

**PETROX RESOURCES CORP.**  
**(FORMERLY PETROX CAPITAL CORPORATION)**

**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2015**

*The following discussion and analysis should be read in conjunction with the financial statements of the Corporation for the three month period ended March 31, 2015, as well as the Corporation's prospectus dated October 25, 2011 and all of the notes, risk factors and information contained therein.*

**Date**

This management discussion & analysis ("MD&A") is dated May 27, 2015, and is in respect of the three month period ended March 31, 2015.

**Overall Performance**

Petrox Resources Corp. ("Petrox" or the "Corporation") was incorporated under the Business Corporations Act (Alberta) on February 25, 2011 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange"). The principal business of the Corporation was the identification, evaluation and negotiation for the acquisition of assets or a business ("Qualifying Transaction" or "QT") subject to receipt of shareholder approval and acceptance by regulatory authorities for the purpose of obtaining a listing on the Exchange and becoming an issuer.

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 May 31, 2012, concurrently with the closing of the QT, the Corporation closed a Short Form Offering Document Financing (the "SFOD Financing") and issued 2,379,400 common shares at a price of \$0.25 per common share for gross proceeds of \$594,850.

In addition, on May 31, 2012, the Corporation closed a Bought Deal Financing and issued 3,857,000 units of Petrox (each, a "Unit") at a price of \$0.25 per Unit for gross proceeds of \$964,250. Each Unit consists of one common share and one-half of one common share purchase warrant of Petrox, with each whole warrant ("Warrant") entitling the holder to subscribe for one additional common share at a price of \$0.40 for a period of 36 months from the date of closing.

On July 30, 2012, the Corporation completed the acquisition of 9.125 sections of land located in the Battle and Halkirk areas of Alberta from Richfield Oil Inc. and Arenal Resources Ltd. in exchange for an aggregate of 2,500,000 common shares, at a deemed price of \$0.19 per common share, and cash of \$250,000, for an aggregate deemed purchase price of \$725,000.

On October 22, 2012, the Corporation announced the acquisition of an additional 7.5 sections of 100% working interest in Petroleum and Natural Gas Leases located in the Halkirk area of Central Alberta (Townships 43, 44 and Ranges 15, 16 W4M). The additional leases are comprised of 7.0 sections acquired at the September 5, 2012 Crown land sale and 0.5 section of Freehold land.

On March 6, 2013, the Corporation acquired an additional 16 sections of 100% working interest in Petroleum and Natural Gas Leases located in the Halkirk area of Central Alberta (Townships 43, 44, 45 and Ranges 15, 16, 17 West 4M) at a Crown land sale for a cash consideration of \$283,321. With the acquisition of these additional 16 sections, Petrox has now assembled 32.625 sections of 100% working interest lands in the emerging Viking light oil fairway in the Halkirk and Battle areas of Central Alberta.

Effective on April 8, 2013, Petrox acquired an additional 2.125 Freehold sections 100% working interest in the Halkirk area, bringing total Petrox lands in the Halkirk/Battle area to 34.75 sections 100% working interest.

On October 22, 2013, the Corporation closed a non-brokered private placement (the "Offering") and issued 36,500,000 units in the capital of Petrox for gross proceeds of \$3,306,295. Each unit consists of one common share in the capital of Petrox ("Common Share") and one warrant ("Warrant"), with 50% of the Warrants entitling the holder thereof to purchase one additional Common Share for a period of 12 months at an exercise price of \$0.20, and the remaining 50% of the Warrants entitling the holder thereof to purchase one additional Common Share for the following 12 months at an exercise price of \$0.25. A total of 2,129,446 of the units consist of Common Shares issued on a tax flow-through basis and Warrants on a non tax flow-through basis at \$0.09 per unit and 34,370,554 of the units consist of Warrants and Common Shares issued on a non tax flow-through basis and \$0.10 per unit.

In November 2013, the company drilled a vertical Viking core hole test well at 02-01-44-16W4 on its 100 percent owned Strome property in east central Alberta. The Company is encouraged that certain portions of the Viking core contain reservoir quality oil-bearing sandstones. However, the current technical interpretation of this core does not support the drilling of the two planned horizontal wells adjacent to the core hole well at this time. Further core analysis is being undertaken and will assist Petrox technical personnel in their ongoing evaluation on its acreage position.

On June 2, 2014, the Corporation announced that, further to its news release of May 21, 2014, the Corporation has now 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 June 19, 2014, the Corporation announced that it has entered into a co-operation framework agreement with Qingdao Sinoenergy Corporation of China ("Qingdao Sinoenergy") and Asiafic Clean Energy Limited of Hong Kong ("Asiafic") to establish an Alberta joint venture company, Gascana AB Energy Ltd. ("Gascana AB"), with the objective of which will be the construction of a LNG liquefaction plant in Alberta with a daily production capacity of 2,950 tonnes (150 MMCF). Asiafic is a wholly owned subsidiary of Qingdao Sinoenergy. Initially, the Corporation is supposed to have a 10% equity interest in the joint venture and to be responsible for the implementation of the project, including obtaining the necessary regulatory approvals, etc. for the construction of the LNG plant. Since entering into the agreement, there hasn't been much development on this project. It is expected that the Corporation will not be involved in this project anymore in the future.

On July 8, 2014, the Corporation announced that it has entered into a highly conditional and non-binding letter of intent pursuant to which the parties have set out the basis upon which they will negotiate exclusively until September 2, 2014 with a view to reaching acceptable terms of a binding agreement pursuant to which Petrox hopes to acquire certain producing properties in Alberta for a purchase price of \$77,500,000. There is no assurance that a binding agreement will be achieved or the prospective transaction will be consummated. According to a report prepared for the vendor by its independent qualified reserve evaluator, GLJ Petroleum Consultants Ltd., dated December 31, 2013, the properties are

sweet, liquid rich gas producing properties producing as of March 31, 2014 approximately 1,376 BOE per day, consisting of 5,500 Mcf/d gas and 460 bbl/d of liquids.

On July 21, 2014, the Corporation announced that it has entered into a conditional and non-binding letter of intent which contemplates an arm's length business combination (the "Transaction") with a private entity from the People's Republic of China ("Private Entity"). It is currently contemplated that the Transaction will involve the acquisition of all of the issued and outstanding common shares of Petrox ("Petrox Shares") at a price of \$0.30 per share. Upon completion of the Transaction, it is expected that the Petrox Shares will be delisted from the TSX Venture Exchange. There is no assurance that a binding agreement will be achieved or that the proposed Transaction will be completed as proposed or at all. The target closing date for the proposed Transaction will be sometime in the fall of 2014.

On September 3, 2014, the Corporation announced that the Private Entity has assigned all of its rights and obligations under the LOI to its majority shareholder, a company based in Shanghai, China (the "Shanghai Company"). With this assignment, the target date for entering into a definitive agreement for the Transaction has been amended to October 9, 2014 and the target closing date has been amended to November 29, 2014. Subsequently, the target date for entering into a definitive agreement for the Transaction has been amended to November 30, 2014.

On October 24, 2014, the Corporation announced that the letter of intent for the purchase of producing properties in Alberta originally announced on July 8, 2014 has expired. Petrox intends to continue its search for viable producing oil and gas properties for potential acquisition. Meanwhile, Petrox's discussions to complete an arm's length business combination with the Shanghai Company are ongoing.

On November 14, 2014, the Corporation announced, further to its press releases dated July 18, 2014 and September 3, 2014, that it has signed an amalgamation agreement dated November 14, 2014 (the "Amalgamation Agreement") with Shanghai Sinoil Energy Holding Corporation ("Shanghai Energy"), which will form the basis upon which Petrox and Shanghai Energy will combine their businesses (the "Amalgamation"). This is an arm's length transaction.

Pursuant to the Amalgamation Agreement, Petrox will amalgamate with Shanghai Energy Corporation, the wholly-owned Alberta subsidiary of Shanghai Energy, to form a new Alberta corporation ("Amalco") and all holders of common shares of Petrox ("Petrox Shares") will receive \$0.30 for each Petrox Share held by them. Upon completion of the Amalgamation, Petrox will have amalgamated with SubCo to form Amalco and Shanghai Energy will be the sole shareholder of Amalco.

After completion of the Amalgamation, Petrox will apply to delist the Petrox Shares from the TSX Venture Exchange and to have Petrox removed as a reporting issuer in each jurisdiction of Canada where it currently has reporting issuer status.

Closing of the Amalgamation has been scheduled to occur on or about December 17, 2014; however, the respective obligations of Petrox and Shanghai Energy to complete the Amalgamation contemplated by the Amalgamation Agreement are subject to a number of conditions which must be satisfied or waived in order for the Amalgamation to become effective, including the receipt by Shanghai Energy of financing required to pay the Purchase Amount, the receipt of all required shareholder, regulatory and third party consents, including the approval from the TSX Venture Exchange to delist the shares of Petrox, that not more than 10% of the issued and outstanding Petrox Shares shall have exercised rights of dissent in relation to the Amalgamation and satisfaction of other customary closing conditions. The Amalgamation cannot close until the required conditions are either satisfied or waived. There can be no assurance that the Amalgamation will be completed as proposed or at all, or that the implementation of the Amalgamation will not be delayed.

## Selected Business Highlights in 2015

On March 31, 2015, the Corporation announced that the Amalgamation Agreement providing for the proposed amalgamation transaction between the Corporation and Shanghai Sinoil Energy Holding Corporation (“Shanghai Energy”), which was to have expired on March 31, 2015, has been extended to expire on August 31, 2015, with a proposed closing date of June 30, 2015.

## Selected Financial Information

A summary of selected financial information is as follows:

	<b>As at March 31, 2015</b>	<b>As at December 31, 2014</b>
Total assets	\$5,039,573	\$5,140,710
Long-term financial liabilities	\$333,129	\$316,418
Total shareholders' equity	\$4,643,434	\$4,734,872
	<b>Three Months Ended March 31, 2015</b>	<b>Three Months Ended March 31, 2014</b>
Revenue	\$115,130	\$0
Net loss and comprehensive loss	(\$91,438)	(\$239,955)
Loss per share – basic and diluted	(\$0.0017)	(\$0.0044)

For the three month period ended March 31, 2015, the Corporation reported no discontinued operations, no changes in accounting policy and declared no cash dividends.

## Summary of Quarterly Results

	2015 Q1	2014 Q4	2014 Q3	2014 Q2 <sup>(1)</sup>	2014 Q1	2013 Q4	2013 Q3	2013 Q2
<b>Financial</b>								
Production Revenue (000s)	\$115	\$227	\$309	\$80	N/A	N/A	N/A	N/A
Sales Volume (boe's)	2,364	3,170	3,304	772	N/A	N/A	N/A	N/A
Net Income/Loss (000s)	(\$91)	(\$289)	\$25	(\$52)	(\$240)	(\$324)	(\$101)	(\$94)
Income/Loss per Share								
Basic	(\$0.002)	(\$0.005)	\$0.000	(\$0.001)	(\$0.004)	(\$0.02)	(\$0.005)	(\$0.005)
Diluted	(\$0.002)	(\$0.005)	\$0.000	(\$0.001)	(\$0.004)	(\$0.02)	(\$0.005)	(\$0.005)

1. The Corporation acquired the Fletwode properties in Saskatchewan with an effective date of April 1, 2014. This acquisition was closed on May 31, 2014. Based on IFRS, the acquisition date for this acquisition is considered as May 31, 2014.

	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
<b>Operations</b>								
Production Volume (boe's)	2,788	3,038	3,180	1,030	N/A	N/A	N/A	N/A
Average Price (/bbl)	\$48.72	\$71.61	\$93.54	\$103.84	N/A	N/A	N/A	N/A
Royalty (/bbl)	\$2.36	\$4.45	\$6.81	\$6.33	N/A	N/A	N/A	N/A
Operating Cost (/bbl)	\$20.48	\$28.21	\$25.41	\$22.61	N/A	N/A	N/A	N/A
Netback (/bbl)	\$25.88	\$38.95	\$61.32	\$74.90	N/A	N/A	N/A	N/A

## Results of Operations

### *Production*

For the three months ended March 31, 2015, the Corporation's average daily production from its only production property in Fletwode, Saskatchewan was 31boe/d (2014 - nil).

### *Sales Revenue*

For the three months ended March 31, 2015, the Corporation recorded sales revenue before royalty payment of \$115,130 (2014 - \$nil). The increase in revenue is attributable to the production generated from the Corporation's acquisition of oil and gas properties located in the Fletwode area of Saskatchewan. The acquisition date for the Fletwode acquisition is considered as May 31, 2014.

### *Royalties*

For the three months ended March 31, 2015, the Corporation recorded total royalties of \$6,582 (2014 - \$nil) or 5.72 percent of revenue.

### *Operating Expenses*

For the three months ended March 31, 2015, the Corporation incurred operating expenses totalling \$57,099 (2014 - \$nil).

### *Operating Netback*

	<b>Three Months Ended March 31, 2015</b>
\$/boe	
Sales price	\$48.61
Royalties	(\$2.34)
Operating expenses	(\$20.39)
Operating netback	\$25.88

### *General and Administrative Expenses*

For the three months ended March 31, 2015, the Corporation's general and administrative expenses were \$60,095 (2014 - \$245,174).

### *Depletion and Depreciation*

For the three months ended March 31, 2015, the Corporation incurred \$76,112 (2014 - \$nil) or \$27.29 per boe in depletion and depreciation expense.

### *Cash Flow and Net Income (Loss)*

For the three months ended March 31, 2015, the Corporation generated cash from operations of \$11,208 compared to a cash deficiency from operations of \$601,039 in the same period in 2014. The increase of cash flow from operations was primarily due to the decrease in net loss and in trade and other payables.

For the three months ended March 31, 2015, the Corporation has a net loss of \$91,438 compared to a net loss of \$239,955 for the same period in 2014. The decrease in net loss was due to the revenue generated from the Fletwode Properties.

## Liquidity

As at March 31, 2015, the Corporation had working capital of \$638,832 comprised of cash or cash equivalents deemed sufficient for the Corporation to meet its ongoing obligations.

## 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 March 31, 2015</i>	<i>Three months ended March 31, 2014</i>
Consulting fees	\$ 31,000	\$ 33,000

## 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 including Initial Adoption

See Notes 3 and 4 in the financial statements for the three months ended March 31, 2015.

## 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 March 31, 2015 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	Stock options to acquire 1,613,600 Common Shares
Securities convertible or exercisable into voting or equity securities – agent's options	Agent's options to acquire up to 923,640 common shares	Agent's options to acquire up to 623,640 common shares
Securities convertible or exercisable into voting or equity securities – warrants	Warrants to acquire up to 38,546,055 common shares	Warrants to acquire up to 20,238,279 common shares

## 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 no meaningful revenues and does not expect to have any meaningful revenues in the near future. In the event that the Corporation generates any meaningful 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

Since completing the acquisition of the Fletwode Properties in Saskatchewan, the Corporation has experienced significant improvement in its financial performance. In addition, the Corporation is looking forward to complete the amalgamation as announced on November 14, 2014.

## 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).