

PETROX RESOURCES CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
For the three month periods ended March 31, 2017 and 2016
(Unaudited)

The condensed interim financial statements for the three and nine month periods ended March 31, 2017 and 2016 have not been reviewed by the Corporation's auditors.

PETROX RESOURCES CORP.

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For the three months ended March 31, 2017 and 2016

FINANCIAL STATEMENTS

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

	Note	March 31, 2017	December 31, 2016
		(Unaudited)	(Audited)
ASSETS			
CURRENT			
Cash		\$ 300,495	\$ 335,342
Trade and other receivables		62,855	63,960
Goods and services tax recoverable		(1,394)	2,383
Prepaid expense		19,308	11,338
TOTAL CURRENT ASSETS		381,264	413,023
NON-CURRENT			
Property and equipment	5	1,816,705	1,881,141
Exploration and evaluation assets	6	1,113,437	1,113,437
TOTAL ASSETS		\$ 3,311,406	\$ 3,407,601
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Trade and other payables		\$ 19,618	\$ 75,169
NON-CURRENT			
Decommissioning obligations	7	327,099	323,156
TOTAL LIABILITIES		346,717	398,325
SHAREHOLDERS' EQUITY			
Share capital	8	4,174,166	4,174,166
Contributed surplus		2,304,548	2,304,548
Deficit		(3,514,025)	(3,469,438)
TOTAL SHAREHOLDERS' EQUITY		2,964,689	3,009,276
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,311,406	\$ 3,407,601

GOING CONCERN (Note 2)

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 Interim Statements of Comprehensive Loss
For the three months ended March 31, 2017 and 2016
(Unaudited)

	Note	Three months ended March 31, 2017	Three months ended March 31, 2016
REVENUE			
Production revenue	\$	167,454	\$ 93,301
Royalties		(8,209)	(5,947)
		159,245	87,354
EXPENSES			
Operating costs		75,853	83,659
General and administrative fees		59,651	66,592
Depletion and depreciation		66,998	74,267
Accretion expense		1,381	1,232
		203,883	225,750
OPERATING LOSS		(44,638)	(138,396)
OTHER ITEM			
Interest income		51	51
		51	51
NET COMPREHENSIVE LOSS	\$	(44,587)	\$ (138,345)
LOSS PER SHARE			
Basic and diluted	\$	(0.001)	\$ (0.003)
WEIGHTED AVERAGE COMMON SHARES			
Basic and diluted		55,132,258	55,132,258

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

PETROX RESOURCES CORP.**Condensed Interim Statements of Changes in Equity****For the three months ended March 31, 2017 and 2016****(Unaudited)**

	Share Capital		Contributed Surplus	Deficit	Total Shareholders' Equity
	Number of Shares	Share capital			
As at January 1, 2017	55,132,258	\$ 4,174,166	\$ 2,304,548	\$ (3,469,438)	\$ 3,009,276
Comprehensive loss	-	-	-	(44,587)	(44,587)
As at March 31, 2017	55,132,258	\$ 4,174,166	\$ 2,304,548	\$ (3,514,025)	\$ 2,964,689

	Share Capital		Contributed Surplus	Deficit	Total Shareholders' Equity
	Number of Shares	Share capital			
As at January 1, 2016	55,132,258	\$ 4,174,166	\$ 2,304,548	\$ (2,891,752)	\$ 3,586,962
Comprehensive loss	-	-	-	(138,345)	(138,345)
As at March 31, 2016	55,132,258	\$ 4,174,166	\$ 2,304,548	\$ (3,030,097)	\$ 3,448,617

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

PETROX RESOURCES CORP.**Condensed Interim Statements of Cash Flows****For the three months ended March 31, 2017 and 2016****(Unaudited)**

	Three months ended March 31, 2017	Three months ended March 31, 2016
OPERATING ACTIVITIES		
Net loss and comprehensive loss	\$ (44,587)	\$ (138,345)
Items not affecting cash:		
Depletion and depreciation	66,998	74,267
Accretion expense	1,381	1,232
Changes in non-cash working capital:		
Trade and other receivables	1,105	62,605
Goods and services tax recoverable	3,777	(2,155)
Prepaid expenses	(7,970)	8,634
Trade and other payables	(55,551)	(20,637)
CASH USED IN OPERATING ACTIVITIES	(34,847)	(14,399)
INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(14,336)
CASH USED IN INVESTING ACTIVITIES	-	(14,336)
DECREASE IN CASH	(34,847)	(28,735)
Cash - beginning of period	335,342	426,463
CASH - END OF PERIOD	\$ 300,495	\$ 397,728

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

PETROX RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
For the three month periods ended March 31, 2017 and 2016
(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.

These financial statements were authorized for issue by the Board of Directors on May 26, 2016. The Corporation’s registered office is Suite 2806, 505 – 6St SW, Calgary, AB, Canada T2P 1X5.

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

These unaudited condensed 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 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, 2015 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 \$44,587 for the three months period ended March 31, 2017, accumulated deficit of \$3,514,025 and negative cash flows from operating activities of \$34,847. 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 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, 2016.

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 impact 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:

PETROX RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
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(Unaudited)

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

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 two CGUs.

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.

Share - Based Payments

The Corporation provides share-based awards to certain employees in the form of stock options. The Corporation follows the fair-value method to record share-based payment expense with respect to stock options granted. The fair value of each option granted is estimated based on the date of grant and a provision for the costs is provided for with a corresponding credit to reserves in shareholders' equity over the vesting period of the option agreement. Share-based payment expense associated with options issued to employees, consultants, officers and directors of the Corporation are expensed. The consideration received by the Corporation on the exercise of share options is recorded as an increase to issued capital together with corresponding amounts previously recognized in reserves in shareholders' equity. Forfeitures are estimated for each tranche, and adjusted as required to reflect actual forfeitures that have occurred in the period.

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

In order to record share-based payment expense, the Corporation estimates the fair value of share options granted using assumptions related to interest rates, expected lives of the options, volatility of the underlying security, forfeitures and expected dividend yields.

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.

5. PROPERTY AND EQUIPMENT

Period ended March 31, 2017	<i>Property & Equipment</i>	<i>Furniture & Fixtures</i>	<i>Total</i>
Cost			
Beginning balance	\$ 2,646,635	\$ 1,385	\$ 2,648,020
Additions	-	-	-
Changes in estimate (Note 7)	2,562	-	2,562
Disposal	-	-	-
Ending balance	2,649,197	1,385	2,650,582
Accumulated Depletion			
Beginning balance	(766,284)	(595)	(766,880)
Depletion and Depreciation	(66,929)	(69)	(66,998)
Ending balance	(833,213)	(664)	(833,877)
Book Value	\$ 1,815,984	\$ 721	\$ 1,816,705
Year ended December 31, 2016	<i>Property & Equipment</i>	<i>Furniture & Fixtures</i>	<i>Total</i>
Cost			
Beginning balance	\$ 2,825,485	\$ 2,212	\$ 2,827,697
Changes in estimate (Note 7)	(15,850)	-	(15,850)
Impairment / Disposal	(163,000)	(827)	(163,827)
Ending balance	2,646,635	1,385	2,648,020
Accumulated Depletion			
Beginning balance	(479,933)	(506)	(480,439)
Disposal	-	271	271
Depletion and Depreciation	(286,351)	(360)	(286,711)
Ending balance	(766,284)	(595)	(766,880)
Book Value	\$1,880,351	\$ 790	\$ 1,881,141

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5. PROPERTY AND EQUIPMENT (continued)

Impairment

There is no indication of impairment as of March 31, 2017.

At December 31, 2016, the Corporation determined that a low commodity price was an indicator of impairment and tested its cash-generating units for impairment. The recoverable amount of the CGUs was estimated based on the higher of the value in use and the fair value less costs to sell. The estimate of fair value less costs to sell was determined using a cost to sell of 2%, a discount rate of 10% and forecasted cash flows, with escalating prices and future development costs, as obtained from an independent reserves engineer for the Corporation's proved plus probable reserves. As a result, the Corporation has recognized an impairment of \$163,000 (2015 - \$233,133) on its Fletwode CGU. The impairment was the result of the decrease in the commodity price forecast.

There is no indication of impairment as of March 31, 2017.

6. EXPLORATION AND EVALUATION ASSETS

	<i>Period ended March 31, 2017</i>	<i>Year ended December 31, 2016</i>
Beginning balance	\$1,113,437	\$1,104,613
Additions	-	20,607
Impairment	-	(11,783)
Ending balance	\$1,113,437	\$1,113,437

7. 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>Three months ended March 31, 2017</i>	<i>Year ended December 31, 2016</i>
Beginning balance	\$ 323,156	\$ 334,633
Additions	-	-
Accretion	1,381	4,373
Change in estimate	2,562	(15,850)
Ending balance	\$ 327,099	\$ 323,156

The following assumptions were used to estimate the decommissioning obligation at March 31, 2017:

Undiscounted cash flows	\$377,659
Risk free rate	0.75% - 1.63%
Inflation rate	2%
Expected timing of cash flows	8 years – 10 years

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8. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

Issued:			<i>March 31, 2017</i>		<i>December 31, 2016</i>
Common shares	Number		Amount	Number	Amount
Balance - beginning of period	55,132,258	\$	4,174,166	55,132,258	\$ 4,174,166
Exercise of options and warrants	-		-	-	-
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.

All outstanding options are exercisable as of March 31, 2017:

		<i>March 31, 2017</i>		<i>December 31, 2016</i>
	Number of Options	Weighted Average Price	Number of Options	Weighted Average Price
Balance - beginning of period	1,049,000	\$ 0.14	1,381,800	\$ 0.13
Expired	-	-	(332,800)	-
Balance - end of period	1,049,000	\$ 0.14	1,049,000	\$ 0.14
Exercisable - end of period	1,049,000	\$ 0.14	1,049,000	\$ 0.14

	<i>March 31, 2017</i>	<i>December 31, 2016</i>
Weighted average remaining life	0.94 years	1.19 years
Range of exercise price	\$0.10 - \$0.16	\$0.10 - \$0.16

9. 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, 2017</i>	<i>Three months ended March 31, 2016</i>
Consulting fees	\$ 26,350	\$ 31,000

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10. 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. In the Corporation's case its financial instruments subject 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, which the Corporation considers the risk of default from these parties to be low, and trade and other receivables.

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

	<i>March 31, 2017</i>	<i>December 31, 2016</i>
Oil sales	\$ 62,855	\$ 66,343
GST Receivable	-	-
Total	\$ 62,855	\$ 66,343

The receivable related to sale of oil is typically collected in the month following the sales month.

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 as at September 30, 2016:

	<i>March 31, 2017</i>	<i>December 31, 2016</i>
Current	\$ 19,618	\$ 75,169
Total	\$ 19,618	\$ 75,169

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. As at March 31, 2017, a 5% change in price of oil would represent a change in net income for the three months ended March 31, 2017 of approximately \$3,099.

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Notes to the Condensed Interim Financial Statements
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(Unaudited)

11. 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 Company considers its capital structure to include shareholders' equity.