

Petrox Announces Proposed Acquisition of M&L Renewable Technology International Ltd

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Calgary, December 18, 2023 - [Petrox Resources Corp.](#) (TSXV: PTC) ("Petrox") announces that it has entered into a non-binding letter of intent (the "LOI") dated December 14, 2023 to acquire all of the shares of M&L Renewable Technology International Ltd ("M&L"), a private Alberta corporation (the "Proposed Transaction").

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 (the "Biochar Plant") and a 1.58 MW power generation facility (the "Power 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"). M&L is arm's length to Petrox. The Corporation had been inactive until it was reorganized in September 2023 and has only recently commenced operations. The Corporation intends to provide a comprehensive press release with respect to the Proposed Transaction after due diligence has been completed. Financial information with respect to M&L will be provided in the comprehensive press release.

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.

In exchange for the shares of M&L, Petrox intends issue one post-Consolidation share in the share capital of Petrox at a deemed price of \$0.10 per share for each share of M&L issued and outstanding at the closing of the Proposed Transaction contemplated herein ("Closing") including any shares issued pursuant to the M&L Private Placement and the Concurrent Private Placement (see below). Assuming the maximum amounts are raised under the M&L Private Placement and the Concurrent Private Placement, Petrox will issue an aggregate of 63,750,000 Common Shares pursuant to the Proposed Transaction, for a total purchase price of up to \$6,375,000.

It is proposed that Petrox will consolidate its issued and outstanding common shares on a 5:1 basis or such other basis as may be agreeable to the Parties having regard to the listing requirements of the Exchange (the "Consolidation"). The shares to be issued to M&L shareholders under the Proposed Transaction will be the shares of Petrox post-Consolidation. If the basis of the Consolidation changes from 5:1, the number of shares to be issued pursuant to the Proposed Transaction and Concurrent Private Placement (see below) will be adjusted accordingly. The shareholders of Petrox approved the consolidation of shares on a 5:1 basis at the meeting of the Petrox shareholders held on September 25, 2023.

M&L shall undertake two private placements. The initial private placement will be up to 33,500,000 Class "A" Common Shares in the share capital of M&L, at a price of \$0.10 per share, for total gross proceeds of up to \$3,350,000 (the "M&L Private Placement"), to fund the construction of the Biochar Plant and the Power Facility. It is intended that the M&L Private Placement will be completed prior to Closing and that the funds will be immediately available to M&L regardless of the completion of the Proposed Transaction.

The second private placement will be up to 16,500,000 Class "A" Common Shares at a price of \$0.10 per common share, for gross proceeds of up to \$1,650,000 (the "Concurrent Private Placement") which financing will close at, or immediately prior to, Closing.

100% of the net proceeds of both private placements are expected to be used to fund the construction of the

Biochar Plant and the Power Plant and for working capital. Although the parties intend to use the proceeds of the offering as described above, the actual allocation of proceeds may vary from the uses set out above, depending upon future operations, events or opportunities.

It is intended that the board of directors of Petrox will be changed on Closing so as to be constituted by the nominees of M&L, provided that such change does not require a shareholders' meeting prior to the completion of the Proposed Transaction. Information with respect to the composition of the board of directors of Petrox post-Closing will be provided in Petrox's future comprehensive press release.

Post-Closing, it is intended that the current management of Petrox will continue to oversee the management of Petrox's current oil production property in Fletwode, Saskatchewan until such time as the property is divested, if and when so desired by the parties post-Closing.

The Proposed Transaction is subject to a number of conditions including the satisfactory completion of Petrox's due diligence, completion of the M&L Private Placement and the Concurrent Private Placement and such approvals as may be necessary including approval of the shareholders and directors Petrox and M&L. The LOI will terminate on May 31, 2024, unless extended by the parties by mutual consent.

If completed, the Proposed Transaction will constitute a Reverse Takeover of Petrox under the policies of the TSX Venture Exchange (the "Exchange") and is, therefore, subject to Exchange review and approval. The foregoing terms of the Proposed Transaction outlined above are subject to change as a result of due diligence and Exchange review. If approved, upon Closing, Petrox will be listed on the Exchange as an Industrial or Technology or Life Sciences issuer.

Currently, it is not expected that approval from the shareholders of Petrox will be required for the Proposed Transaction as the Proposed Transaction is not a Related Party Transaction under the policies of the Exchange. Petrox has active operations, Petrox is not and will not be subject to a cease trade order and will not otherwise be suspended from trading on completion of the Proposed Transaction, and because shareholder approval the Consolidation was previously obtained from the Petrox shareholders, shareholder approval will not be required for the Consolidation or any other aspect of the Proposed Transaction under applicable corporate or securities laws.

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.

About Petrox

Petrox is a publicly traded Canadian junior oil and gas company engaged in the exploration and

development of oil and natural gas resources in the Western Canadian Basin. Petrox currently has a production property in Fletwode, Saskatchewan that produces approximately 17 bbls/d.

The Common Shares of Petrox are listed and posted for trading on the TSX Venture Exchange under the trading symbol, "PTC".

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Reader Advisory

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Petrox should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

Forward-Looking Statements

This press release contains forward-looking statements with respect to the Proposed Transaction and to the Project, the potential uses and utilization of biochar, and the possible building and development of one or more facilities for the Project. These forward-looking statements may relate to, among other things, forecasts or expectations regarding business outlook for Petrox and M&L, the requirements of the Exchange, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates", "guidance", or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.

Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Petrox. The reader is cautioned not to place undue reliance on any forward-looking information. Although such information is considered reasonable by management at the time of preparation, it may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement. The forward-looking statements contained in this press release are made as of the date of this press release, and Petrox do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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