

PETROX RESOURCES CORP.

FORM 51-102F1

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

The following discussion and analysis should be read in conjunction with the financial statements of the Corporation for the year ended December 31, 2023 and all of the notes, risk factors and information contained therein.

Date

This management discussion & analysis ("MD&A") is dated April 29, 2024 and is in respect of the year ended December 31, 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.

On December 18, 2023, the Corporation announced that it has entered into a non-binding letter of intent dated December 14, 2023, to acquire all of the shares of M&L Renewable Technology International Ltd ("M&L"). M&L is a private company incorporated under the laws of Alberta, Canada, on June 6, 2019. M&L, working alongside M&L Renewable Energy Group Ltd. ("MREG"), is pursuing the development of biochar production and power generation facilities. Initially, it plans to build a biochar facility with an annual production capacity of 3,650 tonnes and a 1.58 MW power generation facility, if feasible, for a total estimated capital investment of \$5,728,000 (\$3,473,000 for the biochar facility and \$2,255,000 for the power generation facility) in Edmonton, Alberta (the "Project").

Petrox and MREG previously entered into a Memorandum of Understanding dated September 5, 2023 with respect to their mutual cooperation on a biochar project (the "MOU"), which was announced by Petrox in its press release dated September 7, 2023. M&L is the successor in interest to MREG with respect to the biochar project and now holds the rights to the biochar project. The MOU was terminated concurrently with the execution of the LOI.

About the Project

Alberta produces more than 20 million tonnes of waste biomass from agriculture, forestry and municipal sectors each year that could be used for bioenergy production. Properly utilized, this biomass resource could form the foundation for a vibrant industry that contributes positively to the economic and environmental wellbeing of Alberta. Waste biomass to power or fuel conversion technologies represent significant opportunities for Alberta to meet its renewable energy goal, create jobs and revitalize rural communities in a low carbon, circular economy.

The Project aims to establish a facility to convert wood waste into biochar, with any steam/heat produced as byproducts being utilized by net-zero waste and energy input greenhouses, power generation and other uses.

About Biochar

Biochar, a charcoal-like substance with more than 75% carbon, is produced from biomass through pyrolysis process. Used as soil amendment, it can enhance soil productivity by improving soil quality, promoting a healthy microbial community and improving aeration and water/nutrient retention. At the same time, biochar also plays a role in carbon storage, contributing to climate change mitigation. Beyond agriculture, biochar has found applications in water treatment, environmental restoration, and as an additive in the production of construction and engineering materials, such as cement, asphalt, and silicon materials.

Selected Financial Information

A summary of selected financial information is as follows:

	As at December 31, 2023	As at December 31, 2022
Total assets	\$535,278	\$591,304
Long-term financial liabilities	\$305,394	\$282,594
Total shareholders' equity	\$152,409	\$226,685
	Year Ended December 31, 2023	Year Ended December 31, 2022
Revenue	\$570,065	\$838,427
Net income (loss)	(\$74,276)	\$222,151
Income (loss) per share – basic and diluted	(\$0.001)	\$0.004

For the year ended December 31, 2023, the Corporation reported no discontinued operations, no extraordinary items related to its operations, no changes in accounting policy and declared no cash dividends.

Summary of Quarterly Results

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial								
Sale Revenue (000s)	134	178	137	\$121	\$187	\$149	\$279	\$224
Sales Volume (boe's)	1,403	1,760	1,543	1,316	1,813	1,329	2,078	1,989

Net Income/Loss (000s)	(\$98.56)	\$47.33	(\$8.05)	(\$16.95)	(\$130)	(\$8.5)	\$158	\$66
Income/Loss per Share Basic and diluted	(\$0.002)	\$0.001	(\$0.000)	(\$0.000)	(\$0.002)	\$0.000	\$0.003	\$0.001

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operations								
Production Volume (bbl's)	1,582	1,657	1,561	1,541	1,754	1,530	1,786	1,752
Average Price (/bbl.)	\$100.61	\$105.91	\$93.55	\$91.65	\$102.93	\$111.76	\$134	\$112.52
Royalty (/bbl.)	\$2.79	\$3.62	\$2.58	\$2.65	\$3.67	\$2.71	\$4.99	\$2.96
Operating Cost (/bbl.)	\$47.75	\$31.66	\$51.71	\$45.88	\$65.41	\$56.67	\$40.56	\$36.93
Netback (/bbl.)	\$50.07	\$70.62	\$39.26	\$43.11	\$33.85	\$52.37	\$88.92	\$72.63

For the above noted periods, except for the abandonment of one water disposal well in 2022, the Corporation reported no discontinued operations or extraordinary items related to its operations.

Results of Operations

Production

For the year ended December 31, 2023, the Corporation recorded a total production of 6,340 barrels compared to 6,822 barrels in 2022 and an average daily production of 17.37 bbl/d compared to 18.71 bbl/d in 2022 from its production property in Fletwode, Saskatchewan. The decrease in production was primarily due to natural decline in production of the property.

Sales Revenue

For the year ended December 31, 2023, the Corporation recorded sales revenue before royalty payment of \$570,065 compared to sales revenue of \$838,427 in 2022. The decrease in sales revenue is attributable to lower production and lower oil price. In 2023, the Corporation received an average sale price of \$98.39 per barrel comparing to \$113.47 per barrel in 2022.

Royalties

For the year ended December 31, 2023, the Corporation recorded total royalties of \$18,527, representing 3.25 percent of sales revenue, compared to \$24,712 in 2022.

Operating Expenses

For the year ended December 31, 2023, the Corporation incurred operating expenses totalling \$319,469 compared to \$278,942 in 2022.

Operating Netback

\$/bbl	Year Ended December 31, 2023
Average Sales price	\$98.39
Royalties	(\$2.92)
Operating expenses	(\$44.06)
Operating netback	\$51.41

General and Administrative Expenses

For year ended December 31, 2023, the Corporation's general and administrative expenses were \$265,583 compared to \$261,266 in 2022.

Depletion and Depreciation

For the year ended December 31, 2023, the Corporation incurred \$37,773 or \$5.96 per bbl in depletion and depreciation expenses compared to \$40,750 or \$5.97 per bbl in 2022.

Impairment of Assets

For the year ended December 31, 2023, the Corporation had no impairment of assets expense as for 2022.

Cash Flow

For year ended December 31, 2023, the Corporation had a cash used in operating activities of \$9,733 compared a cash provided by operating activities of \$71,937 in 2022.

Net Income

For year ended December 31, 2023, the Corporation had a net loss of \$74,276 compared to a net income of \$222,151 in 2022. The decrease in net income was primarily due to decrease in oil price and lower production volume.

Liquidity

As of December 31, 2023, the Corporation had working capital of \$153,617 comprised of 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 year ended December 31, 2023 and 2022:

	Year ended December 31, 2023	Year ended December 31, 2022
Consulting fees	\$105,400	\$ 105,400

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 year ended December 31, 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 December 31, 2023 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.

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 December 18, 2023, the Corporation announced that it has entered into a non-binding letter of intent dated December 14, 2023 to acquire all of the shares of M&L Renewable Technology International Ltd ("M&L"), a private Alberta corporation. M&L is a private company incorporated under the laws of Alberta, Canada, on June 6, 2019. M&L, working alongside M&L Renewable Energy Group Ltd. ("MREG"), is pursuing the development of biochar production and power generation facilities. The Corporation is looking forward to further development of the Proposed Transaction.

Corporate Governance

Please see the attached Schedule “A” for information on the Corporation’s Corporate Governance (Form 58-101F2).

Audit Committee

Audit Committee Charter

The Charter of the Corporation’s Audit Committee is attached to this MD&A as Schedule “B”.

Composition of the Audit Committee

The following are the members of the Audit Committee:

Alan P. Chan	-	Non-Independent*; Financially Literate*
Garry Lohuis	-	Independent*; Financially Literate*
Hui Yu	-	Independent*; Financially Literate*

* As defined by Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”).

Education and Experience

Alan Chan is a Director of the Corporation and currently serves as the Chief Financial Officer of the Corporation. Mr. Chan is a professional engineer and an entrepreneur. He graduated from the University of Saskatchewan with a Bachelor of Science Degree in 1973. Since graduation, he worked in a number of industries and held various senior technical and management positions. In 1994, he founded China Pacific Industrial Corp. to pursue joint venture projects in China, and subsequently established two joint ventures in China. Since the late 1990s, Mr. Chan has been involved in the establishment of a number of public companies and assisted them in completing a number of financings, mergers and acquisitions. Currently, he is also a director of China Keli Electric Company Ltd., listed on the TSX Venture Exchange.

Garry Lohuis is a Director of the Corporation. He graduated from the Montana College of Mineral Science and Technology in 1982 with a Bachelor of Science Degree in Petroleum Engineering. From 2009 to 2011, he was the President and Chief Executive Officer and a director of Lift Resources Inc., a private oil and gas company with operating assets in Alberta and Saskatchewan, until it was sold to Gear Energy Ltd. From 2006 to 2008, Mr. Lohuis was the President and Chief Executive Officer and a director of Athlone Energy Ltd., a public oil and gas issuer that was listed on the TSXV, which company was eventually sold to Daylight Resources Trust. From 1998 to 2005, Mr. Lohuis was the Vice President, Operations and a Director of Geocan Energy Inc., a public oil and gas issuer that was listed on the Toronto Stock Exchange until its subsequent sale to Arsenal Energy Inc.

Hui Yu is a Director of the Corporation. Mr. Yu graduated from Hunan Normal University with a Bachelor degree in 1989. Mr. Yu has been an entrepreneur in various industries in China from 1992 to 2010. Since 2011, he has become involved in the natural gas midstream distribution business in China as an advisor and investor.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of MI 52-110 (De Minimis Non-Audit Services), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

External Auditor Service Fees (by Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees
2023	\$28,000	\$0	\$3,000	\$0.00
2022	\$27,500	\$0	\$2,500	\$0.00

Notes:

- (1) Represents fees paid for professional services rendered by the auditors for the audit of the Corporation's annual financial statements and services provided in connection with statutory and regulatory filings.
- (2) Represents fees incurred in connection with the International Financial Reporting Standard compliance.
- (3) Represents fees incurred for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning.

Exemption

The Corporation is relying on the exemption provided in Section 6.1 of MI 52-110 and, as such, the Corporation is exempt from Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of MI 52-110.

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 transactions noted 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.

SCHEDULE “A”

PETROX RESOURCES CORP.

CORPORATE GOVERNANCE POLICY

CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)

- 1. Board of Directors** — Disclose how the board of directors (the “Board”) facilitates its exercise of independent supervision over management, including

- (i) the identity of directors that are or, upon election, will be, independent, and

Yunyan Zheng, Hui Yu, and Garry Lohuis are the independent directors of the Corporation.

- (ii) the identity of directors who are not independent, and the basis for that determination.

Edwin S. L. Tam and Alan P. Chan are not independent as they are officers of the Corporation.

In determining whether a director is independent, the Corporation chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director’s exercise of independent judgment.

- 2. Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following current and proposed directors of the Corporation presently serve as directors of other reporting issuers as follows:

Name	Name of Reporting Issuer	Exchange or Market
Alan P. Chan	China Keli Electric Company Ltd.	TSXV

- 3. Orientation and Continuing Education** — Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the board takes to provide continuing education for directors.

The Corporation has not developed an official orientation or training program for new directors as required, new directors will have the opportunity to become familiar with the Corporation by meeting with other directors and its officers and employees. Orientation activities will be tailored to the particular needs and expertise of each director and the overall needs of the Board.

- 4. Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

The Corporation does not currently have a formal code of business conduct or policy in place for its directors, officers, employees and consultants. The Board believes that the Corporation’s size facilitates informal review of and discussions with employees and consultants. The Board monitors

ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decision of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

5. Nomination of Directors — Disclose what steps, if any, are taken to identify new candidates for Board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

The Board has not appointed a nominating committee as the Board fulfills these functions. When the Board identifies the need to fill a position on the Board, the Board requests that current Directors forward potential candidates for consideration.

6. Compensation — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation; and

The Board of Directors sets the compensation received by the directors and executive officers.

- (ii) the process of determining compensation.

Market comparisons as well as evaluation of similar positions in different industries in the same geography are the criteria used in determining compensation, the objective being to set compensation levels to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Shareholders, while at the same time preserving cash flows. The Board of Directors will set the compensation so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors will rely primarily on their own experience and knowledge.

7. Other Board Committees — If the Board has standing committees other than the audit and compensation identify the committees and describe their function.

At present, the Board has no committees other than the audit committee.

8. Assessments — Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.

The Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision making processes and the quality of information provided by management.

SCHEDULE “B”

PETROX RESOURCES CORP.

AUDIT COMMITTEE CHARTER

The Audit Committee shall:

- recommend to the board of directors the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation;
- recommend to the board of directors the compensation of the external auditor;
- assume direct responsibility for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation’s external auditor;
- review the Corporation’s financial statements, Management Discussion & Analysis and annual and interim earnings press releases before the Corporation publicly discloses this information;
- be satisfied that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than the disclosure stated immediately above and periodically assess the adequacy of those procedures;
- establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
- review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.