas and natural gas liquids is measured per consideration specified in contracts with customers. Revenue is measured net of discounts, customs duties, royalties and taxes. The Company does not have any contracts where the period between the transfer of goods or services to the customer and the receipt of payment from the customer exceed one year. As a result, the Company does not adjust transaction prices for time value of money or have financing components in connection with contracts with customers. Based on the criteria outlined in IFRS 15 Revenue from Contracts with Customers, management concluded that the Company does not have any variable consideration.

Revenue derived from the production and sale of oil and natural gas in which the Company has an interest with other producers is recognized based on the Company's working interest and the terms of the relevant production sharing contracts. The costs associated with the delivery, including operating and maintenance costs, transportation and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

P) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using enacted or substantively enacted tax rates at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used.

Q) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments outstanding, except when the effect would be anti-dilutive.

R) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

S) Business combinations, goodwill and gain on bargain purchase

Business combinations are accounted for using the acquisition method of accounting in which the identifiable assets acquired, liabilities assumed, and any non-controlling interest are recognized and measured at their fair value at the date of acquisition. Any excess of the purchase price plus any non-controlling interest over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price over the fair value of the net assets acquired is credited to net income as a gain on bargain purchase. Transaction costs associated with a business combination are expensed as incurred.

T) 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.

U) 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.

5. Significant accounting estimates, assumptions and judgements

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 consolidated financial statements include the following:

Going concern

The assessment of the Company's ability to execute its strategy by funding working capital requirements and future exploration and production activities involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 3).

Reserves and depletion

Proved and probable reserves are estimated using independent reserve engineer reports prepared in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and represent the estimated quantities of oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. Both proved and probable reserves are subject to estimation uncertainty. It is possible the actual remaining quantities recovered will be greater or less than the sum of the estimated proved and probable reserves.

Oil and gas properties are depleted using the unit of production (UOP) method over proved plus probable reserves. The calculation of the UOP rate of depletion could be impacted to the extent that actual production in the future is different from current forecast production based on proved plus probable reserves. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

Determination of cash generating units

Oil and gas properties are grouped into cash generating units for purposes of impairment testing. Management has evaluated the oil and gas properties of the Company and grouped the properties into cash generating units on the basis of their ability to create independent cash inflows, similar reserve characteristics, geographical location, and shared infrastructure.

Impairment indicators and calculation of impairment

At each reporting date, the Company assesses whether or not there are circumstances that indicate a possibility that the carrying values of exploration and evaluation assets and property and equipment are not recoverable, or impaired. Such circumstances include incidents of deterioration of commodity prices, changes in the regulatory environment, or a reduction in estimates of proved and probable reserves. When management judges that circumstances clearly indicate impairment, property, plant and equipment and exploration and evaluation assets are tested for impairment by comparing the carrying values to their recoverable amounts. The recoverable amounts of cash generating units are determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions that are subject to changes as new information becomes available including details on future commodity prices, expected production volumes, the quantity of reserves, discount rates, as well as future development and operating costs.

Asset retirement obligation

At the end of the operating life of the Company's facilities and properties and upon the retirement of its petroleum and natural gas assets, decommissioning costs will be incurred by the Company. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and discount and inflation rates to determine the present value of these cash flows.

Share-based compensation

Significant assumptions with respect to share-based payment amounts include an estimate of the volatility of the Company´s shares, forfeiture rates, risk-free rates and the expected life of the options, which are subject to measurement uncertainty.

Measurement of the fair value of liability component in convertible debentures

Convertible debentures are divided into a liability and an equity component to reflect the value of the equity conversion feature separate from the debt instrument. The liability component is recognized initially at the fair value of a similar liability not containing an equity conversion option, and the equity component is recognized as the difference between the total fair value of the convertible debenture and the fair value of the liability component. An estimate is made by the Company to determine the interest rate to use for the liability instrument without a conversion feature.

Recognition of deferred taxes

The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax laws differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

Management continually evaluates the likelihood that it is probable that its deferred tax assets will be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

6. Debentures, convertible debentures, and loan payable

The following table summarizes changes in the debentures balance for the periods shown:

Debentures unaudited	Six months ended June 30 2023	Year ended December 31 2022
Debentures outstanding, beginning of year	$ 8,749,805	$ 8,438,181
Debentures issued In period	2,168,313	1,330,962
Plus accretion	60,972	99,580
Less debenture payments	(1,029,341)	(1,294,539)
Principal FX Adjustment for Series "C", "D", "E"	(36,877)	175,621
	9,912,872	8,749,805
Less: current portion	(3,837,289)	(4,607,303)
Debentures outstanding, long-term, end of period	$ 6,075,583	$ 4,142,502

Perisson Petroleum Corporation
Notes to the Consolidated Statements
For the six months ended June 30, 2023 and 2022 (Unaudited)

Interest Payable unaudited		Six months ended June 30 2023		Year ended December 31 2022
Interest payable, beginning of year	$	11,470,516	$	8,238,630
Plus interest expense		1,950,273		3,243,157
Less interest payments		(66,384)		(24,903)
FX Adjustment for Series "C", "D", "E"		(10,035)		13,632
		13,344,370		11,470,516
Less: current portion		(12,358,968)		(10,897,309)
Interest payable, long-term, end of period	$	985,402	$	573,207

Upon recognition of convertible debentures in fiscal 2017, the total value of the debentures was allocated to liability as the estimated fair value of the liability was equal to the face value of the convertible debentures.

a) During fiscal 2017, the Company issued a debenture for gross proceeds of $4,000,000. In February 2020, the company and the debenture holders agreed to add a common share conversion term of $0.055 per share to the debenture. On April 1, 2021, a portion of the debenture was converted into 10,000,000 common shares.

b) During fiscal 2017, the Company issued a convertible debenture for gross proceeds of $3,000,000 and a conversion option of $0.050 per common shares of the Company.

c) During 2021, the Company issued $1,101,609 of convertible debentures.

$495,309 of these debentures are subject to 10% simple interest per annum for five years and can be converted into common shares of the Company at $0.20 per common share. $606,300 of these debentures are subject to a 12% compound interest per annum calculated monthly for five years and can be converted into common shares of the Company at $0.20 per common share. This series also has a 30-month partial repayment schedule.

d) On June 7, 2021, the short-term loan of USD $1,000,000 (CAD $1,223,700) previously recorded during 2018 was re-issued as convertible debenture series “C”. The debenture has a 5-year term, convertible for one common share for each $0.20 principle, earning 10% annual simple interest, with the principle and interest due at maturity. The Company agreed to an interest charge of $296,964 related to the original loan which will be converted to common shares of the Company at $0.20 per common share at a later date.

Total debentures issued during 2021 include $1,101,609 from d) above plus $1,223,700 in e) for a total of $2,325,309.

e) The debentures issued in 2021 are compound financial instruments and as such have been recorded as a liability and as contributed surplus. The residual valuation method was used to determine the equity portion of the debentures. Under this approach, the liability component was valued first, and the $325,226 difference between the proceeds of the debentures and the fair value of the liability was assigned to the equity component. The present value of the liability was calculated using a discount rate of 14.5% which approximated the interest rate that would have been applicable to non-convertible debt of the Company at the time the debentures were issued.

f) The above debentures are secured by the properties of the Company and are subject to an inter-lender agreement.

g) In April 2021, $550,000 of debentures were converted at $0.055 per share into 10,000,000 common shares.

h) During 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.

i) During 2023, the Company issued CAD $2,168,312 (EUR $1,500,000) of debentures. These debentures are subject to 2% compound interest per month for five years.

7. Bad debt expenses / (Gain) loss on settlement

N/A

8. Property, plant and equipment

Cost:		Oil & gas properties		Leasehold improvements		Field equipment		Total
Balance, December 31, 2021	$	6,706,761	$	50,205	$	4,768	$	6,761,734
Additions		-		85		-		85
Dispositions		(1,515,000)		-		-		(1,515,000)
Balance, December 31, 2022	$	5,191,761	$	50,290	$	4,768	$	5,246,819
Balance, June 30, 2023 (unaudited)	$	5,191,761	$	50,290	$	4,768	$	5,246,819
Accumulated depletion, depreciation and impairment losses								
Balance, December 31, 2021	$	5,206,761	$	25,970	$	4,768	$	5,237,499
Depletion and depreciation		-		4,856		-		4,856
Impairment reversal		(15,000)		-				(15,000)
Balance, December 31, 2022	$	5,191,761	$	30,826	$	4,768	$	5,227,355
Depletion and depreciation		-		1,947		-		1,947
Balance, June 30, 2023 (unaudited)	$	5,191,761	$	32,773	$	4,768	$	5,229,302
Net carrying value:								
Balance, December 31, 2022	$	-	$	19,464	$	-	$	19,464
Balance, June 30, 2023 (unaudited)	$	-	$	17,517	$	-	$	17,517

On January 28, 2022, the Company sold its non-operated assets in the Twining area for $1,500,000 (plus $15,000 GST).

On June 10, 2022, the Company sold a mineral rights asset in the Twining area for $15,000.

9. Intangible exploration and evaluation assets

Capitalized expenditures relating to exploration and evaluation activities at June 30, 2023 and June 30, 2022 are carried at a nominal amount of $1.

The exploration and evaluation costs relate solely to the VMM-17 Contract which consists of 39,927 hectares located within the Magdalena Valley Basin in the centre of Colombia. The Company's commitments related to intangible exploration and evaluation assets under the contract are disclosed in Note 14.

10. **Asset retirement obligation**

Asset retirement obligations ("ARO") are based on the Company's net ownership in wells and facilities, and management's best estimate of future costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of the costs to be incurred.

The Company has estimated the present value of its total decommissioning provision to be $248,150 at June 30, 2023 (December 31, 2022 – $245,142), based on a total future undiscounted liability of $270,071 (December 31, 2022 – $269,264). Payments to settle the obligations occur over the operating lives of the underlying assets and are estimated to be incurred primarily from 1 to 8 years. The risk-free rate used to calculate the present value of the decommissioning liability used average rates of 3.31% to 4.69% (2022 – 3.24% to 3.96%). The estimated inflation rate was approximately 2.63% to 5.56% (2022 – 2.50% to 3.95%).

Changes to the decommisioning provision are:		Six months ended Jun. 30, 2023		Year ended Dec. 31, 2022
ARO, beginning of year	$	245,142	$	4,673,438
Effect of change in risk free rate		(323)		15,494
Revisions in estimated cash outflows		(1,363)		(4,446,471)
Accretion expense		4,694		2,681
Total	$	248,150	$	245,142
Current portion	$	40,000	$	40,000
ARO, end of period (unaudited)	$	208,150	$	205,142

The ARO is significantly lower at December 31, 2022, due to the sale of the majority of the Company's oil and gas assets and related liabilities for those assets.

11. **Share capital**

Authorized:

- Unlimited number of common shares without par value
- Unlimited number of first-ranking preferred shares, Series A, non-voting, non-participating, convertible into common shares, without par value
- Unlimited number of second-ranking preferred shares, terms to be determined by management

Net income (loss) per share amounts:

Net earnings (loss) per share unaudited	Three months ended Jun. 30 2023	Three months ended Jun. 30 2022	Six months ended Jun. 30 2023	Six months ended Jun. 30 2022
Net earnings (loss) - basic and diluted $	$ (1,339,942)	$ (1,094,233)	$ (2,682,266)	$ 2,239,794
Basic weighted average shares	912,156,570	912,156,570	912,156,570	912,156,570
Dilutive effect of stock options	-	-	-	1,875,000
Diluted weighted average shares	912,156,570	912,156,570	912,156,570	914,031,570
Net earnings (loss) per share $ Basic & diluted	$ (0.001)	$ (0.001)	$ (0.003)	$ 0.002

For periods with a loss, all potentially dilutive securities were anti-dilutive

12. Share based compensation

The Company maintains an option plan, which provides that the Board of Directors may, from time to time, in its discretion, grant to directors, officers, employees and consultants, non-transferable options to purchase common shares of the Company, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Options granted pursuant to the Share Option Plan have a term not to exceed five years and vest 1/4 on the grant date and then 1/4 on the first, second and third anniversaries of the grant date.

At June 30, 2023, 16,200,000 (December 31, 2022 – 16,200,000) stock options were issued and outstanding summarized in the table below.

	Jun. 30, 2023			Dec. 31, 2022		
Stock Options (unaudited)	Options		Weighted Average Exercise Price	Options		Weighted Average Exercise Price
Outstanding, beginning of year	16,200,000	$	(0.218)	38,762,146	$	0.090
Expired or forfeited	-	$	-	(22,562,146)	$	0.046
Outstanding, end of period	16,200,000	$	0.150	16,200,000	$	(0.218)
Options exercisable, end of period	14,650,000	$	0.159	14,650,000	$	0.159

Exercise price		Weighted Ave Strike Price	Outstanding June 30, 2023	Remaining (years)	Exercisable June 30, 2023
$0.070	$	0.070	6,200,000	2.3	4,650,000
$0.200	$	0.200	10,000,000	0.8	10,000,000
	$	0.150	16,200,000	1.4	14,650,000

The Company accounts for its options granted using the fair value method whereby costs have been recognized for share options granted, resulting in share based compensation expense for the period ended June 30, 2023, of $16,399 (June 30, 2022 – $75,558). Volatility is calculated using historical trading data of the Company. The zero-coupon bond yield or government bonds per the bank of Canada are used as the risk-free rate.

13. Key management compensation, related party transactions and balances

The Company has identified its directors and officers as its key management personnel.

At June 30, 2023, the balance due to officers and directors totalled approximately $148,000 (June 30, 2022 – $539,000) 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.

14. Commitments

Colombian Concession obligations

Pursuant to the VMM-17 Contract, the Company is committed to carrying out a minimum amount of exploration and evaluation work on its properties. The VMM-17 Contract is currently in the exploration phase, which has a six-year term beginning at the date of execution. The exploration term of the VMM-17 Contract combined two phases (Phase 1 and Phase 2) with a duration of 72 months in total, which was extended to September 17, 2017, with an additional extension granted to March 2020. 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 recent communication with ANH during June 2022 and in December 2022, the Company is anticipating some clarity around the licence status during the summer of 2023.

All Phase 1 work has been completed: (i) acquisition, processing and interpretation of 80 KM 2D seismic activities and (ii) acquisition, processing and interpretation of 23 KM 2D seismic activities. The work remaining is the drilling of one slim hole test well and three A3 exploratory wells (estimated at USD $1,800,000).

Environmental assessment study

The Company has contractual financial obligations to a Colombian engineering firm that prepared an environmental assessment study. Under the terms of the contract, certain amounts are payable as specific milestones outlined in the agreement are met. $129,350 will be payable by the Company if an environmental and related drilling license is granted on the VMM-17 land block.

15. Capital management

The Company defines capital as equity, which was a deficit of $23,943,053 as at June 30, 2023 (December 31, 2022 – a deficit of $21,277,186). The Company plans to raise additional capital as disclosed in Note 3.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to develop its exploration and evaluation projects, ensure sufficient capital to meet short-term business requirements, carry out its capital expenditures program and field operations and provide returns to its shareholders.

There were no significant changes in the Company's approach to capital management during the period ended June 30, 2023. The Company does not have any externally imposed capital requirements.

16. Financial risk management

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.

Price risk

The results of the Company's operations and ability to raise capital are subject to risks associated with fluctuations in oil and gas prices. Management monitors these prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in oil and gas prices may have a significant impact on the Company's operations.

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 $27,096 (December 31, 2022 – $10,337). Additional receivable amounts relate to normal oil and gas operations.

As at June 30, 2023, $914,391 (December 31, 2022 - $1,011,667) of the Company's trade receivables are considered past due (more than 31 days old). The Company expects these amounts to be fully settled through normal operations.

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 June 30, 2023, the Company has a working capital deficit of $16,691,436 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 June 30, 2023 (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 June 30, 2023 are due as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable and accrued liabilities	$ 1,812,506	$ 1,812,506	$ -	$ -
Interest payable	12,358,968	12,358,968	-	-
Accrued interest	985,402	-	985,402	-
Current debenture	3,837,289	3,837,289	-	-
Long-term debentures	6,075,583	-	6,075,583	-
Total	$ 25,069,748	$ 18,008,763	$ 7,060,985	$ -

17. Supplemental information

Expenses by nature:

Netbacks	Three months ended Jun. 30		Six months ended Jun. 30	
unaudited	2023	2022	2023	2022
Revenue				
Oil	$ 24,546	$ 27,449	$ 41,633	$ 79,351
Natural gas	-	-	-	7,212
Revenue	24,546	27,449	41,633	86,563
Royalty expense	(2,252)	9,896	(3,000)	26,173
Revenue, net of royalty	22,294	37,345	38,633	112,736
Operating expense	(54,624)	(54,854)	(87,661)	(11,711)
Netbacks	$ (32,330)	$ (17,509)	$ (49,028)	$ 101,025

Finance expense unaudited	Three months ended Jun. 30		Six months ended Jun. 30	
	2023	2022	2023	2022
Interest expense	$ 1,011,822	$ 774,735	$ 1,991,663	$ 1,594,447
Interest revenue	(25,876)	(19,595)	(47,657)	(40,262)
Accretion of debentures	23,878	24,895	60,972	49,790
Accretion of ARO	2,347	670	4,694	1,340
Total	$ 1,012,171	$ 780,705	$ 2,009,672	$ 1,605,315

General & adminstrative expense unaudited	Three months ended Jun. 30		Six months ended Jun. 30	
	2023	2022	2023	2022
Salaries	$ 74,001	$ 73,998	$ 147,999	$ 147,997
Professional and consulting fees	109,494	46,680	175,789	266,760
Accommodation and travel	129,015	77,671	211,564	140,048
Listing fees	53,870	2,126	59,979	4,747
Office and general	18,852	30,190	37,714	42,161
Total	$ 385,232	$ 230,665	$ 633,045	$ 601,713

18. **Subsequent events**

a) During 2023 Q3, the Company issued CAD $258,329.30 (EUR $180,000) of debentures. These debentures are subject to 2% compound interest per month for five years.

b) During 2023 Q3, Perisson has signed an agreement to transfer the operations of its VMM-17 exploration licence area to a local company in Bogota, Colombia, for a combined value of USD 2.75 million. The Agreement includes an upfront payment to Perisson, a 3% gross overriding royalty from future production on the licence area, and a drilling commitment delineating two discovery oil pools first identified by Perisson seismic operations several years ago.