Petro Viking Energy Inc.
Business Acquisition Report
Form 51-102F4

Item 1: Identity of the Company

1.1 Name and Address of the Company

Petro Viking Energy Inc.
200 – 744 4th Ave SW
Calgary, AB T2P 3T4
("Issuer" or the "Company" or “Petro Viking”)

1.2 Executive Officer

Alana Constance
Chief Financial Officer
Tel: (403) 592-6255

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On February 28, 2011, the Company acquired 100% of the outstanding common shares of Deep Creek Oil & Gas Inc. (“Deep Creek”). On the same day, Deep Creek and 1560368 Alberta Ltd., a wholly-owned subsidiary of the Company, amalgamated pursuant to the provisions of the Business Corporations Act (Alberta). On March 21, 2011, Deep Creek changed its name to Petro Viking Management Corp. (“PVMC”).

Deep Creek was a privately held company. It operates as an oil and gas exploration and development company with various working interests in producing properties in central Alberta and west central Saskatchewan. Among its assets, Deep Creek has a significant land position near Kindersley, Saskatchewan, consisting of a 20% working interest in 42 sections of land. This core area provides numerous Viking drilling prospects for Petro Viking.

2.2 Date of acquisition

Petro Viking acquired Deep Creek on February 28, 2011

2.3 Consideration

A. At close of the transaction, the Company issued, subject to post-closing adjustments, 4,760,000 common shares to the shareholders of Deep Creek at a deemed price of $0.25 per share, representing an acquisition price of $1,190,000.

B. On June 27, 2011, post-closing adjustments, for working capital and production, as at February 28, 2011, were finalized. As a result, an additional 553,136 Petro Viking common shares were issued to the shareholders of Deep Creek, for a total of 5,313,136 common shares.

C. The purchase price allocation is disclosed in the note 3 to the ***Unaudited Interim Consolidated Financial Statements (Amended) for the three months ended March 31, 2011 and 2010*** ("Q1, 2011 Financial Statements").

As explained in the note 3, the acquisition is considered a business combination under common control, as the two entities, Petro Viking and Deep Creek, had common directors, as at February 28, 2011.

The company's accounting policy for common control transaction, as outlined in Note 1(q) to the Q1 Interim Financial Statements, is to prospectively account for the transactions from the date the Company obtains the ownership interest using the predecessor values method, whereby, assets and liabilities are recognized upon consolidation at their carrying amount recorded in the books of the acquired company.

As a result of application of the accounting policy, the Assets and liabilities of Deep Creek are valued at their carrying amounts in the IFRS financial statements of Deep Creek at February 28, 2011. The total net assets recognized upon acquisition was $63,557.

2.4 Effect on Financial Position

The total consideration for the acquisition is settled by issuance of Petro Viking common shares.

The company expects that the cash outflow, in the first 12 months, following the acquisition, would be as follows:

Activity	**Cash Flow expectation**	
	Minimum	Maximum
1. Workovers and Recompletions	$108,304	$228,304
2. Drilling on Deep Creek's Properties	$2,000,000	$2,800,000
3. Debenture Payment	$200,000	$200,000
4. General and Administrative Expenses for 12 months	$354,000	$354,000
5. Costs of the transaction	$200,000	$200,000
6. Unallocated Working Capital	$100,000	$100,000
Total	**$2,962,304**	**$3,882,304**

2.5 Prior Valuations

None.

2.6 Parties to Transaction

Petro Viking, Deep Creek and 1560368 Alberta Ltd., a wholly-owned subsidiary of the Company are the parties to the transaction.

The transaction was effected by way of a three cornered amalgamation under the Business Corporations Act (Alberta), whereby Deep Creek was amalgamated with 1560368 Alberta Ltd and Deep Creek Shareholders received Petro Viking Shares as consideration for the amalgamation.

The transaction is a Non-Arm's Length Transaction given that Mr.Irvin Eisler, Mr.Keith Watts and Mr.André Voskuil, who are directors, officers, and shareholders of the Company are directors, officers and shareholders of Deep Creek.

2.7 Date of Report

November 8, 2011

Item 3 Financial Statements

The following financial statements are included as part of this Business Acquisition Report:

A Audited financial statements of Deep Creek for the year ended December 31, 2010. These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

B Unaudited financial statements of Deep Creek for the nine months ended September 30, 2010. These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

C Pro Forma Balance Sheet and Pro-Forma Statement of Loss, Comprehensive Loss and Deficit (unaudited) of Petro Viking as at and for the year ended December 31, 2010

The following document, forming part of Petro Viking's Management Information Circular, dated November 29, 2010, has been incorporated by reference into this Business Acquisition Report.

A Audited Financial Statements of Deep Creek for the year ended December 31, 2009 and December 31, 2008. These financial statements are prepared in accordance with Canadian generally accepted accounting principles. (Information Circular: page 160)

Deep Creek Oil & Gas Inc.

Financial Statements

As at and for the Years Ended December 31, 2010 and 2009

(expressed in Canadian dollars)

Management's Report

The accompanying financial statements of Deep Creek Oil & Gas Inc. (the "Company") have been prepared by and are the responsibility of the management of the Company. The financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on currently available information.

Management maintains appropriate systems of internal control that provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or unauthorized use and financial records provide reliable and accurate information for the preparation of the financial statements.

The Board of Directors, through its Audit Committee, has reviewed the financial statements including notes thereto with Management. The Company's Board of Directors has approved the information contained in the financial statements based on the recommendation of the Audit Committee.

"Signed"

Andre Voskuil

President and Chief Executive Officer
Deep Creek Oil & Gas Inc.

"Signed"

Keith Watts

Vice President and Chief Financial Officer
Deep Creek Oil & Gas Inc.

October 7, 2011
Calgary, Alberta

INDEPENDENT AUDITORS REPORT

To the Directors,

Petro Viking Energy Inc.

We have audited the accompanying financial statements of Deep Creek Oil & Gas Inc. which comprise the balance sheets as at December 31, 2010 and 2009, the statements of loss comprehensive loss and deficit, and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Signed" VIRTUS GROUP LLP

Chartered Accountants
Regina, Canada
October 7, 2011

Deep Creek Oil and Gas Inc.

Balance Sheets

As at December 31, 2010 and 2009

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	**$ -**	$ 69,781
Accounts receivable	**103,922**	386,599
Prepaid expenditures	**114,810**	141,011
	218,732	597,391
Property and equipment (Note 7)	**2,199,771**	2,096,540
	2,418,503	2,693,931
Liabilities		
Current liabilities		
Bank overdraft	**6,331**	-
Accounts payable and accrued liabilities	**397,215**	2,301,180
Accrued interest on debenture payable (Note 8)	**141,064**	-
Shareholder loan	**29,699**	-
Debenture (Note 8)	**840,000**	-
Tallinn loan	**-**	871,310
	1,414,309	3,172,490
Asset retirement obligations (Note 9)	**817,566**	413,440
Convertible notes payable	**-**	174,062
	2,231,875	3,759,992
Shareholders' deficit		
Share capital (Note 11(b))	**5,984,656**	4,036,076
Contributed surplus (Note 11(d))	**95,220**	95,220
Deficit	**(5,893,248)**	(5,197,357)
	186,628	(1,066,061)
	$ 2,418,503	$ 2,693,931

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

"Signed"

Andre Voskuil
Director

"Signed"

Keith Watts
Director

Deep Creek Oil and Gas Inc.

Statement of Loss, Comprehensive Loss and Deficit

For the years ended December 31,

	2010	2009
Revenue		
Oil and gas revenue	**$ 657,407**	$ 1,110,173
Royalty expense	**(81,832)**	(154,936)
Interest income	**-**	4,861
	575,575	960,098
Expenses		
Production	**318,753**	578,757
Transportation	**47,789**	80,758
Bad debts expense	**20,956**	52,794
General and administrative	**480,009**	725,968
Cost recoveries on re-structuring	**-**	(320,702)
Gain on settlement of accounts payable	**(78,806)**	-
Interest	**194,651**	309,886
Depletion, depreciation and accretion	**288,114**	534,747
	1,271,466	1,962,208
Net loss before income tax	**(695,891)**	(1,002,110)
Future income tax recovery (Note 10, Note 11(b)(iv))	**-**	23,341
Net loss and comprehensive loss	**(695,891)**	(978,769)
Deficit, beginning of year	**(5,197,357)**	(4,218,588)
Deficit, end of year	**$ (5,893,248)**	$ (5,197,357)
Basic and fully diluted loss per share (Note 11(e))	**(0.02)**	(0.09)
Weighted average shares outstanding during the period	**28,906,009**	10,871,275

The accompanying notes are an integral part of these financial statements.

Deep Creek Oil and Gas Inc.

Statement of Cash Flows

For the years ended December 31,

		2010		2009
Cash flows provided by (used in) operating activities:				
Net loss for the year	**$**	**(695,891)**	$	(978,769)
Items not affecting cash:				
Depletion, depreciation and accretion		**288,114**		534,747
Shares issued for compensation		**78,000**		-
Shares issued for restructuring		**1,802,967**		-
Shares cancelled in lieu of trade payables receipt		**(106,439)**		-
Future income tax recovery		**-**		(23,341)
		1,366,751		(467,363)
Changes in non-cash working capital				
Change in accounts receivable		**282,677**		267,336
Change in prepaids		**26,201**		(87,700)
Change in accounts payable and accrued liabilities		**(1,903,965)**		(515,351)
Change in accrued interest payable		**141,064**		(6,455)
		(87,272)		(809,533)
Cash settlement of asset retirement obligation		**(6,052)**		-
		(93,324)		(809,533)
Cash flows provided by (used in) investing activities				
Investment in property and equipment		**(35,176)**		(234,531)
Proceeds on disposal of property and equipment		**-**		2,405,694
Non cash changes in investing activities		**53,999**		-
		18,823		2,171,163
Cash flows provided by (used in) financing activities				
Issuance of common shares, net of share issue costs		**-**		610,289
Share subscriptions received		**-**		85,000
Proceeds (repayment) on convertible notes payable		**-**		14,062
Net repayment of bank loan		**-**		(950,000)
Proceeds from shareholder loan		**29,699**		-
(Repayment) proceeds of Tallinn loan		**(871,310)**		(628,690)
Proceeds on debenture issuances		**840,000**		-
		(1,611)		(869,339)
Change in cash and cash equivalents		**(76,112)**		492,291
Cash and cash equivalents, beginning of year		**69,781**		(422,510)
Cash and cash equivalents, end of year	**$**	**(6,331)**	$	69,781
Supplemental cash flow information				
Cash interest paid	**$**	**(81,440)**	$	(307,683)

The accompanying notes are an integral part of these financial statements.

1 Nature of operations

Deep Creek Oil & Gas Inc. (the “Company” or “Deep Creek”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on November 29, 2006 and is engaged in the exploration, development and production of petroleum and natural gas in Canada.

2 Amalgamation Agreement

On November 19, 2010, the Company entered into an Amalgamation Agreement the “Agreement” with Petro Viking Energy Inc. Pursuant to the Agreement, a transaction is to occur whereby the Company will be acquired by Petro Viking Energy Inc. (“Petro Viking”) and amalgamated with a Petro Viking subsidiary to form “Amalco.”

Pursuant to the Agreement, Petro Viking will acquire 100% of the Company’s issued and outstanding shares through the exchange of Petro Viking shares for Deep Creek shares. Each Petro Viking share will have a deemed value of $0.25 per share for a total sale price of up to $1,700,000 based on the estimated shares outstanding on the Effective Date, subject to closing adjustments. This will result in each Deep Creek share being converted to approximately 0.2181438 Petro Viking shares, at an implicit price of approximately $0.0545 per Deep Creek share. Upon completion of the Transaction, the current shareholders of the Company will own 43% of Amalco, subject to the following closing adjustments as at February 28, 2011 (the “Closing Date):

a) Dollar for dollar adjustment to the total sale price of Deep Creek (and number of Petro Viking shares to be issued), based on the difference between $8,725 and the Company’s working capital at the Closing Date. An increase in the Company’s working capital will increase the sale price dollar for dollar up to $100,000, while any decrease in the Company’s working capital will decrease the sale price dollar for dollar.

b) For each barrel of oil equivalent (“boe”) produced by Deep Creek below 47 boe/day on average, for the month immediately preceding the Closing Date, the sale price will decrease by $36,000.

On February 28, 2011 the amalgamation was completed and Amalco was renamed Petro Viking Management Corp., a wholly owned subsidiary of Petro Viking (see Note 15).

3 Going concern

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is doubt about the appropriateness of the use of the going concern assumption as the Company has accumulated losses of $5,893,248 to December 31, 2010 (2009 - $5,197,357); and has a working capital deficiency at December 31, 2010 of $1,195,577 (2009 - $2,575,099).

Realization values may be substantially different from carrying values as shown and these financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

4 Significant accounting policies

The financial statements, which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), have in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Estimates by management

Estimates by management represent an integral component of these financial statements prepared in accordance with Canadian GAAP. The estimates made in these financial statements reflect management's judgments based on past experiences, present conditions, and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these financial statements were prepared.

The Company uses estimates to calculate depreciation, depletion and accretion expense, to assess impairment of long-lived assets, to estimate asset retirement obligations, to calculate the fair value of stock options, and to estimate current tax expense.

4 Significant accounting policies (continued)

Property, plant and equipment

(i) Petroleum and natural gas properties

The Company follows the full cost method of accounting for its petroleum and natural gas activities, whereby all costs associated with the exploration for and development of petroleum and natural gas reserves, whether productive or nonproductive, are capitalized in a single Canadian cost center and charged to income as set out below. Costs capitalized include land acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties, costs of drilling productive and non-productive wells, together with overhead and interest directly related to exploration and development activities, and lease and well equipment. Gains or losses are not recognized upon disposition of petroleum and natural gas properties unless such a disposition would alter the rate of depletion and depreciation by more than 20%.

(ii) Depreciation, depletion, and accretion

Costs capitalized are depleted and amortized on a cost centre basis using the unit-of-production method based on estimated proved petroleum and natural gas reserves before royalties as determined by independent engineers. For purposes of this calculation, petroleum and natural gas reserves before royalties are converted to a common unit of measure on the basis of their relative energy content where one barrel of oil or liquids equals six thousand cubic feet of gas.

In determining its depletion base, the Company includes estimated future capital costs to be incurred in developing proved reserves and excludes the cost of significant unproved properties until it is determined whether proved reserves are attributable to the unproved properties or impairment has occurred. Unproved properties are evaluated separately for impairment based on management's assessment of future drilling.

(iii) Ceiling test

In applying the full cost method, the Company calculates a ceiling test whereby the carrying value of property and equipment is compared to the sum of the undiscounted cash flows expected to result from the future production of proved reserves and the sale of unproved properties. Cash flows are based on third party quoted forward prices, adjusted for transportation and quality differentials. Should the ceiling test result in an excess of carrying value, the Company would then measure the amount of impairment

4 Significant accounting policies (continued)

by comparing the carrying amounts of property and equipment to an amount equal to the estimated net present value of future cash flows from proved plus probable reserves and the lower of cost and market of unproved properties. The Company's risk-free interest rate is used to arrive at the net present value of the future cash flows. Any excess carrying value would be recorded as a permanent impairment.

(iv) Other assets

Other assets are carried at cost and amortized over the estimated useful lives of the assets at various rates per annum calculated on a declining balance basis.

Asset retirement obligations

The Company recognizes the fair value of an asset retirement obligation (ARO) in the period in which a well or related asset is drilled, constructed or acquired and when a reasonable estimate of the fair value can be made. The fair value of the estimated ARO is recorded as a long-term liability, and equals the present value of estimated future cash flows, discounted using a risk-free interest rate adjusted for the Company's credit standing. The liability accretes until the date of expected settlement of the retirement obligations or the asset is sold and is recorded as an accretion expense. The associated asset retirement costs are capitalized as part of the carrying value of the related assets. The capitalized amount is amortized to earnings on a basis consistent with depreciation and depletion of the underlying assets. Actual restoration expenditures are charged to the accumulated obligation as incurred. Any settlements are charged to income in the period of settlement.

On a periodic basis, management will review these estimates and if changes to the estimate are required, these changes will be applied on a prospective basis, and will result in an increase or decrease to the ARO. Any difference between the actual costs incurred and the recorded liability is recorded as a gain or loss in the statement of loss, comprehensive loss and deficit in the period in which the settlement occurs.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments held in the form of high quality commercial paper, bankers' acceptances, money market investments and certificates of deposit with investment terms that are less than three months at the time of acquisition. These investments are stated at fair value, which approximates cost plus accrued interest.

4 Significant accounting policies (continued)

Joint interests

Substantially all of the Company's oil and gas operations are conducted jointly with other parties and accordingly, the financial statements reflect only the Company's proportionate interest in these assets and operations.

Income taxes

Income taxes are accounted for using the liability method of income tax allocation. Under the liability method, future income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from the settlement or recovery of assets and liabilities at their carrying values. Future income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Future income tax assets and liabilities are determined based on the substantively enacted tax laws and rates that are anticipated to apply in the period of realization. Had the company been profitable, its tax rate in the current year would have been approximately 13% on its first $500,000 of taxable income, due to the Company's status as a Canadian Controlled Private Corporation under the Income Tax Act.

Revenue recognition

Revenue from the sale of petroleum and natural gas is recorded on a gross basis when title passes to an external party and is recognized based on volumes delivered to customers at contractual delivery points and rates and when the significant risks and rewards of ownership have been transferred to the buyer and collectability is reasonably assured.

Flow-through common shares

Periodically, the Company has financed a portion of its exploration and development activities through the issue of flow-through shares. Under the terms of the flow-through share issues, the tax attributes of the related expenditures are renounced to subscribers. Share capital is reduced and future tax liability is increased by the tax effected amount of the renounced tax deductions at the time of renouncement, which is when the related documentation is filed with the appropriate governmental agency and there is reasonable certainty that the expenditures will be incurred.

4 Significant accounting policies (continued)

Stock-based compensation

The Company has established a stock option plan for the benefit of full-time and part-time employees, officers, directors and consultants of the Company. The fair value of all stock options granted by the Company is recorded as a charge to the statement of loss, comprehensive loss and deficit and a credit to contributed surplus. The stock options vest immediately upon being granted, and the fair value of stock options are recognized on the date of grant. Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

Measurement uncertainty

The Company calculated depreciation, depletion and accretion expense and calculates the ceiling test using management estimates of oil and gas reserves remaining in oil and gas properties, commodity prices and capital costs required to develop those reserves. Estimates of volumes and the related future cash flows are subject to measurement uncertainty. Such reserve estimates are subject to change as additional information becomes available.

Numerous assumptions and judgments are required in the fair value calculation of the asset retirement obligation ("ARO") including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement, and changes in the legal, regulatory and political environments. To the extent future revisions to these assumptions impact the fair value of any existing ARO liability, a corresponding adjustment is made to the oil and gas property.

The assumptions used in the determination of the fair value of stock options issued are based on the use of the Black-Scholes pricing model, which includes estimates of the future volatility of the Company's stock price, expected lives of the stock options, expected dividends and other relevant assumptions.

By their nature, these estimates of are subject to measurement uncertainty, and the impact of differences between actual and estimated amounts on the financial statements of future periods could be material.

4 Significant accounting policies (continued)

(Loss) Earnings per share

Basic (loss) earnings per share is determined using the weighted average number of shares outstanding during the year. Diluted (loss) earnings per share are determined using the treasury stock method. Under this method, the dilutive effect of (loss) earnings per share is recognized on the use of proceeds that could be obtained from exercise of options, warrants and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the period.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition, all financial instruments, including all derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of five categories: held-for- trading, held-to maturity investments, loans and receivables, available for sale financial assets or other financial liabilities. All financial instruments and derivatives are measured on the balance sheet date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held for trading financial assets are measured at fair value, with changes in fair value recognized in net earnings (loss). Available for sale financial instruments are measured at fair value, with changes in fair value recorded in other comprehensive income (OCI) until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost according to the effective interest rate method.

The Company has designated its cash and cash equivalents as held for trading, which are measured at fair value. Accounts receivable are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, accrued interest on debenture, shareholder loan, bank loan and debenture are designated as other financial liabilities, which are measured at amortized cost.

The Company is exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. A variety of derivative instruments may be used by the Company to reduce its exposure to fluctuations in commodity prices, foreign exchange rates and interest rates. The Company does not use these derivative instruments for trading, or for speculative purposes. The Company considers all these transactions to be economic hedges; however, the company’s contracts do not qualify or have not been designated as hedges for accounting purposes.

4 Significant accounting policies (continued)

As a result, all derivative contracts are classified as held for trading and are recorded on the balance sheet at fair value, with changes in the fair value recognized in net income. The fair values of these derivative instruments are based on an estimate of the amounts that would have been received or paid to settle these instruments prior to maturity given future market prices and other relevant factors. Proceeds and costs realized from holding the derivative is recognized in net income at the time each transaction under a contract is settled.

5 Future accounting and reporting changes

International Financial Reporting Standards ("IFRS")

In February 2008 the Accounting Standards Board confirmed that all publicly accountable enterprises will be required to adopt IFRS for interim and annual reporting periods for fiscal years beginning on or after January 1, 2011. Upon the completion of the amalgamation with Petro Viking Inc., "Amalco" will transition to IFRS. The significant impact to the financial position and disclosures of the Company's operations is expected to primarily affect property and equipment, potential changes to full-cost accounting for its exploration assets, how these costs are ultimately depreciated, and how impairment testing is ultimately determined and measured. The Company is currently assessing the impact of the convergence of Canadian GAAP with IFRS, on the Company's results of operations, financial position and disclosures.

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interest. These sections replace the former CICA Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements. CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination.

CICA Handbook Section 1601 and Section 1602 and 1582 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. These Handbook sections are converged with IFRS and will be adopted by the Company in fiscal 2011 as part of the Company's conversion to IFRS.

6 Insolvency and restructuring

In early 2009, the Company was unable to remedy covenant breaches of its credit facilities. As a result the Company entered into insolvency proceedings and on March 19, 2009 was granted Creditor Protection under the Bankruptcy and Insolvency Act. The Trustee determined and finalized all the claims and non claims from the Creditors on June 19, 2009. On June 23, 2010, the Company emerged from creditor protection upon the completion and fulfillment of the Restructuring Proposal ("Restructuring") approved by the Company's creditors on July 23, 2009.

Pursuant to the terms of the Restructuring, on June 4, 2010, 9,000,000 common shares of the Company were issued according to the Final Dividend as determined by the Trustee filed May 14, 2010 (Note 11b). Of the shares issued, 284,520 shares were issued to the Canada Revenue Agency to satisfy the levy and 8,715,480 shares were issued to Creditors (secured – 45,686 shares; unsecured – 8,669,794 shares).

7 Property and equipment

December 31, 2010	**Cost**	**Accumulated depletion & depreciation**	**2010 Net book value**
Oil and gas properties	**$ 7,052,810**	**$ 4,855,417**	**$ 2,197,393**
Other	**7,663**	**5,285**	**$ 2,378**
	$ 7,060,473	**$ 4,860,702**	**$ 2,199,771**

December 31, 2009	Cost	Accumulated depletion & depreciation	2009 Net book value
Oil and gas properties	$ 6,692,475	$ 4,600,258	$ 2,092,217
Other	7,663	3,340	4,323
	$ 6,700,138	$ 4,603,598	$ 2,096,540

During 2010, the Company capitalized $nil (2009 - $59,269) of general and administrative expenditures directly attributable to exploration activities.

At December 31, 2010, oil and gas properties and equipment included $19,385 (2009 - $19,385) relating to undeveloped properties, which have been excluded from the depletion and depreciation calculation. Future development costs on proved undeveloped reserves of $nil (2009 - $nil) are included in asset base subject to depletion and depreciation.

7 Property and equipment (continued)

Significant dispositions

On January 26, 2009, the Company disposed of 70% of their 80% interest in the Plato 8-33 well and adjacent lands, for total proceeds of $393,750. The purchasers included an officer and director ($100,000), a company controlled by a director ($125,000), and two shareholders of the Company ($168,750). The Agreement included a buyback clause for one year, whereby the Company could buy back the assets at the purchase price plus a fee of 5% for the first six months and at the purchase price plus a 10% fee for the remaining six months. At December 31, 2009, the buyback clause had not been exercised, and subsequently expired unexercised in 2010.

On February 1, 2009, the Company sold its Kotcho well and related lands to a company owned by an officer and director for initial proceeds of $51,000. Per the Agreement $49,000 was also received in November 2009 pursuant to sale of the well as a water disposal well. The purchaser was responsible for all past and future accounts payable related to the assets sold and the payables of $58,978 transferred to the purchaser have been shown as proceeds on the disposition.

On July 29, 2009, the Company closed the sale of its major oil and gas asset at Davey Lake for cash proceeds of $1,527,479 plus a promissory note for $200,000. The effective date was June 1, 2009 and the sale agreement was subject to normal industry standards for determination of these adjustment amounts.

Ceiling test

The Company performed a ceiling test calculation at December 31, 2010 to assess the recoverable value of oil and gas properties and equipment. The carrying value of the Company's oil and gas properties is limited to the amount calculated under the ceiling test at the balance sheet date. It was determined that there was no impairment of the carrying value and accordingly no write down was required. The future commodity prices used in the impairment test were based on the December 31, 2010 commodity price forecasts of the Company's independent reserve engineers.

7 Property and equipment (continued)

The following table outlines benchmark prices used in the impairment test at December 31, 2010:

Year	Light/Medium Oil ($/bbl)	Gas ($/MMBtu)
2011	82.57	4.29
2012	86.73	4.99
2013	90.09	5.53
2014	93.05	6.13
2015	95.92	6.73
2016	99.08	7.17

Prices increased at a rate of approximately 2% across all products per year after 2016 until the end of the reserve life.

8 Debenture

During February 2010, the Company authorized a Debenture (the "Debenture") issue for up to a maximum amount of $850,000 with the intent to satisfy the Tallinn loan. On February 17, 2010, the Company issued Debentures in an aggregate amount of $840,000. The Debentures mature on December 31, 2011, and bear interest at a rate of 24% per annum payable as 12% in cash and 12% in common shares of the Company at a pre-determined share price of $0.05 per share. Cash interest is payable monthly commencing February 28, 2010, and the common share portion will be issued on request of the Debenture holder, which had not been requested as at December 31, 2010. For the year ended December 31, 2010, interest expense on the debenture of $176,400 was recorded; of this amount $141,064 was included in accrued interest.

The Debentures were issued to an officer and director ($100,000), to a director and companies controlled by the director ($370,000), and to a shareholder of the Company ($370,000).

On February 17, 2010, the Company applied the Debenture proceeds against the Tallinn loan, retiring the full amount payable of $841,880 (principal & deferred fee payable of $824,459; legal fees and interest of $17,421). Pursuant to the loan repayment, Tallinn provided a No-Interest Letter and a Discharge of all their security interests on the Company's assets as at February 22, 2010.

9 Asset retirement obligations ("ARO")

The Company is legally required to restore its properties to their original condition. Estimated future site restoration costs are based upon engineering estimates of the anticipated method and the extent of site restoration required in accordance with current legislation and industry practices in the various jurisdictions in which the Company has properties.

As at December 31, 2010, the Company estimated the total undiscounted amount of cash flows required to settle its ARO to be $1,094,022 (2009 - $479,411), which will be incurred between 2011 and 2045. The Company calculated ARO using a discount rate of 7.5% (2009– 7.5%) and an inflation rate of 2.5% (2009- 2.5%), which resulted in the fair value of the ARO of $817,566 (2009 - $413,440).

	December 31, 2010	December 31, 2009
Balance, beginning of year	**$ 413,440**	$ 1,102,760
Liabilities incurred	**-**	20,237
Liabilities settled	**(6,052)**	-
Revision in cost estimate	**379,168**	-
Dispositions	**-**	(737,952)
Accretion	**31,010**	28,395
Balance, end of year	**$ 817,566**	$ 413,440

10 Future income taxes

a) The significant components of the Company's future tax assets and liabilities are as follows:

	December 31, 2010	December 31, 2009
Oil and gas properties and equipment	**$ 1,012,639**	$ 1,273,856
Non-capital loss carry forward	**560,398**	528,675
Share issuance costs	**4,278**	9,700
ARO	**106,284**	57,882
Valuation allowance	**(1,683,599)**	(1,870,113)
	$ -	$ -

10 Future income taxes (continued)

b) The Company has estimated tax pools totaling $14,324,537 as follows:

	Rate of claim	December 31, 2010
Canadian oil and gas property expense	10%	**$ 9,779,327**
Undepreciated capital cost	various	**201,545**
Share issuance costs	20%	**32,910**
Non-capital losses		**4,310,755**
		$ 14,324,537

11 Share capital

a) Authorized

Unlimited number of voting common shares

b) Issued and outstanding

Years Ended December 31	**2010**		2009	
Common Shares	**Shares (#)**	**Amount**	Shares (#)	Amount
Balance – beginning of year	**21,166,502**	**$ 4,036,076**	7,944,835	$ 3,357,385
Common shares issued (i)	**10,560,000**	**2,055,019**	12,255,000	612,750
Stock options exercised (ii)	**-**	-	966,667	91,743
Common shares cancelled (iii)	**(554,404)**	**(106,439)**	-	-
Share issue costs	**-**	**-**	-	(2,461)
Tax effect of flow-through shares (iv)	**-**	**-**	-	(23,341)
	31,172,098	**$ 5,984,656**	21,166,502	$ 4,036,076

(i) On June 4, 2010 the Company, through its trustee, issued 9,000,000 common shares according to the Final Divided as determined by the Trustee on May 14, 2010, to satisfy a total claim of $1,977,019 made by creditors ($10,364 – secured; $1,966,655 – unsecured). The common shares were distributed on a pro-rata basis resulting in the issuance of approximately 4.55 common shares for each $1.00 owed to creditors. Under the BIA, a levy of $62,500 was payable to the Canada Revenue Agency (the "CRA"), and was satisfied through common shares.

On February 28, 2010, the Company issued 1,560,000 shares to officers and employees of the Company, as a component of their overall compensation as approved by the Board, with a deemed value of $0.05 per share, for a total cost of $78,000. Of these shares, 1,460,000 were issued to directors, and 100,000 to employees or consultants of the Company.

11 Share capital (continued)

In July 2009, the Company completed a private placement for 12,255,000 common shares at a price of $0.05 per share for total cash proceeds of $612,750. The shares were issued on October 30, 2009. Share issue costs aggregated $2,461.

(ii) *Stock options exercised*

On February 12, 2009, directors and officers and certain consultants exercised 566,667 stock options and were issued common shares for cash proceeds of $85,000. An additional $6,743 was reallocated from contributed surplus for the fair value of the stock options exercised.

On February 12, 2009, 400,000 common shares were issued for subscriptions received and paid at December 31, 2008.

(iii) *Common shares cancelled*

As part of the BIA process, a certain party had both receivables and payables to the Company, and pursued the amount owed to it by the Company through the BIA process, receiving shares in the Company as settlement. The counterparty also owed Deep Creek $91,000 which was not offset against the Company's payable as part of the BIA process. To settle the payable to Deep Creek, on September 22, 2010 the counterparty returned 554,404 of the shares it had received through Deep Creek's restructuring process, at the same per share value assigned in the receivership. The shares were cancelled by the Company on September 22, 2010 upon receipt, and have been removed from shareholders' equity at the weighted average carrying value of the Company's share capital at the date of cancellation.

(iv) *Tax effect of flow through- shares*

At December 31, 2009, the Company booked a future income tax recovery of $23,341 (2008- $307,249) with a corresponding debit to share capital as a result of the 2009 filing of the claim for renouncement related to the 2008 flow- through shares.

11 Share capital (continued)

c) Stock options

The Company established a stock option plan (the "Plan") for the benefit of directors, officers, key employees and consultants. The maximum number of shares available under the Plan is limited to 10% of the issued common shares at the time of granting the options. The vesting period and the price are determined at the discretion of the Board of Directors.

The following table summarizes information about the Company's stock options outstanding at December 31, 2010 and 2009:

	2010		2009	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of year	**190,000**	**$ 0.25**	1,097,000	$ 0.17
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	(566,667)	0.15
Cancelled or expired	**(190,000)**	**0.25**	(340,333)	0.25
Balance, end of year	**-**	**$ -**	190,000	$ 0.25

No stock options were granted in 2010 or 2009, and all outstanding options expired unexercised during 2010.

d) Contributed surplus

	2010	2009
Balance, beginning of year	**$ 95,220**	$ 101,963
Stock based compensation	**-**	-
Fair value of stock options exercised	**-**	(6,743)
Balance, end of year	**$ 95,220**	$ 95,220

e) Loss per share

Basic loss per share is calculated based on the weighted average number of shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share. Under this method, it is assumed that proceeds from the exercise of dilutive securities are used by the Company to repurchase Company shares at the average price during the period. Currently, the effect of potential issuance of common shares upon the exercise of options and convertible notes would be anti-dilutive since the Company is in a net loss position and accordingly basic and diluted loss per common share are the same.

12 Related parties

Related party transactions not disclosed elsewhere in these financial statements are as follows:

a) Aggregate management fees of $168,000 (2009 – $97,500) were charged by companies controlled by officers of the Company and recorded in the statement of loss, comprehensive loss and deficit.

b) A company controlled by an officer and director of the Company has a working interest in one of Deep Creek's wells. At December 31, 2010, the Company has an accounts receivable of $2,042 (2009 – $7,879) for the costs of this well.

c) Accounts payable and accrued liabilities owing to directors and officers, or companies controlled by directors and officers, aggregated $71,160 at December 31, 2010 (2009 - $33,751).

d) Accounts payable to Petro Viking related to acquisition costs paid on behalf of the Company include $153,797 as at December 31, 2010.

e) Accounts receivable owing from directors and officers, or companies controlled by directors and officers aggregated $2,562 at December 31, 2010 (2009 - $10,702).

Oil and gas properties disposed of to related parties in the year are disclosed in Note 5. Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties.

13 Financial instruments and risk management

The Company's risk management policies are established by the Board of Directors to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's policy.

a) Fair values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities and interest payable approximate their carrying value due to the short-term maturity of these financial instruments. The Company has classified these as Level 1 financial instruments (Note 4).

The fair value of the bank loan and convertible notes payable approximates their carrying value as they bear interest at a rate that is comparable to current rates offered to the Company for debt with similar terms. The Company has classified these as Level 2 financial instruments (Note 4).

The fair value of the amounts due to related parties is less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty, therefore the Company has classified these as Level 3 financial instruments (Note 4).

13 Financial instruments and risk management (continued)

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its commercial obligations. This arises principally from joint venture partners and natural gas marketers.

Virtually all of the Company's accounts receivable are with companies in the petroleum and natural gas industry within Canada and are subject to normal industry credit risks. The Company generally extends unsecured credit to these companies and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by the size and reputation of the companies to which they extend credit. The Company's maximum credit risk exposure is limited to the carrying value of its accounts receivable.

Joint venture receivables are typically collected within one to three months of the joint venture bill being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure and in certain circumstances may elect to cash call a joint venture partner in advance of the work being performed. However, the receivables are from participants in the oil and gas sector and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalation costs and the risk of unsuccessful drilling.

The Company does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners; however, the Company does have the ability to withhold production from joint venture partners in the event of non-payment. For the year ending December 31, 2010, the Company wrote off bad debts of $20,956 (2009 - $52,794). Accordingly, at December 31, 2010, the Company had no material accounts receivable deemed to be uncollectible and accounts receivable consisted of $95,951 (2009 - $345,796) from joint venture partners and $nil (2009 - $40,803) from petroleum and natural gas marketers.

c) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. The nature of the Company's operations will result in exposure to fluctuations in commodity prices. Management continuously monitors commodity prices and will initiate instruments to manage exposure to these risks when it deems necessary.

13 Financial instruments and risk management (continued)

d) Interest rate risk

The Company is exposed to interest rate risk through its fixed and floating rate borrowings. The floating rate debt is subject to interest rate cash flow risk as the required cash flows to service the debt will fluctuate as a result of changes in market rates. The fixed rate debt is subject to interest rate price risk on its fixed rate borrowings as the value will fluctuate as a result of changes in market rates.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or harm to the Company's reputation.

14 Capital Management

The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, in order to complete the amalgamation. The amalgamation is expected to provide access to capital for development of the Company's properties. Methods employed to adjust the Company's capital structure could include any, all, or a combination of the following activities: repurchase shares pursuant to a normal course issuer bid; issue new shares through a public offering or private placement; or obtain debt financing.

15 Subsequent events

Subsequent events not disclosed elsewhere in these financial statements are as follows:

Extinguishment of interest on debenture

On February 23, 2011 the Company issued 3,444,000 Common shares in lieu of interest to debenture holders with Debenture Agreements representing a total financing of $840,000 ("Debenture") of the Company. The interest terms are 24% per annum to be paid 12% in cash and 12% in shares, however, the subscribers have agreed to settle interest obligations by the issuance of Common Shares of the Company at $0.05 per share. The issuance of Common Shares is full and final settlement for the interest obligations to the holders of the Debenture Agreements.

15 Subsequent events (continued)

A total of 1,517,000 shares have been issued to a director or a company controlled by a director of the Company. A total of 410,000 shares have been issued to a director and officer of the Company.

Shares issued as compensation for services

On February 23, 2011 the Company issued 3,660,000 in shares as compensation for services provided to the Company through 2010 and 2011. Included in the issuance was 1,080,000 shares to a director and officer of the Company in lieu of cash for management services and 1,640,000 to another director and officer in lieu of cash for his management services. An additional 580,000 shares were issued to an officer of the Company in lieu for engineering/operational services, and 360,000 shares to consultants. The shares issued have been assigned a value of $0.05 per share. At December 31, 2010, $64,000 of management fees were accrued and included in accounts payable.

Shares issued

On February 23, 2011, the Company issued 145,200 shares at an assigned value of $0.05 per share to an arms-length shareholder. The shares were issued in compensation for an error in the shareholder's Flow Through renunciation paperwork which resulted in the shareholder being ineligible to claim the related tax credit.

Amalgamation

Effective February 28, 2011 the Company completed the proposed amalgamation in a "Qualifying Transaction" (QT) with Petro Viking Energy Inc. and 1560368 Alberta Ltd. Upon amalgamation with 1560368 Alberta Ltd, Amalco became a wholly owned subsidiary of Petro Viking pursuant to the provisions of the Business Corporations Act (Alberta). Prior to giving effect to customary Post Closing adjustments, Petro Viking Energy Inc. issued 4.76 million common shares to the shareholders of Deep Creek at a deemed price of $0.25 per share, representing an acquisition price of $1.19-million.

Subject to Deep Creek satisfying certain Post Closing adjustments, at the time of issuance Petro Viking was obligated to issue up to an additional 2.04 million common shares at an issue price of $0.25 within 90 business days of closing the transaction. Due to final closing adjustments, the additional share issuance was limited to 553,136 common shares of Petro Viking with a deemed value of $0.25/share for total additional consideration of $138,284. The shares of Petro Viking Energy Inc. resumed trading effective at the opening, Friday, March 11, 2011 under the symbol VIK on the TSX Venture Exchange.

Subsequent to the amalgamation, on March 21, 2011, Amalco changed its name in the Alberta Corporate Register to Petro Viking Management Corp. ("PVMC").

Deep Creek Oil and Gas Inc.

Financial Statements

Nine Months Ended September 30, 2010 and 2009

(expressed in Canadian dollars)

Unaudited

Notice to the Reader

The accompanying unaudited interim financial statements of Deep Creek Oil and Gas Inc. for the three and nine months ended September 30, 2010 have been prepared by management and approved by the Board of Directors of the Company.

Approved on behalf of Deep Creek Oil and Gas Inc.,

"Andre Voskuil"	"Keith Watts"
President and Chief Executive Officer	Vice President and Chief Operating Officer

October 31, 2011

Deep Creek Oil and Gas Inc.

Balance Sheets

	September 30, 2010 (unaudited)	December 31, 2009 (audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 16,906	$ 69,781
Accounts receivable	97,543	386,599
Prepaid expenditures	111,438	141,011
	225,887	597,391
Property and equipment (Note 5)	1,923,857	2,096,540
	2,149,744	2,693,931
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	533,206	2,301,180
Share issuance payable (Note 6)	88,200	-
Debenture (Note 6)	840,000	
Tallinn loan (Note 6)	-	871,310
	1,461,406	3,172,490
Asset retirement obligations (Note 7)	436,697	413,440
Convertible notes payable (Note 8)	-	174,062
	1,898,103	3,759,992
Shareholders' equity (deficit)		
Share capital (Note 9(b))	5,984,656	4,036,076
Contributed surplus	95,220	95,220
Deficit	(5,828,235)	(5,197,357)
	251,641	(1,066,061)
	$ 2,149,744	$ 2,693,931

The accompanying notes are an integral part of these financial statements.

Deep Creek Oil and Gas Inc.

Interim Statement of Income (Loss), Comprehensive Income (Loss) and Deficit
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2010	**2009**	**2010**	**2009**
REVENUE				
Oil and gas revenue	**$ 126,614**	$ 294,942	**$ 489,329**	$ 1,003,445
Royalty expense	**21,136**	30,030	**73,569**	130,002
Interest income	**-**	45	**-**	4,861
	105,478	264,957	**415,760**	878,304
EXPENSES				
Production	**70,481**	120,986	**215,607**	500,709
Transportation	**36,122**	25,594	**45,771**	80,758
Bad debt expense	**-**	33,584	**5,364**	52,794
General and administrative	**131,072**	95,136	**426,402**	360,283
Interest	**112,764**	33,046	**206,433**	125,193
Cost recoveries on re-structure	**-**	(320,702)	**-**	(320,702)
Gain on settlement of accounts payable	**46,128**	-	**(78,806)**	-
Depletion, depreciation and accretion	**61,275**	62,954	**225,867**	413,319
	457,842	50,598	**1,046,638**	1,212,354
Net income (loss) before income tax provision	**(352,364)**	214,359	**(630,878)**	(344,050)
Future income tax recovery	**-**	-	**-**	23,341
Net income (loss) and comprehensive income (loss)	**(352,364)**	214,359	**(630,878)**	(310,709)
Deficit, beginning of period	**(5,475,871)**	(4,743,656)	**(5,197,357)**	(4,218,588)
Deficit, end of period	**(5,828,235)**	(4,529,297)	**(5,828,235)**	(4,529,297)
Basic and fully diluted loss per share	**$ (0.02)**	$ 0.02	**$ (0.01)**	$ (0.03)
Weighted average shares outstanding during the period	**31,678,293**	9,504,835	**28,142,344**	9,259,121

Deep Creek Oil and Gas Inc.

Statement of Cash Flows
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2010	2009	**2010**	2009
Cash flows provided by (used in) operating activities				
Net income (loss) for the period	**$ (352,364)**	$ 214,359	**$ (630,878)**	**$ (310,709)**
Items not affecting cash:				
Depletion, depreciation and accretion	**61,275**	62,954	**225,867**	413,319
Shares issued for compensation	**-**	-	**78,000**	-
Shares issued for re-structuring	**-**	-	**1,802,957**	-
Shares cancelled in lieu of trade payable receipt	**(106,439)**	-	**(106,439)**	-
Future income tax recovery	**-**	-	**-**	(23,341)
Changes in non-cash working capital	**392,877**	(710,763)	(1,361,135)	(515,033)
	(4,651)	(433,450)	**8,372**	(435,764)
Cash flows provided by (used in) investing activities				
Investment in property and equipment	**(6,726)**	(220,774)	**(29,937)**	(220,774)
Proceeds on disposal of property and equipment	**-**	140,511	**-**	620,262
	(6,726)	(80,263)	**(29,937)**	399,488
Cash flows provided by (used in) financing activities				
Issuance of common shares, net of share issue costs	**-**	610,289	**-**	610,289
Exercise of stock options	**-**	-	**-**	85,000
Proceeds from convertible notes payable	**-**	11,536	**-**	11,536
Repayment of bank loan	**-**	-	**-**	(950,000)
Proceeds (re-payment) of Tallinn loan	**-**	(124,105)	**(871,310)**	698,052
Proceeds on debenture issuances	**-**	-	**840,000**	-
	-	497,720	**(31,310)**	454,877
Change in cash and cash equivalents	**(11,377)**	(15,993)	**(52,875)**	418,601
Cash and cash equivalents, beginning of period	**28,283**	12,084	**69,781**	(422,510)
Cash and cash equivalents, end of period	**16,906**	(3,909)	**16,906**	(3,909)
Supplemental cash flow information				
Cash interest paid	**$ -**	**$ 33,046**	**$ (81,440)**	**$ (105,506)**

1 Nature of operations

Deep Creek Oil and Gas Inc. (the "Company" or "Deep Creek") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on November 29, 2006 and is engaged in the exploration, development and production of petroleum and natural gas in Canada.

2 Going concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

At September 30, 2010, the Company had not yet achieved profitable operations, had accumulated a deficit of $5,828,235 since its inception (December 31, 2009 - $5,197,357) and had a working capital deficiency of $1,235,519 (December 31, 2009 – working capital deficiency of $2,575,099), and expects to incur further losses in the development of its business, all of which cast significant doubt as to whether the Company is a going concern.

The Company was granted Creditor Protection under the Bankruptcy and Insolvency Act ("BIA") on March 19, 2009, and on July 23, 2009 the Company's creditors approved the Restructuring Proposal. The result of the restructuring provided the Company with sufficient working capital and cash flow from operations to sustain limited operations, thus alleviating the imminent going concern issues (note 4).

The ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing, or generating profitable operations in the future. Additional equity financing is subject to the global financial markets and economic conditions, which have recently been disrupted and are volatile, and the debt and equity markets, which have been distressed, particularly for junior petroleum and natural gas companies. These factors, together with weak natural gas prices and the current unstable economic conditions, have caused, and will likely continue to cause significant doubt as to whether the Company is a going concern. Any adjustments necessary to the financial statements if the Company ceases to be a going concern could be material.

3 Significant accounting policies

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). These interim financial statements should be read in conjunction with the financial statements and accompanying notes disclosed in the Company's audited financial statements for the year ended December 31, 2009. The interim financial statements have been prepared using the same accounting policies and methods of computation as the Company's annual financial statements for the year ended December 31, 2009. They do not include all of the disclosures required by Canadian GAAP.

The results of operations for the nine months ended September 30, 2010 are not necessarily indicative of those to be expected for the entire year ending December 31, 2010.

4 Insolvency and restructuring

On June 23, 2010, the Company emerged from creditor protection upon the completion and fulfillment of the Restructuring Proposal ("Restructuring") approved by the Company's creditors on July 23, 2009.

Pursuant to the terms of the Restructuring, on June 4, 2010, 9,000,000 common shares of the Company were issued according to the Final Dividend as determined by the Trustee filed May 14, 2010 (Note 9b). Of the shares issued, 284,520 shares were issued to the Canada Revenue Agency to satisfy the levy and 8,715,480 shares were issued to Creditors (secured – 45,686 shares; unsecured – 8,669,794 shares). The Trustee applied for and was granted final discharge on June 23, 2010 to complete, and the Company emerged from creditor protection.

The result of the Restructuring provided the Company with sufficient working capital and cash flow from operations to sustain and continue limited operations.

5 Property and equipment

September 30, 2010	**Cost**	**Accumulated depletion & depreciation**	**September 30, 2010 Net book value**
Oil and gas properties	**$ 6,722,403**	**$ (4,798,546)**	**$ 1,923,857**
Other	**7,664**	**(7,664)**	**-**
	$ 6,730,067	**$ (4,806,210)**	**$ 1,923,857**

December 31, 2009	Cost	Accumulated depletion & depreciation	December 31, 2009 Net book value
Oil and gas properties	$ 6,692,475	$ 4,600,258	$ 2,092,217
Other	7,663	3,340	4,323
	$ 6,700,138	$ 4,603,598	$ 2,096,540

At September 30, 2010, oil and gas properties and equipment included $19,385 (December 31, 2009 - $19,385) relating to undeveloped properties, which have been excluded from the depletion and depreciation calculation. Future development costs on proved undeveloped reserves of $nil (December 31, 2009 - $nil) are included in asset base subject to depletion and depreciation.

6 Debenture

During February 2010, the Company authorized a Debenture (the “Debenture”) issue for up to a maximum amount of $850,000 with the intent to satisfy the Tallinn loan. On February 17, 2010, the Company issued Debentures in an aggregate amount of $840,000. The Debentures mature on December 31, 2011, and bear interest at a rate of 24% per annum payable as 12% in cash and 12% in common shares of the Company at a pre-determined share price of $0.05 per share. Cash interest is payable monthly commencing February 28, 2010, and the common share portion will be issued on request of the Debenture holder, which had not been requested as at September 30, 2010. During the nine months ended September 30, 2010, interest expense on the debenture of $112,642 was recorded; of this amount $61,768 was accrued as a share issuance payable.

The Debentures were issued to an officer and director ($100,000), to a director and companies controlled by the director ($370,000), and to a shareholder of the Company ($370,000).

On February 17, 2010, the Company applied the Debenture proceeds against the Tallinn loan, retiring the full amount payable of $841,880 (principal & deferred fee payable of $824,459; legal fees and interest of $17,421). Pursuant to the loan repayment, Tallinn provided a No-Interest Letter and a Discharge of all their security interests on the Company’s assets as at February 22, 2010.

7 Asset retirement obligations ("ARO")

The Company is legally required to restore its properties to their original condition. Estimated future site restoration costs are based upon engineering estimates of the anticipated method and the extent of site restoration required in accordance with current legislation and industry practices in the various jurisdictions in which the Company has properties.

As at September 30, 2010, the Company estimated the total undiscounted amount of cash flows required to settle its ARO to be $479,411 (December 31, 2009 - $479,411), which will be incurred between 2010 and 2025. The Company calculated ARO using a discount rate of 7.5% (December 31, 2009 – 7.5%) and an inflation rate of 2.5% (December 31, 2009 – 2.5%), which resulted in the fair value of the ARO of $436,697 (December 31, 2009 - $413,440).

	September 30, 2010	December 31,2009
Balance, beginning of period	**$ 413,440**	$ 1,102,760
Liabilities incurred	**-**	20,237
Accretion	**23,257**	28,395
Disposition	**-**	(737,952)
Balance, end of period	**$ 436,697**	$ 413,440

8 Convertible notes payable

On October 1, 2007, the Company issued 2 year unsecured convertible notes with an aggregate principal amount of $475,000. The notes were convertible into common shares of the Company at any time up to the maturity date. The conversion price was established at $1.75 per common share until September 30, 2008 and $2.50 per common share until September 30, 2009. The convertible notes bear an interest rate of 12.5% per annum.

During the year ended December 31, 2008, $315,000 notes and $1,250 of interest were converted into $395,312 common shares of the Company at a conversion price of $0.80. The Company lowered the conversion price for the entire subscription as incentive for note holders to convert.

Pursuant to the Company's Restructuring program, the remaining individual note holders agreed with the Trustee for a total claim of principal and interest of $174,062. Per terms of the final proposal, the note holders received common shares of the Company to satisfy their claim (Note 4).

9 Share capital

a) Authorized

Unlimited number of voting common shares.

b) Issued

	Nine months ended September 30, 2010		Year ended December 31, 2009	
Common Shares	**Shares (#)**	**Amount**	Shares (#)	Amount
Balance – beginning of year	**21,166,502**	**$ 4,036,076**	7,944,835	$ 3,357,385
Common shares issued	**-**	**-**	12,255,000	612,750
Common shares issued (i)	**9,000,000**	**1,977,019**	**-**	**-**
Common shares issued (ii)	**1,560,000**	**78,000**	**-**	**-**
Stock options exercised	**-**	**-**	966,667	91,743
Common shares cancelled (iii)	**(554,404)**	**(106,439)**	**-**	**-**
Share issue costs	**-**	-	-	(2,461)
Tax effect of flow-through shares	**-**	-	-	(23,341)
	31,726,502	**$ 5,984,656**	21,166,502	$ 4,036,076

(i) On June 4, 2010 the Company, through its trustee, issued 9,000,000 common shares according to the Final Divided as determined by the Trustee on May 14, 2010, to satisfy a total claim of $1,977,019 made by creditors ($10,364 – secured; $1,966,655 – unsecured). The common shares were distributed on a pro-rata basis resulting in the issuance of approximately 4.55 common shares for each $1.00 owed to creditors. Under the BIA, a levy of $62,500 was payable to the Canada Revenue Agency (the “CRA”), and was satisfied through common shares.

(ii) On February 28, 2010, the Company issued 1,560,000 shares to officers and employees of the Corporation, as a component of their overall compensation as approved by the Board, with a deemed value of $0.05 per share, for a total cost of $78,000. Of these shares, 1,460,000 were issued to directors, and 100,000 to employees or consultants of the Company

9 Share capital (continued)

(iii) Common shares cancelled

As part of the BIA process, a certain party had both receivables and payables to the Company, and pursued the amount owed to it by the Company through the BIA process, receiving shares in the Company as settlement. The counterparty also owed Deep Creek $91,000 which was not offset against the Company's payable as part of the BIA process. To settle the payable to Deep Creek, on September 22, 2010 the counterparty returned 554,404 of the shares it had received through Deep Creek's restructuring process, at the same per share value assigned in the receivership. The shares were cancelled by the Company on September 22, 2010 upon receipt, and have been removed from shareholders' equity at the weighted average carrying value of the Company's share capital at the date of cancellation.

c) Stock options

The Company established a stock option plan (the "Plan") for the benefit of directors, officers, key employees and consultants. The maximum number of shares available under the Plan is limited to 10% of the issued common shares at the time of granting the options. The vesting period and the price are determined at the discretion of the Board of Directors.

The following table summarizes information about the Company's stock options outstanding at September 30, 2010 and December 31, 2009:

	September 30, 2010			December 31, 2009		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Balance, beginning of period	**190,000**	**$**	**0.25**	1,097,000	$	0.17
Exercised	**-**		**-**	(566,667)		0.15
Cancelled or expired	**-**		**-**	(340,333)		0.25
Balance, end of period	**190,000**	**$**	**0.25**	190,000	$	0.25

The following table summarizes information about the Company's stock options outstanding at September 30, 2010:

Range of exercise prices		**Number of options outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	
$	0.25	190,000	0.25	$	0.25

9 Share capital (continued)

d) Per share data

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the nine month period ended September 30, 2010 of 28,142,344 (September 30, 2009 – 9,259,121). The treasury stock method is used for the calculation of diluted loss per share. Under this method, it is assumed that proceeds from the exercise of dilutive securities are used by the Company to repurchase Company shares at the average price during the period. During the period, the Company did not have any dilutive securities outstanding. The outstanding stock options and convertible notes were not dilutive.

10 Capital management

The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. Methods employed to adjust the Company's capital structure could include any, all, or a combination of the following activities: repurchase shares pursuant to a normal course issuer bid; issue new shares through a public offering or private placement; or obtain debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate equity to provide for the possibility that cash flows from assets will not be sufficient to meet current and future obligations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable profitable growth.

In the first quarter of 2009 the Company entered into BIA and creditor protection, addressing its capital shortfalls and other matters. The result of the restructuring and management of its debt provided the Company with sufficient working capital and cash flow from operations to sustain limited operations, thus enabling the Company to re-establish itself as a going concern.

During the nine months ended September 30, 2010, the Company finalized the settlement of payables which had been under negotiation with one of its joint venture partners, resulting in a reduction in accounts payable of $78,806 which has been recorded as a gain on settlement.

11 Related parties

Related party transactions not disclosed elsewhere in these financial statements are as follows:

a) Aggregate management fees of $126,000 (September 30, 2009 - $73,125) were charged by officers of the Company and were expensed as general and administrative expenses.

b) 1,460,000 shares were issued to officers and directors of the Company for compensation totaling $73,000 ($0.05 per share) (September 30, 2009 – nil). The value of the shares issued was expensed as general and administrative expenses.

c) A company controlled by an officer and director of the Company has a working interest in one of the Company's wells. At September 30, 2010, the Company has an accounts receivable of $1,874 (December 31, 2009 - $7,879) for the costs of this well.

d) Included in accounts payable at September 30, 2010 was $54,572 (December 31, 2009 - $33,751) owing to related parties of the Company.

e) Included in accounts receivable at September 30, 2010 was $2,041 (December 31, 2009 - $10,702) owing from related parties of the Company.

f) Included in share issuance payable at September 30, 2010 was $34,590 (December 31, 2009 - $nil) owing to related parties of the Company for debenture interest.

Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties.

12 Commitments and contingencies

At September 30, 2010 the Company was in dispute regarding the amount owing related to capital costs invoiced to the Company by the operator of one of its joint venture properties. The Company has recorded the full amount of the payable as invoiced of $99,309 in accounts payable, however the final negotiated amount owing may be less than this amount.

13 Subsequent events

Subsequent events not disclosed elsewhere in these financial statements are as follows:

Extinguishment of interest on debenture

On February 23, 2011 the Company issued 3,444,000 Common shares in lieu of interest to debenture holders with Debenture Agreements representing a total financing of $840,000 ("Debenture") of the Company. The interest terms are 24% per annum to be paid 12% in cash and 12% in shares, however, the subscribers have agreed to settle interest obligations by the issuance of Common Shares of the Company at $0.05 per share. The issuance of Common Shares is full and final settlement for the interest obligations to the holders of the Debenture Agreements.

A total of 1,517,000 shares have been issued to a director or a company controlled by a director of the Company. A total of 410,000 shares have been issued to a director and officer of the Company.

Shares issued as compensation for services

On February 23, 2011 the Company issued 3,660,000 in shares as compensation for services provided to the Company through 2010 and 2011. Included in the issuance was 1,080,000 shares to a director and officer of the Company in lieu of cash for management services and 1,640,000 to another director and officer in lieu of cash for his management services. An additional 580,000 shares were issued to an officer of the Company in lieu for engineering/operational services, and 360,000 shares to consultants. The shares issued have been assigned a value of $0.05 per share.

Shares issued

On February 23, 2011, the Company issued 145,200 shares at an assigned value of $0.05 per share to an arms-length shareholder. The shares were issued in compensation for an error in the shareholder's Flow Through renunciation paperwork which resulted in the shareholder being ineligible to claim the related tax credit.

13 Subsequent events (continued)

Amalgamation

Effective February 28, 2011 the Company completed the proposed amalgamation in a "Qualifying Transaction" (QT) with Petro Viking Energy Inc. and 1560368 Alberta Ltd. Upon amalgamation with 1560368 Alberta Ltd, Amalco became a wholly owned subsidiary of Petro Viking pursuant to the provisions of the Business Corporations Act (Alberta). Prior to giving effect to customary Post Closing adjustments, Petro Viking Energy Inc. issued 4.76 million common shares to the shareholders of Deep Creek at a deemed price of $0.25 per share, representing an acquisition price of $1.19-million. On June 27, 2011, Petro Viking's Board resolved that an additional 553,136 Petro Viking common shares will be issued to the shareholders of Deep Creek, as a result of Deep Creek satisfying post-closing adjustments relating to working capital and production at February 28, 2011. These shares have not been issued as at October 31, 2011. The shares of Petro Viking Energy Inc. resumed trading effective at the opening, Friday, March 11, 2011 under the symbol VIK on the TSX Venture Exchange.

Subsequent to the amalgamation, on March 21, 2011, Amalco changed its name in the Alberta Corporate Register to Petro Viking Management Corp. ("PVMC").

Petro Viking Energy Inc.

(A Capital Pool Company)

Pro Forma Financial Statements

(Unaudited)

December 31, 2010

Petro Viking Energy Inc.
(A Capital Pool Corporation)
(Unaudited)

Pro-Forma Balance Sheet

As at December 31, 2010

	Petro Viking Energy Inc.	Deep Creek Oil and Gas Inc.	Note 2	Pro-forma adjustments	Pro-forma
	$	$		$	$
Assets					
Current					
Cash	999,248	(6,331)	b,c,	2,766,573	3,759,490
Short-term investments	56,051	-		-	56,051
Accounts receivable	11,376	103,922		-	115,298
Prepaid expenditures	148,570	114,810		-	263,380
	1,215,245	212,401		2,766,573	4,194,219
Property and equipment	-	2,199,771	a	-	2,199,771
	1,215,245	2,412,172		2,766,573	6,393,990
Liabilities					
Current					
Accounts payable and accrued liabilities	115,322	397,215		-	512,537
Accrued interest on debenture payable	-	141,064	c	(141,064)	-
Shareholder loan	-	29,699		-	29,699
Debentures, issued by Deep Creek	-	840,000	c	(840,000)	-
	115,322	1,407,978		(981,064)	542,236
Debentures, issued by Petro Viking	-	-	c	640,000	640,000
Asset retirement obligation	-	817,566		-	817,566
	115,322	2,225,544		(341,064)	1,999,802
Shareholders' Equity					
Share capital	1,198,963	5,984,656	a,b,d	(3,972,411)	3,211,208
Warrants	-	-		1,201,060	1,201,060
Contributed surplus	169,000	95,220	a,b,d	(14,260)	249,960
Deficit	(268,040)	(5,893,248)	a,b,d	5,893,248	(268,040)
	1,099,923	186,628		3,107,637	4,394,188
	1,215,245	2,412,172		2,766,573	6,393,990

Petro Viking Energy Inc.
(A Capital Pool Corporation)
(Unaudited)

Pro-Forma Statement of Loss, Comprehensive Loss and Deficit

For the year ended December 31, 2010

	Petro Viking Energy Inc.	Deep Creek Oil and Gas Inc.	Note 2	Pro-forma adjustments	Pro-forma
	$	$		$	$
Revenue					
Oil and gas revenue	-	657,407		-	657,407
Royalty expense	-	(81,832)		-	(81,832)
		575,575			575,575
Expenses					
Production		318,753		-	318,753
Transportation		47,789		-	47,789
General and administrative	152,648	500,965	e	-	653,613
Depletion, depreciation and accretion		288,114		-	288,114
Stock based compensation	123,000			-	123,000
Financing cost (net)	(7,608)	194,651		-	187,043
Gain on settlement of accounts payable		(78,806)		-	(78,806)
	268,040	1,271,466		-	1,539,506
Net loss before income tax	(268,040)	(695,891)		-	(963,931)
Future income tax recovery / expense	-	-		-	-
Net loss and comprehensive loss	(268,040)	(695,891)		-	(963,931)
Deficit, beginning of year	-	(5,197,357)		-	(5,197,357)
Deficit, end of year	(268,040)	(5,893,248)		-	(6,161,288)

1. Basis of presentation

The unaudited pro forma Balance Sheet and Statement of Loss, Comprehensive Loss and Deficit of Petro Viking Energy Inc. ("Petro Viking or the Company") as at, and for the year ended December 31, 2010 (the "Pro forma Statements") has been prepared by management in accordance with Canadian generally accepted accounting principles to reflect the acquisition of Deep Creek Oil and Gas Inc. ("Deep Creek"). The pro forma statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future.

Accounting policies used in the preparation of the pro forma statements are in accordance with those disclosed in the Company's audited financial statements as at and for the period from incorporation on January 13, 2010 to December 31, 2010 and Deep Creek's audited financial statements as at and for the year ended December 31, 2010.

The pro forma statements have been prepared from information derived from and should be read in conjunction with the following:

- The Company's audited financial statements as at and for the period from incorporation on January 13, 2010 to December 31, 2010;
- Deep Creek's audited financial statements as at and for the year ended December 31, 2010.

In the opinion of management, the pro forma statements include all the necessary adjustments for a fair presentation of the ongoing entity in accordance with Canadian generally accepted accounting principles.

2. Pro-forma assumptions

The unaudited pro-forma balance sheet incorporates the following pro-forma assumptions:

a) Deep Creek and 1560368 Alberta Ltd., a wholly owned subsidiary of the Company, will amalgamate pursuant to the provisions of the Business Corporations Act (Alberta) and form a new Company under the name "Petro Viking Management Corp. Inc.". The Company intends that the transaction will constitute its Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange. All outstanding shares of Deep Creek will be exchanged for Petro Viking shares on a basis that will result in the issuance of 5,313,136 Petro Viking shares to Deep Creek shareholders at a deemed issue price of $0.25 per Petro Viking share. After giving effect to the transaction there will be 14,803,136 common shares issued and outstanding.

   The Transaction is non-arm's length and as such is a related party transaction due to the presence of common directors on both the Company and Deep Creek. The board of directors of the Company will continue as the board of directors of the continuing entity. As such, the Company is deemed to be the acquirer of the Deep Creek and accordingly, will account for the acquisition using the purchase method of accounting. Due to the transaction being related party, the fair value of the net assets acquired will be used in the purchase equation as opposed to the fair value of the consideration given up.

2. Pro-forma assumptions (continued)

a) The purchase price allocation relating to the acquisition has been accounted for as a business combination as follows:

Net assets acquired:		
Property and equipment	$	2,199,771
Current assets		218,732
Bank overdraft, Accounts payable and accrued liabilities		(574,309)
Debenture		(840,000)
Asset retirement obligations		(817,566)
	$	186,628
Consideration:		
Common shares (5,313,136 common shares)	$	186,628

Total costs of the transaction have been included within the costs of the concurring private placement, see note 2b).

b) Concurrent to the transaction, the Company will complete a brokered private placement for gross proceeds of $3,450,000 through the issuance of 11,500,000 Units at a purchase price of $0.30 per unit. Each Unit will be comprised of one Common Share of the Company and one Common Share Purchase Warrant.

The Company's share purchase warrants ("warrants") are classified as equity. Incremental costs directly attributable to the issue of new warrants are shown in equity as a deduction, net of tax, from the proceeds. The warrants are initially measure using the Black-Scholes model, which is based on significant assumptions such as volatility, dividend yield and expected term.

Each Warrant will entitle the holder to purchase one additional share at a purchase price of $0.50 per share for a period of 24 months following the closing, subject to an accelerated expiry date. If, on any 20 consecutive trading days occurring after four months and one day has elapsed following the closing date, the closing sales price of the Common Shares (or the closing bid, if no sales were reported on a trading day) as quoted on the Exchange is greater than $0.60 per Common Share, the Company may provide notice in writing to the holders of the Warrants by issuance of a press release that the expiry date of the Warrants will be accelerated to the 30th day after the date on which the Company issues such press release. The fair value of the warrants at December 31, 2010, as calculated using the Black Scholes pricing model is $1,161,500. The calculation is based on the following significant assumptions:

Weighted average fair value per warrant	$0.04
Risk-free interest rate	1.88%
Expected volatility	55%
Dividend yield	0%
Expected life of each option granted	2 years

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2. Pro-forma assumptions (continued)

In connection with the brokered private placement described above, the Company will pay Wolverton Securities Ltd. (the "Agent") a cash commission equal to 8% of the gross proceeds, amounting to $276,000, and 8% in Agent's options entitling the Agent to acquire 920,000 Units at a price of $0.30 per Unit until two years after the QT date. Each Unit is comprised of one Share and one Warrant. Each Warrant entitles the Agent to purchase one additional Share at a purchase price of $0.50 per share for a period of 24 months following the closing. The estimated fair value of $120,520 ($80,960 for the options and $39,560 for the warrants) as calculated using the Black-Scholes pricing model is charged to share issuance costs with a related credit to contributed surplus. The calculation is based on the following significant assumptions:

Weighted average fair value per option	$0.09
Risk-free interest rate	1.88%
Expected volatility	55%
Dividend yield	0%
Expected life of each option granted	2 years

In addition, the Company will pay the Agent a corporate finance fee and related costs amounting to $66,363.

c) On closing of the transaction, the Company will pay down $200,000 of the non-convertible debenture owing by Deep Creek, and issue Petro Viking debentures. $141,064 of interest accrued on these debentures will also be paid. The terms of the debenture have been modified to reduce the interest rate to 8%, with interest payable only in cash, the term of the debenture being two years from closing of the transaction and the full amount repayable at any point in time without penalty.

d) All of the outstanding options of Deep Creek will be cancelled as part of the transaction.

e) Certain figures of Petro Viking's and Deep Creek have been reclassified to enable consistent presentation of the pro-forma financial statements.

3. Share capital

Share capital as at December 31, 2010 in the pro-forma balance sheet is comprised of the following:

Issued and outstanding common shares:	Number	Amount **$**	Contributed surplus **$**
Capital stock as set out in the financial statements of the Company dated December 31, 2010	9,490,000	1,198,963	169,000
Shares issued for purchase (Note 2a)	5,313,136	186,628	-
Private placement of Units(Note 2b)	11,500,000	2,288,500	-
Share issue costs (Note 2b)	-	(462,883)	-
Share-based compensation related to options granted to agent			80,960
Pro-forma balance	26,303,136	3,211,208	249,960

4. Warrants

Warrants as at December 31, 2010 in the pro-forma balance sheet is comprised of the following:

	Number	Amount **$**
Warrants as set out in the financial statements of the Company dated December 31, 2010	-	-
Private placement of Units(Note 2b)	11,500,000	1,201,060
Pro-forma balance	11,500,000	1,201,060