

## PETROX RESOURCES CORP.

### FORM 51-102F1 MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

*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, 2019 and all of the notes, risk factors and information contained therein.*

#### **Date**

This management discussion & analysis ("MD&A") is dated November 18, 2019 and is in respect of the three and nine month periods ended September 30, 2019.

#### **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 Sinooil 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 April 9, 2019, the Corporation announced that it had signed a non-binding letter of intent (the "**LOI**") with Travel Plus International LLC, a limited liability company organized under the laws of California ("**Travel Plus**"). The LOI outlines the general terms and conditions pursuant to which Petrox and Travel Plus would be willing to complete a transaction that will result in a reverse take-over of Petrox by the securityholders of Travel Plus (the "**Transaction**"). The Transaction, if approved, will constitute a Reverse Takeover transaction and a Change of Business under the policies of the TSX Venture Exchange (the "**TSXV**"). The Transaction is an arm's length transaction.

The LOI provides that pursuant to the Transaction, Petrox will complete a 10:1 consolidation of its common shares and that Petrox will acquire all of the issued and outstanding shares of Travel Plus from the existing shareholders of Travel Plus in exchange for 35,325,484 post-consolidation shares of Petrox. The LOI provides that if the consolidation is completed other than on a 10:1 basis, the number of Petrox shares that will be issued in exchange for the Travel Plus shares will be adjusted accordingly.

The Transaction will be structured by way of a plan of arrangement, amalgamation, takeover bid, reorganization or other similar form of transaction, as determined following a review of all relevant legal, regulatory and tax matters. The LOI contemplates Petrox and Travel Plus entering into a definitive agreement with respect to the Transaction prior to or on July 31, 2019 or such other date as may be agreed upon by the parties, failing which the LOI will be terminated.

In connection with the Transaction, it is contemplated that Petrox will change its name to “Travel Plus International Ltd.” or such other name as may be requested by Travel Plus and accepted by Alberta Registries and the TSXV. It is also contemplated that the then current directors of Petrox will resign to be replaced by nominees to Travel Plus.

Additionally, concurrently with the completion of the Transaction, it is intended that all of the assets and liabilities of Petrox held just prior to the closing of the Transaction will be transferred to a newly created wholly-owned subsidiary of Petrox and that all of the shares of the subsidiary will be distributed to the shares of shareholders of Petrox on record at the time of the distribution (the “**Spin-Out Transaction**”). This subsidiary will be spun-out at the closing of the Transaction. The Spin-Out transaction will be completed by way of a plan of arrangement to be approved by the shareholders of Petrox and by the Court of Queen’s Bench of Alberta.

The LOI provides that completion of the Transaction is subject to a number of conditions including the approval from the Petrox shareholders of the proposed consolidation and name change, approval from the Travel Plus shareholders of the Transaction and approvals from the TSXV, securities regulators and third parties as may be required.

On July 29, 2019, the Corporation announced that the deadline to enter into a definitive agreement with respect to the Transaction with security holders of Travel Plus has been extended to November 30, 2019 or such other date as may be agreed upon by the parties, failing which the LOI will be terminated.

### **Selected Financial Information**

A summary of selected financial information is as follows:

	<b>As at Sept. 30, 2019</b>	<b>As at December 31, 2018</b>
Total assets	\$737,944	\$827,079
Long-term financial liabilities	\$369,460	\$352,940
Total shareholders’ equity	\$345,928	\$415,770
	<b>Three months ended Sept. 30, 2019</b>	<b>Three months ended Sept. 30, 2018</b>
Revenue	\$139,796	\$196,674
Net comprehensive loss	(\$46,914)	\$26,158
Income (loss) per share – basic and diluted	(\$0.001)	(\$0.000)

For the three months ended September 30, 2019, the Corporation reported no discontinued operations, no changes in accounting policy and declared no cash dividends.

### Summary of Quarterly Results

	2019			2018				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<b>Financial</b>								
Production Revenue (000s)	\$138	\$171	\$141	\$141	\$189	\$174	\$176	\$168
Sales Volume (boe's)	2,166	2,483	2,196	2,457	2,482	2,295	2,575	2,591
Oper. Income/Loss (000s)	(\$47)	(\$13)	(\$10)	(\$77)	\$26	(\$64)	(\$33)	(\$2,219)
Income (Loss) per Share								
Basic	(\$0.001)	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.001)	(\$0.001)	(\$0.003)	(\$0.040)
Diluted	(\$0.001)	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.001)	(\$0.001)	(\$0.003)	(\$0.040)

	2019			2018				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<b>Operations</b>								
Production Volume (boe's)	2,332	2,254	2,393	2,451	2,431	2,379	2,584	2,629
Average Price (/bbl)	\$64.55	\$68.82	\$64.15	\$54.45	\$79.21	\$75.43	\$68.24	\$64.65
Royalty (/bbl)	\$2.50	\$2.90	\$2.71	\$2.08	\$3.12	\$3.77	\$3.29	\$2.99
Operating Cost (/bbl)	\$35.32	\$34.49	\$25.05	\$32.19	\$23.63	\$48.73	\$31.55	\$24.70
Netback (/bbl)	\$26.74	\$31.43	\$36.39	\$20.19	\$11.79	\$22.94	\$33.40	\$36.96

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, 2019, the Corporation recorded a total production of 2,332 barrels compared to 2,431 barrels in 2018 and an average daily production of 25.35 boe/d compared to 26.42 boe/d in 2018 from its production property in Fletwode, Saskatchewan.

For the nine months ended September 30, 2019, the Corporation recorded a total production of 6,979 barrels compared to 7,393 barrels for the same period in 2018 and an average daily production of 25.57 boe/d compared to 27.08 boe/d in 2018.

#### *Sales Revenue*

For the three months ended September 30, 2019, the Corporation recorded sales revenue before royalty payment of \$139,796 compared to sales revenue of \$196,674 in 2018. The decrease in sales revenue is attributable primarily to lower oil price. In the third quarter of 2019, the Corporation received an average sale price of \$64.55 per barrel comparing to \$79.21 per barrel in 2018.

For the nine months ended September 30, 2019, the Corporation recorded sales revenue before royalty payment of \$451,550 compared to \$545,502 for the same period in 2018. The decrease in sales revenue is attributable primarily to lower oil price. In 2019, the Corporation received an average sale price of \$65.97 per barrel compared to \$74.19 per barrel in 2018.

### ***Royalties***

For the three months ended September 30, 2019, the Corporation recorded total royalties of \$5,828, representing 4.17 percent of revenue, compared to \$7,593 in 2018.

For the nine months ended September 30, 2019, the Corporation recorded total royalties of \$18,847, representing 4.17% percent of revenue, compared to \$25,067 in 2018.

### ***Operating Expenses***

For the three months ended September 30, 2019, the Corporation incurred operating expenses totalling \$180,882 compared to \$162,923 in 2018. The increase in operating expenses in 2019 was primarily due to higher well workover expenses which were in the amount of \$22,020 compared to \$2,462 in 2018.

For the nine months ended September 30, 2019, the Corporation incurred operating expenses totalling \$502,545 compared to \$590,704 in 2018.

### ***Operating Netback***

\$/boe	<b>Three Months Ended Sept. 30, 2019</b>
Average Sales price	\$64.55
Royalties	(\$2.50)
Operating expenses	(\$35.32)
Operating netback	\$26.74

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

For the three months ended September 30, 2019, the Corporation's general and administrative expenses were \$56,905 compared to \$59,525 in 2018.

For the nine months ended September 30, 2019, the Corporation's general and administrative expenses were \$184,068 compared to \$220,857 in 2018.

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

For the three months ended September 30, 2019, the Corporation incurred \$31,270 or \$13.41 per boe in depletion and depreciation expense compared to \$36,433 or \$14.99 per boe in 2018.

For the nine months ended September 30, 2019, the Corporation incurred \$89,944 or \$12.89 per boe in depletion and depreciation expense compared to \$111,246 or \$15.05 in 2018.

### ***Cash Flow***

For the three months ended September 30, 2019, the Corporation had a cash deficit from operations of \$3,319 compared to a cash provided from operations of \$23,344 in 2018.

For the nine months ended September 30, 2019, the Corporation had a cash deficit from operations of \$15,015 compared to a cash provided from operations of \$13,684 in 2018.

### **Net Loss**

For three months ended September 30, 2019, the Corporation had a net comprehensive loss of \$46,914 compared to a net comprehensive income of \$26,158 in 2018. The decrease in net income was primarily due to the decrease of sales revenue and higher operating expenses.

For nine months ended September 30, 2019, the Corporation had a net comprehensive loss of \$69,842 compared to a net comprehensive loss of \$70,269 in 2018.

### **Liquidity**

As at September 30, 2019, the Corporation had working capital of \$301,498 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, 2019 and 2017:

	<i>Three months ended Sept. 30, 2019</i>	<i>Three months ended Sept. 30, 2018</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, 2019.

### **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 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

With the signing the letter of intent with Travel Plus, the Corporation is looking forward to the completion of this proposed reverse take-over transaction with Travel Plus.

## 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).