PetroViking ENERGY INC.

Management's Discussion and Analysis

For the Three Months Ended March 31, 2012 and 2011

The following Management's Discussion and Analysis ("MD&A"), dated May 24, 2012, reviews Petro Viking Energy Inc.'s ("Petro Viking" or the "Company") activities and results of operations for the three months ended March 31, 2012 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2012, MD&A for the three and twelve months ended December 31, 2011, and the audited consolidated financial statements for the year ended December 31, 2011.

DESCRIPTION OF THE COMPANY

Petro Viking is a Calgary, Alberta based petroleum and natural gas exploration, production and development company, with operations in western Canada. On February 28, 2011, the Company completed its "Qualifying Transaction" pursuant to which Deep Creek Oil & Gas Inc. ("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").

The unaudited interim condensed consolidated financial statements referred to above, include the accounts of the Company and its wholly owned subsidiary, Petro Viking Management Corp. ("PVMC", formerly Deep Creek Oil & Gas Inc.), after the elimination of intercompany transactions and balances.

BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements referred to above, including comparatives, and the financial data presented in this MD&A are in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conforming to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

NON-IFRS MEASURES

This report contains financial terms that are not considered measures under IFRS, such as barrels of oil equivalent ("boe"), funds flow from operations, and operating netback. These measures are commonly utilized in the oil and gas industry and are considered informative for management and stakeholders.

Boe Presentation - In conformity with National Instrument 51-101, Standards for Disclosure of Oil and Gas Activities ("NI 51-101"), natural gas volumes have been converted to boe, using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that the term "boe" may be misleading, particularly if used in isolation.

Funds flow from operations reflects cash generated from operating activities before changes in non-cash working capital. Management considers funds flow from operations important as it helps evaluate performance and demonstrate the ability to generate sufficient cash to fund future growth opportunities and repay debt.

Profitability relative to commodity prices per unit of production is demonstrated by an operating netback. Operating netback reflects revenues less royalties, transportation costs, and production expenses divided by production for the period.

Funds flow from operations and operating netbacks may not be comparable to those reported by other companies nor should they be viewed as an alternative to cash flow from operations or other measures of financial performance calculated in accordance with IFRS.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements relating to future events. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "believe", or similar expressions. Such statements represent Petro Viking's internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital expenditures, anticipated future debt, revenues or other expectations, beliefs, plans, objectives, intentions or statements about future events or performance. These statements represent management's best projections, expectations, and estimates as of the date of this document, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A, which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such risks and uncertainties would include, without limitation, risks associated with the oil & natural gas exploration and development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, increased competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada and the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, changes in federal and provincial tax laws and legislation (including the adoption of new royalty regimes), the lack of availability of qualified personnel, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Examples of forward-looking information in this document include, but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions which may prove to be incorrect.

- Petro Viking's planned capital program is subject to realized commodity prices and funds from operations generated as well as results from drilling operations.
- Petro Viking's plans to drill, complete and tie-in wells is subject to the availability of drilling and related equipment, the effects of inclement weather, unexpected cost increases, the availability of skilled and productive labour, and unexpected changes in regulations. The drilling of some wells may also be predicated on the success of other wells.
- The expectation is that the Company can fund ongoing operations and capital programs with funds from operations. Absolute assurance cannot be given that the funds considered necessary to operate will be available.

This forward-looking information represents our views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information, except as required by applicable securities laws.

This MD&A was reviewed and approved by the Company's Audit Committee and Board of Directors on May 24, 2012.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following MD&A is a review of Petro Viking's financial and operating performance for the three months ended March 31, 2012 with comparative analysis for the three months ended December 31, 2011 and the three months ended March 31, 2011. The Company did not have any operations from January 1, 2011 to February 28, 2011. Operations commenced with the Deep Creek acquisition on February 28, 2011 and other acquisitions as described in the Acquisitions and Dispositions section below. **The most relevant comparison to the three months ended March 31, 2012 is the three months ended December 31, 2011.**

	Three Months Ended Mar 31 2012	Three Months Ended Dec 31 2011	% Change	Three Months Ended Mar 31 2011	% Change
FINANCIAL ($ except per share amounts)					
Petroleum and natural gas sales	430,052	460,169	(7)	39,673	984
Cash flow - operating activities	(319,040)	(296,249)	(8)	(3,685)	(86)
Funds flow from operations	(319,100)	(82,687)	(286)	(152,740)	(109)
per share (basic)	(0.01)	(0.00)	100	(0.01)	-
per share (diluted)	(0.01)	(0.00)	100	(0.01)	-
Net loss	(405,015)	(4,384,192)	91	(356,569)	(14)
per share (basic)	(0.01)	(0.15)	93	(0.02)	50
per share (diluted)	(0.01)	(0.15)	93	(0.02)	50
General & administrative	335,644	146,324	129	150,260	123
Exploration & evaluation expenditures	93,750	-	n/a	-	n/a
Net capital expenditures	56,838	1,497,212	(96)	39,654	43
Acquisition of assets	-	435,750	(100)	2,115,065	(100)
Total Assets	4,672,297	5,976,370	(22)	6,154,264	(24)
OPERATING					
Production					
Oil and NGL (bbl/d)	51	51	-	8	538
Natural Gas (mcf/d)	260	319	(18)	142	83
Total (boe/d)	94	104	(10)	32	194
Average commodity prices					
Oil & NGL ($/bbl)	80.93	79.69	2	89.02	(9)
Natural gas ($/mcf)	2.10	2.86	(27)	3.94	(47)
Total ($/boe)	49.55	47.90	3	40.40	23
Netback ($/boe)					
Petroleum and natural gas sales	49.55	47.90	3	40.40	23
Royalties	(9.11)	(7.11)	28	(7.21)	26
Operating expenses	(35.79)	(33.91)	6	(37.28)	(4)
Operating netback	4.65	6.88	(32)	-	100

ACQUISITIONS AND DISPOSITIONS

There were no acquisitions or dispositions during the three months ended March 31, 2012. The Company's acquisitions and disposition during 2011 consisted of the following transactions:

Deep Creek Acquisition: On February 28, 2011, the Company acquired Deep Creek, which was a privately held company that operated as an oil and gas exploration and development company with various working interests in producing properties in central Alberta and west central Saskatchewan. On March 21, 2011, Deep Creek changed its name to Petro Viking Management Corp. ("PVMC").

Alberta Acquisition: On June 30, 2011, the Company purchased a portfolio of petroleum and natural gas assets located in Alberta. The assets were acquired for their current production of approximately 50 barrels of oil equivalent per day and future development potential.

Plato Acquisition: On December 8, 2011, the Company purchased the remaining 70% working interest in certain lands. After giving effect to the acquisition the Company owns a 100% working interest in two sections of land targeting Viking Oil.

Brazeau Disposition: On November 1, 2011, the Company disposed of its assets in the Brazeau area. These assets were not producing properties.

PROPOSED TRANSACTIONS

On March 19, 2012, the Company entered into a Letter of Intent ("LOI") with Grisham Assets Corp. ("Grisham") to acquire 100% of the issued and outstanding shares in the capital of Grisham. See discussion below under SUBSEQUENT EVENTS UPDATE.

RESULTS OF OPERATIONS

Petro Viking did not have any operations from January 1, 2011 to February 28, 2011. Operations commenced with the Deep Creek acquisition on February 28, 2011 and other acquisitions as described in the preceding paragraphs. **The most relevant comparison to the three months ended March 31, 2012 is the three months ended December 31, 2011.**

Production

	Three Months Ended March 31, 2012	Three Months Ended December 31, 2011	Three Months Ended March 31, 2011
Oil and NGL (bbl/d)	51	51	8
Natural gas (mcf/d)	260	319	142
Total (boe/d)	**94**	**104**	**32**

For the three month period ended March 31, 2012 oil and NGL production was 51 bbl/d compared to 51 bbl/d reported for the prior quarter ended December 31, 2011. There was no change in production from the prior quarter.

For the three month period ended March 31, 2012 natural gas production averaged 260 mcf/d compared to 319 mcf/d reported for the prior quarter ended December 31, 2011.

For the three month period ended March 31, 2012, the total average production was 94 boe/d compared to 104 boe/d for the prior quarter ended December 31, 2011.

The Alberta acquisition in June 2011 and the Plato acquisition in December 2011 have contributed to the increase in production volumes, over the corresponding three month period ended March 31, 2011.

All the petroleum and natural gas production of Deep Creek was acquired with an effective date of February 28, 2011, therefore the production for the three months ended March 31, 2011, represents one month of sales volumes from February 28, 2011 to March 31, 2011.

Revenue and Royalties

	Three Months Ended March 31, 2012 $	Three Months Ended December 31, 2011 $	Three Months Ended March 31, 2011 $
Petroleum and natural gas sales	430,052	460,169	39,673
Less: royalties	(79,112)	(68,315)	(7,084)
Net petroleum and natural gas sales	**350,940**	**391,854**	**32,589**
Prices received:			
Oil and NGL (per bbl)	80.93	79.69	89.02
Natural gas (per mcf)	2.10	2.86	3.94
Royalties as a percentage of sales	**18.4%**	**14.8%**	**17.9%**

Petroleum and natural gas sales revenue, net of royalties, was $350,940 for the three month period ended March 31, 2012. Petroleum and natural gas sales revenue, net of royalties, for the prior quarter ended December 31, 2011 was $391,854. The decrease in sales is primarily a result of lower commodity pricing and lower production volumes.

Total royalties for the three month period ended March 31, 2012 was $79,112. This represents 18.4% of sales revenue. Total royalties for the prior quarter ended December 31, 2011 was $68,315 or 14.8% of sales revenue. The increase over the prior quarter is due mainly to higher royalty rates on oil and NGL volumes.

Petroleum and natural gas sales revenue and royalties, for the three months ended March 31, 2011 reflects revenue received and royalties paid for the one month period from February 28, 2011 to March 31, 2011.

Operating Expenses

	Three Months Ended March 31, 2012 $	Three Months Ended December 31, 2011 $	Three Months Ended March 31, 2011 $
Operating expenses	310,624	325,708	36,611
Total (per boe)	**35.79**	**33.91**	**37.28**

Operating expenses, including transportation costs, for the three month period ended March 31, 2012 total $310,624 or $35.79 per boe compared to $325,708 or $33.91 per boe for the prior quarter ended December 31, 2011. These costs have remained relatively the same.

Operating expenses, including transportation costs, for the three month period ended March 31, 2011, reflects expenses from February 28, 2011 to March 31, 2011.

Operating Netback

	Three Months Ended March 31, 2012 **$**	Three Months Ended December 31, 2011 **$**	Three Months Ended March 31, 2011 **$**
Petroleum and natural gas sales	430,052	460,169	39,673
Royalties	(79,112)	(68,315)	(7,084)
Operating expenses	(310,624)	(325,708)	(36,611)
Operating netback	**40,316**	**66,146**	**(4,022)**
Operating netback (per boe)	**4.65**	**6.88**	**-**

Operating netback for the three month period ended March 31, 2012 was $40,316 or $4.65 per boe compared to $66,146 or $6.88 per boe for the prior quarter ended December 31, 2011. Petro Viking realized a lower netback due primarily to a combination of lower gas price and gas sales volumes.

Operating netback for the three month period ended March 31, 2011, reflects the netback from February 28, 2011 to March 31, 2011. The results include one month of production; however, there is a fixed component to operating costs resulting in the negative netback.

General and Administrative Expenses

	Three Months Ended March 31, 2012 **$**	Three Months Ended December 31, 2011 **$**	Three Months Ended March 31, 2011 **$**
General and administrative expenses	**335,644**	**146,324**	**150,260**

General and administrative expenses for the three month period ended March 31, 2012 totalled $335,644. This included business investigation costs relating to the proposed Namibia transaction amounting to $133,779 and consulting fees, professional fees, regulatory, transfer agent and listing fees, and office and administration costs amounting to $201,865. See discussion above under **PROPOSED TRANSACTIONS**.

General and administrative expense for the prior quarter ended December 31, 2011 amounted to $146,324. This was comprised primarily of consulting fees, regulatory, transfer agent and listing fees, office and administrative costs.

The General and administrative expense for the three month period ended March 31, 2011 amounted to $150,260 and a significant portion of this related to consulting and professional fees related to the acquisition of Deep Creek and its IFRS conversion.

Share-Based Compensation			
	Three Months Ended March 31, 2012 $	Three Months Ended December 31, 2011 $	Three Months Ended March 31, 2011 $
Share-based compensation	**40,978**	**53,350**	**193,912**

Share-based compensation, a non-cash expense, for the three month period ended March 31, 2012 was $40,978. Share-based compensation for the prior quarter ended December 31, 2011 was $53,350. These amounts relate to amortization of the fair value of options that were granted in the first and second quarter of 2011 over their vesting period.

Share-based compensation for the three month period ended March 31, 2011 was $193,912 which related to options granted concurrent with the acquisition of Deep Creek and the related brokered private placement financing and vested immediately.

The Company has granted Options to directors, officers and key personnel in accordance with its Stock Option Plan. See “Outstanding Share Data Table”. The Company did not have any stock options that were granted during the three months ended March 31, 2012.

Depletion and Depreciation and Impairment

	Three Months Ended March 31, 2012 $	Three Months Ended December 31, 2011 $	Three Months Ended March 31, 2011 $
Depletion and depreciation	**48,630**	**208,929**	**4,795**
Total (per boe)	**5.60**	**21.75**	**10.10**
Impairment	**-**	**4,193,000**	**-**
Total Depletion and Depreciation and Impairment	**48,630**	**4,401,929**	**4,795**

Depletion and depreciation for the three months ended March 31, 2012 was $48,630. Depletion and depreciation for the prior quarter ended December 31, 2011 was $208,929. The decrease was due primarily to a lower depreciable base in the first quarter of 2012 as a result of a $4,193,000 impairment charge that the Company took in the fourth quarter of 2011, as discussed in the following paragraph.

For the three months ended December 31, 2011, the Company recorded an impairment expense of $4,193,000. As at March 31, 2012, no further indicators of impairment nor any indicators of impairment reversals were noted.

Depletion and depreciation for the three months ended March 31, 2011, reflects the depletion and depreciation for the one month period from February 28, 2011 to March 31, 2011.

Other Income

	Three Months Ended March 31, 2012 $	Three Months Ended December 31, 2011 $	Three Months Ended March 31, 2011 $
Interest income	5,628	7,579	5,809
Gain on sale of asset	-	126,247	-
Total	**5,628**	**133,826**	**5,809**

Interest income is from short-term investments. Interest income of $5,628 for the three month period ended March 31, 2012 is comparable to the prior quarter ended December 31, 2011.

On November 1, 2011, the Company disposed of its assets in the Brazeau area and recorded a gain on sale of $126,247.

Financing Costs

	Three Months Ended March 31, 2012 $	Three Months Ended December 31, 2011 $	Three Months Ended March 31, 2011 $
Debenture interest expense	12,765	10,088	4,267
Accretion on decommissioning liabilities	12,942	20,973	5,122
Total	**25,707**	**31,061**	**9,389**

Financing costs for the three month period ended March 31 2012 was $25,707. Financing cost for the prior quarter ended December 31, 2011 was $31,061.

Interest expense for the three month period ended March 31, 2012 and the three month period ended December 31, 2011 and was $12,765 and $10,088, respectively, which represents three months on the Debenture which bears interest at 8% per annum paid quarterly. The prior quarter ended December 31, 2011 also included an adjustment to correct prior periods' debenture interest expense. The interest expense of $4,267 for the three month period ended March 31, 2011 represents one month of interest on the Debenture.

The accretion on decommissioning liabilities of $12,942 and $20,973 for the three month period ended March 31, 2012 and 2011, respectively, has decreased due to the unwinding of the discount at a lower rate of 1.36% compared to 2.7%. Accretion expense represents a non-cash item. The accretion on decommissioning liabilities of $5,122 for the three month period ended March 31, 2011 relates to one month of accretion expense.

Funds flow from Operations

	Three Months Ended March 31, 2012 **$**	Three Months Ended December 31, 2011 **$**	Three Months Ended March 31, 2011 **$**
Cash flow from operating activities	(319,040)	(296,249)	(3,685)
Add (Deduct): Changes in non-cash working capital	(60)	213,562	(149,055)
Funds flow from operations	**(319,100))**	**(82,687)**	**(152,740)**
per share (basic)	**(0.01)**	**(0.00)**	**(0.01)**
per share (diluted)	**(0.01)**	**(0.00)**	**(0.01)**

Funds flow from operations for the three month period ended March 31, 2012 was ($319,100) or ($0.01 per share) compared to ($82,687) or ($0.00) per share for the previous quarter ended December 31, 2011. The funds flow from operations is impacted by production, prices received, royalties paid, operating expenses and general and administrative expenses. Refer to the above discussions regarding the changes in these components.

Funds flow from operations for the three month period ended March 31, 2011 represents one month of operations of the properties acquired in the Deep Creek acquisition.

EXPLORATION AND EVALUATION EXPENDITURES

	Three Months Ended March 31, 2012 **$**	Three Months Ended December 31, 2011 **$**	Three Months Ended March 31, 2011 **$**
Exploration and evaluation expenditures	**93,750**	**-**	**-**

Exploration and evaluation expenditures for the three month period ended March 31, 2012 was $93,750, which related to a land lease agreement whereby the Company acquired approximately 4,000 acres of land in Saskatchewan to set up a horizontal heavy oil development play.

No exploration and evaluation expenditures were incurred in the three month periods ended December 31, 2011 and March 31, 2011.

CAPITAL EXPENDITURES

	Three Months Ended March 31, 2012 $	Three Months Ended December 31, 2011 $	Three Months Ended March 31, 2011 $
Asset additions	63,976	1,214,515	39,654
Acquisition of Deep Creek	-	-	2,115,065
Plato acquisition	-	435,750	-
Revisions to asset retirement costs	(7,138)	282,697	-
Capital expenditures	**56,838**	**1,932,962**	**2,154,719**

Asset additions for the three month period ended March 31, 2012 were $63,976. These asset additions related to operational activity on some of the Company's oil producing properties.

During the three month period ended December 31, 2011, the Company initiated workovers on its Brownsfield, Alberta operated property amounting to $1,170,966 which resulted in no commercial production and workovers on other properties amounting to $43,549 for a total of $1,214,515.

On December 8, 2011, the Company closed the Plato acquisition for a purchase consideration of $435,750. The purchase consideration was paid with 60% cash, 40% stock and the assumption of decommissioning liabilities of $42,000.

Revisions to asset retirement costs during the three month period ended March, 2012 were ($7,138). For the prior quarter ended December 31, 2011 it was $282,697. This relates to the adjustment of the discount rate.

The acquisition of Deep Creek and other asset acquisitions are described in the section Acquisitions and Dispositions above.

OUTSTANDING SHARE DATA

Share Capital	Common Shares \#	Warrants \#	Options \#
Balance December 31, 2011	29,753,707	14,168,456	4,336,885
Agent's Options: exercised at $0.20	-	-	(50,000)
Common Shares: issued for options	50,000	-	-
Balance March 31, 2012	**29,803,707**	**14,168,456**	**4,286,885**

During the three months ended March 31, 2012, 50,000 agent's options were exercised at $0.20 per option that were granted in 2010.

The Company has 30,118,707 outstanding common shares at May 24, 2012. The common shares trade on the TSXV under the symbol "VIK".

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2012, the Company has cash and short term investments (with maturities of under 90 days), of $1,330,097, and a net working capital position of $1,480,302. At March 31, 2012 the Company has not established a bank line of credit.

FINANCIAL INSTRUMENTS

At March 31, 2012, the Company's financial instruments include cash and cash equivalents, short–term investments, accounts receivable, accounts payable and accrued liabilities, and debentures. The carrying values of accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to their relatively short periods to maturity. The short-term interest bearing securities are recorded at cost plus accrued interest earned which approximates current market value. The Company presently has no established credit facility.

To date, the Company has not used derivative financial instruments, such as commodity price risk management contracts, to mitigate risk.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any special purpose entities, nor is it a party to any transactions or arrangements that would be excluded from the balance sheet other than its operating leases for office space on a month-to-month basis.

COMMITMENTS

The Company has entered into a non-cancellable operating lease for a compressor which expires in November 2012. The Company is committed to make monthly lease payments until November 2012. The total commitment is $26,800.

RELATED PARTY DISCLOSURES

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties. Related party transactions during the period are disclosed below:

	Three Months Ended March 31, 2012	Three Months Ended December 31, 2011	Three Months Ended March 31, 2011
	$	**$**	**$**
Administration and consulting fees charged by key management personnel.	53,500	56,000	18,000
Stock options to key management personnel.	-	-	182,700
Legal fees charged by a law firm of which one director of the Company is council.	43,825	-	52,020
Debenture – repayment of principal to a director.	-	-	100,000
Interest expense on the Company's debentures, held by a director of the Company and companies controlled by a director of the Company.	7,380	7,462	2,467
Purchase of additional working interest in a property from one director of the company, and from a company controlled by an officer of the Company.	-	225,000	-

Amount owing to related parties at period end	March 31, 2012 **$**	December 31, 2011 **$**
Accounts payable and accrued liabilities for operations, administration and consulting fees, legal fees, and debenture interest payable.	25,473	35,233
Accounts receivable from a company, controlled by an officer of the Company, which has a working interest in one of Petro Viking's wells.	25,320	25,894
Debenture – Principal outstanding.	370,000	370,000

The unaudited interim condensed consolidated financial statements for the three month period ended March 31, 2012 include the financial statements of Petro Viking and its wholly owned subsidiary, PVMC. Balances between Petro Viking and its subsidiary, which is a related party, have been eliminated on consolidation and are not disclosed.

Note 3 to the unaudited interim condensed consolidated financial statements for the three month period ended March 31, 2012, explains the terms of the acquisition of Deep Creek, a related party, by the Company.

CRITICAL ACCOUNTING ESTIMATES

There have been no changes to the Company's critical accounting estimates in the three months ended March 31, 2012. The Company's critical accounting estimates are described in note 2(v) in the audited consolidated financial statements for the year ended December 31, 2011.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes to the Company's accounting policies for the three months ended March 31, 2012. The Company's significant accounting policies are described in to note 2 in the audited consolidated financial statements for the year ended December 31, 2011.

SUBSEQUENT EVENTS UPDATE

There are no further updates to report on the proposed transaction with Grisham Assets Corp. as described in note 22 to the audited consolidated financial statements as at December 31, 2011 and for the year ended December 31, 2011 and December 31, 2010, which has been appended below.

Extract from note 22 to the the audited consolidated financial statements as at December 31, 2011 and for the year ended December 31, 2011 and December 31, 2010.

On March 19, 2012, the Company entered into a Letter of Intent ("LOI") with Grisham Assets Corp. ("Grisham") to acquire 100% of the issued and outstanding shares in the capital of Grisham. The proposed acquisition is arm's length and it is not expected to result in a change of control.

Grisham is a private company incorporated under the laws of the British Virgin Islands whose principal asset is an agreement to acquire an 80% interest in blocks 1810, 1710, and 2913B offshore the coast of Namibia, Africa and covering an area of more than 20,000km^2. The Ministry of Mines and Energy of the Republic of Namibia has issued a Petroleum Exploration License on block 1710 and licenses are pending on blocks 1810 and 2913B, which are expected to be granted prior to closing. The remaining 20% is a carried interest held by NAMCOR (Namibian Government) and the Namibian Black Economic Empowerment group.

Petro Viking will acquire from the selling shareholders (the "Vendors") on closing of the acquisition (the "Closing"), 100% of the issued and outstanding Grisham shares. Petro Viking will issue to the Vendors 7,000,000 common shares of Petro Viking at a deemed issue price of $0.20 and 7,000,000 warrants of Petro Viking and make a pre-Closing cash payment of US$100,000 (non-refundable) and in addition make a Closing cash payment of US$5,900,000. The Petro Viking warrants will have an exercise price equal to the financing price in a concurrent private placement, terms and conditions of which will be announced shortly, with an expiration date 24 months from the Closing. The proceeds from the private placement will fund the cash consideration for the acquisition as well as initial work commitments, including mapping and delineating a 2D and 3D seismic program that will commence immediately following Closing.

Pursuant to the LOI, Grisham has agreed to deal exclusively with Petro Viking to enter into a definitive agreement until the earlier of June 16, 2012 and the date of the execution of the definitive agreement. The definitive agreement will include customary conditions to Closing, plus the following specific conditions: (i) receipt of any applicable approvals by the Ministry of Mines and Energy (Namibia); (ii) completion of satisfactory due diligence on Grisham and all legal, financial, geological and technical documentation related to Blocks 1710, 1810, and 2913B; (iii) TSX Venture Exchange approval; and (iv) approval from the respective boards of Petro Viking and Grisham.

Subject to TSX Venture Exchange acceptance, a finder's fee in the amount of $402,500 will be paid on Closing to Canal Front Investments Inc. The finder's fee will be paid in Petro Viking common shares and warrants (with the shares issued at a price equal to the transaction price).

Petro Viking has reached an agreement in principal with the holders of outstanding secured debenture debt totaling $640,000, under which the debenture holders, two of whom are related parties to Petro Viking, will convert approximately $500,000 of the outstanding debt into 2,500,000 common shares of Petro Viking prior to Closing at a deemed issue price of $0.20 per share. The balance of the debenture, being $140,000, will be assigned at par value to other related parties prior to closing who shall receive a secured convertible debenture which shall be convertible into common shares at $0.20 per share within 24 months of Closing. The completion of these transactions is subject to customary conditions, including TSX Venture Exchange approval. The common shares issued under the debt settlement will be subject to a statutory four month hold period.

ADDITIONAL INFORMATION

Additional information regarding Petro Viking is available under the Company's profile on SEDAR at www.sedar.com. Information is also accessible on our website at www.petroviking.com.

SUPPLEMENTAL QUARTERLY INFORMATION

	2012	**2011**				**2010**		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
FINANCIAL ($ except per share amounts)								
Petroleum and natural gas sales	430,052	460,169	377,049	122,295	39,673	-	-	-
Cash flow - operating activities	(319,040)	(296,249)	(93,301)	(389,813)	(3,685)	(15,356)	(25,738)	-
Funds flow from operations	(319,100)	(82,687)	(125,203)	(336,586)	(152,740)	(88,888)	(56,152)	-
per share (basic)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	-
per share (diluted)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	-
Net Income (loss)	(405,015)	(4,384,192)	(279,040)	(473,240)	(356,569)	(88,888)	(56,152)	(123,000)
per share (basic)	(0.01)	(0.15)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)
per share (diluted)	(0.01)	(0.15)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)
General and administrative	335,644	146,324	196,575	340,017	150,260	93,079	59,569	-
Exploration & evaluation expenditures	93,750	-	-	-	-	-	-	-
Net capital expenditures	56,838	1,497,212	147,555	141,247	39,654	-	-	-
Acquisition of assets	-	435,750	-	2,749,967	2,115,065	-	-	-
Total Assets	4,672,297	5,976,370	8,812,324	8,969,902	6,154,264	1,215,245	1,228,419	1,244,963
								-
OPERATING								
Production:								
Oil and NGL (bbl/d)	51	51	40	8	8	-	-	-
Natural Gas (mcf/d)	260	319	242	150	142	-	-	-
Total (boe/d)	94	104	81	33	32	-	-	-
Average commodity prices:								
Oil & NGL ($/bbl))	80.93	79.69	79.21	85.40	89.02	-	-	-
Natural gas ($/mcf)	2.10	2.86	3.71	3.91	3.94	-	-	-
Total ($/boe)	49.55	47.90	50.78	40.25	40.40	-	-	-
Netback ($/boe):								
Petroleum and natural gas sales	49.55	47.90	50.78	40.25	40.40	-	-	-
Royalties	(9.11)	(7.11)	(10.25)	(7.76)	(7.21)	-	-	-
Operating expenses	(35.79)	(33.91)	(29.82)	(30.20)	(37.28)	-	-	-
Operating netback	4.65	6.88	10.71	2.29	-	-	-	-