PetroViking

Energy Inc.

Form 51-102F1
Management's Discussion and Analysis

For the Twelve Months Ended December 31, 2020 and 2019

Contents

GENERAL

This Management's Discussion and Analysis ("MD&A") or "Report") of the financial condition of Petro Viking Energy Inc. ("Petro Viking" or the "Company") and results of operations of the Company for the year ended December 31, 2020 has been prepared by management in accordance with the requirements under National Instrument 51-102 as at April 30, 2021 (the "Report Date"). The Report should be read in conjunction with the audited financial statements including notes thereto for the years ended December 31, 2020 and 2019 (collectively, the "Financial Statements"). The Financial Statements are presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and Petro Viking's accounting policies as described in the notes to the Financial Statements. All dollar amounts in the Report are in Canadian dollars unless otherwise noted.

The Financial Statements, together with the MD&A, are intended to provide investors with a reasonable basis for assessing the performance and potential future performance of the Company and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward looking statements by the Company are not guarantee of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events. Please refer to the risks and cautionary notices of this MD&A.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com.

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.

OVERALL PERFORMANCE

Business Description

The Company is reporting company registered in Alberta under the Business Corporations Act and has its records and principal address located at 5940 Macleod Trail, Suite 500, Calgary, Alberta.

Petro Viking is an energy company based and operating in the province of Alberta, Canada with a goal to becoming an integrated energy company. In 2019 the Company acquired a 50% non-working interest west Central Alberta from a private company, consisting of production, pipelines, facilities and approximately 1,280 acres (net) of developed surface and mineral leases. This acquisition is described in Note 6 of the audited Financial Statements at December 31, 2020.

The Company has not generated any income for the twelve months ending December 31, 2020.

For the twelve months ended December 30, 2020, operating costs increased to $788,960 from $285,626 in the same period last year. Generally, expenditures for consulting and professional fees have increased as a result of financing activity and filing an application for listing on the Canadian Stock Exchange. Financing is also ongoing for the Company's contribution to non-operated working interest in property to provide the Company with revenue streams.

<u>Highlights During the Year</u>

In March 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic. Workforces, economies and financial markets have all been significantly affected. As at the date of this Report, it is not possible for the Company to determine the effects of the pandemic on the Company's business or operations during the year ended December 31, 2020, nor to predict the duration or magnitude of the pandemic in the ensuing year.

Share Consolidation

The Company's shareholders at the Annual General Meeting held on August 4, 2020, the Consolidation of the shares in the Company's capital was consolidated on the basis of two pre-consolidated shares for one post-consolidated share. Following the consolidation, the total issued and outstanding common shares of the Company was 8,960,889. All the information relating to securities and per share amounts in the Financial Statements and this Report have been adjusted retrospectively to reflect the share consolidation.

Securities Transactions during the Year

- On January 8, 2020 the Company issued 83,334 common shares at $0.30 per unit (one share and one-half warrant) in a private placement with $2,500 paid in cash as a finder's fee.

- On July 7, 2020 the Company closed a private placement for gross proceeds of $400,000 by issuing an unsecured convertible debenture bearing interest rate at 10% and 400 (pre-Consolidation) warrants. Each warrant entitles the holder to purchase 10,000 common shares in the capital of the Company at a price of $0.125 (pre-Consolidation) per share for a period of

Announced		August 17, 2020		
Closing Date		November 5, 2020		
Date of Issuance of Securities		November 5, 2020		
Gross Proceeds	$287,500	$575,000	$360,500	$1,223,000
Shares Issued	1,916,666	3,833,333	1,802,500	7,552,499
Warrants Issued	958,333	1,916,667	-	2,875,000
Warrant Exercise Price	$0.20	$0.20	$0.20	
Warrant Expiry Date		November 5, 2022		
Broker Fees - Cash	$42,690	$39,375	$24,685	$106,750
Broker Warrants	-	460,000	144,200	604,200
Broker Warrant Exercise Price	-	$0.15	$0.15	
Broker Warrant Expiry Date			November 5, 2023	

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ovember 5, 2020 the Company closed a private placement a brokered private placement for total gross proceeds of $1,223,500, pursuant to which it issued units ("Units") and Sub Receipts, comprised of common shares ("CMS"), flow-through shares ("FTS") and warrants, and paid broker's fees in cash, and warrants as follows:

- Related to the raise mentioned above, the Company issued 460,000 subscription A broker units warrants convertible at $0.15 for a period of 3 years per unit into one (1) common share and one-half (1/2) warrant convertible into shares at a price of $0.20 for a 3 year period starting at the date of the initial issuance of broker unit warrants.

- Related to the raise mentioned above, the Company issued 144,200 subscription B broker units warrants convertible at $0.15 for a period of 3 years per unit into one (1) common share.

- Total value of the broker warrants issued is $62,230. The portion relating to the units issued by the December 31, 2020 year-end, $17,021, was recorded to share issuance cost, while the portion relating to subscription receipts, $45,209, was recorded to prepaid expense and other assets.

- Related to the raise mentioned above, the Company has incurred $160,998 of direct share issuance costs which a portion related to units issued, $42,674, were recorded to share issuance while the portion related to subscription receipts, $118,324, are considered to be prepaid expense and other assets as the Company has not issued any units at the end of the period.

- On December 15, 2020, the Company issued 350,000 common shares of the Company at $0.15 per share for gross proceeds of $52,500. Also on that date, the Company received a subscription for 67,000 common shares at $0.15 per share for gross proceeds of $10,050. There shares were issued after the year-end. The Company paid $6,200 cash in commission.

- On December 21, 2020, the Company issued 333,334 common shares of the Company at $0.15 per share for gross proceeds of $50,000.

- On December 23, 2020, the Company issued 333,333 common shares of the Company at $0.15 per share for gross proceeds of $50,000 and 175,000 flow-through shares at $0.20 per share for gross proceeds of $35,000. Also on that date, the Company received a subscription for 250,000 flow-through shares at $0.20 per share for gross proceeds of $50,000, these shares were issued after year-end. The flow-through shares were issued at a premium of $0,05 per share to the most recent raise by the Company. The premium was recognized as a liability of $21,250.

- On June 1, 2020, the Company entered into consulting agreement where the Company was required to issue 20,000 shares in June 2020, July 2020, August 2020, September 2020, October 2020 and November 2020 for a cumulative of 120,000 shares. On signing of the agreement, the Company was required to issue 550,000 common shares and 412,500 warrants at an exercise price of $0.20 for a term of 3 years. There shares and warrants were formally issued after the year-end

ISSUED AND OUTSTANDING SHARE DATA AT THE REPORT DATE

At the Report date, the Company had the following securities outstanding:

				#
Common shares				22,295,185
	Expiry date	$/sh	#	
Warrants	July 6, 2021	0.40	41,667	
	November 5, 2022	0.20	2,874,998	
	June 1, 2023	0.40	412,500	
	July 7, 2023	0.13	2,000,000	
	November 5, 2023	0.15	604,200	
				5,933,365
				28,228,550

On August 25, 2020 the Company had a share consolidation on a 2:1 basis. All disclosure of shares in the Management Discussion and Analysis is on a post-consolidated basis.

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.

COMMITMENTS

On June 1, 2020, the Company entered into a 24-month term consulting agreement where it is to compensate the consultant $6,000 per month. The consulting fee was settled with 120,000 shares for the initial 6 months.

On December 1, 2020, the Company entered into a 6-month term consulting agreement where it is to compensate the consultant $22,500 per month.

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian Development or Canadian Renewable Conservation expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusal of certain expenses by tax authorities would have negative consequences for investors. As of December 31, 2020, the Company has an obligation to incur $445,500 of eligible expenses pursuant to the terms of the flow-through shares financing.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of a member of the Company's Board of Directors, corporate officers and special advisory personnel.

The Company incurred the following transactions with directors and key management personnel during the twelve months ended December 31, 2020 and 2019.

	2020		2019
	$		$
Management fees	54,910		56,000
Consulting fees	286,613		77,825
	340,773	(1) (2)	**133,825**

(1) A total of $93,903 was owed to various parties at December 31, 2020.

(2) On September 15, 2020 the Company issued promissory notes bearing interest at 5% compounded semi-annually in the amount of $217,195 maturing on September 15, 2022 in settlement of debt.

A partner in a legal firm is also a director of the Company. For the year ended December 31, 2020, legal expense and share issuance cost related charges totaled $118,280 (2019 - $59,016). Amounts owed to the legal firm at December 31, 2020 were $132,409 (2019 - $97,199) and were included in accounts payable and accrued liabilities.

CHANGES IN ACCOUNTING POLICIES

The same accounting policies used in the preparation of the Financial Statements is the same as those used in the most recent audited annual financial statements and in the opinion of management reflects all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented.

FINANCIAL INSTRUMENTS

As at December 31, 2020, the Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, due to related parties, and convertible debenture liabilities. IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- 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 (i.e. as prices) or indirectly (ie.e derived from prices; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

As at December 31, 2020, the Company believes that the carrying values of other receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

RISK FACTORS AND UNCERTAINTIES

Petro Viking is a Carbon Neutral Energy Producer based and operating in the province of Alberta. To attain this goal, the Company has acquired a 50% non-working interest in a property located in Western Alberta consisting of production, pipelines, facilities and approximately 1,280 acres of developed surface and mineral leases in December 2019. An additional undeveloped property consisting of 3,840 acres was acquired during the first quarter of 2021. Petro Viking's proven and undeveloped lands are anticipated to result in approximately 2,000,000 BOE (net) beginning in the first quarter of 2021.

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, 2020, 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.

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.

Coronavirus (COVID-19)

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic. Workforces, economies and financial markets have all been significantly affected. As at the date of this Report, it is not possible for the Company to determine the effects of the pandemic on the Company's business or operations in the ensuing year, nor predict the duration, impact or magnitude of the pandemic in the future. The Company continues to operate its business, and adheres to Canadian Federal and Provincial emergency measures as those are developed. The Company continues to evaluate and adjust its operation activities accordingly.

Reliance on Key Personnel

The Company relies on a relatively small number of directors, officers and senior personnel. Loss of any one of those persons could have an adverse effect on the Company. The Company does not currently maintain "key employee" insurance in respect of any of its senior management.

SELECTED ANNUAL INFORMATION

Year ended	Net loss $	Loss per share $	Total assets $	Non-current liabilities $
December 31, 2020	948,707	0.10	2,679,028	2,214,454
December 31, 2019	175,813	0.02	1,065,473	310,014
December 31, 2018	269,590	0.18	13,403	1,269,860

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	**Q4 – 2020** **December 31**	**Q3 – 2020** **September 30**	**Q2 – 2020** **June 30**	**Q1- 2020** **March 31**
Net Income/(Loss)	(626)	**$000's** (36)	**$000's** (264)	**$000's** (23)
	$	**$**	**$**	**$**
Income/loss per share	(0.10)	(0.00)	(0.02)	(0.01)

Reporting Period	**Q4 – 2019** **December 31**	**Q3 – 2019** **September 30**	**Q2 – 2019** **June 30**	**Q1 - 2019** **March 31**
Net Income/Loss	**$000's** 37	**$000's** (38)	**$000's** (96)	**$000's** (79)
	$	**$**	**$**	**$**
Income/loss per share	(0.01)	(0.01)	(0.02)	(0.01)

LIQUIDITY, FINANCIAL CONDITION AND GOING CONCERN

The Company's cash and cash equivalents are comprised of bank deposits. At December 31, 2020, the Company had cash of $136,072. Accounts payable and accrued liabilities of $426,308 are due in the first quarter of 2021 fiscal year. At December 31, 2020, the Company had a working capital deficit of 590,037 (December 31, 2019 working capital deficit of $299,152). The working capital deficit at December 31, 2020 includes a derivative liability of $801,499.

The Company does not have commercial production on any of its non-working interests in oil and gas properties as at December 31, 2020. Production of oil and gas on these properties are expected to generate revenue in the first quarter of 2021 fiscal year. The wells included in the property have been shut-in by the operator of the joint venture partner until the Company is in a financial position to participate in the operation of the wells. To achieve this position, the Company has completed a number of offering and is now in a position to participate in the joint venture operation.

SUBSEQUENT EVENTS

Please refer to note 20 of the audited financial statements.

DIRECTORS AND OFFICERS

Greg Doucette, Chief Executive Officer
Lars Glimhagen, Chief Financial Officer
Michel Lebeuf, Corporate Secretary and Director

Thomas Valentine, Director
Daniel Lucero, Director
Kyle Appleby, Director