PetroViking
ENERGY INC.

Financial Statements

For the Three and Nine Months Ended September 30, 2018

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

The Company’s independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity’s auditor.

Petro Viking Energy Inc.
Condensed Statement of Financial Position
(unaudited)

		September 30, 2018		December 31, 2017
Assets				
Current Assets				
Input credits receivable	$	**4,612**	$	-
		4,612		-
		4,612		-
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities *(Note 4)*		**96,508**		41,158
Interest payable		**77,553**		-
		174,061		41,158
Debenture *(Note 5)*		**945,709**		945,709
Shareholders' equity				
Share capital *Note 6)*		**4,525,520**		4,525,520
Contributed surplus		**1,617,760**		1,617,760
Retained earnings (deficit)		**(7,130,147)**		(7,089,942)
Net income (loss) *(Note 8)*		**(128,291)**		(40,205)
		(1,115,158)		(986,867)
	$	**4,612**	$	**-**

Basis of preparation *(Note 2)*

Approved on behalf of the directors:

"Robert Rosner"

Robert Rosner, President and CEO

"Lars Glimhagen"

Lars Glimhagen, CFO

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

Petro Viking Energy Inc.

Interim Condensed Statement of Operations, Loss and Comprehensive Loss

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	**2018**	2017
Revenue	**-**	-	**-**	-
Interest income			**-**	-
			-	-
General and administrative, net of recoveries	**47,869**	4,500	**50,669**	13,500
Debenture interest	**25,431**	20,003	**77,621**	57,719
	73,300	24,503	**128,291**	71,219
Net income (loss before income tax provision)	**(73,300)**	**(24,503)**	**(128,291)**	(71,219)

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

Petro Viking Energy Inc.
Interim Condensed Statement of Cash Flows
(unaudited)

	September 30, 2018	September 30, 2017
Operating		
Net loss and comprehensive loss for the period	$ **(128,291)**	$ (71,219)
Changes in non-cash working capital	**50,669**	13,500
	(77,621)	(57,719)
Investing		
Changes in non-cash working capital	**-**	-
	-	-
Financing		
Changes in non-cash working capital	**77,621**	57,719
	77,621	57,719
Change in Cash	**-**	-
Cash, beginning of the period	**-**	-
Cash, end of the period	**-**	**-**

Petro Viking Energy Inc.
Statements of Changes in Shareholders' Equity (Deficit)
(unaudited)

	As at September 30, 2018	As at September 30, 2017
Share Capital		
Balance, beginning of year	$ **4,525,520**	$ 4,525,520
Issued	**-**	-
Balance, end of period	**4,525,520**	4,525,520
Contributed surplus		
Balance, beginning of year	**1,617,760**	1,617,760
Balance, end of period	**1,617,760**	1,617,760
Deficit		
Balance, beginning of year	**(7,130,148)**	(6,993,033)
Net loss and comprehensive loss	**(128,291)**	(40,206)
Balance, end of period	**(7,258,439)**	(7,033,239)
Shareholders' Equity (Deficit)	**$ (1,115,158)**	$ (889,959)

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

-

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.

The records office and principal address is located at 434 Sierra Madre Ct., Calgary, Alberta T3H 3M4.

On May 18, 2015, the Executive Director of the British Columbia Securities Commission ("BCSC") issued an order (the "Cease Trade Order" or "CTO") under section 164(1) of the *Securities Act*, R.S.B.C. 1996, c. 418 (the "Act") that all trading in securities of the Company cease until it files the required records referred to in the Order. The Company made an application to the Executive Director under section 171 of the Act for partial revocation of the Cease Trade Order to the Company, the Issuer. On November 6, 2018, the Executive Director ordered under section 171 of the Act that the Order be partially revoked solely to permit the completion of the Private Placement and the Debt Conversion.

The financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to going concern, which assumes continuity of operation and realization of assets and settlement of liabilities in the normal course of business. As at September 30, 2018, the Company reported a cumulative deficit of $7,258,439 and a negative working capital of $169,529. The Company's ability to continue as a going concern is dependent upon its ability to additional financing which will allow for completing all necessary requirements to obtain a full revocation of the Cease Trade Order, complete a Private Placement and to have future operations. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing.

These factors indicate the existence of a material uncertainty regarding the Company to continue as a going concern. These financial statements do not include any adjustments to the classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. Basis of presentation

Statement of compliance
These financial statements have been prepared in accordance to IFRS as issued by the International Accounting Standards Board ("IASB") and in the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC") in effect at the closing date of September 30, 2018.

The financial statements were authorized by the Board of Directors for issue on November XX, 2018.

Basis of measurement
The financial statements have been prepared under the historical cost method, except as otherwise noted below.

Financial and presentation currency
These financial statements are presented in Canadian Dollars, which is also the Company's functional currency.

3. Summary of significant accounting policies

These accounting policies have been used throughout all years presented in the financial statements:

a) Share Capital
Share capital represents the amount received on the issue of shares, less issuance costs. Proceeds from unit placements are allocated between shares and warrants issued by: estimating the value of the warrants using the Black-Scholes options model; the fair value is allocated to warrants from the net proceeds and the balance is allocated to the shares. Contributed surplus includes charges related to share options and warrants until such equity instruments are exercised. Deficit includes all current and prior period year profits or losses.

b) Equity-settled share-based payment transactions
The Company operates equity-settled share-based remuneration plans (share option plans) for its eligible directors, officers and consultants. None of the Company's plans feature any options for a cash settlement. All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. This fair value is appraised at the grant date. All equity-settled share-based payments are ultimately recognized as an expense in net loss depending on the nature of the payment with a corresponding credit to contributed surplus. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates, Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period is share options have already vested. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the shares options recorded in contributed surplus are then transferred to capital.

c) Loss per share
Basic loss per share ("LPS") is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Diluted LPS is calculated by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for dilutive instruments. The Company's potentially dilutive instruments are comprised of stock options granted and warrants issued.

d) Financial instruments
Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of the ownership.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies these financial instruments in the following categories depending on the purpose for which the instruments were acquired.

3. Summary of significant accounting policies (continued)

Financial assets

i. **Fair value through profit or loss**
ii. **Held-to-maturity**
iii. **Loans and receivables**

The Company has no financial assets at September 30, 2018.

Financial liabilities

i. **Fair value through profit or loss**
ii. **Other financial liabilities**

All the Company's liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method. Any gains or losses in the realization of other financial liabilities are in profit or loss.

e) Borrowing costs and discounts on issuance of new debt

Borrowing costs that are directly related to the issuance of new debt are recorded net of the associated debt and recognized into income using the effective interest method over the life of the debt. Discounts where proceeds received are less than par value of the debt are recorded at a reduction to long-term debt and are amortized using the effective interest method and included in borrowing cost.

f) Significant accounting judgments and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Such estimates primarily relate to unsettled transactions and events at the statement of financial date which are based on information available to management at each statement date. Actual results could differ from those estimated.

Judgments, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Going concern

The Company's ability to execute its strategy by seeking financing and funding of future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances (Note 1).

4. Accounts payable and accrued liabilities

Significant components of Accounts Payable and Accrued Liabilities	September 30, 2018	December 31, 2017
	$	$
Accounts payable - trade	96,558	41,238
Interest Payable (note 9)	77,553	-
	174,141	41,238
Accounts Payable and Accrued Liabilities for:		
Operating	96,588	41,238
Financing	77,553	-
	174,141	41,158

(i) The debenture is unsecured and bears an interest of 10%, compounded monthly. For the nine months ended September 30, 2017, interest on the debenture of $73,401 and on the promissory notes of $4,152.

(ii) At September 30, 2018, $895,000 of the debenture payable is due to the estate of a related party and a $40,505 promissory note is due to a company controlled by a director.

As at September 30, 2018, the amounts due to related parties are $1,024,007 (see note 9).

5. Debenture and promissory notes payable

	September 30, 2018	December 31, 2017
	$	$
Balance, beginning of year		
Debenture	895,000	895,000
Promissory notes	50,629	50,629
Balance, end of period	**945,709**	**945,709**
Accrued interest, end of period (note 4)	**77,553**	-

(i) The debenture and promissory notes mature on July 31, 2019, and bears interest at a rate of 10% per annum.

(ii) The debenture and promissory notes are non-secured and bears an interest of 10%, compounded monthly. For the nine months ended September 30, 2018, interest on the notes of and $77,553 was recorded.

6. Share capital

a. Authorized

Unlimited number of common shares, without nominal or par value

b. Issued and outstanding common shares

(for the year ended December 31)	**2018**		2017	
	Number	**Amount**	Number	Amount
		$		$
Balance, beginning of year	30,259,707	4,525,521	30,259,707	4,367,233
Balance, end of year	30,259,707	4,525,521	30,259,707	4,525,521

c) Outstanding stock options to directors, officers and consultants

As at September 31,	**2018**		2017	
	Options	**Weighted – average exercise price**	Options	Weighted – average exercise price
		$		$
Opening	474,501	.20	1,699,501	.13
Expired	474,501	.20	1,225,000	.10
Closing	-	-	474,501	.20

In August, 2018, 158,167 options expired as a result of the passing of the President and CEO of the Company. A further 316,334 options expired during the period due to the resignation of previous directors of the Company.

7. Net loss per share

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

As at June 30,	**2018**	2017
Net loss and comprehensive loss	$ (55,543)	$ (46,716)
Weighted average number of shares (basic)	30,259,707	30,259,707
Weighted average number of shares (diluted) (i)	30,259,707	30,259,707
Loss per share:	$	$
Basic	(0.00)	(0.00)
Diluted	(0.00)	(0.00)

8. Change in non-cash working capital

For the nine months ending September 30,	**2018**	2017
Accounts payable, accrued liabilities	46,349	71,298
Interest payable	77,553	-
Accounts receivable	(4,612)	-
Total	119,290	71,298
Operating	41,737	13,580
Financing	77,553	57,718
Total	119,290	71,298

9. Related party disclosures

For the nine months ending September 30,	**2018**	2017
Key management personnel compensation:		
Management consulting fees	11,800	13,500
(Key management personnel are comprised of the Company's directors and officers.)		
Other related party transactions:		
Interest expense on the Company's debentures, held by the estate of a director of the Company, and a company controlled by a director of the Company.	73,401	57,718

Amount owing to / from related parties	**September 30, 2018**	September 30, 2017
	$	$
Accounts payable and accrued liabilities for management and consulting fees, and interest.	88,522	211,738
Debenture – Principal outstanding.	895,000	520,000
Promissory note – Principal outstanding.	40,505	-

10. Financial instruments and 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's financial instruments include accounts payable and accrued liabilities, promissory notes and debentures. The carrying values of accounts payable and accrued liabilities approximate their fair values due to their relatively short periods to maturity. The carrying value of promissory notes and debentures approximate their fair market value as the interest rates are based on market rates.

10. Financial instruments and financial risk management (continued)

The Company has exposure to liquidity risk and market risk as a result of financial instruments.

a. Fair values

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 of 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 accounts payable and accrued liabilities, promissory notes and debentures approximate their amortized cost.

b. Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. Accounts payable and accrued liabilities have expected maturity of less than one year resulting in their current classification on the statement of financial position. The Company currently has no assets and is unable to discharge its liabilities until financing is obtained (Note 1).

c. Market risk

Market risk is the risk that changes market factors, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's cash flows, net loss and comprehensive loss, liquidity or the value of financial instruments. The objective of market risk management is to mitigate market risk exposure where considered appropriate and maximize returns.

d. Interest risk

Interest risk is the risk that future cash will fluctuate as a result of changes in the market interest rates. The Company is exposed to interest rate risk on its promissory notes and debentures as they bear a fixed interest rate.

11. Capital Management

The Company's objective when managing capital is to maintain a flexible capital structure which will allow it to execute its current strategy to get the Company listed again.

The Company considers its capital structure to include share capital, contributed surplus and debentures.

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 September 30, 2018, 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 through its future cash flows.