Petrox Resources Corporation
Condensed Interim Financial Statements
June 30, 2024 and 2023
(Unaudited)

The condensed interim financial statements for the three- and six-month periods periods ended June 30, 2024 and 2023 have not been reviewed by the Corporation's auditor.

FINANCIAL STATEMENTS

PETROX RESOURCES CORP.
Condensed Interim Statements of Financial Position
As at
(Stated in Canadian Dollars)

	Note	March 31, 2024	December 31, 2023
		($)	($)
ASSETS			
CURRENT			
Cash and cash equivalent		**158,538**	198,167
Trade and other receivables		**40,836**	32,925
TOTAL CURRENT ASSETS		**199,374**	231,092
NON-CURRENT			
Property and equipment	5	**211,813**	232,421
Deposits	7	**71,765**	71,765
TOTAL ASSETS		**482,952**	535,278
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Trade and other payables		**20,114**	77,475
NON-CURRENT			
Decommissioning obligations	6	**308,210**	305,394
TOTAL LIABILITIES		**328,324**	382,869
SHAREHOLDERS' EQUITY			
Share capital	7	**4,174,166**	4,174,166
Contributed surplus		**2,304,548**	2,304,548
Deficit		**(6,324,086)**	(6,326,305)
TOTAL SHAREHOLDERS' EQUITY		**154,628**	152,409
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**482,952**	535,278

Going Concern (Note 2)

ON BEHALF OF THE BOARD

(Signed) "Edwin Tam"

(Signed) "Alan P. Chan"

PETROX RESOURCES CORP.
Condensed Interim Statements of Net Income (Loss) and Comprehensive Income (Loss)
For the three- and six- month periods ended June 30, 2024 and 2023
(Stated in Canadian Dollars)
(Unaudited)

	Note	**Three months ended June 30, 2024**	Three months ended June 30, 2023	**Six months ended June 30, 2024**	Six months ended June 30, 2023
		($)	($)	**($)**	($)
REVENUE					
Production revenue		**139,708**	137,494	**252,879**	258,083
Royalties		**(3,628)**	4,019)	**(6,865)**	(8,105)
		136,080	133,475	**246,014**	249,978
EXPENSES					
Operating costs		**41,361**	84,942	**107,110**	155,629
General and administrative fees		**46,811**	45,946	**113,716**	97,226
Depletion and depreciation	5	**9,143**	9,438	**18,007**	18,755
Accretion expense	6	**3,034**	1,200	**5,417**	3,366
		100,349	141,526	**244,250**	274,976
OPERATING INCOME (LOSS)		**35,731**	(8,051)	**1,764**	(24,998)
OTHER ITEM					
Interest income		**455**	-	**455**	-
Gain on disposal of assets		**-**	-	**-**	1,953
		455	-	**455**	1,953
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		**36,186**	(8,051)	**2,219**	(23,045)
LOSS PER SHARE					
Basic and diluted		**$ 0.001**	$ (0.000)	**$ 0.000**	$ (0.000)
WEIGHTED AVERAGE COMMON SHARES					
Basic and diluted		**55,132,258**	55,132,258	**55,132,258**	55,132,258

PETROX RESOURCES CORP.
Condensed Interim Statements of Changes in Shareholders' Equity
(Stated in Canadian Dollars)
(Unaudited)

	Share Capital				
	Number of Shares	**Share capital**	**Contributed Surplus**	**Deficit**	**Total Shareholders' Equity**
	($)	**($)**	**($)**	**($)**	**($)**
As at December 31, 2023	55,132,258	4,174,166	2,304,548	(6,326,305)	152,409
Net loss and comprehensive loss	-	-	-	2,219	2,219
As at June 30, 2024	**55,132,258**	**4,174,166**	**2,304,548**	**(6,324,086)**	**154,628**

	Share Capital				
	Number of Shares	**Share capital**	**Contributed Surplus**	**Deficit**	**Total Shareholders' Equity**
	(#)	($)	($)	($)	($)
As at December 31, 2022	55,132,258	4,174,166	2,304,548	(6,252,029)	226,685
Net income and other comprehensive income	-	-	-	(24,998)	(16,948)
As at June 30, 2023	**55,132,258**	**4,174,166**	**2,304,548**	**(6,268,977)**	**209,737**

PETROX RESOURCES CORP.
Condensed Interim Statements of Cash Flows
For the three- and six- month periods ended June 30, 2024 and 2023
(Stated in Canadian Dollars)
(Unaudited)

	Note	**Three months ended June 30, 2024**	Three months ended June 30, 2023	**Six months ended June 30, 2024**	Six months ended June 30, 2023
		($)	($)	**($)**	($)
OPERATING ACTIVITIES					
Net income (loss)		**36,186**	(8,051)	**2,219**	(23,045)
Items not affecting cash:					
Depletion and depreciation	5	**9,143**	9,438	**18,007**	18,755
Accretion expense	6	**3,034**	1,200	**5,417**	3,366
Changes in non-cash working capital:					
Trade and other receivables		**(8,811)**	(18,006)	**(7,911)**	6,738
Trade and other payables		**(37,153)**	(33,341)	**(57,361)**	(33,845)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**2,399**	(48,760)	**(39,629)**	(28,031)
INCREASE (DECREASE) IN CASH		**2,399**	(48,760)	**(39,629)**	(28,031)
Cash - beginning of period		**156,139**	226,676	**198,167**	205,947
CASH - END OF PERIOD		**158,538**	177,916	**158,538**	177,916

1. NATURE OF OPERATIONS

Petrox Resources Corp. ("Petrox" or the "Corporation") is a public company (TSXV: PTC) 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 29, 2023. The Corporation's office is located at Suite 3001, 505 – 6 Street S.W, Calgary, AB, Canada T2P 1X5.

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

These unaudited condensed consolidated 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 consolidated 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, 2023 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 income of $36,186 and $2,219, and cash flows from operating activities of $43,235 and $1,207, for the three- and six- month periods ended June 30, 2024. As of June 30, 2024, the Corporation has accumulated deficit of $6,324,086. 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 consolidated 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, 2023.

4. CRITICAL ACCOUNTING JUDGMENTS 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 impacts 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:

<u>Going concern</u>

Management has assessed the Corporation's ability to continue as a going concern over the next twelve months, considering factors such as projected cash flows, anticipated market conditions, and current financial standings. These projections indicate sufficient liquidity to meet upcoming obligations. Key judgments involve forecasted market prices, production levels, and operational costs, which are inherently uncertain due to the volatile nature of the oil and gas industry.

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

There are material uncertainties that could impact our ability to continue as a going concern, including sustained low commodity prices and operational disruptions. Despite these uncertainties, management believes that the Corporation is well-positioned to operate for the foreseeable future, but it will continue to monitor and adjust strategies as market conditions evolve.

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 one CGU.

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.

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.

Reserves

Reserves are used in the unit of production calculation for depletion and depreciation, as well as impairment analysis. The quantity of reserves is subject to a number of estimates and projections including assessment of engineering data, projected future rates of production, commodity prices, regulatory changes, operating costs and sustaining capital expenditures. These estimates and projections are uncertain as the Corporation does not have a long commercial production history to assist in the development of these forward-looking estimates. However, all reserve and associated financial information is evaluated and reported on by a firm of qualified independent reserve evaluators in accordance with the standards prescribed by applicable securities regulators. The calculation of future cash flows based on these reserves is dependent on a number of estimates including: production volumes, facility performance, commodity prices, and royalties, operating costs, sustaining capital and tax rates. The price used in the Corporation's assessment of future cash flows is based on the Corporation's independent evaluator's estimate of future prices and evaluated for reasonability by the Corporation against other available information. The Corporation believes these prices are reasonable estimates for a long-term outlook.

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

Decommissioning liabilities

The Corporation measures decommissioning liabilities at each financial statement date. The estimate is based on the Corporation's share of costs to reclaim the assets and certain facilities. To determine the future value of the liability, estimates of the amount, timing and inflation of the associated abandonment costs are made. The present value of the cost is recorded as the decommissioning liability using a risk-free discount rate. Due to the long-term nature of current and future project developments, abandonment costs will be incurred many years in the future. Because of these factors, different estimates could be used for such abandonment costs and the associated timing. Assumptions of higher future abandonment costs, regulatory changes, higher inflation, lower risk-free rates or an assumption of earlier or specified timing of abandonment would cause the decommissioning liability of the corresponding asset to increase. These changes would also cause future accretion expenses to increase.

5. PROPERTY AND EQUIPMENT

Period ended June 30, 2024	***Property & Equipment***	***Furniture & Fixtures***	***Total***
	($)	***($)***	***($)***
Cost			
Beginning balance	3,107,535	2,212	3,109,747
Changes in estimate (Note 6)	(2,601)	-	(2,601)
Ending balance	3,104,934	2,212	3,107,146
Accumulated Depletion			
Beginning balance	(2,875,114)	(2,212)	(2,877,326)
Impairments	-	-	-
Depletion and depreciation	(18,007)	-	(18,007)
Ending balance	(2,893,121)	(2,212)	(2,895,333)
Book Value	**211,813**	**-**	**211,813**

Year ended December 31, 2023	***Property & Equipment***	***Furniture & Fixtures***	***Total***
	($)	***($)***	***($)***
Cost			
Beginning balance	3,093,272	2,212	3,095,484
Changes in estimate (Note 6)	14,263	-	14,263
Ending balance	3,107,535	2,212	3,109,747
Accumulated Depletion			
Beginning balance	(2,837,341)	(2,212)	(2,839,553)
Impairments	-	-	-
Depletion and depreciation	(37,773)	-	(37,773)
Ending balance	(2,875,114)	(2,212)	(2,877,326)
Book Value	**232,421**	**-**	**232,421**

Impairment

As of June 30, 2024, there was no indicator of impairment.

6. DECOMMISSIONING OBLIGATION

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:

	Period ended June 30, 2024	*Year ended December 31, 2023*
	($)	*($)*
Beginning balance	**305,394**	282,594
Decommissioning obligation settled		-
Accretion	**5,417**	8,537
Change in estimate	**(2,601)**	14,263
Ending balance	**308,210**	305,394

The following assumptions were used to estimate the decommissioning obligation for 2024 and 2023:

	2024	*2023*
Undiscounted cash flows	**$406,473**	$406,473
Risk free rate	**3.83%-4.00%**	3.67%-3.88%
Inflation rate	**3%**	3%
Expected timing of cash flows	**3-9 years**	4-10 years

7. DEPOSITS AND PREPAYMENTS

	Period ended June 30, 2024	*Year ended December 31, 2023*
	($)	*($)*
Security deposit paid to Licensee Liability Rating Program	71,127	71,127
Other deposits	638	638
	71,765	71,765

The Licensee Liability Rating Program manages the financial risk to the Saskatchewan Oil and Gas Orphan Fund (SOGOF), in terms of a licensee's future costs to abandon and reclaim their wells and facilities, through the collection of security deposits.

8. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Issued:		***June 30, 2024***		*December 31, 2023*	
Common shares	Number		Amount	Number	Amount
Balance – beginning and end of year	**55,132,258**	**$**	**4,174,166**	55,132,258	$ 4,174,166

8. SHARE CAPITAL (CONTINUED)

(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.

There are no options outstanding as of June 30, 2024.

9. RELATED PARTY TRANSACTIONS

The following tables summarize the remuneration of directors and of other members of key management personnel during the periods:

	3 months ended June 30, 2024	*3 months ended June 30, 2023*	**6 months ended June 30, 2024**	*6 months ended June 30, 2023*
Consulting fees	**$ 26,350**	*$ 26,350*	**$ 52,700**	*$ 52,700*

As of June 30, 2024, all the above amounts have been paid.

10. FINANCIAL INSTRUMENTS

The Corporation's financial assets consist of cash and trade and other receivables, 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. The Corporation's financial instruments that subject it 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, and trade and other receivables. The Corporation considers the risk of default from parties in the oil and gas industry to be low as they are with reputable oil and gas marketers.

The composition of trade and other receivables relates to oil sales which is typically collected in the month following the sales month.

10. FINANCIAL INSTRUMENTS (Continued)

The Corporation considers its receivables to be aged as follows:

	June 30, 2024	*December 31, 2022*
Current	$ 40,836	$ 32,925
Total	**$ 40,836**	$ 32,925

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:

		June 30, 2024		*December 31, 2023*
Current	$	20,114	$	77,475
Total	**$**	**20,114**	$	77,475

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 procure services denominated in currency other than Canadian dollars. As such, the Corporation is not exposed to foreign 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. A 5% change in price of oil would represent a change in net loss for the three and six month periods ended June 30, 2024 of approximately $6,804 and 12,300 (2023 - $6,673 and $12,498).

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 Corporation considers its capital structure to be shareholders' equity.