

**PETROX RESOURCES CORP.**

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2018**

*The following discussion and analysis should be read in conjunction with the financial statements of the Corporation for the three and nine month periods ended September 30, 2018 and all of the notes, risk factors and information contained therein.*

**Date**

This management discussion & analysis ("MD&A") is dated November 8, 2018 and is in respect of the three and nine month periods ended September 30, 2018.

**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 it 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 ("QT"), consisting 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 April 24, 2018, the Corporation announced that it has entered into a letter agreement with TrueNorth CX Inc. ("TNCX") dated April 24, 2018 (the "LOI") pursuant to which Petrox and TNCX intend to complete a three-cornered amalgamation (the "Transaction") whereby Petrox will incorporate a new wholly owned subsidiary which will amalgamate with TNCX to form a new company (the "Resulting Issuer"). Under the terms of the LOI, it is proposed that pursuant to the Transaction, Petrox will complete a 5.5 to one (5.5:1) consolidation of all its issued and outstanding common shares (the "Consolidation") and the parties will complete an exchange of securities, at a deemed issue price of C\$0.10 per post consolidation common share.

The Transaction will be an arm's length transaction as none of the directors, officers or insiders of Petrox own any interest in TNCX and none of the directors, officers or insiders of TNCX own any interest in Petrox.

TNCX is a Waterloo, Ontario based software technology company developing a highly secured cryptocurrency exchange with the goal to trade all major global cryptocurrencies. It is the intention to pursue all regulatory approvals to trade both security-based tokens and utility tokens as well as offer Initial Coin Offerings and Initial Token Offers to the account holders within the exchange. TNCX will also license the platform globally to regulated entities that wish to enter the cryptocurrency exchange marketplace. TNCX's technology platform is based on an autoscale architecture and is designed to meet any demand load presented by the users of the system while maintain the highest level of security. To secure the crypto-wallet that is used on mobile devices, laptop and desktop computers, TNCX will utilize the next generation elliptic curve technology combining quantum cryptography to make the wallet the most secured on the block chain. TNCX currently has 35,000,000 common shares outstanding and no stock options or warrants. Concurrently with the Transaction, TNCX will be completing a private placement of up to \$3,000,000 by issuing up to 30,000,000 common shares at \$0.10 per common share.

Trading of the shares of Petrox has been halted and will not resume until all documents required by the TSXV have been filed.

On June 12, 2018, the Corporation announced that it has entered into an amalgamation agreement (the "Amalgamation Agreement") with TNCX and a wholly-owned subsidiary of Petrox, 2123054 Alberta Ltd. ("Petrox SubCo"). Under the Amalgamation Agreement, TNCX and Petrox SubCo will amalgamate to form a new corporation, which will be a wholly owned subsidiary of Petrox (the "Transaction"). The Transaction was originally announced in Petrox's press release dated April 25, 2018 when the parties entered into a letter of intent for the Transaction. In this press release, the term, "Resulting Issuer" means Petrox after completion of the Transaction.

Pursuant to the Transaction, Petrox will complete a 5.5 to one (5.5:1) consolidation of all of its issued and outstanding common shares (the "Consolidation") and the parties will complete the following exchange of securities, at a deemed issue price of C\$0.10 per post consolidation common share:

- (i) each outstanding TNCX common share shall be exchanged for one unit (a "Resulting Issuer Unit") consisting of one post-Consolidation common share of the Resulting Issuer (a "Resulting Issuer Common Share") and one-half of a warrant (each whole warrant, a "Resulting Issuer Warrant"), each of which Resulting Issuer Warrant shall entitle the holder thereof to purchase one additional Resulting Issuer Common Share at a price of \$0.25 per shares for a period of one year, provided that if the Resulting Issuer Common Shares trade at \$0.50 or higher for five consecutive days, the Resulting Issuer may accelerate the expiry of the Resulting Issuer Warrants to the date (the "Accelerated Expiration Date") that is 21 calendar days following the date a press release is issued by the Resulting Issuer announcing the Accelerated Expiration Date; ; and
- (ii) each outstanding post consolidation Petrox common share will be exchanged for one (1) Resulting Issuer Common Share.

In connection with the Transaction, Petrox will seek to list its shares for trading on the Canadian Securities Exchange (the "CSE") and will delist its shares from the TSX Venture Exchange (the "TSXV") (the "Delisting").

The Transaction will be subject to the completion of a number of conditions, including the satisfactory completion by Petrox and TNCX of their respective due diligence, the completion by TNCX of a private placement of shares for gross proceeds of a minimum of \$1,000,000 up to a maximum of \$3,000,000, approval by the Petrox shareholders of the Consolidation, Delisting and Name Change, approval by the shareholders of TNCX of the amalgamation of TNCX with Petrox SubCo, the deposit into escrow by certain

shareholders of Petrox of Resulting Issuer shares representing not less than 60% of the shares of Petrox issued and outstanding prior to the completion of the Transaction and other conditions typical of transactions of this nature.

Contrary to Petrox’s earlier press release dated April 25, 2018, the Transaction will not be subject to the approval of TSXV as it is intended that the shares of the Resulting Issuer will become listed o

On July 10, 2018, the Corporation had a special meeting of the shareholders in which the shareholders of Petrox approved the 5.5 to one (5.5:1) consolidation of all of the issued and outstanding common shares of Petrox (the “Consolidation”), the delisting of the common shares of Petrox from trading on the TSX Venture Exchange (the “TSXV”) (the “Delisting”) and have approved the change of the name of Petrox to “TrueNorth CX Corp” (the “Name Change”), *inter alia*.

Shareholder approvals for the Consolidation, Delisting and Name Change are conditions precedent to the completion of the proposed amalgamation with TNCX previously announced by Petrox on June 12, 2018 (the “Proposed Amalgamation”). The Consolidation, Delisting and Name Change will only be implemented in connection with and upon completion of the Proposed Amalgamation

### Subsequent Event

On October 2, 2018, the Corporation announced that the termination date, as defined in the Amalgamation Agreement among Petrox, TNCX and Petrox Subco providing for the amalgamation of Petrox’s and TNCX, 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.

### Selected Financial Information

A summary of selected financial information is as follows:

	<b>As at Sept. 30, 2018</b>	<b>As at December 31, 2017</b>
Total assets	\$850,529	\$944,197
Long-term financial liabilities	\$339,537	\$345,325
Total shareholders’ equity	\$493,524	\$563,793
	<b>Three Months Ended Sept. 30, 2018</b>	<b>Three Months Ended Sept. 30, 2017</b>
Revenue	\$189,081	\$127,131
Net comprehensive gain (loss)	\$26,158	(\$93,647)
Income (loss) per share – basic and diluted	\$0.000	(\$0.002)

For the three months ended September 30, 2018, the Corporation reported no discontinued operations, no changes in accounting policy and declared no cash dividends.

## Summary of Quarterly Results

	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<b>Financial</b>								
Production Revenue (000s)	\$189	\$173	\$176	\$168	\$132	\$149	\$167	\$155
Sales Volume (boe's)	2,482	2,295	2,575	2,591	2,523	2,605	2,828	2,689
Oper. Income/Loss (000s)	\$26	(\$64)	(\$33)	(\$2,219)	(\$94)	(\$88)	(\$45)	(\$276)
Income(Loss) per Share								
Basic	\$0.000	(\$0.001)	(\$0.001)	(\$0.040)	(\$0.002)	(\$0.002)	(\$0.001)	(\$0.005)
Diluted	\$0.000	(\$0.001)	(\$0.001)	(\$0.040)	(\$0.002)	(\$0.002)	(\$0.001)	(\$0.005)

	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<b>Operations</b>								
Production Volume (boe's)	2,431	2,379	2,584	2,629	2,577	2,580	2,726	2,857
Average Price (/bbl)	\$79.21	\$75.43	\$68.24	\$64.65	\$52.41	\$57.08	\$59.21	\$57.58
Royalty (/bbl)	\$3.12	\$3.77	\$3.29	\$2.99	\$1.98	\$2.53	\$3.01	\$3.12
Operating Cost (/bbl)	\$23.63	\$48.73	\$31.55	\$24.70	\$38.63	\$41.56	\$27.82	\$25.12
Netback (/bbl)	\$52.46	\$22.94	\$33.40	\$36.96	\$11.79	\$12.99	\$28.38	29.34

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

## Results of Operations

### *Production*

For the three months ended September 30, 2018, the Corporation recorded a total production of 2,431 barrels compared to 2,557 barrels in 2017 and an average daily production of 26.42 boe/d compared to 28.02 boe/d in 2017 from its production property in Fletwode, Saskatchewan.

For the nine months ended September 30, 2018, the Corporation recorded a total production of 7,393 barrels compared to 7,884 barrels for the same period in 2017 and an average daily production of 27.08 boe/d compared to 28.88 boe/d in 2017.

### *Sales Revenue*

For the three months ended September 30, 2018, the Corporation recorded sales revenue before royalty payment of \$196,674 compared to sales revenue of \$132,236 in 2017. The increase in sales revenue is attributable primarily to higher oil price. In the third quarter of 2018, the Corporation received an average sale price of \$79.21 per barrel comparing to \$52.41 per barrel in 2017.

For the nine months ended September 30, 2018, the Corporation recorded sales revenue before royalty payment of \$545,502 compared to \$448,394 for the same period in 2017. The increase in sales revenue is

attributable primarily to higher oil price. In 2018, the Corporation received an average sale price of \$74.19 per barrel compared to \$56.36 per barrel in 2017.

### ***Royalties***

For the three months ended September 30, 2018, the Corporation recorded total royalties of \$7,593, representing 3.86 percent of revenue, compared to \$5,105 in 2017.

For the nine months ended September 30, 2018, the Corporation recorded total royalties of \$25,067, representing 4.6% percent of revenue, compared to \$19,843 in 2017.

### ***Operating Expenses***

For the three months ended September 30, 2018, the Corporation incurred operating expenses totalling \$162,923 compared to \$220,840 in 2017. The decrease in operating expenses in 2018 was primarily due to lower well workover expenses which were in the amount of \$2,462 compared to \$41,280 in 2017.

For the nine months ended September 30, 2018, the Corporation incurred operating expenses totalling \$590,704 compared to \$654,466 in 2017.

### ***Operating Netback***

	<b>Three Months Ended Sept. 30, 2018</b>
\$/boe	
Average Sales price	\$79.21
Royalties	(\$3.12)
Operating expenses	(\$23.63)
Operating netback	\$52.46

### ***General and Administrative Expenses***

For the three months ended September 30, 2018, the Corporation's general and administrative expenses were \$59,525 compared to \$54,067 in 2017.

For the nine months ended September 30, 2018, the Corporation's general and administrative expenses were \$220,857 compared to \$171,626 in 2017.

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

For the three months ended September 30, 2018, the Corporation incurred \$36,433 or \$14.99 per boe in depletion and depreciation expense compared to \$63,118 or \$24.49 per boe in 2017.

For the nine months ended September 30, 2018, the Corporation incurred \$111,246 or \$15.05 per boe in depletion and depreciation expense compared to \$193,388 or \$24.53 in 2017.

### ***Cash Flow***

For the three months ended September 30, 2018, the Corporation had a cash provided from operations of \$23,344 compared to a cash deficit from operations of \$90,959 in 2017.

For the nine months ended September 30, 2018, the Corporation had a cash provided by operating activities of \$13,684 compared to a cash deficit from operations of \$68,162 in 2017.

### **Net Loss**

For three months ended September 30, 2018, the Corporation had a net comprehensive income of \$26,158 compared to a net comprehensive loss of \$93,709 in 2017. The increase in net income was primarily due to the increase of sales revenue and lower depletion and depreciation expenses.

For nine months ended September 30, 2018, the Corporation had a net comprehensive loss of \$70,269 compared to a net comprehensive loss of \$225,915 in 2017. The decrease in net comprehensive loss was primarily due to the increase of sales revenue and lower depletion and depreciation expenses.

### **Liquidity**

As at September 30, 2018, the Corporation had working capital of \$338,044 comprised primarily of cash and receivables, 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 ended September 30, 2018 and 2017:

	<i>Three months ended Sept. 30, 2018</i>	<i>Three months ended Sept. 30, 2017</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 September 30, 2018.

### **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 November 8, 2018 and the date of this MD&A, 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

On June 12, 2018, the Corporation announced that it has entered into an amalgamation agreement (the “Amalgamation Agreement”) with TNCX and a wholly-owned subsidiary of Petrox, 2123054 Alberta Ltd. (“Petrox SubCo”). Under the Amalgamation Agreement, TNCX and Petrox Subco will amalgamate to form a new corporation, which will be a wholly owned subsidiary of Petrox (the “Transaction”).

On September 30, 2018, the termination date of the Amalgamation Agreement 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.

## **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).