

**PETROX RESOURCES CORP.**

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE THREE MONTH ENDED MARCH 31, 2020**

*The following discussion and analysis should be read in conjunction with the financial statements of the Corporation for the three-month period ended March 31, 2020 and all of the notes, risk factors and information contained therein.*

**Date**

This management discussion & analysis ("MD&A") is dated May 26, 2020 and is in respect of the three-month period ended March 31, 2020.

**Overall Performance**

Petrox Resources Corp. ("**Petrox**" or the "**Corporation**") was incorporated under the *Business Corporations Act* (Alberta) on February 25, 2011. On December 29, 2011, Petrox completed its initial public offering of 3,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$300,000 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("**Exchange**").

On May 31, 2012, the Corporation completed its Qualifying Transaction under the policies of the Exchange, which consisted of the acquisition ("**Acquisition**") of certain oil and gas assets (the "**Richfield Assets**") from Richfield Oils Inc. Pursuant to the Acquisition, Petrox acquired the Richfield Assets from Richfield, in exchange for which the Corporation issued to Richfield an aggregate of 3,000,000 common shares in the capital of the Corporation at a deemed price of \$0.25 per common share for a total deemed price of \$750,000.

On June 2, 2014, the Corporation completed the acquisition of certain oil and gas properties located in the Fletwode area of Saskatchewan ("**Fletwode Properties**") for \$2,100,000. These properties include six oil producing wells with a combined producing rate of approximately 40 barrels per day and a total proven plus probable reserve of 166,000 barrels.

On September 1, 2015, the Corporation announced that the amalgamation agreement providing for the proposed amalgamation transaction between the Corporation and Shanghai Sinoil Energy Holding Corporation has expired and was then terminated. The termination of this proposed amalgamation was due to a number of factors, including the substantial drop in the oil price and the volatility of the oil market since the fall of 2014.

On November 14, 2018, the Corporation announced that it has terminated the Amalgamation Agreement among the Corporation, TrueNorth CX Inc. ("**TrueNorth**") and Petrox's wholly owned subsidiary, 2123054 Alberta Ltd.

On January 10, 2020, the Corporation announced that the letter of intent signed with Travel Plus has expired and was terminated. The termination of this proposed reverse take-over transaction was primarily due to Travel Plus's desire to carry out a corporate restructuring.

On January 28, 2020, the Corporation announced that it has signed a non-binding letter of intent effective January 26, 2020 (the “LOI”) with Good Time Mega International Trade Limited, a private company with limited liability organized under the laws of Hong Kong (“Good Time”). The LOI outlines the general terms and conditions pursuant to which the Corporation and Good Time would be willing to complete a transaction that would result in a reverse take-over of the Corporation by the securityholders of Good Time (the “Transaction”). The Transaction, if approved, would constitute a Reverse Takeover transaction and a Change of Business under the policies of the TSX Venture Exchange (the “TSXV”). The LOI provides that completion of the Transaction is subject to a number of conditions including the approval from the Corporation’s shareholders of the proposed consolidation and name change, approval from the Good Time shareholders of the Transaction and approvals from the TSXV, securities regulators and third parties as may be required.

### Subsequent Events

On April 1, 2020, the Corporation announced that the letter of intent signed with Good Time Mega Trade International Limited has expired and has therefore terminated. The parties elected not to extend the letter of intent due to the impact on the business of Good Time of current climate of global economic uncertainty.

Since the beginning of April, 2020, the company has shut-in the oil producing wells in its Fletwode property in Saskatchewan due to low oil price as a result of the coronavirus pandemic.

### Selected Financial Information

A summary of selected financial information is as follows:

	<b>As at March 31, 2020</b>	<b>As at December 31, 2019</b>
Total assets	\$668,352	\$735,104
Long-term financial liabilities	\$389,162	\$365,002
Total shareholders’ equity	\$245,664	\$301,995
	<b>Three months ended March 31, 2020</b>	<b>Three months ended March 31, 2019</b>
Revenue	\$100,268	\$140,836
Net comprehensive loss	(\$66,332)	(\$10,339)
Income (loss) per share – basic and diluted	(\$0.001)	(\$0.000)

For the three months ended March 31, 2020, the Corporation reported no discontinued operations, no changes in accounting policy and declared no cash dividends.

### Summary of Quarterly Results

	20120	2019	2019	2019	2019	2018	2018	2018
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Financial</b>								
Sales Revenue (000s)	100,268	\$154	\$138	\$171	\$141	\$141	\$189	\$173
Sales Volume (boe’s)	2,203	2,399	2,166	2,483	2,196	2,457	2,482	2,295
Net Income/Loss (000s)	(\$66)	(\$34)	(\$47)	(\$13)	(\$10)	(\$77)	\$26	(\$64)
Income/Loss per Share								
Basic	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.000)	(\$0.000)	(\$0.003)	(\$0.000)	(\$0.001)

Diluted	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.000)	(\$0.000)	(\$0.003)	(\$0.000)	(\$0.001)
	2020	2019	2019	2019	2019	2018	2018	2018
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operations								
Production Volume (boe's)	2,196	2,306	2,333	2,321	2,394	2,451	2,431	2,379
Average Price (/bbl)	\$47.21	\$64.69	\$64.55	\$68.82	\$64.15	\$54.45	\$79.21	\$75.43
Royalty (/bbl)	\$1.71	\$2.52	\$2.50	\$2.90	\$2.71	\$2.08	\$3.12	\$3.77
Operating Cost (/bbl)	\$26.41	\$37.75	\$35.32	\$34.49	\$25.05	\$32.19	\$23.63	\$40.75
Netback (/bbl)	\$19.09	\$23.42	\$26.74	\$31.43	\$36.39	\$20.19	\$52.46	\$30.91

For the above noted periods, the Corporation reported no discontinued operations or extraordinary items.

## Results of Operations

### Production

For the three months period ended March 31, 2020, the Corporation recorded a total production of 2,196 barrels compared to 2,393 barrels in 2019 and an average daily production of approximately 24.13 boe/d compared to 27 boe/d in 2019 from its only production property in Fletwode, Saskatchewan. The decrease in daily production was primarily due to natural production decline during the period on the properties.

### Sales Revenue

For the three months period ended March 31, 2020, the Corporation recorded sales revenue before royalty payment of \$104,020 compared to sales revenue of \$140,836 in 2019. The decrease in sales revenue is attributable to lower oil price and lower sales volume. In the first quarter in 2020, the Corporation received an average sale price of \$47.21 per barrel comparing to \$64.15 per barrel in 2019 and sold 2,196 barrels of oil comparing to 2,394 barrels in 2019.

### Royalties

For the three months period ended March 31, 2020, the Corporation recorded total royalties of \$3,752, representing 3.6 percent of revenue, compared to \$6,484 in 2019 representing 4.6 percent of revenue.

### Operating Expenses

For the three months period ended March 31, 2020, the Corporation incurred operating expenses totalling \$58,444 compared to \$54,982 in 2019.

### Operating Netback

	Three Months Ended March 31, 2020
\$/boe	
Average Sales price	\$47.21
Royalties	(\$1.71)
Operating expenses	(\$26.62)
Operating netback	\$18.88

### General and Administrative Expenses

For period ended March 31, 2020, the Corporation's general and administrative expenses were \$86,829 compared to \$59,348 in 2019. The increase is primarily due to the increase in professional fees.

### ***Depletion and Depreciation***

For the three months period ended March 31, 2020, the Corporation incurred \$19,860 or \$9.04 per boe in depletion and depreciation expense compared to \$28,666 in 2019 or \$11.97 per boe.

### ***Cash Flow***

For period ended March 31, 2020, the Corporation had a cash used in operations of \$63,770 compared to a cash used in operations of \$32,363 in 2019.

### ***Net Loss***

For period ended March 31, 2020, the Corporation had a net comprehensive loss of \$66,332 compared to a net comprehensive loss of \$10,339 in 2019. The increase in net comprehensive loss was primarily due to the decrease in revenue and increase in operating, general and administration expenses.

### **Liquidity**

As at March 31, 2020, the Corporation had working capital of \$228,488, primarily comprised of cash, deemed sufficient for the Corporation to meet its ongoing obligations in the coming year.

### **Related Party Transactions**

The following tables summarize the remuneration of directors and of other members of key management personnel during the three months period ended March 31, 2019 and 2018:

	<i>Three months ended March 31, 2020</i>	<i>Three months ended March 31, 2019</i>
Consulting fees	\$ 26,350	\$ 26,350

### **Basis of Preparation and Statement of Compliance**

The financial statements of the Corporation have been prepared using the historical cost convention and are in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee (IFRIC).

### **Changes in Accounting Policies**

See Notes 3 to 4 in the financial statements for the three months period ended March 31, 2020.

### **Off-Balance Sheet Arrangements**

The Corporation has not engaged in any off-balance sheet arrangements.

### **Financial Instruments**

The Corporation's financial instruments consist of cash, trade and other receivables, goods and services tax recoverable, and trade and other payables. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

### Disclosure of Outstanding Share Data

As at March 31, 2020, the following is a description of the outstanding equity securities and convertible securities issued by the Corporation:

	<b>Authorized</b>	<b>Outstanding</b>
Voting or equity securities issued and outstanding	Unlimited Common Shares	55,132,258 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Stock options to acquire up to 10% of outstanding Common Shares	Nil
Securities convertible or exercisable into voting or equity securities – agent's options	Unlimited	Nil
Securities convertible or exercisable into voting or equity securities – warrants	Warrants to acquire up to 38,546,055 common shares	Nil

### Risks and Uncertainties

External financing will be required to fund the Corporation's activities primarily through the issuance of common shares. There can be no assurance that the Corporation will be able to obtain adequate financing. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities.

The Corporation has not generated sufficient revenues and does not expect to sufficient revenues in the near future. In the event that the Corporation generates sufficient revenues in the future, the Corporation intends to retain its earnings in order to finance further growth. Furthermore, the Corporation has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

### Outlook

The company has shut-in the operating wells in its Fletwode property since the beginning of April due to low oil price as a result of the coronavirus pandemic. With the improvement of the oil price recently, the company is looking forward to restarting its production from its Fletwode property in the near future.

## **Forward Looking Statements**

This MD&A and other public announcements by the Corporation may contain information that is forward looking and is subject to risks and uncertainties. Forward-looking information includes information concerning the Corporation's future financial performance, business strategy, plans, goals, and objectives. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward looking statements. In particular, forward-looking statements included in this MD&A include, but are not limited to, the focus of capital expenditures; expectations regarding the ability to raise capital; Petrox's future plans, operations and objectives; the completion and use of proceeds of the Financing; timing of adoption and implementation of new accounting policies and timing of the payment of dividends.

These statements involve known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from those anticipated in such forward-looking statements, including, among other things: the ability of the Corporation to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; changes to the laws, rules, and regulations applicable to the Corporation; unavailability of financing; changes in government regulation; general economic conditions; general business conditions; escalating professional fees; escalating transaction costs; stock market volatility and ability to access sufficient capital from internal and external sources; inability to meet or continue to meet listing requirements; the inability to obtain required consents, permits or approvals, failure to realize the anticipated benefits of the QT and the risk that actual results will vary from the results forecasted and such variations may be material.

With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions regarding: timing and amount of capital expenditures; future exchange rates; conditions in general economic and financial markets; effects of regulation by governmental agencies and future operating costs.

Petrox's actual results, performance or achievement could differ materially from those expressed in or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Petrox will derive therefrom.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders with a more complete perspective on the Corporation's future outlook and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive.

The Corporation does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as expressly required by applicable securities laws. Readers are cautioned not to place undue reliance on forward-looking statements, which are effective only as of the date of this MD&A or as of the date otherwise specifically indicated herein.

## **Additional Information**

Additional Information regarding the Corporation can be found on the Corporation's filings at [www.sedar.com](http://www.sedar.com).