

PETROX RESOURCES CORP.

**FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED JUNE 30, 2023**

The following discussion and analysis should be read in conjunction with the financial statements of the Corporation for the three-month period ended June 30, 2023, and all of the notes, risk factors and information contained therein.

Date

This management discussion & analysis ("MD&A") is dated August 23, 2023, and is in respect of the three-month period ended June 30, 2023.

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.

During the year of 2021, the Corporation had a reversal of impairment of assets expense of \$102,000 due to the significant increase of oil price during the year.

Selected Financial Information

A summary of selected financial information is as follows:

	As at June 30, 2023	As at December 31, 2022
Total assets	\$546,659	\$591,304
Long-term financial liabilities	\$296,793	\$282,594
Total shareholders' equity	\$201,687	\$226,685
	Three months ended June 30, 2023	Three months ended June 30, 2022
Revenue	\$137,494	\$279,392
Net comprehensive income (loss)	(\$8,051)	\$158,181
Income (loss) per share – basic and diluted	(\$0.000)	\$0.003

For the three months ended June 30, 2023, the Corporation reported no discontinued operations, no changes in accounting policy and declared no cash dividends.

Summary of Quarterly Results

	2023		2022				2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Financial								
Sales Revenue (000s)	\$137	\$121	\$187	\$149	\$279	\$224	\$171	\$168
Sales Volume (bbls)	1,543	1,316	1,813	1,329	2,078	1,989	1,918	2,110
Net Income/Loss (000s)	(\$8.0)	(\$16.95)	(\$130)	(\$8.5)	\$158	\$66	\$104	\$34
Income/Loss per Share								
Basic and diluted	(\$0.000)	(\$0.000)	(\$0.002)	\$0.000	\$0.003	\$0.001	\$0.002	\$0.001

	2023		2022				2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Operations								
Production Volume (bbls)	1,561	1,541	1,754	1,530	1,786	1,752	2,116	2,088
Average Price (/bbl)	\$93.55	\$91.65	\$102.93	\$111.76	\$134.46	\$112.52	\$89.04	\$79.52
Royalty (/bbl)	\$2.58	\$2.65	\$3.67	\$2.71	\$4.99	\$2.96	\$3.08	\$2.82
Operating Cost (/bbl)	\$51.71	\$45.88	\$65.41	\$56.67	\$40.56	\$36.93	\$34.22	\$32.60
Netback (/bbl)	\$39.26	\$43.11	\$33.85	\$52.37	\$88.92	\$72.63	\$51.73	\$44.11

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

Results of Operations

Production

For the three months ended June 30, 2023, the Corporation recorded a total production of 1,561 barrels compared to 1,786 barrels in 2022 and an average daily production of 17.15 bbls/d compared to 19.62 bbls/d in 2022 from its production property in Fletwode, Saskatchewan.

For the six months ended June 30, 2023, the Corporation recorded a total production of 3,101 barrels compared to 3,538 barrels for the same period in 2022 and an average daily production of 17.13 bbls/d compared to 19.55 bbls/d in 2022.

Sales Revenue

For the three months ended June 30, 2023, the Corporation recorded sales revenue before royalty payment of \$137,494 on sale of 1,543 barrels compared to sales revenue of \$279,392 on sale of 2,078 barrels in 2022. In the second quarter of 2023, the Corporation received an average sale price of \$93.55 per barrel comparing to \$134.46 per barrel in 2022.

For the six months ended June 30, 2023, the Corporation recorded sales revenue before royalty payment of \$258,083 on sale of 2,859 barrels compared to sales revenue of \$503,229 on sale of 4,067 barrels for the corresponding period in 2022. The lower sales revenue in 2023 is attributable to the lower sale volume and higher sale price. In 2023, the Corporation received an average sale price of \$92.67 per barrel compared to \$123.73 per barrel in 2022.

Royalties

For the three months ended June 30, 2023, the Corporation recorded total royalties of \$4,019, representing 2.92% of revenue, compared to \$8,904, representing 3.18% of revenue in 2022.

For the six months ended June 30, 2023, the Corporation recorded total royalties of \$8,105, representing 3.14% of revenue, compared to \$14,099, representing 2.8% of revenue in 2022.

Operating Expenses

For the three months ended June 30, 2023, the Corporation incurred production operating expenses totalling \$84,492 compared to \$65,633 in 2022. The higher expenses in 2023 was primarily due to workover of one of the Corporation's production wells in its production facility in Fletwode, Sask.

For the six months ended June 30, 2023, the Corporation incurred production operating expenses totalling \$155,629 compared to \$137,136 in 2022.

Operating Netback

	Six Months Ended June 30, 2023
\$/bbl	
Average Sales price	\$92.67
Royalties	(\$2.61)
Operating expenses	(\$48.81)
Operating netback	\$41.25

General and Administrative Expenses

For the three months ended June 30, 2023, the Corporation's general and administrative expenses were \$45,946 compared to \$32,761 in 2022.

For the six months ended June 30, 2023, the Corporation's general and administrative expenses were \$97,226 compared to \$100,302 in 2022.

Depletion and Depreciation

For the three months ended June 30, 2023, the Corporation incurred \$9,438 or \$6.05 per bbl of production in depletion and depreciation expense compared to \$11,370 or \$6.36 per bbl in 2022.

For the six months ended June 30, 2023, the Corporation incurred \$18,755 or \$6.05 per bbl of production in depletion and depreciation expense compared to \$22,963 or \$6.49 per bbl in 2022.

Cash Flow

For the three months ended June 30, 2023, the Corporation had a cash used in operations of \$48,761 compared to a cash provided by operations of \$191,875 in 2022.

For the six months ended June 30, 2023, the Corporation had cash used in operations of \$29,985 compared to cash provided by operations of \$141,026 in 2022.

Net Loss

For the three months ended June 30, 2023, the Corporation had a net comprehensive loss of \$8,051 compared to a net comprehensive income of \$158,181 in 2022. The decrease in net income was primarily due to the lower sale volume and lower sales price. In the second quarter of 2023, the Corporation received an average sale price of \$93.55 per barrel comparing to \$134.46 per barrel in 2022.

For the six months ended June 30, 2023, the Corporation had a net comprehensive loss of \$24,998 compared to a net comprehensive income of \$224,155 in 2022. In the first six month period in 2023, the Corporation received an average sale price of \$92.67 per barrel compared to \$123.73 per barrel in 2022.

Liquidity

As of June 30, 2023, the Corporation had working capital of \$252,423, 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 month period ended June 30, 2023 and 2022.

	<i>Three months ended June 30, 2023</i>	<i>Three months ended June 30, 2022</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 June 30, 2023.

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 of June 30, 2023, the following is a description of the outstanding equity securities and convertible securities issued by the Corporation:

	Authorized	Outstanding
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 shut-in its oil production wells in its Fletwode property in Saskatchewan for several months in 2020 due to low oil price as a result of the Covic-19 pandemic. With the improvement of the oil price, the company restarted its production at its Fletwode property in June, 2020. Since then, the company has continued to experience improvement in its operation with the increase of oil price as the world economy has recovered from the economic downturn caused by the Covid-19 pandemic.

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.