

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 **SEPTEMBER 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 November 1, the registrant had 96,276,947 shares of common stock outstanding.

VIKING ENERGY GROUP, INC.

Part I – Financial Information

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VIKING ENERGY GROUP, INC.
Consolidated Balance Sheets

	September 30, 2019	December 31, 2018
	(unaudited)	
ASSETS		
Current assets:		
Cash	\$ 1,555,390	\$ 4,009,892
Restricted cash	6,088,859	-
Accounts receivable – oil and gas - net	2,653,653	258,300
Prepaid expenses	136,404	124,443
Total current assets	10,434,306	4,392,635
Oil and gas properties, full cost method		
Proved developed producing oil and gas properties, net	75,675,548	81,331,986
Proved undeveloped and non-producing oil and gas properties, net	48,143,115	50,492,906
Total oil and gas properties, net	123,818,663	131,824,892
Fixed assets, net	534,829	200,243
Derivative asset	101,726	681,776
Other assets	71,594	110,194
TOTAL ASSETS	\$ 134,961,118	\$ 137,209,740
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 2,431,858	\$ 2,549,280
Accrued expenses and other current liabilities	2,145,033	1,014,661
Undistributed revenues and royalties	1,746,255	1,207,605
Derivative liability	1,683,980	2,531,718
Amount due to director	590,555	395,555
Current portion of long-term debt and other short-term borrowings – net of debt discount	40,241,800	11,805,582

Total current liabilities	48,839,481	19,504,401
Long term debt - net of current portion and debt discount	66,231,506	92,076,857
Operating lease liability	323,642	-
Asset retirement obligation	3,377,424	4,413,465
TOTAL LIABILITIES	<u>118,772,053</u>	<u>115,994,723</u>

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 September 30, 2019 and December 31, 2018	28	28
Common stock, \$0.001 par value, 500,000,000 shares authorized, 96,276,947 and 90,989,025 shares issued and outstanding as of September 30, 2019 and December 31, 2018 respectively.	96,277	90,989
Additional paid-in capital	36,204,678	32,015,913
Accumulated deficit	<u>(20,111,918)</u>	<u>(10,891,913)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>16,189,065</u>	<u>21,215,017</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 134,961,118</u>	<u>\$ 137,209,740</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 Operations (Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Revenue				
Oil and gas sales	9,000,591	\$ 1,895,932	\$ 27,081,506	\$ 6,376,501
Operating expenses				
Lease operating costs	3,547,662	913,331	9,004,334	2,957,073
General and administrative	1,076,287	1,364,779	3,367,591	3,391,240
Stock based compensation	402,451	680,156	444,533	1,898,255
Depreciation, depletion and amortization	2,379,725	412,669	6,978,604	1,362,306
Accretion - ARO	72,042	40,081	230,269	137,858
Total operating expenses	7,478,167	3,411,016	20,025,331	9,746,732

Income (loss) from operations	1,522,424	(1,515,084)	7,056,175	(3,370,231)
Other income (expense)				
Interest expense	(3,278,555)	(255,999)	(9,602,522)	(1,217,383)
Amortization of debt discount	(2,364,357)	(1,420,459)	(6,947,607)	(4,059,563)
Change in fair value of derivatives	5,539,255	(342,318)	267,688	(1,330,102)
Gain on disposal of assets	-	555,548	-	613,589
Interest and other income	363	-	6,261	-
Total other income (expense)	<u>(103,294)</u>	<u>(1,463,228)</u>	<u>(16,276,180)</u>	<u>(5,993,459)</u>
Net income (loss) before income taxes	1,419,130	(2,978,312)	(9,220,005)	(9,363,690)
Income tax benefit (expense)	-	33,548	-	910,827
Net Income (loss)	<u>\$ 1,419,130</u>	<u>\$ (2,944,764)</u>	<u>\$ (9,220,005)</u>	<u>\$ (8,452,863)</u>
Earnings (loss) per common share				
Basic	<u>\$ 0.02</u>	<u>\$ (0.03)</u>	<u>\$ (0.10)</u>	<u>\$ (0.11)</u>
Weighted average number of common shares outstanding				
Basic	<u>92,586,983</u>	<u>84,561,061</u>	<u>91,632,904</u>	<u>79,979,011</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)

	Nine Months Ended	
	September 30,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (9,220,005)	\$ (8,452,863)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Change in fair value of derivative liability	(267,688)	1,330,102
Stock based compensation	444,533	1,898,255
Depreciation, depletion and amortization	6,978,604	1,362,306
Amortization of operational right-of-use assets	2,997	-
Gain on disposal of assets	-	(613,589)
Accretion – Asset retirement obligation	230,269	137,858
Amortization of debt discount	6,947,607	4,059,563
Changes in operating assets and liabilities		
Accounts receivable	(2,307,266)	(154,772)
Prepaid expenses and other assets	26,639	(368,542)

Other receivable	-	548,714
Accounts payable	(806,594)	(1,198,555)
Accrued expenses and other current liabilities	1,753,034	349,156
Deferred tax liability	-	(910,827)
Undistributed revenues and royalties	538,650	77,167
Amounts due to directors	-	39,993
Net cash provided by (used) in operating activities	4,320,780	(1,896,034)
Cash flows from investing activities:		
Investment in and acquisition of oil and gas properties	(4,641,453)	(3,600,528)
Acquisition of fixed assets	-	(130,000)
Proceeds from sale of fixed assets	-	45,000
Proceeds from sale of oil and gas interests	552,966	1,332,995
Net cash used in investing activities	(4,088,487)	(2,352,533)
Cash flows from financing activities:		
Proceeds from amount due to director	195,000	583,000
Repayment of amount due to director	-	(1,312,908)
Proceeds from long term debt	6,372,383	16,047,458
Debt issuance costs	-	(791,385)
Short term advance	693,706	-
Repayment of long-term debt	(3,859,025)	(8,199,989)
Net cash provided by financing activities	3,402,064	6,326,176
Net increase (decrease) in cash	3,634,357	2,077,609
Cash and Restricted Cash, beginning of period	4,009,892	5,735,259
Cash and Restricted Cash, end of period	\$ 7,644,249	\$ 7,812,868
Supplemental Cash Flow Information:		
Cash paid for:		
Interest	\$ 7,664,537	\$ 1,059,616
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	\$ 43,723	\$ -
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	\$ 1,361,106	\$ -
Issuance of shares as discount on debt	\$ -	\$ 2,231,331
Issuance of shares as payment of interest on debt	\$ 620,508	\$ -
Issuance of warrants for services	\$ 167,151	\$ -
Issuance of warrants as discount on debt	\$ 3,129,012	\$ 1,716,039
Accrual of debt issuance costs	\$ -	\$ 1,187,428
Debt refinanced through new credit facility	\$ 3,310,000	\$ 7,633,389
Private placement debt exchanged for new private placement	\$ -	\$ 5,314,000
Purchase of working interest through new debt	\$ -	\$ 165,000
Issuance of shares for contract services	\$ -	\$ 55,000
Cashless exercise of warrants	\$ -	\$ 447
Accrued expenses exchanged for long term debt	\$ -	\$ 177,771

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 nine months ended September 30, 2019

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Prepaid Equity-Based Compensation</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Stockholders' Equity</u>
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>				
Balances at December 31, 2018	28,092	\$ 28	90,989,025	\$ 90,989	\$32,015,913	\$ -	\$ (10,891,913)	\$ 21,215,017
Shares issued for services			1,637,876	1,638	275,144			276,782
Shares issued for interest			3,650,046	3,650	616,858			620,508
Warrants issued for services					167,751			167,751
Warrants issued as debt discount					3,129,012			3,129,012
Net loss for the nine months ended September 30, 2019							(9,220,005)	(9,220,005)
Balances at September 30, 2019	<u>28,092</u>	<u>\$ 28</u>	<u>96,276,947</u>	<u>\$ 96,277</u>	<u>\$36,204,678</u>	<u>\$ -</u>	<u>\$ (20,111,918)</u>	<u>\$ 16,189,065</u>

For the nine months ended September 30, 2018

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Prepaid Equity-Based Compensation</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Stockholders' Equity</u>
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>				
Balances at December 31, 2017	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			5,029,443	5,030	1,172,979			1,178,009
Shares issued as prepaid equity-based compensation			250,000	250	54,750	(55,000)		-
Shares issued as debt discount			10,323,356	10,323	2,221,008			2,231,331
Warrants issued for services					653,419			653,419
Shares issued in cashless exercise of warrants			447,591	447	(447)			-
Warrants issued as debt discount					1,716,039			1,716,039
Amortization of prepaid equity-based compensation						66,827		66,827
Net loss for the nine months ended September 30, 2018							(8,452,863)	(8,452,863)
Balances at September 30, 2018	<u>28,092</u>	<u>\$ 28</u>	<u>88,398,380</u>	<u>\$ 88,398</u>	<u>\$24,847,640</u>	<u>\$ -</u>	<u>\$ (4,227,229)</u>	<u>\$ 20,708,837</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)

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 the beginning of 2018 the Company has had the following related activities:

- On January 12, 2018, the Company, through its subsidiary Mid-Con Drilling, LLC (“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 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 the Company’s subsidiary, 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 net income of \$1,419,130 for the three months ended September 30, 2019, the Company had a net loss of \$9,220,005 for the nine months ended September 30, 2019. Furthermore, as of September 30, 2019, the Company has a working capital deficiency in excess of \$38,000,000. 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 2020 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 which were initially due in August 2019 allowed for 50% of the principal to be converted into shares of the Company's common stock at \$0.20 per share, and also contained a provision whereby the Company had the right to extend the Maturity Date for one additional year to August of 2020. Consideration for the one-year extension was 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 Company elected to extend the Maturity Date and accomplished the payment of the accrued interest through the issuance of approximately 3,650,000 common shares and approximately \$900,000 in cash. Effective as of October 31, 2019, all the warrant holders associated with these notes consented to a modification to the exercise price of these warrants from \$0.20 to \$0.10. Multiple warrant holders then elected to exercise 20,416,350 warrants for an aggregate exercise price of \$2,041,635. As to \$1,860,635 of such exercise price consideration, the applicable warrant holders agreed to pay such exercise price by reducing the principal amount owing by the Company to the warrant holders under the Notes. As to the balance of \$181,000 of such exercise price consideration, the applicable warrant holders agreed to pay such amount in cash to the Company.
- 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 Energy LLC in 2017 and the 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 September 30, 2019 is approximately \$7,990,000. 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.

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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.

d) Financial Instruments

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 September 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	\$ -	\$ 101,726	\$ -	\$ (580,050)
	<u>\$ -</u>	<u>\$ 101,726</u>	<u>\$ -</u>	<u>\$ (580,050)</u>
Financial liabilities				
Commodity Derivative	\$ -	\$ 1,683,980	\$ -	\$ 847,738
	<u>\$ -</u>	<u>\$ 1,683,980</u>	<u>\$ -</u>	<u>\$ 847,738</u>

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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:

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	\$ -	\$ 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.

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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 \$101,726 and \$681,776 as of September 30, 2019 and December 31, 2018, and the derivative liabilities were \$1,683,980 and \$2,531,718 as of September 30, 2019 and December 31, 2018 respectively. The change in the fair value of the derivative assets and liabilities for the nine months ended September 30, 2019 consisted of a decrease of \$580,050 associated with existing commodity derivatives and an increase of \$847,738 associated with the new commodity derivative related to the acquisition accomplished on December 28, 2018, and a gain recognized in the consolidated statement of operations in the amount of \$267,688.

The table below is a summary of the Company's commodity derivatives as of September 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

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

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 September 30, 2019, the Company has cash deposits in excess of FDIC insured limits in the amounts of \$6,314,524.

Restricted cash in the amount of \$6,088,859 as of September 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 September 30, 2019, the restricted cash did not exceed the MLR and the APOD Capex Amount.

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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 September 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.

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 nine months ended September 30, 2019 and 2018 were as follows:

Cost Center	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Canada	\$ -	\$ -	\$ -	\$ 21,387
United States	2,379,725	412,669	6,978,604	1,340,919
	<u>\$ 2,379,725</u>	<u>\$ 412,669</u>	<u>\$ 6,978,604</u>	<u>\$ 1,362,306</u>

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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.

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 September 30, 2019 there were approximately 1,481 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 nine months ended September 30, 2019 and 2018 there were approximately 109,649,190 and 40,807,159 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 nine months ended September 30, 2019 and 2018:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Oil	\$ 7,481,016	\$ 1,872,636	\$ 22,407,578	\$ 6,145,546
Natural gas and natural gas liquids	1,519,575	23,296	4,673,928	230,955
	<u>\$ 9,000,591</u>	<u>\$ 1,895,932</u>	<u>\$ 27,081,506</u>	<u>\$ 6,376,501</u>

1) 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 September 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 of approximately \$11,000,000, will expire between 2019 through 2038.

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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.

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 nine months ended September 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	20,922,500	0.22	4.9 years	-
Exercised	-	-	-	-
Forfeited/expired/cancelled	-	-	-	-
Warrants Outstanding – September 30, 2019	<u>75,744,190</u>	<u>\$ 0.25</u>	<u>5.2 years</u>	<u>\$ -</u>
Outstanding Exercisable – September 30, 2019	<u>73,244,190</u>	<u>\$ 0.25</u>	<u>5.2 years</u>	<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 nine months ended September 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 nine months ended September 30, 2019:

	Nine months ended September 30, 2019
Asset retirement obligation – beginning	\$ 4,413,465
Oil and gas purchases	94,796
Adjustments through disposals and settlements	(1,361,106)
Accretion expense	230,269
Asset retirement obligation – ending	<u>\$ 3,377,424</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

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r) Subsequent events

The Company has evaluated all subsequent events from September 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.

Note 3. Business Acquisition

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

	Nine Months Ended September 30, 2018
Revenues	<u>\$ 36,869,285</u>
Net Income (excludes unrealized gains / losses)	<u>\$ 2,819,852</u>
Income per share	<u>\$ 0.03</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 nine months ended September 30, 2019:

	December 31, 2018	Adjustments	Impairments	September 30, 2019
Proved developed producing oil and gas properties				
United States cost center	\$ 81,936,721	\$ (578,384)	\$ -	\$ 81,358,337
Accumulated depreciation, depletion and amortization	(604,735)	(5,078,054)	-	(5,682,789)
Proved developed producing oil and gas properties, net	<u>\$ 81,331,986</u>	<u>\$ (5,656,438)</u>	<u>\$ -</u>	<u>\$ 75,675,548</u>
Undeveloped and non-producing oil and gas properties				
United States cost center	\$ 51,973,719	\$ (496,028)	\$ -	\$ 51,477,691
Accumulated depreciation, depletion and amortization	(1,480,813)	(1,853,763)	-	(3,334,576)
Undeveloped and non-producing oil and gas properties, net	<u>\$ 50,492,906</u>	<u>\$ (2,349,791)</u>	<u>\$ -</u>	<u>\$ 48,143,115</u>
Total Oil and Gas Properties, Net	<u>\$ 131,824,892</u>	<u>\$ (8,006,229)</u>	<u>\$ -</u>	<u>\$ 123,818,663</u>

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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. Additionally, Mr. Doris has made several loans through promissory notes to the Company, all accruing interest at 12%, and payable on demand. As of September 30, 2019, the total amount due to Mr. Doris for these loans is \$590,555. Accrued interest of \$84,642 is included in accrued expenses and other current liabilities at September 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 September 30, 2019, the total amount due to FWB Consulting, Inc. is \$173,216 and is included in accounts payable.

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 September 5, 2019, each share of Series C Preferred Stock entitles the holder thereof to 32,500 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 Company or any transfer agent for such stock, into one share of fully paid and non-assessable common stock.

(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 nine months ended September 30, 2019, the Company issued shares of its common stock as follows:

- 1,637,876 shares of common stock issued for services valued at fair market value on the date of the transactions, totaling \$276,782.
- 3,650,046 shares of common stock issued for accrued interest on promissory notes.

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

- 5,029,443 shares of common stock issued for services valued at fair market value on the date of the transactions, totaling \$1,178,009.
- 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.
- 10,323,356 shares of common stock issued as debt discount valued at fair market value on the date of each transactions, totaling \$2,231,331.
- 447,591 shares of common stock issued in a cashless exercise of warrants.

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Note 7. Long Term Debt and other short-term borrowings

Long term debt and other short-term borrowings consisted of the following at September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
Long-term debt:		
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 initial maturity date of August 31, 2019. Concurrently, the Company issued the Note holders 11,373,750 warrants (5-year term and an exercise price of \$0.20 per share). On August 31, 2019, the Company, pursuant to the terms of the notes, elected to extend the maturity date to August 31, 2020, by increasing the interest rate to 12%, and issuing the Note holders an additional 115,000 warrants (5-year term and an exercise price of \$0.20 per share) for every \$100,000 invested, resulting in an additional 17,422,500 new warrants. The fair value of all these warrants was recorded as a debt discount and amortized over the life of the notes. The balance shown is net of unamortized discount of \$2,872,536 at September 30, 2019 and \$5,981,012 at December 31, 2018.	12,277,464	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 is 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 \$51,805 at September 30, 2019 and \$103,421 at December 31, 2018	7,938,195	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 are 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 \$3,728,679 at September 30, 2019 and \$4,385,408 at December 31, 2018.	58,273,523	59,206,592

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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 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.	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.	51,140	-
On July 24, 2019, the Company through its wholly owned subsidiary, Mid-Con Petroleum, LLC, executed a promissory note payable to Cornerstone Bank in the amount of \$2,241,758, bearing interest at 6%, payable interest only for the first year, then payable in 59 installments of \$43,438, with a final payment due on a maturity date of July 24, 2025. The balance shown is net of unamortized discount of \$27,739 at September 30, 2019.	2,214,019	-
On July 24, 2019, the Company through its wholly owned subsidiary, Mid-Con Drilling, LLC, executed a promissory note payable to Cornerstone Bank in the amount of \$1,109,341, bearing interest at 6%, payable interest only for the first year, then payable in 59 installments of \$21,495, with a final payment due on a maturity date of July 24, 2025. The balance shown is net of unamortized discount of \$27,662 at September 30, 2019.	1,031,017	-
	105,563,306	103,882,439
Other short-term borrowings:		
On September 30, 2019, the Company received \$910,000 under an agreement that requires the Company to make 28 weekly payments aggregating \$1,237,600 through April 13, 2020. The agreement provides discounts for early payment. The balance shown is net of the maximum discount of \$327,600 at September 30, 2019.	910,000	-
Total long-term debt and other short-term borrowings	106,473,306	103,882,439
Less current portion	(40,241,800)	(11,805,582)
	<u>\$ 66,231,506</u>	<u>\$ 92,076,857</u>

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 \$72,228 for the three and nine months ended September 30, 2019.

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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

Subsequent to September 30, 2019, the Company organized the following additional subsidiaries in Nevada, Texas and Louisiana: Elysium Energy Holdings, LLC, a Nevada limited liability company; Elysium Energy, LLC, a Nevada limited liability company; Elysium Energy TX, LLC, a Texas limited liability company; and Elysium Energy LA, LLC, a Louisiana limited liability company.

On October 3, 2019, the Company received \$480,200 under an agreement that requires the Company to make 28 weekly payments aggregating \$666,400 through April 13, 2020. The agreement contains early payment discounts.

On October 10, 2019, Elysium Energy, LLC ("Purchaser") entered into a Purchase and Sale Agreement with several selling entities (collectively the "Sellers"). Certain of the Sellers were also sellers in the Ichor Energy acquisition. The Purchaser agreed to purchase from Sellers (the "Acquisition") their working interests and over-riding royalty interests in oil and gas properties in Texas (approximately 71 wells in 11 counties) and Louisiana (approximately 52 wells in 6 parishes), along with associated wells and equipment. The purchase price is \$40,000,000, as adjusted pursuant to the terms of the Purchase Agreement, in cash at closing (the "Purchase Price"). The Purchaser paid a deposit of \$1,000,000 into escrow, which deposit will be applied toward the Purchase Price at closing or be released: (i) to the Sellers if the transaction does not close under certain circumstances; or (ii) to the Purchaser if the transaction does not close under certain circumstances. The Company is pursuing financing alternatives for the Acquisition with various lenders. Consequently, there is no assurance that the Company will complete the Acquisition.

On October 24, 2019, the Company made a \$4,000,000 voluntary principal payment under the Ichor Energy Term Loan Credit Agreement.

Effective as of October 31, 2019, all the warrant holders associated with the 2018 10% Secured Promissory Notes (the "Notes") consented to a limited time modification to the exercise price of their 28,796,250 warrants from \$0.20 to \$0.10. Multiple warrant holders then elected to exercise 20,416,350 of these warrants for an aggregate exercise price of \$2,041,635. As to \$1,860,635 of such exercise price consideration, the applicable warrant holders agreed to pay such exercise price by reducing the principal amount owing by the Company to the warrant holders under the Notes. As to the balance of \$181,000 of such exercise price consideration, the applicable warrant holders agreed to pay such amount in cash to the Company. This limited time modification offer expired at 5:00pm on October 31, 2019, and the 8,379,900 warrants that were not exercised remain subject to their original terms.

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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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Kansas

- On January 12, 2018, the Company, through its subsidiary Mid-Con Drilling, LLC (“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 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.

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.

On October 10, 2019, the Company, through its newly formed subsidiary Elysium Energy, LLC, entered into a Purchase and Sale Agreement to purchase working interests and over-riding royalty interests in oil and gas properties in Texas (approximately 71 wells in 11 counties) and Louisiana (approximately 52 wells in 6 parishes), along with associated wells and equipment. The Company paid a deposit of \$1,000,000 into escrow, which deposit will be applied toward the Purchase Price at closing or be released: (i) to the sellers if the transaction does not close under certain circumstances; or (ii) to the Purchaser if the transaction does not close under certain circumstances. The Company is pursuing financing alternatives for the Acquisition with various lenders. Consequently, there is no assurance that the Company will complete the Acquisition.

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Acquisitions – Louisiana

On May 10, 2019, Petrodome Louisiana Pipeline LLC, a subsidiary of the Company's subsidiary, 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 net income of \$1,419,130 for the three months ended September 30, 2019, the Company had a net loss of \$9,220,005 for the nine months ended September 30, 2019. Furthermore, as of September 30, 2019, the Company has a working capital deficiency in excess of \$38,000,000. 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 2020 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 which were initially due in August 2019 allowed for 50% of the principal to be converted into shares of the Company's common stock at \$0.20 per share, and also contained a provision whereby the Company had the right to extend the Maturity Date for one additional year to August of 2020. Consideration for the one-year extension was 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 Company elected to extend the Maturity Date and accomplished the payment of the accrued interest through the issuance of approximately 3,650,000 common shares and approximately \$900,000 in cash. Effective as of October 31, 2019, all the warrant holders associated with these notes consented to a modification to the exercise price of these warrants from \$0.20 to \$0.10. Multiple warrant holders then elected to exercise 20,416,350 warrants for an aggregate exercise price of \$2,041,635. As to \$1,860,635 of such exercise price consideration, the applicable warrant holders agreed to pay such exercise price by reducing the principal amount owing by the Company to the warrant holders under the Notes. As to the balance of \$181,000 of such exercise price consideration, the applicable warrant holders agreed to pay such amount in cash to the Company.
- 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 Energy LLC in 2017 and the 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 September 30, 2019 is approximately \$7,990,000. 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.

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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 nine months ended September 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 September 30, 2019, and December 31, 2018, the Company had \$7,644,249 (of which \$6,088,859 is restricted) and \$4,009,892 in cash holdings, respectively. Restricted cash as of September 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 September 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 September 30, 2019, the restricted cash did not exceed the MLR and the APOD Capex Amount

As of September 30, 2019, the Company has total long term debt and other short-term borrowings of \$106,473,306, with a current portion of \$40,241,800. 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).

Three months ended September 30, 2019, compared to the three months ended September 30, 2018

Revenue

The Company had gross revenues of \$9,000,591 for the three months ended September 30, 2019, as compared to \$1,895,932 for the three months ended September 30, 2018, reflecting an increase in excess of 375% or \$7,104,659. This substantial increase in revenue is primarily a result of the increased production from the oil and gas assets acquired at the end of 2018, and to a lesser extent new drilling and enhancements to existing wells.

Expenses

The Company's operating expenses increased by approximately 119%, or \$4,067,151 to \$7,478,167 for the three-month period ended September 30, 2019, from \$3,411,016 in the corresponding prior period. Lease operating costs increased by approximately 254%, or \$2,634,331, to 3,547,662 from \$913,331 as compared to the three months ended September 30, 2018. DD&A expense, a non-cash expense, increased by \$1,967,056, to \$2,379,725 from \$412,669 for the corresponding period in 2018. These expense increases were primarily the result of acquiring additional oil and gas assets at the end of 2018. General and administrative expenses reflected a decrease of approximately 15%, to \$1,076,287, when compared to \$1,364,779 in the corresponding prior period.

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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 September 30, 2019 of \$1,522,424, when compared to a loss from operations of \$1,515,084 for the three months ended September 30, 2018.

Other Income (Expense)

The Company had other income (expense) of \$(103,294) for the three months ended September 30, 2019, as compared to \$(1,463,228) for the three months ended September 30, 2018. This significant difference is primarily a result of a gain on the Company's commodity derivatives offset by increased interest expense and amortization of debt discount due to increased debt associated with acquisitions.

Net Income (Loss)

The Company incurred a net income of \$1,419,130 during the three-month period ended September 30, 2019, compared with a net loss of \$(2,944,764) for the three-month period ended September 30, 2018, a \$4,363,894 difference primarily as a result of items discussed above.

Nine months ended September 30, 2019, compared to the nine months ended September 30, 2018

Revenue

The Company had gross revenues of \$27,081,506 for the nine months ended September 30, 2019, as compared to \$6,376,501 for the nine months ended September 30, 2018, reflecting an increase in excess of 300% or \$20,705,005. 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, and to a lesser extent new drilling and enhancements to existing wells.

Expenses

The Company's operating expenses increased by more than 100%, or \$10,278,599 to \$20,025,331 for the nine-month period ended September 30, 2019, from \$9,746,732 in the corresponding prior period primarily as a result of increased production. Lease operating costs increased by approximately 205%, or \$6,047,261, to 9,004,334 from \$2,957,073 as compared to the nine months ended September 30, 2018. DD&A expense, a non-cash expense, increased by \$5,616,298 from \$1,362,306 for the corresponding period in 2018. General and administrative expenses reflected a small decrease of approximately \$23,649, to \$3,367,591 when compared to \$3,391,240 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 nine months ended September 30, 2019 of \$7,056,175, when compared to a loss from operations of \$(3,370,231) for the nine months ended September 30, 2018.

Other Income (Expense)

The Company had other income (expense) of \$(16,276,180) for the nine months ended September 30, 2019, as compared to \$(5,993,459) for the nine months ended September 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.

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Net Income (Loss)

The Company incurred a net (loss) of \$(9,220,005) during the nine-month period ended September 30, 2019, compared with a net loss of \$(8,452,863) for the nine-month period ended September 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.

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.

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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.

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.

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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 September 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 September 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 September 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 September 30, 2019, the Company issued 1,426,947 common shares to business consultants for services.

The shares described above were issued pursuant to the exemption 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

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ITEM 6. EXHIBITS

Number	Description
3.1	Articles of Incorporation (incorporated by reference to our Definitive Information Statement on Schedule 14C filed on October 14, 2008)
3.2	Bylaws (incorporated by reference to our Definitive Information Statement on Schedule 14C filed on October 14, 2008)
3.3	Certificate of Amendment to Articles of Incorporation (incorporated by reference to our Current Report on Form 8-K filed on November 6, 2018)
3.4	Certificate of Amendment to Designation - After Issuance of Class or Series (incorporated by reference to our Current Report on Form 8-K filed on September 5, 2019)
10.1	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)
10.2	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)
10.3	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)
10.4	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)
10.5	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)
10.6	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)
10.7	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)
10.8	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)
10.9	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)

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10.10	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)
10.11	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)
10.12	Purchase and Sale Agreement, dated as of October 10, 2019, by and among Elysium Energy, LLC, 5Jabor, LLC, Bass Petroleum, L.L.C., Bodel Holdings, LLC, Delbo Holdings, L.L.C., James III Investments, L.L.C., JamSam Energy, LLC, Lake Boeuf Investments, LLC, Oakley Holdings, L.L.C., and Plaquemines Holdings, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on October 11, 2019)
10.13	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)
10.14	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)
10.15*	Employment Agreement with Mark Finkle dated as of September 9, 2019+
10.16*	Restricted Stock Agreement with Mark Finkle dated as of September 9, 2019+
21.1*	Subsidiaries of Viking Energy Group, Inc.
31.1*	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
31.2*	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
32.1*	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
32.2*	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
99.1	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)
99.2	Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on September 12, 2017)
99.3	Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on October 3, 2017)
99.4	Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on October 4, 2017)
99.5	Purchase and Sale Agreement (incorporated by reference to our Current Report on Form 8-K filed on December 8, 2017)
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** 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.

+ Portions of Mr. Finkle's employment agreement and restricted stock agreement with personally identifying information have been redacted.

ITEM 7. OFF BALANCE-SHEET ARRANGEMENTS

None.

SIGNATURES

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 _____ Date: November 11, 2019
Principal Executive Officer

/s/ Frank W. Barker, Jr. _____ Date: November 11, 2019
Principal Financial and Accounting Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into as of September 9, 2019 by and between Viking Energy Group, Inc., a Nevada corporation (the "Company") and Mark S. Finckle (the "Employee").

RECITALS

A. The Company desires to obtain the services of Employee under the terms and conditions set forth in this Agreement.

B. Employee desires to provide his services to the Company upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee and the Company hereby covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in Exhibit A attached to this Agreement.

2. Employment.

(a) The Company agrees to employ Employee as Executive Vice President – Capital Markets, as of September 9th, 2019 (the "Effective Date") and for the period set forth in Section 2(c) below, unless Employee's employment is terminated sooner in accordance with this Agreement.

(b) Employee accepts employment and agrees to devote his full time and attention to the performance of his duties as determined by the Company's Chief Executive Officer and the Company's board of directors (the "Board") and to operate within the guidelines, plans and policies as may be established or approved by the Company from time to time. Without limiting the generality of the foregoing, during his employment, the Employee shall not serve on the boards of directors of any for-profit entity without the prior consent of the Board.

(c) Employee shall commence his duties hereunder as of the Effective Date and continue in the employ of the Company until the first (1st) anniversary of the Effective Date (the "Initial Term") or until his employment is terminated sooner as provided in this Agreement. Upon expiration of the Initial Term, this Agreement may be extended by the Company for an additional one (1) year period (the "Renewal Term"), by providing written notice to Employee not less than forty-five (45) days prior to the expiration of the Initial Term.

(d) Employee's place of employment shall be in Chicago. Employee may also be required to engage in reasonable travel to other locations, including New York, NY and Houston, TX, on Company business consistent with Employee's position.

3. Compensation.

(a) The Company shall pay to Employee an annual base salary of \$250,000 ("Base Salary"), which amount shall be prorated for any partial year and paid in accordance with the Company's payroll practices related to salaried employees.

(b) Commencing with calendar year 2020, Employee shall be eligible to receive a performance-based cash bonus of up to one hundred percent (110%) of Employee's base salary, based on the Employee's personal performance and the Company's ability to achieve certain EBITDA and financial goals, each as determined by the Board ("Annual Bonus"). The Board shall have the sole discretion whether to make any such award. Employee shall only be entitled to receive any Annual Bonus payment if Employee remains an employee in good standing with the Company as of the date such Annual Bonus is payable.

(c) On the Effective Date, Employee and the Company have entered into a Restricted Stock Award Agreement.

(d) Employee will be eligible to receive annual grants of long-term incentive awards under and subject to the terms of the Company's equity or other long-term incentive plan (including any applicable award agreement) as in effect from time to time. The target value of the awards granted will equal approximately 130% of Employee's Base Salary. Employee recognizes and acknowledges that the award of equity compensation is not guaranteed or promised in any way.

4. Payment or Reimbursement of Expenses Subject to compliance by Employee with such policies regarding expenses and expense reimbursements as may be adopted from time to time by the Company, Employee shall be paid or reimbursed for reasonable expenses actually incurred in connection with the performance of his duties under this Agreement and in the furtherance of the business and affairs of the Company. Any such reimbursement shall be made within a reasonable period after presentation by Employee of an itemized account of such expenses, accompanied by appropriate receipts satisfactory to the Company. In no event shall any expense be paid or reimbursed, unless properly accounted for to the extent necessary to substantiate the Company's federal income tax deduction under the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder or any similar state or federal law or regulation.

5. Additional Benefits.

(a) Employee shall be eligible to participate in or receive benefits under any employee benefit plan or arrangement now or in the future made available by the Company generally to its executive employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. Nothing in this Agreement shall affect the Company's right to change insurance carriers and to adopt, amend, terminate, or modify such plans and arrangements from time to time, provided that such changes apply to all Employee employees generally.

(b) Employee shall be entitled to take 30 days of paid vacation during each 12-month period. No paid vacation may be carried forward from one 12-month period to another. The other terms and conditions of such vacation and all other forms of leave, including accrual rates and payout, shall be as set forth in the Company's vacation and leave policies, as they may exist and be amended from time to time. Employee shall also be entitled to all paid holidays given by the Company in accordance with the Company's regular paid holiday policy, as it may exist and be amended from time to time.

6. Termination. This Agreement and the Company's obligations hereunder shall terminate as provided in Section 2(c) unless terminated earlier pursuant to this Section 6 as follows:

(a) In the event of the death or Total Disability of Employee, this Agreement shall automatically terminate as of the date of such death or Total Disability.

(b) Employee may terminate his employment at any time upon thirty (30) days' advance written notice delivered to the Company.

(c) The Company may terminate Employee's employment at any time, effective immediately, with or without Cause.

(a) If the Company terminates Employee's employment with the Company without Cause in accordance with Section 6(c) prior to the expiration of the Initial Term, the Company shall continue to pay, at such times as payments are made to other company employees in connection with the Company's regular payroll cycle, the Employee's Base Salary until the expiration of the Initial Term, subject to subsection (b).

(b) Employee acknowledges and agrees the severance payment to which the Employee is entitled under this Section 7 is conditioned upon and subject to the Employee's executing and delivering the general release of claims in the form attached hereto as Exhibit B by the 30th day following the Employee's separation from service and not revoking the release within the seven (7) days after executing and delivering the release. Employee's right to the severance payment is further conditioned upon Employee's continued compliance with Sections 8-11 of this Agreement. If Employee breaches any of his obligations in Sections 8-11 of this Agreement, he will immediately return to the Company any portion of the severance payment that has been paid to him pursuant to Section 7.

8. Covenant Not to Compete.

(a) During Employee's employment with the Company and for an additional period of one year following the termination of Employee's employment with the Company for any reason (the "Restricted Period"), Employee covenants and agrees that, with respect to the entire United States of America (the "Restricted Area"), Employee shall not, directly or indirectly, for his own benefit or to the detriment of the Company or any of its Affiliates:

(i) Compete with the Company in the Business in any manner or capacity (e.g., through any form of ownership, lending relationship, or as an advisor, principal, investor, agent, partner, officer, director, manager, employee, employer, independent contractor, consultant, member of any association or otherwise, whether or not for compensation or gain) by working for, becoming employed by, engaging in, carrying on, or providing services to any business involving the Business;

(ii) Own, manage, operate, join or control, or participate in the ownership, management, operation or control of, a business (however structured) that carries on or engages in any manner in the Business;

(iii) Perform services of the type he or she performs for the Company for any Person engaged in the Business, whether as an employee, independent contractor, consultant or otherwise; or

(iv) Solicit, induce or otherwise contact customers or suppliers of the Company for any purpose or manner detrimental to the Company.

The parties agree that each of the foregoing prohibitions is intended to constitute a separate restriction. Accordingly, should any such prohibition be declared invalid or unenforceable, such prohibition shall be deemed severable from and shall not affect the remainder thereof. The Parties further agree that the foregoing restrictions are reasonable in both time and scope.

Notwithstanding anything herein to the contrary, the Employee shall not be prohibited, following the Employee's employment with the Company, from working with a broker-dealer or investment bank that is engaged in the business of raising capital for or providing advisory services to persons engaged in the Business.

(b) Ownership by Employee, as a passive investment, in the aggregate of less than one percent (1%) of the outstanding equity securities of any corporation or other entity listed on a national securities exchange or publicly traded on any nationally recognized over-the-counter market shall not constitute a breach of Section 8(a) of this Agreement.

9. Confidential Information.

(a) Employee hereby acknowledges that Employee may be exposed to trade secrets and confidential and proprietary information of the Company and its Affiliates, including, without limitation, all design drawings, blueprints, plans, designs, calculations, technical specifications, construction notes or other works of authorship, inventions, writings, information, data, formulas, models, photographs, and design concepts, and the like, and all other documentation developed for or relating to the Company and its Affiliates and other technical information (including functional and technical specifications, designs, drawings, analysis, research, processes, procedures, manuals, computer programs, methods, ideas, Intellectual Property, Intellectual Property Rights, “know how” and the like), business information (development and acquisition prospects, reserve reports, materials, plans, accounting and financial information, pricing information, customer and supplier information, completion studies, expansion or acquisition opportunities, personnel records and the like) and other information designated as confidential expressly or by the circumstances in which it is provided (“Confidential Information”). Confidential Information does not include (i) information already known or independently developed by a third party recipient without the use of Confidential Information; (ii) information in the public domain through sources free of any confidentiality restriction and without any wrongful act of the recipient, or (iii) information received by the recipient from another third party who was free to disclose it.

(b) Employee hereby agrees, while employed by the Company or at any time thereafter, to keep strictly confidential and not disclose, use, divulge, publish, or otherwise reveal, directly or through any other Person, any Confidential Information of the Company and its Affiliates, except as may be necessary for Employee to perform his duties and obligations in conjunction with his employment with the Company. Employee further agrees that, upon expiration or termination of his employment with the Company for any reason, Employee will not, without the prior written consent of the Company’s Board, take any Confidential Information of the Company or its Affiliates.

(c) All written or electronic materials, records and documents made by Employee or in the possession of Employee during his employment with the Company concerning the business or affairs of the Company or its Affiliates or otherwise containing Confidential Information, or other items or property held by or for Employee, but owned or used by the Company or its Affiliates, shall be the sole property of the Company or its Affiliate, as the case may be, and, upon termination of Employee’s employment with the Company or upon the request of the Company or any of its Affiliates, Employee shall promptly deliver all of such materials, records, documents or other items of property that are then in his possession.

(d) Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit the Employee from making reports of possible violations of federal law or regulations to any governmental agency or entity in accordance with the provisions of and the rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, as amended, or of any other whistleblower protection provisions of state or federal law or regulations, (ii) require notification or prior approval by the Company of any reporting described in clause (i), or (iii) limit Employee’s right to receive an award for information reported to any government agency or entity as described in clause (i).

10. Non-Solicitation of Employees. During the Restricted Period, Employee will not under any circumstances within the Restricted Area, without the express written consent of the Board, employ, solicit the employment or engagement of, or assist any other entity in employing or soliciting the employment or engagement of, any Protected Person (as defined below), recommend the employment or engagement of any Protected Person to any other business or encourage any Protected Person to terminate his or her employment relationship with the Company or any of its Affiliates. A “Protected Person” means any person who was employed by the Company or any of its Affiliates at or after the Effective Date and prior to the termination of Employee’s employment with the Company.

11. Ownership of Inventions and Other Intellectual Property.

(a) Company’s Ownership of Inventions and Other IP: Assignment. All Discovered IP Rights shall be the sole and exclusive property of the Company without additional compensation to Employee. Employee forever and irrevocably assigns to Company, without any reservation for royalties or other reservations, and free and clear of all liens, claims and encumbrances of any kind whatsoever, any Discovered IP Rights. Employee shall disclose promptly to the Company or its nominee any and all Discovered IP. Without in any way limiting the Company’s rights or Employee’s obligations under the foregoing, to the extent that a work may be deemed a “work made for hire”, Employee and the Company agree that such work (regardless of whether such work is created or authored solely by Employee or is created or authored jointly with, or with the assistance, participation or involvement of one or more other Persons) shall be a “work made for hire” and Employee hereby assigns to the Company, without any reservation for royalties or other reservations, and free and clear of all liens, claims and encumbrances of any kind whatsoever, the entire present and future right, title, claim and interest in and to all Intellectual Property Rights to such work.

(b) Employee’s Further Assurances. Whenever requested to do so by the Company, Employee shall execute, without further compensation to Employee, but at the expense of the Company, any and all applications, assignments, oaths, certifications, declarations, statements, affidavits or other instruments which the Company shall deem necessary to grant to, vest in or perfect for the Company or its nominee the right, title, claim and interest in and to the Discovered IP Rights to enable the Company or its nominee to apply for, obtain, procure, register, maintain, renew, defend and enforce Intellectual Property Rights in and to the Discovered IP, whether in the United States, Canada or any foreign country, or to otherwise protect Company’s or its nominee’s interest therein. These obligations shall continue beyond the termination of employment and shall be binding upon Employee’s assigns, executors, administrators, heirs and other legal representatives. Employee represents and warrants, and, throughout Employee’s employment with the Company, continues to represent and warrant, that Employee has not heretofore assigned, licensed or granted any right, title, claim or interest in and to the Discovered IP Rights to any other Person or entered into any agreement, commitment or undertaking in conflict with this Agreement; and that Employee shall never assign, license, or grant any right, title, claim or interest of any kind to the Discovered IP Rights or enter into any agreement, commitment or undertaking in conflict with this Agreement save and except as expressly authorized by the Company in writing. Without limiting the Company’s rights or Employee’s obligations under the foregoing, whenever requested to do so by the Company, Employee shall, without further compensation to Employee, but at the expense of the Company, do the following with respect to, for, arising out of or related to any of the Discovered IP Rights: (1) cooperate with the Company in the filing, application, procurement, prosecution, maintenance, enforcement and defense of each and every domestic or foreign patent application or application for invention or industrial rights (including, without limitation, each and every provisional, original, divisional, continuation or continuation in part patent application); patent or invention certificate (including, without limitation, any proceedings for the reissue, reexamination, renewal or extension of a patent); interference proceeding, opposition or cancellation proceeding, priority contest or public use proceedings; trade secret, trade dress, trademark or other right or benefit; (2) appear before or assist in preparations for any and all hearings, depositions or other proceedings related to any of the foregoing; and, (3) take such further actions as reasonably requested by the Company so that the Company enjoys the full extent of the assignment granted under, or other rights arising under, this Agreement. Employee represents and warrants that Employee shall never disclose to the Company, or use for the benefit of the Company, any trade secrets or other confidential information learned or obtained from Employee’s previous employers or other Persons if such disclosure or use would violate the trade secret rights or other rights of such previous employers or other Persons.

(c) Employee's Indemnification of Company. Employee shall indemnify, defend and hold the Company and its Affiliates, and each of the foregoing's directors, officers, shareholders, members, managers, employees and agents, harmless from any and all claims, demands, suits, causes of action, damages (including, without limitation, consequential damages), liabilities, losses, costs, expenses and fees (including reasonable attorneys' fee and investigatory fees) for or arising out of or from Employee's breach, misrepresentation or otherwise failure to fully perform, satisfy, comply and observe all of Employee's agreements, covenants, representations, warranties, commitments, obligations or other undertakings arising under this Section 11.

(d) Employee's Assignment of Prior Rights. Employee hereby assigns to the Company any and all Intellectual Property and/or Intellectual Property Rights related to the operations of the Company that may have inured to Employee's benefit prior to the Effective Date.

12. Non-Disparagement. During his employment and following termination of his employment, whatever the cause, Employee agrees not to disparage, and to cause Employee's Affiliates not to disparage, either orally or in writing, any of the Company or its Affiliates or the foregoing Persons' business, products, services or practices, or any of the Company's or its Affiliates' directors, officers, agents, representatives, stockholders, partners, members, employees, or managers.

13. Reasonable Limits. Employee acknowledges that the agreement of the Employee not to engage in the activities prohibited herein for the period of time and in the areas agreed upon herein is a substantial consideration for his employment with the Company. Employee hereby acknowledges that the above covenants are manifestly reasonable on their face and expressly agrees that they are also reasonable as to time and territorial scope and otherwise and that same are no greater than is required for the protection of the respective interests of the parties.

14. Compliance with Section 409A of the Code. The Company and Employee intend that any amounts or benefits payable or provided under this Agreement comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto so as not to subject Employee to the payment of the tax, interest and any tax penalty which may be imposed under Section 409A; provided, however, that nothing in this Agreement shall be interpreted or construed to transfer any liability for any tax (including a tax or penalty due as a result of a failure to comply with Section 409A) from the Employee to the Company or to any other individual or entity. Any payment to the Employee that is subject to Section 409A and that is contingent on a termination of employment is contingent on a "separation from service" within the meaning of Section 409A. Each payment shall be considered to be a separate payment for purposes of Section 409A. The provisions of this Agreement shall be interpreted in a manner consistent with such intent. In furtherance thereof, to the extent that any provision hereof would otherwise result in Employee being subject to payment of tax, interest and tax penalty under Section 409A, the Company and Employee agree to amend this Agreement in a manner that brings this Agreement into compliance with Section 409A and preserve to the maximum extent possible the economic value of the relevant payment or benefit under this Agreement to Employee. Any taxable reimbursement shall be paid no later than December 31 of the year after the year in which the expense is incurred and shall comply with Treas. Reg. § 1.409A-3(i)(1)(iv).

15. No Violation of Third Party Rights. Employee hereby represents, warrants and covenants to the Company that Employee: (a) shall not, during his employment with the Company, infringe upon or violate any proprietary rights of any third party (including, without limitation, any third party confidential relationships, patents, copyrights, trade secrets, Intellectual Property or other proprietary rights); (b) is not a party to any agreement with a third party that prevents him from fulfilling the terms of employment and the obligations of this Agreement or which would be breached as a result of Employee's execution of this Agreement or performance of his employment duties; and (c) agrees to respect any and all valid obligations which Employee may now have to prior employers or to others relating to confidential information, inventions or discoveries which are the property of those prior employers or others, as the case may be.

16. Resignation from All Positions. Upon the termination of the Employee's employment with the Company for any reason, Employee shall be deemed to have resigned, as of the date of such termination, from all positions he then holds as an officer, director, employee and member of the Board (and any committee thereof) and the boards of all of its subsidiaries.

17. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person, by nationally recognized overnight courier, or mailed by United States certified mail, return receipt required, postage prepaid, or sent by electronic mail addressed as follows:

If to the Company to: Viking Energy Group, Inc.
 15915 Katy Freeway, Suite 450
 Houston, TX 77094
 Email: [redacted]

If to Employee to: Mark S. Finckle
 [redacted]
 Email: [redacted]

18. Governing Law. The provisions of this Agreement shall be construed in accordance with the substantive local law of the State of Delaware, without consideration of the conflicts of law provisions thereof.

19. Remedies. Each party acknowledges that the other party will have no adequate remedy at law if the first party violates certain of the terms of this Agreement, and that the other party shall have the right, to the extent permitted by applicable law, in addition to any other rights or remedies it may have, to obtain from any court of competent jurisdiction, injunctive relief to restrain any breach or threatened breach hereof or otherwise to specifically enforce the provisions hereof.

20. Waiver. No waiver of any obligation, right or remedy under this Agreement shall be effective, unless such waiver is made in writing, specifying the terms of this Agreement. Any such waiver by either party of any of its rights or remedies hereunder on any occasion shall not be a bar to the exercise of the same right or remedy on any subsequent occasion or of the exercise of any other right or remedy at any time.

21. Integration and Amendments. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes any prior agreement or understanding, whether written or oral, relating to such subject matter. No modification or amendment to this Agreement shall be effective or binding unless in writing, specifying such modification or amendment, executed by both of the parties hereto.

22. Severability. If any provision, paragraph or subparagraph of this Agreement is adjudged by any court to be void or unenforceable, in whole or in part, such an adjudication shall not be deemed to affect the validity of the remainder of the Agreement, and all other provisions, sections and subsections of this Agreement shall be severable from every other provision, section or subsection and each constitutes a separate and distinct covenant.

23. Court Modification for Enforcement. In the event a court determines that any provisions of this Agreement are overbroad, excessive or unenforceable in any respect including but not limited to the Restricted Period, the Restricted Area, or the nature of the restrictions, then in such an event the parties agree that the court shall be permitted to modify this Agreement in order to make the restrictions more narrow and to make this Agreement enforceable in order to provide each party with the maximum restriction or restrictions allowed by law.

24. Condition. Notwithstanding anything herein to the contrary, the Company's obligations herein are conditional upon: (i) the Employee providing, on or before the Effective Date, confirmation that the Employee has resigned from his current position as Head of Investment Banking at Paulson Investment Company; and (ii) the Employee being ready, willing and able to commence, and actually commencing, his employment with the Company at the open of business on the Effective Date.

25. Survival of Certain Provisions. The rights and obligations of Employee and Company under Sections 7-12 of this Agreement shall survive the expiration or termination of this Agreement.

26. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument, respectively. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in Portable Document Format ("PDF") shall be treated as originals, fully binding and with full legal force and effect, and the Parties waive any rights they may have to object to such treatment. Any party delivering an executed counterpart of this Agreement by facsimile or PDF also may deliver a manually executed counterpart of this Agreement, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Employment Agreement effective as of the Effective Date above.

VIKING ENERGY GROUP, INC.

By: /s/ James A. Doris
James A. Doris,
President and Chief Executive Officer

EMPLOYEE:

/s/ Mark S. Finckle
Name: Mark S. Finckle

**EXHIBIT A
DEFINED TERMS**

The following terms, as used in this Agreement and in any correspondence or other communications between the parties in performing or in connection with this Agreement, shall have the meaning ascribed as follows:

(a) “Affiliates” means with respect to any Person, (a) any Person directly or indirectly controlling, controlled by or under common control with such Person; (b) any Person owning or controlling fifty percent (50%) or more of the outstanding voting securities or interests of such Person; (c) any officer, director, member, manager, trustee or (limited or general) partner of such Person or of any Person specified in (a) or (b) above; and (d) any Person in which any officer, director, member, manager, trustee or (limited or general) partner of any Person specified in (c) above is an officer, director, member, manager, trustee, or (limited or general) partner. For purposes of this definition, “control” (including, with correlative meaning, controlled by and under common control with) of a Person means the direct or indirect possession of the power to direct or cause the direction of management or policies of such Person through any means.

(b) “Business” means the business of exploring, acquiring, developing, producing, managing, exploiting and divesting of oil and natural gas resources and all activities related thereto.

(c) “Cause,” shall mean by reason of such Employee’s: (A) conviction of, or plea of *nolo contendere* to, any felony or to any crime or offense causing substantial harm to the Company or its Affiliates or involving acts of theft, fraud, dishonesty, embezzlement, moral turpitude, or similar conduct, (B) repeated intoxication by alcohol or drugs during the performance of such Employee’s duties in a manner that materially and adversely affects the Employee’s performance of such duties, (C) malfeasance, in the conduct of such Employee’s duties, including, but not limited to, (1) misuse or diversion of funds of the Company or its Affiliates, (2) embezzlement, or (3) misrepresentations or concealments on any written reports submitted to or on behalf of the Company or its Affiliates, (D) violation of any provision of this Agreement, or (E) failure to perform the duties of such Employee’s employment or service relationship with the Company or its Affiliates after the Employee shall have been informed, in writing, of such material failure and given a period of not less than 30 days to remedy the same, or (F) failure to follow or comply with the reasonable and lawful written directives or policies of the Company or any Affiliate of the Company by which such Employee is employed or in a service relationship with.

(d) “Discover” means create, invent, originate, author, devise, engineer, formulate, develop, prototype, improve, compile, design, conceive, reduce to practice, discover, make, produce, generate or otherwise identify or document; and, other grammatical forms of the term “Discover” shall have the grammatical meaning of such form (for example, but not in limitation, “Discovered” means created, invented, etc., and “Discovery” means creation, invention, etc.).

(e) “Discovered IP” means the Intellectual Property in any way Discovered by Employee (regardless of whether such Discovery is made solely by Employee or is made jointly with, or with the assistance, participation or involvement of one or more other Persons) wherein such Discovery occurs during, in conjunction with, in relation to or preparatory to, or otherwise arises out of, Employee’s course and scope of employment with Company (regardless of whether or not such Discovery occurs or otherwise arises with or without the use or benefit of Company’s equipment, facilities or other resources; and, further, regardless of whether or not such Discovery occurs or arises during company time, Employee’s free or personal time or otherwise).

(f) “Discovered IP Rights” means the Intellectual Property Rights for the Discovered IP.

(g) “Intellectual Property” means, whether or not patentable, each and all of the following: ideas, inventions, concepts, developments, improvements, discoveries, designs, compounds, substances or other materials, formulations, compilations, designs, applets, scripts, databases, or other computer programs, firmware or software, manuals, documentation, test procedures or techniques, training materials, systems materials, other materials, reports, creations, other works of authorship, machines, apparatus, technology, prototypes, confidential information, know-how, show-how, trade secrets, methods (whether technological, business or otherwise), processes, marks, symbols, slogans, emblems, business plans and strategies or other proprietary things or information.

(h) “Intellectual Property Rights” means all worldwide rights (including, without limitation, all rights to, and to apply for, register, own, license and otherwise exploit, as well as all rights to any now or hereinafter pending applications for, issued, registered, registrations for, or otherwise existing, United States or foreign patents, industrial rights, invention certificates, copyrights, rights of authorship, trademarks, service marks, trade names, trade dress, trade secrets or other proprietary or intellectual property rights) in and to the Intellectual Property; and, without limiting the generality of the foregoing, the term “Intellectual Property Rights” also includes all present or future applied for, claimed, pending, registered or issued United States or foreign patents and all applications therefor, including, without limitation, all original, provisional, divisions, continuations, continuations-in-part and continued prosecution applications and, including, without limitation, all reissues or extensions thereof.

(i) “Person” means and includes any individual, corporation, partnership, association, limited liability company, trust, estate, joint venture, or other entity.

(j) “Total Disability” or “Totally Disabled” with respect to Employee, means he is unable to perform, on a full-time basis the regular activities of his employment for a period of (i) six (6) consecutive months or (ii) a total of 26 weeks during any period of 12 consecutive months; provided that authorized vacations or other leaves of absence shall not be counted. The date of Total Disability shall be the date on which the earlier of the requirements stated in (i) or (ii) of this definition are satisfied.

EXHIBIT B
FORM OF RELEASE

This Release (this "Release") is made effective as of _____ (the "Effective Date"), by Mark Finckle ("Employee").

RECITALS

A. Employee and Viking Energy Group, Inc., a Nevada corporation (the "Company") are parties to that certain Employment Agreement, dated effective as of September _____, 2019 (the "Employment Agreement").

B. This Release is delivered pursuant to Section 7(b) of the Employment Agreement.

C. Employee acknowledges that the execution and delivery of this Release is a condition to receiving the Severance Payment pursuant to Section 7 of the Employment Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, in order to induce Purchaser to consummate the transactions contemplated by the Purchase Agreement, Seller and Members hereby agree as follows:

Section 1 Terms. Capitalized terms used herein but not otherwise defined shall have their respective meanings set forth in the Employment Agreement.

Section 2 Releases.

(a) Employee hereby irrevocably and unconditionally releases, acquits and forever discharges the Company and its Affiliates and their respective officers, directors, members, managers, successors and assigns (the "Released Parties") from any and all claims, demands, proceedings, causes of action, orders, obligations, debts and liabilities whether known or unknown, suspected or unsuspected, both at law and in equity, which Employee now has or has ever had against the Released Parties arising on or prior to the Effective Date, whether pursuant to contract or otherwise and whether or not relating to claims pending on, or asserted after, the Effective Date, including, but not limited to any and all claims arising out of or related to Employee's employment with the Company, including any alleged violation under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 *et seq.*, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000(e) *et seq.*; the Civil Rights Act of 1866, as amended by the Civil Rights Act of 1991, 42 U.S.C. § 1981; the Rehabilitation Act of 1973, as amended; Employee Retirement Income Security Act of 1974 (except for vested benefits under any tax qualified benefit plan), as amended, 29 U.S.C. § 1001 *et seq.*; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 *et seq.*; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 *et seq.*; the Genetic Information Nondiscrimination Act of 2008, the Equal Pay Act; Executive Order 11246; Executive Order 11141; and any other statutory claim, employment or other contract claim, or common or civil law claim for wrongful discharge,

defamation, or invasion of privacy arising out of or in any way connected with or involving any employment relationship of Employee with any Released Party, the termination or resignation of Employee's employment with any Released Party, or any continuing effects of his employment with any Released Party, including, but not limited to, any claim for severance pay other than Severance Pay required pursuant to Section 7 of the Employment Agreement, bonus, salary, sick leave, holiday pay, vacation pay, life insurance, health or medical insurance or any other fringe benefit, workers' compensation, or disability.

(b)(1) Employee acknowledges that the Company is not obligated to provide the Severance Payment pursuant to Section 7 of the Employment Agreement and that the Company has agreed to provide such consideration in exchange for the Release. Employee further acknowledges that neither payment by the Company of the Severance Payment, nor any term or condition contained in the Release or the Employment Agreement, shall be construed as an admission of liability or wrongdoing by the Company.

(2) Employee acknowledges that he was given a period of thirty (30) days to consider and execute the Release. Further, Employee acknowledges that he has a right to revoke this Release within a period of seven (7) days following his signing the Release. Employee also understands that the Release shall not become effective or enforceable until the seven-day period has ended and he has not revoked the Release.

(3) Employee understands that if he does not sign the Release within thirty (30) days, or if he revokes the Agreement within the seven (7) day revocation period, he will not receive the Severance Payment.

Section 3 Representations and Warranties. Employee represents and warrants to the Released Parties that he has not assigned or otherwise transferred any right or interest in any claims released pursuant to Section 2 hereof. Employee also represents that he has read and fully understands the Release and acknowledges that he had the right and full opportunity to review this Release with an attorney of his choice and was encouraged to do so. Employee further represents has signed this Release freely and voluntarily, with full knowledge that he is waiving all claims against the Company through the date of this Release.

Section 4 Covenants. Employee hereby irrevocably and perpetually covenants as follows:

(a) Employee will refrain from, directly or indirectly, asserting any claims released pursuant to Section 2 hereof, or commencing, instituting or causing to be commenced, any proceeding of any kind against the Released Parties, based upon any matter purported to be released hereby.

(b) Employee will not assign or transfer any right or interest in any claims released pursuant to Section 2 hereof.

Section 5 Miscellaneous.

(a) The invalidity or unenforceability of any provision of this Release shall not affect the other provisions hereof, and this Release shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

(b) This Release shall be governed by and construed in accordance with the laws of the State of Delaware without regard to any applicable principles of conflicts of law.

(c) This Release shall not be amended or modified except by a written instrument duly executed by Employee and the Company.

(d) Captions and headings of the sections and paragraphs of this Release are intended solely for convenience and no provision of this Release is to be construed by reference to the caption or heading of any section or paragraph.

(e) Notwithstanding anything herein to the contrary, nothing in this Release shall (i) prohibit the Employee from making reports of possible violations of federal law or regulations to any governmental agency or entity in accordance with the provisions of and the rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, as amended, or of any other whistleblower protection provisions of state or federal law or regulations, (ii) require notification or prior approval by the Company of any reporting described in clause (i), or (iii) limit Employee's right to receive an award for information reported to any government agency or entity as described in clause (i).

(Signature Page Follows)

IN WITNESS WHEREOF, the undersigned has executed and delivered this Release effective as of the Effective Date above.

EMPLOYEE:

Mark S. Finckle

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (this “Agreement”) is entered into as of September 9, 2019 by and between Viking Energy Group, Inc., a Nevada corporation (the “Company”) and Mark S. Finckle (the “Grantee”).

RECITALS

A. The Company desires to issue shares of the Company’s common stock, par value \$.001 per share (“Common Stock”) to Grantee as an incentive to maximize the value of the Company and its Affiliates in connection with the performance of Grantee’s future services to the Company and its Affiliates.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as an inducement to the Company to issue Restricted Shares to Grantee, Grantee and the Company hereby covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in Exhibit A attached to this Agreement.

2. Issuance of Restricted Shares. On and subject to the terms of this Agreement, the Company hereby issues Grantee 1,000,000 shares of Common Stock (“the “Restricted Shares”).

3. Terms of Issuance.

(a) Grantee’s Restricted Shares and Grantee’s rights as a stockholder of the Company are subject to the Organizational Documents of the Company in all respects.

(b) Grantee shall (i) make a timely election under Section 83(b) of the Code with respect to the Restricted Shares that, as of the Effective Date, are subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Internal Revenue Code and the Treasury Regulations promulgated thereunder and (ii) consult with the Grantee’s tax advisor to determine the tax consequences of filing such an election under Section 83(b) of the Code. It is the Grantee’s sole responsibility, and not the responsibility of the Company or any of its Affiliates, to timely file an election under Section 83(b) of the Code even if the Grantee requests the Company or any of its Affiliates or any of their respective managers, directors, officers, employees, agents or authorized representatives (including attorneys, accountants, consultants, bankers, lenders, prospective lenders or financial representatives) to assist in making such filing and even if any of such Persons agree to do so. For the avoidance of doubt, the Grantee shall be solely responsible for any tax liability that may result from any failure to make a timely election under Section 83(b) of the Code with respect to the Restricted Shares described in clause (i) of this Section 3(b).

4. Vesting of Restricted Shares.

(a) On September 9th, 2019, fifty percent (50%) of the Restricted Shares shall be “Vested Restricted Shares” for purposes of this Agreement. Fifty percent (50%) of the Restricted Shares issued pursuant to this Agreement shall initially be “Unvested Restricted Shares” for purposes of this Agreement. Unvested Restricted Shares shall be subject to all of the restrictions specified in this Agreement. Unvested Restricted Shares shall become Vested Restricted Shares (as defined below) in accordance with the provisions of this Section 4.

(b) Grantee may not Transfer all or any portion of the Unvested Restricted Shares without the prior written consent of the Company.

(c) Except as otherwise provided in this Section 4, the Unvested Restricted Shares shall become Vested Restricted Shares on March 1, 2020 unless on or prior to such date Grantee has resigned from his employment with the Company, or is terminated for cause, in which case the Grantee shall forfeit any rights to the Unvested Restricted Shares. For greater certainty, if the Company terminates the Grantee's employment without cause before March 1, 2020 the Unvested Restricted Shares shall become Vested Restricted Shares on March 1, 2020.

(d) Notwithstanding anything to the contrary in this Agreement, all Unvested Restricted Shares shall become Vested Restricted Shares immediately prior to a Change of Control.

(e) Vested Restricted Shares shall (i) no longer be subject to the restrictions on Unvested Restricted Shares specified in this Agreement (but shall remain subject to the restrictions on Restricted Shares in general) and (ii) carry all of the rights conferred on shares of Common Stock.

(f) The Company shall use reasonable efforts to include any Vested Restricted Shares in any registration statement filed by the Company with the Securities and Exchange Commission concerning the resale of any of the Company's securities, subject to any restrictions imposed by law or any existing agreements to which the Company is a party.

5. Certain Representations. Grantee hereby represents and warrants to the Company that:

(a) Grantee is: (i) an "accredited investor" as defined in Rule 501 under the Securities Act by reason of meeting the criteria he has initialed on Exhibit A to this Agreement, and by reason of Grantee's business and financial experience has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Common Stock and making an informed investment decision with respect thereto; (ii) acquiring the Restricted Shares solely for its own account and not with a view to any distribution or disposition thereof; and (iii) Grantee has obtained or had access to all information he considers necessary to weigh the merits and risks of an investment in the Common Stock and has had the opportunity to ask, and has received answers to, questions about the Company and the Common Stock from Company management.

(b) Grantee understands and acknowledges that the Restricted Shares: (i) have not been registered under the Securities Act of 1933, as amended, or registered or qualified under any applicable state securities laws in reliance upon specific exemptions therefrom; and (ii) may not be Transferred or sold except in accordance with the terms of this Agreement and pursuant to a transaction registered under the Securities Act of 1933, as amended, and any applicable state securities laws or in the opinion of counsel satisfactory to the Company is exempt from registration thereunder. All certificates evidencing the Restricted Shares shall bear a restrictive legend setting forth the restrictions described in this Section 6.

6. Employment. Nothing in this Agreement shall be deemed to: (a) create any employment agreement between Grantee and the Company or any of their respective Affiliates; (b) prevent Grantee, the Company or their Affiliates from terminating Grantee's employment or engagement at any time, for any reason (including without Cause) or for no reason; (c) give Grantee any right to be retained in employment by the Company for any period of time; or (d) give Grantee any right to any compensation, remuneration or benefits other than as expressly set forth herein. The Company makes no representation or warranty concerning the value of the Restricted Shares.

7. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be deemed to have been duly given when delivered by email, in person, by nationally recognized overnight courier, or mailed by United States certified mail, return receipt required, postage prepaid, addressed as follows:

If to the Company to: Viking Energy Group, Inc.
1330 Avenue of the Americas, Suite 23A
New York, New York 10019
Email: [redacted]

If to Grantee to: Mark S. Finckle
[redacted]
Email: [redacted]

8. Governing Law. The provisions of this Agreement shall be construed in accordance with the substantive local law of the State of Delaware, without consideration of the conflicts of law provisions thereof.

9. Remedies. Each party acknowledges that the other party will have no adequate remedy at law if the first party violates certain of the terms of this Agreement, and that the other party shall have the right, to the extent permitted by applicable law, in addition to any other rights or remedies it may have, to obtain from any court of competent jurisdiction, injunctive relief to restrain any breach or threatened breach hereof or otherwise to specifically enforce the provisions hereof.

10. Waiver. No waiver of any obligation, right or remedy under this Agreement shall be effective, unless such waiver is made in writing, specifying the terms of this Agreement. Any such waiver by either party of any of its rights or remedies hereunder on any occasion shall not be a bar to the exercise of the same right or remedy on any subsequent occasion or of the exercise of any other right or remedy at any time.

11. Integration and Amendments. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes any prior agreement or understanding, whether written or oral, relating to such subject matter. No modification or amendment to this Agreement shall be effective or binding unless in writing, specifying such modification or amendment, executed by both of the parties hereto.

12. Compliance with Section 409A of the Code. The Company and Grantee intend that any amounts or benefits payable or provided under this Agreement comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto so as not to subject Grantee to the payment of the tax, interest and any tax penalty which may be imposed under Section 409A; provided, however, that nothing in this Agreement shall be interpreted or construed to transfer any liability for any tax (including a tax or penalty due as a result of a failure to comply with Section 409A) from the Grantee to the Company or to any other individual or entity. The provisions of this Agreement shall be interpreted in a manner consistent with such intent. In furtherance thereof, to the extent that any provision hereof would otherwise result in Grantee being subject to payment of tax, interest and tax penalty under Section 409A, the Company and Grantee agree to amend this Agreement in a manner that brings this Agreement into compliance with Section 409A and preserve to the maximum extent possible the economic value of the relevant payment or benefit under this Agreement to Grantee. Any taxable reimbursement shall be paid no later than December 31 of the year after the year in which the expense is incurred and shall comply with Treas. Reg. § 1.409A-3(i)(1)(iv).

13. Severability. If any provision, paragraph or subparagraph of this Agreement is adjudged by any court to be void or unenforceable, in whole or in part, such an adjudication shall not be deemed to affect the validity of the remainder of the Agreement, and all other provisions, sections and subsections of this Agreement shall be severable from every other provision, section or subsection and each constitutes a separate and distinct covenant.

14. Reimbursement for Expenses. If litigation or other action is commenced between the parties concerning any dispute arising out of or relating to this Agreement, the prevailing party in the action will be entitled, in addition to any other award that may be made, to recover all court costs or other official costs and all reasonable expenses associated with the action, including without limitation reasonable attorney's fees and expenses.

15. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument, respectively. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in Portable Document Format ("PDF") shall be treated as originals, fully binding and with full legal force and effect, and the Parties waive any rights they may have to object to such treatment. Any party delivering an executed counterpart of this Agreement by facsimile or PDF also may deliver a manually executed counterpart of this Agreement, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

16. Conditional. Notwithstanding anything herein to the contrary, the Company's obligations herein are conditional upon the Grantee executing an Employment Agreement with the Company on terms and conditions satisfactory to each party, and the Granting actually commencing his employment with the Company on the date contemplated in said Employment Agreement.

(Signature Page Follows)

IN WITNESS WHERE OF , the parties have executed this Restricted stock Agreement effective as of the Effective Date above.

VIKING ENERGY GROUP, INC.

By: /s/ James A. Doris,
James A. Doris,
President and Chief Executive Officer

GRANTEE:

/s/ Mark S. Finkle
Name: Mark S. Finkle

EXHIBIT A
DEFINED TERMS

The following terms, as used in this Agreement and in any correspondence or other communications between the parties in performing or in connection with this Agreement, shall have the meaning ascribed as follows:

(a) “Affiliates” means with respect to any Person, (a) any Person directly or indirectly controlling, controlled by or under common control with such Person; (b) any Person owning or controlling fifty percent (50%) or more of the outstanding voting securities or interests of such Person; (c) any officer, director, member, manager, trustee or (limited or general) partner of such Person or of any Person specified in (a) or (b) above; and (d) any Person in which any officer, director, member, manager, trustee or (limited or general) partner of any Person specified in (c) above is an officer, director, member, manager, trustee, or (limited or general) partner. For purposes of this definition, “control” (including, with correlative meaning, controlled by and under common control with) of a Person means the direct or indirect possession of the power to direct or cause the direction of management or policies of such Person through any means.

(b) “Cause,” shall mean by reason of such Grantee’s: (A) conviction of, or plea of *nolo contendere* to, any felony or to any crime or offense causing substantial harm to the Company or its Affiliates or involving acts of theft, fraud, dishonesty, embezzlement, moral turpitude, or similar conduct, (B) repeated intoxication by alcohol or drugs during the performance of such Grantee’s duties in a manner that materially and adversely affects the Grantee’s performance of such duties, (C) malfeasance, in the conduct of such Grantee’s duties, including, but not limited to, (1) misuse or diversion of funds of the Company or its Affiliates, (2) embezzlement, or (3) misrepresentations or concealments on any written reports submitted to or on behalf of the Company or its Affiliates, (D) violation of any provision of this Agreement, or (E) failure to perform the duties of such Grantee’s employment or service relationship with the Company or its Affiliates after the Grantee shall have been informed, in writing, of such material failure and given a period of not less than 30 days to remedy the same, or (F) failure to follow or comply with the reasonable and lawful written directives or policies of the Company or any affiliate of the Company by which such Grantee is employed or in a service relationship with.

(c) “Change in Control” shall mean that any one of the following applies:

(i) The acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) of 40% or more of the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”). For purposes of this paragraph (i) the following acquisitions by a Person will not constitute a Change in Control: (A) any acquisition directly from the Company; (B) any acquisition by the Company; or (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company.

(ii) If James A. Doris ceases to be an officer or director of the Company.

(iii) The consummation of a reorganization, merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), unless following such Business Combination: (i) the individuals and entities who were the beneficial owners, respectively, of the outstanding common stock of the Company and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then-outstanding shares of common stock and the combined

voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions to one another as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 40% or more of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the Board of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) The approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

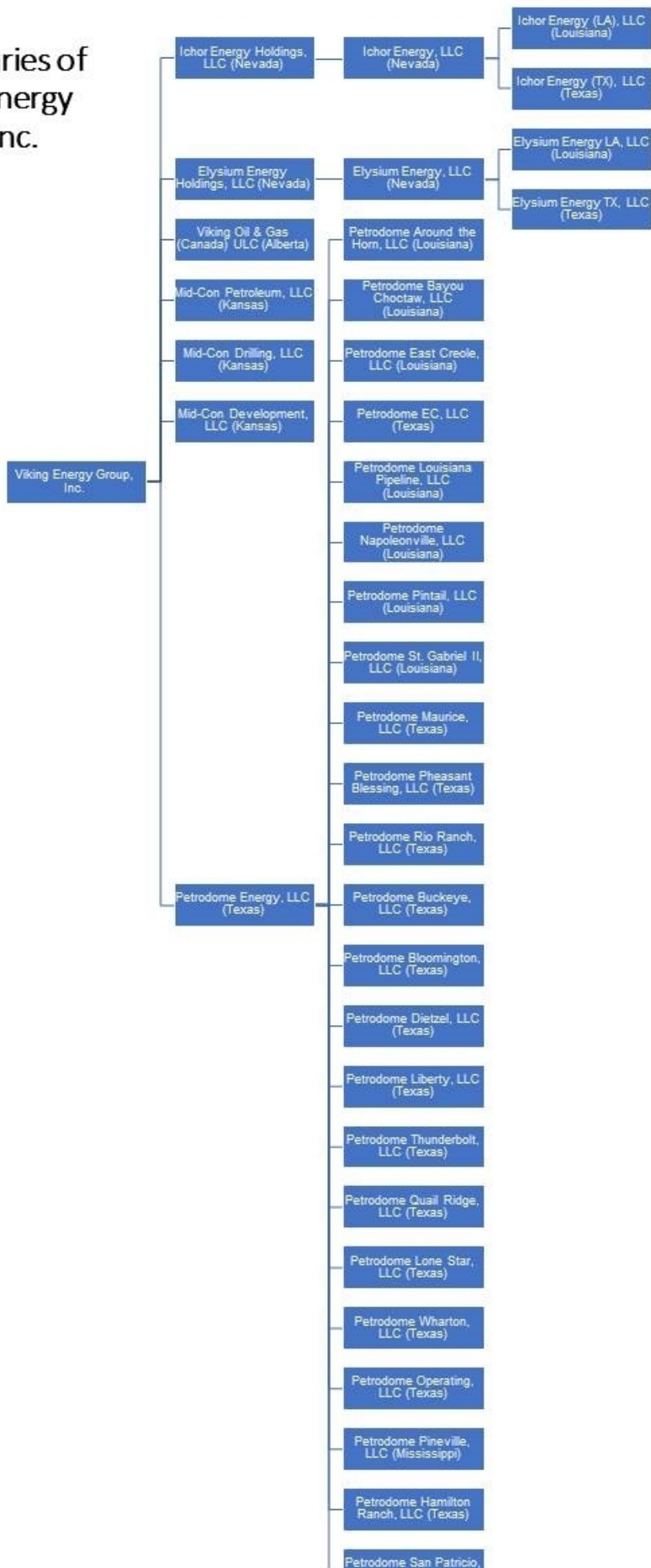
(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Organizational Documents" means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations, shareholders agreement, or similar governing instruments required by the laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the laws of its jurisdiction of organization.

(f) "Person" means and includes any individual, corporation, partnership, association, limited liability company, trust, estate, joint venture, or other entity.

(g) "Transfer" means, when used as a noun, any direct or indirect sale, gift, mortgage, hypothecation, pledge, granting of a security interest, assignment, attachment, or other Transfer; and, when used as a verb, means, to sell, give, hypothecate, pledge, grant a security interest, assign, or otherwise Transfer, in either case whether voluntary or involuntary. The terms "Transferee," "Transferor," "Transferred," and other forms of the word "Transfer" shall have the correlative meanings.

Subsidiaries of Viking Energy Group, Inc.



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: November 11, 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: November 11, 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 September 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.

November 11, 2019

By: /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 September 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.

November 11, 2019

/s/ Frank W. Barker, Jr.

Frank W. Barker, Jr.

Principal Financial and Accounting Officer