Petro Viking Energy Inc.
Interim Condensed Consolidated Financial Statements
March 31, 2013
(Unaudited)

NOTICE TO READER OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Responsibility for unaudited interim condensed consolidated financial statements

Petro Viking Energy Inc.'s unaudited interim condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards consistently applied. These unaudited interim condensed consolidated statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Corporation is responsible for both the integrity and objectivity of the unaudited interim condensed consolidated financial statements, management is satisfied that these unaudited interim condensed consolidated financial statements have been fairly presented.

Auditor involvement

The auditor of Petro Viking Energy Inc. has not performed a review of the unaudited interim condensed consolidated financial statements for the three month period then ended March 31, 2013.

	March 31, 2013	December 31, 2012
	$	$
Assets		
Current		
Cash and cash equivalents	212,716	368,468
Accounts receivable (note 4)	579,328	494,924
Prepaid expenses and deposits	50,068	19,538
Total current assets	842,112	882,930
Property and equipment (note 5)	1,826,713	1,731,686
Total assets	**2,668,825**	**2,614,616**
Liabilities		
Current		
Accounts payable and accrued liabilities (note 6)	740,561	584,836
Notes payable (note 7)	100,000	-
Debenture (note 8)	-	640,000
Total current liabilities	840,561	1,224,836
Debenture (note 8)	640,000	-
Decommissioning liabilities (note 9)	3,797,003	3,778,928
Total liabilities	5,277,564	5,003,764
Shareholders' Equity (Deficit)		
Share capital (note 10)	4,525,521	4,525,521
Warrants (note 12)	325,213	870,773
Contributed surplus	1,292,547	746,987
Deficit	(8,752,020)	(8,532,429)
Total shareholders’ equity (deficit)	(2,608,739)	(2,389,148)
Total liabilities and shareholders’ equity (deficit)	**2,668,825**	**2,614,616**

Basis of presentation *(note 2)*

Subsequent events *(note 24)*

Approved on behalf of the Board of Directors

"Irvin Eisler" (signed)	*"Lars Glimhagen" (signed)*
Irvin Eisler	**Lars Glimhagen**

The accompanying notes are an integral part of these interim condensed consolidated financial statements (unaudited).
Certain comparative figures have been reclassified to conform with the current period’s presentation.

Petro Viking Energy Inc.

Interim Condensed Consolidated Statements of Operations, Loss and Comprehensive Loss

(Unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
	$	$
Revenue		
Petroleum and natural gas sales, net (note 13)	277,685	350,940
Interest income	438	5,628
	278,123	356,568
Expenses		
Operating	187,829	310,624
General and administrative (note 17)	194,146	335,644
Share-based compensation (note 11)	-	40,978
Depletion, depreciation and impairment (note 5)	85,620	48,630
Financing costs (note 14)	30,119	25,707
	497,714	761,583
Net loss and comprehensive loss	(219,591)	(405,015)
Net loss per share (note 15)		
Basic	(0.01)	(0.01)
Diluted	(0.01)	(0.01)
Weighted average number of shares (note 15)		
Basic	30,259,707	29,757,004
Diluted	30,259,707	29,757,004

The accompanying notes are an integral part of these interim condensed consolidated financial statements (unaudited).
Certain comparative figures have been reclassified to conform with the current period's presentation.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
	$	$
Share capital (note 10)		
Balance, beginning of year	4,525,521	4,367,233
Issued	-	10,000
Option value transferred to share capital from contributed surplus	-	4,400
Balance end of period	**4,525,521**	**4,381,633**
Warrants (note 12)		
Balance, beginning of year	870,773	870,773
Expired	(545,560)	-
Balance end of period	**325,213**	**870,773**
Contributed surplus		
Balance, beginning of year	746,987	630,100
Share-based compensation related to:		
Options granted to directors, officers and consultants	-	40,978
Option value transferred from contributed surplus to share capital	-	(4,400)
Expired warrants	545,560	-
Balance end of period	**1,292,547**	**666,678**
Deficit		
Balance, beginning of year	(8,532,429)	(5,761,081)
Net loss and comprehensive loss	(219,591)	(405,015)
Balance, end of period	**(8,752,020)**	**(6,166,096)**
Shareholders' Equity (Deficit)	**(2,608,739)**	**(247,012)**

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Certain comparative figures have been reclassified to conform with the current period's presentation.

Petro Viking Energy Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
	$	$
Operating		
Net loss and comprehensive loss for the period	(219,591)	(405,015)
Add back (deduct) non-cash items:		
Share-based compensation	-	40,978
Depletion, depreciation and impairment	85,620	48,630
Accretion on decommissioning liabilities	12,270	12,942
Settlement of decommissioning liabilities	-	(16,635)
Changes in non-cash working capital (note 16)	(82,110)	60
	(203,811)	(319,040)
Financing		
Issue of equity instruments	-	10,000
Changes in non-cash working capital (note 16)	100,000	-
	100,000	10,000
Investing		
Expenditures on property and equipment	(174,841)	(63,976)
Expenditures on exploration and evaluation	-	(93,750)
Sale of short-term investment	-	650,242
Changes in non-cash working capital (note 16)	122,900	(993,501)
	(51,941)	(500,985)
Change in cash	(155,752)	(810,025)
Cash, beginning of the year	368,468	2,140,122
Cash, end of the period	**212,716**	**1,330,097**
Supplemental cash flow information		
Interest received	438	5,628
Interest paid	17,849	12,765
Non-cash transactions		
Option value transferred from contributed surplus to share capital	-	4,400
Expired warrants transferred from warrants to contributed surplus	545,560	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements (unaudited).
Certain comparative figures have been reclassified to conform with the current period's presentation.

1. Corporate information

Petro Viking Energy Inc. ("Petro Viking" or the "Company") is incorporated under the laws of the province of Alberta with shares listed on the TSX Venture Exchange, and is engaged in petroleum and natural gas exploration and development activities in western Canada. The records office and principal address is located at 200 – 744 4th Ave SW, Calgary, AB T2P 3T4.

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) ("the Transaction"). On March 21, 2011, Deep Creek changed its name to Petro Viking Management Corp.

2. Basis of presentation and statement of compliance

The unaudited interim condensed consolidated financial statements as at March 31, 2013 and for the three months ended March 31, 2013 and March 31, 2012, include the accounts of the Company and its wholly owned subsidiary, Petro Viking Management Corp. ("PVMC"), after the elimination of intercompany transactions and balances.

These unaudited interim condensed consolidated financial statements, including the relevant comparative periods, have been prepared on a going concern basis in accordance with International Accounting Standard No. 34, Interim Financial Reporting ("IAS 34"). The unaudited interim condensed consolidated financial statements note disclosures do not include all of those required by International Financial Reporting Standards ("IFRS") applicable for annual financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2012.

These unaudited interim condensed consolidated financial statements are stated in Canadian dollars and have been prepared in accordance with IFRS effective as of March 31, 2013. The unaudited interim condensed consolidated financial statements were authorized by the Board of Directors for issue on May 29, 2013.

3. Significant Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements follow the same accounting policies as the December 31, 2012 annual audited consolidated financial statements with the exception of the accounting polices noted below that were adopted January 1, 2013.

The preparation of unaudited interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of financial statements, and revenues and expenses reported during the period. Actual results could differ from those estimated and the difference could be material. The key sources of estimation uncertainty that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities are disclosed in note 3(v) to the Corporation's audited consolidated financial statements for the year ended December 31, 2012.

As of January 1, 2013, the Corporation adopted the following standards and amendments as issued by the IASB. The adoption of the following standards did not have a material impact on the Corporation's unaudited interim condensed consolidated financial statements.

IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces Standing Interpretations Committee 12, "Consolidation - Special Purpose Entities" and the consolidation requirements of IAS 27 "Consolidated and Separate Financial Statements". The new standard replaces the existing risk and rewards based approaches and establishes control as the determining factor when determining whether an interest in another entity should be included in the consolidated financial statements.

IFRS 11 "Joint Arrangements"

IFRS 11 replaces IAS 31 "Interests in Joint Ventures". The new standard focuses on the rights and obligations of an arrangement, rather than its legal form. The standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted.

IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 provides comprehensive disclosure requirements on interests in other entities, including joint arrangements, associates, and special purpose entities. The new disclosures are intended to assist financial statement users in evaluating the nature, risks and financial effects of an entity's interest in subsidiaries and joint arrangements.

IFRS 13 "Fair Value Measurement"

IFRS 13 provides a common definition of fair value within IFRS. The new standard provides measurement and disclosure guidance and applies when another IFRS requires or permits an item to be measured at fair value, with limited exceptions.

IAS 34 "Interim Financial Reporting"

Amendments to IAS 34 require specific disclosure on the fair value of financial instruments for interim reporting. These disclosures are included in Note 18.

4. Accounts receivable

Significant components of Accounts Receivable	**March 31, 2013**	December 31, 2012
	$	$
Accounts receivable - trade and joint venture	534,305	483,927
GST Receivable	45,023	10,997
	579,328	**494,924**
Accounts Receivable for:		
Capital	45,000	45,000
Operating	534,328	449,924
	579,328	**494,924**

The Company has provided for $5,000 for doubtful accounts at December 31, 2012. The provision continues at March 31, 2013. The amounts in the table above are disclosed net of the provision.

As at March 31, 2013, there are no amounts due from related parties (December 31, 2012: $Nil).

5. Property and equipment

Oil and Natural Gas Interests

	March 31, 2013	December 31, 2012
	$	$
Cost or deemed cost		
Balance , beginning of year	7,233,932	7,126,450
Acquisitions	-	-
Additions	180,647	107,482
Balance, end of period	7,414,579	7,233,932
Depletion, depreciation and impairment losses		
Balance, beginning of year	(5,502,246)	(4,528,276)
For the period (i)	(85,620)	(973,970)
Balance, end of period	(5,587,866)	(5,502,246)
Net book amount, end of period	**1,826,713**	**1,731,686**

(i) There were no costs that were excluded from the depletion calculation for the three month period ended March 31, 2013 or the three month period ended March 31, 2012. Future development costs at March 31, 2013 and March 31, 2012 was $Nil.

6. Accounts payable and accrued liabilities

The Company's financial liabilities are comprised of accounts payable, accrued liabilities and notes payable which have expected maturities of less than one year resulting in their current classification on the consolidated statement of financial position. See note 8 for discussion on debentures, which, at December 31, 2012 was classified as a current liability.

Significant components of Accounts Payable and Accrued Liabilities	**March 31, 2013**	December 31, 2012
	$	**$**
Accounts payable - trade and joint venture	596,869	527,269
GST Payable	28,142	-
Interest Payable	18,831	4,067
Accrued liabilities	96,719	53,500
	740,561	**584,836**
Accounts Payable and Accrued Liabilities for:		
Operating	617,671	584,836
Capital	122,890	-
	740,561	**584,836**

As at March 31, 2012, the amounts due to related parties are $44,370 (December 31, 2012: 62,169) (note 17).

7. Notes payable

	March 31, 2013	December 31, 2012
	$	$
Balance, beginning of year	-	-
Notes issued	100,000	-
Balance, end of period	**100,000**	**-**
Accrued interest, end of period (note 6)	1,681	-

(i) The notes are unsecured and are payable on December 31, 2013.

(ii) Notes bear an interest of 10% per annum, compounded monthly. For the three months ended March 31, 2013, interest expense on the notes of $1,681 (2012- $Nil) was recorded (note 14).

(iii) At March 31, 2013, $50,000 of the notes payable is due to a related party (note 17).

8. Debenture

	March 31, 2013	December 31, 2012
	$	$
Balance, beginning of year	640,000	640,000
Balance, end of period (i), (ii), (iv)	**640,000**	**640,000**
Accrued debenture interest, end of period (note 6)	17,150	4,067

(i) On February 1, 2013, the Company has renewed the debentures for a two-year term. The revised maturity date after renewal is January 31, 2015.

(ii) Prior to renewal of the debentures described in 8 (i) above, the debentures had a maturity date of February 28, 2013. Therefore, the debenture is classified as a current liability at December 31, 2012 and as a non-current liability at March 31, 2013

(iii) Prior to renewal, the debentures bore interest at a rate of 8% per annum. The debentures were renewed at a revised interest rate of 10%. For the three months ended March 31, 2013, interest expense on the debentures of $16,168 (2012- $12,765) was recorded (note 14).

(iv) At March 31, 2013 and December 31, 2012, $370,000 of the debenture balance payable is due to related parties (note 17).

9. Decommissioning liabilities

The following table presents the reconciliation of the carrying amount of the obligation associated with the decommissioning of the Company's property and equipment:

	March 31, 2013	December 31, 2012
	$	$
Balance, beginning of year	3,778,928	3,798,277
Liabilities settled	-	(43,245)
Effect of change in estimates	5,805	(21,594)
Accretion (note 14)	12,270	45,490
Balance, end of period	**3,797,003**	**3,778,928**

The following significant assumptions were used to estimate the decommissioning liabilities:

	2013	**2012**
Undiscounted cash flows	4,055,860	4,055,860
Discount rate	1.30%	1.30%
Inflation rate	2.25%	2.50%
Weighted average expected timing of cash flows	5.0 years	4.7 years

(i) Accretion expense included under financing costs in the consolidated statements of operations, loss and comprehensive loss.

(ii) Discount rate based on Government of Canada marketable bond yields for 3-5 year term.

(iii) Inflation rate based on Bank of Canada consumer price index.

10. Share capital

a. Authorized

Unlimited number of common shares, without nominal or par value

b. Issued and outstanding common shares

	March 31, 2013		December 31, 2012	
	Number	**Amount**	Number	Amount
		$		$
Balance, beginning of year	30,259,707	4,525,521	29,753,707	4,367,233
Agent options exercised	-	-	506,000	112,000
Option value transferred to share capital from contributed surplus	-	-	-	46,288
Balance, end of period	30,259,707	4,525,521	30,259,707	4,525,521

The Company has 1,947,776 (December 31, 2012 - 2,782,426) common shares subject to an escrow agreement. 924,650 shares will be released from escrow during March and September of each year until 2014.

11. Share-based compensation

The Company has a stock option plan under which the Board of Directors may grant options to directors, officers, other employees and key consultants. The Company may also grant options to agents.

Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares at any time. The options expire not more than five years from the date of grant (except for 949,000 options issued during 2010, which expire after ten years from the date of grant), or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model.

The share based compensation expense at for the period ended March 31, 2013 is $Nil (March 31, 2012: $40,978).

The Company has not granted any options during the three month period ended March 31, 2013 or March 31, 2012.

During the year ended December 31, 2012, the Company granted 1,400,000 options, exercisable at $0.10 per option, to its directors, officers and consultants. The options vest immediately upon grant and expire 5 years after grant date.

11. Share-based compensation (continued…)

The following tables summarize information about directors, officers and consultants stock options outstanding as at, and for the period ended:

	Three months ended March 31, 2013		Year ended December 31, 2012	
	Options	**Weighted – average exercise price**	Options	Weighted – average exercise price
		$		$
Opening	2,624,501	0.18	2,819,000	0.27
Granted	-	-	1,400,000	0.10
Forfeited	-	-	(1,594,499)	0.27
Closing	2,624,501	0.18	2,624,501	0.18

Range of exercise price	Number outstanding	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable
$		(years)	$	
0.10	1,400,000	4.55	0.10	1,400,000
0.20	474,501	7.18	0.20	474,501
0.30	650,000	2.93	0.30	650,000
0.35	100,000	3.22	0.35	100,000
	2,624,501	4.52	0.18	2,624,501

The following tables summarize information about agent stock options outstanding as at and for the period ended:

	Three months ended March 31, 2013		Year ended December 31, 2012	
	Options	**Weighted – average exercise price**	Options	Weighted – average exercise price
		$		$
Opening	**1,011,885**	**0.31**	1,517,885	0.28
Granted	-	-	-	-
Exercised	-	-	(506,000)	0.22
Expired	(812,000)	0.30	-	-
Closing	**199,885**	**0.35**	1,011,885	0.31

Range of exercise price	Number outstanding	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable
$		(years)	$	
0.35	199,885	0.15	0.35	199,885

11. Share-based compensation (continued…)

The Company did not grant any options during the three month period ended March 31, 2013 or March 31, 2012. The Black-Scholes pricing model was used to estimate the fair value of options granted during the year ended December 31, 2012, based on the following significant assumptions:

	2012
	Stock Options
Weighted average fair value per option	$ 0.08
Risk-free interest rate	1.19%
Expected volatility	132%
Dividend yield	0%
Estimated forfeiture rate	0%
Expected life of each option granted	5 years

12. Warrants

The following table summarizes information about warrants outstanding as at:

	March 31, 2013			December 31, 2012		
	Number of warrants	**Weighted –average Exercise price**	**Fair value ascribed**	Number of warrants	Weighted –average Exercise price	Fair value ascribed
		$	$		$	$
Opening	**14,168,456**	**0.51**	**870,773**	**14,168,456**	**0.51**	**870,773**
Expired	(12,420,000)	0.50	(545,560)	-	-	-
Closing (i)	**1,748,456**	**0.55**	**325,213**	**14,168,456**	**0.51**	**870,773**

The Company did not issue any warrants during the three month period ended March 31, 2013 or March 31, 2012. As at March 31, 2013, warrants had a weighted average remaining life of 0.15 years.

13. Petroleum and natural gas sales

	Three months ended March 31, 2013	Three months ended March 31, 2012
	$	$
Petroleum and natural gas sales (gross)	322,680	430,052
Less: Royalty expense	(44,995)	(79,112)
Petroleum and natural gas sales (net)	**277,685**	**350,940**

14. Financing costs

	Three months ended March 31, 2013	Three months ended March 31, 2012
	$	$
Interest expense on debenture and notes payable	17,849	12,765
Accretion on decommissioning liabilities	12,270	12,942
	30,119	**25,707**

15. Net loss per share

Basic and diluted loss per common share are calculated as follows:

	Three months ended March 31, 2013	Three months ended March 31, 2012
Net loss and comprehensive loss	($219,591)	($405,015)
Weighted average number of shares (basic)	30,259,707	29,757,004
Weighted average number of shares (diluted) (i)	30,259,707	29,757,004
Loss per share:	$	$
Basic	(0.01)	(0.01)
Diluted	(0.01)	(0.01)

(i) Options to purchase securities in the number of Nil (2012 – 3,946,456) were ‘in-the-money’ at period end. These options to purchases securities were excluded from the weighted average number of shares calculation for the period ended March 31, 2013 and 2012 as the Company is in a loss position.

16. Change in non-cash working capital

	Three months ended March 31, 2013	Three months ended March 31, 2012
	$	$
Accounts receivable	(84,404)	(57,986)
Prepaid expenses and deposits	(30,531)	3,750
Accounts payable and accrued liabilities	155,725	(939,205)
Notes Payable	100,000	-
	140,790	**(993,441)**
Operating	(82,110)	60
Financing	100,000	-
Investing	122,900	(993,501)
	140,790	**(993,441)**

17. Related party disclosures

Balances between Petro Viking Energy Inc. and its subsidiary, Petro Viking Management Corp., which is a related party, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel compensation:

(Key management personnel are comprised of the Company's directors and officers.)	**Three months ended March 31, 2013**	Three months ended March 31, 2012
	$	$
Administration and consulting fees	67,053	53,500

Other related party transactions are disclosed below, unless they have been disclosed elsewhere in the financial statements.	**Three months ended March 31, 2013**	Three months ended March 31, 2012
	$	$
Legal fees charged by a law firm of which one director of the Company is council.	-	43,825
Interest expense on the Company's debentures and notes payable, held by a director of the Company, and companies controlled by a director of the Company.	8,566	7,380

Amount owing to / from related parties	**March 31, 2013**	December 31, 2012
	$	$
Accounts payable and accrued liabilities for administration and consulting fees, legal fees, and debenture interest payable.	43,370	62,169
Debenture – Principal outstanding.	370,000	370,000
Notes payable– Principal outstanding.	50,000	-

18. Determination of fair values

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, notes payable and debentures. These financial instruments are classified as follows:

- Cash and cash equivalents - Fair value through profit or loss – held-for-trading
- Short-term investments - Fair value through profit or loss – held-for-trading
- Accounts Receivable - Loans and receivables
- Accounts payable and accrued liabilities - Other financial liabilities
- Notes payable - Other financial liabilities
- Debentures - Other financial liabilities

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalents is determined using level 1 inputs as it is determined by amounts held at/lent by financial institutions.

The fair value of debentures and notes payable approximates their carrying value as they bear interest at a rate that is comparable to current market rates. The Company has classified these as Level 2 financial instruments.

The carrying values of accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to their relatively short periods to maturity. The Company has classified these as Level 2 financial instruments.

The fair value of the amounts due to related parties (note 6) 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.

There have been no transfers amongst levels of the hierarchy during the three months ended March 31, 2013 or the three months ended March 31, 2012.

19. Financial 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.

The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. Refer to note 22 to the audited consolidated financial statements as at December 31, 2012 and for the year ended December 31, 2012 and 2011 for further information.

20. Capital management

The Company's objective when managing capital is to maintain a flexible capital structure which will allow it to execute its capital expenditure program, which includes expenditures in oil and gas activities which may or may not be successful. Therefore, the Company monitors the level of risk incurred in its capital expenditures to balance the proportion of debt and equity in its capital structure.

The Company considers its capital structure to include shareholders equity and debentures.

The Company monitors capital based on annual funds from operations and capital expenditure budgets, which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. In order to maintain or adjust the capital structure, from time to time the Company may issue common shares, debt or other securities, sell assets or adjust capital spending to manage current and projected debt levels.

At March 31, 2013, the Company's capital structure was not subject to external restrictions.

The Company anticipates it will continue operations in the foreseeable future and it will have adequate liquidity to fund its financial liabilities.

21. Operating Leases

Non-cancellable operating lease rentals for a compressor are payable as follows:

	March 31, 2013	December 31, 2012
	$	$
Less than one year	48,000	
Between one and five years	-	-
More than five years	-	-

The table below shows the expense recorded for the period:

	Three months ended March 31, 2013	Three months ended March 31, 2012
	$	$
Equipment lease rentals for a compressor.	775	10,050

22. Letters of Credit

	March 31, 2013	December 31, 2012
	$	$
Letter of Credit issued to Saskatchewan Ministry of Energy and Resources under the Saskatchewan License Liability Rating (LLR) Program	74,045	74,045

23. Contingency

A former director of the Company has made a claim for payment of amounts alleged to be owed to him (or a company controlled by him) under a consulting agreement. The claimants commenced an action in the Alberta Court of Queen's Bench on September 27, 2012, seeking judgment against the Company for the principal amount of $54,000, plus unspecified amounts for interest, taxes and costs. The Company denies that there is any amount owing to the claimants, and believes that the claimants were overpaid for services provided under the consulting agreement by an amount of $12,600, improperly invoiced by the claimants. The Company has filed a Statement of Defence and Counterclaim in the action, and intends to vigorously defend the claim.

24. Subsequent Events

On May 6, 2013, the Company announced that it has entered into a Letter of Intent ("LOI") with each of two Namibian corporations which hold current applications for offshore blocks in Namibia. The LOIs are dated May 1, 2013 and provide for the acquisition of 75% of the Working Interest in blocks 2712B, 2812B, 2912 and 2611 respectively. The LOIs and applications for licenses are subject to Namibian Ministry approval. The provisions in both LOIs are non-binding. Execution of the definitive agreement is subject to completion of satisfactory due diligence by Petro Viking as well as board approval by both Petro Viking and the respective Namibian corporations.

It is to be noted that the LOI with Grisham Assets during 2012 has expired and is not being further pursued at this time. That LOI related to the acquisition of Grisham by Petro Viking and would have covered Namibian Petroleum Exploration Licenses in relation to Blocks 1710A&B as well as 1810 and 2913B. The Company has determined to no longer proceed with the acquisition of offshore leases 1710A&B, 1810 and 2913B in Namibia.