PetroViking ENERGY INC.

Management's Discussion and Analysis

For the Three and Twelve Months Ended December 31, 2012 and 2011

The following Management's Discussion and Analysis ("MD&A"), dated April 26, 2013, reviews Petro Viking Energy Inc.'s ("Petro Viking" or the "Company") activities and results of operations for the three and twelve months ended December 31, 2012 and should be read in conjunction with the following:

- Audited consolidated financial statements for the year ended December 31, 2012,
- MD&A for the three and nine months ended September 30, 2012.
- Audited consolidated financial statements for the year ended December 31, 2011 and
- MD&A for the three and twelve months 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 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 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 April 26, 2013.

ACQUISITIONS AND DISPOSITIONS

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 increased with the Alberta acquisition, which occurred at the end of June, 2011 and the Plato acquisition, during December 2011, as described below.

Acquisitions:

There were no acquisitions during the year ended December 31, 2012.

The Company's acquisitions during 2011 consisted of the following transactions:

1. **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").

2. **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 boe per day and future development potential.

3. **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.

Dispositions:

The Company's dispositions include the Brazeau disposition during November, 2011 and the Kaybob disposition during June, 2012. Neither of these dispositions had any impact on the operations of the Company.

1. **Brazeau Disposition** (2011): On November 1, 2011, the Company disposed of its non-producing assets in the Brazeau area.

2. **Kaybob Disposition (2012):** On June 11, 2012, the Company disposed of a non-producing asset in the Kaybob area. The asset was sold for a cash consideration of $83,000. The disposal did not have any impact on the operations of the company for the year ended December 31, 2012. The asset had a carrying value of $Nil and as a result, $83,000 has been recorded as a gain on sale and disclosed in the Company's Consolidated Statements of Operations, Loss and Comprehensive Loss for the year ended December 31, 2012.

FINANCIAL AND OPERATIONAL RESULTS

Production	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
Oil and NGL (bbl/d)	31	51	42	31
Natural gas (mcf/d)	208	319	222	229
Total (boe/d)	**65**	104	**79**	69

For the fourth quarter of 2012 oil and NGL production was 31 bbl/d compared to 51 bbl/d reported for the fourth quarter of 2011. This represents a decrease of approximately 40%. Natural Gas production decreased 35% from 319 Mcf/d, for fourth quarter of 2011, to 208 Mcf/d, for the fourth quarter of 2012. Similarly total production decreased 38% from 104 boe/d, for the fourth quarter of 2011, to 65 boe/d, for the fourth quarter of 2012. The decrease is a combination of natural declines and some production related issues during Q4 of 2012.

When compared to the year ended December 31, 2011, oil and NGL production increased from 31 bbl/d (for the year ended December 31, 2011) to 42 bbl/d (for the year ended December 31, 2012), which is a 35% increase. Natural gas production decreased 1% from 229 Mcf/d (for 2011) to 226 Mcf/d (for 2012). Total production increased 14% from 69 boe/d (for 2011) to 79 boe/d (for 2012). The increase in production volumes is attributed to the Alberta acquisition during June 2011 and the Plato acquisition during December 2011 and offset by a combination of natural declines during 2012 and some production related issues during the fourth quarter of 2012.

It is to be noted that:

a) 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.
b) The operational results for the year ended December 31, 2011, represents ten month of sales volumes from February 28, 2011 to December 31, 2011. These volumes relate to the Deep Creek acquisition, the Alberta acquisition and the Plato acquisition.

Revenue and Royalties	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Petroleum and natural gas sales	303,804	460,169	1,364,886	999,186
Less: royalties	(49,203)	(68,315)	(204,338)	(175,096)
Net petroleum and natural gas sales	**254,601**	391,854	**1,160,548**	824,090
Prices received:				
Oil and NGL (per bbl)	87.16	79.69	77.70	79.99
Natural gas (per mcf)	2.99	2.86	2.21	3.40
Royalties as a percentage of sales	**16%**	15%	**15%**	18%

For the fourth quarter of 2012 Petroleum and natural gas sales was $303,804 compared to $460,169 reported for the fourth quarter of 2011. This represents a decrease of approximately 34%. The decrease is primarily attributed to decreased production volumes and partially offset by higher oil prices, which were up 10%, and gas prices were down up 4% from the fourth quarter in 2011. The decreased volumes with higher prices have effected in a net decrease in revenue of 34%.

For the year ended December 31, 2012, production (on a total boe basis) was higher by 36%, however, oil prices were down 3% and natural gas prices were down 35%. Petro Viking moved from a 45% oil and NGL weighting in 2011 to 53% oil and NGL in 2012. The net effect of increased volumes, slightly lower pricing and a change in production mix, is a net increase in revenue of approximately 37%.

It is to be noted here that the year ended December 31, 2011 represents only ten months of production, as Petro Viking did not have any operations from January 1, 2011 to February 28, 2011.

Royalties, as a percentage of sales for the fourth quarter of 2012 is comparable to the fourth quarter of 2011.

Royalties, as a percentage of sales are lower for the year ended 2012, as compared to 2011. The reason for lower royalty rate is mainly that royalty rates vary based on prices received. Lower petroleum and natural gas prices will usually result in lower royalty rates.

Operating Expenses	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Operating expenses	241,857	325,708	1,198,527	675,468
Total (per boe)	**40.18**	33.91	**41.65**	31.88

Operating expenses, on a per boe basis, for both the fourth quarter of 2012 and the year ended December 31, 2012 were higher by approximately 18% and 31% respectively, when compared to corresponding periods in 2011. The reason is higher due to significantly higher costs for inputs and labour during 2012.

Operating Netback	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Petroleum and natural gas sales	303,804	460,169	1,364,886	999,186
Royalties	(49,203)	(68,315)	(204,338)	(175,096)
Operating expenses	(241,857)	(325,708)	(1,198,527)	(675,468)
Operating netback	**12,744**	66,146	**(37,979)**	148,622
Operating netback (per boe)	**2.12**	6.88	**(1.32)**	7.01

Operating netback for the fourth quarter of 2012 was $2.12 per boe compared to $6.88 per boe for the fourth quarter of 2011. Petro Viking realized a lower netback due primarily due to higher operating costs and partially offset by higher commodity prices.

For the year ended December 31, 2012, operating netback was $(1.32) per boe. This compares unfavorably with the operating netback received for the year ended December 31, 2011 of $7.01. This is due to lower gas prices during 2012 when compared to 2011 and higher operating expenses during 2012 when compared to 2011.

Depletion and Depreciation	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Depletion and depreciation	59,720	208,929	196,970	335,276
Total (per boe)	**9.92**	21.75	**6.84**	15.82

Depletion and depreciation for the fourth quarter of 2012 and for the year ended December 31, 2012 is lower than the corresponding periods during 2011. The decrease is due primarily to a lower depreciable base in the 2012 as a result of a $4,193,000 impairment charge that the Company took in the fourth quarter of 2011.

Depletion and depreciation for the year ended December 31, 2011, reflects the depletion and depreciation for the ten month period from February 28, 2011 to December 31, 2011.

Impairment	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Developed and Producing assets	777,000	4,193,000	777,000	4,193,000
Exploration and Evaluation assets	93,750	-	93,750	-
Total	**870,750**	4,193,000	**870,750**	4,193,000

The Company recorded impairments totalling $870,750 during the fourth quarter of 2012. $93,750 of this amount relates to impairment of exploration and evaluation expenditures, and $777,000 relates to developed and producing properties.

The Company had entered into 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. At December 31, 2012, the Company has determined that it will not develop this property and has taken an impairment charge for the entire amount of $93,750.

The Company recorded $777,000 of impairment on its developed and producing (D&P) properties. This relates to nine of its cash generating units (CGU’s) as a result of lower estimated remaining reserves.

D&P CGU's	Impairment Recorded ($)	Primary Product
Kaybob	190,000	Gas
Kinsella	155,000	Oil
Olds	122,000	Gas
Plato	71,000	Oil
Farrow	67,000	Oil
Coutts	62,000	Oil
Gosfield	44,000	Oil
Brownsfield	43,000	Oil
Carson Creek	13,000	Gas
Brock	5,000	Gas
Dankin	5,000	Oil
Total	**777,000**	

The recoverable amount was determined using the fair value less costs to sell methodology with the expected future cash flows based on proved and probable reserves using a pre-tax discount rate of 10%.

General and Administrative Expenses	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
General and Administrative Expenses	**278,615**	146,324	**1,495,725**	833,176
Includes:				
Business Investigation Costs	41,257	-	677,311	54,270
Legal and consulting fees, regulatory, transfer agent and listing fees, and office administration costs	237,358	146,324	818,414	778,906

General and administrative expenses ("G&A") for the fourth quarter of 2012 is higher by 90% as compared to comparative periods in 2011.

For the year ended December 31, 2012, the G&A is higher by 80% as compared to comparative periods in 2011.

The increase is primarily because of business investigation costs incurred relating to acquiring leases for offshore exploration in Namibia. The transaction was shelved during the fourth quarter of 2012, and all costs incurred were treated as business investigation costs with 'General and Administrative'

Other general and administrative expenses include management fees, consulting fees, legal and professional fees, regulatory, transfer agent and listing fees, and office and administration costs. For the year ended December 31, 2012, these costs have increased slightly from the prior year.

On a quarterly basis, for the fourth quarter of 2012, the Company had higher G&A compared to the fourth quarter of 2011. This is due to business investigation costs incurred of $41,257 during the fourth quarter. The company also had higher management fees and legal fees during the quarter.

Share-Based Compensation	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Share-Based Compensation	**108,200**	53,350	**163,175**	399,385

Share-based compensation, a non-cash expense, for the year month period ended December 31, 2012 was $163,175.

- $54,975 of this expense relates to amortization of the fair value of options that were granted in the first and second quarter of 2011 over their vesting period. The options have completely vested in June, 2012, and related share-based compensation expense has been completely recognized.

- $108,200 of the expense relates to amortization of fair value of 1.4 million options granted during the fourth quarter of 2012 to directors, officers and consultants. The options vest upon grant, and therefore, the amortization represents the fair value of the options.

Share-based compensation for the year ended December 31, 2011 was $399,385. Of this, $193,912 relates to options granted concurrent with the acquisition of Deep Creek and the related brokered private placement financing and vested immediately.

Share-based compensation for the fourth quarter of 2012 was $108,200 relating to the 2012 grant. For fourth quarter of 2011, the Company recorded an expense of $53,350, which relates to the 2011 grants.

The Company has granted Options to directors, officers and key personnel in accordance with its Stock Option Plan. See "Outstanding Share Data Table".

Other Income	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Interest income	901	7,579	12,070	32,583
Gain on sale of asset	-	126,247	83,000	126,247
Total	**901**	133,826	**95,070**	158,830

For the year ended December 31, 2012, an $83,000 gain on sale of assets was recorded. See discussion above under Acquisitions and Dispositions – Kaybob disposition.

Interest income is from short-term investments. Interest income of $901 for the fourth quarter of 2012 is lower as compared to the fourth quarter of 2011 of $7,579, as a result of lower principal invested during the quarter.

Similarly, interest income of $12,070 for the year ended December 31, 2012 was lower as compared to the year ended December 31, 2011 of $32,583, as a result of lower principal invested.

Financing Costs	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Interest expense	16,020	10,088	56,329	45,245
Accretion on decommissioning liabilities	8,142	20,973	45,490	42,911
Total	**24,162**	31,061	**101,819**	88,156

Financing costs for the fourth quarter of 2012 was $24,162. This is lower compared to the financing cost for the fourth quarter of 2011of $31,061 primarily due to higher accretion costs in 2011.

Interest expense primarily relates to interest on debentures. Interest expense for the fourth quarter of 2012 is $16,020, which is comparable to the interest expense for the third quarter of 2012 of $14,196 and for the fourth quarter of 2011 of $10,088.

As compared to the interest expense for the year ended December 31, 2011 of $45,245, interest expense for the year ended December 31, 2012 of $56,329 is higher by approximately 25%. This is because the Company did not have any debentures outstanding in January and February of 2011.

The accretion on decommissioning liabilities for the fourth quarter of 2012 is $8,142, which is higher when compared to the accretion on decommissioning liabilities for the fourth quarter of 2011of $20,973 due to a lower discount rate used in 2012.

The accretion on decommissioning liabilities of $42,911 for the year month period ended December 31, 2011 relates to ten months of accretion expense.

Taxes

At December 31, 2012, Petro Viking had an estimated total of $2.5 million of tax pools available to reduce future taxable income and corporate income taxes. In addition the Company will have $5.8 million in carry forward losses. This is subject to confirmation from tax authorities.

Funds flow from Operations	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Cash flow from operating activities	(79,507)	(296,249)	(1,396,518)	(761,907)
Add (Deduct):				
Changes in non-cash working capital	(208,111)	213,562	(224,690)	64,691
Settlement of decommissioning liabilities	6,629	-	43,245	-
Funds flow from operations	**(280,989)**	(82,687)	**(1,577,963)**	(697,216)
per share (basic)	(0.01)	(0.00)	(0.05)	(0.03)
per share (diluted)	(0.01)	(0.00)	(0.05)	(0.03)

Funds flow from operations for the fourth quarter of 2012 is unfavorable when compared to the fourth quarter of 2011as a result of lower total operating netback and higher G&A.

When compared to the year ended December 31, 2011, funds flow from operations for the current year is unfavorable, primarily due to the higher G&A on the company's expenditure relating to acquiring leases for offshore exploration in Namibia. The transaction was shelved during the fourth quarter of 2012, and all costs incurred were treated as business investigation costs with 'General and Administrative'. Another factor for lower funds flow from operations is due to lower netbacks during the year ended December 2012, when compared to 2011.

Funds flow from operations for the year ended December 31, 2011 represents ten months of operations of the properties acquired in the Deep Creek acquisition.

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.

EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Exploration and evaluation expenditures	-	-	**93,750**	-

Exploration and evaluation expenditures for the fourth quarter of 2012 was $Nil.

For the year ended December 31, 2012, Exploration and evaluation expenditure was $93,750. This expenditure 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.

At December 31, 2012, the Company has determined that it will not develop this property and has taken an impairment charge for the entire amount of $93,750. See discussion under "Impairment"

No exploration and evaluation expenditures were incurred during the year ended December 31, 2011.

CAPITAL EXPENDITURES

	Three months ended December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Asset additions	13,564	1,214,515	129,076	1,406,089
Acquisition of Deep Creek	-	-	-	2,115,065
Alberta acquisition	-	-	-	2,749,967
Plato acquisition	-	435,750		435,750
Revisions to asset retirement costs	467	282,697	(21,594)	419,579
Capital expenditures	**14,031**	1,932,962	**107,482**	7,126,450

Asset additions during the year ended December 31, 2012 relate to operational activity on some of the Company's oil producing properties. This included asset additions for the fourth quarter of 2012 of $13,564 and asset additions during the nine months ended September 30, 2012 of $115,512.

Revisions to asset retirement costs during the year ended December 31, 2012 was $(21,594). This includes revision to asset retirement costs in the fourth quarter of 2012 of $467 and during the nine month period ended September 30, 2012 of $(22,061). These relate to the adjustment of the discount rate.

The acquisition of Deep Creek, the Alberta acquisition, the Plato acquisition is 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**
Agent's Options: exercised at $0.20	-	-	(348,000)
Agent's Options: exercised at $0.30	-	-	(108,000)
Common Shares: issued for options	456,000	-	-
Balance June 30, 2012 and September 30, 2012	**30,259,707**	**14,168,456**	**3,830,885**
Options granted to directors and officers	-	-	1,400,000
Options forfeited			(1,594,499)
Balance December 31, 2012	**30,259,707**	**14,168,456**	**3,636,386**

During the fourth quarter of 2012, the Company granted 1.4 million incentive stock options to its current officers, directors, employees, and consultants pursuant to the Company's 2012 Stock Option Plan. These options are exercisable for 5 years at a price of $0.10 per share.

The Company has 30,259,707 outstanding common shares at April 26, 2013. The common shares trade on the TSXV under the symbol "VIK".

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2012, the Company had a net working capital position of $(341,906) (unfavourable). This includes debentures payable of $640,000, which has been classified as a current liability at December 31, 2012, as they mature on February 28, 2013.

Subsequent to December 31, 2012, the Company has renewed its debentures . The renewed debentures have a maturity of February 28, 2015. When debentures are excluded from the calculation, the company has a net working capital position of $298,094 (favourable).

FINANCIAL INSTRUMENTS

At December 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.

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 December 31		Year ended December 31	
	2012	2011	**2012**	2011
	$	$	$	$
Key management personnel compensation:				
Administration and consulting fees	61,998	56,000	278,695	171,000
Stock options	84,700	-	124,551	196,841
Bonus shares issued	-	-	-	30,000
Others:				
Legal and administrative fees charged by a law firm of which one director of the Company is council.	-	-	115,845	116,560
Debenture – repayment of principal to a director of the Company.	-	-	-	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.	7,402	7,462	29,622	25,168
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	-	225,000

Amount owing to / from related parties	**December 31, 2012**	December 31, 2011
	$	$
Accounts payable and accrued liabilities for administration and consulting fees, legal fees, and debenture interest payable.	62,169	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.	-	25,894
Debenture – Principal outstanding.	370,000	370,000

The audited consolidated financial statements for the year ended December 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 4 to the audited consolidated financial statements for the year ended December 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 and twelve months ended December 31, 2012. The Company's critical accounting estimates are described in note 3(u) in the audited consolidated financial statements for the year ended December 31, 2012.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes to the Company's accounting policies for the three and twelve months ended December 31, 2012. The Company's significant accounting policies are described in to note 3 in the audited consolidated financial statements for the year ended December 31, 2012.

SUBSEQUENT EVENTS

Subsequent to December 31, 2012, the Company has renewed its debentures. The debentures had a maturity value of $640,000. The renewed debentures have a maturity of February 28, 2015.

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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
FINANCIAL **($ except per share amounts)**								
Petroleum and natural gas sales	303,804	277,910	353,120	430,052	460,169	377,049	122,295	39,673
Cash flow - operating activities	(79,507)	254,914	(743,057)	(319,040)	(296,249)	(93,301)	(389,813)	(3,685)
Funds flow from operations	(280,989)	(329,787)	(665,343)	(319,100)	(82,687)	(125,203)	(336,586)	(152,740)
per share (basic)	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)
per share (diluted)	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)
Net Income (loss)	(1,327,402)	(374,769)	(664,162)	(405,015)	(4,384,192)	(279,040)	(473,240)	(356,569)
per share (basic)	(0.04)	(0.01)	(0.02)	(0.01)	(0.15)	(0.01)	(0.02)	(0.02)
per share (diluted)	(0.04)	(0.01)	(0.02)	(0.01)	(0.15)	(0.01)	(0.02)	(0.02)
General and administrative	278,615	282,426	599,040	335,644	146,324	196,575	340,017	150,260
Exploration & evaluation expenditures	-	-	-	93,750	-	-	-	-
Net capital expenditures	14,031	21,202	20,397	56,838	1,497,212	147,555	141,247	39,654
Acquisition of assets	-	-	-	-	435,750	-	2,749,967	2,115,065
Total Assets	2,614,616	3,558,955	4,049,878	4,672,297	5,976,370	8,812,324	8,969,902	6,154,264
OPERATING								
Production:								
Oil and NGL (bbl/d)	31	37	47	51	51	40	8	8
Natural Gas (mcf/d)	208	175	238	260	319	242	150	142
Total (boe/d)	65	66	87	94	104	81	33	32
Average commodity prices:								
Oil & NGL ($/bbl))	87.16	70.86	73.43	80.93	79.69	79.21	85.40	89.02
Natural gas ($/mcf)	2.99	2.15	1.69	2.10	2.86	3.71	3.91	3.94
Total ($/boe)	50.47	45.83	44.36	49.55	47.90	50.78	40.25	40.40
Netback ($/boe):								
Petroleum and natural gas sales	50.47	45.83	44.36	49.55	47.90	50.78	40.25	40.40
Royalties	(8.17)	(3.66)	(6.73)	(9.11)	(7.11)	(10.25)	(7.76)	(7.21)
Operating expenses	(40.18)	(47.60)	(44.58)	(35.79)	(33.91)	(29.82)	(30.20)	(37.28)
Operating netback	2.12	(5.43)	(6.95)	4.65	6.88	10.71	2.29	(4.09)

ANNUAL INFORMATION

Annual information, relating to the current year, year ended December 31, 2011 and the period from incorporation on January 13, 2010 to December 31, 2010 has been presented below:

	Year ended December 31, 2012	Year ended December 31, 2011	Period from Incorporation on January 13, 2010 to December 31, 2010
	$	$	$
Total revenue	1,255,618	982,920	7,608
Profit (loss)	(2,771,348)	(5,493,041)	(268,040)
Earnings (loss) per share			
Basic	(0.09)	(0.22)	(0.04)
Diluted	(0.09)	(0.22)	(0.04)
Total assets	2,614,616	5,976,370	1,215,245
Total non-current financial liabilities	3,778,928	4,438,227	-
Dividends paid per share	-	-	-