

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

QUARTERLY REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED **JUNE 30, 2018**

OR

TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: **000-29219**

**VIKING ENERGY GROUP,  
INC.**

(Formerly Viking Investments Group, Inc.)  
(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or  
organization)

98-0199508

(IRS Employer Identification No.)

**15915 Katy Freeway, Suite 450**

**Houston, TX 77094**

(Address of principal executive offices)

**(281) 404 4387**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated

Non-Accelerated Filer

Filer Accelerated Filer

Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for comply with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

As of August 14, 2018, the registrant had 83,847,729 shares of common stock outstanding.

## VIKING ENERGY GROUP, INC.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VIKING ENERGY GROUP, INC.

Consolidated Balance Sheets

(Amounts expressed in US dollars)

	June 30, 2018 (unaudited)	December 31, 2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 5,806,479	\$ 536,156
Restricted cash	-	5,199,103
Accounts receivable – oil and gas	559,682	573,296
Other receivable – related party	-	548,714
Prepaid expenses	65,761	-
Total current assets	6,431,922	6,857,269
<b>Oil and gas properties, full cost method</b>		
Proved developed producing oil and gas properties, net	11,577,814	12,301,141
Undeveloped and non-producing oil and gas properties, net	28,001,852	26,859,634
Total oil and gas properties, net	39,579,666	39,160,775
Fixed assets, net	267,576	166,741
Other assets	32,083	9,396
<b>TOTAL ASSETS</b>	<b>\$46,311,247</b>	<b>\$46,194,181</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities:</b>		
Accrued expenses and other current liabilities	\$ 819,287	\$ 397,070
Accounts payable	622,808	2,555,869
Undistributed revenues and royalties	1,253,934	1,175,200
Derivative liability	1,232,810	1,052,788
Amount due to directors	509,007	1,192,970
Current portion of long term debt – net of debt discount	4,732,565	3,562,051
Total current liabilities	9,170,411	9,935,948
Long term debt - net of current portion and debt discount	13,149,005	9,742,830
Deferred tax liability	33,548	910,827
Asset retirement obligation	3,367,052	3,096,263
<b>TOTAL LIABILITIES</b>	<b>25,720,016</b>	<b>23,685,868</b>
Commitments and contingencies (Note 8)		
<b>STOCKHOLDERS' EQUITY</b>		
Capital Stock		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, 28,092 shares issued and outstanding as of June 30, 2018 and December 31, 2017	28	28
Common stock, \$0.001 par value, 100,000,000 shares authorized, with 83,464,906 and 72,347,991 shares issued and outstanding as of June 30, 2018 and December 31, 2017 respectively.	83,465	72,348
Additional Paid-In Capital	21,790,203	19,029,892
Prepaid equity-based compensation	-	(11,827)
Retained earnings (accumulated deficit)	(1,282,465)	3,417,872
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>20,591,231</b>	<b>22,508,313</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$46,311,247</b>	<b>\$46,194,181</b>

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

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**VIKING ENERGY GROUP, INC.**  
**Consolidated Statements of Operations and Comprehensive**  
**Loss**  
**(Unaudited)**  
**(Amounts expressed in US dollars)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>				
Oil and gas sales	\$ 2,318,622	\$ 160,430	\$ 4,480,569	\$ 367,293
<b>Operating expenses</b>				
Lease operating costs	1,035,474	104,066	2,043,742	264,584
General and administrative	1,125,936	215,582	2,026,461	485,923
Stock based compensation	1,044,612	803,616	1,218,099	1,151,020
Accretion - ARO	49,346	9,804	97,777	18,641
Depreciation, depletion and amortization	459,951	35,609	949,637	86,891
<b>Total operating expenses</b>	<b>3,715,319</b>	<b>1,168,677</b>	<b>6,335,716</b>	<b>2,007,059</b>
<b>Loss from operations</b>	<b>(1,396,697)</b>	<b>(1,008,247)</b>	<b>(1,855,147)</b>	<b>(1,639,766)</b>
<b>Other income (expense)</b>				
Interest expense	(2,531,178)	(433,551)	(3,600,488)	(690,261)
Change in fair value of derivatives	(632,831)	119,085	(987,784)	455,098
Loss on sale of investments	-	-	-	(7,185)
Gain on ARO settlement	-	-	58,041	--
<b>Total other income (expense)</b>	<b>(3,164,009)</b>	<b>(314,466)</b>	<b>(4,530,231)</b>	<b>(242,348)</b>
<b>Net loss before income taxes</b>	<b>(4,560,706)</b>	<b>(1,322,713)</b>	<b>(6,385,378)</b>	<b>(1,882,114)</b>
Income tax benefit (expense)	605,490	-	877,279	-
<b>Net loss</b>	<b>\$ (3,955,216)</b>	<b>\$ (1,322,713)</b>	<b>\$ (5,508,099)</b>	<b>\$ (1,882,114)</b>
<b>Other comprehensive income (loss)</b>				
Unrealized gain (loss) on securities available-for-sale	-	-	-	1,446
<b>Net Comprehensive income loss</b>	<b>\$ (3,955,216)</b>	<b>\$ (1,322,713)</b>	<b>\$ (5,508,099)</b>	<b>\$ (1,880,668)</b>
<b>Earnings (loss) per common share</b>				
Basic	\$ (0.05)	\$ (0.02)	\$ (0.07)	\$ (0.03)
<b>Weighted average number of common shares outstanding</b>				
Basic	80,957,111	61,272,870	77,650,012	59,032,220

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

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**VIKING ENERGY GROUP, INC.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(Amounts expressed in US dollars)**

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (5,508,099)	\$ (1,882,114)
Adjustments to reconcile net loss to cash used in operating activities:		
Derivative gain (loss)	987,784	(455,098)
Amortization of prepaid expenses	-	162,914
Stock based compensation	1,218,099	1,151,020
Loss on sale of investments	-	7,185
Depreciation, depletion and amortization	949,637	86,891
Gain on ARO settlement	(58,041)	-
Accretion – Asset retirement obligation	97,777	18,641
Amortization of debt discount	2,639,104	514,540
Changes in operating assets and liabilities		
Accounts receivable	13,614	(4,328)
Prepaid expenses and other assets	(88,448)	-
Other receivable	548,714	-
Accounts payable	(1,933,061)	(48,898)
Accrued expenses and other current liabilities	446,928	88,429
Deferred tax liability	(877,279)	-
Undistributed revenues and royalties	78,734	-
Amounts due to directors	39,993	94,871
<b>Net cash used in operating activities</b>	<b>(1,444,544)</b>	<b>(265,947)</b>
<b>Cash flows from investing activities:</b>		
Investment in, and acquisition of oil and gas properties	(2,088,262)	-
Acquisition of fixed assets	(130,000)	-
Proceeds from sale of oil and gas interests	1,144,953	-
Proceeds from sale of investments	-	101,191
<b>Net cash (used in) provided by investing activities</b>	<b>(1,073,309)</b>	<b>101,191</b>
<b>Cash flows from financing activities:</b>		
Proceeds from amount due to directors	583,000	5,350
Repayment of amount due to directors	(1,306,956)	(300,024)
Proceeds from sale of common stock	-	331,667
Proceeds from long term debt	10,078,018	331,667
Repayment of long term debt	(6,764,989)	(222,500)
<b>Net cash provided by financing activities</b>	<b>2,589,073</b>	<b>146,160</b>
<b>Net increase (decrease) in cash</b>	<b>71,220</b>	<b>(18,596)</b>
<b>Cash, beginning of period</b>	<b>5,735,259</b>	<b>18,605</b>
<b>Cash, end of period</b>	<b>\$ 5,806,479</b>	<b>\$ 9</b>
<b>Supplemental Cash Flow Information:</b>		
<b>Cash paid for:</b>		
Interest	\$ 866,380	\$ 99,909
Income taxes	\$ -	\$ -
<b>Supplemental disclosure of Non-Cash Investing and Financing Activities:</b>		
Recognition of asset retirement obligation	\$ 231,053	\$ -
Issuance of shares as discount on debt	\$ 1,237,416	\$ -
Issuance of warrants as discount on debt	\$ 327,740	\$ -
1 <sup>st</sup> Global debt discount and loan fees	\$ 324,000	\$ -
Payment in kind interest added to debt	\$ 140,757	\$ -
Prepayment of contract through amounts due directors	\$ -	\$ 100,000
Debt refinanced through new credit facility	\$ 7,633,389	\$ -
Private placement debt exchanged for new private placement	\$ 2,085,000	\$ -
Purchase of working interest through new debt	\$ 165,000	\$ -

Long term debt paid through amounts due directors	\$ 55,000	\$ 700,920
Issuance of shares for contract services		
Cashless exercise of warrants	\$ 60	\$ -
Sale of shares through satisfaction of unrelated notes payable	\$ -	\$ 127,215
Accrued expenses exchanged for long term debt	\$ 24,712	\$ 9,500

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

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**VIKING ENERGY GROUP,  
INC.  
Consolidated Statements of  
Changes in Stockholders' Equity  
(Unaudited)  
(Amounts expressed in US  
dollars)**

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid-in Capital</u>	<u>Prepaid Equity- Based Compensation</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Stockholders' Equity</u>
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>				
Balances at December 31, 2017	72,347,990	\$ 72,348	28,092	\$ 28	\$19,029,892	\$ (11,827)	\$ 3,417,872	\$ 22,508,313
Accounting principle change relative to certain derivative liabilities - Note 2.							807,762	807,762
Shares issued as debt discount	7,774,856	7,775			1,229,641			1,237,416
Shares issued as prepaid equity-based compensation	250,000	250			54,750	(55,000)		-
Amortization of prepaid equity-based compensation						66,827		66,827
Shares issued for services	3,031,748	3,032			548,887			551,919
Warrants issued for services					599,353			599,353
Shares issued in cashless exercise of warrants	60,312	60			(60)			-
Warrants issued as debt discount					327,740			327,740
Net loss for the six months ended June 30, 2018							(5,508,099)	(5,508,099)
Balances at June 30, 2018	83,464,906	\$ 83,465	28,092	\$ 28	\$21,790,203	\$ -	\$ (1,282,465)	\$ 20,591,231

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

**Note 1 Nature of Business and Going Concern**

Viking Energy Group, Inc. (“Viking” or the “Company”) was incorporated under the laws of the State of Florida on May 3, 1989, as Sparta Ventures Corp. and remained inactive until June 27, 1998. After several name changes, the Company merged with and into a wholly-owned subsidiary, SinoCubate, Inc., which remained the surviving entity of the merger. SinoCubate, Inc. was formed in the State of Nevada on September 11, 2008. The merger resulted in a change of name of the Company from Synthenol Inc. to SinoCubate, Inc., and a change in the state of incorporation of the Company from Florida to Nevada. On June 13, 2012, the Company changed its name to Viking Investments Group, Inc., and the Company’s ticker symbol was changed to “VKIN.” On March 17, 2017, the Company changed its name to Viking Energy Group, Inc.

The Company's business plan is to engage in the acquisition, exploration, development and production of oil and natural gas properties, both individually and through collaborative partnerships with other companies in this field of endeavor. In November of 2014, the Company entered into its first contract relative to oil and gas activities involving jointly controlled assets and related liabilities by purchasing an undivided 50% interest in the Joffre project located in Alberta, Canada. On March 8, 2016, the Company incorporated a wholly owned subsidiary, Viking Oil & Gas (Canada) ULC, in Alberta, Canada, to hold its Canadian oil and gas interests. On February 23, 2016, the Company closed on the acquisition of working interests in four leases with access to the mineral rights (oil and gas) concerning approximately 281 acres of property in Miami and Franklin Counties in eastern Kansas. On August 30, 2016, the Company incorporated an additional wholly owned subsidiary, Mid-Con Petroleum, LLC, in the State of Kansas to hold certain of its acquisitions in the central United States. On October 4, 2016, the Company, through Mid-Con Petroleum, completed an acquisition whereby the Company (i) increased its working interest in three existing oil and gas leases in Miami and Franklin Counties in Eastern Kansas, and (ii) acquired a working interest in four new oil and gas leases in the same region, comprising approximately 660 acres of property. On August 25, 2017, the Company created an additional wholly owned subsidiary, Mid-Con Drilling, LLC. (“Mid-Con Drilling”), in the State of Kansas to hold additional acquisitions in the central United States. On September 11, 2017, the Company through Mid-Con Drilling, completed an acquisition of a 90% working interest in four new oil and gas leases in Anderson County in Eastern Kansas, comprising approximately 980 acres of property. On October 2, 2017, the Company, through Mid-Con Drilling, closed on an acquisition, effective October 1, 2017, of a 100% working interest in six new oil and gas leases in Miami and Franklin Counties in Eastern Kansas. Existing production from the acquired interests is approximately twenty-two barrels of oil per day. The purchase includes an undivided interest in all oil and gas wells, equipment, fixtures and other personal property located upon the leased properties and used in connection with oil and gas operations upon the leases attributable to the working interests purchased by Viking, through Mid-Con Drilling. On October 4, 2017, the Company, through Mid-Con Drilling, closed on an acquisition of an 80% working interest in six new oil and gas leases in Riley, Geary and Wabaunsee Counties in Kansas. Existing production from the acquired interests is approximately thirteen barrels of oil per day. The purchase includes an undivided interest in all oil and gas wells, equipment, fixtures and other personal property located upon the leased properties. On December 22, 2017, the Company completed an acquisition of 100% of the issued and outstanding membership interests of Petrodome Energy LLC, a privately-owned company, with working interests in multiple oil and gas fields across Texas, Louisiana and Mississippi, comprising approximately 11,700 acres. On December 27, 2017, the Company created an additional wholly owned subsidiary, Mid-Con Development, LLC (“Mid-Con Development”) in the State of Kansas to hold additional acquisition in the central United States. On December 29, 2017, the Company through Mid-Con Development completed an acquisition of working interests in approximately 41 oil leases in Ellis and Rooks Counties in Kansas, comprising several thousand acres. On January 12, 2018, the Company, through Mid-Con Drilling, completed an acquisition of a 100% working interest in seven new oil and gas leases in Woodson and Allen Counties in Eastern Kansas. Effective February 1, 2018, the Company, through Mid-Con Drilling, closed on the acquisition of a working interest in a lease with access to the mineral rights (oil and gas) concerning approximately 80 acres of property in Douglas County in eastern Kansas. The acquisition price was \$50,000.



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These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company had a net comprehensive loss of \$5,508,099 and \$1,880,668 for the six months ended June 30, 2018 and 2017, respectively. The Company has accumulated a stockholders' equity of \$20,591,231 as of June 30, 2018. The Company has generated losses from operations and has a significant working capital deficit. These conditions raise substantial doubt regarding the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances; however, there is no assurance of additional funding being available. These consolidated financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary should the Company have to curtail operations or be unable to continue in existence.

### **Note 2 Summary of Significant Accounting Policies**

#### a) Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules of the Securities and Exchange Commission ("SEC") and should be read in conjunction with the audited financial statements and notes thereto contained in Viking's latest Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments (unless otherwise indicated), necessary for a fair presentation of the financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

#### b) Basis of Consolidation

The financial statements presented herein reflect the consolidated financial results of the Company and its wholly owned subsidiaries, Viking Oil & Gas (Canada) ULC, a Canadian corporation formed on March 8, 2016, to provide a base of operations for properties in Canada, Mid-Con Petroleum, LLC, formed on August 30, 2016, Mid-Con Drilling, LLC, formed on August 25, 2017, and Mid-Con Development, LLC, formed on December 27, 2017, all to provide a base of operations for properties in the Central United States, and Petrodome Energy, LLC, based in Houston, Texas to provide a base of operations to facilitate property acquisitions in Texas, Louisiana and Mississippi, as well as Petrodome Energy, LLC's subsidiaries in Texas, Louisiana and Mississippi. All significant intercompany transactions and balances have been eliminated upon consolidation.

#### c) Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts and timing of revenues and expenses, the reported amounts and classification of assets and liabilities, and disclosure of contingent assets and liabilities. The Company's actual results could vary materially from management's estimates and assumptions. Significant areas requiring the use of management estimates relate to the determination of expected tax rates for future income tax recoveries, stock-based compensation, asset retirement obligations and impairment of long-lived assets.

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The estimates of proved, probable and possible oil and gas reserves are used as significant inputs in determining the depletion of oil and gas properties and the impairment of proved and unproved oil and gas properties. There are numerous uncertainties inherent in the estimation of quantities of proved, probable and possible reserves and in the projection of future rates of production and the timing of development expenditures. Similarly, evaluations for impairment of proved and unproved oil and gas properties are subject to numerous uncertainties including, among others, estimates of future recoverable reserves and commodity price outlooks.

Actual results could differ from the estimates and assumptions utilized.

d) Financial Instruments

ASC Topic 820-10, "Fair Value Measurement" requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 820-10 defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for other receivable – related party, accrued expenses and other current liabilities, accounts payable, derivative liabilities, amount due to directors, and convertible notes each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Liabilities measured at fair value as of June 30, 2018, are classified below based on the three-level fair value hierarchy described above:

<b>Description</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total Gains (Losses)</b>
<b>Financial Assets</b>				
Long term investment	\$ -	\$ -	\$ -	\$ -
Commodity Derivative	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Financial liabilities</b>				
Derivative liabilities	\$ -	\$ -	\$ -	\$ -
Commodity Derivative	-	1,232,810	-	(987,784)
	<u>\$ -</u>	<u>\$ 1,232,810</u>	<u>\$ -</u>	<u>\$ (987,784)</u>

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Assets and liabilities measured at fair value as of December 31, 2017, are classified below based on the three-level fair value hierarchy described above:

<u>Description</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total Gains (Losses)</u>
<b>Financial Assets</b>				
Long term investment	\$ -	\$ -	\$ -	\$ 1,446
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,446</u>
<b>Financial liabilities</b>				
Derivative liabilities	\$ -	\$ -	\$ 807,762	\$ 232,840
Commodity Derivative	-	245,026	-	(183,965)
	<u>\$ -</u>	<u>\$ 245,026</u>	<u>\$ 807,762</u>	<u>\$ 48,875</u>

The Company's long-term investment consisted of 1,437,500 common shares of Tanager Energy Inc., as of December 31, 2016, which is traded on the TSX Venture Exchange (Toronto Stock Exchange). During the three months ended March 31, 2017, the Company sold these shares. The change in the fair value of this investment that has been recognized as an unrealized gain in other comprehensive income on the statement of operations and comprehensive loss was \$1,446 for the three months ended March 31, 2017.

The Company had commodity financial derivatives in place at June 30, 2018. The Company does not designate its commodities derivative instruments as hedges and therefore does not apply hedge accounting. Changes in fair value of derivative instruments subsequent to the initial measurement are recorded as change in fair value on derivative liability, in other income (expense). The estimated fair value amounts of the Company's commodity derivative instruments have been determined at discrete points in time based on relevant market information which resulted in the Company classifying such derivatives as Level 2. Although the Company's commodity derivative instruments are valued using public indices, the instruments themselves are traded with unrelated counterparties and are not openly traded on an exchange.

The Company uses the Black-Scholes model to value its derivative liabilities. This model takes into account inputs such as contract terms, including maturity and market parameters, including assumptions associated with interest rates, volatility and credit worthiness. The derivative assets and liabilities of the Company were \$0 and \$1,232,810 respectively as of June 30, 2018, and \$0 and \$1,052,788 respectively as of December 31, 2017, respectively. The change in the fair value of the derivative liabilities for the six months ended June 30, 2018, consisted of an increase of \$987,784 associated with commodity derivatives. The decrease in the derivative liabilities associated with warrants and the conversion features of convertible debt in the amount of \$807,762 are the result of the Company adopting ASU 2017-11, *Derivatives and Hedging (Topic 815) I. Accounting for Certain Instruments with Down Round Features*. The effect is a reduction in the derivative liability and a restatement of beginning retained earnings in the amount of \$807,762.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and highly liquid investment securities that have original maturities of three months or less. At June 30, 2018 and December 31, 2017, the Company has cash deposits in excess of FDIC insured limits in the amounts of \$4,559,541 and \$5,372,818, respectively.

Restricted cash in the amount of \$0 and \$5,199,103 as of June 30, 2018 and December 31, 2017, respectively, represents cash provided through funding for the Petrodome acquisition, restricted for drilling and exploration.

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f) Accounts Receivable

Accounts receivable consist of oil and gas receivables. The Company has classified these as short-term assets in the balance sheet because the Company expects repayment or recovery within the next 12 months. The Company evaluates these accounts receivable for collectability and, when necessary, records allowances for expected unrecoverable amounts. The Company has recorded an allowance for doubtful accounts of \$87,957 at June 30, 2018.

g) Prepaid Equity-Based Compensation

Prepaid equity-based expenses represent amounts paid in advance through the issuance of restricted shares of stock, for future contractual benefits to be received. These expenses paid in advance are recorded as prepaid equity-based compensation as a component of "Stockholders' Equity" and then amortized to the statements of operations and comprehensive loss over the life of the contract using the straight-line method. At June 30, 2018 and December 31, 2017, the balances of the prepaid equity-based compensation were comprised of the following:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
In February 2017, a one-year consulting agreement for services related to investor relations, market exposure and content development for a total amount of \$44,160.	\$ -	\$ 6,412
In April 2017, a one-year consulting agreement comprised of four quarterly incremental installments for services related to analysis of potential oil and gas acquisitions, for an initial quarterly amount of \$40,250, a second installment of \$28,000 in July 2017, and a third installment of \$55,000 in January 2018.	-	5,415
	<b>\$ -</b>	<b>\$ 11,827</b>

h) Oil and Gas Properties

The Company uses the full cost method of accounting for its investment in oil and natural gas properties. Under this method of accounting, all costs associated with acquisition, exploration and development of oil and gas reserves, including directly related overhead costs, are capitalized. General and administrative costs related to production and general overhead are expensed as incurred.

All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit of production method using estimates of proved reserves. Disposition of oil and gas properties are accounted for as a reduction of capitalized costs, with no gain or loss recognized unless such adjustment would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, in which case the gain or loss is recognized in operations. Unproved properties and major development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is included in loss from continuing operations before income taxes and the adjusted carrying amount of the unproved properties is amortized on the unit-of-production method.

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Depreciation, depletion and amortization expense utilizing the unit-of-production method for the Company's oil and gas properties for the three and six months ended June 30, 2018 and 2017, were as follows:

Cost Center	Oil and Gas Properties by Geographical Cost Center			
	Three months ended		Six months ended,	
	June 30,		June 30,	
	2018	2017	2018	2017
Canada	\$ 10,649	\$ 221	\$ 21,387	\$ 17,228
United States	449,302	35,388	928,250	69,663
	<u>\$ 459,951</u>	<u>\$ 35,609</u>	<u>\$ 949,637</u>	<u>\$ 86,891</u>

i) Limitation on Capitalized Costs

Under the full-cost method of accounting, the Company is required, at the end of each reporting date, to perform a test to determine the limit on the book value of our oil and natural gas properties (the "Ceiling" test). If the capitalized costs of its oil and natural gas properties, net of accumulated amortization and related deferred income taxes, exceed the Ceiling, this excess or impairment is charged to expense. The expense may not be reversed in future periods, even though higher oil and natural gas prices may subsequently increase the Ceiling. The Ceiling is defined as the sum of:

- (a) the present value, discounted at 10 percent, and assuming continuation of existing economic conditions, of 1) estimated future gross revenues from proved reserves, which is computed using oil and natural gas prices determined as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month hedging arrangements pursuant to SAB 103, less 2) estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves; plus
- (b) the cost of properties not being amortized; plus
- (c) the lower of cost or estimated fair value of unproven properties included in the costs being amortized; net of
- (d) the related tax effects related to the difference between the book and tax basis of our oil and natural gas properties.

j) Oil and Gas Reserves

Reserve engineering is a subjective process that is dependent upon the quality of available data and the interpretation thereof, including evaluations and extrapolations of well flow rates and reservoir pressure. Estimates by different engineers often vary sometimes significantly. In addition, physical factors such as the results of drilling, testing and production subsequent to the date of an estimate, as well as economic factors such as changes in product prices, may justify revision of such estimates. Because proved reserves are required to be estimated using recent prices of the evaluation, estimated reserve quantities can be significantly impacted by changes in product prices.

k) Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of common shares and, adjusted by any effects of warrants and options outstanding, if dilutive, that may add to the number of common shares during the period. At June 30, 2018 and 2017, there were approximately 34,912,910 and 6,582,259 common stock equivalents respectively, that were anti-dilutive.

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l) Revenue Recognition

On January 1, 2018, the Company adopted ASU 2014-09, “Revenue from Contracts with Customers (ASC 606),” using the modified retrospective method. Adoption of the new revenue standard had no impact on the Company’s consolidated balance sheet, results of operations, equity or cash flows as of the adoption date, and the Company does not expect any further material impact to its consolidated financial statements on an ongoing basis as a result of adopting the new revenue standard.

Sales of crude oil, natural gas, and natural gas liquids (NGLs) are included in revenue when production is sold to a customer in fulfillment of performance obligations under the terms of agreed contracts. Performance obligations primarily comprise delivery of oil, gas, or NGLs at a delivery point, as negotiated within each contract. Each barrel of oil, million BTU (MMBtu) of natural gas, or other unit of measure is separately identifiable and represents a distinct performance obligation to which the transaction price is allocated. Performance obligations are satisfied at a point in time once control of the product has been transferred to the customer. The Company considers a variety of facts and circumstances in assessing the point of control transfer, including but not limited to: whether the purchaser can direct the use of the hydrocarbons, the transfer of significant risks and rewards, the Company’s right to payment, and transfer of legal title. In each case, the term between delivery and when payments are due is not significant.

The following table disaggregates the Company’s revenue by source for the three and six-month periods ended June 30, 2018 and 2017:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Oil	\$2,248,725	151,386	\$4,272,909	\$ 358,249
Natural gas and Natural gas liquids	69,897	9,044	207,660	9,044
	<b>\$2,318,622</b>	<b>\$ 160,430</b>	<b>\$4,480,569</b>	<b>\$ 367,293</b>

m) Comprehensive Loss

ASC Topic 220, “Comprehensive Income,” establishes standards for the reporting and presentation of comprehensive income and its components in the consolidated financial statements. For the six months ended June 30, 2018 and 2017, comprehensive income (loss) was \$0 and \$1,446 respectively and consisted primarily of unrealized gains and (losses) on available for sale securities.

n) Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the consolidated financial statements and the tax basis of assets and liabilities by using estimated tax rates for the year in which the differences are expected to reverse.

The Company recognizes deferred tax assets and liabilities to the extent that we believe that these assets and/or liabilities are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and results of recent operations. If we determine that the Company would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

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In assessing the realizability of its deferred tax assets and liabilities, management evaluated whether it is more likely than not that some portion, or all of its deferred tax assets and liabilities, will be realized. As of December 31, 2017, based on all the available evidence, management determined that it is more likely than not its deferred tax assets will be fully realized. Accordingly, the Company recorded a deferred tax liability of \$910,827. During the six months ended June 30, 2018, the Company incurred a net loss, which created a decrease in its deferred tax liability with a corresponding income tax benefit in the amount of \$877,279.

o) Stock-Based Compensation

The Company may issue stock options to employees and stock options or warrants to non-employees in non-capital raising transactions for services and for financing costs. In accordance with guidance in ASC Topic 718, the cost of stock options and warrants issued to employees and non-employees is measured on the grant date based on the fair value. The fair value is determined using the Black-Scholes option pricing model. The resulting amount is charged to expense on the straight-line basis over the period in which the Company expects to receive the benefit, which is generally the vesting period.

The fair value of stock warrants was determined at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option model requires management to make various estimates and assumptions, including expected term, expected volatility, risk-free rate, and dividend yield. The expected term represents the period of time that stock-based compensation awards granted are expected to be outstanding and is estimated based on considerations including the vesting period, contractual term and anticipated employee exercise patterns. Expected volatility is based on the historical volatility of the Company's stock. The risk-free rate is based on the U.S. Treasury yield curve in relation to the contractual life of stock-based compensation instrument. The dividend yield assumption is based on historical patterns and future expectations for the Company dividends.

During the quarter ended June 30, 2018, the Company granted 7,472,284 warrants with the option to purchase common stock, of which 4,972,284,000 options vested immediately. The Company used the following Black-Scholes assumptions in arriving at the fair value of 3,000,000 warrants recorded as stock-based compensation expense of \$599,353 and 1,972,284 warrants recorded as debt discount of \$327,740 for the three months ended June 30, 2018.

Expected Life in Years	5.0
Risk-free Interest Rates	2.55% to 2.73%
Volatility	295.90%
Dividend Yield	0%

At June 30, 2018, there was approximately \$499,500 of unrecognized compensation cost related to share-based payments which is expected to be recognized in the future.

The following table represents stock warrant activity as of and for the six months ended June 30, 2018:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Warrants Outstanding – December 31, 2017	27,440,626	0.27	8.2 years	-
Granted	7,472,284	0.20	5.2 years	-
Exercised	(402,084)	-	-	-
Forfeited/expired/cancelled	-	-	-	-
Warrants Outstanding – June 30, 2018	<u>34,510,826</u>	<u>\$ 0.27</u>	7.1 years	<u>\$ -</u>
Outstanding Exercisable – December 31, 2017	<u>27,440,626</u>	<u>\$ 0.27</u>	8.2 years	<u>\$ -</u>
Outstanding Exercisable – June 30, 2018	<u>32,010,826</u>	<u>\$ 0.27</u>	7.1 years	<u>\$ -</u>

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### p) Impairment of Long-Lived Assets

In accordance with ASC 360, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company is required to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

Assets are grouped and evaluated at the lowest level for their identifiable cash flows that are largely independent of the cash flows of other groups of assets. The Company considers historical performance and future estimated results in its evaluation of potential impairment and then compares the carrying amount of the asset to the future estimated cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, the Company measures the amount of impairment by comparing the carrying amount of the asset to its fair value. The estimation of fair value is generally determined by using the asset's expected future discounted cash flows or market value. The Company estimates fair value of the assets based on certain assumptions such as budgets, internal projections, and other available information as considered necessary. There is no impairment of long-lived assets during the six months ended June 30, 2018 and 2017.

### q) Foreign Currency Exchange

An entity's functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which the entity primarily generates and expends cash. Management's judgment is essential to determine the functional currency by assessing various indicators, such as cash flows, sales price and market, expenses, financing and inter-company transactions and arrangements. The functional currency of the parent company is the U.S. Dollar. The reporting currency of the Company is the U.S. Dollar. The Company has oil and gas operations in Alberta, Canada in which the Canadian Dollar ("CAD" or "CS" herein) is the primary economic environment. The reporting currency of these consolidated financial statements is the U.S. Dollar.

For financial reporting purposes, the operational results of the Company's oil and gas operations in Canada are prepared using the CAD, and are translated into the Company's reporting currency, the U.S. Dollar. Revenue and expenses applicable to the oil and gas operations in Alberta, Canada are translated using average rates prevailing during each reporting period. Gains or losses resulting from the settlement of foreign currency transactions are recorded as a separate component of accumulated other comprehensive loss in stockholders' deficit when realized. There have been no settlement transactions that resulted in the recognition of a foreign currency exchange gain or loss during the six months ended June 30, 2018 and 2017.

### r) Convertible Notes Payable

The Company accounts for conversion options embedded in convertible notes in accordance with ASC 815. ASC 815 generally requires companies to bifurcate conversion options embedded in convertible notes from their host instruments and to account for them as free standing derivative financial instruments.

The Company has evaluated the terms and conditions of its convertible notes under the guidance of ASC 815. The conversion feature did not meet the definition of "indexed to a company's own stock" provided for in ASC 815 due to the down round protection feature. Therefore, the conversion feature requires bifurcation and liability classification. Additionally, the default put requires bifurcation because it is indexed to risks that are not associated with credit or interest risk. As a result, the compound embedded derivative comprises of (i) the embedded conversion feature and (i) the default put. Rather than bifurcating and recording the compound embedded derivative as a derivative liability, the Company elected to initially and subsequently measure the convertible note in its entirety at fair value, with changes in fair value recognized in earnings in accordance with ASC 815-15-25-4. On January 1, 2018, the Company adopted ASU 2017-11, Derivatives and Hedging (Topic 815), and increased beginning retained earnings in the amount of \$807,762.

### s) Derivative Liability

We review the terms of convertible debt issues to determine whether there are embedded derivative instruments, including embedded conversion options, which are required to be bifurcated and accounted for separately as derivative financial instruments. In circumstances where the host instrument contains more than one embedded derivative instrument, including the conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument

Bifurcated embedded derivatives are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as non-operating income or expense. When the equity or convertible debt instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds received are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any, are then allocated to the host instruments themselves, usually resulting in those instruments being recorded at a discount from their face value. The discount from the face value of the convertible debt, together with the stated interest on the instrument, is amortized over the life of the instrument through periodic charges to interest expense.





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t) Accounting for Asset Retirement Obligations

Asset retirement obligations (“ARO”) primarily represent the estimated present value of the amount the Company will incur to plug, abandon and remediate its producing properties at the projected end of their productive lives, in accordance with applicable federal, state and local laws. The Company determined its ARO by calculating the present value of estimated cash flows related to the obligation. The retirement obligation is recorded as a liability at its estimated present value as of the obligation’s inception, with an offsetting increase to proved properties.

The following table describes the changes in the Company’s asset retirement obligations for the six months ended June 30, 2018, and the year ended December 31, 2017:

	<b>Six months ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
Asset retirement obligation – beginning	\$3,096,263	\$ 833,017
Oil and gas purchases	231,053	2,205,171
Gain on ARO Settlement	(58,041)	-
Accretion expense	<u>97,777</u>	<u>58,075</u>
Asset retirement obligation – ending	<u>\$3,367,052</u>	<u>\$3,096,263</u>

u) Undistributed Revenues and Royalties

The Company records a liability for cash collected from oil and gas sales that have not been distributed. The amounts get distributed in accordance with the working interests of the respective owners.

v) Recent Accounting Pronouncements

As of June 30, 2018, and through the date of this filing, there were several new accounting pronouncements issued by the Financial Accounting Standards Board. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company’s consolidated financial statements. The Company will monitor these emerging issues to assess any potential future impact on its financial statements.

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ASU Update 2014-09, “Revenue from Contracts with Customers (Topic 606),” issued May 28, 2014, by FASB and IASB converged guidance on recognizing revenue in contracts with customers on an effective date after December 31, 2017. The ASU outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers which supersedes current revenue recognition guidance, including most industry-specific guidance. The guidance provides that an entity recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. We adopted Topic 606 as of January 1, 2018, using the modified retrospective transition method. Under the modified retrospective method, the Company would recognize the cumulative effect of initially applying the standard as an adjustment to opening retained earnings at the date of initial application; however, we did not have any material adjustments as of the date of the adoption. The comparative periods have not been restated.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842).” This standard requires all leases that have a term of over 12 months to be recognized on the balance sheet with the liability for lease payments and the corresponding right-of-use asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the income statement will be dependent upon their classification as either an operating or a financing lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the right-of-use asset) and interest expense (for interest on the lease liability). This standard will be effective for our interim and annual periods beginning January 1, 2019, and must be applied on a modified retrospective basis to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. We are currently evaluating the timing of adoption and the potential impact of this standard on our financial position, but we do not expect it to have a material impact on our results of operations.

In July 2017, the Financial Accounting Standards Board (“FASB”) issued ASU 2017-11, “Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part 1) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Non-public Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception” (“ASU 2017-11”). Part I relates to the accounting for certain financial instruments with down round features in Subtopic 815-40, which is considered in determining whether an equity-linked financial instrument qualifies for a scope exception from derivative accounting. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced based on the pricing of future equity offerings. An entity still is required to determine whether instruments would be classified as equity under the guidance in Subtopic 815-40 in determining whether they qualify for that scope exception. If they do qualify, freestanding instruments with down round features are no longer classified as liabilities. ASU 2017-11 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted, including in an interim period. We adopted Topic 815 as of January 1, 2018. The effect was to no longer recognize certain freestanding instruments with down round features as a liability, through an increase in beginning retained earnings of \$807,762.

### w) Subsequent events

The Company has evaluated all subsequent events from June 30, 2018, through the date of filing this report, and determined there are no additional items to disclose other than those listed in Note 9.

### Note 3. Business Acquisition

#### *Petrodome Energy LLC*

As discussed in Note 1, on December 22, 2017, the Company closed on the acquisition of all of the issued and outstanding membership interests of Petrodome Energy, LLC, a Texas limited liability company, with an effective date of November 1, 2017, in a transaction accounted for under the acquisition method of accounting, whereby the assets acquired and the liabilities, if any assumed are to be valued at fair value, and compared to the fair value of the consideration given to identify if there are any identifiable intangible assets to be recognized as a result of the transaction.

The recorded cost of this acquisition was based upon the fair market value of the assets acquired based on an independent valuation. The fair value of the Business Enterprise and its assets exceed the value of the consideration given, creating a bargain purchase gain, which is to be recognized immediately by the purchaser. The fair value of the bargain purchase gain has been recorded in the amount of \$27,021,418 during the year ended December 31, 2017.

Proforma unaudited condensed selected financial data for the three and six months ended June 30, 2017, as though this acquisition had taken place at January 1, 2017, are as follows:

	<b>Three Months Ended June 30, 2017</b>	<b>Six Months Ended June 30, 2017</b>
Revenues	<u>\$ 2,717,496</u>	<u>\$ 5,694,444</u>
Net Loss (excludes unrealized gains / losses)	<u>\$(1,425,275)</u>	<u>\$(3,012,499)</u>
Loss per share	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>

### Note 4. Related Party Transactions

During April 2015, the Company made an advance to Tanager Energy Inc., in conjunction with a joint investment in the second oil well of the Joffre Project. As of June 30, 2018, the balance owed by Tanager to the Company is \$153,877. The Company has determined to reserve 100% of the balance and has reduced the amount shown as Other receivable – related party to \$0 on the consolidated balance sheet.

During the six months ended June 30, 2018, the Company's CEO and Director, James Doris, incurred expenses on behalf of, and made advances to the Company in the amount of \$608,191 in order to provide the Company with funds to carry on its operations, and the Company made repayments of \$938,771. These advances do not bear interest, are unsecured and have no specific terms of repayment. As of June 30, 2018, the amount due to Mr. Doris for advances and expenses paid on behalf of the Company is \$0. The Company has not imputed interest as the amount is deemed immaterial. Additionally, Mr. Doris made several loans to the Company totaling \$862,390, of which \$353,383 was paid back during the quarter ended June 30, 2018. These loans all accrue interest at 12%, and are payable on demand. As of June 30, 2018, the total amount due to Mr. Doris for these loans is \$509,007. Accrued interest of \$74,056 is included in accrued expenses and other current liabilities at June 30, 2018.

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**Note 5. Oil and Gas Properties**

The following table summarizes the Company's oil and gas activities by classification and geographical cost center for the six months ended June 30, 2018:

	<b>December 31, 2017</b>	<b>Adjustments</b>	<b>Impairments</b>	<b>June 30, 2018</b>
<b>Proved developed producing oil and gas properties</b>				
Canada cost center	\$ 23,279	\$ -	\$ -	\$ 23,279
United States cost center	12,513,088	(413,332)	-	12,099,756
Accumulated depreciation, depletion and amortization	(235,226)	(309,995)	-	(545,221)
Proved developed producing oil and gas properties, net	\$12,301,141	\$ (723,327)	\$ -	\$ 11,577,814
<b>Undeveloped and non-producing oil and gas properties</b>				
Canada cost center	\$ 382,935	\$ -	\$ -	\$ 382,935
United States cost center	26,851,244	1,752,694	-	28,603,938
Accumulated depreciation, depletion and amortization	(374,545)	(610,476)	-	(985,021)
Undeveloped and non-producing oil and gas properties, net	\$26,859,634	\$ 1,142,218	\$ -	\$28,001,852
<b>Total Oil and Gas Properties, Net</b>	<b>\$39,160,775</b>	<b>\$ 418,891</b>	<b>\$ -</b>	<b>\$39,579,666</b>

The following table summarizes the Company's oil and gas activities by classification for the year ended December 31, 2017:

	<b>December 31, 2016</b>	<b>Adjustments</b>	<b>Impairments</b>	<b>December 31, 2017</b>
<b>Proved developed producing oil and gas properties</b>				
Canada cost center	\$ 34,733	\$ (11,454)	\$ -	\$ 23,279
United States cost center	1,787,840	10,725,248	-	12,513,088
Accumulated depreciation, depletion and amortization	(57,200)	(178,026)	-	(235,226)
Proved developed producing oil and gas properties, net	\$ 1,765,373	\$ 10,535,768	\$ -	\$12,301,141
<b>Undeveloped and non-producing oil and gas properties</b>				
Canada cost center	\$ 371,481	\$ 11,454	\$ -	\$ 382,935
United States cost center	917,184	25,934,060	-	26,851,244
Accumulated depreciation, depletion and amortization	(51,176)	(323,369)	-	(374,545)
Undeveloped and non-producing oil and gas properties, net	\$ 1,237,489	\$ 25,622,145	\$ -	\$26,859,634
<b>Total Oil and Gas Properties, Net</b>	<b>\$ 3,002,862</b>	<b>\$ 36,157,913</b>	<b>\$ -</b>	<b>\$39,160,775</b>

On December 27, 2017, the Company created an additional wholly owned subsidiary, Mid-Con Development, LLC ("Mid-Con Development") in the State of Kansas to hold additional acquisition in the central United States. On December 29, 2017, the Company through Mid-Con Development completed an acquisition of working interests in approximately 41 oil leases in Ellis and Rooks Counties in Kansas, comprising several thousand acres. The working interests in the leases range from 84% to 100%, with an average of approximately 96%, and the net revenue interests range from 72% to 85%, with an average of approximately 81%.

The acquisition purchase price was \$2,200,000. The Company paid \$200,000 at closing on December 29, 2017. Between the closing date and January 18, 2018, Mid-Con Development assigned 7.5% of the purchased assets to Global Equity Funding, LLC ("Global Equity"), and 5% of the purchased assets to Coal Creek Energy, LLC ("Coal Creek"), leaving Mid-Con Development with an 87.5% interest in the purchased oil and gas leases. The portion of the Acquisition price attributable to Mid-Con Development, Global Equity and Coal Creek was \$1,925,000, \$165,000 and \$110,000, respectively, which was paid in full by the close of business on January 18, 2018.

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On January 12, 2018, the Company, through Mid-Con Drilling, closed on an acquisition of a 100% working interest in seven new oil and gas leases in Woodson and Allen Counties in Kansas. The purchase includes an undivided interest in all oil and gas wells, equipment, fixtures and other personal property located upon the leased properties. To facilitate this transaction, the Company, through Mid-Con Drilling, executed a Promissory Note, dated January 12, 2018, in favor of Cornerstone Bank in the amount of \$366,000. The acquisition price for this acquisition was \$480,000.

Effective February 1, 2018, the Company, through Mid-Con Drilling, closed on the acquisition of a working interest in a lease with access to the mineral rights (oil and gas) concerning approximately 80 acres of property in Douglas County in eastern Kansas. The acquisition price was \$50,000.

**Note 6. Capital Stock and Additional Paid-in Capital**

(a) Preferred Stock

The Company is authorized to issue 5,000,000 shares of Preferred Stock, par value \$0.001 per share (the “Preferred Stock”), of which 50,000 have been designated as Series C Preferred Stock (the “Series C Preferred Stock”).

On December 4, 2017, Viking Energy Group, Inc. (the “Company” or “Viking”) filed with the State of Nevada an amendment to the Certificate of Designation for the Company’s Series C Preferred Stock, pursuant to which each share of Series C Preferred Stock would entitle the holder thereof to 10,000 votes on all matters submitted to the vote of the stockholders of the Company.

Each share of Series C Preferred Stock shall be convertible, at the option of the holder, at any time after the date of issuance into one share, at the office of the Corporation or any transfer agent for such stock, into one share of fully paid and non-assessable common stock. (the “Conversion Rate”).

(b) Common Stock

On June 11, 2018, the Company filed a Schedule 14C Information Statement with the SEC regarding a prospective amendment to our Articles of Incorporation to increase the number of authorized shares of our common stock from one hundred million (100,000,000) shares to five hundred million (500,000,000) shares of common stock, par value \$0.001 per share. Such amendment has not yet been filed but will be filed during the three months ended September 30, 2018.

During January 2018, the Company issued 250,000 common shares for services pursuant to a one-year consulting agreement.

During February and March 2018, the Company issued 668,500 common shares for services.

During the quarter ended March 31, 2018, pursuant to a private placement for debt and equity, the Company issued 4,110,000 common shares.

During April 2018, the Company issued 60,312 common shares in a cashless exercise of 402,084 warrants to purchase the common stock of the Company.

During the quarter ended June 30, 2018, the Company issued 2,363,248 common shares for services.

During the quarter ended June 30, 2018, pursuant to a private placement for debt and equity, the Company issued 3,664,856 common shares.

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**Note 7. Long Term Debt**

Long term debt consisted of the following at June 30, 2018 and December 31, 2017:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
As of December 31, 2016, the Company issued a total of \$630,000 of 10% Secured promissory notes with a term expiring April 3, 2017 (the "Maturity Date"), and an original issue discount of thirty-seven and one-half percent (37.5%). The discount was modified to fifty percent (50%) retroactively with an extension of the maturity to June 2017. During the quarter ended March 31, 2017, the Company issued an additional \$917,833 of 10% Secured promissory notes with terms expiring in June, August and September of 2017, and an original issue discount of fifty percent (50%). Interest is payable on the outstanding principal of these notes at 10% per annum on the various maturity dates. The balance shown is net of unamortized discount of \$0 and \$0 at June 30, 2018 and December 31, 2017 respectively.	-	75,000
On October 4, 2016, the Company closed on a revolver loan with Crossfirst Bank in the amount of \$1,800,000, payable at \$15,000 per month, interest at 10%, with all unpaid principal and accrued interest payable on September 30, 2018. The balance shown is net of unamortized discount of \$6,932 and \$10,341 at December 31, 2017 and 2016 respectively.	-	1,594,659
During July and August of 2017, the Company borrowed \$1,475,000 from private lenders pursuant to a 10% Secured Convertible Promissory Note with a twelve-month maturity. The balance shown is net of unamortized discount of \$17,009 and \$271,403 at June 30, 2018 and December 31, 2017 respectively.	1,457,991	1,203,597
During August through December of 2017, the Company borrowed \$2,989,000, and from January through June 2018, the Company borrowed \$3,230,000, all from private lenders pursuant to a 10% Secured Promissory Note with all principal and accrued interest payable on the maturity date of October 31, 2018. During the quarter ended June 30, 2018, \$1,050,000 of these notes were paid in full and \$2,085,000 of these notes have been exchanged for new partially convertible promissory notes. The promissory notes are secured by the membership interests of Mid-Con Drilling, LLC. The balance shown is net of unamortized discount of \$838,714 and \$867,399 at June 30, 2018 and December 31, 2017 respectively.	2,245,286	2,121,601
On September 8, 2017, the Company closed on a Promissory Note with Cornerstone Bank in the amount of \$256,983, payable interest only for the first twelve months commencing October 8, 2017, variable interest rate, currently at 5.5%, followed by 83 monthly payments of \$3,765, interest at 6%, final payment due on September 8, 2025. The balance shown is net of unamortized discount of \$3,113 and \$0 at June 30, 2018 and December 31, 2017 respectively.	-	253,870
On September 29, 2017, the Company closed on a Promissory Note with Cornerstone Bank in the amount of \$290,000, payable interest only for the first twelve months commencing October 29, 2017, variable interest rate, currently at 5.5%, followed by 83 monthly payments of \$3,765, interest at 6%, final payment due on September 29, 2025. The balance shown is net of unamortized discount of \$3,800 and \$3,925 at June 30, 2018 and December 31, 2017 respectively.	-	286,075
On October 3, 2017, the Company closed on a Promissory Note with Cornerstone Bank in the amount of \$204,000, payable interest only for the first twelve months commencing November 3, 2017, variable interest rate, currently at 5.5%, followed by 83 monthly payments of \$3,765, interest at 6%, final payment due on October 3, 2025. The balance shown is net of unamortized discount of \$3,341 and \$3,451 at June 30, 2018 and December 31, 2017 respectively.	-	200,549
On December 22, 2017, the Company borrowed \$8,510,638, through 405 Petrodome, LLC, as agent for Lenders, with an OID of 6%, bearing interest initially at 9.875% through June 2018, then 11.375% through December 2018, then 12.875% through June 2019, then 14.375% through December 2019. Interest only through June 2018, at which time Principal will be payable at \$75,000 monthly for six months and then \$125,000 monthly to the maturity date of December 22, 2019. The balance shown is net of unamortized discounts of \$823,633 and \$941,108 at June 30, 2018 and December 31, 2017 respectively.	-	7,569,530
During June of 2018, the Company borrowed \$379,712 from private lenders, and issued an additional \$2,250,000 in exchange for amounts owed to the Company, pursuant to a 10% Secured Promissory Note with 50% of the principal convertible into the Company's common		

stock at \$0.20 per share, all principal and accrued interest payable on the maturity date of August 31, 2019. The balance shown is net of unamortized discount of \$713,208 and \$0 respectively.	1,916,504	-
On June 13, 2018, the Company borrowed \$12,400,000 pursuant to a revolving line of credit facility with a maximum principal amount of \$30,000,000 from Crossfirst Bank, bearing interest 1.5% above a base rate equal to the prime rate of interest published by the Wall Street Journal, interest only for June and July of 2018, at which time Principal will be payable at \$100,000 monthly through the maturity date of June 30, 2020, at which time all remaining unpaid principal and accrued interest shall be due. The balance shown is net of unamortized discount of \$138,211 and \$0 at June 30, 2018 and December 31, 2017 respectively.	12,261,789	-
	17,881,570	13,304,881
Less current portion	<u>(4,732,565)</u>	<u>(3,562,051)</u>
	<u>\$13,149,005</u>	<u>\$ 9,742,830</u>



**Note 8. Commitments and contingencies**

From time to time the Company may be a party to litigation matters involving claims against the Company. Management believes that there are no current matters that would have a material effect on the Company's consolidated financial position or results of operations.

On April 16, 2018, the Company entered into an employment agreement, restricted stock agreement, and warrant with Timothy Swift, appointing Mr. Swift as Executive Vice President and Chief Operating Officer of the Company. Pursuant to Mr. Swift's employment agreement with the Company, Mr. Swift is to receive an annual base salary of \$275,000 and is eligible to receive, at the discretion of the Company's Board of Directors, an annual bonus of up to 110% of his base salary and incentive equity compensation equal to approximately 130% of his base salary. Pursuant to the restricted stock agreement, Mr. Swift is to receive 1,000,000 shares of the Company's common stock, with 50% of the shares vesting immediately and the remaining shares vesting on October 1, 2018, unless Mr. Swift has resigned from employment or has been terminated for cause on or prior to that time. Pursuant to the warrant, Mr. Swift received the right to purchase 3,500,000 shares of the Company's common stock at \$0.30 per share exercisable through April 1, 2023, with (i) 1,000,000 of the warrant shares vesting immediately; (ii) 2,000,000 of the warrant shares vesting on July 1, 2018, or another date as agreed in writing by both parties so long as the Company has closed a financing transaction consolidating the Company's debt, has raised an additional \$5,000,000 in financing at such time, and Mr. Swift has not resigned from employment or been terminated for cause at that time; and (iii) 500,000 of the warrant shares vesting on December 31, 2018, so long as Mr. Swift has not resigned from employment or been terminated for cause at that time.

**Note 9. Subsequent Events**

The Company has evaluated subsequent events from June 30, 2018, through the date of filing this Form 10-Q, and determined there are no additional items to disclose other than the following:

During July 2018, the Company issued 382,823 common shares for services.

During July 2018, and through the date of this filing, the Company, through a private placement raised new funds in the amount of \$1,297,000, and issued new notes pursuant to the terms of the private placement relative to the exchange of previous promissory notes in the amount of \$3,852,000, requiring the issuance of 3,861,750 warrants to purchase common stock of the Company.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion and analysis in conjunction with the financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q. In preparing the management's discussion and analysis, the registrant presumes that you have read or have access to the discussion and analysis for the preceding fiscal year.

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 or the Reform Act. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any projections of earning, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions of performance; and statements of belief; and any statements of assumptions underlying any of the foregoing. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: our ability to raise capital and the terms thereof; ability to gain an adequate player base to generate the expected revenue; competition with established gaming websites; adverse changes in government regulations or policies; and other factors referenced in this Form 10-Q.

The use in this Form 10-Q of such words as "believes", "plans", "anticipates", "expects", "intends", and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. These forward-looking statements present the Company's estimates and assumptions only as of the date of this Report. Except for the Company's ongoing obligation to disclose material information as required by the federal securities laws, the Company does not intend, and undertakes no obligation, to update any forward-looking statements.

Although the Company believes that the expectations reflected in any of the forward-looking statements are reasonable, actual results could differ materially from those projected or assumed or any of the Company's forward-looking statements. The Company's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties.

### **PLAN OF OPERATIONS**

#### **Overview**

The Company's business plan is to engage in the acquisition, exploration, development and production of oil and natural gas properties, both individually and through collaborative partnerships with other companies in this field of endeavor. In November of 2014, the Company entered its first contract of this kind.

On March 8, 2016, the Company incorporated a wholly owned subsidiary, Viking Oil & Gas (Canada) ULC, in Alberta, Canada, to hold Canadian oil and gas interests which were registered in its name. On August 30, 2016, the Company organized a wholly owned subsidiary, Mid-Con Petroleum, LLC ("Mid-Con Petroleum"), a Kansas limited liability company, to hold oil and gas interests in the central United States. On August 25, 2017, the Company organized another wholly owned subsidiary, Mid-Con Drilling, LLC ("Mid-Con Drilling"), a Kansas limited liability company, to hold additional oil and gas interests in the central United States. On December 27, 2017, the Company organized a third wholly owned subsidiary, Mid-Con Development, LLC ("Mid-Con Development"), a Kansas limited liability company, to hold further oil and gas interests in the central United States. In 2016, 2017 and 2018, the Company acquired numerous oil and gas interests in Kansas, and in December of 2017, the Company acquired Petrodome Energy, LLC, a Texas limited liability company based in Houston, Texas, with interests in oil and gas leases in Texas, Louisiana and Mississippi.

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**Going Concern Qualification**

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances; however, there is no assurance of additional funding being available.

**RESULTS OF CONTINUING OPERATIONS**

The following discussion of the financial condition and results of operation of the Company for the three and six months ended June 30, 2018 and 2017, should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2017, filed with the SEC on April 25, 2018.

*Liquidity and Capital Resources*

As of June 30, 2018, and December 31, 2017, the Company had 5,806,479 and \$5,75,259 in cash holdings, respectively.

**Three months ended June 30, 2018, compared to the three months ended June 30, 2017**

*Revenue*

The Company had gross revenues of \$2,318,622 for the three months ended June 30, 2018, as compared to \$160,430 for the three months ended June 30, 2017, resulting from its oil and gas interests in Canada, Kansas, Texas, Louisiana and Mississippi.

*Expenses*

The Company's operating expenses increased by \$2,546,642 to \$3,715,319 for the three-month period ended June 30, 2018, from \$1,168,677 in the corresponding period in 2017. The increase is mainly attributable to increased lease operating costs commensurate with the new oil and gas wells purchased in 2017 and the first quarter of 2018. Additionally, there were increases in general and administrative associated with the office operations of Petrodome, and increases in accretion expense and depreciation, depletion and amortization expense.

*Other income (expense)*

The Company had other income (expense) of \$(3,164,009) for the three months ended June 30, 2018, as compared to \$(314,466) for the three months ended June 30, 2017. This significant difference is primarily a result of increased interest expense due to increased debt associated with acquisitions, and loss on commodity derivatives

*Net Income (Loss)*

The Company incurred a net (loss) of \$(3,955,216) during the three-month period ended June 30, 2018, compared with a net loss of \$(1,322,713) for the three-month period ended June 30, 2017. The increase in net loss was mainly due to the items referred to in the analysis of operating expenses and other income (expense).

**Six months ended June 30, 2018, compared to the six months ended June 30, 2017**

*Revenue*

The Company had gross revenues of \$4,480,569 for the six months ended June 30, 2018, as compared to \$367,293 for the six months ended June 30, 2017, resulting from its oil and gas interests in Canada, Kansas, Texas, Louisiana and Mississippi.

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### *Expenses*

The Company's operating expenses increased by \$4,328,657 to \$6,335,716 for the six-month period ended June 30, 2018, from \$2,007,059 in the corresponding period in 2017. The increase is mainly attributable to increased lease operating costs commensurate with the new oil and gas wells purchased in 2017 and the first quarter of 2018. Additionally, there were increases in general and administrative associated with the office operations of Petrodome, and increases in accretion expense and depreciation, depletion and amortization expense.

### *Other income (expense)*

The Company had other income (expense) of \$(4,530,231) for the six months ended June 30, 2018, as compared to \$(242,348) for the six months ended June 30, 2017. This significant difference is primarily a result of increased interest expense due to increased debt associated with acquisitions, and loss on commodity derivatives

### *Net Income (Loss)*

The Company incurred a net (loss) of \$(5,508,099) during the six-month period ended June 30, 2018, compared with a net loss of \$(1,882,114) for the six-month period ended June 30, 2017. The increase in net loss was mainly due to the items referred to in the analysis of operating expenses and other income (expense).

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

We prepare our financial statements in conformity with GAAP, which requires management to make certain estimates and assumptions and apply judgments. We base our estimates and judgments on historical experience, current trends and other factors that management believes to be important at the time the financial statements are prepared and actual results could differ from our estimates and such differences could be material. Due to the need to make estimates about the effect of matters that are inherently uncertain, materially different amounts could be reported under different conditions or using different assumptions. On a regular basis, we review our critical accounting policies and how they are applied in the preparation of our financial statements, as well as the sufficiency of the disclosures pertaining to our accounting policies in the footnotes accompanying our financial statements. Described below are the most significant policies we apply in preparing our consolidated financial statements, some of which are subject to alternative treatments under GAAP. We also describe the most significant estimates and assumptions we make in applying these policies. See "Note 3 - Summary of Significant Accounting Policies" to our consolidated financial statements.

### Oil and Gas Property Accounting

The Company uses the full cost method of accounting for its investment in oil and natural gas properties. Under this method of accounting, all costs of acquisition, exploration and development of oil and natural gas properties (including such costs as leasehold acquisition costs, geological expenditures, dry hole costs, tangible and intangible development costs and direct internal costs) are capitalized as the cost of oil and natural gas properties when incurred.

The full cost method requires the Company to calculate quarterly, by cost center, a "ceiling," or limitation on the amount of properties that can be capitalized on the balance sheet. To the extent capitalized costs of oil and natural gas properties, less accumulated depletion and related deferred taxes exceed the sum of the discounted future net revenues of proved oil and natural gas reserves, the lower of cost or estimated fair value of unproved properties subject to amortization, the cost of properties not being amortized, and the related tax amounts, such excess capitalized costs are charged to expense.

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### *Proved Reserves*

Estimates of our proved reserves included in this report are prepared in accordance with U.S. SEC guidelines for reporting corporate reserves and future net revenue. The accuracy of a reserve estimate is a function of:

- i. the quality and quantity of available data;
- ii. the interpretation of that data;
- iii. the accuracy of various mandated economic assumptions; and
- iv. the judgment of the persons preparing the estimate.

Our proved reserve information included in this report was predominately based on estimates. Because these estimates depend on many assumptions, all of which may substantially differ from future actual results, reserve estimates will be different from the quantities of oil and gas that are ultimately recovered. In addition, results of drilling, testing and production after the date of an estimate may justify material revisions to the estimate.

In accordance with SEC requirements, we based the estimated discounted future net cash flows from proved reserves on the unweighted arithmetic average of the prior 12-month commodity prices as of the first day of each of the months constituting the period and costs on the date of the estimate.

The estimates of proved reserves materially impact depreciation, depletion, amortization and accretion (“DD&A”) expense. If the estimates of proved reserves decline, the rate at which we record DD&A expense will increase, reducing future net income. Such a decline may result from lower market prices, which may make it uneconomic to drill for and produce from higher-cost fields.

### *Asset Retirement Obligation*

Asset retirement obligations (“ARO”) primarily represent the estimated present value of the amount we will incur to plug, abandon and remediate our producing properties at the projected end of their productive lives, in accordance with applicable federal, state and local laws. We determined our ARO by calculating the present value of estimated cash flows related to the obligation. The retirement obligation is recorded as a liability at its estimated present value as of the obligation’s inception, with an offsetting increase to proved properties. Periodic accretion of discount of the estimated liability is recorded as accretion expense in the accompanying consolidated statements of operations and comprehensive income.

ARO liability is determined using significant assumptions, including current estimates of plugging and abandonment costs, annual inflation of these costs, the productive lives of wells and a risk-adjusted interest rate. Changes in any of these assumptions can result in significant revisions to the estimated ARO.

Revenues from oil and gas properties are recognized under the entitlements method of accounting, whereby revenue is recognized on the amount the Company is entitled to, based on its interest in the property after all costs associated with exploration, gathering, marketing and sales relative to the volumes of product sold.

Although these estimates are based on management’s knowledge of current events and actions the Company may undertake in the future, the final results may ultimately differ from actual results. Certain accounting policies involve significant judgments and assumptions, which have a material impact on the Company’s financial condition and results. Management believes its critical accounting policies reflect its most significant estimates and assumptions used in the presentation of the Company’s financial statements. The Company does not have off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities.”

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, the Company is not required to provide the information under this item.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

The Company does not currently maintain controls and procedures that are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act are recorded, processed, summarized, and reported within the time periods specified by the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Company's Chief Executive Officer, the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2018, have been evaluated, and, based upon this evaluation, the Company's Chief Executive Officer has concluded that these controls and procedures are not effective in providing reasonable assurance of compliance.

#### **Changes in Internal Control over Financial Reporting**

Management and directors will continue to monitor and evaluate the effectiveness of the Company's internal controls and procedures and the Company's internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow. There were no changes in Internal Control Over Financial Reporting during the quarter ended June 30, 2018.

**PART II—OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of June 30, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of operations.

**ITEM 1A. RISK FACTORS**

As a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, the Company is not required to provide the information under this item.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

During January 2018, the Company issued 250,000 common shares for services pursuant to a one-year consulting agreement.

During February and March 2018, the Company issued 668,500 common shares for services.

During the quarter ended March 31, 2018, pursuant to a private placement for debt and equity, the Company issued 4,110,000 common shares to third party investors.

During April 2018, the Company issued 60,312 common shares in a cashless exercise of 402,084 warrants to purchase the common stock of the Company.

During the quarter ended June 30, 2018, the Company issued 2,363,248 common shares for services.

During the quarter ended June 30, 2018, pursuant to a private placement for debt and equity, the Company issued 3,664,856 common shares.

During July 2018, the Company issued 382,823 common shares for services.

The share issuances described above were issued pursuant to exemptions from registration requirements relying on Section 4(a)(2) of the Securities Act of 1933 and/or Rule 506 of Regulation D promulgated thereunder as there was no general solicitation, and the transactions did not involve a public offering.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 5. OTHER INFORMATION**

None.

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**ITEM 6. EXHIBITS**

<b>Number</b>	<b>Description</b>
<a href="#"><u>3.1</u></a>	<a href="#"><u>Articles of Incorporation (incorporated by reference to our Definitive Information Statement on Schedule 14C filed on October 14, 2008)</u></a>
<a href="#"><u>3.2</u></a>	<a href="#"><u>Bylaws (incorporated by reference to our Definitive Information Statement on Schedule 14C filed on October 14, 2008)</u></a>
<a href="#"><u>3.3</u></a>	<a href="#"><u>Certificate of Amendment to Articles of Incorporation (incorporated by reference to our Definitive Information Statement on Schedule 14C filed on May 23, 2012)</u></a>
<a href="#"><u>10.1</u></a>	<a href="#"><u>Membership Interest Purchase Agreement, dated November 10, 2017, by Viking Energy Group, Inc. and Black Rhino, LP (incorporated by reference to our Current Report on Form 8-K filed on December 29, 2017)</u></a>
<a href="#"><u>10.2</u></a>	<a href="#"><u>First Amendment to Membership Interest Purchase Agreement, dated November 30, 2017, by Viking Energy Group, Inc. and Black Rhino, LP (incorporated by reference to our Current Report on Form 8-K filed on December 29, 2017)</u></a>
<a href="#"><u>10.3</u></a>	<a href="#"><u>Second Amendment to Membership Interest Purchase Agreement, dated December 22, 2017, by Viking Energy Group, Inc., Black Rhino, LP, and Petrodome Energy, LLC (incorporated by reference to our Current Report on Form 8-K filed on December 29, 2017)</u></a>
<a href="#"><u>10.4</u></a>	<a href="#"><u>Term Loan Agreement, dated December 22, 2017, by the Borrowers listed therein, 405 Petrodome LLC, as Administrative Agent, and 405 Petrodome LLC and Cargill, Incorporated, as Lenders (incorporated by reference to our Current Report on Form 8-K filed on December 29, 2017)</u></a>
<a href="#"><u>10.5</u></a>	<a href="#"><u>Purchase and Sale Agreement, dated December 22, 2017, by Viking Energy Group, Inc. and Woodway Oil &amp; Gas – KS-I, LLC (incorporated by reference to our Current Report on Form 8-K filed on January 8, 2018)</u></a>
<a href="#"><u>10.6</u></a>	<a href="#"><u>Assignment and Bill of Sale, dated December 22, 2017, by Mid-Con Development, LLC and Woodway Oil &amp; Gas – KS-I, LLC (incorporated by reference to our Current Report on Form 8-K filed on January 8, 2018)</u></a>
<a href="#"><u>10.7</u></a>	<a href="#"><u>Employment Agreement with Timothy Swift dated as of March 19, 2018 (incorporated by reference to our Quarterly Report on Form 10-Q filed on May 21, 2018)</u></a>
<a href="#"><u>10.8</u></a>	<a href="#"><u>Restricted Stock Agreement with Timothy Swift dated as of April 1, 2018 (incorporated by reference to our Quarterly Report on Form 10-Q filed on May 21, 2018)</u></a>
<a href="#"><u>21.1</u></a>	<a href="#"><u>Subsidiaries of Viking Energy Group, Inc. (incorporated by reference to our Current Report on Form 10-K/A filed on April 25, 2018)</u></a>
<a href="#"><u>31.1*</u></a>	<a href="#"><u>Certification of Principal Executive Officer required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
<a href="#"><u>31.2*</u></a>	<a href="#"><u>Certification of Principal Financial Officer required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
<a href="#"><u>32.1*</u></a>	<a href="#"><u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63</u></a>
<a href="#"><u>32.2*</u></a>	<a href="#"><u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63</u></a>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Purchase and Sale, Petroleum and Natural Gas Conveyance Agreement with Tanager Energy Inc. dated November 3, 2014 (incorporated by reference to our Current Report on Form 8-K filed on November 10, 2014)</u></a>
<a href="#"><u>99.2</u></a>	<a href="#"><u>Purchase, Sale and Capital Contribution Agreement effective February 1, 2016 (incorporated by reference to our Annual Report on Form 10-K/A filed on May 16, 2016)</u></a>
<a href="#"><u>99.3</u></a>	<a href="#"><u>Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on September 12, 2017)</u></a>
<a href="#"><u>99.4</u></a>	<a href="#"><u>Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on October 3, 2017)</u></a>
<a href="#"><u>99.5</u></a>	<a href="#"><u>Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on October 4, 2017)</u></a>



[99.6](#) [Purchase and Sale Agreement \(incorporated by reference to our Current Report on Form 8-K filed on December 8, 2017\)](#)

101.INS\* XBRL Instance Document

101.SCH\* XBRL Taxonomy Extension Schema Document

101.CAL\* XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF\* XBRL Taxonomy Extension Definition Linkbase Document

101.LAB\* XBRL Taxonomy Extension Label Linkbase Document

101.PRE\* XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

#### **ITEM 7. OFF BALANCE-SHEET ARRANGEMENTS**

None.



**VIKING ENERGY GROUP, INC.**  
**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, James Doris, Principal Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viking Energy Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that was materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2018

/s/ James Doris  
James Doris  
Principal Executive Officer

**VIKING ENERGY GROUP, INC.**  
**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Frank W. Barker, Jr., Principal Financial and Accounting Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viking Energy Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that was materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2018

/s/ Frank W. Barker, Jr.

Frank W. Barker, Jr.  
Principal Financial and Accounting  
Officer

**VIKING ENERGY GROUP, INC.**

**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Viking Energy Group, Inc. (the Company) on Form 10-Q for the quarterly period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the Report), I James Doris, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ James Doris*

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James Doris  
Principal Executive Officer  
August 14, 2018

**VIKING ENERGY GROUP, INC.**

**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Viking Energy Group, Inc. (the Company) on Form 10-Q for the quarterly period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the Report), I James Doris, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Frank W. Barker, Jr.*

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Frank W. Barker, Jr.  
Principal Financial and Accounting  
Officer  
August 14, 2018