PetroViking

Energy Inc.

**Form 51-102F1**
**Amended Management's Discussion and Analysis**

**For the Three and Nine Months Ended September 30, 2021 and 2020**

## GENERAL

This amended 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 nine months ended September 30, 2021, has been prepared by management in accordance with the requirements under National Instrument 51-102 as of January 6, 2022 (the "Report Date"). The Report should be read in conjunction with the Condensed Interim Financial Statements for the three and nine months ended September 30, 2021, and 2020 (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.

This amended MD&A has been prepared by management and approved by the Board of Directors on January 6, 2022.

The Financial Statements, together with the amended 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 amended 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 amended 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 amended 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.

For the purposes of calculating unit revenues and costs, natural gas is converted to a barrel of oil equivalent (BOE) using six thousand cubic feet equal to one BOE unless otherwise stated. A BOE is a very approximate comparative measure that, in some cases, could be misleading if used in isolation.

## DESCRIPTION OF BUSINESS

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.

On December 9, 2019, the company purchased a 50% non-working interest in west Central Alberta from a private company, consisting of production, pipelines, facilities and approximately 1,280 acres (net) of developed surface and mineral leases. Under the terms of the purchase agreement, the Company issued a secured debenture in the amount of $500,000 on December 9, 2019, for the 50% of the non-operated interest. Please see Note 8 of the September 30, 2021 financial statements.

On March 17, 2021, the Company completed the acquisition of mineral rights that resulted in the Company holding a 50% interest in 7,680 acres of mineral rights, (3,840 acres net) within its currently held mineral rights in West Central Alberta (see above). The completion of this acquisition positions the Company with additional opportunities for growth in its core Area immediately adding 10 locations for a total of 15, increasing significantly both Proven and Probable reserves. The Gross Purchase Price was $285 per acre, with the total net cost to Petro Viking, being $747,640 including administrative fees from its Joint Venture partner of approximately $10,000. The mineral rights acquired are strategically located within a proven region where the mineral rights acquired are economically producing from the Belly River, Viking, Ellerslie, Duvernay and Wabamun.

On June 14, 2021, the Company entered into a binding agreement for the purchase of interest in 53,835 Acres, 43,935 (Net) of mineral rights (the "Acquisition").

The Purchase Price for the Acquisition is being satisfied by way of the issuance of 44,440,000 Class A common shares (the "Common Shares") at $0.60 per share and 30,000,000 convertible preferred shares (the "Convertible Shares") convertible at a price of $0.80 per share. The Convertible Shares will have a term of five years (5) and earn an accruing annual dividend at a rate of two percent (2%), payable upon conversion. The Conversion of the Convertible Shares at the election of the holder can only occur after one of three milestones has been achieved: a) the Company exceeds the production rate of 3,000 BOE/d, b) the Common Shares trade at a volume weighted average price (VWAP) of more than $1.00 per share for twenty (20) consecutive business days or c) the second-year anniversary since the issuance of the Common Shares has occurred. At maturity upon the fifth anniversary of their issuance, the Convertible Shares shall automatically be redeemed on a 1:1 basis along with any accrued dividends by the issuance of Common shares.

On November 24, 2021, the Company received conditional approval for the closing of the Acquisition announced on June 14, 2021. The Company anticipates all conditions to be achieved including the delivery of shareholders' consent resolution to approve the Acquisition

It was subsequently determined that the Transaction was considered a "fundamental change" within the meaning of Canadian Securities Exchange ("CSE"). As a result, the Company's stock was suspended by the CSE on September 9, 2021, while the Company provided additional information relating to the Transaction. At the date of this Report, the requested information and documentation has been provided to the CSE. Management is anticipating the suspension from trading to be lifted shortly.

## DISCUSSION OF OPERATIONS

The following is a summary of the significant events and transactions that occurred during the periods ended September 30, 2021:

**Results of operations for the three-month period ended September 30, 2021:**

Net loss for the three months ending September 30, 2021, was 209,996 (2020 – 36,488). The decrease in net loss for the period was primarily a increase in professional and consulting fees.

Oil and gas revenue and volume for the three months ended September 30, 2021, was $109,182 (2020 – nil (1)). During the same period, the volume produced was 4,576 BOE (2) (2020 – nil (1))

Gross profit for the three months ended September 30, 2021, was $59,154 (2020 – nil (1)).

**Results of operations for the nine-month period ended September 30, 2021:**

Net loss for the nine months ending September 30, 2021, was $339,970 (2020 - $323,300). Management considers this as an insignificant difference.

Oil and gas revenue and volume for the nine months ending September 30, 2021, was $210,883 (2020 – nil (1)). During the same period, the volume produced was 6,315 BOE (2020 – nil (2)).

Gross profit for the nine months ended September 30, 2021, was $111,298 (2020 – nil (1)).

During the nine months, the Company has not experienced any price variances that would cause any significant effect on the results of the oil and gas production.

For details related to the Company's oil and gas operations, please refer to the *Summary of Quarterly Results* section.

**Other**

The Company has advanced Avila Exploration & Development Ltd., and 611890 Alberta Inc. as follows:

| | | | |
|---|---|---|---|
| May 21, 2020 | Avila Energy & Development | 224,966 | Participation in developed and undeveloped mineral rights |
| November 6, 2020 | Avila Energy & Development | 122,500 | Participation in developed and undeveloped mineral rights |
| December 3, 2020 | Avila Energy & Development | 35,000 | Participation in developed and undeveloped mineral rights |
| January 18, 2021 | Avila Energy & Development | 250,000 | Participation in developed and undeveloped mineral rights |
| January 22, 2021 | Avila Energy & Development | 50,000 | Participation in developed and undeveloped mineral rights |
| February 20, 2011 | Avila Energy & Development | 20,000 | Participation in developed and undeveloped mineral rights |
| March 8, 2021 | Avila Energy & Development | (747,640) | Applied to 50% Acquisition of undeveloped mineral rights in March 2021 RFP |
| March 11, 2021 | Avila Energy & Development | 500,000 | Participation in developed and undeveloped mineral rights |
| March 12, 2021 | Avila Energy & Development | 247,640 | Participation in developed and undeveloped mineral rights |
| September 7, 2021 | Avila Energy & Development | 200,000 | Participation in developed and undeveloped mineral rights |
| September 7, 2021 | Avila Energy & Development | 200,000 | Cash Call – Sept 20, 2021 |
| September 15, 2021 | Avila Energy & Development | 100,000 | Cash Call – Sept 20, 2021 |
| September 21, 2021 | Avila Energy | 300,000 | Cash Call – Oct 4, 2021 |

The advances will be used for the Company's participation in mineral rights pursuant to the Joint Venture Agreement dated January 1, 2020, between the Company and Avila Exploration and Development, and expenditures related to the Acquisition dated June 14, 2021, between the Company and 611890 Alberta Inc. The timeline for finalizing the expenditures is by the end of June 30, 2022.

As the Company has not realized any revenue from the proposed Acquisition, the expected effect on financial condition, financial performance and cash flow from the Acquisition cannot be determined until production commences after June 30, 2022.

**ISSUED AND OUTSTANDING SHARE DATA AT THE REPORT DATE**

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

| | For the period ending September 30, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | # | $ | # | $ |
| Common shares | 34,890,862 | 10,280,099 | 10,181,495 | 6,771,420 |
| Warrants | 12,260,694 | 4,168,635 | 41,667 | 16,667 |

During the nine months ending September 30, 2021, the Company issued common shares of the Company as follows:

| Date Issued | # Shares | $/share | Gross Proceeds | Reason for issue |
|---|---|---|---|---|
| January 18, 2021 | 1,867,000 | 0.15 | 280,050 | Private placement |
| January 18, 2021 | 500,000 | 0.20 | 100,000 | Flow-through placement |
| February 2, 2021 | 670,000 | 0.30 | 201,000 | For services |
| February 8, 2021 | 660,001 | 0.30 | 99,000 | Private placement |
| March 9, 2021 | 3,833,333 | 0.15 | 575,100 | Exchange of subscription receipts (1) |
| March 9, 2021 | 1,802,500 | 0.20 | 360,500 | Exchange of subscription receipts (1) |
| March 31, 2021 | 793,062 | 0.05 | 39,653 | Conversion of debenture interest (2) |
| March 31, 2021 | 95,344 | .025 | 2,384 | Conversion of debenture interest (2) |
| March 31, 2021 | 100,000 | 0.10 | 10,000 | Conversion of debenture |
| May 6, 2021 | 1,753,333 | 0.25 | 438,333 | Private placement |

| | | | | |
|---|---|---|---|---|
| June 14, 2021 | 73,698 | 0.18 | 13,265 | Conversion of debenture interest (3) |
| June 17, 2021 | 24,000 | 0.15 | 3,600 | Conversion of broker warrants |
| June 23, 2021 | 103,100 | 0.15 | 15,465 | Conversion of broker warrants |
| June 28, 2021 | 51,050 | 0.15 | 7,657 | Conversion of broker warrants |
| July 7, 2021 | 150,000 | 0.25 | 37,500 | Conversion of warrants |
| July 15, 2021 | 45,150 | 0.15 | 6,772 | Conversion of warrants |
| August 19, 2021 | 100,000 | 0.10 | 10,000 | Conversion of debenture |
| August 25, 2021 | 290,000 | 0.25 | 72,500 | Private placement – first tranche |
| September 9, 2021 | 2,000,000 | 0.25 | 500,000 | Private placement – second tranche |
| September 13, 2021 | 7,710,000 | 0.25 | 1,927,500 | Private placement – third tranche |
| September 20, 2021 | 200,000 | 0.25 | 50,000 | Private placement – final tranche |
| **Total** | **22,821,571** | | **4,750,280** | |

**Notes:**

1. The Company exchanged the subscription receipts in the amount of $935,500 pursuant to the November 5, 2020, Offering Memorandum as the condition for the shares being released was met by the completed listing of the Company on the Canadian Securities Exchange on March 5, 2021. As a result of this exchange, the Company issued 3,833,333 common shares of the Company at a price of $0.15 and 1,802,500 flow-through shares of the Company at a price of $0.20.
2. The debenture agreements provide for the holder to convert to shares priced in accordance to the conversion price as determined in each debenture
3. The debenture agreement provides for the holder of each debenture to convert outstanding interest at a price equivalent to the ten-day Weighted Volume Average Price at the date of conversion.

## 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

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. On September 30, 2021, the Company had an obligation to incur $445,500 of eligible expenses pursuant to the terms of the flow-through shares financing.

## COMPENSATION OF KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

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 nine months ended September 30,

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Management and consulting fees | 85,500(1,2) | 103,660 |
| Interest payable on a promissory note | 5,944 (2) | - |
| Legal costs | 112,045 (3) | 68,820 |

(1) A total of $380,862 was owed to various related parties on September 30, 2021.

(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 with a

company of which an officer of the Company is also a director. On September 30, 2021, the balance due on the promissory notes is $78,860.

(3) A partner in the company's legal firm is also a director of the Company. For the nine months ended September 30, 2021, legal expenses and share issuance cost related charges totaled $112,045. Amount owed to the legal firm on September 30, 2021, was $72,886.

## 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

On September 30, 2021, 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 (i.e., derived from prices.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

As of September 30, 2021, 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. The proved and probable reserves are estimated to be $2,859,000 (net), beginning in the first quarter of 2022 according to the independent evaluation report provided by Deloitte, LLP dated April 12, 2021.

Petro Viking is exposed to several 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 in Note 14 of the September 30, 2021, Condensed Interim Financial Statements.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

a. *Interest risk*

The Company does not have any current cash equivalents. Therefore, the Company believes it is not exposed to interest risk.

b. *Foreign currency risk*

The Company conducts its activities in Canada with Canadian dollars. Therefore, the Company believes it is not exposed to any foreign currency risk.

*c. Price risk*

The Company has exposure to price risk with regards to commodity prices. Commodity price risk is the risk that future cash flows will fluctuate as a result in commodity prices. Commodity prices for oil, and gas and liquids are impacted by world and continental/regional economic and other events that dictate the level of supply and demand.

Regarding the Company's oil and gas revenues, management has based the gross profit variances on the revenues in the last nine months *(see Summary of Quarterly Results)*.

**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**

The following table provides a summary of the Company's financial operations. For more detailed information refer to the financial statements.

| | Year ended December 31, 2020 | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---|---|---|
| Total revenue | $ - | $ - | $ - |
| Total other items | (159,747) | 84,692 | - |
| Loss before income taxes | 948,707 | 200,934 | 269,590 |
| Basic and diluted earnings (loss) per share | (0.10) | (0.01) | (0.09) |
| Comprehensive income (loss) | 948,707 | 175,813 | 269,590 |
| Total assets | 2,679,028 | 1,065,473 | 13,403 |
| Working capital (deficit) | (590,038) | (299,152) | (1,256,457) |

## SUMMARY OF QUARTERLY RESULTS

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 | Q3 – 2021<br>September 30 | Q2 – 2021<br>June 30 | Q1 – 2021<br>March 31 | Q4 – 2020<br>December 31 |
|---|---|---|---|---|
| Total asset | $4,732,866 | 2,829,143 | 2,929,359 | 2,679,028 |
| Property and equipment | 1,773,286 | 1,794,443 | 1,794,443 | 1,054,611 |
| Working capital (deficit) | 2,277,030 | 323,334 | (204,063) | (590,038) |
| Equity | 3,222,363 | 1,186,714 | 587,066 | (548,742) |
| Total revenues (net) | 59,154 | 76,141 | 16,314 | - |
| Gross revenues | 100,212 | 41,030 | 19,013 [(1)] | - |
| Oil and condensates per mcf/d | 0.06 | 0.05 | 0.05 | - |
| Natural gas and liquids per mcf/d | 3.63 | 3.31 | 3.14 | - |
| Revenue per BOE | 23.83 | 22.44 | 20.92 [(1)] | - |
| Production costs | 22,890 | 17,524 | 3,177 [(1)] | - |
| Total other items | - | 326,856 | - | (159,747) |
| Operating expenses | 269,150 | 302,673 | 231,161 | 788,960 |
| Income (loss) before income taxes | (209,996) | 100,324 | (214,847) | (948,707) |
| Basic and diluted income (loss) per share | (0.01) | 0.00 | (0.01) | (0.10) |

Notes:

1. The Company's 50% interest in revenues commenced March 2021.

| Reporting Period | Q3 – 2020<br>September 30 | Q2 – 2020<br>June 30 | Q1 – 2020<br>March 31 | Q4 – 2019<br>December 31 |
|---|---|---|---|---|
| Total assets | 1,424,418 | 1,178,142 | 1,069,384 | 1,065,473 |
| Property and equipment | 1,054,611 | 1,054,611 | 1,054,611 | 1,054,611 |
| Working capital (deficit) | (88,374) | (160,454) | (296,704) | (299,152) |
| Equity | (208,855) | (393,622) | (219,872) | (222,321) |
| Total revenues (net) | - | - | - | - |
| Gross revenues | - | - | - | - |
| Oil and condensates per mcf/d | - | - | - | - |
| Natural gas and liquids | - | - | - | - |
| Revenue per BOE | - | - | - | - |
| Production costs | - | - | - | - |
| Total other items | - | - | 11,786 | 84,692 |
| Operating expenses | 107,807 | 173,748 | 34,338 | 285,626 |
| Income (loss) before income taxes | (36,488) | (173,748) | (22,552) | (200,934) |
| Basic and diluted income (loss) per share | (0.01) | (0.01) | (0.00) | (0.02) |

In the event of an increase or decrease in the unit prices, the effects on gross revenue of $160,255 based on the nine-month period ended September 30, 2021, would be as follows:

| Product | Total production (BOE) | Price per BOE<br>$ | Change in unit price<br>$ | Decrease / (Decrease)<br>$ |
|---|---|---|---|---|
| Oil and condensates | 77.97 | $64.93 | $1.00 / BOE | 7,797 / (7,797) |
| Natural gas and liquids | 4,182 | $52.05 | $0.25 / BOE | 1,045 / (1,045) |
| **Total effect on gross profit** | | | | **8,845 / (8,845)** |

A barrel of oil equivalent (BOE) is determined by converting a volume of natural gas to barrels using the ratio of six (six) mcf to one (1) barrel. BOEs may be misleading, particularly if used in isolation.

## LIQUIDITY, FINANCIAL CONDITION AND GOING CONCERN

The Company's cash and cash equivalents are comprised of bank deposits. On September 30, 2021, the Company had cash, amounts receivable, prepaid expenses, and short-term advances in the amount of $2,959,580. Accounts payable and accrued liabilities in the amount of $105,797 are due On September 30, 2021. Promissory note with a fair value of $22,582 (with a face value of $68,859) is due on September 15, 2022, to a related party. A flow-through liability of $21,250 relating to flow-through portion of shares issued will expire during the fourth quarter as costs eligible for the Canadian Renewable Conservation Expenses will have been incurred. (A derivative in the amount of $474,643 has been recorded as a current liability which relates to the holders' ability to convert the liability into shares. This liability can be settled at any time until maturity.) On September 30, 2021, the Company had a working capital of 2,277,030 (December 31, 2020 - working capital deficit of $590,038).

## SUBSEQUENT EVENTS

On October 1, 2021, the Company issued 500,000 common shares of the Company as a result of converting an unsecured convertible debenture at $0.10 per share at the option of the holder.

On November 12, 2021, the Company issued 260,480 common shares of the Company as a result of converting an unsecured debenture plus accrued interest at $0.10 per share at the option of the holder.

On November 24, 2021, the Company received a conditional approval from the CSE for the listing, subject to certain conditions. Management expects that all conditions will all be achieved on a timely basis in 2022.

On December 3, 2021, the Company received shareholder approval for the proposed transaction with respect to the asset acquisition between the Company and 611890 Alberta Inc. The approval was solicited by the Company by means of a Consent Resolution provided to the shareholders by email. The result of approval was 69.74% by the Company's non-related shareholders.

## DIRECTORS AND OFFICERS

Leonard Van Betuw, President and Chief Financial Officer, and Director

Kyle Appleby, Director

Thomas Valentine, Director

Daniel Lucero, Director

Michel Lebeuf, Corporate Secretary and Director

Lars Glimhagen, Chief Financial Officer