

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, 2019**

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Not applicable.	Note applicable.	Not applicable.

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 every Interactive Data File required to be submitted 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 such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth 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 Filer

Accelerated Filer

Non-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 complying 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 July 31, 2019, the registrant had 91,199,954 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

	June 30, 2019	December 31, 2018
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 361,392	\$ 4,009,892
Restricted cash	4,683,129	-
Accounts receivable – oil and gas - net	2,709,059	258,300
Prepaid expenses	90,569	124,443
Total current assets	7,844,149	4,392,635
<b>Oil and gas properties, full cost method</b>		
Proved developed producing oil and gas properties, net	76,502,105	81,331,986
Proved undeveloped and non-producing oil and gas properties, net	49,190,612	50,492,906
Total oil and gas properties, net	125,692,717	131,824,892

Fixed assets, net	562,923	200,243
Derivative asset	-	681,776
Other assets	110,194	110,194
<b>TOTAL ASSETS</b>	<b>\$ 134,209,983</b>	<b>\$ 137,209,740</b>

#### LIABILITIES AND STOCKHOLDERS' DEFICIT

##### Current liabilities:

Accounts payable	\$ 1,630,603	\$ 2,549,280
Accrued expenses and other current liabilities	2,741,986	1,014,661
Undistributed revenues and royalties	1,308,021	1,207,605
Derivative liability	7,121,509	2,531,718
Amount due to director	590,555	395,555
Current portion of long-term debt – net of debt discount	40,231,789	11,805,582
Total current liabilities	53,624,463	19,504,401
Long term debt - net of current portion and debt discount	65,760,237	92,076,857
Operating lease liability	338,627	-
Asset retirement obligation	3,868,692	4,413,465
<b>TOTAL LIABILITIES</b>	<b>123,592,019</b>	<b>115,994,723</b>

Commitments and contingencies (Note 8)

##### STOCKHOLDERS' EQUITY

Preferred stock, \$0.001 par value, 5,000,000 shares authorized, 28,092 shares issued and outstanding as of June 30, 2019 and December 31, 2018	28	28
Common stock, \$0.001 par value, 500,000,000 shares authorized, 91,199,954 and 90,989,025 shares issued and outstanding as of June 30, 2019 and December 31, 2018 respectively.	91,200	90,989
Additional paid-in capital	32,057,784	32,015,913
Accumulated deficit	(21,531,048)	(10,891,913)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>10,617,964</b>	<b>21,215,017</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 134,209,983</b>	<b>\$ 137,209,740</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 (Unaudited)**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
<b>Revenue</b>				
Oil and gas sales	8,734,323	\$ 2,318,622	\$ 18,080,915	\$ 4,480,569
<b>Operating expenses</b>				
Lease operating costs	2,857,278	1,035,474	5,456,672	2,043,742
General and administrative	1,257,959	1,125,936	2,291,304	2,026,461
Stock based compensation	2,500	1,044,612	42,082	1,218,099
Depreciation, depletion and amortization	2,228,191	459,951	4,598,879	949,637
Accretion - ARO	75,681	49,346	158,227	97,777
<b>Total operating expenses</b>	<b>6,421,609</b>	<b>3,715,319</b>	<b>12,547,164</b>	<b>6,335,716</b>
<b>Income (loss) from operations</b>	<b>2,312,714</b>	<b>(1,396,697)</b>	<b>5,533,751</b>	<b>(1,855,147)</b>
<b>Other income (expense)</b>				
Interest expense	(3,192,574)	(600,181)	(6,323,967)	(961,384)
Amortization of debt discount	(2,304,291)	(1,930,997)	(4,583,250)	(2,639,104)
Change in fair value of derivatives	4,474,016	(632,831)	(5,271,567)	(987,784)
Gain on ARO settlement	-	-	-	58,041
Interest and other income	2,481	-	5,898	-
<b>Total other income (expense)</b>	<b>(1,020,368)</b>	<b>(3,164,009)</b>	<b>(16,172,886)</b>	<b>(4,530,231)</b>
<b>Net loss before income taxes</b>	<b>1,292,346</b>	<b>(4,560,706)</b>	<b>(10,639,135)</b>	<b>(6,385,378)</b>
Income tax benefit (expense)	-	605,490	-	877,279
<b>Net Income (loss)</b>	<b>\$ 1,292,346</b>	<b>\$ (3,955,216)</b>	<b>\$ (10,639,135)</b>	<b>\$ (5,508,099)</b>
<b>Earnings (loss) per common share</b>				

Basic	<u>\$ 0.01</u>	<u>\$ (0.05)</u>	<u>\$ (0.12)</u>	<u>\$ (0.07)</u>
<b>Weighted average number of common shares outstanding</b>				
Basic	<u>91,192,033</u>	<u>80,957,111</u>	<u>91,147,958</u>	<u>77,650,012</u>

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)**

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**Six Months Ended**  
**June 30,**

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	2019	2018
<b>Cash flows from operating activities:</b>		
Net loss	\$ (10,639,135)	\$ (5,508,099)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Change in fair value of derivative liability	5,271,567	987,784
Stock based compensation	42,082	1,218,099
Depreciation, depletion and amortization	4,598,879	949,637
Amortization of operational right-of-use assets	2,228	-
Gain on ARO settlement	-	(58,041)
Accretion – Asset retirement obligation	158,227	97,777
Amortization of debt discount	4,583,250	2,639,104
Changes in operating assets and liabilities		
Accounts receivable	(2,362,672)	13,614
Prepaid expenses and other assets	33,874	(88,448)
Other receivable	-	548,714
Accounts payable	(1,607,849)	(1,933,061)
Accrued expenses and other current liabilities	1,727,325	446,928
Deferred tax liability	-	(877,279)
Undistributed revenues and royalties	100,416	78,734
Amounts due to directors	-	39,993
<b>Net cash provided by (used) in operating activities</b>	<b>1,908,192</b>	<b>(1,444,544)</b>
<b>Cash flows from investing activities:</b>		
Investment in and acquisition of oil and gas properties	(3,319,812)	(2,088,262)
Acquisition of fixed assets	-	(130,000)
Proceeds from sale of oil and gas interests	287,966	1,144,953
<b>Net cash used in investing activities</b>	<b>(3,031,846)</b>	<b>(1,073,309)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from amount due to director	195,000	583,000
Repayment of amount due to director	-	(1,306,956)
Proceeds from long term debt	2,734,143	10,078,018
Short term advance	693,706	-
Repayment of long-term debt	(1,464,566)	(6,764,989)
<b>Net cash provided by financing activities</b>	<b>2,158,283</b>	<b>2,589,073</b>
<b>Net increase (decrease) in cash</b>	<b>1,034,629</b>	<b>71,720</b>
<b>Cash and Restricted Cash, beginning of period</b>	<b>4,009,892</b>	<b>5,735,259</b>
<b>Cash and Restricted Cash, end of period</b>	<b>\$ 5,044,521</b>	<b>\$ 5,806,479</b>
Supplemental Cash Flow Information:		
Cash paid for:		
Interest	\$ 4,383,027	\$ 866,380
Income taxes	\$ -	\$ -
Supplemental disclosure of Non-Cash Investing and Financing Activities:		
Recognition of asset retirement obligation	\$ 94,796	\$ 231,053
Recognition of right-of-use asset and lease liability	\$ 367,365	\$ -
Amortization of right-of-use asset and lease liability	\$ 28,738	\$ -
Purchase of transportation equipment through direct financing	\$ 56,760	\$ -
Proceeds from sale of oil and gas properties paid directly to reduce debt	\$ 3,800,000	\$ -
Elimination of asset retirement obligation associated with sale of assets	\$ 797,796	\$ -
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
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
Issuance of shares for contract services	\$ -	\$ 55,000
Cashless exercise of warrants	\$ -	\$ 60
Accrued expenses exchanged for long term debt	\$ -	\$ 24,712

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)**

For the six months ended June 30, 2019

	Preferred Stock		Common Stock		Additional Paid-in Capital	Prepaid Equity-Based Compensation	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Number	Amount	Number	Amount				
Balances at December 31, 2018	28,092	\$ 28	90,989,025	\$ 90,989	\$32,015,913	\$ -	\$ (10,891,913)	\$ 21,215,017
Shares issued for services			210,929	211	41,871			42,082
Net loss for the six months ended June 30, 2019							(10,639,135)	(10,639,135)
Balances at June 30, 2019	<u>28,092</u>	<u>\$ 28</u>	<u>91,199,954</u>	<u>\$ 91,200</u>	<u>\$32,057,784</u>	<u>\$ -</u>	<u>\$ (21,531,048)</u>	<u>\$ 10,617,964</u>

For the six months ended June 30, 2018

	Preferred Stock		Common Stock		Additional Paid-in Capital	Prepaid Equity-Based Compensation	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Number	Amount	Number	Amount				
Balances at December 31, 2017	28,092	\$ 28	72,347,990	\$ 72,348	\$19,029,892	\$ (11,827)	\$ 3,417,872	\$ 22,508,313.0
Accounting principle change relative to certain derivative liabilities - Note 2.							807,762	807,762
Shares issued for consulting services			3,031,748	3,032	548,887			551,919
Shares issued as prepaid equity-based compensation			250,000	250	54,750	(55,000)		-
Shares issued as debt discount			7,774,856	7,775	1,229,641			1,237,416
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
Amortization of prepaid equity-based compensation						66,827		66,827
Net loss for the six months ended June 30, 2018							(5,508,099)	(5,508,099)
Balances at June 30, 2018	<u>28,092</u>	<u>\$ 28</u>	<u>83,464,906</u>	<u>\$ 83,465</u>	<u>\$21,790,203</u>	<u>\$ -</u>	<u>\$ (1,282,465)</u>	<u>\$ 20,591,231</u>

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

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**VIKING ENERGY GROUP, INC.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**

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

Viking Energy Group, Inc. (“Viking” or the “Company”) is engaged 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. Since 2014 the Company has had the following related activities:

- In November 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. Effective September 30, 2018, the Company negotiated a sale and settlement of this Canadian joint venture interest and a resolution of all intercompany balances associated with it, for proceeds to the Company of \$232,545. An asset retirement obligation of \$466,031 offset by the net asset retirement cost of \$293,296 associated with this investment generated a gain from disposal of these assets of \$405,280.
- In February 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.
- In October 2016, the Company, through its subsidiary Mid-Con Petroleum, LLC (“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 September 11, 2017, the Company through its subsidiary Mid-Con Drilling, LLC (“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.
- 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.
- On December 22, 2017, the Company completed an acquisition of 100% of the 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 29, 2017, the Company through its subsidiary Mid-Con Development, LLC (“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.

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- On December 28, 2018, the Company, through its subsidiary Ichor Energy, LLC (“Ichor Energy”) completed an acquisition (the “Ichor Energy Acquisition”) of working interests in certain oil and gas leases in Texas (primarily in Orange and Jefferson Counties) and Louisiana (primarily in Calcasieu Parish), which include 58 producing wells and 31 salt water disposal wells. The properties produce hydrocarbons from known reservoirs/sands in the on-shore Gulf Coast region, with an average well depth in excess of 10,600 feet.
- On May 1, 2019, the Company’s subsidiary, Mid-Con Development, LLC sold all of its interests in the oil and gas assets Mid-Con Development, LLC owned in Ellis and Rooks Counties, Kansas, consisting of working interests in approximately 41 oil leases comprising several thousand acres.
- On May 10, 2019, Petrodome Louisiana Pipeline LLC (“Petrodome LA”), a subsidiary of Petrodome Energy, LLC, acquired a majority working interest in 6 gas wells (including 2 producing gas wells), 1 producing oil well and 1 salt water disposal well located in the East Mud Lake Field in Cameron Parish, Louisiana, with leases to mineral rights (oil and gas) concerning approximately 765 acres.

These accompanying 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. Although the Company had a net income of \$1,292,346 for the three months ended June 30, 2019, the Company had a net loss of \$10,639,135 for the six months ended June 30, 2019. Furthermore, as of June 30, 2019, the Company has a working capital deficiency in excess of \$45,000,000. The largest components of current liabilities creating this deficiency are (a) notes payable with a face value aggregating approximately \$15,000,000 due in August of 2019 and (b) a promissory note payable to the seller of the certain oil and gas interests purchased on December 28, 2018 in the amount of \$23,777,948 with all principal and accrued interest due on the earlier of (i) the date the Company or one of its affiliates completes an acquisition with one or more of the Sellers for a purchase price equal to or greater than \$50,000,000 or (ii) January 31, 2020.

Management has evaluated these conditions and has developed a plan which, in part, address these obligations as follows:

- The terms of the \$15 million notes due in August 2019 allow for 50% of the principal to be converted into shares of the Company’s common stock at \$0.20 per share, and contain a provision whereby the Company has the right to extend the Maturity Date for one additional year to August of 2020. Consideration for the one-year extension is payment of the accrued interest, an increase in the interest rate to 12% for the extension period and the issuance of a warrant to purchase an additional 115,000 common shares per \$100,000 of outstanding principal of each note on a pro rata basis. The net effect allows the Company to pay \$1,500,000 in accrued interest and delay the payment of \$15,000,000 in principal for one year.
- The acquisition of oil and gas assets in Texas and Louisiana (the Ichor Energy Acquisition) at the end of 2018 is believed to provide cash flow sufficient to not only satisfy the Company’s debt service associated with this acquisition, but to also fund a \$12,000,000 development program to increase this purchased production beyond its current average daily production of 2,300 BOE and provide a quicker principal reduction, resulting in an increased equity position relative to these assets. The acquisition of Petrodome in 2017 and the high level of oil and gas expertise retained by Petrodome at the end of 2017 provided an internal lease operating company to efficiently evaluate development opportunities.
- The Company has a revolving credit facility with CrossFirst Bank, which was approved for \$30,000,000. The balance outstanding at June 30, 2019 is approximately \$10,100,000. On May 10, 2019, the Company entered into an amendment to this revolving credit facility to extend the final maturity date from June 30, 2020 to May 10, 2021, which provides the Company with an additional year to meet the cash demands associated with maturity. Additional funds could be made available to the Company for projects reviewed and approved by the lender.

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 utilize the resources in place to generate future profitable operations, to develop additional acquisition opportunities, and to obtain the necessary financing to meet its obligations and repay its liabilities arising from business operations when they come due. Management believes the Company will be able to continue to develop new opportunities, and will be able to obtain additional funds through debt and / or equity financings to facilitate its development strategy; 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 interim reporting 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.

### 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 to provide a base of operations for properties in Canada; Mid-Con Petroleum, LLC, Mid-Con Drilling, LLC, and Mid-Con Development, LLC, which were all formed to provide a base of operations for properties in the Central United States; and Petrodome Energy, LLC (and its subsidiaries) and Ichor Energy Holdings, LLC, its subsidiary Ichor Energy, LLC (Ichor Energy"), and Ichor Energy's subsidiaries, Ichor Energy (TX), LLC, and Ichor Energy (LA), LLC, which provide a base of operations to facilitate property acquisitions in Texas, Louisiana and Mississippi. All significant intercompany transactions and balances have been eliminated.

### 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. Significant areas requiring the use of management estimates relate to impairment of long-lived assets, stock-based compensation, asset retirement obligations, and the determination of expected tax rates for future income tax recoveries.

The estimates of proved oil and gas reserves are used as significant inputs in determining the depletion of oil and gas properties and the impairment of proved oil and gas properties. There are numerous uncertainties inherent in the estimation of quantities of proved reserves and in the projection of future rates of production and the timing of development expenditures. Similarly, evaluations for impairment of proved 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.

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d) Financial Instruments

Accounting Standards Codification, “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 measurement. The carrying amounts reported in the consolidated balance sheets for accrued expenses and other current liabilities, accounts payable, derivative liabilities, amount due to director 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.

Assets and liabilities measured at fair value as of June 30, 2019 are classified below based on the three fair value hierarchy described above:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Financial Assets				
Commodity Derivative	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
Financial liabilities				
Commodity Derivative	\$ -	\$ 7,121,509	\$ -	\$ (5,271,567)
	\$ -	\$ 7,121,509	\$ -	\$ (5,271,567)





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Assets and liabilities measured at fair value as of December 31, 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>
Financial Assets				
Commodity Derivative	\$ -	\$ 681,776	\$ -	\$ 926,802
	<u>\$ -</u>	<u>\$ 681,776</u>	<u>\$ -</u>	<u>\$ 926,802</u>
Financial liabilities				
Commodity Derivative	\$ -	\$ 2,531,718	\$ -	\$ (2,531,718)
	<u>\$ -</u>	<u>\$ 2,531,718</u>	<u>\$ -</u>	<u>\$ (2,531,718)</u>

The Company has entered into certain commodity derivative instruments containing swaps and collars, which management believes are effective in mitigating commodity price risk associated with a portion of its future monthly natural gas and crude oil production and related cash flows. 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, as well as the Black-Sholes model, the instruments themselves are traded with unrelated counterparties and are not openly traded on an exchange.

In a commodities swap agreement, the Company trades the fluctuating market prices of oil or natural gas at specific delivery points over a specified period, for fixed prices. As a producer of oil and natural gas, the Company holds these commodity derivatives to protect the operating revenues and cash flows related to a portion of its future natural gas and crude oil sales from the risk of significant declines in commodity prices, which helps reduce exposure to price risk and improves the likelihood of funding its capital budget. If the price of a commodity rises above what the Company has agreed to receive in the swap agreement, the amount that it agreed to pay the counterparty is expected to be offset by the increased amount it received for its production.

The Company has also entered into collar agreements related to oil and gas production with established floors and ceilings. Upon settlement, if the current market price of the commodity is below the floor, the Company receives the difference. Conversely, if the current market price of the commodity is above the ceiling at settlement, the Company pays the excess over the ceiling price.

Although the Company is exposed to credit risk to the extent of nonperformance by the counterparties to these derivative contracts, the Company does not anticipate such nonperformance and monitors the credit worthiness of its counterparties on an ongoing basis.

The derivative assets were \$0 and \$681,776 as of June 30, 2019 and December 31, 2018, and the derivative liabilities were \$7,121,509 and \$2,531,718 as of June 30, 2019 and December 31, 2018 respectively. The change in the fair value of the derivative assets and liabilities for the six months ended June 30, 2019 consisted of a decrease of \$681,776 associated with existing commodity derivatives and a decrease of \$4,589,791 associated with the new commodity derivative related to the acquisition accomplished on December 28, 2018, and a loss recognized in the consolidated statement of operations in the amount of \$5,271,567.

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The table below is a summary of the Company's commodity derivatives as of June 30, 2019:

<u>Natural Gas</u>	<u>Period</u>	<u>Average MMBTU per Month</u>	<u>Fixed Price per MMBTU</u>
Swap	Dec-18 to Dec-22	118,936	\$2.715

  

<u>Crude Oil</u>	<u>Period</u>	<u>Average BBL per Month</u>	<u>Price per BBL</u>
Swap	Dec-18 to Dec-22	24,600	\$50.85
Swap	Dec-17 to Dec-19	1,400	\$54.77
Swap	Jan-20 to Jun-20	1,400	\$52.71
Collar	Dec-17 to Jun-20	4,000	\$55.00 / \$72.00
Collar	Sep-17 to Sep-19	1,100	\$47.00 / \$54.10

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, 2019, the Company has cash deposits in excess of FDIC insured limits in the amounts of \$3,867,375.

Restricted cash in the amount of \$4,683,129 as of June 30, 2019 represents the balance of cash held by Ichor Energy, LLC (the "Borrower") and/or its subsidiaries, generated through the operations of those subsidiaries. Pursuant to the Term Loan Credit Agreement to which the Borrower and its subsidiaries are parties, following March 31, 2019 the Borrower is required at all times to maintain a minimum cash balance of \$2,000,000 (the "MLR"). Within 30 days of the end of each quarter, commencing with the quarter ended June 30, 2019, the Borrower is required to pay the lenders, as an additional principal payment on the debt, any cash in excess of (i) the MLR and (ii) any funds necessary for the capital expenditures contemplated to be expended in the next six month period by an approved plan of development ("APOD Capex Amount"). At June 30, 2019, the cash in excess of the MLR does not exceed the APOD Capex Amount.

f) Accounts receivable

Accounts receivable consist of oil and gas receivables. 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 \$217,057 at June 30, 2019 and December 31, 2018 respectively.

g) 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.

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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 operations before income taxes and the adjusted carrying amount of the unproved properties is amortized on the unit-of-production method.

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, 2019 and 2018 were as follows:

Cost Center	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Canada	\$ -	\$ 10,649	\$ -	\$ 21,387
United States	2,228,191	449,302	4,598,879	928,250
	<u>\$ 2,228,191</u>	<u>\$ 459,951</u>	<u>\$ 4,598,879</u>	<u>\$ 949,637</u>

h) Limitation on Capitalized Costs

Under the full-cost method of accounting, we are 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 our 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.

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i) 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.

j) Income (loss) per Share

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) by the weighted-average number of common shares outstanding and adjusted by any effects of warrants and options outstanding during the period, if dilutive. For the three months ended June 30, 2019 there were approximately 1,411 common stock equivalents that were dilutive; these dilutive shares were immaterial and omitted from the calculation of income per share for such period. For the six months ended June 30, 2019 and 2018 there were approximately 92,274,782 and 34,912,910 common stock equivalents respectively, that were anti-dilutive.

k) Revenue Recognition

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 time between delivery and when payments are due is not significant.

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The following table disaggregates the Company's revenue by source for the six months ended June 30, 2019 and 2018:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Oil	\$ 7,194,400	\$ 2,248,725	\$ 14,926,562	\$ 4,272,909
Natural gas and natural gas liquids	1,539,923	69,897	3,154,353	207,660
	<u>\$ 8,734,323</u>	<u>\$ 2,318,622</u>	<u>\$ 18,080,915</u>	<u>\$ 4,480,569</u>

l) 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.

In assessing the realizability of its deferred tax assets, management evaluated whether it is more likely than not that some portion, or all of its deferred tax assets, will be realized. The realization of its deferred tax assets relates directly to the Company's ability to generate taxable income. The valuation allowance is then adjusted accordingly.

The Company has estimated net operating losses in excess of \$12,000,000 at June 30, 2019. The potential benefit of these net operating losses has not been recognized in these financial statements because the Company cannot be assured it is more likely than not that it will utilize the net operating losses carried forward in future years. In December 2017, tax legislation was enacted limiting the deduction for net operating losses from taxable years beginning after December 31, 2017 to 80% of current year taxable income and eliminating net operating loss carrybacks for losses arising in taxable years ending after December 31, 2017 (though any such tax losses may be carried forward indefinitely). Net operating losses originating in taxable years beginning prior to January 1, 2018 are still subject to former carryover rules. The net operating loss carryforwards generated prior to this date, approximating \$11,000,000, will expire between 2019 through 2038.

m) 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. 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.

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The fair value of stock options and warrants is 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.

The following table represents stock warrant activity as of and for the six months ended June 30, 2019:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Warrants Outstanding – December 31, 2018	54,821,690	\$ 0.26	6.0 years	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited/expired/cancelled	-	-	-	-
Warrants Outstanding – June 30, 2019	<u>54,821,690</u>	<u>\$ 0.26</u>	4.7 years	<u>\$ -</u>
Outstanding Exercisable – June 30, 2019	<u>54,821,690</u>	<u>\$ 0.26</u>	4.7 years	<u>\$ -</u>

n) Impairment 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, 2019 and 2018.

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o) 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, 2019:

	<b>Six months ended June 30, 2019</b>
Asset retirement obligation – beginning	\$ 4,413,465
Oil and gas purchases	94,796
Adjustments through disposals and settlements	(797,796)
Accretion expense	158,227
Asset retirement obligation – ending	<u>\$ 3,868,692</u>

p) 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.

q) Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02 “Leases” (ASU 2016-02) and subsequently issued supplemental adoption guidance and clarification (collectively, Topic 842). Topic 842 amends a number of aspects of lease accounting, including requiring lessees to recognize right-of-use assets and lease liabilities for operating leases with a lease term greater than one year. Topic 842 supersedes Topic 840 “Leases.” On January 1, 2019, the Company adopted Topic 842 using the modified retrospective approach. Results for reporting periods beginning after January 1, 2019 are presented under Topic 842, while prior period amounts are not adjusted and continue to be reported in accordance with our historical accounting under Topic 840. We elected the package of practical expedients permitted under the transition guidance within Topic 842, which allowed us to carry forward the historical lease classification, retain the initial direct costs for any leases that existed prior to the adoption of the standard and not reassess whether any contracts entered into prior to the adoption are leases. We also elected to account for lease and non-lease components in our lease agreements as a single lease component in determining lease assets and liabilities. In addition, we elected not to recognize the right-of-use assets and liabilities for leases with lease terms of one year or less. Upon adoption of Topic 842, we recorded \$367,365 of right-of-use assets and operating lease liabilities as of January 1, 2019. The adoption did not have a material impact on our Consolidated Statements of Operations or Consolidated Statements of Cash Flows

r) Subsequent events

The Company has evaluated all subsequent events from June 30, 2019, through the date of filing this report, and determined there are no additional items to disclose other than those described in Note 9.

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**Note 3. Business Acquisition**

Proforma unaudited condensed selected financial data for the six months ended June 30, 2018 as though the Ichor Energy Acquisition had taken place at January 1, 2018 are as follows:

	<b>Six Months Ended June 30, 2018</b>
Revenues	<u>\$ 23,624,555</u>
Net Income (excludes unrealized gains / losses)	<u>\$ 885,074</u>
Income per share	<u>\$ 0.01</u>

**Note 4. 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, 2019:

	<b>December 31, 2018</b>	<b>Adjustments</b>	<b>Impairments</b>	<b>June 30, 2019</b>
Proved developed producing oil and gas properties				
United States cost center	\$ 81,936,721	\$ (1,476,634)	\$ -	\$ 80,460,087
Accumulated depreciation, depletion and amortization	<u>(604,735)</u>	<u>(3,353,247)</u>	<u>-</u>	<u>(3,957,982)</u>
Proved developed producing oil and gas properties, net	\$ 81,331,986	\$ (4,829,881)	\$ -	\$ 76,502,105
Undeveloped and non-producing oil and gas properties				
United States cost center	\$ 51,973,719	\$ (87,140)	\$ -	\$ 51,886,579
Accumulated depreciation, depletion and amortization	<u>(1,480,813)</u>	<u>(1,215,154)</u>	<u>-</u>	<u>(2,695,967)</u>
Undeveloped and non-producing oil and gas properties, net	\$ 50,492,906	\$ (1,302,294)	\$ -	\$ 49,190,612
Total Oil and Gas Properties, Net	<u>\$ 131,824,892</u>	<u>\$ (6,132,175)</u>	<u>\$ -</u>	<u>\$ 125,692,717</u>

**Note 5. Related Party Transactions**

The Company's CEO and Director, James Doris has incurred expenses on behalf of, and made advances to, the Company in order to provide the Company with funds to carry on its operations. As of June 30, 2019, the total amount due to Mr. Doris for unreimbursed expenses is \$6,183, and is included in accounts payable. Additionally, Mr. Doris has made several loans through promissory notes to the Company, all accruing interest at 12%, and payable on demand. As of June 30, 2019, the total amount due to Mr. Doris for these loans is \$590,555. Accrued interest of \$86,780 is included in accrued expenses and other current liabilities at June 30, 2019.

The Company's CFO, Frank W. Barker, Jr., renders professional services to the Company through FWB Consulting, Inc., an affiliate of Mr. Barker's. As of June 30, 2019, the total amount due to FWB Consulting, Inc. is \$137,432 and is included in accounts payable.

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**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”). Pursuant to the amended Certification of Designation of the Series C Preferred Stock filed on July 16, 2019, each share of Series C Preferred Stock entitles the holder thereof to 20,000 votes on all matters submitted to the vote of the stockholders of the Company. Each share of Series C Preferred Stock is convertible, at the option of the holder, at any time after the date of issuance of such 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 November 5, 2018, the Company amended its Articles of Incorporation to increase the number of shares of common stock the Company is authorized to issue from 100,000,000 to 500,000,000.

During the six months ended June 30, 2019, the Company issued the shares of its common stock as follows:

- 210,929 shares of common stock issued for services valued at fair market value on the date of the transaction, totaling \$42,082.

During the six months ended June 30, 2018, the Company issued the shares of its common stock as follows:

- 668,500 shares of common stock issued for services valued at fair market value on the date of the transaction, totaling \$117,660.
- 250,000 shares of common stock issued as prepaid equity-based compensation valued at fair market value at the date of the transaction, totaling \$55,000.
- 4,110,000 shares of common stock issued as debt discount valued at fair market value on the date of each transaction, totaling \$615,185.

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**Note 7. Long Term Debt**

Long term debt consisted of the following at June 30, 2019 and December 31, 2018:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
During June through December of 2018, the Company borrowed \$9,459,750 from private lenders, and exchanged \$5,514,000 of amounts due lenders from prior borrowings as well as \$191,250 in accrued interest, 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 \$1,867,398 at June 30, 2019 and \$5,981,012 at December 31, 2018.	13,282,602	9,168,988
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 May 10, 2021, at which time all remaining unpaid principal and accrued interest shall be due. The balance shown is net of unamortized discount of \$69,200 at June 30, 2019 and \$103,421 at December 31, 2018	10,030,800	11,728,911
On December 28, 2018, to facilitate the acquisition of certain oil and gas assets, the Company, through one of its subsidiaries, Ichor Energy LLC, entered into a Term Loan Credit Agreement with various lenders represented by ABC Funding, LLC as administrative agent. The agreement provides for a total loan amount of \$63,592,000, bearing interest at a rate per annum equal to the greater of (i) a floating rate of interest equal to 10% plus LIBOR, and (ii) a fixed rate of interest equal to 12%, payable monthly on the last day of each calendar month, commencing January 31, 2019. Principal payments shall be made quarterly at 1.25% of the initial loan amount, commencing on the last business day of the fiscal quarter ending June 30, 2019. Cash generated from the operation of these assets is restricted to lease operating expenses, the payment of debt service on the Term Loan, approximately \$12,000,000 of oil and gas development projects approved by the lender, and distributions to the Company of \$65,000 per month for general and administrative expenses, and a quarterly tax distribution at the current statutory rates. Within 30 days of the end of each quarter, commencing with the quarter ended June 30, 2019, Ichor Energy, LLC is required to pay, as an additional principal payment on the debt, any cash in excess of the MLR and the APOD Capex Amount. To the extent not previously paid, all loans under the Loan Agreement shall be due and payable on the December 28, 2023 (the Maturity Date). The balance shown is net of unamortized discount of \$3,949,993 at June 30, 2019 and \$4,385,408 at December 31, 2018.	58,847,108	59,206,592
On December 28, 2018, the Company issued a 10% secured promissory note in the amount of \$23,777,948, payable to RPM Investments, secured by 100% of the membership interests of Ichor Energy Holdings, LLC. All accrued interest and unpaid principal are due on January 31, 2020.	23,777,948	23,777,948
On February 14, 2019, the Company executed a promissory note payable to CrossFirst Bank in the amount of \$56,760 for the purchase of transportation equipment, bearing interest at 7.15%, payable in 60 installments of \$1,130, with a maturity date of February 14, 2024	53,568	-
	105,992,026	103,882,439
Less current portion	(40,231,789)	(11,805,582)
	<u>\$ 65,760,237</u>	<u>\$ 92,076,857</u>

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**Note 8. Commitments and contingencies**

In April 2018, the Company's subsidiary, Petrodome Energy, LLC entered into a 66-month lease for 4,147 square feet of office space for the Company's corporate office in Houston, Texas. The annual base rent commenced at \$22.00 per square foot, and escalates at \$0.50 per foot each year through expiration of the lease term. A right-of-use asset and operating lease liability has been recorded with the adoption of Topic 842, pertaining to this office lease. As this lease does not provide an implicit interest rate, we used a portfolio approach to determine a collateralized incremental borrowing rate of 10% based on the information available at the date of adoption of Topic 842 to determine the lease liability. Operating lease expense is recognized on a straight-line basis over the lease term. Operating lease expense was \$24,096 and \$48,192 for the three and six months ended June 30, 2019.

From time to time the Company may be a party to litigation involving commercial claims against the Company. Management believes that the ultimate resolution of these matters will not have a material effect on the Company's financial position or results of operations.

The staff (the "Staff") of the SEC's Division of Enforcement has notified the Company, that the Staff has made a preliminary determination to recommend that the SEC file an enforcement action against the Company, as well as against its CEO and its CFO, for alleged violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder during the period from early 2014 through late 2016. The Staff's notice is not a formal allegation or a finding of wrongdoing by the Company, and the Company is in dialogue with the Staff regarding its preliminary determination. The Company believes it has adequate defenses, and intends to vigorously defend any enforcement action that may be initiated by the SEC.

**Note 9. Subsequent Events**

On July 30, 2019, the Company through Mid-Con Petroleum, LLC and Mid-Con Drilling, LLC (collectively the "Subsidiaries"), both wholly owned subsidiaries, borrowed in the aggregate \$3,351,099.00 from Cornerstone Bank of Overland Park, Kansas (the "Cornerstone Loans"), on the following terms: 6% interest; July 24, 2025 maturity date; interest only payments for 12 months beginning August 24, 2019; and blended payments of principal and interest commencing August 24, 2020. These loans are secured by a first mortgage against the Subsidiaries' Kansas assets, and the Company guaranteed repayment of the Cornerstone Loans. The net proceeds were applied to reduce the amount owing under the Company's reserve-based revolving loan facility with CrossFirst Bank to \$6,650,000, and CrossFirst Bank released its security interests in the Subsidiaries' Kansas assets.

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**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 polices; 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. Viking has relationships with industry experts and formulated an

acquisition strategy, with emphasis on acquiring under-valued, producing properties from distressed vendors or those deemed as non-core assets by larger sector participants. The Company does not focus on speculative exploration programs, but rather targets properties with current production and untapped reserves. The Company's growth strategy includes the following key initiatives:

- Acquisition of under-valued producing oil and gas assets
- Employ enhanced recovery techniques to maximize production
- Implement responsible, lower-risk drilling programs on existing assets
- Aggressively pursue cost-efficiencies
- Opportunistically explore strategic mergers and/or acquisitions
- Actively hedge mitigating commodity risk

The following overview provides a background for the current strategy being implemented by management.

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**Acquisitions – Canada**

In November 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. The working interests of this joint venture, were acquired from a Canadian Company that ended up in receivership, and the administration of these assets proved to be inefficient and unprofitable. The investment in these properties, as well as all uncollected receivables associated with it have been either fully impaired or fully reserved. Effective September 30, 2018, the Company negotiated a sale and settlement of this Canadian joint venture interest and a resolution of all intercompany balances associated with it, for proceeds to the Company of \$232,545. An asset retirement obligation of \$466,031 offset by the net asset retirement cost of \$293,296 associated with this investment generated a gain from disposal of these assets of \$405,280.

**Acquisitions – Kansas**

- In February 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.
- In October 2016, the Company, through its subsidiary Mid-Con Petroleum, LLC, 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 September 11, 2017, the Company through its subsidiary Mid-Con Drilling, LLC (“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.
- 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.
- On December 29, 2017, the Company through its subsidiary Mid-Con Development, LLC, 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. On May 1, 2019, the Company’s subsidiary, Mid-Con Development, LLC, sold its oil and gas assets in Ellis and Rooks Counties, Kansas.
- On May 1, 2019, the Company’s subsidiary, Mid-Con Development, LLC sold to an independent third party all of its interests in the oil and gas assets Mid-Con Development, LLC owned in Ellis and Rooks Counties, Kansas, consisting of working interests in approximately 41 oil leases comprising several thousand acres.

These Kansas properties are operated by third party contractors. The Company’s plans relative to these properties includes the development of the production potential of existing wells and capitalizing on the drilling opportunities that exist within the acreage covered by these working interests. In 2018, the Company began drilling new wells in various Kansas locations.

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### **Acquisitions – Texas, Louisiana and Mississippi**

- On December 22, 2017, the Company completed an acquisition of 100% of the 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.

As a part of this acquisition, the Company retained an operational office in Houston, Texas that includes several senior level professionals with over 100 years of combined oil and gas experience which provides the Company the capability of operating many of its own wells internally. This expertise has since been utilized to evaluate additional oil and gas acquisitions, evaluate the profitable management of all of the Company's oil and gas assets, and evaluate and develop new drilling prospects.

### **Acquisitions – Texas and Louisiana**

- On December 28, 2018, the Company, through its newly formed Ichor Energy subsidiaries completed an acquisition (the "Ichor Energy Acquisition") of working interests in certain oil and gas leases in Texas (primarily in Orange and Jefferson Counties) and Louisiana (primarily in Calcasieu Parish), which include 58 producing wells and 31 salt water disposal wells. The properties produce hydrocarbons from known reservoirs/sands in the on-shore Gulf Coast region, with an average well depth in excess of 10,600 feet, and daily production volumes averaging in excess of 2,300 BOE.

This acquisition of these assets is consistent with the location of our Petrodome assets and are effectively managed from our Houston office.

### **Acquisitions – Louisiana**

- On May 10, 2019, Petrodome Louisiana Pipeline LLC ("Petrodome LA"), a subsidiary of Petrodome Energy, LLC, acquired a majority working interest in 6 gas wells (including 2 producing gas wells), 1 producing oil well and 1 salt water disposal well located in the East Mud Lake Field in Cameron Parish, Louisiana, with leases to mineral rights (oil and gas) concerning approximately 765 acres.

### **Going Concern Qualification**

These accompanying 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. Although the Company had a net income of \$1,292,346 for the three months ended June 30, 2019, the Company had a net loss of \$10,639,135 for the six months ended June 30, 2019. Furthermore, as of June 30, 2019, the Company has a working capital deficiency in excess of \$45,000,000. The largest components of current liabilities creating this deficiency are (a) notes payable with a face value

aggregating approximately \$15,000,000 due in August of 2019 and (b) a promissory note payable to the seller of the certain oil and gas interests purchased on December 28, 2018 in the amount of \$23,777,948 with all principal and accrued interest due on the earlier of (i) the date the Company or one of its affiliates completes an acquisition with one or more of the Sellers for a purchase price equal to or greater than \$50,000,000 or (ii) January 31, 2020.

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Management has evaluated these conditions and has developed a plan which, in part, address these obligations as follows:

- The terms of the \$15 million notes due in August 2019 allow for 50% of the principal to be converted into shares of the Company's common stock at \$0.20 per share, and contain a provision whereby the Company has the right to extend the Maturity Date for one additional year to August of 2020. Consideration for the one-year extension is payment of the accrued interest, an increase in the interest rate to 12% for the extension period and the issuance of a warrant to purchase an additional 115,000 common shares per \$100,000 of outstanding principal of each note on a pro rata basis. The net effect allows the Company to pay \$1,500,000 in accrued interest and delay the payment of \$15,000,000 in principal for one year.
- The acquisition of oil and gas assets in Texas and Louisiana (the Ichor Energy Acquisition) at the end of 2018 is believed to provide cash flow sufficient to not only satisfy the Company's debt service associated with this acquisition, but to also fund a \$12,000,000 development program to increase this purchased production beyond its current average daily production of 2,300 BOE and provide a quicker principal reduction, resulting in an increased equity position relative to these assets. The acquisition of Petrodome in 2017 and the high level of oil and gas expertise retained by Petrodome at the end of 2017 provided an internal lease operating company to efficiently evaluate development opportunities.
- The Company has a revolving credit facility with CrossFirst Bank, which was approved for \$30,000,000. The balance outstanding at June 30, 2019 is approximately \$10,100,000. On May 10, 2019, the Company entered into an amendment to this revolving credit facility to extend the final maturity date from June 30, 2020 to May 10, 2021, which provides the Company with an additional year to meet the cash demands associated with maturity. Additional funds could be made available to the Company for projects reviewed and approved by the lender.

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 utilize the resources in place to generate future profitable operations, to develop additional acquisition opportunities, and to obtain the necessary financing to meet its obligations and repay its liabilities arising from business operations when they come due. Management believes the Company will be able to continue to develop new opportunities, and will be able to obtain additional funds through debt and / or equity financings to facilitate its development strategy; 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.

## **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, 2019 and 2018, 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 for the year ended December 31, 2018, filed with the SEC on April 1, 2019.

### *Liquidity and Capital Resources*

As of June 30, 2019, and December 31, 2018, the Company had \$5,044,521 (of which \$4,683,129 is restricted) and \$4,009,892 in cash holdings, respectively. Restricted cash in the amount of \$4,683,129 as of June 30, 2019 represents the balance of cash held by Ichor Energy, LLC (the "Borrower") and/or its subsidiaries, generated through the operations of those subsidiaries. Pursuant to the Term Loan Credit Agreement to which the Borrower and its subsidiaries are parties, following March 31, 2019 the Borrower is required at all times to maintain a minimum cash balance of \$2,000,000 (the "MLR"). Within 30 days of the end of each quarter, commencing with the quarter ended June 30, 2019, the Borrower is required to pay the lenders, as an additional principal payment on the debt, any cash in excess of (i) the MLR and (ii) any funds necessary for the capital expenditures contemplated to be expended in the next six month period by an approved plan of development ("APOD Capex Amount"). At June 30, 2019, the cash in excess of the MLR does not exceed the APOD Capex Amount.

As of June 30, 2019, the Company has total long term debt of \$105,992,026, with a current portion of \$40,231,789. This current portion consists primarily of notes payable with a face value approximating \$15,000,000 and a promissory note payable to the seller of the certain oil and gas interests acquired in December 2018, in the amount of \$23,777,948 (see Going Concern Qualification).

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**Three months ended June 30, 2019, compared to the three months ended June 30, 2018**

*Revenue*

The Company had gross revenues of \$8,734,323 for the three months ended June 30, 2019, as compared to \$2,318,622 for the three months ended June 30, 2018, reflecting an increase in excess of 276% or \$6,415,701. This substantial increase in revenue is primarily a result of the increased production from the certain oil and gas assets acquired at the end of 2018, but also is reflective of new drilling and enhancements to existing wells.

*Expenses*

The Company's operating expenses increased by approximately 73%, or \$2,706,290 to \$6,421,609 for the three-month period ended June 30, 2019, from \$3,715,319 in the corresponding prior period. Lease operating costs increased by approximately 176%, or \$1,821,804, to 2,857,278 from \$1,035,474 as compared to the three months ended June 30, 2018. DD&A expense, a non-cash expense, increased by \$1,768,240, to \$2,228,191 from \$459,951 for the corresponding period in 2018. General and administrative expenses only reflected an increase of approximately 15%, to \$1,257,959 or \$132,023, when compared to \$1,125,936 in the corresponding prior period.

*Income (loss) from Operations*

The Company, through the increased production coming from its latest acquisition, and controlling the cost of operations and administration, has generated an income from operations for the three months ended June 30, 2019 of \$2,312,714, when compared to a loss from operations of \$1,396,697 for the three months ended June 30, 2018.

*Other Income (Expense)*

The Company had other income (expense) of \$(1,020,368) for the three months ended June 30, 2019, as compared to \$(3,164,009) for the three months ended June 30, 2018. This significant difference is primarily a result of increased interest expense and amortization of debt discount due to increased debt associated with acquisitions, offset by a gain on commodity derivatives.

*Net Income (Loss)*

The Company incurred a net income of \$1,292,346 during the three-month period ended June 30, 2019, compared with a net loss of \$(3,955,216) for the three-month period ended June 30, 2018. The primary reason for the Company generating a net income for the three months ended June 30, 2019 has to do with the gain associated with the change in the fair value of the commodity derivatives offsetting interest expense.

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**Six months ended June 30, 2019, compared to the six months ended June 30, 2018**

*Revenue*

The Company had gross revenues of \$18,080,915 for the six months ended June 30, 2019, as compared to \$4,480,569 for the six months ended June 30, 2018, reflecting an increase in excess of 303% or \$13,600,346. This substantial increase in revenue is primarily a result of the increased production from the certain oil and gas assets acquired at the end of 2018, but also is reflective of new drilling and enhancements to existing wells.

*Expenses*

The Company's operating expenses increased by approximately 98%, or \$6,211,448 to \$12,547,164 for the six-month period ended June 30, 2019, from \$6,335,716 in the corresponding prior period. Lease operating costs increased by approximately 167%, or \$3,412,930, to 5,456,672 from \$2,043,742 as compared to the six months ended June 30, 2018. DD&A expense, a non-cash expense, increased by \$3,649,242, to \$4,598,879 from \$949,637 for the corresponding period in 2018. General and administrative expenses only reflected an increase of approximately 15%, to \$2,291,304 or \$264,843, when compared to \$2,026,461 in the corresponding prior period.

*Income (loss) from Operations*

The Company, through the increased production coming from its latest acquisition, and controlling the cost of operations and administration, has generated an income from operations for the six months ended June 30, 2019 of \$5,533,751, when compared to a loss from operations of \$1,855,147 for the six months ended June 30, 2018.

*Other Income (Expense)*

The Company had other income (expense) of \$(16,172,886) for the six months ended June 30, 2019, as compared to \$(4,530,231) for the six months ended June 30, 2018. This significant difference is primarily a result of increased interest expense and amortization of debt discount due to increased debt associated with acquisitions, and loss on commodity derivatives.

*Net Income (Loss)*

The Company incurred a net (loss) of \$(10,639,135) during the six-month period ended June 30, 2019, compared with a net loss of \$(5,508,099) for the six-month period ended June 30, 2018. 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 2 - Summary of Significant Accounting Policies" to our consolidated financial statements.

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### *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 not properties subject to amortization, the cost of properties not being amortized, and the related tax amounts, such excess capitalized costs are charged to expense.

### *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.

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.

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*Commodity derivatives*

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, as well as the Black-Sholes model, the instruments themselves are traded with unrelated counterparties and are not openly traded on an exchange.

**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 would 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, 2019, 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, 2019.

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**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 commercial operations in the normal course of business. As of June 30, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of operations.

In April of 2019, the staff (the “Staff”) of the SEC’s Division of Enforcement notified the Company that the Staff has made a preliminary determination to recommend that the SEC file an enforcement action against the Company, as well as against its CEO and its CFO, for alleged violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder during the period from early 2014 through late 2016. The Staff’s notice is not a formal allegation or a finding of wrongdoing by the Company, and the Company is in dialogue with the Staff regarding its preliminary determination. The Company believes it has adequate defenses and intends to vigorously defend any enforcement action that may be initiated by the SEC.

**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 the quarter ended June 30, 2019, the Company issued 12,873 common shares to a business consultant for services.

The shares 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**

On July 16, 2019, the Company filed an amended Certificate of Designation with the State of Nevada, amending the preferences, rights and limitations of the Company’s Series C Preferred Stock, increasing the number of votes associated with each share of Series C Preferred Stock from 10,000 votes to 20,000 votes.

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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 Current Report on Form 8-K filed on November 6, 2018)</u></a>
<a href="#"><u>3.4*</u></a>	<a href="#"><u>Amendment to Certificate of Designation After Issuance of Class or Series</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, executed as of September 1, 2018, by and among Viking Energy Group, Inc. and Bodel Holdings, L.L.C., Cleveland Holdings, L.L.C., Delbo Holdings, L.L.C., DeQuincy Holdings, L.L.C., Gulf Coast Working Partners, L.L.C., Oakley Holdings, L.L.C., SamJam Energy, L.L.C., and Perry Point Holdings, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on September 5, 2018)</u></a>
<a href="#"><u>10.6</u></a>	<a href="#"><u>First Amendment to Purchase and Sale Agreement, executed as of November 1, 2018, by and among Viking Energy Group, Inc. and Bodel Holdings, L.L.C., Cleveland Holdings, L.L.C., Delbo Holdings, L.L.C., DeQuincy Holdings, L.L.C., Gulf Coast Working Partners, L.L.C., Oakley Holdings, L.L.C., SamJam Energy, L.L.C., and Perry Point Holdings, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on November 5, 2018)</u></a>
<a href="#"><u>10.7</u></a>	<a href="#"><u>Second Amendment to Purchase and Sale Agreement, executed as of November 1, 2018, by and among Viking Energy Group, Inc. and Bodel Holdings, L.L.C., Cleveland Holdings, L.L.C., Delbo Holdings, L.L.C., DeQuincy Holdings, L.L.C., Gulf Coast Working Partners, L.L.C., Oakley Holdings, L.L.C., SamJam Energy, L.L.C., and Perry Point Holdings, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on December 31, 2018)</u></a>
<a href="#"><u>10.8</u></a>	<a href="#"><u>Collateral Agreement to Purchase and Sale Agreement, executed as of December 26, 2018, by and among Viking Energy Group, Inc. and Bodel Holdings, L.L.C., Cleveland Holdings, L.L.C., Delbo Holdings, L.L.C., DeQuincy Holdings, L.L.C., Gulf Coast Working Partners, L.L.C., Oakley Holdings, L.L.C., SamJam Energy, L.L.C., and Perry Point Holdings, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on December 31, 2018)</u></a>
<a href="#"><u>10.9</u></a>	<a href="#"><u>Term Loan Credit Agreement, dated as of December 28, 2018, by and among Ichor Energy Holdings, LLC, Ichor Energy, LLC, ABC Funding, LLC, as Administrative Agent, and the Lender Parties (incorporated by reference to our Current Report on Form 8-K filed on December 31, 2018)</u></a>

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<a href="#">10.10</a>	<a href="#">10% Secured Promissory Note, dated December 27, 2018, issued by Viking Energy Group, Inc. to RPM Investments, a Division of Opus Bank, in favor of Sellers (incorporated by reference to our Current Report on Form 8-K filed on December 31, 2018)</a>
<a href="#">10.11</a>	<a href="#">Security and Pledge Agreement, executed as of December 27, 2018, by and among Viking Energy Group, Inc. and Bodel Holdings, L.L.C., Cleveland Holdings, L.L.C., Delbo Holdings, L.L.C., DeQuincy Holdings, L.L.C., Gulf Coast Working Partners, L.L.C., Oakley Holdings, L.L.C., SamJam Energy, L.L.C., and Perry Point Holdings, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on December 31, 2018)</a>
<a href="#">10.12</a>	<a href="#">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)</a>
<a href="#">10.13</a>	<a href="#">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)</a>
<a href="#">21.1</a>	<a href="#">Subsidiaries of Viking Energy Group, Inc. (incorporated by reference to our Quarterly Report on Form 10-Q filed on May 14, 2019)</a>
<a href="#">31.1*</a>	<a href="#">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</a>
<a href="#">31.2*</a>	<a href="#">Certification of Principal Financial and Accounting 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</a>
<a href="#">32.1*</a>	<a href="#">Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63</a>
<a href="#">32.2*</a>	<a href="#">Certification of Principal Financial and Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63</a>
<a href="#">99.1</a>	<a href="#">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)</a>
<a href="#">99.2</a>	<a href="#">Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on September 12, 2017)</a>
<a href="#">99.3</a>	<a href="#">Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on October 3, 2017)</a>
<a href="#">99.4</a>	<a href="#">Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on October 4, 2017)</a>
<a href="#">99.5</a>	<a href="#">Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on December 8, 2017)</a>
<a href="#">101.INS**</a>	<a href="#">XBRL Instance Document</a>
<a href="#">101.SCH**</a>	<a href="#">XBRL Taxonomy Extension Schema Document</a>
<a href="#">101.CAL**</a>	<a href="#">XBRL Taxonomy Extension Calculation Linkbase Document</a>
<a href="#">101.DEF**</a>	<a href="#">XBRL Taxonomy Extension Definition Linkbase Document</a>
<a href="#">101.LAB**</a>	<a href="#">XBRL Taxonomy Extension Label Linkbase Document</a>
<a href="#">101.PRE**</a>	<a href="#">XBRL Taxonomy Extension Presentation Linkbase Document</a>

\* Filed herewith

\*\* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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

None.



In accordance with the requirements of Section 13 or 15(d) of the Securities Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**VIKING ENERGY GROUP, INC.**

(Registrant)

*/s/ James Doris*

James Doris

Principal Executive Officer

Date: August 12, 2019

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

Frank W. Barker, Jr.

Principal Financial and Accounting Officer

Date: August 12, 2019



**BARBARA K. CEGAUSKE**  
 Secretary of State  
 202 North Carson Street  
 Carson City, Nevada 89701-4201  
 (775) 684-5708  
 Website: www.nvsos.gov

**Amendment to  
 Certificate of Designation  
 After Issuance of Class or  
 Series  
 (PURSUANT TO NRS 78.1955)**

Filed in the Office of <i>Barbara K. Cegauske</i>	Business Number <b>E0577692008-9</b>
Secretary State Of Nevada	Filing Number <b>20190046052</b>
	Filed On <b>7/16/2019 10:43:00 AM</b>
	Number of Pages <b>8</b>

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

**Certificate of Amendment to Certificate of Designation  
For Nevada Profit Corporations  
 (Pursuant to NRS 78.1955 - After Issuance of Class or Series)**

**1. Name of corporation:**

Viking Energy Group, Inc.

**2. Stockholder approval pursuant to statute has been obtained.**

**3. The class or series of stock being amended:**

Series C Preferred Stock

**4. By a resolution adopted by the board of directors, the certificate of designation is being amended as follows or the new class or series is:**

The corporation hereby amends the designation of the corporation's Series C Preferred Stock, and the rights, preferences, restrictions and other matters regarding such series of preferred stock, as further set forth in the attached Exhibit A.

**5. Effective date of filing: (optional)**

(must not be later than 90 days after the certificate is filed)

**6. Signature: (required)**

**X /s/ James Doris**  
 Signature of Officer

Filing Fee: \$175.00

**IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.**

*This form must be accompanied by appropriate fees.*

**PRINT**

Nevada Secretary of State NRS Amend Designation - After  
 Revised: 1-5-15

**Exhibit A**

**AMENDED CERTIFICATE OF DESIGNATIONS OF PREFERENCES,  
RIGHTS AND LIMITATIONS  
OF  
SERIES C PREFERRED STOCK  
FOR  
VIKING ENERGY GROUP, INC.  
(A NEVADA CORPORATION)**

The undersigned, James Doris, does hereby certify that:

1. He is the President and Secretary of Viking Energy Group, Inc., a Nevada corporation (the “**Corporation**”).
2. The Corporation is authorized to issue 5,000,000 shares of preferred stock, 50,000 shares of which have previously been designated as “Series C Preferred Stock.”
3. The Corporation hereby amends the designation of the Corporation’s Series C Preferred Stock, and the rights, preferences, restrictions and other matters regarding such series of preferred stock, as set forth below, which amended designation has been approved by the Board of Directors of the Corporation, and all holders of preferred stock of the Corporation, including the holders of the Series C Preferred Stock:

**TERMS OF SERIES C PREFERRED STOCK**

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

“**Bankruptcy Event**” means any of the following events: (a) the Corporation or any Significant Subsidiary (as such term is defined in Rule 1.02(s) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Corporation or any Significant Subsidiary thereof; (b) there is commenced against the Corporation or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement; (c) the Corporation or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (d) the Corporation or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 days; (e) the Corporation or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors; (f) the Corporation or any Significant Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or (g) the Corporation or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

“**Common Stock**” means the Corporation's common stock, par value \$0.001 per share, and stock of any other class into which such shares may hereafter have been reclassified or changed.

“**Common Stock Equivalents**” means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“**Conversion Date**” shall have the meaning set forth in Section 6(a).

“**Conversion Ratio**” shall have the meaning set forth in Section 6(a).

“**Conversion Shares**” means, collectively, the shares of Common Stock into which the shares of Preferred Stock are convertible in accordance with the terms hereof.

“**Holder**” shall have the meaning given such term in Section 2 hereof.

“**Junior Securities**” means the Common Stock and all other equity or equity equivalent securities of the Corporation other than those securities that are explicitly senior in rights or liquidation preference to the Preferred Stock.

“**Original Issue Date**” shall mean the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

“**Person**” means a corporation, an association, a partnership, a limited liability company, a business association, an individual, a government or political subdivision thereof or a governmental agency.

“**Preferred Stock**” shall have the meaning set forth in Section 2.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Subsidiary**” shall mean a corporation, limited liability company, partnership, joint venture or other business entity of which the Corporation owns beneficially or of record more than 19% of the equity interest.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as the Corporation's Series C Preferred Stock (the "**Preferred Stock**"), and the number of shares so designated shall be fifty thousand (50,000) shares, which shall not be subject to increase without the consent of all of the Holders of the Preferred Stock (the "**Holder**s"). Each share of such Preferred Stock shall have a par value of \$0.001 per share. Capitalized terms not otherwise defined herein shall have the meaning given such terms in Section 1 hereof.

Section 3. Dividends and Other Distributions. When and as any dividend or distribution is declared or paid by the Corporation on Common Stock, whether payable in cash, property, securities or rights to acquire securities, the Holders will be entitled to participate with the holders of Common Stock in such dividend or distribution as set forth in this Section 3. At the time such dividend or distribution is payable to the holders of Common Stock, the Corporation will pay to each Holder such holder's share of such dividend or distribution equal to the amount of the dividend or distribution per share of Common Stock payable at such time multiplied by the number of shares of Common Stock the shares of Preferred Stock held by such holder are convertible into pursuant to Section 6 herein.

Section 4. Voting Rights and Holder Approvals.

(a) Subject to the provision for adjustment hereinafter set forth, each share of Preferred Stock shall entitle the holder thereof to twenty thousand (20,000) votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time on or after the date that Preferred Stock has been issued ("**Distribution Date**") declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in the Articles of Incorporation, in any other Certificate of Designations creating a series of preferred stock, or by law, the holders of shares of Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) In addition to any other rights provided by law, so long as any Preferred Stock is outstanding, the Corporation, without first obtaining the affirmative vote or written consent of the holders of not less than a majority of such outstanding shares of Preferred Stock, will not amend or repeal any provision of, or add any provision to, the Corporation's amended Articles of Incorporation or By-Laws if such action would materially adversely affect the voting rights of, or the other rights, preferences or restrictions provided for the benefit of, any Preferred Stock.

(d) Except as set forth herein, holders of Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a “**Liquidation**”), the Holder shall be entitled to receive out of the assets of the Corporation, whether such assets are capital or surplus, for each share of Preferred Stock an amount equal to par value (the “**Liquidation Value**”) before any distribution or payment shall be made to the holder of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the Holder shall be distributed among the Holder ratably in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. A Fundamental Transaction or Change of Control Transaction shall not be treated as a Liquidation. The Corporation shall mail written notice of any such Liquidation, not less than 70 days prior to the payment date stated therein, to each record Holder.

Section 6. Conversion.

(a) Right to Convert. Subject to Paragraphs 6(c)–(e) below, each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such 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) Mechanics of Conversion. Before any holder of Preferred Stock shall be entitled to convert the same into shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Preferred Stock, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive Common Stock upon conversion of such Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(c) Split, Subdivision and Distribution Adjustments. In the event the Corporation should at any time or from time to time after the Distribution Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as “Common Stock Equivalents”) without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the applicable Conversion Rate of the Preferred Stock shall be appropriately adjusted so that the number of shares of Common Stock issuable on conversion of each share of Preferred Stock shall be increased in proportion to such increase of the aggregate number of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(d) Combination Adjustments. If the number of shares of Common Stock outstanding at any time after the Distribution Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Rate for the Preferred Stock shall be appropriately adjusted so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(e) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 6) provision shall be made so that the holders of the Preferred Stock shall thereafter be entitled to receive upon conversion of the Preferred Stock the number of shares of stock or other securities or property of the Company or otherwise, to which a holder of the number of shares of Common Stock deliverable upon conversion of the Preferred Stock would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 6 with respect to the rights of the holders of the Preferred Stock after the recapitalization to the end that the provisions of this Section 4(e) (including adjustment of the Conversion Rate then in effect and the number of shares issuable upon conversion of the Preferred Stock) shall be applicable after that event.

(f) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of Preferred Stock against impairment.

(g) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Preferred Stock, in addition to such other remedies as shall be available to the holder of such Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to the Corporation’s Articles of Incorporation.

(h) Exempt Issuance. Notwithstanding the foregoing, no adjustment will be made under this Section 7 in respect of an Exempt Issuance.



Section 8. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any notice of conversion, shall be in writing and delivered personally, by facsimile, sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address of record. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile, sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile telephone number or address of such Holder appearing on the books of the Corporation, or if no such facsimile telephone number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section prior to 5:30 p.m. (New York City time), (ii) the date after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section later than 5:30 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the liquidated damages (if any) on, the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

(c) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership thereof, and indemnity, if requested, all reasonably satisfactory to the Corporation.

(d) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(e) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designations and shall not be deemed to limit or affect any of the provisions hereof.

IN WITNESS WHEREOF, the undersigned has executed this Amended Certificate of Designation this \_\_\_\_ day of July, 2019.

/s/ James Doris  
Name: James Doris  
Title: President

/s/ James Doris  
Name: James Doris  
Title: Secretary

**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 12, 2019

/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 12, 2019

/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, 2019, 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.

Date: August 12, 2019

*/s/ James Doris*

\_\_\_\_\_  
James Doris  
Principal Executive 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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Frank W. Barker, Jr., Principal Financial and Accounting 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.

Date: August 12, 2019

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

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