

PETRO VIKING ENERGY INC.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2019 and 2018

## **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.

## **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 nine month months ending September 30, 2019 and September 30, 2018.

The net loss for the nine month period ended September 30, 2019 was \$253,647 compared to a net loss of \$128,159 for the same period in the prior year, reflecting and overall increase to net loss of \$125,498.

During the nine months ended September 30, 2019, the Company incurred the following expenditures:

- Management fees of \$57,205 (2018 - \$19,000)
- Professional fees of \$53,304 (2018 - \$ 29,418)
- Interest on debenture and promissory notes of \$114,034 (2018 - \$77,621)
- Listing fees of \$2,081 (2018 - \$nil)
- General and administrative of \$27,023 (2018 - \$2,119)

Management fees increased by \$38,205 attributed to fees accrued in the amount of \$30,205 for the CEO and \$26,000 to the CFO.

Professional fees increased by \$23,886 as a result of legal fees incurred on account of the Company's reorganization.

General and Administrative fees increased by \$24,904 mostly due to shareholder and share transfer fees.

## **CONTEMPLATED ASSET ACQUISITION**

On September 30, 2019 the Company signed a Letter of Intent with a oil and gas producing company in Alberta to acquire a non-operating interest of fifty percent (50%) interest into a producing oil and gas property with a current NI 51-101 – Standards of Disclosure for Oil and Gas Activities compliant Technical Report. It is expected that the acquisition will be completed by November 30, 2019, or a date acceptable to both parties.

## ISSUED AND OUTSTANDING SHARE DATA

	Note	Common Shares		Share Issue Costs	Contributed Surplus	Convertible Debenture	Deficit	Shareholders' Equity
		Number	Amount					
			\$		\$		\$	\$
Balance, December 31, 2017		3,025,971	5,455,427	(929,907)	1,617,760		(7,130,148)	(986,868)
Net loss and comprehensive loss for the year			-				(27,721)	(27,721)
Balance, September 30, 2018		3,025,971	5,455,427	(929,907)	1,617,760		(7,157,870)	(1,014,590)
Balance, December 31, 2018		3,025,971	5,455,427	(929,907)	1,617,760		(7,399,739)	(1,256,459)
Issued convertible debenture						30,000		30,000
Shares issued for debt assignments		6,600,000	330,000					330,000
Shares issued for debt conversions		3,823,661	193,684					193,684
Net loss and comprehensive for the year							(253,647)	(253,647)
Balance, September 30, 2019		13,449,632	5,979,111	(929,907)	1,617,760	30,000	(7,653,386)	(956,422)

## 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	Q3 - 2019	Q2 - 2019	Q1 - 2019	Q4 - 2018
Periods Ending	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	\$000's	\$000's	\$000's	\$000's
Revenue	-	-	-	-
Management Fees	9	9	39	84
Professional Fees	3	33	17	32
Interest	76	17	21	26
Net Income/(Loss)	(105)	69	(79)	(148)
	\$	\$	\$	\$
Income/(Loss) per share	(0.01)	(0.01)	(0.01)	(0.05)

Reporting Period	Q2 - 2018	Q2 - 2018	Q1 - 2018	Q4 - 2017
Periods Ending	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	\$000's	\$000's	\$000's	\$000's
Revenue	-	-	-	-
Management Fees	19	-	-	4
Professional Fees	29	-	-	-
Interest	25	24	28	21
Net Income/(Loss)	(76)	(24)	(31)	31
	\$	\$	\$	\$
Income/(Loss) per share	(.03)	(0.01)	(0.00)	0.01

## LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2019 the Company had \$447 in cash in bank, and \$10,974 in financial assets, comprised of input tax credit receivables (GST).

At September 30, 2019, the Company has a working capital deficit of \$198,102 comprised of the following:

	\$
Cash on hand	447
Sales taxes receivable	10,974
Accounts payable and accrued liabilities	(209,523)

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 of settle its liabilities as intended above.

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

## 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.

### *Financial Instruments*

On January 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9") which replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting.

The Company adopted the standard using the retrospective approach outlined in the standard. IFRS 9 did not impact the Company's measurement and carrying amounts of financial assets and liabilities at the transition date.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets/Liabilities	Original classification under IAS 39	New classification under IFRS 9
Cash	None in prior year	Financial assets at amortized cost
Sales taxes receivable	Other financial assets at amortized cost	Financial assets at amortized cost
Accounts payable and accrued liabilities	Other financial liabilities at amortized cost	Financial liabilities at amortized cost
Subscriptions to convertible debentures	Other financial liabilities at amortized cost	Financial liabilities at amortized cost
Debentures and promissory notes payable	Other financial liabilities at amortized cost	Financial liabilities at amortized cost

### Measurement – initial recognition

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

### Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

Fair value through other comprehensive income ("FVTOCI"):

Financial assets that meet the following conditions are measured at FVTOCI:

- (i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured subsequently at fair value through profit or loss ("FVTPL"):

By default, all other financial assets are measured subsequently at FVTPL.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Classification of financial liabilities and equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

*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 and debenture and promissory notes payable have an expected maturity of less than one year resulting in their current classification on the statement of financial position. The Company currently has minimal assets and is unable to discharge its liabilities until financing is obtained.

Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their obligation payments, thus this risk is primarily attributable to cash. As at September 30, 2019, there were no financial instruments held by counterparties; therefore, the Company has incurred no credit risk as at date or for the year then ended.

Interest rate risk:

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

*Risk Management*

Market risk is the risk that changes in 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 exposures where considered appropriate and maximize returns.

## 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 nine months ended September 30, 2019 and 2018 for related party information.

	2019	2018
<b>Key management personnel compensation:</b>	\$	\$
Management and consulting fees	9,000	19,000

*(Key management personnel are comprised of the Company's directors and officers.)*

**Other related party transactions:**

Interest expense on debenture and promissory notes payable held by an officer of the Company and companies controlled by an officer of the Company (1)

-	27,721
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**Amount owing to related parties**

	2019	2018
	\$	\$
Accounts payable and accrued liabilities including management fees and interest (1)	123,750	72,231
Debenture – Principal outstanding. (1)	-	472,854
Promissory notes payable – Principal outstanding.	-	40,505
	<b>38,320</b>	<b>585,590</b>

<sup>(1)</sup>Mr. Irvin Eisler, a former director of the company passed away on August 23, 2018 and the shares of his company Eisler Holdings Ltd. have been transferred to Mrs. Olga Eisler who is not related to the Company. As a result, all interest paid to Eisler Holdings Ltd. since August 24, 2018 and any amounts owing as at March 31, 2019 are not considered related-party items.

**CRITICAL ACCOUNTING ESTIMATES**

There have been no changes to the Company's significant accounting judgements and estimates in the nine months ended September 30, 2019. The Company's significant accounting judgements and estimates are described in note 3 to the financial statements for the six months ended September 30, 2019.

**CHANGES IN ACCOUNTING POLICIES**

There have been no changes to the Company's accounting policies for the nine months ended September 30, 2019. The Company's significant accounting policies are described in to note 3 to the annual audited financial statements for the six months ended September 30, 2019.

**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 trade and other amounts receivable, which consist primarily of goods and services tax due from the Federal Government of Canada. The maximum exposure of credit risk is best represented by the carrying amount of the financial instruments. The Company considers credit risk negligible.

***Liquidity Risk***

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant payables that are outstanding past their due dates. At September 30, 2019, 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.

***On-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 unlikely 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.

**SUBSEQUENT EVENTS**

On November 18, 2019 the Company signed a letter of agreement with Leede Jones Gable ("LJG") to act as the Company's exclusive agent on specific offerings of the Company. Once LJG completes its due diligent process, LJG and the Company will enter into an Agency Agreement. The terms of the Agreement includes an 8% cash commission and an issue of Agent Warrants at 8% of the units subscribed under each Offering.

The two Offerings will include 4,000,000 units comprised of one Common share at a price of \$0.15 per common share and one-half of a common share purchase warrant (each a ("**Warrant**"), each whole Warrant entitling its holder to purchase one addition common share at a price of \$0.20 for a period of 18 months following the closing of this Offering with gross proceeds of \$600,000; and an Offering of 25,000,000 Flow Through shares at \$0.20 for gross proceeds of \$5,000,000.

**CHANGES IN MANAGEMENT**

On October 13, 2019 Dr. Essam Zahgloul resigned from the Board of Directors, and as President and Chief Executive Officer of the Company. Mr. Lars Glimhagen resigned as the Company's CFO in order to fill the vacant President and Chief Executive Office positions. Mr. Robert Rosner was appointed and accepted the position of CFO. The appointments of the CEO and CFO are on an interim basis while the Company continues its reorganization process.

Management consists of Mr. Lars Glimhagen, President and CEO, Mr. Robert Rosner, CFO, and Mr. Michel Lebeuf, Secretary.

The Directors of the Company are Mr. Michel Lebeuf, Mr. Robert Rosner, and Mr. Thomas Valentine.

**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).