

PETROX RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2018 and 2017
(Unaudited)

The condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 and 2017 have not been reviewed by the Corporation's auditors.

PETROX RESOURCES CORP.

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For the three and nine months ended September 30, 2018 and 2017**

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PETROX RESOURCES CORP.
Condensed Consolidated Interim Statements of Financial Position
As at

	Note	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS			
CURRENT			
Cash		\$ 273,879	\$ 260,195
Trade and other receivables		67,069	60,015
Goods and services tax recoverable		-	-
Prepaid expense		14,564	6,707
TOTAL CURRENT ASSETS		355,512	326,917
NON-CURRENT			
Property and equipment	5	495,017	617,280
TOTAL ASSETS		\$ 850,529	\$ 944,197
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Trade and other payables		\$ 17,468	\$ 35,079
NON-CURRENT			
Decommissioning obligations	6	339,537	345,325
TOTAL LIABILITIES		357,005	380,404
SHAREHOLDERS' EQUITY			
Share capital	7	4,174,166	4,174,166
Contributed surplus		2,304,548	2,304,548
Deficit		(5,985,190)	(5,914,921)
TOTAL SHAREHOLDERS' EQUITY		493,524	563,793
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 850,529	\$ 944,197

GOING CONCERN (Note 2)
SUBSEQUENT EVENT (Note 11)

ON BEHALF OF THE BOARD

(Signed) "Edwin Tam"

(Signed) "Alan P. Chan"

The accompanying notes form an integral part of the financial statements.

PETROX RESOURCES CORP.
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
For the three and nine months ended September 30, 2018 and 2017
(Unaudited)

	Note	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
REVENUE					
Production revenue		\$ 196,674	\$ 132,236	\$ 545,502	\$ 448,394
Royalties		(7,593)	(5,105)	(25,067)	(19,843)
		189,081	127,131	520,435	428,551
EXPENSES					
Operating costs		65,159	102,242	253,372	285,333
General and administrative fees		59,525	54,067	220,857	171,626
Depletion and depreciation		36,433	63,118	111,246	193,388
Accretion expense		1,806	1,413	5,229	4,119
		162,923	220,840	590,704	654,466
OPERATING INCOME (LOSS)		26,158	(93,709)	(70,269)	(225,915)
OTHER ITEM					
Interest income		-	62	-	166
		-	62	-	166
NET COMPREHENSIVE INCOME (LOSS)		\$ 26,158	\$ (93,647)	\$ (70,269)	\$ (225,749)
INCOME (LOSS) PER SHARE					
Basic and diluted		\$ 0.000	\$ (0.002)	\$ (0.001)	\$ (0.004)
WEIGHTED AVERAGE COMMON SHARES					
Basic and diluted		55,132,258	55,132,258	55,132,258	55,132,258

The accompanying notes form an integral part of the financial statements.

PETROX RESOURCES CORP.

Condensed Consolidated Interim Statements of Changes in Equity

For the three and nine months ended September 30, 2018 and 2017

(Unaudited)

	Share Capital				
	Number of Shares	Share capital	Contributed Surplus	Deficit	Total Shareholders' Equity
As at December 31, 2017	55,132,258	\$ 4,174,166	\$ 2,304,548	\$ (5,914,921)	\$ 563,793
Comprehensive loss	-	-	-	(70,269)	(70,269)
As at September 30, 2018	55,132,258	\$ 4,174,166	\$ 2,304,548	\$ (5,985,190)	\$ 493,524

	Share Capital				
	Number of Shares	Share capital	Contributed Surplus	Deficit	Total Shareholders' Equity
As at December 31, 2016	55,132,258	\$ 4,174,166	\$ 2,304,548	\$ (3,469,438)	\$ 3,009,276
Comprehensive loss	-	-	-	(225,749)	(225,749)
As at September 30, 2017	55,132,258	\$ 4,174,166	\$ 2,304,548	\$ (3,695,187)	\$ 2,783,527

The accompanying notes form an integral part of the financial statements.

PETROX RESOURCES CORP.
Condensed Consolidated Interim Statements of Cash Flows
For the three and nine months ended September 30, 2018 and 2017
(Unaudited)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
OPERATING ACTIVITIES				
Net income (loss) and comprehensive income (loss)	\$ 26,158	\$ (93,647)	\$ (70,269)	\$ (225,749)
Items not affecting cash:				
Depletion and depreciation	36,433	63,118	111,246	193,388
Accretion expense	1,806	1,413	5,229	4,119
Changes in non-cash working capital:				
Trade and other receivables	(4,023)	3,660	(7,054)	15,937
Goods and services tax recoverable	-	-	-	2,383
Prepaid expenses	8,242	(11,068)	(7,857)	(3,076)
Trade and other payables	(45,372)	(54,435)	(17,611)	(55,164)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	23,244	(90,959)	13,684	(68,162)
INVESTING ACTIVITIES				
Exploration and evaluation assets	-	-	-	(14,336)
CASH USED IN INVESTING ACTIVITIES	-	-	-	(14,336)
INCREASE (DECREASE) IN CASH	23,244	(90,959)	13,684	(82,498)
Cash - beginning of period	250,635	343,803	260,195	335,342
CASH - END OF PERIOD	\$ 273,879	\$ 252,844	\$ 273,879	\$ 252,844

The accompanying notes form an integral part of the financial statements.

PETROX RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2018 and 2017 (Unaudited)

1. NATURE OF OPERATIONS

Petrox Resources Corp. (“Petrox” or the “Corporation”) was incorporated under the Business Corporations Act (Alberta) on February 25, 2011. The principal business of the Corporation is the acquisition, exploration, development and production of petroleum and natural gas in Canada.

During the quarter ended June 30, 2018, the Corporation formed a 100% wholly owned subsidiary, 2123054 Alberta Ltd. (“Petrox SubCo”), in connection to the amalgamation agreement Petrox entered into on June 12, 2018. As of September 30, 2018, the subsidiary does not have any operation and its formation does not have any significant effects to the Corporation’s consolidated financial statements.

These financial statements were authorized for issue by the Board of Directors on November 8, 2018. The Corporation’s registered office is Suite 3001, 505 – 6 Street SW, Calgary, AB, Canada T2P 1X5.

2. BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND GOING CONCERN

These unaudited condensed consolidated interim financial statements have been prepared on a historical basis and compliance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. These unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company’s December 31, 2017 audited annual financial statements.

IFRS was applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. The Corporation has a comprehensive loss of \$70,269 for the nine months period ended September 30, 2018, accumulated deficit of \$5,985,190 and cash flows provided by operating activities of \$13,684. Although recent developments have improved the Corporation’s profitability, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Corporation’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Corporation be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the Financial Statements for the fiscal year ended December 31, 2017, except the following additional policy.

Subsidiaries

Subsidiaries are all entities controlled by the Corporation. Control is achieved where the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date of acquisition and up to the date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to owners of the Corporation and to non-controlling interests, if any.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Corporation.

PETROX RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2018 and 2017 (Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation uses the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, liabilities incurred and equity interests issued by the Corporation. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. Excess of consideration paid over fair value of net assets acquired is recognized as goodwill. On an acquisition-by-acquisition basis, the Corporation recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation until they are realized with a third party.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and the revision affects both current and future periods.

Management reviews significant estimates on a periodic basis and, when changes in estimates are necessary, makes adjustments prospectively.

The key sources of estimates and judgments made by management, are as follows:

Exploration and Evaluation Costs

Certain exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Corporation is required to make judgments about future events and circumstances and applies estimates to assess the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop the project. Level of drilling success, or changes to project economics, resource quantities, expected production techniques, production costs and required capital expenditures, are important judgments when making this determination.

Development Costs

Management uses judgment to determine when exploration and evaluation assets are reclassified to Property and Equipment. This decision considers several factors, including the existence of reserves, appropriate approvals from regulatory bodies and the Corporation's internal project approval processes.

Determination of Cash Generating Units

A CGU is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations. Management has determined that the Corporation has one CGU.

PETROX RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2018 and 2017 (Unaudited)

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Asset Impairment and Reversals

Management applies judgment in assessing the existence of impairment and impairment reversal indicators based on various internal and external factors. The recoverable amount of CGUs and individual assets is determined based on the higher of fair value less costs to sell or value-in-use calculations. The key estimates the Corporation applies in determining the recoverable amount normally include estimated future commodity prices, expected production volumes, future operating and development costs, discount rates, tax rates, and refining margins. In determining the recoverable amount, management may also be required to make judgments regarding the likelihood of occurrence of a future event. Changes to these estimates and judgments will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

Deferred Taxes

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Corporation's estimate, the ability of the Corporation to realize the deferred tax assets could be impacted. Deferred tax liabilities are recognized when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. The Corporation records a provision for the amount that is expected to be settled, which requires the application of judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Corporation's judgment of the likelihood of a future outflow and estimates of the expected settlement amount, and the tax laws in the jurisdictions in which the Corporation operates.

Reserves

Reserves are used in the unit of production calculation for depletion and depreciation, as well as impairment analysis. The quantity of reserves is subject to a number of estimates and projections including assessment of engineering data, projected future rates of production, commodity prices, regulatory changes, operating costs and sustaining capital expenditures. These estimates and projections are uncertain as the Corporation does not have a long commercial production history to assist in the development of these forward-looking estimates. However, all reserve and associated financial information is evaluated and reported on by a firm of qualified independent reserve evaluators in accordance with the standards prescribed by applicable securities regulators. The calculation of future cash flows based on these reserves is dependent on a number of estimates including: production volumes, facility performance, commodity prices, and royalties, operating costs, sustaining capital and tax rates. The price used in the Corporation's assessment of future cash flows is based on the Corporation's independent evaluator's estimate of future prices and evaluated for reasonability by the Corporation against other available information. The Corporation believes these prices are reasonable estimates for a long-term outlook.

Decommissioning liabilities

The Corporation measures decommissioning liabilities at each financial statement date. The estimate is based on the Corporation's share of costs to reclaim the assets and certain facilities. To determine the future value of the liability, estimates of the amount, timing and inflation of the associated abandonment costs are made. The present value of the cost is recorded as the decommissioning liability using a risk-free discount rate. Due to the long-term nature of current and future project developments, abandonment costs will be incurred many years in the future. Because of these factors, different estimates could be used for such abandonment costs and the associated timing. Assumptions of higher future abandonment costs, regulatory changes, higher inflation, lower risk-free rates or an assumption of earlier or specified timing of abandonment would cause the decommissioning liability of the corresponding asset to increase. These changes would also cause future accretion expenses to increase.

PETROX RESOURCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018 and 2017
(Unaudited)****5. PROPERTY AND EQUIPMENT**

Period ended September 30, 2018	<i>Property & Equipment</i>	<i>Furniture & Fixtures</i>	<i>Total</i>
Cost			
Beginning balance	\$ 3,058,777	\$ 2,212	\$ 3,060,989
Changes in estimate (Note 8)	(11,017)	-	(11,017)
Ending balance	3,047,760	2,212	3,049,972
Accumulated Depletion			
Beginning balance	(2,442,010)	(1,699)	(2,443,709)
Impairments	-	-	-
Depletion and Depreciation	(111,039)	(207)	(111,246)
Ending balance	(2,553,049)	(1,906)	(2,554,955)
Book Value	\$ 494,711	\$ 306	\$ 495,017
Year ended December 31, 2017			
Cost			
Beginning balance	\$ 3,042,769	\$ 2,212	\$ 3,044,981
Changes in estimate (Note 8)	16,008	-	16,008
Ending balance	3,058,777	2,212	3,060,989
Accumulated Depletion			
Beginning balance	(1,162,418)	(1,422)	(1,163,840)
Impairments	(1,062,785)	-	(1,062,785)
Depletion and Depreciation	(216,807)	(277)	(217,084)
Ending balance	(2,442,010)	(1,699)	(2,443,709)
Book Value	\$ 616,767	\$ 513	\$ 617,280

Impairment

There is no indication of impairment as of September 30, 2018.

6. DECOMMISSIONING OBLIGATIONS

The following table presents the reconciliation of the carrying amount of the obligation associated with the reclamation and abandonment of the Corporation's oil and gas properties:

	<i>Nine months ended September 30, 2018</i>	<i>Year ended December 31, 2017</i>
Beginning balance	\$ 345,325	\$ 323,156
Accretion	5,299	6,161
Change in estimate	(11,017)	16,008
Ending balance	\$339,537	\$ 345,325

The following assumptions were used to estimate the decommissioning obligation at September 30, 2018:

Undiscounted cash flows	\$402,147
Risk free rate	2.32-2.52%
Inflation rate	2%
Expected timing of cash flows	6 years – 9 years

PETROX RESOURCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018 and 2017
(Unaudited)****7. SHARE CAPITAL**

(a) Authorized:

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

Issued:		<i>September 30, 2018</i>		<i>December 31, 2017</i>	
Common shares	Number	Amount	Number	Amount	
Balance - beginning of period	55,132,258	\$ 4,174,166	55,132,258	\$ 4,174,166	
Balance - end of period	55,132,258	\$ 4,174,166	55,132,258	\$ 4,174,166	

(b) Stock Option Plan

The Corporation has adopted an incentive stock option plan, which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange's requirements, grant to directors, officers, employees and technical consultants of the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Corporation. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

	<i>September 30, 2018</i>		<i>December 31, 2017</i>	
	Number of Options	Weighted Average Price	Number of Options	Weighted Average Price
Balance - beginning of period	400,000	\$ 0.12	1,049,000	\$ 0.14
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(649,000)	0.16
Balance - end of period	400,000	\$ 0.12	400,000	\$ 0.12
Exercisable - end of period	400,000	\$ 0.12	400,000	\$ 0.12

	<i>September 30, 2018</i>	<i>December 31, 2017</i>
Weighted average remaining life in years	0.08 years	0.83 years
Range of exercise price	\$0.12	0.12

8. RELATED PARTY TRANSACTIONS

The following tables summarize the remuneration of directors and of other members of key management personnel during the periods:

	<i>Three months ended September 30, 2018</i>	<i>Three months ended September 30, 2017</i>	<i>Nine months ended September 30, 2018</i>	<i>Nine months ended September 30, 2017</i>
Consulting fees	\$ 26,350	\$ 26,350	\$ 79,050	\$ 79,050

PETROX RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2018 and 2017 (Unaudited)

9. FINANCIAL INSTRUMENTS

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

Credit risk

Credit risk is the risk of financial loss to a Corporation if a counter party to a financial instrument fails to meet its contractual obligations. The Corporation's financial instruments that subject it to credit risk relate to cash in Canadian chartered banks, interest receivable from Canadian chartered banks, goods and services tax recoverable from the federal government, and trade and other receivables. The Corporation considers the risk of default from parties in the oil and gas industry to be low.

The composition of trade and other receivables relates to oil sales which is typically collected in the month following the sales month.

The composition of trade and other receivables is summarized in the following table:

	<i>September 30, 2018</i>	<i>December 31, 2017</i>
Current	\$ 67,069	\$ 60,015
Total	\$ 67,069	\$ 60,015

Liquidity risk

Liquidity risk relates to the risk that the Corporation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on the statement of financial position consist of trade and other payables. The Corporation anticipates it will have adequate liquidity to fund its financial liabilities. Trade and other payables consist of invoices payable to trade suppliers for general, administrative and capital expenditures and are usually payable in 30 to 90 days.

The following table indicates the contractual maturities for financial liabilities:

	<i>September 30, 2018</i>	<i>December 31, 2017</i>
Current	\$ 17,468	\$ 35,079
Total	\$ 17,468	\$ 35,079

Market risk

Market risk is the risk that changes in market prices, such as currency, commodity and interest will affect the Corporation's net earnings, future cash flows, the value of financial instruments, or the fair value of its assets and liabilities. The Corporation does not purchase services denominated in other than Canadian dollars and as such is not exposed to currency fluctuations. The Corporation has no debt and as such has no material exposure to interest risk.

Commodity price risk

The nature of the Corporation's operations results in exposure to fluctuations in commodity prices. Commodity prices for petroleum and natural gas are impacted by global economic and political events that dictate the levels of supply and demand. A 5% change in price of oil would represent a change in net income for the three and nine months ended September 30, 2018 of approximately \$9,834 and \$27,275, respectively.

PETROX RESOURCES CORP.

**Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018 and 2017
(Unaudited)**

10. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are:

- To safeguard the Corporation's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

The Corporation's policy is to maintain a strong and stable capital base for the objectives of maintaining financial flexibility, to sustain the development of the Corporation's current capital projects and for future development of the Corporation. The Corporation monitors its working capital and expected capital spending and issues share capital to manage its development plans.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. The Corporation is not subject to externally imposed capital requirements.

The Corporation considers its capital structure to be shareholders' equity.

11. SUBSEQUENT EVENT

On October 2, 2018, the Corporation announced that the termination date, as defined in the Amalgamation Agreement among Petrox, True North CX Inc. ("TNCX") and Petrox's wholly owned subsidiary, 2123054 Alberta Ltd. (the "Agreement") providing for the amalgamation of Petrox's and TNCX which was previously announced by Petrox on June 12, 2018, has passed. The Agreement provides that Petrox and TNCX are each entitled to terminate the Agreement by notice in writing to the other party if the conditions precedent to the agreement were not met by the termination date. Neither party has yet provided notice to terminate the Agreement and the parties have been in discussions to renegotiate the Agreement.