



**Petro Viking**  
ENERGY INC.

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**Management's Discussion and Analysis**  
**For the Twelve Months Ended December 31, 2018 and 2017**

## **FORWARD LOOKING INFORMATION**

Some statements contained in this MD&A constitute forward looking statements including, without limitation, anticipated developments in the Company's operations in future periods and other events or conditions that may occur in the future. These statements are about the future and are inherently uncertain and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those mentioned herein under heading "RISKS AND UNCERTAINTIES". Management believes that the expectations reflected in those statements are reasonable but no assurance can be given that these expectations will prove to be correct. It is recommended not to place undue reliance on forward looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company undertakes to update any forward looking information should the material factors or assumptions change resulting in a material change to the statements made.

## **DESCRIPTION OF THE COMPANY**

Petro Viking Energy Inc. ("Petro Viking" or the "Company") is incorporated under the laws of the province of Alberta with shares previously listed on the TSX Venture Exchange.

The records office and principal address is located at 5940 Macleod Trail, Suite 500, Calgary, Alberta, T2H 2G4.

On May 8, 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. On January 30, 2019, the Executive Director ordered the cease trade order be revoked under section 171 of the Act.

## **BASIS OF PRESENTATION**

The annual audited financial statements referred to above, including comparatives, and the financial data presented in the MD&A are in Canadian dollars which is also the Company's functional currency.

## **RESULTS OF OPERATIONS**

The Company has not generated any income for the twelve months ending December 31, 2018.

For the twelve months ended December 31, 2018, administrative costs increased significantly to \$269,590 from \$96,230 in the same period last year. Generally, expenditures for consulting and audit fees have increased as a result of increased activity in bringing the Company in good standing with the regulatory agencies, including the filing of delinquent disclosures as required by the BCSC. This entailed significant time spent on preparing draft financial reports, auditing of the most recent yearend financial statements and filing the completed reports on SEDAR.

1. Management fees increased to \$ 103,000 from \$18,000 in the same period last year mainly attributable to the restructuring of the company. Included in this amount is \$75,000 for capital market and corporate restructuring advisory services.

2. Accounting and audit fees increased to \$29,418 from \$ nil in the same period as last as a result of bringing the financial records up to date and the audit of the annual financial statements as a requirement to have the CTO revoked.
3. Professional fees increased to \$61,555 from \$ nil in the same period last year. These costs relate primarily to audit and legal fees.
4. Administrative costs increased to \$5,462 from \$ nil in the same period as last year. Management does not consider this a material difference.
5. Interest charges increased to \$99,573 from \$78,230 in the period as last year as a result of converting related party overdue liabilities to long term debt, and the re-negotiating of the debenture in favor of a company controlled by a former director of the company. As of the date of this MD&A, the debt instruments are due within 12 months, and have been reclassified as a current liability. Management expects to negotiate an extension of the due date of these instruments and a conversion of a portion of the debt to an undetermined number of shares in the company. For additional information, please see *Subsequent Events* section of this MD&A.

## ISSUED AND OUTSTANDING SHARE DATA

	December 31, 2018		December 31, 2017	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of year	3,025,971	4,525,520	3,025,971	4,525,520
Balance, end of year	3,025,971	4,545,520	3,025,971	4,525,520

On January 6, 2019, the Company issued 600,000 shares as partial settlement on the outstanding debenture (see *Debt Conversion note under Subsequent Events*).

As a result of shareholder approval at the Company's Annual General Meeting held on April 8, 2019, the shares have been consolidated on a 10:1 basis resulting in 3,625,971 post-consolidated shares outstanding as at April 25, 2019. All reference to number of shares in this document are post consolidation unless otherwise specified.

## LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2018 the Company had \$5,291 in cash in bank and held in trust, and \$8,112 in input tax it receivables (GST).

At December 31, 2018, the Company has a working capital deficit of \$1,256,457 comprised of the following:

	\$
Cash	5,291
Sales taxes receivable	8,112
Accounts payable and accrued liabilities	(294,151)
Subscriptions to convertible debentures	(30,000)
Current portion of debenture and promissory notes	(945,709)
	<u>(1,256,457)</u>

The Company's ability to continue as a going concern is dependent upon its ability to close a qualifying transaction (*see Letter of Intent note under Subsequent Events*) and obtain additional financing which will allow for settlement of debts as detailed above 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 financing in the future.

These factors indicate the existence of a material uncertainty regarding the ability of the Company to continue as a going concern.

## FINANCIAL INSTRUMENTS

Refer to Note 3(g) of the financial statements for the twelve months ended December 31, 2018 and 2017 regarding the Company's financial instruments.

## 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 statement of financial position.

## RELATED PARTY TRANSACTIONS

Refer to note 10 of the financial statements for the twelve months ended December 31, 2018 and 2017 for related party information.

## CRITICAL ACCOUNTING ESTIMATES

There have been no changes to the Company's significant accounting judgements and estimates in the twelve months ended December 31, 2018. The Company's significant accounting judgements and estimates are described in note 3(i) to the annual audited financial statements for the year ended December 31, 2018 and 2017.

## CHANGES IN ACCOUNTING POLICIES

The only change to the accounting policies pertains to the adoption of IFRS 9 – *Financial instruments* on January 1, 2018 as described in Note 2 to the financial statements.

## RISKS AND UNCERTAINTIES

Petro Viking is exposed to a number of risks in the normal course of its business that have the potential to affect its operating performance. The Company's risk exposures and the impact of the Company's financial instruments are summarized below:

### ***Credit Risk.***

The Company's credit risk is primarily attributable to cash. The maximum exposure of credit risk is best represented by the carrying amount of the financial instruments. The Company considers credit risk negligible as cash is held in reputable financial institutions.

### ***Liquidity Risk***

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis. At December 31, 2018, the carrying value and fair value amounts of the Company's financial instruments are approximately equal.

### ***Market Risk***

Market risk is the risk of loss that may arise from changes in market factors such as interest rates. The Company has no interest-bearing assets and only fixed interest debts and considers the market risk negligible.

### ***Going Concern***

To date, the Company has not achieved a sustainable stream of revenue. There can be no assurance that significant additional losses will not occur in the near future, or that the Company will be profitable in the future. In particular, the Company's operating expenses and capital expenditures are likely to increase significantly.

The Company expects to continue to incur losses until such time a sustainable revenue source can be developed. There can be no assurance that the Company will generate any revenues or achieve profitability.

### ***Additional Financing***

As there is no revenue generated from operations, the Company relies on the equity and debt financing to pursue business opportunities. Failure to obtain such financing could result in delay or the ability to complete proposed business opportunities.

## SUPPLEMENTAL QUARTERLY INFORMATION

Selected quarterly information for the eight most recently completed quarters is presented below in Canadian currency (\$), and in accordance with the International Financial Reporting Standards ("IFRS").

Reporting Period	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	-	-	-	-	-	-	-	-
Management Fees	84	19	-	-	5	5	4	4
Professional Fees	32	29	-	-	-	-	-	-
Interest	26	25	24	24	20	20	19	19
Net Income/(Loss)	(148)	(73)	(24)	(24)	31	(25)	(23)	(23)
		\$	\$	\$	\$	\$	\$	\$
Income/(Loss) per share	(0.05)	(0.02)	(0.01)	(0.01)	0.01	(0.01)	(0.01)	(0.01)

## SUBSEQUENT EVENTS

### *Share Consolidation*

On April 8, 2019 the annual general and special meeting was held and approved the consolidation of the Company's issued and outstanding shares on a 10:1 basis – one post-consolidation share for every ten pre-consolidation shares. This results in the Company having approximately 3,625,971 common shares and outstanding post Consolidation.

### *Letter of Intent*

The Company is entering into a Letter of Intent (“LOI”) with a privately held energy producing company (“Vendor”) based in Alberta with respect to a contemplated asset acquisition between the Company and said Vendor whereby the Company would acquire a non-operating interest of fifty percent interest into a producing oil & gas property in Alberta with a current NI51-101 – Standards of Disclosure for Oil and Gas Activities compliant Technical Report.

As per the terms of the LOI, the Company will issue to the Vendor a convertible debt instrument for a total amount of \$500,000 plus applicable GST taxes convertible into common shares of the Company and the Company will endeavor to cover and pay any GST Taxes payable pursuant to the issuance of the convertible debt instrument., for an amount of up to \$5,000. It is understood that, following the completion of the contemplated transaction with the Vendor, the Company will then apply to have its shares listed on the Canadian Securities Exchange (the “CSE”).

Completion of the contemplated transaction with the Vendor is subject to various conditions, which include but are not limited to, the production of the Technical Report on the Property and its acceptance by the CSE in order to meet initial listing requirements.

### *Debt Conversion*

The Company's Debenture and Promissory Note instruments currently mature on July 31, 2019. As a result, they have been categorized as current liabilities in the amount of \$895,080 and \$50,629 respectively. There is also an additional outstanding interest on this debt in the amount of \$99,500. On

January 30, 2019 the Company issued 6,000,000 per-consolidation shares (600,000 post-consolidation shares) at \$0.05 per share as a partial settlement of the debt.

There is also a potential that the majority of the long-term debt will be converted to shares of the company's capital stock as settlement of the remaining outstanding debt. It is anticipated that the outstanding interest will be added to the principal amount and will be included in the conversion of the debt to shares of the Company.

## **OTHER MD&A REQUIREMENTS**

Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).